

BUSINESS SUPPORT OVERVIEW & SCRUTINY COMMITTEE

5 JANUARY 2017

BUSINESS RATE RELIEF

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Summary

This report outlines the proposed options for a revised set of guidelines for the award of discretionary relief from National Non-Domestic (Business) Rates for charities and other non-profit making organisations.

1. Budget and Policy Framework

- 1.1 It is the Cabinet's responsibility to propose a budget to be agreed by Council. The discretionary rate relief scheme will have an impact on the budget requirement. The consequences of dealing with these issues will impact on the level of council tax.
- 1.2 Following consultation, approval of the discretionary rate relief scheme will be a matter for Cabinet.

2. Background

- 2.1 National Non-Domestic Rates (NNDR) or "business rates" are payable by owners of non-residential premises in accordance with the Local Government Finance Act 1988.
- 2.2 The 1988 Act, as amended, gives the Council mandatory powers to award rate relief, as well as discretionary powers to award rate relief in certain circumstances. This includes discretionary powers to grant relief from non-domestic rates on property occupied by charities and other non-profit making organisations. Currently the cost of any relief is shared between Medway Council (49%), the Government (50%) and Kent & Medway Fire & Rescue Authority (1%).
- 2.3 Current policy for the determination of awards of relief and the guidelines that underpin such awards were set out in a report to Cabinet on 12 March 2013 and can be found at Appendix 1.
- 2.4 On 8 March 2016 Cabinet agreed to rescind the existing guidelines with effect from 31 March 2017 (Decision 44/2016) and to receive a further paper

proposing a revised set of guidelines to be implemented from 1 April 2017 (Decision 45/2016).

- 2.5 On 6 September 2016 Cabinet authorised officers to consult on the three options, including the preferred option, outlined at section 4 below (Decision 107/2016).
- 2.6 An important background point to note is that the Council is not responsible for determining the rating assessment of a property. That duty rests with the Valuation Office who determines the rateable value of all properties.
- 2.7 For the organisations without charitable status to be eligible for this particular relief they have to be a non-profit making body. In addition, their premises must be used for charitable, philanthropic or religious purposes, or concerned with education, social welfare, science, literature or the fine arts, or used wholly or mainly for recreation by a not-for-profit club or society.

3. The Current Position

3.1 Discretionary Relief is currently awarded over the following categories:

- Discretionary rate relief up to 100% of the rates bill
- Discretionary top up relief, granted to some organisations in receipt of mandatory relief to take relief up to 100% of rates bill (registered charities receive mandatory rate relief at 80% of rates bill).

3.2 Current discretionary relief levels to organisations already in receipt of mandatory relief are in practice are almost exclusively 20%. As the table in section 3.3 shows, the Council is currently awarding some £393,843 of top up discretionary relief in 2016/17 costing the Council £192,983.07.

3.3 As at 30 November 2016 the Council had granted the following amounts of relief:

Description	% funded by Medway Council	Amount of Relief £000's	Cost to the Council £000's
Mandatory relief	49	8,622.9	4,225.2
Discretionary top up	49	393.8	193.0
Discretionary relief only	49	203.1	99.5
Total		9,219.8	4,517.7

4. Options

4.1 The three options consulted upon are as follows

4.1.1 Option 1

Reinstate the current guidelines whereby all charities, not for profit organisations and community amateur sports clubs would be treated the same and receive the maximum relief of 100%. Under this option these organisations would not have to make any contribution towards their rates

bill. The cost to the Council of this option would be approximately £300,000.

4.1.2 Option 2

This is the Council's preferred option and will involve the implementation of guidelines with a variable level of discretionary relief based on the purpose of the charity, not for profit organisation or community amateur sports club.

Principle	Charities or CASCs			Not for profit organisations
	Mandatory Relief (%)	Top-Up Discretionary Relief (%)	Total relief (%)	Discretionary Relief (%)
Supporting vulnerable people	80	20	100	100
Animal Welfare	80	0	80	70
Lifestyle	80	0	80	50
Heritage & Regeneration	80	0	80	0
Charity Shops and Cafes	80	0	80	0

When awarding top up relief and discretionary relief this option gives priority to organisations seeking to improve the quality of life for children, the elderly, disabled or otherwise vulnerable members of society. It would reduce support for organisations supporting animal welfare or conservation and those supporting lifestyle choices (arts, entertainment, leisure, fee paying education etc.). It would not offer any support to organisations supporting heritage and regeneration. It would also limit charity shops and cafes to receiving their mandatory relief.

The cost to the Council of this option would be approximately £107,000.

4.1.3 Option 3

Charity and community amateur sports club properties in receipt of mandatory relief (a reduction in their business rates bill of 80%) would not receive any discretionary top up. Any not for profit organisation properties who currently receive 100% discretionary relief would have their award limited to 80% discretionary relief.

