
Report To:	Policy & Resources Committee	Date:	6 February 2018
Report By:	Chief Financial Officer	Report No:	FIN/07/18/AP/FM
Contact Officer:	Fiona Maciver	Contact No:	01475 712904
Subject: Review	Review of Discretionary NDR Relief Policy		

1.0 PURPOSE

- 1.1 The purpose of this report is to seek Committee approval to the Non-Domestic Rates Discretionary Relief Policy in order to deliver a proposed saving as part of the 2018/20 Revenue Budget prior to the proposals being considered by the Council.

2.0 SUMMARY

- 2.1 The current Non-Domestic Rates Discretionary Relief Policy was approved by the Policy and Resources Committee in September 2012 (Appendix 1). The Council currently awards mandatory and discretionary non-domestic rates relief to businesses dependent on their status. Mandatory relief is awarded in accordance with Section 4(2) and (8) of the Local Government (Financial Provisions etc.) (Scotland) Act 1962 and is set at 80% of the rateable value and is fully funded by the Scottish Government.
- 2.2 The Council may then award discretionary relief for the remaining 20%, of which 75% is funded by the Scottish Government and 25% by the Council. At the moment organisations that are assessed to meet the criteria of the Council's Discretionary Relief Policy are awarded discretionary relief regardless of their annual turnover. In addition to this, organisations with a total rateable value of under £18,000 may qualify for either 25% or 100% Small Business Bonus Scheme Relief (SBBS). Appendix 3 lists the businesses that could qualify for the SBBS rather than mandatory and discretionary relief which would result in zero cost to the Council.
- 2.3 The current budget for discretionary relief is £90,000 and in addition to this there is a hardship relief budget of £15,000. The projected spend for discretionary relief in 2017/18 is in the region of £80,000. As part of the Budget Savings Exercise, Finance Services were asked to achieve a 25% saving and a review of Discretionary Relief has identified ways of achieving this target by reducing the current hardship relief budget, ending Discretionary Relief for small business that would qualify for the SBBS and removing Discretionary Relief for organisations with a turnover of over £10 million or more.
- 2.4 A review of Mandatory and Discretionary Relief took place in February 2017 where all organisations had to re-apply for the appropriate reliefs. The review letter advised that the Council was facing increasing budget pressures and that any entitlement to Discretionary Relief would only be continued until 31 March 2018 pending decisions by the Council in regard to budget savings.
- 2.5 The entire Discretionary Relief Policy will be reviewed and presented to the Policy and Resources Committee later in 2018 pending announcements by the Scottish Government on the recommendations of the recently published Barclay Review.

3.0 RECOMMENDATIONS

- 3.1 It is recommended that the Committee approve the changes to the Discretionary NDR Relief Policy prior to submission of the associated saving to the Council as part of the 2018/20 Budget.

Alan Puckrin
Chief Financial Officer

4.0 BACKGROUND

- 4.1 The current Discretionary Relief Policy was approved by the Committee in September 2012. The Council currently awards mandatory and discretionary non-domestic rates relief to businesses dependent on their status. Mandatory Relief is awarded in accordance with Section 4(2) and (8) of the Local Government (Financial Provisions etc.) (Scotland) Act 1962 and is set at 80% of the rateable value and is fully funded by the Scottish Government. To qualify for Mandatory Relief organisations must be an Office of the Scottish Charities Regulator (OSCR) registered charity or trustees for such a charity and the premises must be wholly or mainly used for charitable purposes.
- 4.2 The Council may then award Discretionary Relief for the remaining 20%, of which 75% is funded by the Scottish Government and 25% by the Council. At the moment organisations that are deemed to meet the criteria of the Council's Discretionary Relief Policy are awarded discretionary relief regardless of their annual turnover. Appendix 2 lists the organisations currently awarded Discretionary Relief.
- 4.3 Organisations with a rateable value of under £18,000 may qualify for either 25% or 100% Small Business Bonus Scheme (SBBS) Relief which is fully funded by the Scottish Government. An analysis of organisations has identified that there are 24 where mandatory and discretionary relief is in payment rather than SBBS; this is at a cost of £4300. Appendix 3 lists the businesses which may qualify for SBBS.
- 4.4 The Council's current budget for Discretionary Relief is £90,000 and in addition there is a Hardship Relief budget of £15,000. The projected spend for discretionary relief for 2017/18 is £80,000. As part of the Budget Savings Exercise, Finances Services were asked to achieve a saving of £26,000 and a review of Discretionary Relief has identified ways of achieving this target.

