

## **Sandwell Metropolitan Borough Council Discretionary Rate Relief Detailed Criteria and Application Guidance for NON PROFIT Organisations**

### **Background**

#### **1. What is Mandatory and/or Discretionary Rate Relief?**

Mandatory and/or Discretionary Rate Relief (DRR) is a reduction in the amount of rates payable by organisations, who occupy non domestic properties. **It is not a relief for individuals paying Council Tax.**

##### **i) Mandatory Rate Relief**

This rate relief is mainly for registered charities, registered friendly societies (such as housing organisations) and registered community amateur sports clubs who are eligible to apply for the 80% mandatory rate relief in their rates bill.

##### **ii) Discretionary Rate Relief (DRR)**

This rate relief is for organisations eligible to be considered as set out in the Local Government Finance Act 1988. For non-profit organisations this is generally a 20% 'Top Up' paid alongside the 80% charity relief, bringing the total relief up to 100%

### **Detailed Criteria and Policy**

#### **2. Who can apply for DRR in Sandwell?**

To be considered for DRR in Sandwell the premises must be located in Sandwell, and an organisation must be at least one of the following types of organisations:

##### **i) \*Charities**, including charity shops, that are rate payers occupying premises used wholly or mainly for charitable purposes.

(\*For rating purposes, a charity is defined as an institution or other organisation established for charitable purposes only or any persons administering a trust established for charitable purposes only.)

##### **ii) Non profit organisations**, that is, established or conducted for non-profit that are not charities but can demonstrate their main objectives are 'charitable', 'philanthropic, religious, or concerned with education, social welfare, science, literature or the fine arts' or who use premises mainly for recreation. (For example: social/ work skills training with intention of improving employment opportunities for disadvantaged groups).

**Please note** – If an organisation reinvests or distributes any of its surpluses or assets (this includes share dividends) in cash or in kind, to its members or third parties it will not be considered as a non profit organisation.

Charities and non profit organisations, that would be eligible to be considered for DRR in Sandwell, must deliver services in Sandwell, be value driven - for the social good, be non-governmental and be non party political.

These could include the following:-

- **Voluntary organisations** – A formal organisation run by a management body made up of volunteers who are engaged in that activity for environmental, cultural or social good
- **Community groups** – A community organisation, less formally organised body run by a management body made up of volunteers who are engaged in that activity for environmental, cultural or social good
- **Tenants and residents groups**
- **Faith groups**  
(Please note – Registered places of worship are exempt from paying rates)
- **Housing associations** – These include registered friendly societies (Industrial and Provident Societies)
- **Co-operatives and social enterprises** – That are set up to benefit the public at large rather than its members and could include: community businesses, community enterprises, community interest companies, credit unions, development trusts, social businesses and social firms
- **Amateur sports organisations** – These include registered community amateur sports clubs

that have one or more of the following structures/ forms:

- Community interest companies limited by guarantee
- Community interest companies limited by share (schedule 2 including an asset lock of 100%)
- Not for profit trade associations
- Charitable trusts
- Companies limited by guarantee
- Unincorporated groups
- Wholly owned trading arms

### **3. How will the Council assess individual applications for DRR?**

Each application for DRR will be judged on its individual merits, but it must first be eligible to be considered for DRR, by being from one of the types of organisations, as listed above in section 2.

Organisations submitting applications for DRR will need to provide information relating to the:

- i) The premises and premises activities
- ii) The premises activity beneficiaries
- iii) The organisation's premises related finances

**i) The premises and premises activities**

- The premises must be used mainly to provide or support services that are 'charitable', 'philanthropic, religious, or concerned with education, social welfare, science, literature or the fine arts' or who use premises mainly for recreation. For example, a mutual using its premises mainly for building society activities is likely to be rejected for DRR in Sandwell.

(Please note – Support services could include support service offices, car parks or storage areas. Premises that provide support services for activities outside Sandwell are likely to be rejected for DRR.)

- Premises activities should provide or support activities which directly relieve the Council of the need to do so; or enhances or supplements those, which it does provide.
- The premises should meet the community's needs for services and facilities.
- The premises should not mainly be for social activities.
- Head quarters for national and regional charity organisations based in Sandwell should support services that benefit people in Sandwell.
- The premises must not be empty. However, empty premises owned by a charity or community amateur sports club are currently exempt from having to pay rates.

**ii) The premises activity beneficiaries**

- The premises must be used for the purpose of delivering, or supporting the delivery of, the organisation's objectives to the benefit of Sandwell people.
- The majority of premises activity service users/ beneficiaries must reside in Sandwell.
- Premises activities must be available to all sections of the community in Sandwell.

**(Please note** – Any organisations that do not have open membership, or membership rules that may restrict certain sections of the community in Sandwell, are likely to be rejected for DRR. Such restrictions may relate to gender, age, ethnicity, disability or the ability to pay any membership fees. However, premises activities could primarily be for the benefit of a specific community or groups, for example, young people, older people, people with disabilities, ethnic minorities.)

