

Discretionary Rate Relief Guidelines

Business Rates - Discretionary Rate Relief Guidelines

1. Introduction

South Gloucestershire Council recognises that the voluntary and community sector makes a major contribution to the economy, health and well-being of the people who live and work in the region. However, Discretionary Rate Relief granted by South Gloucestershire Council is paid for by the Council Tax payers. The Council has a duty to ensure that public funds are spent wisely and there is due transparency and accountability.

These Discretionary rate relief guidelines take into account the original intention of the legislation, which was to support charities and non-profit making organisations in their work in the local community and to help and support the Council's corporate objectives.

The main aims are for the Discretionary rate relief guidelines to be:-

- Consistent and fair.
- Clear and understandable for both ratepayers and personnel administering rate relief.
- In the best interests of the people in South Gloucestershire.

The application process is designed to ensure fairness and in carrying out the process the Council's Officers will not be influenced by ethnic origin, race, gender, sexual orientation or religion. In processing applications those involved will be treated fairly, with respect and courteously at all times.

2. Types of relief

There are two types of business rate relief - Mandatory and Discretionary. The Local Government Finance Act 1988 requires local authorities to grant **Mandatory rate relief** to the following categories of Business Rates payer:

- Registered charities.
- Village Post Offices, general stores, specialist food shops, public houses and petrol filling stations - where they are in a designated rural settlement.
- Registered Community Amateur Sports Clubs (CASCs).

The Local Government Finance Act 1988 also gives local authorities the power to grant **Discretionary rate relief** as follows:

- To make a further award on top of Mandatory relief to those categories listed above; and also:
- In respect of sports grounds and clubs;
- To other non-profit making organisations;
- To other rural businesses situated within a designated rural settlement.

3. Cost of relief

The cost of relief is currently borne jointly by Central Government and the Council as shown:

Relief type	Central Government cost	South Gloucestershire Council cost
Mandatory	50% of any Mandatory award	50% of any Mandatory award
Discretionary granted to top up Mandatory	50% of any Discretionary award	50% of any Discretionary award
Discretionary only (no Mandatory)	50% of any Discretionary award	50% of any Discretionary award

4. Guidelines for Discretionary rate relief

In normal circumstances, in order to be considered for Discretionary rate relief, South Gloucestershire Council asks an organisation to meet criteria at all three levels shown below:

Level 1

Is the rate-paying organisation:-

- a charity registered with the Charity Commission;
- a Not-for-profit organisation;
- a rural business situated within a designated rural settlement

If none of the above, the organisation will not normally be considered for Discretionary rate relief.

Level 2

Charities

If the organisation is a charity registered with the Charity Commission and the property it occupies is wholly or mainly used for charitable purposes a mandatory relief of 80% will be granted. South Gloucestershire Council may increase the level of relief in these cases by allowing Discretionary rate relief up to a further 10%. All the following conditions are normally required to be met: *

Mandatory rate relief is not awarded to Not-for-profit organisations, but South Gloucestershire Council may award up to 80% Discretionary rate relief.

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- * The rate-paying organisation's (or its local branch's) outputs/services/facilities should be primarily for the benefit of the local community based in South Gloucestershire.
 - The property should be wholly or mainly used for the organisation's charitable purposes.
 - If a charity shop - the shop should be only occupied by the registered charity, the charity should sell primarily donated goods and the charity should use the profits from sales for the purpose of that charity.

Not-for-profit Organisations

For Discretionary rate relief purposes, a Not-for-profit organisation is one which is not established or conducted for personal or private profit, whose objectives are charitable, but it is not registered as a charity.

All the following conditions are normally required to be met:

- The rate-paying organisation's (or its local branch's) outputs/services/facilities should be primarily for the benefit of the local community based in South Gloucestershire.
- The property should be wholly or mainly used for the organisation's Not-for-profit making purposes.
- If a fundraising shop - the shop should be only occupied by the Not-for-profit organisation, which should sell primarily donated goods and should use the profits from sales for the purpose of that Not-for-profit organisation.

Rural businesses

South Gloucestershire Council is committed to protecting facilities in rural areas. For discretionary rate relief purposes, as specified in the Local Government Finance Act 1988, a rural business falling under this category is either the sole Post Office, general store, public house, petrol filling station or any food shop situated in a designated rural settlement or any other rural business situated in a designated rural settlement.

A designated rural settlement is defined as one which is:

- situated wholly/partly within the authority area;
- appears to have a population of 3,000 or less on 31 December prior to a chargeable year; and
- designated as a rural settlement by the authority.

