

---

**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. **MENCAP, Hallmark House, 1A Chancery Lane, Darlington. DL1 5QP – Property Reference 6000185828**

(a) **Introduction**

An application has been received from the Service Manager of this organisation in respect of 20% discretionary rate relief amounting to £875.52 for offices occupied by them at 1A Chancery Lane, Darlington from 1st April 2004 until 31st March 2005. Mandatory Rate Relief of 80% has already been granted in the sum of £3,502.08.

Mencap is the U.K's leading learning disability charity, working with people with a learning disability and their families and carers. In addition, Mencap fight for equal rights, campaign for greater opportunities and challenge attitudes and prejudice. They also provide support and advice to meet peoples needs.

(b) **Financial Information**

Consolidated audited accounts representing the two previous years ended 31st March 2004 have been submitted and are analysed in the table below.

	Year Ended 31st March	
	2003 £'000	2004 £'000
<b>Income</b>		
Donations, legacies and Trusts	9,790	9,812
Grants	109,384	130,009
Income Gift Aid	634	454
Investment Income	516	529
Other	113	97
	120,437	140,901
<b>Expenditure</b>		
Fundraising and Publicity	3,411	4,419
Cost of Activities	114,203	132,609
Support Costs	2,681	2,777
Management & Administration Costs	934	1,195
	121,229	141,000
Surplus/(Deficit)	(792)	(99)
Fund Balances at 31/3/2004	27,244	28,417

(c) **Rate Liability – Hallmark House, 1A Chancery Lane, Darlington – 6000185828**

The rates due on the property from 1st April 2004 until 31st March 2005 are as follows :-

		<b>2004/5</b>	<b>Total</b>
		£	
100%	Rate Liability	4,377.60	4,377.60
80%	Mandatory Rate Relief	<u>3,502.08</u>	<u>3,502.08</u>
20%	Amount Outstanding	875.52	875.52

(d) **Previous Applications**

Mencap have not previously applied for Discretionary Rate Relief as they formerly occupied offices within Pease House, 12A Horsemarket, Darlington and were not eligible to pay rates on these premises.

(e) **Conclusion**

The Cabinet is asked to consider whether it wishes to support this application from Mencap, 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
	£	£
<b>New Application – Mencap, Hallmark House, 1A Chancery Lane, Darlington</b> who are already in receipt of 80% mandatory rate relief on their premises.	875.52	656.64
Applications committed relating to 2004/05 already approved in this financial year.	30,935.22	21,179.07
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)
		<b>(15,606.75)</b>

9. If all requests are approved as shown above, there will be an overspend of £15,606.75 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.

Joan Curran : Extension 2323  
PB