

**TONBRIDGE & MALLING BOROUGH COUNCIL**

**FINANCE, INNOVATION and PROPERTY ADVISORY BOARD**

**07 January 2015**

**Joint Report of the Director of Finance and Transformation and  
Cabinet Member for Finance, Innovation and Property**

**Part 1- Public**

**Matters for Recommendation to Cabinet - Non-Key Decision (Decision may be taken  
by the Cabinet Member)**

**1 APPLICATION FOR DISCRETIONARY RATE RELIEF**

**A report giving details of a new application for discretionary rate relief.**

**The previously agreed criteria for determining applications for discretionary rate relief are attached at [ANNEX 1].**

**1.1 New application for discretionary rate relief**

1.1.1 Members will be aware that discretionary rate relief can be granted (as shown at [ANNEX 1]) either as a top-up to mandatory rate relief (in respect of charitable organisations and community amateur sports clubs) or, on its own, to non profit-making organisations that are not charities etc. (and do not therefore qualify for mandatory rate relief).

1.1.2 With the introduction of the business rate retention scheme on 1 April 2013, there is no longer a direct cost to the Council in awarding relief. However, Members should note that all awards of relief affect the Council's business rate yield; for 2014-15, it has been estimated that £167,000 discretionary relief will be awarded.

1.1.3 Members may recall that a new application from **The Charity Bank Ltd** was considered at the 14 May 2014 meeting of this Board. Members recommended that the applicant be awarded 80% discretionary relief, time limited to 31 March 2015 (Decision Notice D140052MEM refers). This amount of relief resulted in a £13,592 reduction in their 2014-15 business rate bill.

1.1.4 The applicant has since advised that they are relocating from their current address, 194 High Street Tonbridge to Fosse House, 182 High Street Tonbridge on 6 March 2015.

1.1.5 The criteria state that the rateable value and location of the applicant's premises should be considered as to their appropriateness to the organisation.

1.1.6 As the rateable value of their new premises (Ground Floor £51,000 and 1<sup>st</sup> Floor £49,000) is significantly higher than their current rateable value (£35,250),

Members may wish to consider whether the original award of 80% discretionary relief is still appropriate.

- 1.1.7 If the applicant had been in occupation of Fosse House for the whole of the 2014-15 financial, their rates bill would have reduced by £38,560 (Ground Floor £19,665.60 and 1<sup>st</sup> Floor £18,894.40).
- 1.1.8 The applicant has stated that their relocation to a larger premises is very much part of their aim to be able to grow and support the charity sector following receipt of the capital injection from Big Society Capital earlier in the year. Unfortunately the Bank remains loss making and has not yet reached break-even so any support they receive, such as from the Council through rate relief, is gratefully received. The move to larger premises at the end of their existing lease is one of the key factors which should enable them to operate at the scale that will be necessary for them to be sustainable in the future.
- 1.1.9 The applicant has also advised they are a member of Social Enterprise UK, and a press release is shown at **[ANNEX 2]** for Members' information. In addition, we were also supplied with an annual portfolio which ran to some 44 pages. The document will be available at the meeting if Members wish to view it.
- 1.1.10 Members are **REQUESTED** to review the application, consider the level of relief awarded and make an appropriate **RECOMMENDATION** to Cabinet.

## **1.2 Legal Implications**

- 1.2.1 As the granting of relief is a discretionary action, the only implication would be a challenge by way of judicial review if an organisation were unhappy with a decision. Such a challenge can succeed only when the Council behaves unreasonably.

## **1.3 Financial and Value for Money Considerations**

- 1.3.1 In respect of all applications for rate relief, the financial considerations of granting relief are as set out in the body of the report. If relief is not granted, there is a beneficial impact on the Council's finances. This should not prevent each application being considered on its own merits however, as there must be some degree of consistency to prevent a legal challenge.

## **1.4 Risk Assessment**

- 1.4.1 The only risk that we are aware of is a legal challenge to the Council's decisions (see above). This is unlikely.

## **1.5 Equality Impact Assessment**

- 1.5.1 The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

The Director of Transformation and Finance confirms that the proposals contained in the recommendation(s), if approved, will fall within the Council's Budget and policy Framework.

Background papers:

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Application for relief from the organisation referred to in the main body of the report received 28 October 2014, and held in Financial Services.

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