

**Watford Borough Council
Charitable & Discretionary Rate Relief
Policy and Procedure**

Effective from 1st April 2016

Charitable Discretionary Rate Relief

Policy and Procedure

POLICY

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1 BACKGROUND

- 1.1 80% Mandatory rate relief is available to registered charities or charities exempted from registration as a charity. Registered Community Amateur Sports Clubs (CASC's) are also entitled if the use of the club is wholly or mainly for charitable purposes.
- 1.2 Non-profit making organisations have no automatic entitlement to Rate Relief, however the Council may decide to give discretionary relief. The organisation must be charitable, religious or concerned with education, social welfare, science, literature or the fine arts and be based in the borough, or the property must be used by a non-profit-making organisation wholly or mainly for the purpose of recreation.
- 1.3 The Non-Domestic Rating Contributions (England) Regulations state, 'Where the ratepayer is in receipt of mandatory relief, 50% of any discretionary relief will be borne by the billing authority, and where only discretionary relief applies the authority will meet 50% of the cost.
- 1.4 The Local Government Finance Act 'Permits the billing authority to grant discretionary rate relief to charities and other organisations of prescribed types.' and –
 - a) *must be such that the chargeable amount for the day in question is less than the amount that it would be apart from these provisions;*
 - b) *may be such that the chargeable amount is nil; and*
 - c) *may be varied by a further determination of the authority.*

2 POLICY

- 2.1 The purpose of this policy is to specify how the Revenues Service will operate the relief scheme and to indicate some of the factors that will be considered when deciding whether an organisation should be granted Discretionary Rate Relief. Each case will be considered strictly on its own merits and all organisations will be treated equally and fairly when the scheme is administered.

3 STATEMENT OF OBJECTIVES

- 3.1 The Revenues Service will consider granting discretionary rate relief to all organisations who meet the qualifying criteria as specified in this policy. The Revenues Service will treat all applications on their individual merits, and will seek through the operation of this policy to:
 - *Provide financial assistance by way of rate relief to charitable and non-profit organisations, in order to allow them to better serve the groups which they support*
 - *Encourage better support provisions for people living and working in the borough by providing financial assistance by way of rate relief to charitable and non-profit organisations who wish to work in the area*

- *Support the vulnerable groups within the community*
- *To encourage development and investment from charitable and non-profit groups for the benefit of people who live and work in the borough*
- *Encourage charitable and non-profit organisations to continue their work in the borough*

3.2 The Revenues Service considers that Discretionary Rate Relief should be given to those organisations that are seen to be operating on a low income, at a loss, or if the consequence of paying their NNDR liability they would go from surplus to deficit, either on the balance sheet and/or the operating statement.

3.3 Discretionary Rate Relief is not and should not be considered by charitable and non-profit organisations as a way out of paying any current or future liability for Non-Domestic Rates.

4 GRANTING RELIEF

4.1 In deciding whether to grant relief, the organisation applying for relief must first meet the qualifying criteria. The Council has the power to grant a further 20% maximum discretionary relief to those receiving mandatory relief. The Council also has the power to grant up to 100% discretionary relief in respect of the following:

- *Property occupied for the purposes of an organisation not established or conducted for profit and whose main objectives are either charitable, philanthropic, religious, concerned with education, social welfare, science, literature or the fine arts*
- *Property occupied by a club, society or other organisation not established or conducted for profit which is wholly or mainly used for purposes of recreation.*

4.2 After the organisation has been accepted as being eligible to receive relief the following must be satisfied before relief can be granted:

4.3 Work carried out on the premises must have a direct, positive impact on the surrounding areas, both in the local community and for the cause which the organisation serves. This will normally exclude “Head Office and Administrative” type buildings.

4.4 The service provided by the organisation must be in a suitable location and accessible to all people who live and work in the borough.

