

## **Guidelines for the Award of Discretionary Rate Relief**

The Local Government Finance Act 1988 and 2003 and the Local Government and Rating Act 1997, provides for the relief from National Non-Domestic Rates (Business Rates) bills via mandatory and discretionary relief schemes.

### **The Mandatory Scheme**

The mandatory scheme, which provides for 80% relief from the rates payable, applies to registered charities and registered community amateur sports clubs (CASCs).

The mandatory relief scheme also applies to occupiers of business premises in defined rural settlements at a reduced rate of 50% of the rates payable; otherwise known as the Rural Rate Relief Scheme.

### **The Discretionary Scheme**

The discretionary relief scheme, as set out in sections 47 and 48 of the 1988 Act, allows local authorities to:

'Top up' the mandatory schemes to a maximum 100% of the rates bill, and award up to 100% relief of the rates payable in respect of properties occupied by:

- a) Institutions or other organisations whose main objects are philanthropic or religious or concerned with education, social welfare, science, literature or the fine arts, or
- b) A club, society or other organisation used wholly or mainly for the purposes of recreation, otherwise known as organisations not established or conducted for profit.

The award of this relief is a discretionary power available to the Council. There is a financial consideration to any relief awarded in that a proportion has to be met by council tax payers, so any decision will have to take this into account.

### **Relief Applications**

All applications for discretionary relief will be considered to against the Council's corporate and local community priorities. All organisations should therefore be mindful of these priorities when making an application for relief and use them to assist in making an application.

#### **Environment**

A highly attractive area with housing that meets local needs

#### **Prosperity**

A vibrant local economy with thriving towns and villages

#### **Community Wellbeing**

Active communities and support for those who need it

For further information on these priorities, please see the Corporate Strategy, held within the Council section of the Mole Valley website, [www.molevalley.gov.uk](http://www.molevalley.gov.uk).

## **Period of Relief**

- Relief will be granted for a maximum of three years.
- Applicants will be required to confirm each year that their relevant circumstances have not changed from those detailed in their original application and that they will notify the authority immediately should those circumstances change during the year.
- Any withdrawal or variation of the relief granted is subject to one financial year's notice from the Council.

## **Mandatory Categories**

### **Registered Charities**

The property must be used wholly or mainly for charitable purposes and the institution or organisation must be established for charitable purposes only or be occupied by any persons administering a trust established for charitable purposes only. Registration under the Charities Act 1993, as amended, is conclusive evidence of charitable status. Bodies which, under the 1993 Act are excepted from registration or are exempt charities, are also eligible for mandatory relief.

### **Community Amateur Sports Clubs**

Community Amateur Sports Clubs (CASCs) registered with the HM Revenues and Customs are also eligible for 80% mandatory rate relief where the property is occupied by a CASC and is wholly or mainly used by a CASC. Registering as a CASC gives sports clubs (or clubs with sport as their main purpose) many of the benefits of charitable status without the various administrative responsibilities associated with being a charity.

### **Rural Rate Relief**

The Council can provide 50% mandatory relief and up to 100% discretionary relief to a range of rural businesses as a result of the Local Government and Rating Act 1997.

### **Charity Shops**

Charity shops are entitled to mandatory relief under section 64(10) of the Local Government Finance Act 1988. If a property is being used as a charity shop the Council will need to confirm that the shop is wholly or mainly used for the sale of goods given to the charity. The organisation will need to confirm whether the items sold in the premises are donated to the charity or whether some items are manufactured for the purposes of the charity.

## **Discretionary Categories**

Where the property does not qualify for mandatory relief, the Council can consider the award of discretionary rate relief under section 47 of the Local Government Finance Act 1988. The Council has discretion to grant relief of up to 100% to certain organisations not established or conducted for profit.

For organisations not established or conducted for profit to qualify for discretionary relief, the following scheme guidelines will be used to determine applications.

The aim of these guidelines is to confirm that each application for discretionary relief will be considered on its merit and have been drawn up to ensure consistency and fairness.

