

## **Teignbridge District Council**

### **Overview & Scrutiny 1**

**Meeting date: 10 May 2022**

**Part i**

### **Discretionary Rate Relief Policy – Charity Shops**

#### **Purpose of Report**

To explain why the convening of a task and finish group to review the award of relief to charity shops would serve no practical purpose and to inform members of the legislative provisions for awarding Charity Relief and the local provisions set out within the Council's Discretionary Rate Relief Policy.

#### **Recommendation(s)**

The Committee RECOMMENDS to Executive that:

- (1) The convening of a task & finish group to review the award of discretionary rate relief to charity shops is not pursued further.

#### **Financial Implications**

Financial implications are set out in 4.1 and 4.2 of the report

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#### **Legal Implications**

There are no legal implications arising out of this report.

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#### **Risk Assessment**

Given the low number and nominal value of awards there are no risks associated with this recommendation.

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## Environmental/ Climate Change Implications

None

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## Executive Member

Cllr Richard Keeling – Executive Member for Corporate Resources

## Appendices/Background Papers

Teignbridge Discretionary Rate Relief Policy

### 1. Introduction

- 1.1 On 15<sup>th</sup> November 2021, the Overview and Scrutiny Committee considered the report of the Voluntary Sector Funding Task and Finish Group which set out a number of recommendations. One of the recommendations was for Committee to recommend to Executive that a task and finish group be convened to carry out a review of the Business Rates Discretionary Relief policy and take recommendations specifically relating to charity shops to a future O&S meeting.
- 1.2 Executive approved the recommendation on 8 February 2022

### 2. Background

- 2.1 The Local Government Finance Act 1988 provides for the granting of mandatory and discretionary relief under sections 43 and 47 respectively.
- 2.2 Charities and Trustees for charities are only liable to pay one fifth of the Non Domestic Rates that would otherwise be payable where a property is occupied and used wholly or mainly for charitable purposes. This is applied as a mandatory relief of 80%.
- 2.3 For the purpose of the Act, a charity is an organisation or trust established for charitable purposes, whether or not it is registered with the Charity Commission. Since April 2004, provision has been extended under the Local Government Act 2003 to include registered Community Amateur Sports Clubs.
- 2.4 For charity shops, the premises must meet the criteria laid down by section 64 (10) of the Local Government Finance Act 1988 which states that the premises

are to be treated as used for charitable purposes at any time it is wholly or mainly used for the sale of goods donated to the charity and the proceeds of goods (after deductions for expenses) are applied for the purpose of the charity.

- 2.5 The Council has discretion to grant relief of up to a further 20% for these mandatory cases under its discretionary policy.

### **3. Teignbridge Discretionary Rate Relief Policy**

- 3.1 Our Discretionary rate relief policy sets out how we approach a determination of discretionary relief and the factors taken into consideration. Requests for most types of discretionary relief must be made by application.
- 3.2 With regard to charities applying for discretionary 'top up' relief over and above mandatory relief, there are several criteria for consideration including:
- Fit with the Council's corporate vision and values.
  - Activity at premises including whether it allows the council to deliver services which could not otherwise be provided.
  - Whether the organisation is a national or local charity.
  - If there is significant benefit to the local residents of Teignbridge.
  - The funding position of the charity.
- 3.3 With specific regard to charity shops our policy states that an award of relief will normally be the exception rather than the rule. The shop will be considered for relief only where all goods for sale are donated or are own logo items and all the other qualifying criteria set down in the policy is satisfied. If it is decided to award relief, shops in primary trading areas will receive 15% top-up and those in secondary trading areas will receive 20%.

### **4. FINANCIAL IMPLICATIONS**

- 4.1 Relevant Figures based on data extracted in February 2022
- 47 Charity Shop premises receive 80% mandatory relief totalling £271,336.65
  - 2 premises also receive 20% discretionary top up totalling £2,892.80.
- 4.2 Teignbridge bears 40% of the overall cost of awarding discretionary rate relief. Relief of £2,892.80 represents a cost to Teignbridge of £1,157.12.

### **5. CONCLUSION**

- 5.1 The award of relief to charity shops is set out in legislation and supported and maintained by our Discretionary Rate Relief policy. The majority of charity shops receive only mandatory relief, over which we have no local discretion. Only two premises receive a 20% discretionary 'top up'. Given the very low number and cost of premises receiving discretionary support there would be no benefit to

convening a task and finish group to review the reliefs awarded to this type of organisation.