

Malvern Guidelines for Awarding Rate Relief (January 2018)

Mandatory Rural Rate Relief

Central Government has previously announced that the Mandatory Rural Rate Relief award will be doubled from 50% to 100% once legislation has been enacted. Whilst the change in the regulations will not happen until the 2018/19 Financial Year we must award the relief based on Government policy intent from 1st April 2017.

If an organisation fulfils the relevant criteria, as shown below, the Council must grant 100% Rural Rate Relief, regardless of the ratepayer's financial position. Businesses are eligible for Mandatory Rural Rate Relief if:

- The business premises are located in a rural settlement area, this is generally a parish or hamlet, with a population of less than 3,000
- The rateable value of the premises is not more than £8,500 for the only Post Office and/or General Store in the rural settlement, or a food shop
- The rateable value of the premises is not more than £12,500 for the only Public House or Petrol Filling Station in the rural settlement

Discretionary Rural Rate Relief

The Council has discretion to grant up to 100% Discretionary Rural Rate Relief for businesses in rural areas. Relief can be granted to any rural business which does not qualify for Mandatory Rural Rate Relief so that up to 100% relief can be awarded. Discretionary Rural Rate Relief may be awarded if:

- The business premises are located in a settlement which would qualify for Discretionary Rural Rate Relief
- The Rateable Value of the premises must be greater than the Mandatory Rural Rate Relief limits, shown above and less than £16,500
- The premises are used for the purposes which are of benefit to the local community, and
- It would be reasonable for the Council to make such a decision, having regard to the interests of persons liable to pay council tax in Malvern.

A blanket policy cannot be adopted so Malvern has devised guidelines and seeks the parish council's views on the benefit to the local community. We also ask whether they are prepared to contribute to the funding of any relief, which reduces the financial impact on the District Council.

Malvern's guidelines

1. Parish council support financially

Where the application fits the criteria and the parish council supports the application both in principal and financially, the Deputy Managing Director has delegated authority to grant 50% discretionary relief.

2. Parish council support but not financially

Where the application fits the criteria and the parish council supports the application in principal but will not support it financially, then contact will be made with the parish council to establish why they do not support the application financially. We would also consider the following criteria:

- If the business is a service to the local community, i.e. shop, post office, nursery school, public house, garage etc, is it predominately used by the local community and what affect would it have on the community if it was not there?
- Is it essential to the community, how far is the nearest similar service and what impact would it have on the very young, elderly or disabled if it was not there?
- Does the business provide employment locally and if so, how many does it employ?

If it is felt that some but not all of the criteria are met then under the powers delegated to the Deputy Managing Director, 25% relief is granted.

However, if it is felt that the circumstances of the case warrant a higher percentage of discretionary relief, then the case will be referred to the Executive Board to allow a decision to be made based on the relevant facts.

3. No parish council support

Where the application fits the criteria but the parish council does not support the application in principal or financially, then the same steps would be taken as in 2 above and a report considered by the Executive Board to decide what level, if any, of relief is granted.

4. Consultation with Portfolio holder

The Deputy Managing Director may seek delegated approval, in consultation with the Portfolio Holder in cases where there are such unusual circumstances as to warrant consideration of a departure from these policy guidelines.

Hardship Relief

For Hardship Relief, the discretion lies entirely with the Council to grant relief. This can be from nothing to 100% relief. Relief can be granted to any business provided that we are satisfied that:

- The ratepayer would sustain hardship if the Council did not do so; and
- It would be reasonable to do so, having regard to the interests of our council taxpayers.

Malvern's guidelines

1. Parish council support financially

Where the application fits the criteria and the parish council supports the application both in principal and financially, the Deputy Managing Director has delegated authority to grant 50% hardship relief.

2. Parish Council does not support financially

Where the application fits the criteria but the parish council does not support the application financially, a report will be considered by the Deputy Managing Director, in consultation with the Portfolio holder to decide what level of relief, if any, is to be granted.

Mandatory Charitable Relief

If an organisation fulfils the criteria shown below, then the Council must grant 80% Mandatory Charitable Relief, regardless of the organisation's financial position. Mandatory Charitable Relief is paid where the premises are occupied or mainly occupied by:

- A Registered Charity or trustees for a charity; or,
- A charitable organisation such as a CASC, Community Interest Company, Academy School, uniformed youth / children's organisation; or
- A charity shop and sells solely or mainly donated goods.

Discretionary Charitable Relief – Top Up

The Council has the discretion to grant relief to top up an organisation's 80% Mandatory Charitable Relief.

Under Malvern's guidelines, established by the Council in 1991, relief is assessed using the points system shown at Appendix A and the relief granted is based on a sliding scale of between 10% and 20%. The guidelines have been reviewed and amended, taking into consideration the changes over the last few years.

Classification of groups or clusters

It is recognised that there are certain classes of occupier and property that should either be included or excluded from the maximum amount of top up relief and the guidelines have been amended to take this into consideration.

Included

The following types of organisations which provide a significant benefit to the local community and meet the corporate priorities or policy intent would automatically be considered for the 20% top up.

- Trustees of Village Halls or playing fields
- Uniformed youth and children's groups
- Local Groups running Community Centres
- Eligible organisations managing divested functions on behalf of the Council
- Hospices caring for terminally ill residents of the Council

Excluded

The following types of organisations would not be considered for any top up relief. Which is in line with the Discretionary Fund guidelines, as agreed by members in June 2017

- National or Regional Charities (defined as having premises in many other billing authority areas)
- Registered Providers (Housing Associations)
- Education or Religious establishments
- Charity Shops
- Where the organisation has restrictive practices, on the basis of members only
- Club or membership fees are not affordable to all members of the community

Discretionary Non-Profit Making Relief

This relief can be granted to a non-profit making organisation where the premises are occupied by:

- An institution or organisation not conducted for profit and whose main objectives are philanthropic, social welfare, science literature or the fine arts, i.e. not a charity, or
- The premises are used wholly or mainly for recreation and are occupied by a club, society or other organisation not conducted for profit.

