

Discretionary Charity Relief Policy

Report Author:	Nick Sach , Revenues and Benefits Manager 01664 502376 nsach@melton.gov.uk
Chief Officer Responsible:	Dawn Garton , Director for Corporate Services 01664 502444 dgarton@melton.gov.uk
Lead Member/Relevant Portfolio Holder	Councillor Sarah Cox , Portfolio Holder for Corporate Finance, Property and Resources
Corporate Priority:	Ensuring the right conditions to support delivery (inward)
Relevant Ward Member(s):	All
Date of consultation with Ward Member(s):	N/A
Exempt Information:	No
Key Decision:	Yes c) Has significant impact on two or more wards in the Borough and on communities living or working in those areas
Subject to call-in:	Yes

1 Summary

- 1.1 The Council's current Discretionary Charitable Relief Scheme was last reviewed several years ago and it is good practice to review it on a regular basis. This ensures any new Scheme meets the Council's Corporate strategy and six priority areas.
- 1.2 This report proposes a revised Discretionary Charitable Relief Scheme from 01 April 2024. Whilst there is an opportunity to make financial savings from the review, the primary reason for the review is to make the scheme more transparent and clearer.

2 Recommendation(s)

That Cabinet:

1. Approves the new Discretionary Charitable Relief Scheme to operate from 1st April 2024.
2. Delegates authority to the Director for Corporate Services in consultation with the Portfolio Holder for Corporate Governance, Finance and Resources, to make any future amendments to the Scheme.

3 Reason for Recommendations

- 3.1 To ensure there is transparency when awards are made under the Discretionary Charitable Relief Scheme.
- 3.2 To enable sufficient flexibility to make changes to the Discretionary Charitable Relief Scheme going forward by delegating this to an officer in consultation with the Portfolio Holder.

4 Background

- 4.1 Business Rates, also known as National Non-Domestic Rates (NNDR), are a tax on properties that are not used for domestic properties (for example, shops, factories, and offices)
- 4.2 The Council is the Billing Authority collects Business Rates on behalf of central Government, the County, Leicestershire Fire Service, and the Council itself. The Council is required to account for Business Rates based on the net amount due, after allowing for provision of doubtful debts. This amount is then distributed to each of the four bodies based on 50% Central Government, 40% Melton Borough Council, 9% Leicestershire County Council and 1% Leicestershire Fire Service.
- 4.3 Charitable Relief takes two forms:
 - a) **Mandatory Relief** - This part of the scheme allows 80% charitable relief where the applicant is registered as a charity with the Charity Commission, an industrial and provident society, or sports clubs registered as Community Amateur Sports Clubs (CASC) with the Inland Revenue. Local authorities are obliged to award relief in these cases. There is no discretion to refuse or vary the mandatory award. It is worth noting that Mandatory Relief incurs no cost to the Council as it is fully funded by the Government.
 - b) **Discretionary Relief** - Section 47 of the Local Government Finance Act 1988 empowers local authorities to grant Discretionary Charitable Relief to ratepayers under certain circumstances. Awards of Discretionary Charitable Relief can be made to various categories of ratepayers. These include:
 - (a) all or part of the hereditament is occupied for the purposes of one or more institutions or other organisations:
 - (i) none of which is established or conducted for profit, and

- (ii) each of whose main objects are charitable or are otherwise philanthropic or religious or concerned with education, social welfare, science, literature, or the fine arts, or

(b) the hereditament:

- (i) is wholly or mainly used for purposes of recreation, and
- (ii) all or part of it is occupied for the purposes of a club, society or other organisation not established or conducted for profit.

The Council can “top up” Mandatory relief up to 100% and has the power to provide up to 100% relief for other non-profit making organisations.

