

## Discretionary Rate Relief – Frequently Asked Questions

### What is rate relief?

Rate relief is help that charities and other not for profit organisations can receive so that they do not have to pay the full amount of national non-domestic (or business) rates.

If your organisation is a charity and your property is used wholly or mainly for charitable works, you are entitled to receive 80% mandatory (set in law) relief.

### What is Discretionary Rate Relief (DRR)?

Discretionary Rate Relief is additional relief that organisations can apply for from their local council. The level of relief and who is eligible is set locally and varies across the country.

So for example, if your organisation is not a charity but is another type of non-profit making organisation, you can apply for discretionary rate relief provided you meet your local council's criteria.

### What is the current DRR Scheme in Calderdale?

At the moment Calderdale Council has a scheme that is open to all not-for-profit organisations whose objectives are charitable (this includes charity shops for national charities), including philanthropic or faith based organisations, or those supporting sports, leisure, education, social welfare, science, literature or the fine arts. Under Calderdale's current scheme, once relief is granted, the discount stays in place for three years.

Groups can be awarded DRR for up to 100% of their business rates; full information on how relief is awarded **now** is shown below:

Type of Organisation	Levels of relief	Exceptions
1. Charitable, philanthropic or religious organisations and/ or organisations concerned with education, social welfare, science or literature	100%	If the organisation has financial reserves of more than 2 years normal expenditure, the level of relief will be reduced by 20%
		If the organisation has bar facilities which open often and/ or produce substantial bar income, the level of relief will be reduced by 20%
2. Clubs, societies and other organisations concerned with recreation, sport or fine arts	60%	If the organisation has bar facilities which open often and/ or produce substantial bar income, the level of relief will be reduced by 20%
3. Indoor social clubs (except clubs for older people, ie over 60 years old, and youth clubs which are included in type 1 above)	10%	

## What is changing?

The table below shows you the amount that central government and Calderdale Council **paid up to April 2013**.

Type	Maximum relief	Cost to central government	Cost to Calderdale Council
Registered charity	Mandatory 80% by law	100% of 80%	Nil
	Discretionary 'Top-Up' up to 20%	25% of 20%	75% of 20%
Registered (with HMRC) community amateur sports clubs (CASCs)	Mandatory 80% by law	100% of 80%	Nil
	Discretionary 'Top-Up' up to 20%	25%	75%
Unregistered Charity or other 'Not for Profit' Organisation	Discretionary up to 100%	75%	25%

**From April 2013 these costs have been shared 50:50 between central and local government.**

## Why does the council have to change its existing scheme?

There are four main reasons why we are reviewing the scheme:

- 1) The changes to government rate relief funding arrangements mean that the cost of the scheme to the Council is increasing.
- 2) The current scheme is quite complex. It is not that easy for organisations to understand or for the Council to run.
- 3) At the moment organisations only have to apply every three years which means that we are not able to change the amount of relief an organisation gets when its circumstances change – ie if an organisation receives substantially more income or stops being a charity.
- 4) The Council is also taking the opportunity to reassess the way it awards discretionary rate relief to make sure that support is going to organisations which are focussed primarily on helping the communities of Calderdale.

We hope that the revised scheme will be better value for money for local tax payers, fairer, easier to understand and more transparent about which organisations get relief and why.

## Can I appeal if the Council turns down our application for discretionary rate relief?

We will talk to you about our decision and discuss what options are open to you should you not meet the council's criteria for the awarding of discretionary rate relief. There is no appeal process.

### **How can we improve our chances of getting rate relief?**

Registered charities and CASCs receive 80% mandatory rate relief. You may want to assess your organisation against the criteria for becoming a registered charity or CASC to see if your organisation is eligible, if you are not registered already.

### **What if we already receive discretionary rate relief?**

All organisations currently getting DRR have been sent a letter to let them know that the Council is consulting on options for changing the scheme.

The law requires a full financial year's notice of any variation to a local DRR scheme be given to current recipients. We will send notification of the final scheme to all current recipients of DRR before April 2014. The new scheme will not be in place until 1 April 2015.

This will give organisations a full year to plan for any changes to their entitlement.

### **How do I respond to the consultation?**

The Council is consulting on its proposed policy between Monday 2 September and Monday 2 December 2013.

For more information and to take part in the consultation please visit our webpage or contact [grants@calderdale.gov.uk](mailto:grants@calderdale.gov.uk).

Sector Support Calderdale, North Bank Forum will be facilitating drop in sessions during the consultation (see <http://www.calderdale.gov.uk/council/consultations/index.html>).

### **What are you asking people to comment on as part of the consultation?**

We have set out a series of questions in the survey where we would like your opinions. In particular we want your views on whether you think it is fair to limit the eligibility for rate relief to smaller and more locally focussed organisations.

We will also welcome constructive comments on all sections of our proposed policy.

### **What has been decided and what is actually open to change?**

We will genuinely consider all of the feedback received and take this on board before proposing a final scheme to Cabinet in January 2014.

### **How will we know what the results of the consultation are?**

We will publish all of the results to the consultation on our website and via Sector Support Calderdale, North Bank Forum.

If you have any others questions please contact [grants@calderdale.gov.uk](mailto:grants@calderdale.gov.uk).