

## **MAIDSTONE BOROUGH COUNCIL**

### **RECORD OF DECISION OF THE CABINET MEMBER FOR CORPORATE SERVICES**

Decision Made: 20 August 2010

#### **Non Domestic Rates - Discretionary Charitable Rate Relief - 2**

##### **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:-

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

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 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

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: <b>27 August 2010</b>
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