

Comparison of Potential Levels of Relief Following Changes to Rate Relief Guidance

An illustration of the potential revised levels of relief should the new guidance be adopted has been tabulated below.

The revised levels of relief assume that all qualifying criteria are met and are shown so as to illustrate how the revised guidance will provide consistency in the Council’s decision making. The information is based on the organisation’s most recent application form, the form may have been submitted as long as 3 years ago, therefore the levels of relief may change when new information is provided.

Charities and Community Amateur Sports Clubs

All organisations listed are in receipt of 80% Mandatory Relief – any award of discretionary relief is a “top-up” awarded in addition to the mandatory relief.

Organisation	Existing Relief	Revised Relief	Comments
Example 1	20% Discretionary Rate Relief	0% Discretionary Rate Relief	Income above threshold; Surplus of £238,000 Cash reserves of £185,000. Removal of relief will result in liability of £3,229.40
Example 2	20% Discretionary Rate Relief	0% Discretionary Rate Relief	Income in excess of £6m per annum; significant reserves. Removal of relief will result in liability of £2,554.60
Example 3	20% Discretionary Rate Relief	20% Discretionary Rate Relief	Income of £5,000; expenditure in excess of income by £20,000 Reserves of £15,000. Reserves and Income of insufficient level to operate without support

Example 4	20% Discretionary Rate Relief	20% Discretionary Rate Relief	Income above threshold – expenditure in excess of Income. Limited reserves of £400 Relief to continue at existing levels.
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Charity Shops

All organisations listed are in receipt of 80% Mandatory Relief – any award of discretionary relief is a “top-up” awarded in addition to the mandatory relief.

Organisation	Existing Relief	Revised Relief	Comments
Example 1	20% Discretionary Relief	10% Discretionary Relief	Level of relief may reduce to 10% as the organisation operates on a regional basis within North Worcestershire and is not wholly for the benefit of residents of Redditch.
Example 2	20% Discretionary Relief	0% Discretionary Relief	Removal of relief determined by market principles. Second Hand furniture store
Example 3	0% Discretionary Relief	0% Discretionary Relief	No Change to award – charity operates on a national level
Example 4	20% Discretionary Relief	0% Discretionary Relief	Removal of relief - charity operates on a national level. Income of £77,000 Removal of relief will result in liability of £1,229.10 for 2014/15 rates year. This may be reduced to £229.10 by award of government funded retail relief.
Example 5	0% Discretionary Relief	0% Discretionary Relief	No Change to award – charity operates on a national level

Other Organisations in Receipt of Mandatory Relief

All organisations listed are in receipt of 80% Mandatory Relief – any award of discretionary relief is a “top-up” awarded in addition to the mandatory relief.

Organisation	Existing Relief	Revised Relief	Comments
Example	20% Discretionary Rate Relief	0% Discretionary Rate Relief	Operating surplus of £55,000 Reserves of £848,000 Removal of relief would result in liability of £233.77
Example 2	20% Discretionary Rate Relief	0% Discretionary Rate Relief	Operating Surplus of £18m in most recent accounts (2004) Removal of relief would result in liability of £154.24
Example 3	20% Discretionary Rate Relief	20% Discretionary Rate Relief	No Change to existing award of relief

Organisations not Eligible for Mandatory Relief

These organisations are not eligible for mandatory relief but can apply for discretionary relief under the existing and proposed policy.

Organisation	Existing Relief	Revised Relief	Comments
Example1	100% Discretionary Rate Relief	100% Discretionary Rate Relief	Income below thresholds full relief will be awarded No funds held in reserves

Example 2	20% Discretionary Rate Relief	0% Discretionary Rate Relief	Income below thresholds; Profit of £7,000 in previous 12 months. Reserves of £14,500 Removal of relief will leave liability of £453.08
Example 3	20% Discretionary Rate Relief	0% Discretionary Rate Relief	Income below thresholds; Profit of £2000 in previous 12 months Reserves of £20,000 Removal of relief will leave liability of £607.32
Example 5	37% Discretionary Rate Relief	20% Discretionary Rate Relief	Reduction in relief in line with revised guidance. Results in liability of £1,547.20
Example 6	50% Discretionary Rate Relief	20% Discretionary Rate Relief	Reduction in relief in line with revised guidance. Results in liability of £12,399.60