This option would mean that all charity, community amateur sports clubs and not for profit organisation properties would have to pay 20% towards their business rates bill.

The cost to the Council of this option would be approximately £73,000.

5. Advice and analysis

- 5.1 The receipt of relief from business rates can be a lifeline for many voluntary organisations, which in turn help to contribute to the educational, philanthropic, religious or cultural needs of Medway residents.
- 5.2 The Council's contribution towards funding the relief (49%) is fairly high. With the Government suggesting local authorities will be able to retain all Non Domestic Rating income within a few years, the cost borne by Medway Council would increase considerably.
- 5.3 By applying a fixed term of, say, three years to the new guidelines a degree of certainty can be afforded to the organisations affected and accords with previous practice.
- 5.4 The change in guidelines is likely to lead to an increase in appeals, and it is important that the Council has a robust process in place. Previous policies relating to retail relief, new build relief and re-occupation relief contain the following:

'Appeals against a refusal to grant relief will be dealt with as follows:

- Initial review by the Revenues and Benefits Service Manager;
- Second stage review by the Chief Finance Officer;
- Final appeal to Cabinet.'

6. Risk management

Risk	Description	Action to avoid or mitigate risk
Increased caseload	Likelihood D (Low) Impact 3 (Marginal) Sudden influx of new charity occupiers into the Medway area resulting in extra awards and associated cost	Monthly monitoring of relief awarded & return to Cabinet for new guidelines if appropriate.
That smaller charities and not for profit organisations become no longer financially viable	Likelihood D (Low) Impact 3 (Marginal)	A robust appeals process and the safety net of the Council's hardship relief policy.

7. Consultation

7.1 Consultation methodology

The consultation was a survey enabling respondents to give their views on the identified options for a discretionary business rate relief scheme, as well as enabling respondents to make their own suggestion. The Discretionary

Business Rates survey was available to members of the public and organisations for a period of 12 weeks between 15 September and 7 December 2016.

- The consultation was sent in hardcopy format directly to each of the affected organisations within Medway,
- The survey was made available via the Council’s website (medway.gov.uk) where respondents could complete the survey online.
- Hardcopies of the survey were made available at libraries and community hubs and were available to organisations and members of the public on request.
- In order to ensure the survey was widely promoted it was featured twice in the My Medway e-mail sent to subscribers of the Medway Council e-mail list.
- The survey was shared with businesses via town centre managers.

7.2 Who responded

This results analysis has been conducted on 157 responses received. Respondents were asked if they were responding as an individual or an organisation. There were 156 respondents who answered this question with 75 respondents (48.1%) stating that they were replying as an individual and 81 respondents (51.9%) responding as an organisation.

Based on the two groups of respondents; individual respondents had a margin of error of +/- 11.4% and organisation respondents a margin of error of +/- 11% at a 95% confidence level. It should be noted that sub groups will have larger margins of error, therefore only statistically significant difference between respondents are noted within the analysis. Some sub groups were too small for there to be any statistically significant differences.

7.2.1 Individual Respondent Profile

All 75 individual respondents were asked if they were a resident of Medway; 67 respondents (89.3%) were resident in Medway and 8 (10.7%) were not resident. Not every respondent gave an answer to every question. 52 respondents (70.3%) stated that were associated with an affected organisation, 20 respondents (27%) stated they were not and a further 2 respondents (2.7%) did not know. (Base 74 respondents). Of those 52 respondents 44.2% were associated with a charity, 42.3% with a community amateur sports club, 34.6% with a not for profit organisation and 3.8% another type of organisation.

All individual respondents were asked a series of demographic questions to better understand who was responding. Respondents were more likely to be male (65.8%) than female (30.1%) (Base 73 respondents).

Age- 74 respondents answered this question

16-24	25-34	35-44	45-54	55-64	65-74	75 and over	I prefer not to say
3 4.1%	5 6.8%	11 14.9%	22 29.7%	17 23%	9 12.2%	3 4.1%	4 5.4%

76.4% of respondents stated that they did not have a disability, 18.1% stated they had a disability and 5.6% of respondents preferred not to say (Base 72 respondents).

Respondents were also asked their ethnicity 85.1% of respondents stated they were White and 4.1% from a Black or Minority Ethnic community and 10.8% preferred not to say.

7.2.2 Organisation Respondent Profile

All 81 organisation respondents were asked what type of organisation they were. Of those the vast majority were recipients of discretionary rate relief within Medway (90.1%), the next largest group was a charity, sports club or not for profit organisation not within Medway (6.2%) and the smallest group of respondents were business within Medway (3.7%).