5.0 PROPOSALS

- 5.1 It is proposed that the Hardship Relief budget is reduced from £15,000 to £5,000. This budget has had very few applications and reducing this budget should have little or no impact.
- 5.2 In addition it is proposed to remove Discretionary Relief for businesses where the annual turnover is in excess of £10 million. Based on the current position this would save the Council in the region of £7,400. Affected business would still qualify for 80% mandatory relief from the Scottish Government. Appendix 4 details the income and reliefs currently awarded for each business in that income bracket. It can be seen from the appendix that the Discretionary Relief element is small and should not affect the operations of the organisations.
- 5.3 The final proposal is to remove Discretionary Relief for properties with a rateable value of £18,000 or less and instead encourage claims for SBBS relief which would have the same effect i.e. attract 100% relief but would save the Council in the region of £4,300. Businesses which only qualify for 25% SBBS relief can also be awarded 75% mandatory relief.
- 5.4 Should the above proposals be approved the discretionary relief budget would be reduced by £16,000 giving a new budget of £74,000. These proposals, if approved, would reduce projected spend from £80,000 to £68,300 leaving £5,700 as leeway for new qualifying applications and for those who may still have relief forms to return from the last review.

6.0 THE PROCESS OF IMPLEMENTING THE CHANGES

- 6.1 A review of Mandatory and Discretionary Relief took place in February 2017 where all organisations had to re-apply for the appropriate reliefs. The review letter advised that the Council was facing budget pressures and that any entitlement to Discretionary Relief would only be continued until 31 March 2018 pending decisions by the Council in regard to budget savings.
- 6.2 When organisations were advised that their application was successful, it was confirmed by letter that the entitlement was for the period 1 April 2017 – 31 March 2018.

- 6.3 Should the proposals outlined in Section 5 be approved, the affected organisations will be issued the standard review form for the Mandatory element of relief together with a covering letter explaining the Council will no longer be awarding the discretionary element.
- 6.4 In respect of the proposal outlined at paragraph 5.3, businesses in this category would be written to explain that their Mandatory and Discretionary relief will end and that they should complete the enclosed Small Business Bonus Scheme Relief application. Any businesses that will qualify for only 25% SBBS Relief will also be issued with a Mandatory Relief application form which will enable 75% mandatory relief to also be awarded. Under the current system each organisation would have been required to submit a review form before the Mandatory and Discretionary relief was awarded therefore there should be no impact by changing the process.
- 6.5 As there are no businesses currently in receipt of Hardship Relief, no action would be required for this proposal.

7.0 IMPLICATIONS

7.1 Finance

The proposals outlined in this report have been identified with the aim of meeting an identified saving of £26,000 from 2018/19.

Financial Implications:

One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report £000	Virement From	Other Comments
N/A					

Annually Recurring Costs/ (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact £000	Virement From (If Applicable)	Other Comments
Revenues	NDR Relief		(26)		Subject to P&R approval

7.2 Legal

The Head of Legal & Property Services has been consulted.

7.3 Human Resources

There are no Human Resource implications to consider.

7.4 Equalities

Has an Equality Impact Assessment been carried out?

Yes See attached appendix

No This report does not introduce a new policy, function or strategy or recommend a change to an existing policy, function or strategy. Therefore, no Equality Impact Assessment is required.

7.5 Repopulation

There are no Repopulation issues to consider.

8.0 CONSULTATIONS

8.1 The Members' Budget Working Group has considered the proposals in this report and in light of the financial pressures on the Council would support the proposals.

