

FALKIRK COUNCIL

**Subject: DISCRETIONARY RATES RELIEFS**  
**Meeting: POLICY AND RESOURCES COMMITTEE**  
**Date: 6<sup>th</sup> MARCH 2001**  
**Author: DIRECTOR OF FINANCE**

**1. INTRODUCTION**

- 1.1 On 10 December 1996, the Council's Resources Committee delegated authority for determining discretionary rates reliefs to the Director of Finance. The qualifying criteria for each type of relief were described in the Committee Report and are referred to in paragraphs 2 to 6 below. These criteria were identical to those that had been in use at the previous rating authority, Central Regional Council.
- 1.2 At various times in the past four years, it has been apparent that some of the current criteria applied to discretionary reliefs may be unnecessarily restrictive, with the effect that the Council's policy makes the award of relief impossible in cases where it would otherwise appear reasonable to award relief.
- 1.3 For this reason, proposed changes to the existing policies for discretionary rates reliefs are detailed below.

**2. DISCRETIONARY RELIEF FOR CHARITIES AND NON-PROFIT MAKING BODIES**

- 2.1 The Report submitted in December 1996 authorised the Director of Finance to make awards of discretionary relief to **registered** charities (in addition to the 80% mandatory relief which they receive), but made no mention of discretionary awards to non-profit making organisations which qualify by virtue of carrying out activities which are charitable or otherwise philanthropic or religious or concerned with education, social welfare, science, literature, or the fine arts. (Section 4, Local Government (Financial Provisions etc.) (Scotland) Act 1962).
- 2.2 In order to make specific reference to these quasi-charitable bodies, it is proposed to revise the policy as follows:

**The Director of Finance may award up to 20% discretionary rates relief to registered charities which already receive 80% mandatory relief. In addition, the Director of Finance may award up to 100% discretionary rates relief to organisations which are not registered charities but which are not conducted for profit and whose main aims are charitable or otherwise philanthropic or religious or concerned with education, social welfare, science, literature, or the fine arts.**

**3. SPORTS CLUB RELIEF**

- 3.1 The Council currently awards sports club relief to sports clubs which practice a sport or activity recognised by sportscotland (formerly The Scottish Sports Council) and which have bar takings of less than £80,000 per annum. If a sports club does not have a licence to sell alcohol, full rates relief is given. If a club does have bar takings, relief is awarded on a sliding scale.

- 3.2 The report approved by Committee in December 1996 made explicit mention of the £80,000 cut-off point for relief. However, no reference was made to the need to uprate both the sliding scale of relief and the cut-off point in order to reflect inflation.
- 3.3 Therefore, authority is sought on the part of the Director of Finance to uprate these variable factors with effect from 1<sup>st</sup> April 2001 in line with the retail price index (all items) since April 1996.
- 3.4 Authority is also sought to increase the factors annually thereafter in line with the retail price index (all items).

#### **4. PROPERTY PARTLY UNOCCUPIED FOR A SHORT TIME**

- 4.1 Rates relief may be awarded where "...it appears to the rating authority that part of any lands and heritages included in the valuation roll is unoccupied but will remain so for a short time only..." (Section 24A of the Local Government (Scotland) Act 1966 as amended by section 155 of the Local Government etc. (Scotland) Act 1994).
- 4.2 The current Council policy is:

If a property is *partly* unoccupied for a short time, the Council has the discretion to award relief on that part of the property that is not occupied. This particular relief is awarded for no less than one month and for no more than three months and cannot be granted more than once in any financial year. In addition, relief is only available where the unoccupied part of the premises exceeds 5% of the total rateable value.

- 4.3 It is proposed that the policy be re-worded as follows:

**If a property is *partly* unoccupied for a short time, the Director of Finance may award relief on that part of the property which is not occupied. Any constant period of part non-occupation of less than four weeks (28 days) duration will not qualify for relief. The normal maximum duration of an award of relief will be six months (183 days). Once the maximum duration of award has been reached in any 12-month period, a year must elapse before a further award can be made for the same part of a property. In addition, for relief to be awarded the unoccupied part must constitute at least 5% of the total rateable value or have a minimum apportioned value of £5,000.**

- 4.4 The proposed new policy is intended to achieve the following:

- The amendment of the condition that the unoccupied part of the premises must constitute 5% or more of the total rateable value. This condition is viewed as being unnecessarily restrictive and, in cases where the rateable value covers a large rateable unit, it leads to a lack of flexibility.
- The stipulation of a minimum period will deter applications for insignificant periods - e.g. a business partly shutting down for two weeks in the summer.
- The stipulation of a maximum period will ensure that, where the problem is one of chronic disrepair (either of property or plant and equipment) or permanent over-capacity, the ratepayer will seek to resolve the problem by means other than rates relief.

