

Meeting of:	Cabinet
Date of Meeting:	Monday, 17 June 2019
Relevant Scrutiny Committee:	Corporate Performance and Resources
Report Title:	Business Rates - Discretionary Rates Relief
Purpose of Report:	To consider an appeal in respect of the refusal to award Discretionary Business Rates Relief
Report Owner:	Leader and Cabinet Member for Performance and Resources
Responsible Officer:	Carys Lord - Head of Finance, Resources
Elected Member and Officer Consultation:	No Elected Members have been consulted. Exchequer Manager - Resources
Policy Framework:	This is a matter for Executive decision by Cabinet
Executive Summary:	<ul style="list-style-type: none"> ○ This report brings to the attention of Cabinet an appeal from the Coastlands Family Church in respect of the Council's decision to refuse an award of Discretionary Business Rates Relief on its premises at Unit 2, Former Barry Magistrates Court, Thompson Street, Barry. ○ The report proposes that Cabinet reaffirms the decision not to award Discretionary Business Rates Relief and that the appeal is therefore refused.

Recommendations

1. That Cabinet reaffirms the decision made on the 18th December 2018 by the Head of Finance, in consultation with the Leader, not to award Discretionary Business Rates Relief to the Coastlands Family Church.
2. That Cabinet rejects the appeal lodged by the Coastlands Family Church on the 7th January 2019 in respect of Discretionary Business Rates Relief.

Reasons for Recommendations

1. To ensure a consistent approach is adopted in the way that the Council exercises its discretion when considering Discretionary Business Rates Relief in respect of charity shops owned by charitable organisations.

1. Background

- 1.1 Charities are entitled to Mandatory Business Rates Relief on any non-domestic properties which are used wholly and mainly for charitable purposes. Mandatory Business Rates Relief is given at 80% of the rates bill. The Council has discretion to remit all or part of the remaining 20% of a charity's Business Rates bill where it is felt appropriate to do so.
- 1.2 The decision to award Discretionary Business Rates Relief was delegated to the Head of Finance in consultation with the Leader under minute C908 of Cabinet on 2nd June 2010.
- 1.3 Whilst each case is considered on its individual merits, historically the Council has not awarded the additional 20% Discretionary Business Rates Relief to charity shops as it is considered that where goods are being sold in order to generate income then it would not be appropriate to do so.
- 1.4 Following an application received on the 1st November 2018 from the Coastlands Family Church in respect of a property located at Unit 2, Former Barry Magistrates Court, Thompson Street, Barry, 80% Mandatory Business Rates Relief was awarded for the period 18/09/2018 to the 31/03/2019 for a total amount of £13,180.93.
- 1.5 Following a visit to the property by an officer from the Exchequer Service it was established that goods donated to the Coastlands Family Church were being sold from the premises. As the description in the Non Domestic Rating list is shown as 'shop and premises' then the hereditament is considered to be a charity shop.
- 1.6 Whilst both 80% Mandatory Business Rates Relief and 20% Discretionary Business Rates Relief have been awarded to the Coastlands Family Church in respect of other premises they occupy in the Council's area, the 20% Discretionary element was refused on the grounds that this hereditament was a charity shop where goods are being donated and subsequently sold by the organisation in order to generate an income. The letter of appeal is attached at Appendix A to this report

2. Key Issues for Consideration

- 2.1** Where the Council awards Discretionary Business Rates Relief to a charity, 25% is met by the Welsh Government as it is offset against payments into the Non-Domestic Rates Pool. The remaining 75% is met by the Council and is therefore borne locally by community taxpayers.
- 2.2** The council has already refused similar applications from other charitable organisations operating from charity shops. As a result if the appeal were allowed by Cabinet then this could set a precedent in respect of other applications for Discretionary Business Rates Relief received from other charitable organisations operating in similar circumstances.
- 2.3** The decision of Cabinet on whether or not to grant Discretionary Business Rates Relief is final and there is no further right of appeal.

3. How do proposals evidence the Five Ways of Working and contribute to our Well-being Objectives?

- 3.1** The proposal not to award Discretionary Business Rates Relief to charity shops ensures that assistance is only provided where it is deemed necessary. Should the awarding of Discretionary Business Rates Relief not be controlled then this could place a significant financial burden on the Council. As the Council continues to manage its services with diminishing resources then this additional burden could impact on vital frontline services both in the short and long term.
- 3.2** The awarding of Business Rates Relief contributes to the Well-being outcome of a Prosperous Wales by assisting local businesses who provide employment opportunities, enabling people to take advantage of the wealth generated through securing decent work. Under the proposal in this report this site would still attract the 80% Mandatory Business Rate Relief.

4. Resources and Legal Considerations

Financial

- 4.1** Should the appeal be successful, then the amount of Discretionary Business Rates relief requested by the Coastlands Family Church in respect of the property situated at Unit 2, Former Barry Magistrates Court, Thompson Street, Barry is as follows:
 - Period 18/09/2018 to the 31/03/2019 = £3,295.23
 - Period 01/04/2019 to the 31/03/2020 = £6,312.00
- 4.2** The total amount of Discretionary Business Rates Relief awarded to charitable organisations, for premises other than charity shops, in the 2017/18 financial year was £276,000 with 75% of this cost being borne by the Council (£207,000).

- 4.3** Should the Council award Discretionary Business Rates Relief to charity shops then this would place a significant additional financial burden on the Council.

Employment

- 4.4** None

Legal (Including Equalities)

- 4.5** None

5. Background Papers

Appendix A - Appeal Letter from Coastlands Family Church dated 07/01/2019

COASTLANDS

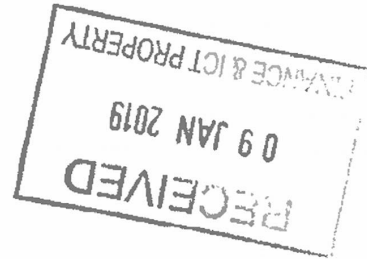
[REDACTED]

Jan 7th 2019

[REDACTED]

[REDACTED]

[REDACTED]



Recently we requested discretionary relief of 100% on the property listed above. Last week I received the rate demand giving us only the mandatory relief. I am requesting a review of this decision.

The property has a particularly high rateable value, part of it being shop premises and part being storage, office and amenities. These facilities are particularly suited to our current operational needs. We need storage space for our Big Wrap project (supplying Christmas presents to children at risk of receiving little or nothing at Christmas), operational space for our Baby Basics project (supplying essential items to new mothers who would otherwise be unable to afford them) and a large area to display furniture for our Restore project.

I am aware that the retail area may have the appearance of a charity shop, but I want to make it clear that we do not sell anything, we simply suggest a donation for the various pieces of furniture and other household items (all of which are donated by the general public) so that we can cover the expenses of part-time paid staff, utilities, van and deliveries.

Coastlands has been operating these projects for nearly 4 years in the Vale of Glamorgan previously from Haydock House with 100% rate relief. We have been able to provide a lifeline service to hundreds of people in the Vale and saved hundreds of tons of waste going to landfill. We hope to continue to do so, and had assumed we would be eligible for the discretionary rate relief.

Can I ask you to reconsider this decision? Perhaps taking into consideration that not all the unit area is retail space and none of the space is profit making.

Should you require any further information, please do not hesitate to contact me.

Yours Sincerely,



Chair of Trustees, Coastlands Family Church