

## Report to Cabinet and Council

27 January 2022

By the Cabinet Member for Finance

**DECISION REQUIRED REPORT**



Not Exempt

### 2022-23 Discretionary Rate Relief scheme

#### Executive Summary

This report provides Cabinet with a recommendation to amend the existing Discretionary Rate Relief scheme for charities and not for profit organisations. Cabinet is recommended to ask Council to approve extending the charitable relief extend to up to 100% for eligible organisations.

#### Recommendations

That the Cabinet is recommended:

- i) To refer the Discretionary rate relief scheme for 2022/23 as detailed in the appendix to Council for approval.

#### Reasons for Recommendations

- i) Discretionary rate relief is an annual scheme and therefore require an annual review and approval.
- ii) The increase in the level of rate relief to 100% will provide additional support for charitable and not for profit organisations.

**Background Papers:** none

**Wards affected:** All wards

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## **Background Information**

### **1 Introduction and Background**

- 1.1 Horsham District Council provides discretionary rate relief to charities and not for profit organisations rate relief under s47 of Local Government Finance Act 1988.
- 1.2 The scheme should be reviewed and authorised annually by both Cabinet and Council, even when no changes are proposed to the scheme.

### **2 Relevant Council policy**

- 2.1 The charities and voluntary organisations that will benefit from this change support the Council's objectives to make Horsham District a great place to live, to have healthy and safe communities and care for our environment.

### **3 Details**

- 3.1 Horsham's Discretionary rate relief scheme provides financial support to charitable organisations and not for profit organisations by reducing their non-domestic rate liability by up to 100%. For charitable organisations this is by means of a top up to their entitlement of 80% mandatory charitable relief and for not for profit organisations discretionary relief of up to 100% may be applied to the rate account.
- 3.2 The current scheme provides for Discretionary Rate Relief to normally be limited to 50% of the amount payable and a maximum amount of £8,000 (after any mandatory relief has been granted) unless:
  - i. In the opinion of the responsible Cabinet Member, the services provided by the organisation contribute to reducing public expenditure and would otherwise be met by the taxpayer if the service was no longer provided by the organisation.
  - ii. The organisation, in the opinion of the Cabinet Member is helping the priorities of the Council as described in its Corporate Plan to a considerable degree, and so may be awarded a relief grant of up to 75% to a maximum of £8000.
- 3.3 The proposed scheme is to remove the cap on the amount of relief that can be awarded so that all eligible organisations can receive up to 100% rate relief. This will provide clarity and transparency on the award process and enable up to 40 existing relief recipients to receive additional financial support through reductions in the rate bill.
- 3.4 The estimated cost of this additional award is £40,000 per year. The cost of discretionary rate relief is shared between Horsham District Council, West Sussex County Council and Central Government with Horsham District Council bearing the burden of 40% of the cost of the total award of discretionary rate relief.
- 3.5 The recommendation of this report is that the proposed scheme be adopted for 2022/23.

## **4 Next Steps**

- 4.1 This proposal report is submitted to Council for approval. The scheme will be implemented in the annual Business Rates bills issue in March for payment in 2022/23.

## **5 Views of the Policy Development Advisory Group and Outcome of Consultations**

- 5.1 This proposal was presented to the Finance & Assets PDAG on 19<sup>th</sup> May 2021. In the light of difficulties charities and not for profit organisations were facing especially due to the pandemic the PDAG supported consultation on the proposed change.
- 5.2 A public consultation on the proposed changes was undertaken in September 2021, no responses were received.
- 5.3 Consultation letters were sent to the organisations that are currently in receipt of Discretionary Rate Relief in October 2021, no responses were received.
- 5.4 West Sussex County Council and The Police & Crime Commissioner were asked for comments on the proposed changes. No objections to the proposed changes were received.

## **6 Other Courses of Action Considered but Rejected**

- 6.1 To retain the existing policy where limits on the amount of relief granted are normally limited to 50% of the amount payable and a maximum amount of £8,000 (after any mandatory relief has been granted) unless:
- a) In the opinion of the responsible Cabinet Member, the services provided by the organisation contribute to reducing public expenditure and would otherwise be met by the taxpayer if the service was no longer provided by the organisation.
  - b) The organisation, in the opinion of the Cabinet Member is helping the priorities of the Council as described in its Corporate Plan to a considerable degree, and so may be awarded a DRR grant of up to 75% to a maximum of £8000.

This was rejected as the proposed scheme will improve clarity and transparency as well as providing additional financial support to charitable and not for profit organisations.

## **7 Resource Consequences**

- 7.1 The financial cost of this change is approximately £40,000 to the Collection Fund. This translates to approximately £16,000 to Horsham District Council.

## **8 Legal Considerations and Implications**

- 8.1 The legal authority for the award of Discretionary Rate comes from S47 of Local Government Finance Act 1988.

## **9 Risk Assessment**

- 9.1 There is a negligible increase in risk to the Collection Fund of this change.

## **10 Procurement implications**

- 10.1 There are no procurement implications stemming from the recommendation.

## **11. Equalities and Human Rights implications / Public Sector Equality Duty**

- 11.1 The change will benefit charitable and not for profit organisations. This may have a minor positive impact on equalities through leaving them with more money for their charitable and not-for-profit activities.

## **12 Environmental Implications**

- 12.1 The change will benefit charitable and not for profit organisations. This may have a minor positive impact on the environment through leaving them with more money for their charitable and not-for-profit activities.