5 Main Considerations

- 5.1 The Council operates a Discretionary Charitable Relief Scheme of up to 100%. 40% of the cost of any discretionary relief granted must be funded by the Council (in line with the Council's 40% receipt of NNDR).
- 5.2 In 2022/23, Melton Borough Council awarded Discretionary Charitable Relief of £26k to charitable organisations with the Borough, at a cost to the Council of £10.4k (40%). It should be noted these charitable organisations also received £145k in mandatory relief in 2022/23.
- 5.3 Proposed changes to the existing scheme from 1st April 2024. In summary the proposed changes are detailed below with the rationale, and also in Appendix A
- a) **Removes top up for national Charity Shops.** Rationale: This puts charity shops on a more equal basis to other properties in the high street. Charity Shops would still be entitled to the 80% mandatory relief.
 - b) **Promotes Community Amateur Sporting Club (CASC) status.** To only award relief to those organisations with CASC status. Rationale: Once an organisation becomes a CASC they are entitled to mandatory relief of 80%. The Council would then pay 40% of the remaining 20% instead of 40% of 100% relief.
 - c) **Reduces top up for sporting clubs, village halls to 0%, if they have a bar and bar takings are over £5k.** Rationale: Sporting clubs, Village Hall etc can increase their income if they have a bar. It should be noted after reviewing the applications in readiness for 2023/24 several of them have significant amounts in the bank. Following a review of the 2023/24 applications the Revenues & Benefits Manger reports one organisation has £108k in the bank whilst others had £23k, £42k, £48k & £50k respectively.
 - d) **Caps the amount of top up to properties with a Rateable Value up to £50,999.** Rationale: This protects the Council should a charity occupy a large warehouse or industrial unit as the Council pays 40% of any relief awarded. Rateable Values below £51k is the Government limit for Small Business Rate Relief. Again, these organisations would still be entitled to 80% mandatory relief.
- 5.4 The Council operates a community grant scheme and should this revised scheme create a financial hardship issue then an application could be made for support through that scheme and it would be considered on its individual merits alongside other applicants. This enables individual circumstances to be considered without affecting the overall policy.

6 Options Considered

- 6.1 To continue with the current scheme, however given that it is considered good practice to review regularly this was not considered a viable option.

7 Consultation

- 7.1 Under the legislation which governs the Discretionary Charitable Relief arrangements, i.e. the Local Government Finance Act 1988, there is no requirement to consult with organisations that currently receive relief.
- 7.2 However, the Council must give one year's notice of an impending change to the Scheme, and this was given in March 2023. In anticipation of this review notification was provided to current recipients as part of their 2023/24 award that the scheme would be reviewed during the year and that there could be changes to the amount, they receive in 2024/25.

8 Next Steps – Implementation and Communication

- 8.1 Should Cabinet approve the scheme and based on the feedback of the proposed changes, all existing recipients will be written to. Informing them of the new scheme and providing them with the documentation required by the Council as evidence to support a claim.
- 8.2 Moving forward it is proposed that the awards will be shared with the Community Grants team to provide visibility across the two schemes of the local organisations that are being supported.

9 Financial Implications

- 9.1 The impact on current recipients is set out in Appendix B. Based on the changes reference above, the Revenues & Benefits Manager estimates it would reduce the total relief spend from £26k to £16.5k and therefore save the Council £3.8k (40% of the total £9.5k saving) per annum. This is based on existing recipients. Should applications be received from new applicants then this will increase the spend.

Financial Implications reviewed by: Director for Corporate Services

10 Legal and Governance Implications

- 10.1 The Council has the statutory power to offer business rate reliefs under section 47 of the Local Government Finance Act, 1988 as amended by the Localism Act, 2011.
- 10.2 This report seeks authority to enable any changes to the Discretionary Charitable Relief Scheme to be approved by the Director for Corporate Services in consultation with the Portfolio Holder for Corporate Governance, Finance and Resources.

Legal Implications reviewed by: Monitoring Officer

11 Equality and Safeguarding Implications

- 11.1 None

12 Community Safety Implications

- 12.1 None

13 Environmental and Climate Change Implications

- 13.1 None

14 Other Implications (where significant)

14.1 None

15 Risk & Mitigation

15.1 None

16 Background Papers

16.1 None

17 Appendices

17.1 Appendix A – Proposed Discretionary Charitable Relief Scheme.

17.2 Appendix B – Discretionary Charitable Relief Scheme – Discretionary only Top up awards.2022/23