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NON-EXEMPT

# HAVANT BOROUGH COUNCIL

CABINET

21 September 2022

## Business Rates – Discretionary Rate Relief - Review

### FOR RECOMMENDATION TO COUNCIL

Portfolio Holder: Cllr Tony Denton

Key Decision: No

Report Number: HBC/075/2022

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#### 1. Purpose

- 1.1. This paper is submitted to Cabinet to approve a revised discretionary Business Rate Relief Scheme.

#### 2. Recommendation

- 2.1. Members are requested to recommend Full Council to approve the updated Discretionary Rate Relief Scheme as detailed in Appendix A

#### 3. Executive Summary

- 3.1. This report outlines the review of the discretionary rate relief, for charities, not for profit organisations and hardship relief and updates the existing scheme.
- 3.2. The updated scheme supports the Corporate Strategy in promoting healthier and more active residents by increasing the financial support to sports clubs. The review of the hardship scheme supports a thriving borough economy by financially supporting businesses in certain situations.
- 3.3. Appendix A details the updated Discretionary Business Rates Relief Scheme whereas Appendix B contains a list of organisations who have been, and will, receive Discretionary Rate Relief from the Council.

#### **4. Additional Budgetary Implications**

- 4.1. Government funds 50% of all mandatory and discretionary business rates relief with Havant Borough Council having to fund a 40% share. The proposed changes to mandatory / discretionary rate relief will impact on the retained business rates, however the net amount to HBC, (being only £16k more than the current scheme), is not material. Hardship Rate Relief will be determined on a case-by-case basis.

#### **5. Background and relationship to Corporate Strategy and/or Business Plans**

- 5.1. The existing business rates relief scheme has not been reviewed for several years and therefore requires updating.
- 5.2. The Charities Act 2011 broadened the meaning of 'charitable purpose' to include 'advancement of amateur sport'. This change has now been applied to all organisations within the borough which is reflected in Appendix B. This review also ensures that the updated scheme is applied consistently across all organisations.
- 5.3. The scheme supports the Corporate Strategy in promoting healthier and more active residents by increasing the financial support to amateur sports clubs. The Hardship Rate Relief element has been expanded to help businesses to apply and officers to administer. The review of the hardship scheme supports a thriving borough economy by financially supporting businesses in certain situations.
- 5.6. Historically, the Council has not provided discretionary rate relief to businesses in receipt of the mandatory rural rate relief. The amendment to now award discretionary rural rate relief again supports a thriving borough economy.

#### **6. Options considered**

- 6.1. The Council is required to apply 80% Mandatory Rate Relief, as per the legislation, but also has discretion to apply further relief up to a maximum of 20%, where mandatory relief has been applied. There is also discretion to award up to a full 100% rates relief where no mandatory relief has been applied.

#### **7. Resource Implications**

- 7.1. Central government provide 50% funding for Business Rates Relief with Havant Borough Council funding 40%. The funding apportionment is the same for both mandatory and discretionary relief as follows:

- Central Government – 50%

- Havant Borough Council – 40%
- Hampshire County Council – 9%
- Hampshire Fire and Rescue – 1%

7.2. The adoption of this updated discretionary relief scheme means that over 30 new organisations will benefit from business rates relief. Overall, discretionary rates relief offered by the Council will support over 80 organisations amounting to £169,443, with a net cost to HBC revenue budgets of £67,777 (40%)

**Section 151 Officer comments**

Havant Borough Council has accounted for reduced income from discretionary business rates relief within the base revenue budget. The adoption of a formal scheme, applied consistently to all relevant organisations, will result in a further, relatively small, net cost to the council of circa £16k

7.3. Human Resources Implications

There are no Human Resources implications resulting from this report.

**8. Legal Implications**

**Deputy Monitoring Officer comments**

This report presents a revised Discretionary Business Rates Relief Scheme which, if approved, will form part of the Council's overall Budgetary and Policy Framework. The proposals will benefit a number of local organisations at a small net cost to the authority. The changes are considered to be consistent with the Council's wider policy ambitions in encouraging healthier lifestyles and supporting the local economy.

8.1. The powers relating to the granting of mandatory and discretionary relief are given to the authority under the Local Government Finance Act 1982. Charities and Trustees for Charities are only liable to pay one fifth of the Non Domestic Rates that would otherwise be payable where property is occupied and used wholly or mainly for charitable purposes. This amounts to mandatory relief of 80%. For the purposes of the Act a charity is an organisation or trust established for charitable purposes, whether or not it is registered with the Charity Commission. The provision was extended under the Local Government Act 2003 to registered Community Amateur Sports Clubs.

8.2. The authority has discretion to grant relief of up to a further 20% for these cases under the discretionary provisions.

## **9. Consultation and Communication**

9.1. Adoption of this discretionary business rates relief scheme ensures that the Council complies with government, and other relevant legislation, such as the Charities Act 2011.

9.2. Consultation has taken place with the Portfolio Holder for Finance, Leader of the Council and wider Cabinet. The Revenues and Benefits Contract Manager has been fully engaged throughout.

9.3. Key stakeholders will be informed of the new scheme with the Council's website updated accordingly.

## **10. Appendices**

10.1. Appendix A – Updated Discretionary Rate Relief scheme  
Appendix B – List of Business rate accounts with discretionary relief applied

### Agreed and signed off by:

Portfolio Holder: Cllr Tony Denton – 14<sup>th</sup> July 2022

Deputy Monitoring Officer: Alan Harrison – 1 September 2022

Section 151 Officer: Malcom Coe – 5 September 2022

### **Contact Officer**

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