## General Information Regarding Applications

### Provision of Supporting Information

All organisations applying for discretionary rate relief will be required to submit:

- A statement of the organisation's constitution, main purposes and objectives. This could simply be the rules of the organisation or the memorandum and articles of association.
- A full statement of audited accounts for the last two financial years at the application date. **(Where the reserves shown in the accounts accompanying any application are greater than 3 months operating costs the application will be determined by the Executive).**
- Any other information that will demonstrate a relationship with the Council's priorities.

Clubs and Societies will be expected to provide the following additional information:

### Membership

- a) The organisations' rules for determining membership applications must show that membership is open to all sections of the local community unless legitimate restrictions apply, for example regarding ability or standards within the organisation's area of activity. Organisations will be required to state whether there are restrictions applicable to the club or society such as membership by invitation only, high subscriptions or no disabled facilities.
- b) Any membership subscriptions must be reasonable and not set at a high level, which might exclude the general community, similarly subscriptions may also be set to encourage disadvantaged groups of the community to apply for membership.
- c) Membership must be mainly drawn from persons mainly resident within the District. A proportion of the membership may come from another local authority area however, particularly if the premises is near to or straddles another Council. Discretion will still be considered in these instances, as the Council will be looking to establish the benefit to its community and that it still remains in line with the key priorities. As council taxpayers will be subsidising discretionary awards the Council particularly welcomes applications from organisations that have users mainly from within the district of the Council.
- d) Evidence will be sought of active encouragement of membership from particular disadvantaged or under-represented groups in the community, such as young people, older age groups, disabled persons and ethnic minorities.

### Facilities

- a) The organisation applying for discretionary relief should demonstrate the extent to which its facilities either satisfy a local need not met by the Council or adds to and improves existing Council facilities. The organisation may run schemes for particular groups to develop skills or use facilities to carry out training. In either case the Council will require evidence to show this is being done.
- b) Where the organisation's facilities include a licensed bar, evidence will be sought to demonstrate that those facilities are ancillary to the organisations' main objectives. The provision of a bar for the exclusive purpose of social activity will not be sufficient, on its own, to warrant consideration of an application for discretionary rate relief.
- c) Evidence will be sought of the extent to which the organisation's facilities are open to non-members, for example use by schools and casual public sessions.

### Other considerations

- a) The Council will consider whether the organisation is actively involved in the local or national development of their particular interest, for example an affiliation to local sports or arts councils and national representative bodies.

Following a successful application of the above assessment the Council will provide the following levels of discretionary relief:

### **Sports Clubs/Recreational Organisations**

1.	Registered charities	1.	Mandatory Relief of 80% plus 10% top up
2.	Community Amateur Sports Clubs (CASCs)	2.	Mandatory Relief of 80% plus 10% top up
3.	Other sports and recreational organisations meeting the scheme criteria	3.	50% discretionary relief

### **Youth Organisations**

1.	Registered charities, including scouts and guides groups and youth hostels/YMCA	1.	Mandatory Relief of 80% plus 10% top up
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### **Advice, Counselling and Community Care Organisations**

1.	Registered charities	1.	Mandatory Relief of 80% plus 10% top up
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### **Village Halls, Clubs and Community Centres**

1.	Registered Charities	1.	Mandatory Relief of 80% plus 10% top up
2.	Other halls, clubs and community centres meeting scheme criteria, including associations for ex-servicemen and women	2.	90% discretionary relief

### **Charity Shops**

1.	Registered Charities	1.	80% Mandatory relief
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### **Theatre and Arts Organisations**

1.	Registered Charities	1.	Mandatory Relief of 80% plus 10% top up
2.	Other theatre and arts groups meeting scheme criteria	2.	90% discretionary relief

### **Museums**

1.	Registered Charities	1.	Mandatory Relief of 80% plus 10% top up
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### **Educational Organisations**

1.	Registered Charities	1.	Mandatory Relief of 80% plus 10% top up
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### **Conservation Organisations**

1.	Registered Charities	1.	Mandatory Relief of 80% plus 10% top up
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## Rural Settlement Relief Scheme

For both mandatory and discretionary relief the property must be within a settlement on the Council's rural settlement list for the financial year concerned. Local authorities are required to compile and maintain a rural settlement list and make it available for inspection from 1 January each year. To be included on the list the settlement must be within a designated rural area and appear to have a population of less than 3,000 on 31 December. The list must identify the boundaries of the settlement.