The 73 respondents who were recipients of discretionary rate relief within Medway and businesses within Medway were asked some further questions. They were most likely to be a charity (68.5%), with community amateur sports clubs (15.1%), not for profit organisations (9.6%), other (5.5%) and don't know (1.4%). The main purpose of the organisations were self defined by respondents as supporting vulnerable people (46.6%), supporting lifestyle choices (23.3%), supporting regeneration or heritage (5.5%) and another main purpose (24.7%).

There were 3 respondents who stated that they were a business within Medway. There was one respondent in each of the following categories Retail – Cafe / Restaurant, Retail – Shop and Other.

7.3 Findings

The findings from the survey are summarised below. They are grouped by the overall preference and detailed answers about each of the options. The full analysis can be found in Appendix 4

7.3.1 Discretionary Business Rates Relief Option Preference

When asked to rank the proposed options for the Discretionary Business Rate Relief scheme 69% of respondents favoured no change by reinstating the scheme (Option 1), of those respondents who ranked an alternative scheme as their most preferred 21.3% favoured implementing a variable rate of relief based on the purpose of the organisation (Option 2).

Implementing a variable rate of relief based on the purpose of the organisation (Option 2) was the most popular second choice with 33.9% of respondents selecting this option; a flat rate of relief (29.1%) and another option not listed (19.7%) were also frequently selected as second choice options.

There were some differences in responses from different groups:-

- Individuals were more likely than organisations to select another option not listed (Option 4) as one of their top three choices.

- Individuals were also more likely than organisations to select Option 2 as their least preferred option.
- Individuals associated with a community organisation were more likely to select Option 1 as their preferred option; especially so for individuals associated with community amateur sports clubs.
- Those organisations who stated that they were supporting 'lifestyle choices' were more likely to choose to reinstate the current scheme than other categories of organisation.

Respondents were asked to explain their choice of ranking. Common themes across the comments focused on:-

- the impact on community organisations (financial burden / increase the risk of closure and a potential reduction in the level of service / facilities / investment made').
- the benefits that community organisations bring to Medway
- the Council's contribution creates a wider benefit and savings for the Council and community than the cost / there would be an increase in costs to the Council or other organisations.
- Other comments focussed on fairness and the need for an individual assessment of organisations.

Lastly respondents were asked to make their own suggestion for guidelines. The majority of suggestions were about making an individual assessment of circumstances, leaving the scheme as it is or suggesting a variation of the level of relief granted.

7.3.2 Option 1 – Reinstate the existing guidelines

Three-fifths of respondents agreed that the Council should make savings from elsewhere if the current guidelines were to be reinstated. Just over a fifth of respondents neither agreed nor disagreed and around a fifth disagreed. There were some differences between respondents:-

- Those who had chosen reinstating the current guidelines (Option 1) as their preferred option were more likely to agree that savings should be made than those who had chosen Option 2.
- Individuals who were not associated with a community organisation were more likely to disagree that savings should be made than those associated with one.
- Community amateur sports clubs were more likely to agree that savings should be made than charities.

Respondents who agreed with making savings commented that

- the Council's contribution creates a wider benefit and savings for the Council and community than the cost / there would be an increase in costs to the Council or other organisations
- the Council should reduce spending or raise income (focusing on inefficiencies, processes and service prioritisation or were just accepting that savings would have to be made).

Those who disagreed were more diverse in their responses with many stating that

- the Council could reduce spending or increase income;
- other services have already had to deal with cuts; and
- those looking for fairness and equality for all.

Those who neither agreed nor disagreed were also likely to suggest that the Council could reduce spending or increase income.

In identifying areas where savings could be made respondents suggested that the Council should review services / spend, reduce Council spend, improve efficiency or increase income.

When asked if there was anything else that should be considered before making a final decision respondents focused on the impact on the organisation in receipt of discretionary relief and the wider benefit of community organisations. The comments often covered the impact on those associated with the organisations and Medway Council itself. Respondents also commented about the need to consider alternatives such as making an assessment of the individual organisations circumstances / benefit and phasing in the changes to the levels of relief.

7.3.3 Option 2 - Implement guidelines with a variable level of discretionary relief based on the purpose of the charity, not for profit organisation or community amateur sports club.

7.3.3.1 Option 2 - Principles

7.3.3.2 The focus of discretionary business rates relief should be for organisations seeking to improve the quality of life for children, the elderly, disabled or otherwise vulnerable members of society

Just over two-thirds of respondents agreed that focus of discretionary rates relief should be for organisations seeking to improve the quality of life for children, the elderly, disabled or otherwise vulnerable. Organisations who responded were more likely to agree that the focus should be for organisations supporting vulnerable people particularly amongst charities and not for profit organisations. Individuals associated with a charity were also more likely to agree.