9.0 LIST OF BACKGROUND PAPERS

9.1 None

Discretionary Relief

11. Charitable/Non Profit Making Organisations

11.1 Background

Registered Charities or Trustees for a charity that uses its business premises wholly or mainly for the purposes of the charity may be eligible for an 80% reduction in their Rates bill. This is generally referred to as **Mandatory Relief** and is awarded in accordance with Section 4(2) and (8) of the Local Government (Financial Provisions etc.) (Scotland) Act 1962

Whilst the Council is obliged to grant relief to premises which fall within the mandatory category (and the Council is subsequently recompensed for any amounts granted), the Council also has powers to grant **Discretionary Relief** to ratepayers subject to certain criteria being met.

The primary purpose of discretionary relief is to provide assistance where the property does not qualify for mandatory relief, although discretionary relief can also be given to 'top' up cases where ratepayers already receive mandatory relief.

Where no mandatory relief is given then discretionary relief of up to 100 percent of the total rates liability can be granted to qualifying non profit making organisations.

The range of organisations which are eligible for discretionary rate relief is wide and not all of the criteria laid down by the legislation will be applicable in each case.

It should be noted that the Council incurs 25% of the cost of any discretionary relief granted and it is therefore borne by the council tax payer.

11.2 Council Policy:

A policy for granting discretionary relief to charities and non-profit making organisations was approved by the Policy & Resources Committee on 18th September 2012.

It was also remitted to the Corporate Director Environment, Regeneration & Resources to consult with the local business community on specific proposals with regards to the withdrawal of relief for charity shops where there is no direct benefit to the local community or area, or where the density of charity shops in a parade creates an imbalance in the shopping on offer.

The amount of relief granted will largely be dependent on the following key factors:

- a. is the organisation entitled / or could be entitled to mandatory relief?
- b. are the premises of benefit to residents of the area?
- c. does the use of the premises relieve the Council from providing similar facilities?
- d. does the organisation provide special facilities to certain priority groups such as elderly, disabled, minority groups, disadvantaged groups?

- e. what is the percentage level of funding for the organisation available by commercial means e.g. bar profits, sales of merchandise etc;
- f. in the case of clubs etc, is the organisation available and open to all members of the public within the Council area? (No relief is granted to organisations where membership is restricted because of race, creed or gender.)
- g. Discretionary relief for charity shops will be considered only in cases where the charity is a local charity that wholly or mainly benefits the local residents of Inverclyde; national charity shops will not be eligible for discretionary relief.
- h. Factors such as the contribution the organisation makes to the local area and a balanced mix of shop types will be taken into consideration when making a decision on what relief is appropriate.

In considering whether the interests of council taxpayers are being best served, other Services may be consulted as appropriate.

11.3 Who may apply:

Mandatory relief recipients

The ratepayer is an OSCR registered charity or trustees for a charity and the premises are wholly or mainly used for charitable purposes.

Non profit making organisations

The property is one where all or part of it is occupied for the purposes of one or more institutions or other organisations, none of which is established or conducted for profit and each of whose main objects are charitable or are otherwise philanthropic or religious or concerned with education, social welfare, science, literature or the fine arts.

11.4 Eligibility Conditions

The following conditions must be met before the Council can consider an application:

- (a) The premises must not hold liquor or gaming licences.
- (b) The premises must not be used to carry out an operation of a commercial nature where proceeds from the operation represent a significant proportion of the organisation's total turnover from the premises.
- (c) The organisation must not fall within a class of applicants which the Council wishes to exclude from discretionary award.
- (d) The organisation must use the premises for charitable purposes, i.e. (i) the relief of poverty, (ii) the advancement of religion, (iii) the advancement of education, (iv) other purposes beneficial to the community.
- (e) The application must provide sufficient information to allow officers of the Council to determine whether the organisation is of a quasi-charitable nature in terms of Section 4 (5) of the Local Government (Financial Provisions Etc) (Scotland) Act, 1962.

