

MAIDSTONE BOROUGH COUNCIL

RECORD OF DECISION OF THE CABINET MEMBER FOR CORPORATE SERVICES

CABINET MEMBER FOR CORPORATE SERVICES (POST)

Decision Made: 20 August 2010

NON DOMESTIC RATES - DISCRETIONARY CHARITABLE RATE RELIEF - 1

Issue for Decision

To consider an application for discretionary charitable rate relief.

Decision Made

That no discretionary rate relief be awarded, as it is not considered that the application falls within current council policy.

Reasons for Decision

The Council's current policy regarding rate relief for charitable and other similar organisations is as follows:-

| <u>CHARITY/ ORGANISATION</u> | <u>RELIEF</u> |
|---|--|
| Religious | 80% (Mandatory, no Discretionary) |
| Charity Shops | 80% (Mandatory, no Discretionary) |
| Educational | 80% (Mandatory, no Discretionary) |
| Welfare | 80% (Mandatory, no Discretionary) |
| Recreational | 100% (80%Mandatory 20%Discretionary) (excluding School primary/secondary/further education) |
| Youth | 100% (80% Mandatory,20%Discretionary) |
| Village Halls | |

Schools are specifically excluded from qualifying under the Youth category element to avoid any complications that might arise as a result of an application being received from a school that does not qualify for relief under the Education provision.

The Cabinet Member will note that the current policy does not currently allow for any discretionary rate relief to be awarded, with the exception of the amounts listed in the Youth Organisations and Village Halls categories.

Cathy Rogers

Miss Rogers occupies Unit C3, The Power Hub Business Centre, St Peter's Street, Maidstone, Kent ME16 0ST together with Sebastian Edge. Her application is as follows:

Miss Rogers has advised that she and Mr Edge both live and work in Maidstone and have recently completed a MA's at University for the Creative Arts, Maidstone and would like to base their creative practice here in the County Town. The unit is being used as an artist studio (non-commercial) for their sole use and is not available for use by other persons.

"We're using the space as a place to continue to develop our artistic practices (I work with super 8 film and my colleague with wet collodion photography) and have set up a photographic darkroom where I can process my super 8 and my partner his wet collodion plates.

We're both passionate about fostering a creative community here in Maidstone and this is where we want to produce work. We want to be part of and help to develop a 'sustainable community' that can provide the level of resources that we need as workers in the creative industries. We both work part-time for other organizations during the week, which is how we currently fund the rent, service charge and utility bills for the unit.

We are applying for reduced rates under the small business criteria (the rateable value for the unit in 2009/10 was £2,900 which has just gone up to £4,400 for 2010/11). However, if we can secure full discretionary business rate relief this would greatly help us to sustain the use of the studio and ultimately stay in Maidstone to develop our work and creative opportunities".

Relief has been refused by officers as granting relief to these individuals is not within current guidelines.

The assessment has a rateable value of £4400 with a current annual charge of £1,444.14. However, the property already currently receives 50% Small Business rates Relief, which has reduced the amount payable from £1,444.14 to £722.07. The following table shows the effect if 80% discretionary Rate Relief were awarded where no mandatory rate relief has been allowed:

| Value of Relief awarded | 25% Charge to the Council's General Fund |
|-------------------------|--|
| £577.66 | £144.42 |

The rates for the period 1 February 2010 to 31 March 2010 are calculated on a rateable value of £2900 and amount to £225.48. This charge is also reduced by 50% Small Business rates Relief, which has reduced the amount payable from £225.48 to £112.74. The following table shows the effect if 80% discretionary Rate Relief were awarded where no mandatory rate relief has been allowed:

| Value of Relief awarded | 25% Charge to the Council's General Fund |
|-------------------------|--|
| £90.19 | £22.55 |

For information; although the rateable value in the new rating list commencing 1 April 2010 has increased compared with the 2005 list value, there has been a reduction in the rate poundage for the year commencing (40.7 p in the pound compared to 48.1 p in the pound for last year)

Alternatives considered and why rejected

Relief could be awarded, and although it would not be a major cost to the council, it would not be in accordance with current guidelines and may set a precedent for other ratepayers occupying small assessments to make similar applications.

Background Papers

None

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| Should you be concerned about this decision and wish to call it in, please submit a call in form signed by any two Non-Executive Members to the Head of Change and Scrutiny by: 27th August 2010 |
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MAIDSTONE BOROUGH COUNCIL

RECORD OF DECISION OF THE CABINET MEMBER FOR CORPORATE SERVICES (POST)

Decision Made: 20 August 2010

REPORT OF HEAD OF FINANCE AND CUSTOMER SERVICE - NON DOMESTIC RATES - DISCRETIONARY CHARITABLE RATE RELIEF

Issue for Decision

To consider an application for Discretionary Charitable Rate Relief from The Chart Sutton Community Shop Association Ltd.

