

# APPENDIX E

## WAVERLEY BOROUGH COUNCIL

EXECUTIVE – 29 NOVEMBER 2011

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**Title:**

**NATIONAL NON-DOMESTIC RATES  
DISCRETIONARY RATE RELIEF POLICY**

**[Portfolio Holder: Cllr Mike Band]**

**[Wards Affected: N/A]**

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**Summary and purpose:**

This report is the four-yearly review of Waverley's policy for awarding discretionary rate relief and Members are asked to agree the approach for 2012/13 and beyond.

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**How this report relates to the Council's Corporate Priorities:**

The provision of financial assistance to community organisations within the Borough supports a range of Corporate Priorities including Improving Lives. Rate relief also provides good value for money as the Government pay for a proportion of the cost.

**Equality and Diversity Implications:**

There are equality and diversity implications in awarding rate relief and it is important that clear criteria is in place that does not discriminate against any particular organisation.

**Resource and legal implications:**

In accordance with normal practice, after the election of the new Council, notice has been given to those organisations currently receiving relief that their relief will be terminated at the end of this current financial year, and the scheme will be reviewed. There are potential financial implications, which are described in this report. Generally, 25% of any discretionary rate relief agreed falls on the General Fund but if mandatory relief is 'topped-up' then the Council pays 75% of the relief. The 2011/2012 Budget includes provision for the Council's costs.

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**Introduction and Background**

1. Current legislation allows local authorities to grant discretionary rate relief on the rates payable by the following organisations:
  - i) charities
  - ii) non-profit making organisations whose objects are charitable, philanthropic or religious or concerned with education, social welfare, science, literature or fine arts.
  - iii) non-profit making clubs, societies or other organisations using premises for the purpose of recreation

- iv) village stores, post offices in rural settlements and other businesses in rural settlements that exist to benefit the local community and where the award of relief is in the interests of Waverley's council taxpayers.
2. The Council's current policy is to review the guidelines used by the Council for the granting of discretionary relief on a four-yearly cycle, following the election of a new Council. In accordance with this policy, notice was given in March 2011 to all organisations currently receiving discretionary rate relief to terminate the existing relief with effect from 31 March 2012. All organisations will need to reapply under the new policy guidelines. Once the Council has approved its policy, Waverley's Scheme of Delegation allows the Deputy Chief Executive to agree applications from organisations that are eligible under the Policy. Only when an organisation objects to the Deputy Chief Executive's decision will an application come to the Executive for a decision.

### **Granting of rate relief**

3. There are two elements of rate relief under the legislation. The first is mandatory relief that attracts relief at the rate of either 50% or 80%. The second, discretionary relief permits the billing authority to offer relief of up to 100%. (This report does not cover the discretionary relief provisions under Section 49 of the Act covering 'hardship', which is an issue considered by the Deputy Chief Executive of the Executive on a case-by-case basis).
4. Mandatory relief relates either to charities or trustees of a charity, which receive 80% relief, or to those properties covered by the regulations which are more commonly known as the 'rural rate relief', where the relief is granted at 50%. Where mandatory relief applies, the full amount of the relief given is borne by the NNDR Pool, and no cost of the mandatory relief falls upon the billing authority's General Fund.
5. This report is concerned with the granting of the discretionary relief under Section 47 of the 1988 Act. The Government is currently reviewing the statutory provisions under the Localism Bill.
6. Waverley's existing policy for the granting of discretionary rate relief was last reviewed in October 2007. The current policy guidelines adopted by the Council are described below and a summary is attached at Annexe 1. These guidelines indicate both the level of relief given and the type of organisation, and are used when considering applications for relief to ensure that consistent decisions are made in line with Council policy.

