
DISCRETIONARY RATE RELIEF 2004/2005

**Responsible Cabinet Member(s) - Councillor Don Bristow,
Resource Management Portfolio**

Responsible Director(s) - Paul Wildsmith, Director of Corporate Services

Purpose of Report

1. An application in respect of discretionary rate relief has been received from a charitable and non profit making organisation, details of which are shown in the report.

Background Information and Criteria

2. Discretionary Rate Relief (DRR) is an optional power Local Authorities have under section 47 of the Local Government Finance Act 1988 to assist charitable and other non profit making organisations to reduce their liability in respect of business rates.
3. Charitable organisations are eligible to receive 80% mandatory rate relief which is 100% grant aided through the national non domestic rates pool (NNDR). In addition, discretionary rate relief of up to a further 20% can be awarded to these organisations, of which 25% is grant aided through the non domestic rates pool, with the balance of 75% being chargeable to this Council's revenue budget.
4. Other non profit making organisations which do not have charitable aims e.g. clubs, societies or other organisations and are for the purposes of recreation, literature or fine arts can apply for discretionary rate relief of up to 100% of the overall total rates liability, 75% of this cost is offset against payments into the national non domestic rates pool and the remaining 25% being chargeable to this Council's revenue budget.
5. For all types of Discretionary Rate Relief there is a 2004/05 budget provision of £23,000.
6. Historically over a number of years a pattern has emerged whereby the Council has awarded the following to charitable and non profit making organisations :-
 - (a) Discretionary rate relief of 20% has been awarded where an organisation receives 80% mandatory rate relief.
 - (b) Discretionary rate relief of 50% has been awarded where an organisation is not in receipt of mandatory rate relief and do not have a drinks licence for their premises.

- (c) Discretionary rate relief of usually 10% has been awarded where an organisation is not in receipt of mandatory rate relief but where they have a drinks licence for their premises.

Information and Analysis

New Application

7. Young Men's Christian Associations (YMCA), 92 Bondgate, Darlington (utilised for training purposes) – Property Reference 6000181938

(a) ***Introduction***

An application has been received from the Financial Controller of this organisation in respect of 20% discretionary rate relief amounting to £2,475.00 for offices utilised by them for training purposes at 92 Bondgate, Darlington from 1st April 2003 until 31st March 2005. Mandatory Rate Relief of 80% has already been granted in the sum of £9,900.00.

This organisation is a registered charity and it belongs to a national and worldwide movement. Their central aim is to meet the needs of young people, particularly at times of need regardless of their gender, race, ability or faith.

The role of the YMCA England is to support local offices in their work through the provision of information, advice and expertise by launching a training programme which covers subjects such as business planning and fundraising strategy development. This training programme has encouraged increased co-operation, mutual support and an exchange of good practice amongst local YMCAs.

(b) ***Financial Information***

No local accounts were available however, consolidated audited accounts representing the two previous years ended 31st March 2003 have been submitted and are analysed in the table below.

	Year Ended 31st March	
	2002	2003
	£000's	£000's
Income		
Income from Activities	7,525	10,026
Donations and fundraising	6,569	5,578
Charity Shops	3,144	3,224
Investment Income, rents, interest etc	736	879
	17,974	19,707
Expenditure		
Fundraising and Publicity Costs	5,052	5,145
Other costs (to include housing activities, management & administration)	11,746	14,477
	16,798	19,622
Surplus/(Deficit)	1,176	85
Fund Balances at 31/3/2003	11,949	10,775

(c) **Rate Liability – 92 Bondgate, Darlington – 6000181938**

The rates due on the property from 1st April, 2003 until 31st March 2005 are as follows :-

		2003/4	2004/5	Total
		£	£	
100%	Rate Liability	6,105.00	6,270.00	12,375.00
80%	Mandatory Rate Relief	<u>4,884.00</u>	<u>5,016.00</u>	<u>9,900.00</u>
20%	Amount Outstanding	1,221.00	1,254.00	2,475.00

(d) **Previous Applications**

The YMCA have previously applied for and been granted 20% discretionary rate relief amounting to £805.68 on additional premises occupied by them at the following locations.

Address	Property Reference	Amount £
YMCA Foyer, Valley Street North, Darlington	6000182859	583.68
22 Middleton Court, Darlington	6000180548	222.00
Total		805.68

(e) **Conclusion**

The Cabinet is asked to consider whether it wishes to support this application from the YMCA, and if so, to what extent.

Summary

8. A summary outlining the financial implications relating to the applications in this report for discretionary rate relief in 2003/04 and 2004/05 together with summary details of applications approved previously are highlighted in the table below.

	Amounts Due or Committed	Proportion borne locally by Council Tax payers
	£	£
New Application – YMCA, 92 Bondgate, Darlington who is already in receipt of 80% mandatory rate relief on their premises.	2,475.00	1,856.25
Applications committed relating to 2004/05 already approved in this financial year.	25,674.06	18,065.40
Applications committed relating to 2004/05 already approved in the previous financial year.	24,478.58	16,771.04
Approved Budget 2004/05		(23,000.00)
		(13,692.69)

9. If all requests are approved as shown above, there will be an overspend of £13,692.69 in 2004/05 that will need to be accommodated from other corporate budgets.

Outcome of Consultation

10. No consultation is taken on these items as a decision is made by Members.

Legal Implications

11. This report has been considered by the Borough Solicitor for legal implications in accordance with the Council's approved procedures. There are no issues which the Borough Solicitor considers needs to be brought to the specific attention of Members, other than

those highlighted in the report.

Section 17 of the Crime and Disorder Act 1998

12. The contents of this report have been considered in the context of the requirements placed on the Council by Section 17 of the Crime and Disorder Act 1998, namely, the duty on the Council to exercise its functions with due regard to the likely effect of the exercise of those functions on, and the need to do all that it reasonably can to prevent, crime and disorder in its area. It is not considered that the contents of this report have any such effect.

Council Policy Framework

13. There are no issues contained within this report which represent significant Council policy or a change in the Authority's agreed policy framework.

Decision Deadline

14. For the purposes of the Scrutiny Committee's 'call in' procedure, the issues under consideration are not defined as urgent.

Recommendation

15. The instructions of Members are requested on this new application.

Paul Wildsmith
Director of Corporate Services

Background Papers

Application forms and a copy of the latest accounts.

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PB