### **iii) The organisation's premises related finances**

- The organisation must principally reinvest any financial surpluses, from the premises to further environmental, cultural or social objectives that bring a significant community benefit to Sandwell.  
**(Please note** – The organisation must reinvest at least 50% of their financial surpluses from the premises for community benefit in Sandwell. For example, regional and national organisations will need to reinvest at least 50% of their financial surpluses, which arise from their work in Sandwell, for community benefit in the borough. When requested by the Council, organisations must provide evidence illustrating any reinvestment of surpluses.)
- The organisation must not use profit that is normally reinvested into the organisation, to pay management a salary
- The Council will not normally award DRR to sports and social clubs supported financially by private companies or any other major suppliers, where the cost of rates or any financial deficit, would otherwise be met by the company/ supplier or where the financial support already given by the company/ supplier, is substantial.
- The Council may not award DRR to organisations that appear to be capable of supporting themselves financially, without the need for assistance from the Council. This may be due to high proportions of income from bars and gaming machines.
- The Council will not award DRR to organisations, such as Academy and NHS Trusts, that receive funding directly from taxation by any government department or agency in the provision of any function under any statutory duty

## **Application Guidance**

### **4. How to submit an application for discretionary rate relief for non profit organisations in Sandwell?**

#### **i) Application Process**

- Organisations should only apply if they consider themselves to be potentially eligible for discretionary relief (please refer to parts 2 and 3 above).
  - All applications must be made online via the Council's website by completing the electronic application form

- Please read the guidance notes before you apply
- You can read the guidance notes *and* apply for Discretionary Rate Relief online at [www.sandwell.gov.uk/charitablerelief](http://www.sandwell.gov.uk/charitablerelief)
- You may wish to leave the guidance notes open whilst completing the form for your reference
- You can also upload the supporting evidence that we need as part of completing the form (details below)
- If you have not already done so, you will need to sign up for a MySandwell account to access the form.
- Please ensure that you quote your business rates account number on the form when asked. This is an eight digit number that starts with a 5 and can be found on your bill.
- If you encounter difficulty submitting the form, some common reasons may be as follows:-
  - you have not completed each section fully (the colour of the box outline/ border of the text box changes to red if more information is required in that particular field)
  - you have indicated on the form that you have attached documents/evidence but you have not yet attached/uploaded the documents
  - the documents you are trying to attach/ upload exceed the maximum size capacity allowed. If this happens you need to email them separately to [business\\_rates@sandwell.gov.uk](mailto:business_rates@sandwell.gov.uk) making sure you quote your business rates account number; organisation name and address on each document

- **Organisations must apply for DRR every year.** Applications for the forthcoming financial year can be made in advance, by mid January of current financial year. This enables the Council to have sufficient time for the applications to be assessed, decisions to be made and any revised bills to be issued before the start of the forthcoming financial year.
- However, applications can be submitted at any point during the financial year 1 April to 31 March. Prior to 1<sup>st</sup> April 2024 an application for the previous financial year had to be received and assessed by the 30<sup>th</sup> September for any rate relief granted to be backdated to 1 April of that previous financial year, or the date at which the premises were first occupied.

*For example:*

An application for the financial year 2022/23 (covering the period 1 April 2022 to 31 March 2023), is received by the Council in time for it to be assessed and approved before 30 September 2023, the DRR would be backdated to 1 April 2022.

From the 1<sup>st</sup> April 2024 the local authority is able to operate relief without restriction in respect of the financial year 2023/24 onwards.

### **\*\*Relevant Documents**

The following documents must be attached to your organisation's completed application form for DRR:

- The organisation's Constitution or Terms of Reference and, if appropriate, the organisation's membership rules.
- The organisation's Equal Opportunities Policy or an analysis of membership, users of service, action to address needs of people with disabilities, people from ethnic minority backgrounds, women and disadvantaged groups.

**Please note** – Any organisation seeking DRR should have an appropriate policy that aims to give equality of opportunity to the people in the community it serves and to any employees or volunteers. It should be able to demonstrate that the way it operates does not unfairly discriminate against any sections of the community. It should not have any restrictions on membership that effectively exclude some sections of the community from being able to use its facilities.

- The organisation's Annual Accounts. These can be the last 2 years accounts or statements of the organisation's financial position.
- The organisation's income and expenditure details, if the organisation is newly established. Newly established would be if the organisation has been in existence for less than 2 years.

Then details of the organisation's income and expenditure are required since the date of its establishment.

- **Important note** – The Council may not be able to assess an organisation's application for DRR if the relevant information and documents are not forwarded with the completed application form.
- **Payment** - Until an organisation's application has been assessed as satisfactory and a decision made, organisations are required to pay the amounts shown on their rates bill by the due dates.
- **Fraud** - where we suspect that an organisation is trying to fraudulently apply for discretionary rate relief by falsely declaring their circumstances or providing a false statement or evidence in support of their application, the matter will be investigated under The Fraud Act 2006. We may also share information with other bodies responsible for administering public funds or auditing for the purposes of detection and prevention of fraud.
- **Freedom of Information Act 2000** - The Council may be requested to make accessible, information that you provide, under the Freedom of Information Act 2000.

## ii) Unsuccessful applications

- Under the Local Government Finance Act 1992, there is no right of appeal against the Council's use of discretionary powers. However, the Council will accept a customer's request for a re-determination of its decision.
- If an application for DRR has been refused, applicants have the opportunity to request a re-determination.
- All requests must be made in writing, within one month of the Council's decision and can be sent to [business\\_rates@sandwell.gov.uk](mailto:business_rates@sandwell.gov.uk).
  - Requests will be considered by a panel of at least 2 officers<sup>1</sup> who were not involved in the original decision, who will review DRR applications, and any supporting evidence, and seek clarifications from applicants if necessary.
  - A re-determination officer will contact applicants directly, regarding re-determination decisions, usually within one month of receiving re-determination requests.
- If an unsuccessful applicant decides to make a request for re-determination they will still need to continue to pay their rates bill. If the request is successful, the rates bill will then be adjusted.

End