

DCC Rate Relief Criteria

1 Introduction

If an organisation occupies a property on which it pays National Non Domestic Rates (NNDR) it may be eligible for up to 100% Discretionary Rate Relief if it is operated within some or all of the following guidelines.

The guidelines for determining relief are not intended to be a rigid set of rules; neither are all the guidelines applicable to every organisation. Each case will be judged on its merits taking into account the contribution which each organisation / business makes to the County's amenities, objectives and its residents' lifestyles and wellbeing.

2 Qualifying Property

Property Eligible for Rate Relief	Rate Relief	Amount of Relief
Property wholly or mainly used for charitable purposes which is occupied by a registered charity or registered Community Amateur Sports Club (CASC) or can clearly demonstrate it meets the conditions set down in the Charities Act 2006 & 2011.	Mandatory Discretionary	80% 20% (maximum)
Property, all or part of which is occupied for the purposes of a non-profit making: a) Institution or other organisation whose main objects are philanthropic or religious or concerned with social welfare, education, science, literature or the fine arts. b) Club ,society or other organisation and is used for the purposes of recreation.	Discretionary	100% (maximum)
Property, all or part of which is occupied for the purposes of a profit making organisation	Discretionary	100% (maximum)
Charity Shop – where solely or mainly selling donated goods	Mandatory	80%

3 Scope

The guidelines will be adhered to by all employees and members involved with consideration of Rate Relief applications.

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4 Applications

Applications must be supported by the organisation's constitution, its main purposes and objectives e.g. written constitution, memorandum of association, membership rules etc. For registered charities these will be available to view on the Charity Commission website.

For an established body a full set of audited accounts for the latest financial year at the application date will be required to be supplied. If the applicant is a newly formed organisation or company then a copy of the projected accounts with the business plan will be required.

Details will be required as to how the organisations / businesses meet the criteria within the guidelines.

Applications from excepted businesses / organisations that cannot be considered are those occupied by a billing or precepting authority e.g. Parish, Town or County councils or Police Authorities.

5 Period of Relief

Relief will be granted for up to a maximum period of two years at a time, however interim reviews may be conducted on an annual basis. The granting of relief will be reviewed at the conclusion of this period and those in receipt of relief will be asked to supply or confirm relevant information for the purposes of the review.

6 Approval

Initial recommendations, on a 'Client Officer Decision Record' are to be made by the Business Rates team. This is then checked and countersigned by either a Team Manager or the Business Rates Manager. The case is then passed for consideration and approval from an authorised Council employee.

Applicants will be notified in writing of any decision whether they are successful or not. A revised bill will be sent where appropriate.

There is no stated time limit for applications to be made in respect of discretionary relief; however authorities must determine applications within six months after the end of the financial year for which the application for relief is made. If a decision is not made on an application until more than 6 months after the end of the financial year in respect of which the application is made, the decision is invalid.

7 Legal Powers

Relief is granted in accordance with the following legislation as appropriate:

- Section 43 of the Local Government Finance Act (LGFA) 1988
- Section 47 LGFA 1988
- Section 47-49 LGFA 1988
- Section 45a LGFA 1988

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8 Costs to the Council

Rate Relief Cost Apportionment

Where relief is granted, the cost of granting that relief is borne by the National Pool and the Tax payers of Denbighshire in the following proportions:

	National Pool	DCC
Mandatory Rate Relief (80% of the bill)	100%	0%
Charitable Bodies top up Relief (up to 20% of the residual bill)	25%	75%
Community Amateur Sports Club (CASC) (up to 20% of the residual bill)	25%	75%
Non Profit Making Organisations e.g. sports & social Clubs,	90%	10%
Hardship Relief (up to 100% of the bill)	75%	25%
Discretionary Relief under the Localism Act to Profit Making Organisations (up to 100% of the bill)	0	100%

9 Rights of Appeal

Unsuccessful applicants can request a review of their case, stating their reasons for not agreeing with Council's decision and submitting any further evidence to support this claim. The case will then be reconsidered, a decision made and communicated to the Ratepayer.

If the Ratepayer still remains aggrieved at the Council's decision and reconsideration then they should write to the Council's Contracts and Performance Manager who will arrange for their case to be brought before the Head of Finance and the Lead Cabinet Member for a final reconsideration.

If the applicant is still aggrieved then following the Liability Order hearing at the Magistrates Court they would be required to submit the relevant details to the High Court for a Judicial Review.

