

BABERGH DISTRICT COUNCIL

FROM: Head of Customer Services

REPORT NUMBER **G112**

TO: OVERVIEW AND SCRUTINY
(STEWARDSHIP) COMMITTEE

DATE OF MEETING 9 October 2007

DISCRETIONARY RATE RELIEF

1. **PURPOSE OF REPORT**

- 1.1 The report reviews the impact of discretionary rate relief and recommends adoption of a revised discretionary rate relief policy to take effect from 1 April 2008. The revised policy is a product of the overall review of grants made by the Council to organisations, business' and individuals across the District. (Paper G93 Overview & Scrutiny (Community Services) Committee - 4/9/07)

2. **RECOMMENDATION TO STRATEGY COMMITTEE**

- 2.1 That the Rate relief Policy attached as Appendix A be adopted and come into effect from 1 April 2008.

3. **FINANCIAL IMPLICATIONS**

- 3.1 Discretionary rate relief is funded jointly by the Government and the Council. In normal circumstances the Government meets 75% of the cost, with the remaining 25% being borne by the Council. However, where the ratepayer already receives 80% mandatory relief (the cost of which is borne entirely by the Government) and the Council choose to top that up to 100% with a further 20% discretionary rate relief, the Council bears 75% of the cost of that further 20%, with only 25% being met by the Government.
- 3.2 For 2007/08 around 75% of the total of £1,073,763 currently granted in rate relief is mandatory which has no cost to the Council. The cost of the £276,673 granted as discretionary relief is shared, 63% by the Government, 37% by the Council.
- 3.3 The following table shows the spread of discretionary rate relief in 2007/08.

Category	Total Granted	Mandatory Relief (Govt. funded)	Discretionary Relief		
			Babergh proportion	Govt. proportion	Total BDC + Govt
Charitable	750138	691134	44253	14751	59004
CASC	37112	29690	5566	1856	7422
Food Shops	25033	10796	3559	10678	14237
General Stores	5016	2508	627	1881	2508
Public Houses	83818	41909	10477	31432	41909
Post Offices	23760	11880	2970	8910	11880
Petrol Stations	18346	9173	2293	6880	9173
Non Profit making organisations	33439		8360	25079	33439
Rural Settlements	97101		24275	72826	97101
Totals	1073763	797090	102380	174293	276673

3.4 Using these figures as a guide, adoption of the proposed rate relief policy will mean a reduction of around £83,000 in discretionary relief with a corresponding reduction in cost of £62,000 for the Government, £21,000 for the Council. Details of the range of premises affected are shown in paragraph 5.6.

4. **RISK MANAGEMENT**

4.1 This report should be considered in the context of “financial, performance and risk management” (Risk 7 – Significant Risk Register) and in particular:

Risk Description	Likelihood	Seriousness or Impact	Mitigation Measures
Various sectors/communities within the district do not have their needs met.	Low	Marginal	Continued support to a wide range of facilities across the district. No dramatic change in policy.
Poor customer satisfaction levels because money is not spent or spent ineffectively	Very low	Negligible	Transparency of decision and publication of a list of all premises receiving assistance to keep scale of the issues in context.

5. **KEY INFORMATION**

5.1 Discretionary rate relief is used by the Council as one of a number of support mechanisms to ensure as far as possible that key facilities remain viable within communities or to support and encourage healthy lifestyles and a prosperous economy. As part of the Council’s overall review of grants the policy for awarding relief and the impact of relief granted has been reviewed

5.2 This has revealed a number of issues:-

- The lead in times to respond to variations or changes in Council priorities and budgetary pressures needs to be shortened, but at the same time adequate notice must be given to those who may be affected by any change.
- Future applications need to capture considerably more detail in order to inform future policy decisions.
- Going beyond the levels of rate relief underwritten by statute has a lesser rate of return on the investment made on behalf of the residents of the district.
- Applications for rate relief do not always take account or advantage of other relief available (e.g Small Business Rate relief) or pursue organisational changes which guarantee ongoing mandatory relief (e.g Community Amateur Sports Club-CACS registration)
- Greater co-ordination is required between rate relief and other forms of grant assistance offered by the Council.

5.3 The proposed revised policy incorporates the following principles:-

- Discretionary rate relief is seen as the initial form of assistance offered by the Council before any other assistance is considered.
- The Council’s expectation is that in applying for discretionary rate relief the organisation or individual concerned will have explored and taken up all other assistance reasonably available to them under the Local Government finance Act 1988 and associated regulations.

- In making any other form of assistance or grant, the Council will take account of any discretionary rate relief already granted, or potentially available.
- Discretionary rate relief awarded is focussed on delivering or supporting the Council's priorities.
- Organisations or individuals applying for rate relief must be able to identify how they proactively support the Council's priorities.
- Provision is made for reconsideration of a decision, where appropriate, and the emergence of extraordinary circumstance or "hardship."
- In all cases whether applications are granted or refused, applicants will receive an explanation of the Council's decision on their application.

5.4 The proposed discretionary rate relief policy is attached as Appendix A. The Committee is invited to scrutinise and comment on the content.

5.5 Under the proposed new policy the following categories of premises continue to receive 100% relief :-

- Post Offices in rural settlements with a rateable value of up to £14,000.
- Food shops, general stores, convenience stores, newsagents in rural settlements with a rateable value up to £7,000.
- Public Houses, petrol filling stations (and associated premises) in rural settlements with a rateable value up to £10,500.
- Community Amateur Sports Clubs (CASC), community facilities, scout & guide groups, heritage and cultural premises and "hobby clubs" in all areas across the district.

5.6 Premises in rural settlements directly affected by the new policy are those, other than sole post Offices, with rateable values above the statutory thresholds for rural settlements. Public Houses (5), farm shop (1), food shops (3), petrol filling stations (4) and convenience stores (1) who from 1st April 2008, if the proposed policy is adopted will no longer be eligible for assistance.

5.7 Rateable values reflect rental values that the premises could, hypothetically, command in that location. Consequently the higher the value, the greater potential viability. At a time when budgetary pressures are forcing the Council to target assistance effectively, reducing the level of support to larger business's` is an option that needs to be considered.

5.8 Sports clubs (24) that choose not to register under the CASC scheme will also not be eligible for assistance from the same date. However it is anticipated that the potential loss of relief will trigger CASC registration which will then in turn restore entitlement to rate relief.

5.9 Section 49 of the Local Government Finance Act 1988, allows the Council to grant rate relief to any ratepayer to alleviate hardship and granting relief is in the interests of the Council Taxpayers of the district. That mechanism is proposed as the appeal/safety net process for any unusual or extenuating circumstances that may emerge during the consolidation of the new policy.

5.10 Under the proposed policy relief will be granted on a yearly basis only. This will increase workload each year to some extent, but is felt to be necessary in order to give the Council flexibility should it desire to amend the scheme at relatively short notice in the future in order to react to changing priorities or economic pressures. The regular refreshment of information supplied on application will however produce a more robust bank of data to inform any future policy decisions.

6. **APPENDICES**

Appendix A –Proposed Discretionary Rate Relief Policy
Appendix B – List of premises currently receiving rate relief.

7. **BACKGROUND PAPERS REFERRED TO:**

None.

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