

Report of	Meeting	Date
Director of Customer & Digital (introduced by the Executive Member for Customer Advice and Streetscene Services)	Executive Member Decision	09.01.2019

DISCRETIONARY RATE RELIEF 2018/2019

PURPOSE OF REPORT

- To determine current applications for Discretionary Rate Relief to be awarded in 2018/2019.

RECOMMENDATION(S)

- It is recommended that:
 - approval be given to award Discretionary Rate Relief of 100% of the application value to the organisations listed at Appendix A
 - the applications for the organizations listed at Appendix B are refused.

EXECUTIVE SUMMARY OF REPORT

- The Local Government Finance Act (LGFA) 1988, and subsequent legislation, enables local authorities to grant mandatory relief where applicable, and gives the power to grant discretionary relief, subject to certain criteria being met. Any relief granted is met by Council Tax payers therefore priority is given to organisations that provide services that specifically benefit the local community, or promote economic growth. Rate retention now means that the Council needs to take a stringent approach when considering awarding relief.
- The Council's current Discretionary Rate Relief (DRR) policy allows relief to be granted to an organisation or business that is run as a village hall, leisure centre or community centre and is managed by a voluntary management committee.
- Where the organisation is a registered charity, and receives 80% mandatory relief, we can award discretionary rate relief in respect of their remaining 20% liability. For any other qualifying organisation, we can award 100% discretionary rate relief. All applications are from organisations receiving mandatory relief of 80% and are therefore in respect of 'top up' relief of 20% of their net liability.

Confidential report Please bold as appropriate	Yes	No
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Key Decision? Please bold as appropriate	Yes	No
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Reason Please bold as appropriate	1, a change in service provision that impacts upon the service revenue budget by £100,000 or more	2, a contract worth £100,000 or more
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	3, a new or unprogrammed capital scheme of £100,000 or more	4, Significant impact in environmental, social or physical terms in two or more wards
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REASONS FOR RECOMMENDATION(S)

(If the recommendations are accepted)

6. The applicants listed in Appendix A fulfil the criteria set down in the current Discretionary Rate Relief policy necessary to be eligible for this relief, and play a vital role in the wellbeing of local communities, particularly in rural areas. The organisations are run by dedicated groups of volunteers and provide facilities for social, recreational and cultural activity. The applicants include organisations that are not occupying either a village hall or community centre, but have shown that the facilities are open to the whole community. Both scouting premises are available for hire and are used by all ages for a wide range of activities.

7. The applicants listed at Appendix B have stated in their applications that they are open to the whole of the community and on that basis we could consider them to be classed as either a village hall or community centre.
8. In their application, Chorley Youth Zone have stated that their organisation's purpose focuses on young people between the ages of 8 and 18 (up to 25 where there is a disability) but the centre has a weekly afternoon family session to which members can invite their extended family, friends and younger siblings. The centre also hosts approximately four open days per year where all members of the public/sections of the community are welcome to come and take part. Around 95% of their users are residents of Chorley Council. We acknowledge that while the organisation plays a very important and valued role in the community, the property is used mainly by young people and therefore it is felt that the property's use is not open to the wider community.

9. Similarly Lex Leisure CIC, the other applicant listed at Appendix B, is the ratepayer of a local golf course and premises. Their application states that the club is open to all members of the public and that a high proportion of their users are residents of the borough. The facility is used by a number of groups for charity events and they also host family fun days where the local community is invited to use the family park and sand pit, wall gardens, orienteering trail and putting green free of charge. The organisation charges for the use of the main golf course but they do offer free golf for juniors and reduced rates for older people and those employed by the emergency services. As a CIC (Community Interest Company) the organisation uses any profit for the benefit of the community. While this is an asset to the borough, the nature of the property limits its use. It is therefore felt that it also not open to the wider community.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

10. None

CORPORATE PRIORITIES

11. This report relates to the following Strategic Objectives:

Involving residents in improving their local area and equality of access for all		A strong local economy	
Clean, safe and healthy communities		An ambitious council that does more to meet the needs of residents and the local area	Y

