



POLICY AND RESOURCES SCRUTINY COMMITTEE – FOR INFORMATION

SUBJECT: DISCRETIONARY RATE RELIEF APPLICATION

**REPORT BY: CORPORATE DIRECTOR FOR EDUCATION AND
CORPORATE SERVICES**

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 Business Improvement Services & Acting Section 151 Officer 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 proposals for the determination of the application to be formally implemented after the third working day the delegated decision notice has been posted.

3. RECOMMENDATIONS

- 3.1 To award 100% discretionary rate relief to Family Life CIC for its premises at Ynys Hywel Countryside Centre, Cwmfelinfach, from 1st February 2019.

4. REASONS FOR THE RECOMMENDATIONS

- 4.1 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.

5. THE REPORT

- 5.1 An application for discretionary rate relief has been received from Family Life CIC (Community Interest Company) in respect of its premises at Ynys Hywel Countryside Centre, Cwmfelinfach, NP11 7JD, from 1st February 2019 onwards.
- 5.2 A CIC is a type of company for people wishing to establish a business that benefits the community (the population as a whole or a specific group), rather than just the

owners, managers or employees. The CIC is a new legal form providing a flexible alternative to charities and industrial and provident societies, particularly suitable for those who wish to work within the relative freedom of a limited company framework without either the profit motive or charity status. To be eligible to be a CIC, an enterprise or business must pass the 'Community Interest Test'. This means that the Office of Regulator of CIC's based in Companies House, Cardiff must receive evidence that the activities of that enterprise or business are carried on for the benefit of the community to such an extent that a reasonable person would agree.

- 5.3 To be eligible for discretionary rate relief, the organisation must satisfy the following conditions:
- a) the organisation or institution occupying the premises must not be established or conducted for profit;
 - b) each of the organisation's main objects must be charitable, or otherwise philanthropic or religious, or concerned with education, social welfare, science, literature, or fine arts;
 - c) the use of the premises must be wholly or mainly charitable;
 - d) where the premises is wholly or mainly used for recreational purposes, all or part of it must be occupied by an organisation not established or conducted for profit.
- 5.4 The main objects and aims of Family Life CIC are:
- to further benefit the residents of Bridgend, South Wales and the neighbourhood, without distinction of sex, sexual orientation, race or of political, religious or other opinions by associating together the said residents and the local authorities, voluntary and other organisations in a common effort to advance education and to provide facilities in the interests of social welfare for recreation and leisure time occupation with the objective of improving the conditions of life for the residents.
- 5.5 The organisation's Articles of Association state that it is not established or conducted for private gain: any profits or assets are used principally for the benefit of the community.
- 5.6 The Articles further state that if the company is wound up due to insolvency and all its liabilities have been satisfied, any residual assets shall be given or transferred to KCM Europe, charity number 326392, which is named in the Articles.
- 5.7 The organisation is a not-for-profit community interest company that aims to improve family life by supporting families experiencing difficult times through engaging in the outdoor activities on offer at Ynys Hywel. The focus is on low-income families and also families where one or more of the members has a physical or mental disability. The company states that it employs experts in out-of-the-classroom learning and provides educationally-rich activity centre breaks for school pupils. The activities, such as caving, abseiling, archery, camp craft and animal interaction, develop self-esteem, peer support and confidence.
- 5.8 The organisation is licensed by the Adventure Activities Licensing Authority (AALA) which is overseen by the Health and Safety Executive.
- 5.9 The company has been set up specifically to carry out the objects stated in point 5.4 above; it is not established or conducted for profit. In addition, the organisation's

main objects are either wholly or mainly charitable, or concerned with philanthropy, social welfare and education, as required under the regulations. It is also clear that the use of the premises is wholly or mainly charitable.

- 5.10 The Authority's policy in relation to Community Interest Companies allows for 100% discretionary rate relief to be awarded for premises with a rateable value up to £75,000 and 50% discretionary rate relief where the rateable value exceeds £75,000. As the rateable value of the property being used in this case is £27,000, 100% discretionary rate relief may be awarded.

5.11 **Conclusion**

Taking the above matters into consideration, it appears that the organisation known as Family Life CIC and its use of the premises with a rateable value of £27,000 satisfies all of the relevant qualifying criteria.

6. **ASSUMPTIONS**

- 6.1 It is assumed that the recommendations in the report will assist the not-for-profit organisation, Family Life CIC, in reducing its business rate liability which will allow that money to be used in furthering its objectives and providing a valuable service to families within the Caerphilly County Borough and beyond.

7. **LINKS TO RELEVANT COUNCIL POLICIES**

- 7.1 The awarding of discretionary rate relief will support eligible organisations by reducing the amount of business rates payable which in turn may help reduce inequality, building capacity and resilience to create healthier, prosperous, cohesive communities, which is a key theme of 'A Foundation for Success 2018-2023' – Regeneration Strategy.

7.2 **Corporate Plan 2018-2023.**

This section shows how the report content (project, proposal, information or decision) contributes towards or impacts the Corporate Well-being Objectives, which are:

Objective 5 - Creating a county borough that supports a healthy lifestyle in accordance with the Sustainable Development Principle within the Well-being of Future Generations (Wales) Act 2015 – the awarding of discretionary rate relief will reduce the amount of business rates payable by charitable and non-for-profit organisations operating within the County Borough, which in turn should help those organisations to improve the well-being of its residents.

8. **WELL-BEING OF FUTURE GENERATIONS**

- 8.1 Effective financial management is a key element in ensuring that the Well-being Goals in the Well-being of Future Generations Act (Wales) 2015 are met.
- A prosperous Wales – Maximising the take-up of business rate relief minimises the amount of rates payable by a wide range of voluntary and sporting organisations which enables them to use those funds directly in respect of their objectives.

- Long-Term – It is hoped that eligible organisations will be able to continue trading which will enable future generations to benefit in the long-term from a diverse number of locally-available charitable and not-for-profit organisations, which should also improve the economic, social, environmental and cultural well-being of residents.

9. EQUALITIES IMPLICATIONS

- 9.1 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.

10. FINANCIAL IMPLICATIONS

- 10.1 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%.
- 10.2 The business rate liability of the organisation's premises in Cwmfelinfach is £2,243.29 for the period 1st February 2019 to 31st March 2019 inclusive, and £14,202.00 for the period 1st April 2019 to 31st March 2020 inclusive. If the Authority were to grant 100% discretionary rate relief, the cost to the Authority of awarding the relief at current levels would be £1,644.53, with the Welsh Government pool bearing the remainder of £14,800.76.

11. PERSONNEL IMPLICATIONS

- 11.1 There are none in respect of this report.

12. CONSULTATIONS

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

13. STATUTORY POWER

- 13.1 Local Government Finance Act 1988, Government of Wales Act 2006 and Local Government Act 1972, 2000 and 2003. The Interim Head of Business Improvement Services & Acting Section 151 Officer will use delegated powers to award the relief.

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Background Papers:

Contact Finance Manager (Revenues) (ext. 3421)

'Review of NNDR Discretionary Rate Relief Policy' report to Policy and Resources Scrutiny Committee on 20th January 2015

Rate Relief Application Form