

Report to Portfolio Holder for Resources and Reputation

Subject: National Non-Domestic Rates - Discretionary Relief Application

Date: 11th May 2018

Author: Revenues Team Leader

Wards Affected

All

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 November 2017 from Mapperley Plains Recreation and Social Centre Trust, Plains Road, Mapperley, Nottingham, NG3 5RH.

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 Mapperley Plains Recreation and Social Centre Trust exists to provide sport and other recreational facilities and events for the benefit of the local community.
- 10 The hereditament at Plains Road, Mapperley is used as for social events as well as for recreational activities such as football, cricket and dancing.
- 11 The application form, attached at appendix 1, advises that Mapperley Plains Recreation and Social Centre Trust are affiliated to the Coal Industry Social Welfare Organisation, that membership is open to all sections of the community and the facilities are made available to people other than members.
- 12 Mapperley Plains Recreation and Social Centre Trust is a registered charity (Number 522218) 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 years ending 31st December 2015 and 31st December 2016 attached at appendices 4 and 5.
- 15 The accounts have been inspected by one of the Councils Finance Business Partners and their response has been attached at appendix 6. A Dun & Bradstreet report was also provided and this has been attached at appendix 7.
- 16 It is proposed that relief is allowed at 20% in this case with effect from 24th November 2017 as it is considered that the objectives of this organisation are in line with the Council's objectives as stated in the Gedling Plan 2018/19 under the headings "Improving health and wellbeing" and "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 2017/18 is £1195.56.
- 20 The rates payable amount for the financial year 2018/19 is £3993.30.

Appendices

- 21 Appendix 1 - Application Form
- 22 Appendix 2 - Charity Registration
- 23 Appendix 3 – Rules of Association
- 24 Appendix 4 – Financial Accounts Year Ending 31st December 2015
- 25 Appendix 5 – Financial Accounts Year Ending 31st December 2016
- 26 Appendix 6 – Accountants Response
- 27 Appendix 7 – Dun & 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. These are to promote and encourage pride, good citizenship and participation in the local area and to increase participation in organised outdoor activities. These priorities are set out in the Gedling Plan 2018/19.