

**APPENDIX 1  
PROCEDURE AGREED TO DETERMINE CLAIMS  
FOR DISCRETIONARY RATE RELIEF**

**Procedure agreed in determining claims for discretionary rate relief**

1. In accordance with the Government's guidance there are 15 points which require consideration and it was decided that the following ground rules be adopted:

<b>Ground Rule</b>		<b>Remarks</b>
a)	Where a charity or non-profit making organisation fulfils less than 8 of the points	In such cases, no relief be granted
b)	Where a charity or non-profit making organisation fulfils 8 or more of the points	In such cases, consideration be given to the level of relief to be granted
c)	Where (b) above applies in considering whether or not to grant relief	That regard is had to: (i) the financial position of the charity or organisation; and (ii) the cost to the council tax payer

**Considering the level of relief**

**Registered charities applying for discretionary relief**

2. Under the provisions of the Local Government Finance Act 1988, registered charities are automatically entitled to receive 80% mandatory relief and there is power to grant up to a further 20% at the Committee's discretion.
3. It was agreed that consideration be given to allowing this additional relief up to the full 20% level of relief allowed by law.
4. To determine the maximum level of the additional relief to be granted, the following was adopted:

<b>Points fulfilled</b>	<b>Maximum additional relief to be granted</b>
0 to 7	Nil
8 or 9	5%
10 or 11	10%
12 or 13	15%
14 or 15	20%

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5. In all cases, before determining what relief should be granted, consideration must be given to:
- a) the financial position of the charity; and
  - b) the cost to the council tax payers, who bear 75% of any additional amount allowed.

**Non-profit making organisations applying for discretionary relief**

6. Under the provisions of the Local Government Finance Act 1988, the Committee has power to grant up to 100% relief at its discretion.
7. It was agreed that consideration be given to allowing additional relief up to the full 100% level allowed by law.
8. To determine the level of relief to be granted, the following was adopted:

<b>Points fulfilled</b>	<b>Maximum relief to be granted</b>
0 to 7	Nil
8 or 9	25%
10 or 11	50%
12 or 13	75%
14 or 15	100%

9. In all cases, before determining what relief should be granted, consideration must be given to:
- a) the financial position of the non-profit making organisation; and
  - b) the cost to the council tax payers who bear 25% of the amount allowed.

**Criterion effective from 1 April 2013**

10. For 2013/14 onwards the annual maximum amount of discretionary rate relief granted to any organisation is limited to £300,000.

**Criterion effective from 1 April 2014**

11. For 2014/15 onwards no discretionary relief will be granted to hospitals funded by the National Health Service or similar Government funded organisations.

**APPENDIX 2  
CRITERIA ADOPTED FOR CONSIDERING CLAIMS  
FOR DISCRETIONARY RATE RELIEF**

CRITERIA	MODEL ANSWER
<p>➤ <u>ACCESS</u></p> <p>1) Can any individual from the community, become a member of the organisation? If there is no membership structure, can any individual assist in the organisation's administration and decision making process?</p>	YES
<p>2) Are there any restrictions on membership, which require a high level of achievement, which would exclude the general Community? If there is no membership structure, is the organisation aimed at providing services to specialised groups of individuals such as Doctors, Lawyers, and other highly qualified individuals?</p>	NO
<p>3) Is the membership or voting rights of the organisation determined by the votes of existing members or is it restricted by the trustees/management of the organisation in any way?</p>	NO
<p>4) Does the organisation work for the benefit of particular deserving groups within the Community? (E.g. young people, women, ethnic minorities or the sick and disabled).</p>	YES
<p>5) Does the organisation make its facilities and or make services available to all sections of the community irrespective of membership? (E.g. buildings, schools, casual public sessions, publications, helplines etc.).</p>	YES
<p>6) Are non-members excluded from using the organisation's facilities, or from using services, provided by the organisation?</p>	NO
<p>➤ <u>PROVISION OF FACILITIES</u></p> <p>7) Does the organisation provide training or education for its members or education for the benefit of the community as a whole?</p>	YES

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CRITERIA	MODEL ANSWER
8) Are there schemes for particular groups to develop their skills? (e.g. young, retired or disabled persons)	YES
9) Did the organisation's membership pay for the provision and improvement of its facilities?	YES
10) Were the facilities funded by grant aid?	NO
11) Is the provision of a licensed bar the main purpose of the organisation?	NO
12) Does the organisation provide a service provided by the City of London? If so does this organisation assist in meeting the needs of the Community as a whole?	YES
<p style="text-align: center;">➤<u>OTHER CONSIDERATIONS</u></p> 13) Is the organisation affiliated to or does it have close and identifiable links with other local or national organisations? (E.g. public bodies, local sport bodies, charities, arts councils or national representative bodies).	YES
14) Is there an active involvement in the local or national development of the organisation's interest?	YES
15) Is the membership drawn from, or does the organisation directly benefit, the residents of the City of London?	YES

## **APPENDIX 3 FINANCIAL MODEL**

### **Model agreed by the Finance Committee to assess the financial strength of organisations applying for discretionary rate relief**

- A. The model only applies after the organisation has achieved a points score sufficient to qualify for a proportion of discretionary rate relief under the agreed criteria.
- B. Before the financial model is applied, the organisation must qualify under these procedures for a total amount of discretionary rate relief of at least £15,000 in the case of charities in receipt of mandatory rate relief, or at least £1,000 in the case of non-profit making organisations in receipt of discretionary rate relief only.
- C. The model is based on the latest published final financial accounts of the organisation.
- D. The organisation's financial strength is compared with the amount of discretionary relief calculated under the points score basis, in order to measure whether the organisation has sufficient resources to pay the amount of rates for which discretionary relief might otherwise be given. This is done by a two stage process:

#### **Stage 1                      Surplus Financial Position**

- i. Establish whether the organisation has an annual surplus on its general fund activities. Exclude one-off items and unrealised gains in order to reflect the annual operating position. These are included at a later stage within the net asset values.
- ii. Where the adjusted annual surplus is less than five times the total calculated amount of discretionary rate relief, do not reduce the amount of discretionary rate relief.
- iii. Where the adjusted annual surplus of charities entitled to mandatory rate relief is at least five times the total calculated amount of discretionary rate relief, do not consider charities any further for discretionary relief.
- iv. Where the adjusted annual surplus of non-profit making organisations is at least five times the total calculated amount of discretionary rate relief, award non-profit making organisations 50% of the amount of discretionary rate relief calculated according to their points score.

## Stage 2

### Net Assets Financial Position

- i. For organisations which do not have a surplus sufficient to result in a reduction under Stage 1, examine the amount of net assets available to the general fund activities.
- ii. Where the amount of net assets is less than ten times the total amount of discretionary rate relief proposed do not reduce the amount of discretionary rate relief.
- iii. Where the amount of net assets of charities entitled to mandatory rate relief is at least ten times the total amount of discretionary rate relief proposed, do not consider charities any further for discretionary relief.
- iv. Where the amount of net assets of non-profit making organisations is at least ten times the total amount of discretionary rate relief proposed award non-profit making organisations 50% of the amount of discretionary rate relief calculated according to their points score.
- v. However, if the net assets appear from the accounts to be insufficiently realisable, do not reduce the amount of discretionary rate relief.