

**Policy for the granting of  
Non-domestic  
discretionary rate relief**

## **1.0 Scope of this policy**

- 1.1 This policy relates to the rate relief that the Council has a discretionary power to award under Section 47 of the Local Government Finance Act 1988, as amended by the Localism Act 2011 and is effective from 1 April 2014.

## **2.0 Reasons for this policy**

- 2.1 This policy has been agreed by the Council to ensure all ratepayers making applications for discretionary rate relief are treated in a fair, consistent and equal manner.

- 2.2 This policy:

1. Sets guidelines for the factors that should be considered when making a decision to award or refuse relief
2. Establishes a framework to ensure applications are dealt with in an efficient manner
3. Sets out the delegated authority to award relief in appropriate circumstances
4. Seeks to safeguard the interest of local taxpayers by ensuring that funds allocated for the award of discretionary rate relief are used in the most effective and economical way

## **3.0 Legislative background**

- 3.1 Section 47 of the Local Government Act 1998 gives billing authorities the discretion to award relief where:

- a) All or part of the hereditament is occupied for the purposes of one or more institutions or other organisations, none of which are established or conducted for profit and each of whose main objectives are charitable or are otherwise philanthropic or religious or concerned with education, social welfare, science, literature or the fine arts, or
- b) The hereditament is used wholly or mainly for purposes of recreation, and all or part of it is occupied for the purposes of a club, society or other organisation not established or conducted for profit

- 3.2 Registered charities are to mandatory rate relief of 80% for properties which are occupied for charitable purposes. The Council has discretionary powers to award further rate relief of up to 20% (this is commonly referred to as 'top up' relief).

- 3.3 Organisations not established or conducted for profit can apply for discretionary relief providing they satisfy the Council's requirements.

## 4.0 Criteria

- 4.1 To be eligible for discretionary rate relief, charities and other organisations not established or conducted for profit, an organisation must meet the following criteria:

Where the organisation is a charity or community amateur sports club:

- The applicant must be a charity or trustees of a charity and the property is wholly or mainly used for charitable purposes; or
- A registered community amateur sports club (CASC); or
- All or part of the property must be occupied for the purpose of one or more institutions or other organisations which are not established or conducted for profit and whose main objects are charitable or otherwise philanthropic or religious or concerned with education, social welfare, science, literature or the fine arts; or
- The property must be wholly or mainly used for the purposes of recreation, and all or part of it is occupied for the purposes of a club, society or other organisation not established or conducted for profit.

Where the organisation is not a charity but is not established or conducted for profit:

Either the organisation's main objects are;

- charitable,
- philanthropic,
- religious

Or are concerned with either;

- education,
- social welfare,
- science
- literature
- fine arts

Or, the organisation is a club, society or other organisation not established or conducted for profit and the property is used mainly used for purposes of recreation.

- 4.2 Factors to be taken into account

The Council is keen to ensure that any relief awarded is justified and directed to those organisations making a valuable contribution to the well-being of local residents. The following factors will therefore be considered:

- a. The organisation should provide facilities that indirectly relieve the authority of the need to do so, or enhance or supplement those that it does provide.
- b. The organisation should provide training or education for its members, with schemes for particular groups to develop skills.

- c. It should have facilities provided by self-help or grant aid. Use of self-help and / or grant aid is an indicator that the organisation is more deserving of relief.
  - d. The organisation should be able to demonstrate a major local contribution to the social, economic or cultural benefit to the residents of Southwark.
  - e. The organisation should have a clear policy on equal opportunity.
  - f. The extent to which the members of the community benefit from the work of the organisation.
  - g. The extent to which membership is open to all sections of the community.
  - h. The majority of members should be Southwark residents.
  - i. If there is a licensed bar as part of the premises, social activities must not be the principal activity undertaken and should be a minor function in relation to the activities undertaken by the organisation. Income from any commercial activity must not be the largest source of revenue for the organisation.
  - j. The organisation must not have any unauthorised indebtedness to the London Borough of Southwark, including rate arrears. Rates are due and payable until a claim for discretionary rate relief is heard.
  - k. Whether there are exceptional circumstances justifying the award of discretionary relief.
- 4.3 Normally relief will be awarded where it is clear that the activities of the applicant are of direct benefit to the local community and assist the Council in achieving its Community Priorities.
- 4.4 Relief will not be awarded to organisations whose activities are contrary to the principles established by the Council's Community Priorities.
- 4.5 Consideration will be given to the financial impact on the Council and the local community in making awards. Relief may be refused or capped if it is considered that the financial cost to the Council or the local community outweighs the benefits generated through the award of relief.
- 4.6 The Council cannot award relief to itself or any other organisation which has the powers to raise, or precept on a Council Tax.
- 4.7 The amount of relief awarded is entirely at the discretion of the Council to the maximum levels stated under section 2.8 below.
- 4.8 The types of organisations and the total percentage relief that can be awarded are shown below:

