



Policy & Guidelines

Mandatory & Discretionary Rate Relief

Revenues & Benefits Services

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Policy & Guidelines for Organisations applying for Mandatory and Discretionary Rate Relief

1. Charities

Mandatory Charity relief, Local Government Finance Act 1988

- i) Where a property is occupied by a charity or trustees for a charity and is wholly or mainly used for charitable purposes an 80% reduction is applicable.
- ii) Where a property is empty and it appears that when next in use the property will be wholly or mainly used for charitable purposes an 80% reduction is applicable.

Discretionary Charity relief - Local Government Finance Act 1988

- iii) Where an 80% reduction has been granted for mandatory rate relief, the council has the power to grant up to a further 20% discretionary rate relief.

1a. Charity Shops

Mandatory Charity relief, Local Government Finance Act 1988

- i) Where a shop is occupied and wholly or mainly used for the sale of the goods given to the charity, and the proceeds of the sale are used for the purposes of the charity, an 80% reduction is applicable.

Discretionary Charity relief - Local Government Finance Act 1988

- ii) Where an 80% reduction has been granted for mandatory rate relief, the council has the power to grant up to a further 20% discretionary rate relief.

1b. Guidelines and considerations – Charities and Charity shops

- i) Entry in the register of charities maintained by the charity commission is conclusive evidence that an organisation is a charity. These cases are entitled to an automatic 80 % reduction.

- ii) Applications are by completing the relevant form available from Revenues & Benefits Services.
- iii) Relief can only be granted with effect from the year in which it is made, i.e. it cannot be backdated to an earlier year
- iv) Local charity shops (local to Watford) will be entitled to a further 10% discretionary rate relief.

2. Other Organisations

Discretionary rate relief, Local Government Finance Act 1988

- i) If a property is occupied by an institution or organisation which is not established or conducted for profit and whose main aims are; philanthropic, religious, concerned with social welfare, science, literature or the fine arts, the council can grant up to 100% discretionary rate relief.
- ii) If a property is occupied for the purposes of a club, society or other organisation and is not established or conducted for profit, the council can grant up to 100% discretionary rate relief.

2a Guidelines and considerations – Other organisations

- i) The following criteria are to be considered when deciding whether to grant relief, and if so, how much.

Access

- a) Is membership open to all sections of the community? Are there any restrictions?
- b) Does the organisation encourage membership from particular groups in the community?
- c) How much are the membership fees? What concessions are available?
- d) Are the facilities available to non members?

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Provision of facilities

- e) Does the organisation provide training or education for its members?
- f) Are there schemes for particular groups to develop their skills?
- g) Have the facilities available been provided by self help or grant aid?
- h) Does the organisation run a bar?
- i) Does the organisation provide facilities which indirectly relieve the council of the need to do so?

Other Considerations

- j) Does the organisation make the buildings available for community use throughout the year?
 - k) Is the organisation affiliated to local or national organisations? E.g. local sports or arts councils, national representative bodies
- ii) Applications are by completing the relevant form available from Revenues & Benefits Services.
- iii) When considering discretionary rate relief we should be mindful of the Council's Policy on Voluntary Sector Support. **Cases for organisations that receive or apply to Watford Borough Council for funding/grants** must be passed to the Head of Revenues & Benefits Service. Such cases will be referred to and discussed with the Head of Leisure (and the Leisure Portfolio Holder) and recommendations submitted to CMB who will consider the funding/grant application having regard to the discretionary rate relief.

3. Community Amateur Sports Clubs (CASC)

Mandatory Rate Relief - Local Government Act 2003

- (i) Registered CASC's are entitled to 80% relief from rates on any non-domestic property that is wholly or mainly used for the purposes of that club.

Discretionary rate relief - Local Government Act 2003

- ii) Where an 80% reduction has been granted for mandatory CASC relief, the council has the power to grant up to a further 20% discretionary rate relief.
- (iii) To be eligible to register as a CASC a club must have a formal constitution (eg memorandum and articles of association, club rules etc) and its own membership.

