

## SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

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**REPORT TO:** Leader and Cabinet 11 January 2007  
**AUTHORS:** Chief Executive / Head of Revenues

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### POLICY FOR THE AWARD OF DISCRETIONARY RATE RELIEF

#### Purpose

1. To request that Cabinet formally recommend to Council the adoption of a policy for the award of discretionary rate reliefs in order to consolidate existing policies and practices, and to facilitate the fair and consistent award of rate relief.
2. To ensure that future awards of rate relief are allocated in a manner that maximises the benefit to local residents and assists those organisations that contribute to the Council's Corporate Objectives.

#### Executive Summary

3. The Cabinet adopted a formal policy in December 2005 for awards of 'top up' relief to charitable organisations. This report proposes a policy framework for the awards of other discretionary rate reliefs.
4. The other rate reliefs are:
  - (i) Relief for sport clubs and other not-for-profit organisations
  - (ii) Rural rate relief for essential rural businesses
  - (iii) Hardship relief
  - (iv) Partly occupied property relief (section 44a relief)
5. There is a cost to the Council of 25% of the relief awarded (with the exception of partly occupied property relief) and the policy seeks to ensure that expenditure in this area provides the most possible benefit to local residents at the lowest possible cost to the Council.

#### Background

6. The Local Government Finance Act 1988 and associated Regulations gives the Council a discretionary power to award the rate reliefs set out above.
7. The current criteria and policies used for determining awards have been developed over the last 15 or so years, generally through decisions made by Committee or Portfolio Holder. It is generally accepted best practice for an Authority to have a formal policy framework against which individual applications for rate relief can be assessed.
8. In most instances there is a cost to the Council's General Fund, and therefore to the local Council Taxpayers, in awarding relief and the Council must give due consideration to the interests of local residents when making awards.

9. By reducing the rate burden on voluntary organisations, or essential rural businesses, rate relief can play an important role in ensuring the existence of local community facilities and contribute towards the Council's Corporate Objectives.

**Considerations**

10. Where awards of discretionary relief have previous been made for an indefinite period the award can only be cancelled at the end of a financial year and subject to twelve months notice. Rural rate relief is currently awarded in this manner, and consequently this revised policy will only apply to new applicants from 1 April 2007 and for existing recipients from 1 April 2008.
11. Other discretionary reliefs have been awarded on an annual basis and therefore this revised policy will take effect from 1 April 2007.
12. A proportion of the cost of discretionary rate relief is met by local Council Taxpayers through the Council's General Fund. It is therefore essential that the interests of local taxpayers be taken into consideration when evaluating requests for rate relief.
13. The rural nature of South Cambridgeshire means that awards of rural rate relief play a vital role in ensuring that essential local businesses, such as Post Offices and village stores, remain financially viable and continue to provide a service to the local community.
14. Not-for-profit organisations, such as sports clubs, often provide a valued contribution to the local community and are reliant on financial assistance in the form of discretionary rate relief.

**Options**

15. Adopt formal policies as recommended in this report for awards of relief.
  - (a) This option will ensure future transparency and consistency in awards.
16. Continue to make awards based on existing policies, custom and practice.
  - (a) The lack of a consolidated policy increases the risk of inconsistencies in the award of relief.

**Implications**

17. The proposed policies seek to formalise the existing approach used by the Council in making awards of rate relief and place emphasis on ensuring the awards support organisations that are mainly beneficial to South Cambridgeshire residents. It is not anticipated that there will be any significant implications, but a small number of individual applicants may find they no longer qualify, or qualify for a lower level of relief.

18.	Financial	There is a cost to the Council's General Fund of 25% of the amount of relief awarded (with the exception of relief for partly occupied properties where there is no cost). This effectively means local Council Taxpayers fund awards of relief. The policy outlined in this report and appendices is not expected to result in any significant change to the current cost to the Council in awarding relief.
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Legal	The Council has a legal obligation to consider each request for relief and must come to a reasonable decision. Both the Government and the Audit Commission have issued guidance for Council's to follow when considering awards. That advice indicates that Council's must not adopt a blanket policy regarding awards, and must consider the individual merit of each request. However, it is reasonable, and considered good practice, to set criteria against which applications can be measured
Staffing	None
Risk Management	None
Equal Opportunities	None

### Consultations

19. None

### Effect on Annual Priorities and Corporate Objectives

20. Affordable Homes	None
Customer Service	None
Northstowe and other growth areas	None
Quality, Accessible Services	Local post offices play an important role in ensuring residents have an accessibly method of paying amounts due to the Council.
Village Life	Rural rate relief plays an important part in ensuring the financial viability of essential rural businesses, in particular food stores, and also Post Offices, petrol stations and public houses where they are the only such business in a small village.
Sustainability	None
Partnership	Many voluntary organisations that receive rate relief operate in partnership with the Council or share similar aims and objectives to those of the Council.

### Conclusions/Summary

21. The Council currently has a number of policies and practices for the award of various discretionary rate reliefs. Whilst these policies and practices are generally considered to be sound, and have proved effective in facilitating the award of rate relief to deserving organisations, it is considered good practice to formally consolidate the policies and practices at this time.
22. Formal policies for the award of discretionary rate reliefs are set out in the appendices to this report. The policies are intended to ensure that future awards of rate relief are of maximum benefit to local residents and assist organisations that contribute to the Council's Corporate Objectives, whilst also ensuring awards are consistent and transparent.
23. It is not anticipated that there will be any significant overall change to the level of relief that is currently awarded. However, it is possible that a small number of organisations may receive a reduced amount of relief where their activities are not specifically beneficial to local residents.

## **Recommendation**

24. The Cabinet is recommended to formally recommend to Council that the policy for the award of discretionary rate reliefs set out in the appendices to this report be adopted in order to facilitate future awards of relief from the financial year 2007/08 onwards.

**Background Papers:** the following background papers were used in the preparation of this report:

Office of the Deputy Prime Minister's December 2002 publication 'Non-Domestic Rates – Guidance on Rate Relief for Charities and Other Non-Profit Making Organisations' December 2002

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