(f) Entitlement is reviewed periodically, and on any change of occupation and/or use relief may be curtailed

11.5 Application Process

In order to make an application for Discretionary Relief an application form must be fully completed and submitted with supporting evidence:

- A copy of the organisation's constitution.
- The last 2 years financial statements in respect of the property for which relief is being applied. If the organisation has not started to occupy the property, a statement of the anticipated income and expenditure in respect of the first 12 months.
- A copy of the letter from the Inland Revenue stating acceptance as a charity for tax purposes, if applicable.
- A statement outlining how an award of discretionary rates relief would serve the interests of Council Tax payers in the Inverclyde Council area
- The Council may also require ratepayers to provide any other information it sees as reasonable when considering an application for relief.

All discretionary reliefs awarded will be checked for compliance with the Council's policy and all applications will be authorised by the Revenues and Customer Services Manager or Revenues Team Leader prior to processing relief.

11.6 Backdating

Where a charity, sports club or similar body makes an application for relief in the first 6 months of the financial year, then relief can be backdated to the start of the previous financial year provided the organisation satisfied the requirements at that time.

Where an application is made after the first 6 months of the financial year then relief can only be granted from the start of that year except in exceptional circumstances such as the original application being made timeously but not able to be traced.

11.7 Cancellation

Where a decision is made to cancel a discretionary relief the ratepayer must be given 12 months notice in writing.

Current Discretionary Relief Awards

Charity Name	Relief Amount	80% Mandatory	20% Discretionary	Cost to IC
70th Renfrew/Inverclyde Scout Group	£2,563.00	£2,050.40	£512.60	£128.15
Abbeyfield Strathgryffe Society Ltd	£19,339.00	£15,471.20	£3,867.80	£966.95
Action For Children	£10,718.00	£8,574.40	£2,143.60	£535.90
Ardgowan Hospice	£84,998.40	£67,998.72	£16,999.68	£4,249.92
Barnardos	£19,805.00	£15,844.00	£3,961.00	£990.25
British Sailors Society	£47,998.00	£38,398.40	£9,599.60	£2,399.90
Church Of Scotland	£1,491.20	£1,192.96	£298.24	£74.56
Craigend Management Committee	£12,349.00	£9,879.20	£2,469.80	£617.45
Duchal Nursery School	£4,613.40	£3,690.72	£922.68	£230.67
Enable Scotland	£838.80	£671.04	£167.76	£41.94
Enterprise Childcare	£1,910.60	£1,528.48	£382.12	£95.53
Financial Fitness	£7,922.00	£6,337.60	£1,584.40	£396.10
Gibshill Residents Association	£10,252.00	£8,201.60	£2,050.40	£512.60
Greenock & Dist Model Railway Club	£3,308.60	£2,646.88	£661.72	£165.43
Greenock Arts Guild T/A The Beacon Arts Centre	£204,108.00	£163,286.40	£40,821.60	£10,205.40
Greenock District Scout Council	£2,702.80	£2,162.24	£540.56	£135.14
Greenock Medical Aid Society	£65,939.00	£52,751.20	£13,187.80	£3,296.95
Inverclyde Association For Mental Health	£16,263.40	£13,010.72	£3,252.68	£813.17
Inverclyde Christian Initiative	£12,582.00	£10,065.60	£2,516.40	£629.10
Inverclyde Community Care Forum	£11,090.80	£8,872.64	£2,218.16	£554.54
Inverclyde Community Development Trust	£92,734.00	£74,187.20	£18,546.80	£4,636.70
Inverclyde Innocents	£2,236.80	£1,789.44	£447.36	£111.84
Inverclyde Leisure Ltd	£445,030.00	£356,024.00	£89,006.00	£22,251.50
Inverclyde Voluntary Council Of Social Service	£3,215.40	£2,572.32	£643.08	£160.77
Inverclyde Womens Aid	£50,910.50	£40,728.40	£10,182.10	£2,545.53
Inverkip Community Initiative	£13,281.00	£10,624.80	£2,656.20	£664.05
Jericho Society	£13,514.00	£10,811.20	£2,702.80	£675.70
Kilmacolm Girl Guide Assoc	£745.60	£596.48	£149.12	£37.28
Kilmacolm New Community Centre	£12,582.00	£10,065.60	£2,516.40	£629.10
Legal Services Agency Ltd	£2,563.00	£2,050.40	£512.60	£128.15
Mind Mosaic	£1,994.74	£1,595.79	£398.95	£99.74
Moving On (Inverclyde)	£8,621.00	£6,896.80	£1,724.20	£431.05
Ocean Youth Trust Scotland	£4,613.40	£3,690.72	£922.68	£230.67
Parklea Association Branching Out Ltd	£5,009.50	£4,007.60	£1,001.90	£250.48
Phoenix Car Club Inverclyde	£1,025.20	£820.16	£205.04	£51.26
Quarriers	£86,326.50	£69,061.20	£17,265.30	£4,316.33
Renfrewshire Girl Guides Assoc	£8,621.00	£6,896.80	£1,724.20	£431.05
Royal Air Force Association Greenock Branch	£5,708.50	£4,566.80	£1,141.70	£285.43
Royal Voluntary Service	£2,469.80	£1,975.84	£493.96	£123.49
Samaritans of Inverclyde	£3,495.00	£2,796.00	£699.00	£174.75
Stepwell Consultancy Ltd	£8,504.50	£6,803.60	£1,700.90	£425.23
T.A.V.R.A.	£6,803.60	£5,442.88	£1,360.72	£340.18
The Jericho Society	£6,197.80	£4,958.24	£1,239.56	£309.89
The Massabielle Group	£1,724.20	£1,379.36	£344.84	£86.21
Little Sisters Of The Poor Greenock	£87,608.00	£70,086.40	£17,521.60	£4,380.40

