

Report to Portfolio Holder for Resources and Reputation

Subject: National Non-Domestic Rates - Discretionary Relief Application

Date: 9th April 2018

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Wards Affected

Netherfield

Purpose

The purpose of this report is to consider an application for discretionary relief under section 47 of the Local Government Finance Act 1988.

Key Decision

This is not a key decision.

Background

- 1 An application for discretionary relief was received on 24th April 2017 from Dawn Christadelphian Publications in respect of the hereditament at 5 Station Road, Carlton, Nottingham, NG4 3AT.

Proposal

- 2 The legislation governing the application for charitable relief from National Non-Domestic Rates is section 47 of the Local Government Finance Act 1988.
- 3 Under section 47(2)(c) discretionary relief may be granted as long as the hereditament is not an excepted hereditament, it is wholly or mainly used for the purposes of recreation and all or part of it is occupied for the purpose of a club, society or other organisation not established or conducted for profit.

- 4 A Practice Note issued by the Department for the Environment and the Welsh Office jointly in 1990 recommends that although authorities may wish to have readily understood policies for deciding whether or not to grant relief, and for determining the amount of relief to grant, they should not adopt a policy or rule which allows a case to be disposed of without any consideration as to its individual merits.
- 5 The billing authority may not award discretionary relief unless it is satisfied that the hereditament is used for purposes which are of benefit to the local community and that it would be reasonable for the billing authority to award relief, having regard for the interests of the persons liable to pay its Council Tax.
- 6 Guidance issued by the Office of the Deputy Prime Minister in December 2002 warns of the possibility of discretionary rate reliefs contravening European state aid rules. European Union competition rules generally prohibit Government subsidies to businesses. Relief from taxes, including National Non-Domestic Rates, can constitute state aid.
- 7 In practice, aid to village shops, most local “commercial” charities and other small-scale local service organisations (B&Bs, small retailers, child care facilities etc) will not be caught by the state aid rules as long as they are independent businesses because they are deemed incapable of affecting intra-community trade. On the other hand, any manufacturing operation, however small, is normally deemed capable of affecting intra-community trade. This means that rate relief for butchers, or farmers producing cheese, sausages, cider and other foodstuffs for example, would constitute state aid.
- 8 There are general exemptions from state aid rules where the aid is below a *de minimis* level. This level is set at €200,000 to any one business over a period of three years.
- 9 Dawn Christadelphian Publications exist to promote the Christian religion as set out in the Dawn Christadelphian statement of faith.
- 10 The hereditament at 5 Station Road, Carlton is used for the publication, storage and distribution of religious books and booklets and also for the holding of religious seminars.
- 11 The application form, attached at appendix 1, advises that there are no restrictions to membership of the organisation.
- 12 Dawn Christadelphian Publications is a registered charity (Number 1170305) with the Commissioner for Charities in England and Wales (appendix 2).
- 13 The charities articles of association are attached at appendix 3.
- 14 Accounts for the last year are attached at appendix 4.

- 15 These accounts have been inspected by one of the Council's Finance Business Partners and their response is attached at appendix 5. A Dun & Bradstreet report is attached at appendix 6.
- 16 It is proposed that relief is allowed at 20% in this case as it is considered that the objectives of this organisation are in line with the Council's objectives as stated in the Gedling Plan 2017/19 under the heading "Promote and encourage pride, good citizenship and participation in the local area".

Alternative Options

- 17 The alternative to the proposals would be to refuse relief.

Financial Implications

- 18 Under the arrangements for local business rate retention in England, the cost of all reliefs is split between the Government, Gedling Borough Council and the major precepting authorities.
- 19 The rates payable amount for the financial year 2016/17 is £102.94
- 20 The rates payable amount for the financial year 2017/18 is £450.77.
- 21 The rates payable amount for the financial year 2017/18 is £497.47.

Appendices

- 22 Appendix 1 - Application Form
- 23 Appendix 2 - Charity Registration
- 24 Appendix 3 – Articles of Association
- 25 Appendix 4 – Draft Accounts Year End 31.12.17
- 26 Appendix 5 – Accountants Response
- 27 Appendix 6 – Dun and Bradstreet Report

Background Papers

- 28 None identified.

Recommendation(s)

THAT:

- (a) The application for discretionary relief under section 47 of the Local Government Finance Act 1988 is allowed at a rate of 20% of the annual National Non-Domestic Rates due.

Reasons for Recommendations

- 29 The main objectives and purposes of the organisation are in line with the Council's objectives in relation to people. This is to promote and encourage pride, good citizenship and participation in the local area. These priorities are set out in the Gedling Plan 2017/19.