

Policy and Sustainability Committee

10am, Tuesday, 6 August 2019

Non-Domestic Rates – Discretionary Rating Relief

Executive/routine
Wards
Council Commitments

1. Recommendations

- 1.1 The Committee is requested to review the existing Discretionary Rating Relief (DRR) policy and agree a revised policy for the next 5 years.

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Non-Domestic Rates – Discretionary Rating Relief

2. Executive Summary

- 2.1 All awards of Discretionary Rating Relief (DRR) under the Council's existing policy are reviewed on a 5 year rolling programme. The purpose of this report is to review the Council's policy in relation to DRR and approve a policy for the next 5 year rolling programme. The policy will be reviewed again in 2024.

3. Background

- 3.1 The power to grant DRR is governed by the provision of the Local Government (Financial Provisions etc.) (Scotland) Act 1962.
- 3.2 Under the terms of the 1962 Act a rating authority may grant DRR in respect of :-
- a) Any lands and heritages which are occupied by, or by trustees for, a charity and are wholly or mainly used for charitable purposes (whether of that charity or of that and other charities);
 - b) any lands and heritages occupied for the purposes of one or more institutions or other organisations (whether corporate or unincorporated) which are not established or conducted for profit and whose main objects are charitable or are otherwise philanthropic or religious or concerned with education, social welfare, science, literature or the fine arts;
 - c) any lands and heritages occupied for the purpose of a club, society or other organisation not established or conducted for profit, and which are wholly or mainly used for the purposes of recreation.

4. Main report

- 4.1 The Council's current policy is as follows:-
- a) An additional 20% DRR is granted to organisations already in respect of mandatory relief where they:
 - Are mainly concerned with working with youths (defined as under 19 years of age);
 - Provide community facilities i.e. village halls and community centres.

Mandatory relief is granted to charities where they occupy premises and use them wholly or mainly for charitable purposes.

- b) 50% DRR is granted to recreation clubs which do not have a license to sell alcohol.
- c) 100% DRR is granted to all clubs who meet the definition of “Sports Clubs” as set out by the Scottish Sports Association and who operate an equal opportunities policy. This relief is granted subject to full compensation for such relief being contained within the Rating Pool arrangements.
- d) 80% DRR is granted in respect of properties used for recreational purposes and occupied by clubs/societies which are charitable bodies and not established/conducted for profit.
- e) An additional 20% DRR is granted to organisations already in receipt of mandatory relief where they provide and maintain grounds and buildings used for the purposes of leisure time occupation where facilities are available to members of public at large.
- f) To support organisations which acted, primarily, to provide benefit to Edinburgh residents and taxpayers.
- g) During the five year period of the current DRR policy a number of applications have been granted on an individual basis to organisations outwith the standard policy. The applicants are listed at Appendix 1 and approval has been granted on the basis that the organisations concerned provide benefit to Edinburgh residents and taxpayers.

4.2 Review of the current policy has shown no operational problems have been experienced and the arrangements for considering individual applications which are outwith the standard policy have worked well. Ratepayers continue to have the right of appeal to the DRR Appeals Committee where they are not satisfied with the outcome of their application rating relief.

4.2 DRR Policy from 1 April 2019, legislation permits relief to be granted for:

- a) The year in which, or the year next following that in which, the determination is made for;
- b) For a specified term of years not exceeding five or;
- c) For an indefinite period subject to termination by not less than twelve months notice.

The Council has in the past granted relief for a period not exceeding five years. Given that no operational/strategic/policy issues have been encountered with the current DRR policy it would seem appropriate to consider continuing with the current policy and awarding the recipients of DRR including those detailed in Appendix 1 relief for a further five years from 1 April 2019.

5. Next Steps

- 5.1 Discretionary Rating Relief will be applied for 5 years to eligible businesses. Committee will be updated on pending Barclay Review changes affecting Discretionary Rating Relief.

6. Financial impact

- 6.1 The cost of awarding DRR is split, 75% is borne by the Rating Pool and 25% by the Council and its Council Tax payers. The cost to the Council currently amounts to £1,051,758 per annum as detailed in Appendix 1.

7. Stakeholder/Community Impact

- 7.1 There is no direct impact on stakeholders or community arising from this report.

8. Background reading/external references

- 8.1 Appendix 1 – Summary of organisations currently receiving DRR within the scope of the Council policy.

9. Appendices

Appendix 1 Discretionary Rates Relief Awarded.

	Total Relief Awarded 2019/20	CEC Contribution to Relief 2019/20
*Organisations in receipt of 80% Discretionary Relief	£747,123,86	£186,780.91
**Organisations in receipt of additional 20% Discretionary Relief	£1,829,524.25	£457,381,06
80% Social Clubs	£72,708.16	£18,177.04
100% Sports Relief	£1,557,675.25	£389,418.81
Totals	£4,207,031.52	£1,051,757.88

* The power to grant Discretionary Rating Relief (DRR) is governed by the provisions of the local Government (Financial Provisions Etc.) (Scotland) Act 1962, as amended.

a) Under the terms of the 1962 Act a Rating Authority may grant Discretionary Rate Relief in respect of:

- any lands and heritages which are occupied by, or by trustees for, a charity and are wholly or mainly used for charitable purposes (whether of that charity or of that and other charities).
- any lands and heritages occupied for the purposes of one or more institutions or other organisations (whether corporate or unincorporated) which are not established or conducted for profit and whose main objects are charitable or are otherwise philanthropic or religious or concerned with education, social welfare, Science, literature or the fine arts.
- any lands and heritages occupied for the purposes of a club, society or other organisation not established or conducted for profit, and which are wholly or mainly used for the purposes of recreation.

**An additional 20% Discretionary Rates Relief is granted to organisations already in receipt of Mandatory Relief where they:

- are mainly concerned with working with youths (defined as under 19 years of age) or
- provide community facilities in village halls and community centres and social enterprise schemes.
- to support organisations which aim to provide benefit primarily to Edinburgh resident and Council Tax payers.