### Charities (top up relief)

Category	Percentage Relief
Advice / social welfare / health agencies	Up to 20%
Ethnic & Community Centres	Up to 20%
Environmental	Up to 20%
Education / training	Up to 20%
Counselling Centres	Up to 20%
Youth Groups (including scouts)	Up to 20%
Theatre / Arts	Up to 20%
Voluntary Aided Schools (80% mandatory relief will apply)	10%
Foundation Schools	10%
Community Amateur Sports Clubs	Up to 20%
Organisations in receipt of 80% mandatory relief where local exceptional circumstances are deemed to apply.	Up to 20%
Sports / Leisure	Up to 20%
Organisations that are grant aided by the London Borough of Southwark.	Up to 20%
Organisations that enjoy the full support of the Council in the furtherance of the corporate policies.	Up to 20%
An organisation which is considered by officers to be improperly run, for what ever reason, including unauthorised indebtedness.	Nil
Registered Social Landlords (usually registered as such with the Housing Corporation)	Nil
All empty properties	Nil
Private schools, colleges or nurseries	Nil
Charity / Gift Shops	Nil
Charity Headquarters (offices)	Nil
Political Organisations	Nil

### Non-profit making organisations (not in receipt of mandatory charitable relief)

Advice / social welfare / health agencies	Up to 60%
Ethnic & Community Centres	Up to 60%
Education / training	Up to 60%
Counselling Centres	Up to 60%
Theatre / Arts	Up to 60%
Sports Clubs / Leisure	Up to 60%
Youth Groups	Up to 60%
Organisations where local exceptional circumstances are deemed to apply.	Up to 60%
Organisations that are grant aided by the London Borough of Southwark.	Up to 60%
Organisations that enjoy the full support of the Council in the furtherance of the corporate policies.	Up to 60%
Political Organisations	Nil
An organisation which is considered by officers to be improperly run, for what ever reason, including unauthorised indebtedness	Nil
Private schools, colleges or nurseries	Nil

- 4.9 The applicant or their authorised representative must complete a discretionary rate relief application form and provide a copy of their most recent accounts and a copy of their constitution or articles of association
- 4.10 Further information may be requested and the Council may conduct a visit to the rated premises to assist with the consideration of the application.
- 4.11 If the Council has requested further information from the applicant and this has not been received within four weeks or if the applicant does not co-operate with the Council's request to visit a property, the application will be deemed to have been discontinued. Notification of this will be provided in writing.
- 4.12 If the process of keeping records to the standard required will incur additional expense for the organisation it will be up to the organisation to decide whether the additional expense is worthwhile in order to apply for relief.
- 4.13 Where an application has been refused, further applications will not be considered within the same financial year except where:
- a) The use of the property changes, or
  - b) The objectives of the organisation change, or
  - c) There have been other changes that may affect the Council's decision (for example where an organisation has taken action to address an issue which had previously precluded an award of relief).
- 4.14 Ratepayers are required to notify the Council of any change of circumstances which may have an impact on the award of discretionary rate relief.
- 4.15 Relief is awarded from the 1<sup>st</sup> April in the current financial year (or the date on which rate liability begins if later) up to 31<sup>st</sup> March in the current financial year, or the date on which rate liability ceases, if this is before 31<sup>st</sup> March. Notice will be given by the Council for the withdrawal of relief by the 31<sup>st</sup> March for the following financial year and a fresh application for discretionary rate relief will be necessary for each financial year
- 4.16 Legislation allows claims received between 1<sup>st</sup> April and 30<sup>th</sup> September in any year to be backdated to 1<sup>st</sup> April of the previous year. Requests for a backdated award of relief (i.e. for the previous year) will be dealt with in the same way as applications for the current year.
- 4.17 The authority to grant relief is delegated to the Revenues Operations Manager who will consider all applications on an individual basis within the guidelines of this policy and maintain a written record of the decision made.
- 4.18 The Council will aim to determine all claims for relief within 28 days of receiving all necessary information to support the submission. The applicant will be advised in writing of the decision made, including either the amount of relief awarded or the reason for the refusal if relief is not granted
- 4.19 Relief will be calculated as a percentage of the rate liability and if the rate liability reduces the relief will be reduced proportionately.

4.20 If the rate liability increases during the course of a year, for example due to an increase in rateable value, the amount awarded will not automatically be increased. However in all such cases the Council will reconsider the ratepayer's application and may award additional relief.

4.21 Relief will be cancelled if:

1. The applicant ceases to be the ratepayer
2. The property becomes empty or becomes occupied by another ratepayer
3. The use of the property changes
4. The aims or objectives of the ratepayer change
5. The ratepayer ceases to meet the criteria to qualify for relief

## **5.0 Promotion of the availability of relief**

5.1 The Council will proactively promote the availability of discretionary rate relief, and this policy, in the following ways:

- All rate demands will have accompanying information explaining the availability of relief
- Employees who deal with enquiries from ratepayers will be trained in all aspects of the policy and will provide assistance/advice to ratepayers applying for relief
- The Council will work in partnership with other organisations that may have a stake in this area
- The policy will be published on the Council's website and printed copies will be made available to ratepayers and other stakeholders on request

## **6.0 Appeals**

6.1 Where an application for discretionary rate relief is refused, any appeal against this decision must be made in writing, together with evidence to support the reasons for the appeal

6.2 The appeal will be considered by a manager who has not previously considered the application. The decision reached will be notified in writing within 14 days

6.3 If an appeal is unsuccessful, then judicial review is the means by which a decision of a billing authority under its power to grant discretionary rate relief may be challenged. Independent legal advice must be sought if this course of action is taken.