

Teignbridge District Council

Executive

Meeting date: 31 May 2022

Part i

Discretionary Rate Relief Policy – Charity Shops

Purpose of Report

To inform members of Overview and Scrutiny's recommendation, following analysis of the discretionary rate reliefs awarded to charity shops, that the convening of a task and finish group to review the award of these reliefs should not be progressed as it would serve no practical purpose. In addition, that charity shops should be issued with information enclosed with the annual business rate bills notifying them of this additional relief.

The report also informs 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)

Executive to resolve that:

1. The convening of a task and finish group to review the award of discretionary rate relief to charity shops is not pursued further.
2. Information on the discretionary rate relief is circulated with the next business rate annual bills to ensure all charity shops are aware of this additional relief if eligible.

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 number and 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 15th November 2021, the Overview and Scrutiny Committee 1 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
- 1.3 Overview & Scrutiny Committee 1 gave consideration on 10 May 2022 to a subsequent report which identified that only two charity shop premises receive a 20% discretionary 'top up'.
- 1.4 It was considered that given the very low number and cost of premises receiving discretionary support there would be no benefit to convening a task and finish

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group to review the reliefs awarded to this type of organisation. However it was considered that information on discretionary rate relief should be made available to charity shops in their business rate bills.

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 Councils 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 £1157.12.

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.

5.2 To ensure that all charity shops are aware of the relief available further information can be provided at the next annual billing in March 2023.