

# Dacorum Borough Council - Discretionary Rate Relief

## Background and legislation

Rate relief is part of the national non-domestic rates (business rates) scheme, and can reduce the amount of business rates payable by certain organisations.

Section 43 of the Local Government Finance Act 1988 (LGFA 1988) requires rate relief to be given in the following circumstances:

- charities and amateur community sports clubs can get relief of 80% (mandatory charitable rate relief);
- if they are the only one within a small rural community, village shops, post offices, pubs or petrol stations can get relief of 50%, as long as the rateable value of the property falls under certain thresholds. (mandatory rural rate relief).

Discretionary rate relief (DRR) enables Dacorum Borough Council to:

- increase the level of charitable rate relief to up to 100%;
- increase the level of rural rate relief to up to 100%;
- give relief to other rural retail businesses of up to 100%, as long as the rateable value of the property falls under a threshold.

This power is contained in section 47 of LGFA 1988.

The cost of discretionary rate relief forms part of the business rate retention scheme. This means that the Council contributes 40% of the value of DRR, with the remainder coming from Herts County Council (10%) and central government (50%).

## What is discretionary rate relief?

DRR provides charities and other organisations with benefit to the local community with further financial assistance by reducing the amount of business rates they have to pay.

## How will Dacorum Borough Council use discretionary rate relief?

We will use DRR to support the Council's key priorities, in particular **Building Community Capacity**.

We recognise that certain charities and other organisations support the Council's priorities and deliver outcomes that would otherwise be the responsibility of the Council.

## **Claiming a discretionary rate relief**

All applications must be made in writing using the DRR application form by the ratepayer or someone authorised to act on their behalf. The application form is available by contacting the business rates team. The form must be sent in with appropriate supporting evidence. The evidence needed will vary according to the type of DRR requested, but the form will tell the ratepayer what they need to provide.

## **Who will make the decision, and how long will it take?**

Most requests will be decided by the Group Manager Revenues, Benefits and Fraud or the Revenues Team Leader. We will aim to make these decisions within four weeks of receiving all the information needed.

Where the organisation has a turnover in excess of £100,000 or where the application is for discretionary rural rate relief but there is no entitlement to mandatory rural rate relief, the application will be considered by the appeals committee. In these cases it is likely to take about two months to make the decision, counting from the date we receive all the information needed.

## **What will be taken into account when the decision is made?**

Each application will be considered on its own individual merits and the benefits that the organisation provides to the residents of Dacorum. The following will be considered:

- the organisation's links to the Council's priorities and to what extent its activities support these priorities;
- membership being open to all sections of the community and the extent to which the membership is made up of residents of Dacorum;
- the organisation meeting a local need in the community and providing a valuable service to the community; and
- whether the organisation provides access to facilities which indirectly relieve the Council of the need to do so.

In addition DRR will not be considered on any property with a rateable value in excess of £18,000 unless there are specific circumstances that require the occupation of a larger property.

## How much discretionary rate relief will be awarded, and how long will the relief last?

The maximum period of any award is for one financial year. The amount of DRR will be considered in line with the following table, depending on the nature of the request.

Type of organisation	Other information	Annual turnover	Maximum relief
Youth organisations	Premises occupied by youth clubs and organisations such as the Scouts etc.  In order to qualify for relief the organisation must be able to demonstrate that the premises is used solely or mainly by them or other non profit making organisations for the benefit of the community	-	Up to 100%
Village halls & community centres		-	Up to 100%
Schools	Voluntary aided, voluntary controlled or granted aided and academy schools	-	Nil
Nursery schools	Voluntary nurseries which are registered charities	-	Up to 100%
Sports & recreation	Premises run by sports clubs and recreational societies that are not set up or run for profit	No bar	Up to 50%
		With bar: up to £24,999	Up to 50%
		With bar: £25,000 – £49,999	Up to 25%
		With bar: over £50,000	Nil
Charities providing a public benefit	If the work is predominantly carried out by unpaid voluntary workers for the benefit of the elderly, sick or injured, disabled or other vulnerable groups (This excludes national or regional offices unless wholly for the benefit of Dacorum residents)	Up to £100,000	Up to 100%
		£100,001 – £499,999	Up to 50%
		Over £500,000	Nil
Charity shops (this means a shop selling goods donated to a charity)	Local charities primarily benefiting the local area (This excludes national charities unless wholly for the benefit of Dacorum residents)	-	Up to 100%
Dacorum Sports Trust		-	Up to 100%
Strategic partner organisations	Organisations: <ul style="list-style-type: none"> <li>that are working with the Council;</li> <li>that operate in the voluntary and community sector;</li> <li>that receive a minimum of £10,000 of grant funding from the Council each year and have done so for at least three years; and</li> <li>that have a service partnership agreement (or equivalent) with the Council.</li> </ul>	-	Up to 100%

## **When will an award of discretionary rate relief start?**

Any award will normally be from the date we receive the application.

In exceptional circumstances, we will consider starting from an earlier date in the same financial year (1 April to 31 March).

## **How will discretionary rate relief be paid?**

We will apply the DRR to the business rates account, and issue a new business rates bill.

## **How will ratepayers be notified about discretionary rate relief decisions?**

We will write to the ratepayer to tell them whether an award has been granted and the amount and period of that award.

## **What will happen if a ratepayer is not happy with the decision?**

If the ratepayer is not happy with the decision, they can request a review of that decision by the appeals committee. This request must be made in writing and received within four weeks of the notification of the original decision.

## **Responsibilities of customers receiving discretionary rate relief**

Ratepayers have the responsibility to inform the business rates team of any change in their circumstances while they are receiving a DRR.

If a change in circumstance takes place and this means the ratepayer has been awarded too much DRR, this will be recovered adjusting their business rates account.

## **What happens when an award of discretionary rate relief ends?**

If a ratepayer wants a further award of DRR they must make a further application. This will be considered in the same way as their initial claim.