BACKGROUND

12. The Local Government Finance Act (LGFA) 1988, and subsequent legislation, makes provision for local authorities to grant mandatory relief of 80% for premises occupied by charities and similar organisations that own or occupy them wholly or mainly for charitable purposes. Section 47 of the LGFA, as amended by clause 69 of the Localism Act 2011, also gives the Council the discretionary power to grant rate relief on all or part of the remaining 20%, where the authority feels the granting of relief would be of benefit to the local community, and to fund their own local discounts.
13. Discretionary Rate Relief granted by Chorley Council is paid for by the Council Tax payers therefore the Council has a duty to ensure that public funds are spent wisely. In deciding whether to grant discretionary relief, the Council looks at the contribution that the organisation makes to the area. Consideration is given to whether the services provided replace, enhance or supplement current Council provision and priority is given to those organisations that provide services that specifically benefit the local community, or promote economic growth.
14. Changes to local government finance now mean that the income from business rates more directly impacts on the Council's financial position. As part of the central government funding process for local authorities, councils (district, county and fire authority) now retain 50% of all business rates income collected. Under the previous scheme, business rates income was paid into the government's central pool and redistributed back out to local authorities based on a formula grant. The Council now needs to take a very stringent approach to any discounts that are awarded ensuring that where possible wider, resultant cost benefits are realised for Chorley residents.
15. Applications fall into two categories. Fourteen applications are from organisations that have previously been awarded this relief, see Appendix A, and two applications from organisations that have not previously applied under the current policy, see Appendix B. The organisations concerned are Chorley Youth Zone and Lex Leisure CIC.

COST TO CHORLEY COUNCIL OF THE APPLICATIONS

16. Prior to 1st April 2013, any discretionary relief awarded was funded in part through the council's General Fund. This changed following the introduction of business rate retention, and the cost of awarding discretionary rate relief is now split between Central Government (50%), the County Council (9%), Fire Service (1%), and Chorley Council (40%). LCC and the Fire Service have been consulted (no response received).
17. The total for the application is £12,795.82. If we were to grant full relief the total award proposed in this report would therefore cost this council's General Fund £5,118.33.

IMPLICATIONS OF REPORT

18. This report has implications in the following areas and the relevant Directors' comments are included:

Finance	✓	Customer Services	
Human Resources		Equality and Diversity	
Legal	✓	Integrated Impact Assessment required?	
No significant implications in this area		Policy and Communications	

COMMENTS OF THE STATUTORY FINANCE OFFICER

19. In preparing the NNDR1 return for 2018/19, discretionary relief for charitable occupation of £12,796 was assumed. This was taken into account in calculating the council's retained business rates income budget for 2018/19. The reliefs in Appendix A which are recommended for approval are the same ones for which the council has budget provision. There are no resource implications arising from the approval of these reliefs.

COMMENTS OF THE MONITORING OFFICER

20. This is a discretionary relief and it is exercised in accordance with Council policy as detailed in the report.

GARY HALL
CHIEF EXECUTIVE

There are no background papers to this report.

Report Author	Ext	Date	Doc ID
Glennis Brotherton	5819	09.01.2019	Discretionary Rate Relief Report

Following careful consideration and assessment of the contents of this report, I approve the recommendation(s) contained in Paragraph 2 of the report in accordance with my delegated power to make executive decisions.



_____ Dated 23/01/19_____

Councillor Peter Wilson
Executive Member (Resources)

Appendix B

APPLICATIONS FOR DISCRETIONARY RATE RELIEF 2018-2019							
NNDR Reference	Name of Organisation	NNDR Liability for Year	Current Mandatory Relief	Size of Application	Previous Recipient	Award at 100%	Charity Number
		£	£	£	(Y/N)	£	
507886216	Chorley Youth Zone	£60,802.43	£48,641.94	£12,160.49	N	£12,160.49	1167309
507887650	Lex Leisure CIC	£21,835.17	£0.00	£21,835.17	N	£21,835.17	N/A
TOTAL						£33,995.66	
COST TO GENERAL FUND (40%)						£13,598.26	