

Cabinet

7 January 2014

Report of the Cabinet Member for Finance, Performance and Customer Service

Discretionary Rate Relief Awards 2014 - 2016

Summary

1. The purpose of this paper is to provide Cabinet with details of new applications for Discretionary Rate Relief (DRR) for the period 1st April 2014 to 31st March 2016. The paper sets out the Council's existing DRR commitments against the available budget and asks Cabinet to approve any new awards based upon the details of new applications and funding available.

Background

2. Cabinet approved a new process for awarding DRR at its meeting on 12th February 2013. With effect from April 2014 all new awards are a Cabinet decision taking into account any budget available and consideration of applications against council priorities.
3. Guidance in the 1988 Local Government Finance Act provides that although authorities may adopt rules for the consideration of discretionary cases, they should not adopt a blanket policy either to give or not to give relief instead, each case should be considered on its own merits. The areas where DRR can be awarded are:
 - Charities
 - Non-profit making organisations
 - Community Amateur Sports Clubs (CASC's)
 - Rural discretionary relief
 - Rural top up

4. All applications for DRR are currently submitted on a standard application form directly to the relevant department (excluding Education). The application is to top up the 80% mandatory award in respect of Charities and CASC's. This paper presents details of all new applications along with the current cost of existing DRR commitments against the councils DRR budget.

Existing Discretionary Rate Relief costs

5. Table 1 below sets out the cost of the existing DRR awards in the categories set out at paragraph 3 for the 2014/15 year. The figures used take into account the 2% cap on the business rate multiplier increase announced in the Autumn Statement 2013.

Table 1.

Category	Total Cost of DRR	CYC Share
Not-for Profit	£3,340	£1,670
Charities	£119,931	£59,966
CASC's	£21,925	£10,962
Rural Discretionary	£40,606	£20,303
Rural Top Up	£5,514	£2,757
Total Cost	£191,316	£95,658

6. The total council budget for DRR in 2014/15 is £112K. Taking into account the 2% rise in the business rate multiplier there is a maximum of £16.3K available to make new awards for the 2014 – 2016 period. The organisations currently receiving DRR were approved by the relevant council directorates for a 2 year period with effect from the 1st April 2013 so do not require approval again this year. These awards were approved in the 2012/13 year and are set out in detail in Annex A.

New Applications

7. Table 2 below sets out the number and value of new applications for DRR in each of the categories. Applications that do not meet the qualifying criteria have not been submitted by the relevant directorate.

Table 2.

Category	No	Total Cost of DRR	CYC Share
Not-for Profit	0	0	0
Charities	1	£6,406	£3,203
CASC's	0	0	0
Rural Discretionary	0	0	0
Rural Top Up	0	0	0
Total Cost		£6,406	£3,203

8. There has only been one new application received for discretionary rate relief for 2014 and this is from the Steiner School. The school is a registered charity and a non for profit organisation with any surplus made used for school development. The school has recommended fees of £6,500 pa per child. Families unable to pay the recommended contribution can contribute based upon a percentage of gross family income. The last two full year accounts (2011 & 2012) show that the school is not making any material surplus.
9. The school currently receives 80% mandatory relief on its annual business rate bill of £29,160 (2014/15) equivalent of £23,328 pa which is shared on a 50/50 basis between the council and Central Government. The cost of providing top up discretionary relief to 100% is set out in table 2 above.
10. The key consideration in relation to this application is in respect of whether the council should be using council tax income to provide support to a non-local authority fee paying schools. A further implication of providing support to a private school is that in doing so we may open the door to applications from other fee paying schools and Government funded academies.
11. The number of applications due in 2014 for the 2015 - 2017 period will be much higher as the current awards (Annex A) come to an end and most organisations are likely to reapply. These along with any further new applications will be submitted to Cabinet to review in December 2014.

Options

12. There are two options associated with this report:

Option 1 – Approve the new application of discretionary rate relief set out at paragraph 8 – 10;

Option 2 – Decline the new application of discretionary rate relief set out at paragraph 8 – 10.

Analysis

13. There is a year on year increasing demand on the existing DRR budget from current recipients as the business rates multiplier continues to rise by RPI. Annex A clearly shows that many organisations do not receive the full 20% ‘top up’ award as there are insufficient funds to do so. The key considerations at paragraph 10 indicate the potential pressures that may arise through the approval of Option 1 and it is recommended that the application from the Steiner School is not approved.

Council Plan 2011 - 15

14. The power to provide discretionary rate relief contained within the Local Government Finance Act 1988 & 2012 impact on several of the council’s priorities that create the Council Plan 2011 - 15 specifically:
- a) Protecting vulnerable people
 - b) Building strong communities
 - c) Creating jobs and growing the economy

Implications

15. (a) **Financial** – The changes in the Local Government Finance Act 2012 mean that any new discretionary awards are now met on a 50/50 basis with Central Government.
- (b) **Human Resources (HR)** - There are no implications
- (c) **Equalities** – There are no direct implications

- (d) **Legal** - There are no implications
- (e) **Crime and Disorder** - There are no implications
- (f) **Information Technology (IT)** - There are no implications
- (g) **Property** - There are no implications

Risk Management

16. The key risk associated with discretionary reliefs is a financial one. The risk is not high and is in the control of the authority through the implementation of proper policies and procedures.

Recommendations

17. Cabinet are asked to consider the new application for discretionary rate relief set out at paragraphs 8 - 10, and approve or reject the application taking account of the recommendation at paragraph 13;

Reason: To provide a transparent process for awarding discretionary rate relief as approved by Cabinet in February 2013.

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	Report Approved	√	Date 18/12/2013
Specialist Implications Officer(s) None			
Wards Affected: All			√
For further information please contact the authors of the report			

Background Papers

Discretionary & Mandatory Business Rate Relief and Discounts -
February 2013

<http://modgov.york.gov.uk/mgChooseDocPack.aspx?ID=6881>

Annexes

Annex A – Current organisations receiving discretionary rate relief

Glossary

DRR – Discretionary Rate Relief

CASC - Community Amateur Sports Club