

**POLICY AND RESOURCES COMMITTEE – 15 JANUARY 2015
POLICY REVIEWED 24 FEBRUARY 2020**

BUSINESS RATES: AWARD OF DISCRETIONARY RELIEF

1 Recommendations

The Committee is recommended to:

- 1.1 Approve the proposed changes to Discretionary Relief for Charitable Organisations as referred to in paragraph 3.1 & 3.3;**
- 1.2 Approve the proposed changes to Discretionary Relief for Sports Clubs as referred to in paragraph 3.7;**
- 1.3 Approve the implementation of the above changes with immediate effect.**

2 Background

- 2.1 Entitlement to rates relief is determined by the Local Government (Financial Provisions, etc) (Scotland) Act 1962. Section 4(2) and 4(5) of the Act determine the appropriate level of relief that may be applied to any organisation meeting the criteria.
- 2.2 Section 4(2) deals with Mandatory Relief where a charitable or non-profit organisation is in occupation of a property and using it for charitable purposes. The relevant organisation must be entered in the register of Scottish Charities which is maintained by the Office of the Scottish Charity Regulator (OSCR). Any such organisation would qualify for 80% Mandatory Relief of Business Rates.
- 2.3 Section 4(5) deals with entitlement to Discretionary Rates Relief. Rating authorities have powers to grant up to a further 20% Discretionary Relief over and above the entitlement of Mandatory Relief.
- 2.4 Currently every application for Mandatory Rates Relief is considered for the additional entitlement to Discretionary Rates Relief according to the organisation concerned and the nature and use of the property in question.

3 Background

- 3.1 In some cases when reviewing company accounts, organisations may hold significant unrestricted funds but under the current policy will be awarded the additional 20% Discretionary Relief. Therefore it is proposed that any Charitable Organisation with significant unrestricted funds equal to or greater than the £100,000 threshold will not qualify for the additional 20% Discretionary Relief.

- 3.2 Charitable organisations using a property for educational, training, research, heritage centres or museums will not be considered for additional Discretionary Relief.
- 3.3 Charity shops run by registered charitable organisations currently receive a further 20% Discretionary Relief. In recent years there has been an increase in the number of Charity shops on the high street which include an element of trading which is in competition with other retail traders therefore it is proposed that Charity Shops will now only qualify for the Mandatory 80% Relief.
- 3.4 A full review of all organisations in receipt of 80% Mandatory Relief and the top up of 20% Discretionary Relief will be carried out during the financial year 2014/15 ensuring that all are reconsidered based on the amendments as referred to above.
- 3.5 Also in terms of Section 4(5) of the 1962 Act, rating authorities have powers to grant Discretionary Relief of Rates in respect of:
- a) Premises occupied for the purpose of organisations which are not established or conducted for profit and whose main objectives are charitable or are otherwise philanthropic or religious, or concerned with education, social welfare, science, literature or fine arts. This is in respect of organisations not recognised as a charity as per the OSCR.
 - b) The amount of Discretionary relief which may be awarded in respect of the above can be any sum between 0 – 100%.
 - c) The cost of granting Discretionary Relief is shared 75% by the National Non Domestic Rating Pool and 25% by the rating authority.

There are currently only 4 cases falling into the above category therefore it is not intended to change the current policy regarding this type of case but each case will be reviewed to determine the level of relief to be awarded.

- 3.6 With regards to premises occupied for the purposes of a club, society or other organisations not established or conducted for profit and used wholly or mainly for purposes of recreation the council may consider Discretionary Rates Relief up to a maximum of 100% which is met fully by the National Domestic Rating Pool.

Aberdeenshire Council currently awards 100% Discretionary Relief to any such organisation referred to as 'sports clubs' provided the gross bar profit is equal to or exceeds 30%, that clubs are actively engaged in the promotion of sport, and that membership is open to all members of the public. This 'gross bar profit' criteria was established to ensure that 'sport club bars' are run on a commercial basis.

- 3.7 In recent years, awarding 100% Discretionary Relief to Sports clubs who provide catering and have a license for selling alcohol, puts them in direct competition with other establishments such as public houses and restaurants who are not entitled to Discretionary Relief. Therefore it is proposed that the following amendments to the current policy take account of this:-

- Licensed Sports clubs will receive a maximum of 80% relief.
- Non licensed clubs will receive up to the maximum of 100% relief.
- Where significant funds are reported in the accounts, relief for both Licensed and Non Licensed clubs will be reduced on a sliding scale (see Appendix 1).

- 3.8 With regards to Community Amateur Sports Clubs (CASC) they are entitled to 80% Mandatory Relief if they have CASC status. Any request for additional Discretionary Relief will be considered by the local authority at the time of the application for Mandatory Relief.
- 3.9 A full review of all organisations in receipt of Sports Clubs Discretionary Relief will be carried out during the financial year 2014/15 ensuring that all are reconsidered based on the amendments as referred to in 3.7 above.
- 3.10 All Ratepayers currently in receipt of relief must be given 12 months' notice from the first day of the new financial year before any changes are made, i.e 1/4/2016. For all new cases the effective date will be immediate.
- 3.11 The Monitoring Officer within Business Services has been consulted in the preparation of this report and her comments incorporated therein.

4 Equalities, Staffing and Financial Implications

- 4.1 An equality impact assessment has been carried but the changes proposed in this report will not lead to negative impacts on any particular groups with protected characteristics.
- 4.2 There are currently 380 organisations in receipt of 80% Mandatory Relief totalling £1,812,053 for 2013/14, this includes Community Amateur Sports Clubs. This is met by the National Non Domestic Rating Pool.
- 4.3 The current total value of Discretionary Relief (excluding sports clubs) is £180,176; £135,132 is financed by the National Non Domestic Rating Pool, and the remaining £45,044 is financed locally. A breakdown per type of relief can be seen in Appendix 2.
- 4.4 The current total value of Discretionary Relief for sports clubs is £1,104,560. This is met in full by the National Non Domestic Rating Pool.
- 4.5 There are no staffing implications arising from this report.

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