Guidelines for Rate Relief

Mandatory Charitable Relief

If an organisation fulfils the criteria shown below, then the Council must grant 80% Mandatory Charitable Relief, regardless of the organisation's financial position. Mandatory Charitable Relief is paid where the premises are occupied or mainly occupied by:

- A Registered Charity or trustees for a charity; or,
- A charitable organisation such as a CASC, Community Interest Company, Academy School, uniformed youth / children's organisation; or
- A charity shop that sells solely or mainly donated goods, as measured by the donated goods being over 50% of the total sales.

Discretionary Charitable Relief – Top Up

The Council has the discretion to grant relief to top up an organisation's 80% Mandatory Charitable Relief.

Under Denbighshire County Council's guidelines, relief is assessed using the points system shown at Appendix A and the relief granted is based on a sliding scale of between 0% and 20%. The guidelines have been reviewed and amended, taking into consideration the changes in legislation and Economic conditions over the last few years.

Classification of groups or clusters

It is recognised that there are certain classes of occupier and property that should either be included or excluded from the maximum amount of top up relief and the guidelines have been amended to take this into consideration.

Included

The following types of organisations which provide a significant benefit to the local community and meet the corporate priorities or policy intent would automatically be considered for the 20% top up.

- Trustees of Village Halls or playing fields
- Uniformed youth and children's groups
- Local Groups running Community Centres
- Eligible organisations managing divested functions on behalf of the Council
- Hospices caring for terminally ill residents of the Council

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Excluded

The following types of organisations would not be considered for any top up relief.

- National or Regional Charities (defined as having premises in many other billing authority areas – due to potential state aid issues)
- Registered Providers (Housing Associations)
- Education or Religious establishments
- Charity Shops
- Where the organisation has restrictive practices, on the basis of members only
- Club or membership fees are not affordable to all members of the community
- Where the organisation has either a significant operating surplus (above £25k) or in excess of £100k in unrestricted reserves

Those organisations applying for relief whose work involves young children, young people or vulnerable adults must be able to demonstrate that appropriate checks have been carried out on staff and volunteers, and that sound child protection policies are in place.

Discretionary Non-Profit Making Relief

This relief can be granted to a non-profit making organisation where the premises are occupied by:

- An institution or organisation not conducted for profit and whose main objectives are philanthropic, social welfare, science literature or the fine arts, i.e. not a charity, or
- The premises are used wholly or mainly for recreation and are occupied by a club, society or other organisation not conducted for profit.

Criteria

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Discretionary relief can only be awarded if the organisation is not excepted (a billing authority or precepting authority) and

1	The main objects of the organisation are concerned with	<ul style="list-style-type: none"> • relief of poverty • advancement of religion • advancement of education • social welfare • science • literature • fine arts • recreation • in other ways that are beneficial to the community
2	Meets local needs in the County and benefits local people	<ul style="list-style-type: none"> • If the premises are used for the purposes of a national organisation or a semi-national organisation the Council will not normally grant any discretionary relief. • If the premises are used for a local organisation the extent to which the County and its residents benefit from the organisation will be taken into account.
3	Provides a valuable service to the community	<ul style="list-style-type: none"> • which is complementary to those services provided by or supported by the Council or • which relieves the need for the Council to provide such services.
4	Is open to all sections of the community	<ul style="list-style-type: none"> • or access is restricted by providing a service for a specific sector of the community for justifiable reasons such as addressing inequality
5	Is able to demonstrate that the way in which it operates does not discriminate against any section of the community	<ul style="list-style-type: none"> • please see (1) below
6	Is non-profit making	<ul style="list-style-type: none"> • as a guide, no more than 12 months expenditure in unrestricted reserves unless a Business Plan exists detailing how these reserves are to be used to the benefit of the local community

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If the organisation has licensed bar facilities - please see (2) below.

If the organisation requires a membership or entry fee – please see (3) below.

(1) Discrimination

In order to qualify for Discretionary Rate Relief clubs must be able to show that all facilities are available to members without discrimination. Discrimination includes indirect discrimination and encompasses:

- Discrimination on grounds of ethnicity, nationality, sexual orientation, religion or beliefs.
- Discrimination on grounds of sex, age or disability, (except as a necessary consequence of the requirements of a particular sport).

This does not prevent a club from having different classes of membership depending on:

- The age of the member
- Whether the member is a student
- Whether the member is waged or unwaged
- Whether the member is a playing or a non-playing member
- How far from the club the member lives or
- Any restriction on the days or times when the member has access to the club's facilities

Sports Clubs

There are additional considerations in the case of sports clubs. If a club effectively discriminates by only accepting members who have already reached a certain standard, rather than seeking to promote the attainment of excellence by enhancing access and the development of sporting aptitude, then it does not have an open membership policy. It follows that a club selecting members on the basis of existing attainment would not come within the requirements.

