

Non-Domestic Rates

Explanatory notes on relief for Charities and other 'not-for-profit' Organisations

The Local Government Finance Act 1988 provides for giving relief to charities and other similar organisations. These provisions fall within two categories:

1. Mandatory Relief

This relates to a registered charity or trustees for a charity. The provisions, with minor variations, are applicable to both occupied and unoccupied rate liabilities.

Where a property is **occupied** by a charity or trustees for a charity, and is used wholly or mainly for charitable purposes (whether of that charity or of another charities) the charge is to be 20% of the normal rate charge.

Unoccupied property liability provides that where the ratepayer is a charity or trustees for a charity, and it appears that when **next in use** the property will be wholly or mainly used for charitable purposes (whether of that charity or of another charity), the charge is to be 10% of the full rate charge.

2. Discretionary Relief

- a. Additional discretionary relief of up to 20% can be granted to those institutions or organisations which received 80% mandatory relief as registered charities (as above).
- b. Discretionary relief may also be granted up to 100%,
 - i. to certain bodies or organisations who are not conducted for profit **and** whose main objects are charitable or are otherwise philanthropic, religious, concerned with education, social welfare, science, literature or the fine arts;
or
 - ii. where the property is wholly or mainly used for the purposes of recreation **and** all or part of it is occupied for the purposes of a club, society or other organisation not established nor conducted for profit.

The City Council uses the following criteria when considering discretionary relief. These criteria are based upon guidelines provided by the Dept of the Environment (now called the Dept of the Environment, Transport & Regions).

1. The extent to which the facilities provided indirectly relieves the Council of the need to do so, or enhance and supplement those which it does provide.
2. The local impact made by the organisation.
3. Premises should be accessible, that is, that anyone who wishes to use the facilities and services can do so - this refers to more than just physical

access to buildings but also costs for services and membership fees. The facilities should be open to all sections of the community with evidence of how the organisation actively encourages membership from particular groups in the community. Any subscription levels for membership should not be set at such a level to exclude the general community (the Council uses £50 as a guideline). There should be a differential fee structure for such groups as young people, women, older age groups, people with disabilities, ethnic minorities, etc. In addition, a social club should be affiliated to a body such as the Club and Institute Union to demonstrate its open access.

4. The provision of any training or education schemes for members or service-users.
5. The use of facilities by people other than members and the manner in which this is advertised to the community as a whole.
6. The balance between sporting and social activities will be an important factor – the existence of a bar or catering facilities should not in themselves preclude the granting of relief but must not exceed 50% of total income.
7. At least 75% of the membership should be Liverpool residents.
8. The provision of grants to the organisation by other organisations.
9. The surplus of funds and the distribution / use of such funds.
10. The cost to the ratepayer of granting relief will be less than a cash grant.
11. The extent to which the granting of relief will reduce the cost of administering a charity, and therefore release more funds to further its objects.
12. The financial impact on the City Council given that agreed budgets cannot be exceeded.

The Council may require any information it sees as reasonable to be provided in considering any application for rate relief; this will include constitutions and annual accounts.