### **Waverley's current policy guidelines**

7. Paragraph 1 above identifies the various types of organisations that a local authority can grant discretionary rate relief on the rates payable under the legislation. A billing authority has the discretion to grant up to 100% relief. A full list of the organisations currently receiving discretionary rate relief is included at Annexe 2. Waverley's current policy for the period 2008 to 2012 is to grant discretionary rate relief as follows:

i) Charities receiving 80% mandatory relief will not normally receive any additional discretionary relief, except for a number of individual cases that have previously been approved by the Council. There are currently 53 organisations that currently receive 20% discretionary relief granted in addition to the 80% mandatory relief. The amount of WBC discretionary relief given in 2011-12 under this category is £49,162 with £36,871 of this being met by the General Fund.

ii) 80% discretionary relief is granted for non-profit making organisations whose objects are charitable, philanthropic or religious or concerned with education, social welfare, science, or for the purpose of recreation and who are not in receipt of mandatory relief. In 2007 the Council agreed to include Waverley's leisure centres under this heading as they are operated under a 'commercial trust' model by DC leisure which meets the rate relief criteria. The amount of WBC discretionary relief given in 2011-12 under this category is £352,243, with £88,060 of this being met by the General Fund.

iii) Where a sports club within Waverley is not allowed to register with the Inland Revenue as a Community Amateur Sports Club (CASC) and therefore be entitled to mandatory relief, the Council has awarded 50% discretionary relief (currently 5 in Waverley). The amount of WBC discretionary relief given in 2011-12 under this category is £11,496, with £2,874 of this being met by the General Fund.

iv) Discretionary rate relief for properties in rural settlements is considered only for sole general stores, post offices or chemist shops. Since the Council first agreed this policy in 1998, applications from a number of other businesses in rural settlements have been considered by Members, but no relief has been granted. The amount of WBC discretionary relief given in 2011-12 under this category is £20,051, with £6,852 of this being met by the General Fund.

8. The total amount of relief granted in 2011-2012 is £432,952. As a general rule, 75% of the discretionary relief granted is offset against the contributions made by Waverley to the National Non-Domestic Rates Pool with the balance of 25% being borne locally and met from the authority's General Fund. However, for those charitable organisations that receive mandatory relief, any discretionary relief top-up granted is apportioned 25% to the Pool and 75% locally. As a result of this apportionment, the overall cost to Waverley of granting discretionary relief in 2011/2012 is £134,659 which is included in the approved budget.

## **Other Considerations**

9. The Localism Bill is currently progressing through the legislative process. This Bill proposes to amend the current legislation around discretionary rate relief to replace the current limitations with a broad power to grant relief to any local taxpayer. It is likely that the full cost of relief given to other ratepayers would fall on the authority. Currently the detail of these proposals is unknown. In the light of this uncertainty, officers suggest that Waverley sets its policy for the 2012/13 year only at this stage and reviews the position in the Autumn 2012 when the detailed regulations and guidance is published.
10. The Executive established a Special Interest Group to review the whole area of assistance given by Waverley to community and charitable organisations. The outcome of the review is currently being considered by Members. This report is related as a number of the organisations receiving rate relief also get other forms of assistance from the Council.

## **Options for Discretionary Rate Relief**

11. There are a number of options available to the authority for discretionary business rate relief:
  - a) To continue with the current policy for the next 4-years;
  - b) To continue with the current policy but only for 2012/13 at this stage given the uncertainty around the future legislative framework;
  - c) To withdraw some categories of discretionary rate relief;
  - d) To withdraw the discretionary rate relief to those organisations receiving a 20% top-up to mandatory relief they receive – this would save Waverley £36,871;
12. In considering the options, Members are asked to consider a number of factors:
  - Other financial and service pressures
  - Consistency of application of the Council's discretion across organisations
  - The need for clear and robust policy guidelines that enable the Director of Finance to fulfil his delegated authority to consider applications for relief, minimising the risk of challenge and objection
  - Waverley's aims, objectives and priorities
  - The outcome of the review of grants to community organisations

## **Discretion to reduce Council tax liability (S13a)**

13. The Local Government Act 2003 added a new Section, 13A, to the Local Government Finance Act 1992, enabling councils to reduce the amounts payable by council taxpayers. It can be used to reduce amounts payable by specific amounts or percentages. The power under S13A allows the Council

to introduce local discounts for particular circumstances or by category of property, which are not already covered by the nationally prescribed discounts and exemptions. The cost of granting a S13A discount is met fully by the Council and not passed on to the precepting authorities.

14. Some authorities have agreed a procedure and a delegation process to enable them to consider any requests for assistance. It is proposed that Waverley adopts a similar approach to its business rates hardship policy which requires that reductions will only be considered if it is clearly in the wider interests of Waverley's council taxpayers. Delegation will be requested for the Deputy Chief Executive, in conjunction with the Finance Portfolio Holder, to make decisions and only if an objection is received would the Executive need to consider the case.