Although clubs should be open to all without discrimination, single sex clubs may be permitted where such restrictions are not discriminatory in intent but a genuine result of physical constraints (such as changing room facilities) or the requirements of the sport.

(2) Organisations with Licensed Bar Facilities

Sports Clubs/Other Organisations

Any Discretionary Rate Relief award will be aimed at the sporting activity of the club.

- If the bar income aids the overall operation and development of the organisation this would be allowable as long as the sporting activity remains the overall objective of the organisation. It should be noted the bar income should be ancillary to primary function, rather than being the main function. This will be particularly relevant where the organisation is the only such one in the Parish.

(3) Membership and Entry Fees

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If the organisation requires a membership or entry fee the Council will consider whether:

- The subscription rates or fees are set at a high level which excludes the general community, such as members of the community who are in receipt of Welfare Benefits, such as Universal Credit, Income Support, and Pension Credit etc.
- Significant fee reductions are offered for certain groups such as under 18s or over 60s.
- Membership is encouraged from particular groups such as young people, older age groups, persons with disabilities or ethnic minorities
- Facilities are available to people other than members, e.g. schools, public sessions.
- The percentage of members residing in the Denbighshire area.

Relief is assessed using the points system shown at appendix A. The relief granted is based on a sliding scale up to 100%.

The same principles for Inclusion / Exclusion of categories for top up relief are adopted for Discretionary non-profit making relief.

Community Amateur Sports Clubs (CASC)

If a sports club is registered with HM Revenue and Customs (HMRC) as a CASC it will be entitled to 80% mandatory relief. The club may also be awarded 20% discretionary rate relief. Normally sports clubs that can register with HM Revenue & Customs as a CASC and have not done so will not be awarded discretionary rate relief.

Details can be found on the HMRC website at: <https://www.gov.uk/topic/community-organisations/community-amateur-sports-clubs>

Discretionary Relief for Profit Making Organisations (Localism Act 2012)

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Since 1st April 2012 the Council has the discretion to award up to 100% Discretionary Rate Relief to profit making organisations. However the Council must act within the State Aid Laws, in terms of limiting the value of any such award. Careful consideration will be undertaken before any such award as the full cost is borne by the Council Taxpayer.

Each application should be accompanied by a copy of the business plan and cashflow forecast for the ongoing development of the company. Established companies must provide an up to date copy of their current trading accounts plus copies of the last two years audited accounts.

A blanket approach, either to award or not to award relief, will not be adopted by the Authority, as each application should be considered on its own merits. The Council will consider the following criteria in assessing eligibility for this relief.

- The application and subsequent award must provide positive benefits to the Denbighshire area, through job creation, positive economic / socio economic factors, re-development of unused land etc.
- The 'interests' of local tax payers in an area may go wider than direct financial interests. For example, where the employment prospects would be worsened by a company transferring to another region outside Denbighshire, or the amenities of an area might be reduced by, for instance, the loss of the only shop in a village.
- Discretionary relief will only be awarded to a business actively trading from the address for which the claim is being made.
- The relief will normally be considered for new 'start-up' companies or expanding companies moving to larger premises, who can show that the business will bring new or increased benefit to the local community and will develop and enhance the local area.
- This relief will be granted for a period of six months. If a further period is requested then a further application, accompanied by an up to date copy of the current trading accounts is to be provided within 30 days of the expiry of this period.

Hardship Relief

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Up to 100% relief can be awarded.

Legislative requirements (Section 49, Local Government Finance Act 1988) -

The billing authority has the power to reduce the amount a person is liable to pay provided the Authority is satisfied that the following apply:

- The ratepayer would sustain hardship if the authority did not grant relief; And
- It is reasonable for the Authority to grant the relief having due regard to the interests of the Council Tax payers.

Although there is no statutory definition of hardship some guidance has been provided by the government to assist in the consideration of hardship applications.

A blanket approach, either to give or not to give relief, should not be adopted by the Authority, each application should be considered on its own merits

- Any relief granted should be the exception rather than the rule
- The test of hardship need not be confined to 'financial', all relevant factors affecting the ability of a business to meet its liability for rates should be taken into account
- The 'interests' of local tax payers in an area may go wider than direct financial interests. For example, where the employment prospects would be worsened by a company going out of business, or the amenities of an area might be reduced by, for instance, the loss of the only shop in a village
- Where the granting of the relief would have an adverse effect on the financial interests of local tax payers, the case for reduction of rates may still on balance outweigh the cost to the local tax payers.

