

**CYNGOR SIR POWYS COUNTY COUNCIL**

**County Council  
23<sup>rd</sup> February 2017**

**REPORT AUTHOR: County Councillor Wynne Jones, Portfolio Holder for Finance**

**SUBJECT: Question from County Councillor Gareth Ratcliffe**

**As a council we have to pay non-domestic rates on our buildings and under the present rules as well as town and community councils we are not able to apply for rate relief on our properties: this only applies to charities and not for-profit organisations.**

**Non-domestic rates are collected on behalf of Welsh Government. The figures for 2016/17 (current year) are that we will collect £28.1m and we will receive a redistribution amount of £40.5million.**

**I have been approached by resident raising concerns over the council's proposals to move buildings over to Town and Community Councils and have asked for clarification on the non-domestic rates.**

**The County Council will identify savings in the budget line for running costs by moving the non-domestic rates over to Town and Community Councils. Whilst doing this the Council is still receiving redistribution of the fund from WG thus having another budget line supported giving the perception that PCC are having 2 savings lines within the budget.**

**This is at the expense of local communities that are expected to fund the non-domestic rates through their town or community council precept. Thus the perception that this is double taxing local communities who take over local services in rural areas as they have to pay council tax and community tax. This is when the council centralise services to the major towns in our county such as Library services etc and not asking their community councils to contribute leaving it to the smaller communities.**

**Can the portfolio holder please brief the council on how the council could assist communities that wish to take over services that are subject to Non-Domestic rates?**

Answer from County Councillor Wynne Jones, Portfolio Holder for Finance

The responsibility for setting of Non-Domestic Rates (NDR) in Wales falls to Welsh Government. County Councils collect the NDR in their area on behalf of Welsh Government, and subsequently a portion of the NDR is redistributed to Local Authorities as a component of the annual funding settlement. In Powys we currently collect £28.1m and receive back within our settlement as part of the redistribution

£40.5million, making Powys County Council a considerable 'net gainer' under the current system.

We have transferred a number of buildings to organisations such as local trusts or charitable organisations and because of their non-profit making status these organisations qualify for relief from NDR. This means this is not a cost that they have to meet. A good example of such buildings are the many transfers of Community Centres that have taken place under the Community Asset Transfer (CAT) policy.

However, Town or Community Council are precept raising authorities and therefore do not qualify for NDR relief. As a result the NDR costs (and other relevant costs) need to be taken into account when considering a possible property transfer. These buildings, often of considerable capital value, are mostly transferred by the County Council for a nominal monetary amount. Therefore it would need extraordinary circumstances in which to warrant the award of a grant towards running costs as well.

In some circumstances Town/Community Councils can place transferred buildings into a trust, or create a registered charity, and then relief from NDR liability can be claimed.