### **Comments and observations from the Corporate O&S Committee**

15. Corporate O&S Committee noted that a number of organisations receiving discretionary rate relief also received other forms of assistance from the Council, the most significant being grant-funding under the Community Partnership Grants scheme.
16. Corporate O&S Members agreed that, given the uncertainty around the future legislative framework, Waverley should continue to apply the current NNDR Discretionary Rate Relief Policy for 2012/13.
17. However, given the uncertainty about arrangements thereafter, Members suggested that Waverley should take the same approach as had been taken with the Community Partnership Grants, and write to all businesses and other organisations in receipt of discretionary rate relief to give early warning of the possibility that the amount of discretionary rate relief that the Council was able to offer might have to be reduced due to continuing financial pressure.
18. Careful consideration would need to be given to the impact on the service organisations provided of any reduction in discretionary rate relief and Community Partnership Grant, and the potential for this putting an increased demand on Waverley's services.
19. Corporate O&S Members endorsed the proposed policy for granting discretionary council tax reductions under S13a of the Local Government Act 2003, whereby reductions would only be approved when doing so would be in the interests of the wider council tax payers in Waverley.

### **Recommendation**

That the Executive thanks the Corporate Overview and Scrutiny Committee for their comments and recommends to the Council that

1. the policy for the granting of discretionary rate relief for 2012/13 remains the same as the current policy and officers are requested to report back to Members when the details of the Government's changes to rate relief are

known, at which point the Executive will be presented with further options for the period 2013 to 2016;

2. the policy on the use of the provision for granting discretionary council tax reductions under S13a of the Local Government Act 2003 is that reductions will only be considered if it is clearly in the wider interests of Waverley's council taxpayers; and
3. in relation to recommendation 2, delegation will be given to the Deputy Chief Executive, in conjunction with the Finance Portfolio Holder, to make decisions about applications for council tax reductions and that only if an objection is received would the Executive need to consider the case.

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### Background Papers

There are no background papers (as defined by Section 100D(5) of the Local Government Act 1972) relating to this report.

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WAVERLEY BOROUGH COUNCIL

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**Current Discretionary Rate Relief Guidelines operated by Waverley Borough Council**

The following guidelines apply to the 4-year period 1 April 2008 to 31<sup>st</sup> March 2012.

For organisations that satisfy the conditions of Section 47 of the Local Government Finance Act 1988 for the granting of discretionary relief, and who are not in receipt of mandatory relief in respect of the property, for the general categories of properties listed below the rates chargeable will be reduced by 80%.

- (i) Welfare organisations; improvement of health and teaching of first aid; care of the sick, crippled and disabled.
- (ii) Institutes; village halls; community centre.
- (iii) Premises used for the advancement of religion.
- (iv) Educational Trusts.
- (v) National Trust premises.
- (vi) Youth Hostel.
- (vii) (a) Sports and Youth Clubs, whose membership is of a primarily local character, and where no liquor licence is in operation,  
  
(b) In respect of those organisations falling into (vii) (a) above, **where a liquor licence is operated to reduce the payment of rates chargeable by 50%.**
- (viii) the sole village store, post office and chemist shop in a rural settlement.
- (ix) Waverley's leisure centres operated on a 'commercial trust' basis

For organisations that satisfy the conditions of Section 47, to remit the rates chargeable on premises used as Day Centres for the Elderly and premises used by the following bodies:-

Scouts and Guides Associations  
Hindhead Playing Fields Association  
WRVS Gostrey Club  
Haslemere Educational Museum  
Chantry's Community Association  
40 Degreez  
Voluntary Action South West Surrey

Godalming Museum Trust  
Old Kiln Museum Trust

Remit the payment of rates chargeable against the premises used by the following bodies for the purposes specified:

St. John Ambulance Brigade	Ambulance Station
Red Cross	Ambulance Station
Phyllis Tuckwell Hospice	Charity Shop
Cranleigh Village Hospital Trust	Charity Shop
Citizens Advice Bureaux	Advice Centres

For organisations that satisfy the conditions of Section 43 (6B) (rural properties) and qualify for 50% mandatory relief, to reduce the payment of the rates chargeable by a further 30%, thereby giving total relief of 80%.

Committees\executive\2011-12\291111\002 NNDR Discretionary rate