Decision Made

1. That no discretionary rate relief be awarded, as it is not considered that the application falls within current council policy.
2. That the applicant be advised to apply for Small Business Rate Relief, which would result in a net 25% further reduction of the rates payable if they meet the criteria.

Reasons for Decision

The Council's current policy regarding rate relief for charitable and other similar organisations is as follows:-

| <u>CHARITY/ ORGANISATION</u> | <u>RELIEF</u> |
|---|--|
| Religious | 80% (Mandatory, no Discretionary) |
| Charity Shops | 80% (Mandatory, no Discretionary) |
| Educational | 80% (Mandatory, no Discretionary) |
| Welfare | 80% (Mandatory, no Discretionary) |
| Recreational | 100% (80%Mandatory 20%Discretionary) (excluding School primary/secondary/further education) |
| Youth | 100% (80% Mandatory,20%Discretionary) |
| Village Halls | |

Schools are specifically excluded from qualifying under the Youth category element to avoid any complications that might arise as a result of an application being received from a school that does not qualify for relief under the Education provision.

The Cabinet Member will note that the current policy does not currently allow for any discretionary rate relief to be awarded, with the exception of the amounts listed in the Youth Organisations and Village Halls categories.

The Chart Sutton Community Shop Association Ltd

The Chart Sutton Community Shop Association Ltd ("The Company") occupies The Shop on the Green, Chart Corner, Chart Sutton, Maidstone, Kent ME17 3SB. The application is as follows:

The company has referred to the service that the community shop provides to the local community and likens the occupation to that of a community or village hall. It also refers to the poor bus service available to the area to provide residents with access to other shop facilities.

Although the company is not a registered charity, it has been agreed that the objectives of the organisation merit the granting of 80% mandatory rate relief and this has been awarded.

Discretionary Rate Relief has been refused by officers as granting relief to this organization is not within current guidelines. The property occupied is simply not a "village hall", it is a shop.

The assessment has a rateable value of £2000 with a current annual charge of £760.97. The property already currently receives 80% mandatory rate relief, leaving an amount of £152.19 to pay. If 20% discretionary rate relief were awarded, this would amount to £152.19 and as mandatory rate relief has been allowed, 75% of any discretionary relief is borne by the billing authority. The awarding of 20% discretionary rate relief will mean that there is a charge of £114.15 to the Council's General Fund.

However, if the company applied for and met the criteria for Small Business Rates Relief (SBRR), this would reduce the amount payable to £76.10. If 20% discretionary rate relief were awarded, this would amount to £76.10 and as mandatory rate relief has been allowed, 75% of any discretionary relief is borne by the billing authority. The awarding of 20% discretionary rate relief in the event that SBRR is awarded will mean that there is a charge of £57.07 to the Council's General Fund.

The rates for the period 15 December 2009 to 31 March 2010 are calculated on a rateable value of £1500 and amount to £225.48. This charge is also reduced by 80% mandatory rate relief, which has reduced the amount payable from £213.27 to £42.65. If 20% discretionary Rate Relief were awarded, this would amount to £42.65 and as mandatory rate relief has been allowed, 75% of any discretionary relief is borne by the billing authority. The awarding of 20% discretionary rate relief will mean that there is a charge of £31.99 to the Council's General Fund.

The rates for the period ending 31 March 2010 could also benefit from small business rate relief if an appropriate application were made and the criteria met. This would reduce the amount payable to £21.33. If 20% discretionary rate relief were awarded, this would amount to £21.33 and as mandatory rate relief has been allowed, 75% of any discretionary relief is borne by the billing authority. The awarding of 20% discretionary rate relief in the event that SBRR is awarded will mean that there is a charge of £16.00 to the Council's General Fund

By way of information, although the rateable value in the new rating list commencing 1 April 2010 has increased compared with the 2005 list value, there has been a reduction in the rate poundage for the year commencing (40.7 p in the pound compared to 48.1 p in the pound for last year).

Alternatives considered and why rejected

Relief could be awarded, and although it would not be a major cost to the council, it would not be in accordance with current guidelines and may set a precedent for other ratepayers occupying small assessments to make similar applications.

Background Papers

None

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| Should you be concerned about this decision and wish to call it in, please submit a call in form signed by any two Non-Executive Members to the Head of Change and Scrutiny by: 27th August 2010 |
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