Post Offices, general stores, public houses, petrol filling stations and food shops - where the ratepayer is the occupier of one of these business premises they must, subject to the application of rateable value thresholds, be granted 50% in Mandatory rate relief.

South Gloucestershire Council may increase the level of rate relief in these cases by allowing Discretionary rate relief by up to a further 50%.

Other rural businesses - in addition to the businesses referred to above, South Gloucestershire may give rate relief on certain other occupied property in a rural settlement where the rateable value is less than £16,500^{*3}. This will depend on the extent to which the loss of the facility would impact on the local community. *

^{*3} increased in line with Central Government up-rating at revaluation or other times.

Level 3

The criteria normally used for level 3 are set out below:

Charities:

Group - all measured by community benefit	Discretionary rate relief % (based on community benefit) All awards capped at maximum £5000
Youth organisations (e.g. scouts, guides, cadets, youth clubs)	Up to 10%
Local Charities/Charity Shops - operating predominately inside South Gloucestershire	Up to 10%
Local Charities/Charity Shops - operating partially inside South Gloucestershire	Up to 5%
National Charities	0%
Charity sports clubs, public leisure facilities with RV of over £11,000	Up to 5%
Charity sports clubs, public leisure facilities with RV of under £11,000	Up to 10%
Charities not included in above categories	Up to 5%
Community centre/ village halls	Up to 10%
Community Associations	Up to 10%
Museums/heritage site/memorial	Up to 10%
Educational establishments (Pre-schools, nurseries, playgroups, toddler groups) - Not part/franchise of an organisation operating outside South Gloucestershire	Up to 10%
Educational establishments - All other educational establishments	0%
Housing Associations	0%

Not-for-profit organisations:

Group	Discretionary rate relief % (based on community benefit) All awards capped at maximum £5000
Community/Village Halls	Up to 80%
Community Organisations for young people	Up to 80%
Community Organisations for older people	Up to 80%
Community cafe/ Social Club (bar/cafe takings over £50,000)	Up to 20%
Community cafe/Social Club (bar/cafe takings under £50,000)	Up to 40%
Community Support Orgs for Addicts (South Glos based)	Up to 50%
Support Orgs for Addicts (not South Glos based)	0%
Training Organisations (servicing small number of South Glos residents)	Up to 5%
Training Organisations (servicing large number of South Glos residents)	Up to 10%
Not for profit organisations (annual surplus over £250k)	0%
Not for profit organisations (annual surplus £100 - £250k)	Up to 10%
Not for profit organisations (annual surplus £50 - £100k)	Up to 30%
Not for profit organisations (annual surplus £0k - £50k)	Up to 50%
Housing Associations	0%
Animal Welfare organisations	Up to 20%
local benefit but not sole provider	Up to 30%
local benefit sole provider	Up to 50%
Not for profit sports clubs/ public leisure facilities with RV of over £11,000	up to 40%
Not for profit sports clubs/ public leisure facilities with RV of under £11,000	Up to 80%

Group	Discretionary rate relief % (based on community benefit) All awards capped at maximum £5000
Community/Village Halls	Up to 80%
Not for profit organisations not included in above categories	Up to 50%

Rural businesses:

Sole Rural Businesses:

Criteria	Mandatory relief %	Discretionary relief %
Sole Post Office or village store with a rateable value up to £8,500	50	50
Sole petrol station with a rateable value up to £12,500	50	50
Sole public house with a rateable value up to £12,500	50	50

Other Rural Businesses:

NB: Situated in a rural settlement and where the rateable value does not exceed £16,500

Criteria	Mandatory relief %	Discretionary relief %
Measured by community benefit	zero	Up to 100

increased in line with Central Government up-rating at revaluation or other times.

5. Decisions on rate relief applications

The guidance allows a Revenues Seniors to make a recommendation to the Billing Manager on individual rate relief applications. It is hoped that the majority of applications can be determined in this way by.

6. Appeals

If a ratepayer wishes to appeal against an Officer decision then the application will be reconsidered by the Revenues & Benefit Service Manager and their decision will be final.

7. Periodic reviews

A Discretionary rate relief award can remain valid:

- indefinitely; unless
- the end date is specified; or
- until the expiry of one full Council financial year after notice is given (e.g. notice given 20 November 2013, the existing award will remain in place until 31 March 2015); or
- the liability ceases

These guidelines will be reviewed in line with the Valuation Office's revaluation cycle or if the Business Rates legislation is amended or as necessary to ensure it complies with current legislation and South Gloucestershire Council's priorities.