

**TO:** Swale Rural Forum  
**DATE:** 12th January 2010  
**SUBJECT:** Non-Domestic Discretionary Rate Relief  
**BY:** Sharon Fox (Assistant Revenues Manager)  
**Classification:** Unrestricted

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**Summary:** This gives a brief summary of the review of the Council policy for the award of Non-Domestic Discretionary Rate Relief announced in March 2009.

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**Implications:** Human Resources Implications – N/A  
Financial Implications – Dependant on changes to existing policy  
Legal Implications – 12 months notice is required before changes can be made to the Non-Domestic Discretionary Rate Relief policy  
Crime and Disorder Implications – N/A  
Equalities and Diversity Implications – This will need to be assessed if there were to be any changes in policy  
Sustainability Implications – N/A  
Risk and Health and Safety Implications – N/A  
Corporate Plan Implications – Need to ensure that the Non-Domestic Discretionary Rate Relief complies with Council priorities

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**Decision Required:** No decision to be made for information purposes only.

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### **Introduction/Background to a review proposed in March 2009**

The Council's Corporate Management Team submitted a report to its Budget Task Force on 28 October 2008 referring to conclusions made upon scrutinizing levels of service, which scored 3 or 4 on the priority budget matrix, Discretionary Rate Relief being one of them. Although there was a potential saving, this would be spread over a large number of very small organisations with significant effect of their overall viability; the Corporate Management Team did not recommend that savings were made in respect of Discretionary Rate Relief.

The Budget Task Force considered the recommendations of the Corporate Management Team and agreed that the potential for reduction of the percentage Discretionary Non-Domestic Rate Relief be considered further and for options to be presented bearing in mind the impact on the Council as a beneficiary. It was also agreed that there needed to be some analysis of the link of the activities of the organisations eligible for relief to the Swale Borough Council Corporate Plan.

Further recommendations to the Budget Task Force meeting of the 16 December 2008 were that a required 12 months notice to withdraw existing relief be given to all organisation in receipt of relief prior to the 1 April 2009 and that the Council undertakes a major review of their rate relief policies during 2009-10 with a view to award new relief from April 1 2010, all organisations having to re-apply for relief. Those organisations that the Council wanted to continue to support would have no break in their rate relief and by reviewing the policy this would tick another audit Commission box.

All organisations in receipt of Discretionary Rate Relief were written to in the week beginning 23 March 2009, advising them that a review may be undertaken during the 2009/10 financial year of the Council's policy for Discretionary Rate Relief (DRR) and were given the required 12 months notice.

#### Corporate Plan

It was sensible to ensure there was link of the activities of the organisations eligible for relief to the Swale Borough Council (SBC) Corporate Plan. Without looking at the articles of association for each of the organisations in receipt of relief and not taking into account the charitable status of the organisation an exercise was carried out to score each organisation against the Corporate Plan. A match was made against each of the three priorities of the Plan and a match made to an action in the Plan. As a result of the exercise it was clear that some organisations do not match the Corporate Plan at all and members were asked to consider exploring these further with a view to making possible savings.

#### **Outcome of the review undertaken in 2009**

Further options given to the Budget Task Force on the 25 August 2009 for consideration were dependant on the need or desire to make actual savings. The financial impact on organisations by removing or reducing the percentage relief awarded would exacerbate the increases already faced by such organisations as a result of the removal of the Transitional Relief scheme and the increase in the Rate Poundage which had seen additional charges of up to 50% for the 2009/10 year. The options were:-

1. Leave the policy as is and continues to award a percentage of relief as we do today
2. Decide to reduce the percentage of relief awarded
3. Review the criteria for eligibility of relief with a view to establishing a link with the Corporate Plan

The recommendations to the Budget Task Force were that in view of the continuing economic decline and the need to ensure a thriving community I did not recommend removing or reducing the percentage relief awarded to what could be considered the smaller organisations. However organisations with high levels of reserves or who cannot demonstrate a financial need would not be a priority for rate relief and recommended that evidence of financial need including reserve levels and assets is sought from the larger organisations with a view to reducing the percentage relief awarded in future years.

I also recommended that the criteria for eligibility of relief be reviewed and altered whereby a link to the activities of the organisation clearly matched the requirements of the SBC Corporate Plan.

Members of the Budget Task Force noted the importance to keep its discretionary rate relief under regular review.

The Budget Task Force also concluded:

- That a comprehensive review of the DRR policy not be agreed at this stage;
- That any glaring anomalies in the policy be addressed including organisations with high levels of reserves or who cannot demonstrate a financial need with a view to reducing the percentage relief awarded in future years;
- That further investigation takes place to see whether some voluntary organisations could benefit from seeking full charitable status which would have the effect of reducing the Swale Borough Council contribution;
- To consider linking the DRR policy with the Voluntary Sector Compact in future.

### **Conclusions**

In view of the conclusions made by the Budget Task Force, Executive at its meeting of 9 December 2009 did not include changes to the 2010/11 financial year Discretionary Rate Relief amounts awarded. Where there is scope for organisations to adopt Community Amateur Sports Club status, these are being guided to the HM Revenues and Customs for advice and if successful this not only gives a higher percentage of relief to those organizations, in the form of Mandatory Relief but reduces the contribution needed to be made by Swale Borough Council to the National Non-Domestic Rate Pool.

The Council's need to identify savings for future years will require continued investigation of the Discretionary Rate Relief awarded in the 2010/11 year and we will be consulting as early as possible with the organisations affected.