The Richmond Fellowship	£3,122.20	£2,497.76	£624.44	£156.11
The Trustees Of The Haven	£24,698.00	£19,758.40	£4,939.60	£1,234.90
The Wise Group	£1,631.00	£1,304.80	£326.20	£81.55
Thistle Theatre Company	£28,892.00	£23,113.60	£5,778.40	£1,444.60
Trade Right Trust	£6,058.00	£4,846.40	£1,211.60	£302.90
Turning Point Scotland	£23,859.20	£19,087.36	£4,771.84	£1,192.96
Victim Support Scotland	£2,236.80	£1,789.44	£447.36	£111.84
Wemyss Bay Community Association	£4,986.20	£3,988.96	£997.24	£249.31
Youth Connections	£8,574.40	£6,859.52	£1,714.88	£428.72
Grand Total	£1,520,385.84	£1,216,308.67	£304,077.17	£76,019.29

Potential Small Business Bonus Scheme Relief Eligibility

Charity Name	Total Relief Awarded	80% Mandatory Relief	20% Discretionary Relief	Cost to IC
Kilmacolm Girl Guide Assoc	745.6	£596.48	£149.12	£37.28
Inverclyde Innocents	2236.8	£1,789.44	£447.36	£111.84
The Massabielle Group	1724.2	£1,379.36	£344.84	£86.21
Enterprise Childcare	1910.6	£1,528.48	£382.12	£95.53
Trade Right Trust	6058	£4,846.40	£1,211.60	£302.90
Youth Connections	3681.4	£2,945.12	£736.28	£184.07
Youth Connections	4893	£3,914.40	£978.60	£244.65
Inverclyde Community Care Forum	3728	£2,982.40	£745.60	£186.40
Inverclyde Community Care Forum	3588.2	£2,870.56	£717.64	£179.41
Inverclyde Community Care Forum	3774.6	£3,019.68	£754.92	£188.73
Inverclyde Womens Aid	4776.5	£3,821.20	£955.30	£238.83
Legal Services Agency Ltd	2563	£2,050.40	£512.60	£128.15
Financial Fitness	7922	£6,337.60	£1,584.40	£396.10
Royal Air Force Association Greenock Branch	5708.5	£4,566.80	£1,141.70	£285.43
70th Renfrew/Inverclyde Scout Group	2563	£2,050.40	£512.60	£128.15
Greenock District Scout Council	2702.8	£2,162.24	£540.56	£135.14
Wemyss Bay Community Association	4986.2	£3,988.96	£997.24	£249.31
Inverclyde Voluntary Council Of Social Service	3215.4	£2,572.32	£643.08	£160.77
Ocean Youth Trust Scotland	745.6	£596.48	£149.12	£37.28
Ocean Youth Trust Scotland	3867.8	£3,094.24	£773.56	£193.39
Phoenix Car Club Inverclyde	1025.2	£820.16	£205.04	£51.26
Parklea Association Branching Out Ltd	5009.5	£4,007.60	£1,001.90	£250.48
Duchal Nursery School	4613.4	£3,690.72	£922.68	£230.67
Greenock & Dist Model Railway Club	3308.6	£2,646.88	£661.72	£165.43
Grand Total	85347.9	£68,278.32	£17,069.58	£4,267.40

Charities with Turnover in excess of £10m

Charity Name	Turnover £m	Total Relief Awarded	80% Mandatory Relief	20% Discretionary Relief	Cost to IC