- (iv) A club must also be able to meet all the following conditions:
- be open to whole community
 - be organised on an amateur basis
 - have as its main purpose the provision of facilities for and promotion of participation in eligible sports.
- (v) Further details about eligibility are available from the HM Revenue & Customs website (sports club unit)

3a. Guidelines and considerations – Community Amateur Sports Clubs (CASC)

- i) Applications are by completing the relevant form on the HM Revenue & Customs website (sports club unit).
- ii) Proof of registration is conclusive evidence that an organisation is a CASC and an 80% rate relief must be granted, once we have a copy of the registration certificate.
- iii) Registration as a Community Amateur Sports Club (CASC) enables amateur sports clubs to benefit from a range of tax reliefs, including Gift Aid, Corporations tax, and Capital Gains tax.

4. Hardship Relief, Local Government Finance Act 1988

The council has the discretion to reduce or remit business rates where we are satisfied that the ratepayers would sustain hardship if we did not do so, and it is reasonable for the council to do so, having regard to the interests of out local council taxpayers.

4a. Guidelines and considerations – Hardship Relief

- i) Applications must be in writing to the Head of Revenues & Benefits Services, who will consider and deal with the application for hardship relief. Each case must be considered on its merits – there can be no blanket decisions or policy
- ii) An application for hardship relief must include the following;
- Outline of the organisation and what it does
- Details of the current and past financial position of the organisation (copies of accounts)

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Details of how other bills are being paid eg electricity, gas or arrangements with other creditors

Any other information requested that will assist the council in reaching a decision.

- iii) Factors to be considered by the council
 - a) Reduction or remission of rates must be an exception not a rule
 - b) The test of hardship need not be confined to financial hardship. All relevant factors affecting the ability of a business to meet its liability for rates should be taken into account.
 - c) The “interests” of local council tax payers may go wider than direct financial interest.
 - d) Where the granting of relief would have an adverse effect on the financial interests of local council tax payers, the case for a reduction or remission of rates may still on balance outweigh the cost to local council tax payers.

Financial Implications for the Council

Property	Type of Relief	Amount of Relief	Financial Implications	
			Proportion offset against payments into the NNDR Pool	Proportion borne locally by council tax payers
Where a property is occupied by a charity or trustees for a charity and is wholly or mainly used for charitable purposes (includes Charity Shops)	Mandatory	80%	100%	
	Discretionary	Up to a further 20%	25%	75%
<p>Property is occupied by an institution or organisation which is not established or conducted for profit and whose main aims are; philanthropic, religious, concerned with social welfare, science, literature or the fine arts</p> <p>Property is occupied for the purposes of a club, society or other organisation and is not established or conducted for profit</p>	Discretionary	Up to 100%	75%	25%
Community Amateur Sports Clubs	Mandatory	80%	100%	
	Discretionary	Up to a further 20%	25%	75%
Hardship relief	Discretionary	Up to 100%	75%	25%

Guide to calculate amounts to be granted for discretionary rate relief (not top up)

Internal use only

Criteria	Score available	Criteria met – Yes/No	Actual Score
Is membership open to all sections of the community?	10%		
Does the Organisation encourage Membership from particular groups in the Community?	10%		
Are concessions available on membership fees?	10%		
Are the facilities available to non members?	10%		
Does the organisation provide training or education for its members?	10%		
Are there schemes for particular groups to develop their skills?	10%		
Does the organisation provide facilities which indirectly relieve the council of the need To do so?	10%		
Does the organisation make the buildings available for community use throughout the Year?	10%		
Is the organisation local (based/originates within the Borough of Watford)	10%		
Does the organisations activities meet 2 or more of the councils corporate priorities	10%		
Total	100%		

Cases for organisations that receive or apply to Watford Borough Council for funding/grants must be referred to the Head of Revenues & Benefits Services. See notes on page 4.