Relief is assessed using the points system shown at appendix A and the relief granted is based on a sliding scale of between 20% and 50%.

It is suggested that the same principles for Inclusion / Exclusion of categories for top up relief are adopted for Discretionary Relief only.

Appendix A

Discretionary Rate Relief and Charitable Relief – Top Up

1. Criteria for granting relief:-

1.1 Relief will be granted in accordance with Section 47 of the Local Government Finance Act 1988 provided one or more of the following criteria applies:-

1.1.1 The ratepayer is a charity or trustee and the hereditament is used for charitable purposes.

1.1.2 The hereditament is occupied by an institution or organisation not conducted for profit and whose main objectives are philanthropic or concerned with Social Welfare, science, literature or the fine arts.

1.1.3 The hereditament is used wholly or mainly for purposes of recreation and it is occupied for the purposes of a club, society or other organisation not established or conducted for profit.

2. Once the general conditions in 1.1 have been established it will be necessary to assess the application using the criteria set out at paragraph 6 below.

3. Each of the criteria carries a maximum of 8 points an application receiving a certain level of points will qualify for a fixed percentage of rate relief, as follows:-

More than 20 points	50% rate relief		
Between 15 and 20 points	35%	“	“
“ 10 and 15 points	20%	“	“
Less than 10 Points	NIL	“	“

4. Organisations qualifying for the 80% Mandatory relief can apply for the additional 20% discretionary relief and will be required to be assessed on the same criteria applicable to discretionary applications using the following scale: -

More than 20 points	20% rate relief		
Between 15 and 20 Points	15%	“	“
“ 10 and 15 points	10%	“	“
Less than 10 points	NIL	“	“

5. It is suggested that the only exceptions to cases subject to the criteria in 4 above should be the ‘Included’ categories, as stated previously. These cases will be granted the additional “top up” of 20% discretionary relief, automatically. This will continue the policy, which has existed since re-organisation in 1974.

6. The criteria for determining relief is as follows:-

Scoring Matrix Discretionary Relief for Charities & Non Profit making Organisations

Measure 1 – Alignment to relevant corporate priorities

How is it measured?

The organisation must demonstrate its alignment to the relevant corporate priorities, through the application form, its constitution, aims, objectives and physical delivery to the community.

Description	Measure	% Award top up cases	% Award Discretionary only cases	Points
How do the organisation’s objectives link into the corporate priorities	Significantly aligned	4%	10%	8
	Mostly aligned	3%	7%	6
	Partially aligned	2%	4%	4
	Limited alignment	0%	0%	2

Measure 2 – Access to services & affordability

How is it measured?

The organisation must demonstrate its access to services, any charging policies, and concessionary rates, through the application form, its website, its constitution or any other evidence.

Description	Measure	% Award top up cases	% Award Discretionary only cases	Points
Open to all	Free service provision and / or positive discrimination to enable affordability to less well-off groups	4%	10%	8
Open to most	Majority of service provision is free and any charges are affordable to all groups	3%	7%	6
Open to some	Elements of free service provision and some concessions for less well-off groups and any membership fees are affordable.	2%	5%	4
Closed Members only	Annual membership with no concessions for citizens of different groups	0%	0%	2

Measure 3 – Service provision & availability of alternatives

How is it measured?

The organisation must demonstrate how its service provision compliments or substitutes for Council Services and whether there are any other service providers within the area that deliver the same or similar services, through the application form, its constitution, aims, objectives and physical delivery to the community.

Description	Measure	% Award top up cases	% Award Discretionary only cases	Points
Sole provider	Sole provider of services that meet the needs of the Council and its residents	4%	10%	8
Two providers	Two organisations providing the same services to meet the needs of the Council and its residents	3%	7%	6
Three Providers	Three organisations providing the same services to the Council's residents	2%	5%	4
Four or more Providers	Multiple providers giving the same services to the Council's residents.	0%	0%	2

Measure 4 – Residents Participation

How is it measured?

The organisation must demonstrate what proportion of the Council's community is benefitting from the service provision, through the application form, its website or other collateral and specific group feedback within the community.

Description	Measure	% Award top up cases	% Award Discretionary only cases	Points
Exclusive to the Council Area	90% or more of service users live within the Council area.	4%	10%	8
Primarily within the Council Area	Between 50% and 90% of the service users reside within the Council area.	3%	7%	6
Open to some	Between 25% and 50% of the service users reside within the Council area.	2%	5%	4
Open to few	< 25% of the service users reside within the Council area	0%	0%	2

Measure 5 – Financial Status & Funding

How is it measured?

The organisation must demonstrate where its funding streams come from, through the application form, accounts, Charity Commission or an initial income forecast if recently created.

Description	Measure	% Award top up cases	% Award Discretionary only cases	Points
Annual surplus is less than the Business Rates payable or making a loss	The expenditure on activities is either equal to or greater than the annual unrestricted income. All funding is received through grants or donations.	4%	10%	8
Annual surplus is more than the Business Rates payable but less than £10k per annum.	The expenditure on activities is less than the annual unrestricted income. All funding is received through grants or donations.	3%	7%	6
Annual surplus is more than the Business Rates payable and is £10k - £20k per annum.	The expenditure on activities is less than the annual unrestricted income. Funding is received through grants, donations or income generation.	2%	4%	4
Annual Surplus is more than the Business Rates payable and greater than £20k per annum	The expenditure on activities is less than the annual unrestricted income. Funding is received through membership fees or income generation.	0%	0%	2