

TO: RESOURCES SCRUTINY COMMITTEE - 3 DECEMBER 2002
SUBJECT: DISCRETIONARY RATE RELIEF BUDGET ALLOCATION - 2002/2003
FROM: FINANCE

1. PURPOSE OF REPORT

1.1 To outline to Members the allocation of the Discretionary Rate Relief awards for 2002/2003.

2. BACKGROUND

2.1 Section 47 of the Local Government and Rating Act 1988 permits billing authorities to grant discretionary rate relief to charities and other non - profit making organisations. Details of the criteria used in considering such applications are attached as Appendix 1 to this report.

2.2 Under the scheme the Council is required to award 80% mandatory relief to charities and can also give discretionary relief in respect of the remaining 20% with the Council funding 75% of the 20%. In respect of non charitable organisations the Council can give discretionary relief of up to 100% of which only 25% is funded by the Council with the remainder funded by the Government.

2.3 The discretionary rate relief budget has been under pressure for several years due to the ever increasing numbers of organisations applying for relief. The table below gives the revised estimate including any virement/supplementary estimates compared with the actual out turn for 2000/2001 and 2001/2002 and the estimated out turn for 2002/2003:-

	Original Estimate	Revised Estimate	Actual Out - Turn	Overspend
	£	£	£	£
2000/2001	43,800	67,500	76,275	8,775
2001/2002	64,900	70,200	87,800	17,600
2002/2003	64,400	64,400	65,970 (estimated)	1,570 (estimated)

2.4 In 2000/2001 a supplementary estimate of £17,000 was granted and virement exercised of 6,700, yet there was still an overspend of £8,775. In 2001/2002 virement of £5,300 was exercised from the unspent balance on Grants to Voluntary Organisations and the Strategic Director (Finance) approved the remaining overspend of £17,600 to be met from underspendings in budgets controlled by Policy Services.

2.5 The number of applications receiving some form of rate relief in 1999/2000 was 125, in 2000/2001 140, 2001/2002 141. It can be seen therefore that the client base is indeed continually expanding. In 2000/2001 new awards were granted in respect of

various organisations totalling £6,247, one award alone for the Guide Dogs for the Blind accounted for £3,089 of this figure and in 2001/2002 new awards were granted in respect of various organisations totalling £1,903 including one for Regenesis amounting to £1,355. In addition Playbox Theatre first applied for rate relief in 1999/2000 and since then has been absorbing a significant amount of the budget, 2000/2001 £5,214 and 2001/2002 £6,194.

3. THE CURRENT YEAR

- 3.1 The number of organisations who have applied for and been granted some degree of rate relief is currently 140 with a potential 8 who applied in 2001/2002 still to apply. Details of these applications can be found in Appendix 2. It has not been possible to find significant funds for virement this year due to competition from other budgets.
- 3.2 A decision was therefore taken that in order to try and remain within budget and still be fair to all organisations applying for rate relief, some reduction in the generally 100% relief previously applied would have to be made but targeted on those organisations who it was felt had some means of generating significant additional external support e.g. bar profits, hiring fees, subscriptions. In the main this category included Sports and Social Clubs, Village Halls/ Community Centres and Cultural groups e.g. theatres. It should be stressed that there was not a blanket approach to the reduction and an assessment was still made in each and every case of an organisations finances before the reduction was implemented. This avoided targeting those welfare organisations and other groups who support those in the community least able to help themselves e.g. The Ocean Drop In Centre, Council for Voluntary Services, Young Homeless Project and various pensioners day clubs. These organisations have continued to receive the same level of relief that they enjoyed in 2001/2002.
- 3.3 The approach taken for non charitable organisations was to reduce the level of relief awarded in increments of 25% e.g. from 100% to 75% and from 75% to 50% depending on what percentage they had enjoyed in 2001/2002. With charitable organisations who receive 80% mandatory relief it was decided to remove the 20% discretionary relief where it seemed appropriate. The total number of organisations affected is 67. Even this approach is forecast to lead to a potential overspend of £1,570 and it is still possible that we will receive new applications which we will be unable to support due to exhausting the budget.
- 3.4 A number of organisations (9 out of the 67) have appealed against the reduction in their rate relief and they have been asked to supply further information, particularly two year financial forecasts in order that the true effect of the reduced rate relief on their future finances can be assessed but clearly given the current position of the budget, without additional resources there is little prospect of additional relief being granted.

4. BUDGETARY COMPARISON WITH OTHER AUTHORITIES

- 4.1 For Members information, a comparison has been made with the other Warwickshire Districts with regard to their 2002/2003 Discretionary Rate Relief budgets. Rugby B.C. has a budget of £21,000, Stratford D.C. £55,000, Nuneaton & Bedworth B.C. £35,000 and North Warwickshire B.C. £21,170. Warwick D.C.'s budget is £64,400 which compares very favourably.

5. POLICY AND BUDGETARY FRAMEWORK

- 5.1 As mentioned in paragraph 3.3, there is a potential overspend of £1,570 in 2002/2003 on the current basis.

6. FUTURE REPORTING

- 6.1 Because the budget is still under pressure, despite the modifications made to the method of awarding relief, a progress report is being presented to January Executive. At that time a clearer picture of the appeals cases referred to in paragraph 3.4 will be apparent.

7. OUTCOME REQUIRED

- 7.1 Resources Scrutiny Members are asked to note this report.

BACKGROUND PAPERS

Application Case Files
Correspondence with Appellants
Previous years Discretionary Rate Relief Budget working papers

Areas in District Affected: All.

Executive Portfolio Area and Holder: Customer and Community Services - Cllr. D.Kohler.

For further information about this report please contact :

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