



## **POLICY AND RESOURCES SCRUTINY COMMITTEE – 30TH SEPTEMBER 2015**

**SUBJECT: DISCRETIONARY RATE RELIEF APPLICATIONS**

**REPORT BY: ACTING DIRECTOR OF CORPORATE SERVICES AND SECTION 151  
OFFICER**

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### **1. PURPOSE OF REPORT**

- 1.1 This report sets out details of an application for discretionary rate relief and notes the decision proposed by the Interim Head of Corporate Finance under delegated powers.

### **2. SUMMARY**

- 2.1 The Council is able to assist a wide range of voluntary and sporting organisations by granting rate relief. This report contains details of an application received for discretionary rate relief and the proposal for the determination of the application to be formally implemented on the 7th day of October 2015.

### **3. LINKS TO STRATEGY**

- 3.1 The granting of rate relief is a very cost effective way in which the Council can pursue its Regeneration objective by giving financial assistance to local organisations.

### **4. THE REPORT**

#### **4.1 BACKGROUND**

- 4.1.1 Under the Council's Scheme of Delegation applications for discretionary rate relief submitted to the Council are determined by the Council's Head of Corporate Finance.
- 4.1.2 The determination is exercised following consideration of the Council's Policy on discretionary rate relief supplemented by guidance from Welsh Government and Central Government.

#### **4.2 THE APPLICATION**

##### **Smart Money Cymru Credit Union Ltd**

- 4.2.1 Members were presented with a lengthy report on 15th April 2014 detailing the criteria necessary for Smart Money Credit Union Ltd, now known as Smart Money Cymru Credit Union Ltd, to qualify for not-for profit discretionary rate relief. A number of the criteria were satisfied but not all.

- 4.2.2 The original application for discretionary rate relief was received in June 2013 from the above organisation in respect of its premises at Abacus House, 44 Windsor Street, Caerphilly for the period 1st April 2013 to 31st July 2013, and in respect of 64-66 Cardiff Road, Caerphilly from 16th July 2013 onwards.
- 4.2.3 Members should be aware that currently the Authority would bear 10% of any discretionary rate relief awarded, with the Welsh Government Pool bearing the remaining 90%.
- 4.2.4 The business rate liability of the organisation's premises for 2013/14, 2014/15 and 2015/16 is as follows:
- Abacus House, 44 Windsor Street, Caerphilly - £1,922.74 (1st April 2013 to 31st July 2013 only)  
64-66 Cardiff Road, Caerphilly - £11,770.66 (16th July 2013 to 31st March 2014), £16,909.75 (2014/15) and £17,231.50 (2015/16)
- 4.2.5 Members should note that the majority of credit unions do not need to apply for discretionary rate relief because they operate from relatively small premises and therefore automatically qualify for Small Business Rate Relief which often reduces the rates payable to nil.
- 4.2.6 At the time of the first report, legal advice was sought as the regulations and guidance surrounding the issue of granting rate relief to credit unions lacks clarity. Officers sought updated guidance from Welsh Government as the latest guidance available was issued in 2004 but none was forthcoming. Furthermore, a number of other local authorities in Wales were contacted but none of those responding had awarded discretionary rate relief to a credit union.
- 4.2.7 Since that date, the Interim Head of Corporate Finance has reviewed the situation and again contacted a number of other local authorities in Wales to identify their current policy in this area. Although there is no firm consensus, it was established that discretionary rate relief has now been awarded by some other local authorities.
- 4.2.8 Whilst ideally the Interim Head of Corporate Finance would wait for updated guidance and/or regulations to be issued, there is little prospect of this happening in the foreseeable future. Therefore, in light of the decisions made by some other local authorities, and bearing in mind that Welsh Government is raising the profile of credit unions and their role in alleviating the problems associated with loan sharks and pay-day lenders, it is now thought that the organisation's objects could be argued to be wholly or mainly charitable or otherwise concerned with social welfare and education; in addition, this Authority has recently approved an anti-poverty strategy involving the promotion of credit unions, therefore, it is proposed that not-for-profit discretionary rate relief should be awarded.
- 4.2.9 It must be noted that there is a small risk that this decision could face a challenge as the current guidance/regulations are open to interpretation. If updated guidance/case law or revised regulations make it clear that credit unions are not entitled to receive this type of rate relief, this decision will be reviewed and the Authority would have to take immediate steps to withdraw the rate relief.

4.2.10 **Proposal (to be implemented on 7th day of October 2015):**

**100% discretionary rate relief be awarded.**

## **5. EQUALITIES IMPLICATIONS**

- 5.1 This report is to advise Members of the proposed determination of the application(s) for discretionary rate relief so the Council's full Equalities Impact Assessment process does not need to be applied.

## **6. FINANCIAL IMPLICATIONS**

6.1 These are contained within the report.

## **7. PERSONNEL IMPLICATIONS**

7.1 There are no personnel implications.

## **8. CONSULTATIONS**

8.1 There are no consultation responses which have not been reflected in this report.

## **9. RECOMMENDATIONS**

9.1 Members note the proposed determination of the application(s) for discretionary rate relief under delegated powers which will be implemented on the 7th day of October 2015.

## **10. REASONS FOR THE RECOMMENDATIONS**

10.1 As set out throughout the report.

## **11. STATUTORY POWER**

11.1 Section 47 of the Local Government Finance Act 1988.

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Background Papers:  
Rate Relief Application Forms, contact ext 3421