- 4.5 Applications have been received from ratepayers for "part empty" relief in respect of 1999/2000. These applications have not as yet been determined pending the proposed revision of the policy governing awards of relief. Under the existing policy relief could not be

given because of the condition that the unoccupied part must exceed 5% of the total rateable value. It is proposed, therefore, that the proposed new policy on “part empty” relief be effective from 1<sup>st</sup> April 1999.

## **5. HARSHIP RELIEF**

5.1 Section 25A of the Local Government (Scotland) Act 1966 (as amended by section 156 of the Local Government etc. (Scotland) Act 1994) allows rating authorities to abate, in full or in part, a ratepayer’s liability where they are satisfied that: -

- The person would sustain hardship if the authority did not do so; and
- It is reasonable for the authority to do so, having regard to the interests of persons liable to pay council tax set by them.

5.2 The current policy, approved by Committee on 10<sup>th</sup> December 1996, is as follows: -

It is proposed that applications for hardship relief made to Falkirk Council be determined in the same way as applications for all other reliefs.

5.3 It is proposed that the policy on hardship relief be re-worded as follows:

**On application by a ratepayer, the Director of Finance may award hardship relief where he is satisfied that the ratepayer would otherwise suffer hardship and that the interests of council tax payers in the Falkirk Council area would be best served by awarding relief. In considering whether the interests of council taxpayers are being best served, the Director of Finance may consult with other Services as appropriate, and will assess the extent to which an award safeguards employment, alleviates poverty and promotes local economic development.**

## **6. DISCRETIONARY RURAL RELIEF**

6.1 The existing Council policy on discretionary rural relief was approved by the Policy, Performance and Review Committee on 25 March 1999.

6.2 The provisions of the policy are:

- That properties qualifying for 50% mandatory rural rates relief would also receive a 50% top-up of discretionary relief as allowed by legislation. (The Local Government and Rating Act 1997 (Commencement No. 3) Order 1997.)
- That discretionary rural relief be granted in respect of properties which benefit the local community. Specific mention was made of Council properties such as schools, public conveniences, libraries, local offices, cemeteries, village halls and community centres.

6.3 Settlements that appear in the ‘rural settlement list’ must have less than 3,000 inhabitants and must not belong to any area that is specifically excluded by the Scottish Minister (i.e. small rural areas within one kilometre of a larger population centre). In addition, any property with a rateable value above £12,000 is excluded from entitlement to relief.

6.4 Given that these restrictions exist, and that the legislation further provided that relief can only be given where the property in question is of benefit to the local community and it is in the interest of council tax payers that relief be given, the following policy for discretionary rural relief is proposed:

Where a property is located in a rural settlement and its rateable value does not exceed the statutory maximum for rural rates relief, the Director of Finance may make an award of discretionary rural rates relief, provided that the property in question is being used for purposes which benefit the local community and that the award of relief will generally serve the interests of council tax payers. The Director of Finance may also make awards of discretionary relief in respect of the only general store or Post Office in a rural settlement that already receives 50% mandatory relief.

## **7. FINANCIAL IMPLICATIONS**

- 7.1 The proposed changes to policy for Hardship Relief will result in a greater number of awards being made. Twenty-five percent of the cost of this type of relief is borne by the General Fund. It is not possible to be precise about the cost of this relief to the Council in future years but it is certain that the increased cost will be offset by benefits to the council taxpayer in general.
- 7.2 Any increase in the level of awards of "part empty" relief will be funded from the national non-domestic rating pool and will have no financial impact on the Council.
- 7.3 Revised policies for charity relief and rural relief and the uprating of thresholds for sports club relief will have no financial impact on the Council.

## **8. RECOMMENDATIONS**

- 8.1 That the Council adopt with immediate effect revised policies for charity relief, hardship relief and rural relief, as detailed above.
- 8.2 That the Council adopt with effect from 1<sup>st</sup> April 1999 the revised policy for "part empty" relief, as detailed above.
- 8.3 That the Director of Finance be authorised to uprate annually the thresholds applicable to sports club reliefs in line with the retail price index (all items).

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**Director of Finance**

**Date 30<sup>th</sup> January 2001**

## **BACKGROUND PAPERS**

- 1. Report to Falkirk Council Resources Committee, 10<sup>th</sup> December 1996.
- 2. Report to Falkirk Council Policy, Performance and Review Committee, 25<sup>th</sup> March 1999.

Any person wishing to inspect the above background papers should contact 01324 506990 or 01324 506989.