Action For Children	161	£10,718.00	£8,574.40	£2,143.60	£535.90
Barnardos	299	£19,805.00	£15,844.00	£3,961.00	£990.25
Enable Scotland	22	£838.80	£671.04	£167.76	£41.94
Quarriers	42	£86,326.50	£69,061.20	£17,265.30	£4,316.33
Royal Voluntary Service	64	£2,469.80	£1,975.84	£493.96	£123.49
The Richmond Fellowship	61	£3,122.20	£2,497.76	£624.44	£156.11
The Wise Group	13	£1,631.00	£1,304.80	£326.20	£81.55
Turning Point Scotland	29	£23,859.20	£19,087.36	£4,771.84	£1,192.96
Grand Total		£148,770.50	£119,016.40	£29,754.10	£7,438.53

INVERCLYDE COUNCIL EQUALITY IMPACT ASSESSMENT TEMPLATE

Budget Savings Proposals

Essential Information
Name of Officer(s) completing this form: Fiona Maciver
Designation(s): Revenues and Customer Services Manager
Directorate/Service: Environment Regeneration and Resources/ Finance/ Customer Services
Date of Impact Assessment 13 November 2017
Proposed Budget saving: £26k to be saved by reviewing the Discretionary Relief Policy for Business Rates

Aims and Objectives																											
1. Does the proposed budget saving impact on people? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No																											
2. If "yes", will the proposed budget saving have an impact upon any of the following protected characteristics?																											
<table border="1"> <thead> <tr> <th></th> <th>Yes</th> <th>No</th> </tr> </thead> <tbody> <tr> <td>Age</td> <td></td> <td>X</td> </tr> <tr> <td>Disability</td> <td></td> <td>X</td> </tr> <tr> <td>Gender reassignment</td> <td></td> <td>X</td> </tr> <tr> <td>Pregnancy and maternity</td> <td></td> <td>X</td> </tr> <tr> <td>Race</td> <td></td> <td>X</td> </tr> <tr> <td>Religion or Belief</td> <td></td> <td>X</td> </tr> <tr> <td>Sex</td> <td></td> <td>X</td> </tr> <tr> <td>Sexual orientation</td> <td></td> <td>X</td> </tr> </tbody> </table>		Yes	No	Age		X	Disability		X	Gender reassignment		X	Pregnancy and maternity		X	Race		X	Religion or Belief		X	Sex		X	Sexual orientation		X
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Sex		X																									
Sexual orientation		X																									
<p>If "yes" is selected for any of the above, then please proceed to the next page. If "no" is selected for all of the above, then please sign below and email a copy to Karen Barclay, Corporate Policy Officer.</p>																											
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