- 4.5 The facilities should be available to all and encourage those drawn from particular groups in the area, for example young people, old people, women, people with disabilities, ethnic minorities and so on. If a membership scheme is in place, the facilities should be made available to people other than members, within a regular working week, and the wider use of facilities is encouraged to help benefit the people who live and work in the borough.
- 4.6 If membership is a requirement to use the facilities or services, the criteria by which the organisation considers applications from the public to become a member, should be seen as consistent with the principles of open access.
- 4.7 If membership rates charged are seen to be set at a high level, compared to similar organisations and therefore exclude a large number of people who live or work in the community, relief will not be granted.
- 4.8 The users of the facilities must include those drawn from particular groups in the area for example young people, old people, women, people with disabilities, ethnic minorities and so on.
- 4.9 If the organisation is for educational purposes, does this facility provide training or education to its members? If so, does the organisation draw those from particular groups in the area for example young people, old people, women, people with disabilities, ethnic minorities and so on, to increase and develop skills?
- 4.10 The organisation should provide facilities that directly relieve the Authority of the need to do so, or enhance or supplement those that it does provide. The provision of this facility should meet needs that have been recently identified as a priority within the council?
- 4.11 If the facilities have been provided by the members themselves or by grant aid, then it would indicate that the organisation and the premises for which the relief is being applied is deserving of relief.
- 4.12 If there is a bar run on the premises, the organisation must prove that the purpose of the club is for the sporting activity in question, however social clubs, which encourage and accommodate members with similar interests are not to be automatically excluded.
- 4.13 If the organisation is affiliated to a local or national organisation, are they actively involved in developing their interests?
- 4.14 If the membership of the organisation is drawn from people mainly resident in the Authority's area or has properties, which lie on the boundaries of the borough and those, or because of the service they provide, may be the only facility within the area.
- 4.15 The Revenues Service will also take into account any future development of services and facilities provided by the organisation or any new activities planned, which would be undertaken by the organisation if relief from rates would be granted.

4.16 The Revenues Service will review the applying organisation's most recent accounts to gain a clear understanding of their current financial status. If they are seen to have available unrestricted funds and a rolling profit year on year, it will be more than likely that the application will be refused. If however they have, for example, only limited grant funding and operate on a low income or a loss, relief may be granted. We will generally review the following :

- reviewing the last three years accounts
- identifying surpluses on the organisations balance sheet
- what funds are "restricted"

4.17 Applications submitted will not be affected by any previous awards of relief made to the organisation and will be judged on the current financial year only.

4.18 Ratepayers will be informed of the outcome of their application, whether successful or unsuccessful, by letter. If an organisation does not accept the amount awarded as being correct or that their application has been refused, they have the right of appeal against the decision. A Senior Officer will review the first award or refusal and come to a conclusion as to whether the appeal should be upheld or refused.

4.19 As a billing authority, the Council must consider the financial effects of decisions to grant relief to any organisation. It has a commitment to constituents to ensure that the funding it provides to organisations will have direct benefits for the community.

4.20 If an organisation is seen to have available "unrestricted funds" and the balance sheet and/or the operating statement show the organisation to have surplus funds with which it can pay their liability, it will be more likely that the application will be refused.

5 CHANGE OF CIRCUMSTANCES

5.1 If an organisation has a change of circumstances within the financial year, the Council must be notified and appropriate action taken.

5.2 A review of a previous decision can be made on the basis of the new application and information provided.

6 LENGTH OF RELIEF

6.1 In all cases, the Discretionary Rate Relief will only be granted for one financial year.

6.2 Relief will be granted from the 1st of April of the applying year, until the 31st of March of that financial year.

6.3 A review of the Discretionary Rate Relief granted will be undertaken on a yearly basis. A new application form and evidence will need to be submitted by the organisations concerned. The relief will remain on the account unless the new application is refused, then the relief will be removed from the beginning of that financial year and a bill issued for the full year's liability of Non-Domestic Rates.

- 6.4 The fact that charitable and non-profit organisations have been previously unsuccessful will be no bar to their being able to submit new applications for Discretionary Rate Relief at the beginning of each financial year.

7 BACKDATING

- 7.1 An application for Discretionary Rate Relief cannot be made more than six months after the financial year to which it relates.
- 7.2 Applications received after the 1st of October can only be considered for relief in the financial year which they are received.
- 7.3 When an application for the previous financial year is received before the 1st of October, the organisation must provide reasons as to why an application was not made earlier. These circumstances will be taken into account when considering the granting of relief for a back-dated period.

8 PUBLICITY

- 8.1 The Revenues Service will publicise the Charitable Discretionary Rate Relief scheme. A copy of this policy statement will be made available for inspection and will be posted on the Council's website.