



## **POLICY AND RESOURCES SCRUTINY COMMITTEE – FOR INFORMATION**

**SUBJECT: DISCRETIONARY RATE RELIEF APPLICATION**

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

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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 Head of Corporate Finance and 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 proposal for the determination of the application to be formally implemented after the third working day the delegated decision notice has been posted.

### **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 and Section 151 Officer.

4.1.2 The determination is exercised following consideration of the Council's guidelines on discretionary rate relief supplemented by guidance from Welsh Government and Central Government.

#### **4.2 The Application**

##### **Learn and Grow Community Interest Company (CIC)**

4.2.1 An application for discretionary rate relief has been received from the above registered Community Interest Company (CIC) in respect of their premises at 11 Commercial Lane, Pontymister, from the 1<sup>st</sup> October 2016 onwards.

- 4.2.2 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 or 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.
- 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 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, or the premises must be wholly or mainly used for recreational purposes;
  - 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.
- 4.2.5 The main objects of Learn and Grow Community Interest Company are:
- To carry on activities which benefit the community and in particular (without limitation) to support disadvantaged adults and young people through education, training, personal development and employability skills, particularly people with mental health problems, to help them enter employment.
- 4.2.6 The organisation's Memorandum and Articles of Association state that it is not established or conducted for private gain; any surplus or assets are used principally for the benefit of the community.
- 4.2.7 The Articles further state that if the company is wound up under the Insolvency Act 1986 and all of its liabilities have been satisfied, any residual assets shall be given or transferred to Growing Space Ltd, which is a similar not-for profit company. This satisfies the discretionary rate relief requirement for remaining assets to be used for charitable or non-profit making purposes.
- 4.2.8 Learn and Grow CIC serves the local community at its premises in Risca by providing various support to young people and adults through training and learning in creative arts. This includes IT, music, photography, art & design, fashion & textiles, printing, literacy, numeracy and employability skills. The service provided by the company can also be used by those with special needs and learning difficulties, mental health sufferers, both young people and adults.
- 4.2.9 Young people are able to access resources that are normally out of their reach, e.g. musical instruments, recording studio, Apple Mac computers, professional recording software and cameras. They receive free tuition that would normally cost in excess of £20 per hour.
- 4.2.10 The facilities are open to all residents of the Caerphilly County Borough and there is no fee payable for membership.

- 4.2.11 The company has been set up specifically to carry out the objects stated in point 4.2.5 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 religion, 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.
- 4.2.12 The business rate liability of the organisation's premises in Risca from the 1<sup>st</sup> October 2016 to 31<sup>st</sup> March 2019 inclusive is £11,682.96. If the Authority were to grant 100% discretionary rate relief, the cost to the Authority of awarding the relief at current levels would be £1,168.30 with the Welsh Government pool bearing the remainder of £10,514.66.
- 4.2.13 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 £9,900, 100% discretionary rate relief may be awarded.
- 4.2.14 Taking the above matters into consideration, it appears that Learn and Grow Community Interest Company and its use of the premises with a rateable value of £9,900 satisfies all of the relevant qualifying criteria.
- 4.2.15 **Proposal (to be implemented after the third working day the delegated decision has been posted):**
- 100% discretionary rate relief be awarded.**

## **5. WELL-BEING OF FUTURE GENERATIONS**

- 5.1 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. 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.

## **6. EQUALITIES IMPLICATIONS**

- 6.1 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.

## **7. FINANCIAL IMPLICATIONS**

- 7.1 These are contained within the report.

## **8. PERSONNEL IMPLICATIONS**

- 8.1 There are no personnel implications.

## **9. CONSULTATIONS**

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

## **10. RECOMMENDATIONS**

- 10.1 Members note the proposed determination of the application(s) for discretionary rate relief under delegated powers which will be implemented after the third working day the delegated decision notice has been posted.

## **11. REASONS FOR THE RECOMMENDATIONS**

- 11.1 As set out throughout the report.

## **12. STATUTORY POWER**

- 12.1 Section 47 of the Local Government Finance Act 1988.

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Richard Edmunds, Corporate Director for Education and Corporate Services

Nicole Scammell, Head of Corporate Finance & Section 151 Officer

Background Papers:

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

Rate Relief Application Form, contact ext 3421