Considerations for the award of Hardship Relief

- Any decision must be balanced against the wider interests of the tax payers of the County.
- There must be proof that hardship exists.
- Evidence must be provided to support the application.
- A copy of the previous two years audited accounts for the organisation should be provided.
- The amount of rates that will be remitted will depend upon the circumstances of each case.
- Applications will be effective for a specific period and may then be reviewed. Relief will be withdrawn on the sale of the business.
- The purpose of this policy is to support local businesses in the community.

Appendix A

Calculation of relief

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Relief will be calculated as a percentage of the Business Rates bill. Should the Business Rates bill reduce within the period Discretionary Rate Relief is granted, the relief will be reduced proportionately.

If the Business Rates bill increase within the period Discretionary Rate Relief is granted i.e. an increase in rateable value, the amount awarded will not automatically be increased. In such cases, Denbighshire County Council, will reconsider the application and may award additional relief.

In the interests of transparency the following criteria and scoring matrix will be used, to determine the levels of either Discretionary or Top up Discretionary Relief.

Each of the criteria carries a maximum of 8 points and an application receiving a certain level of points will qualify for a fixed percentage of Discretionary rate relief, as follows:-

Scoring Values	Discretionary Relief	Top up Discretionary Relief
More than 35 points	100% Awarded	20% Awarded
Between 30 to 35 points	75% Awarded	15% Awarded
Between 20 to 30 points	50% Awarded	10% Awarded
Between 10 to 20 points	25% Awarded	5% Awarded
Less than 10 points	0% Awarded	0% Awarded

The only exceptions to cases subject to the criteria are the 'Included' categories, as stated previously. These cases will be granted the additional "top up" of 20% discretionary relief, automatically

Scoring Matrix Discretionary Relief for Charities & Non Profit making Organisations

Measure 1 – Alignment to relevant corporate priorities

How is it measured?

The organisation must demonstrate its alignment to the relevant corporate priorities, through the application form, its constitution, aims, objectives and physical delivery to the community.

Description	Measure	Points
How does the organisation's objectives link into the relevant Corporate priorities.	Significantly aligned	8
	Mostly aligned	6
	Partially aligned	4
	Limited alignment	2
	No alignment	0

Measure 2 – Access to services & affordability

How is it measured?

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The organisation must demonstrate its access to services, any charging policies, and concessionary rates, through the application form, its website, its constitution or any other evidence.

Description	Measure	Points
Open to all	Free service provision and / or positive discrimination to enable affordability to less well-off groups	8
Open to most	Majority of service provision is free and any charges are affordable to all groups	5
Open to some	Elements of free service provision and some concessions for less well-off groups and any membership fees are affordable.	2
Closed Members only	Annual membership with no concessions for citizens of different groups	0

Measure 3 – Service provision & availability of alternatives

How is it measured?

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The organisation must demonstrate how its service provision compliments or substitutes for Council Services and whether there are any other service providers within the area that deliver the same or similar services, through the application form, its constitution, aims, objectives and physical delivery to the community.

Description	Measure	Points
Sole provider	Sole provider of services that meet the needs of the Council and its residents	8
Two providers	Two organisations providing the same services to meet the needs of the Council and its residents	6
Three Providers	Three organisations providing the same services to the Council's residents	4
Four or more Providers	Multiple providers giving the same services to the Council's residents.	2

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Measure 4 – Residents Participation

How is it measured?

The organisation must demonstrate what proportion of the Council's community is benefitting from the service provision, through the application form, its website or other collateral and specific group feedback within the community.

Description	Measure	Points
Exclusive to the Council Area	90% or more of service users live within the Council area.	8
Primarily within the Council Area	Between 50% and 90% of the service users reside within the Council area.	6
Open to some	Between 25% and 50% of the service users reside within the Council area.	4
Open to few	< 25% of the service users reside within the Council area	1

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Measure 5 – Financial Status & Funding

How is it measured?

The organisation must demonstrate where its funding streams come from, through the application form, accounts, Charity Commission or an initial income forecast if recently created.

Description	Measure	Points
Annual surplus is less than the Business Rates payable or making a loss	The expenditure on activities is either equal to or greater than the annual unrestricted income. All funding is received through grants or donations.	8
Annual surplus is more than the Business Rates payable but less than £10k per annum.	The expenditure on activities is less than the annual unrestricted income. All funding is received through grants or donations.	6
Annual surplus is more than the Business Rates payable and is £10k - £20k per annum.	The expenditure on activities is less than the annual unrestricted income. Funding is received through grants, donations or income generation.	4
Annual Surplus is more than the Business Rates payable and greater than £20k per annum	The expenditure on activities is less than the annual unrestricted income. Funding is received through membership fees or income generation.	2