The following settlements have been identified as rural areas for the purpose of this relief:

Abinger Common	Charlwood	Leigh	South Holmwood
Abinger Hammer	Coldharbour	Mickleham	Strood Green
Beare Green	Cudworth	Mid Holmwood	Walliswood
Betchworth	Dawes Green	Newdigate	Westcott
Boxhill	Forest Green	Norwood Hill	Westhumble
Brockham	Headley	Ockley	Wotton
Buckland	Holmbury St Mary	Oakwoodhill	
Capel	Hookwood	Parkgate	

### **General Stores and Post Offices**

If the whole or part of the property is used as a qualifying general store or post office and the property has a rateable value of £8,500 or less then it can qualify for 50% mandatory relief.

A property is used as a qualifying general store if it fulfils the following criteria:

- A trade or business consisting wholly or mainly of the sale by retail of both food for human consumption (excluding confectionery) and general household goods is carried on at the property and
- Such a trade or business is not carried on in any other property, or part of a property, in the settlement concerned.

A property or part of a property is used as a qualifying post office if it fulfils the following criteria:

- It is used for the purposes of the post office and
- No other property or part of a property, in the settlement is used in this way.

### **Public Houses and Petrol Filling Stations**

If the whole or part of the property is used as a qualifying public house or petrol filling station and the property has a rateable value of £12,500 or less, then it can qualify for 50% mandatory relief.

A property or part of a property is used as a qualifying public house if it fulfils the following criteria:

- A justices' on-licence (within the meaning of the Licensing Act 2003 other than a part IV licence within the meaning of that Act), is in force for the premises, and
- No other property or part of a property in the settlement is used in this way.

A property, or part of a property, is used as a qualifying petrol filling station if it fulfils the following criteria:

- Petrol or other automotive fuels are sold retail to the general public for fuelling motor vehicles intended or adapted for use on roads, from the premises, and
- No other property or part of a property, in the settlement is used in this way.

## Food Stores

If the whole or part of the property is used as a qualifying food store and the property has a rateable value of £8,500 or less, then it can qualify for 50% mandatory relief.

A property, or part of a property, is used as a qualifying food store if a trade or business consisting wholly or mainly of the sale by retail of food for human consumption (excluding confectionery and excluding the supply of food in the course of catering) is carried on there.

The supply of food in the course of catering includes:

- Any supply of food for consumption on the premises on which it is supplied, and
- Any supply of hot food for consumption off those premises.

## Discretion for Rural Businesses

If a rural business has a rateable value of £16,500 or less then it can qualify for up to 100% discretionary relief provided the property is used for purposes which benefit the local community and it would be reasonable for the billing authority to grant discretionary relief having regard to the interests of its council tax payers.

Those businesses that qualify for 50% mandatory relief may also be considered for an additional 50% discretionary relief.

Following a successful application of the above assessment the Council will provide the following levels of discretionary relief:

### **Rural Post Offices/General Stores/Food Stores/Public Houses and Petrol Stations**

1.	Rural Rate Relief Scheme	1.	Mandatory Relief of 50% plus 50% top up
2.	Those stores who meet the qualifying criteria and have a rateable value below £16,500	2.	Could receive up to 100% discretionary rural settlement relief

## Organisations not normally eligible for Discretionary Relief:

Other educational organisations: voluntary aided, voluntary controlled, church or grant aided schools, public schools, Parish Councils and other precepting bodies.

Charity Shops

National or regional offices of a charity not directly providing a service or benefit to the majority of residents in the Mole Valley area.

Application will usually only be considered for relief on one property per organisation.