Respondents who agreed stated that :-

- other organisations should also share the focus of the relief, such as those promoting employment, conservation, sports and arts, fighting suicide, supporting young people, etc.
- the council should define better certain concepts, like “vulnerable”, or “lifestyle”, or how to measure what difference the sector makes for the money this costs.

7.3.3.3 Organisations supporting animal welfare or conservation should receive less priority when awarding discretionary rate relief

Just over two-fifths of respondents agreed that organisations supporting animal welfare or conservation should receive less priority when awarding discretionary rate relief. Around a quarter disagreed and a further quarter neither agreed nor disagreed. Individuals were more likely to disagree than organisations and female respondents were more likely to disagree than male respondents. Those who had selected Option 2 as their preferred option were more likely to agree.

Those who agreed were more likely to comment that:-

- organisations supporting people are a higher priority, particularly those supporting vulnerable people, or simply that animal welfare or conservation is not a key priority.
- organisations supporting animal welfare or conservation already get funds elsewhere.

Those who disagreed did so for a wide variety of reasons. Those who neither agreed nor disagreed suggested that this principle should be considered case-by-case, that it should also be a priority or that (like some of those who disagreed) conservation should be a higher priority than animal welfare. Some respondents also felt that all charities should be treated the same.

7.3.3.4 Organisations supporting lifestyle choices (arts, entertainment, leisure, fee paying education etc.) should receive less priority when awarding discretionary rate relief

Just under two-fifths (37.3%) of respondents agreed that organisations supporting lifestyle choices should receive less priority when awarding discretionary rate relief. Almost as many respondents disagreed 36.6% as agreed and a quarter neither agreed nor disagreed (24.2%). Respondents who had selected Option 1 were less likely to agree that organisations supporting lifestyle choices should receive less priority and those who had chosen Option 2 were more likely to agree. Individuals associated with not for profit organisations were more likely to disagree.

Those that agreed with the principle commented that:-

- lifestyle choices are a lower priority than supporting people, vulnerable people, education or health.
- others felt that lifestyle choices should not be supported by the public sector, as they depend on people's choices, and should be self-funded.

The reasons for disagreement were very diverse:-

- respondents argued that the arts should be a priority as they promote a healthy environment/lifestyle, tackle mental health issues, increase wellbeing, increase employment, improving quality of life for vulnerable people, enriching residents' lives, and reducing poverty and anti-social behaviour.

- some respondents stated that these organisations save costs by providing their services.
- some felt that the council should reconsider the definition of 'lifestyle choice', as it comprises very different elements.

7.3.3.5 Organisations supporting heritage and regeneration should not receive any discretionary rate relief

There were more respondents who disagreed than agreed that organisations supporting regeneration should not receive any discretionary rate relief; 40.1% disagreed, 25.7% of respondents agreed and 32.2% neither agreed nor disagreed. Those who had selected Option 2 as their preferred option were more likely to agree than those who selected Option 1. Individuals were more likely to disagree than organisations; with those associated with a charity being more likely to disagree than those associated with a Community Amateur Sports Club who were more likely to neither agree nor disagree. Organisations which identified themselves as charities are more likely to disagree than other organisation types.

Those who disagreed were most likely to comment that:-

- organisations supporting heritage and regeneration play a very important role in Medway and bring benefits to the whole area.
- we should preserve our heritage as it is part of our history and our responsibility with future generations.
- the implementation of this principle could place these organisations at risk, and
- the cost of providing these services by the council would be higher than the discretionary rate relief income.

Those who agreed stated that this was a lower priority cause compared to supporting people (or vulnerable people), especially in the current financial climate. There also comments regarding these organisations raising funds elsewhere, and the generation of income by some of them.

7.3.3.6 Charity shops and cafes run by charities should not receive any top up discretionary relief as they have alternative means of raising funds and are competing with other businesses

Over two-fifths (45%) of respondents agreed that charity shops and cafes should not receive any discretionary rate relief. A further 37.3% disagreed and 16% neither agreed nor disagreed. There were some difference between respondents:-

- Those who had selected Option 2 as their preferred option were more likely to agree than those who selected Option 1.
- Organisations were more likely to agree than individuals; of the organisations that are in receipt of discretionary business rate relief those supporting vulnerable people were more likely to disagree than any other purpose.

- Amongst individual respondents female respondents were more likely to disagree than male respondents.

Those who agreed with the principle mainly said that:-

- charity shops and cafes are commercial organisations, and as such, they generate incomes and are not not-for-profit organisations
- charity shops and cafes are competing unfairly against other businesses, as they use volunteers, and are exempted from paying rates
- charity shops and cafes raise funds elsewhere, and
- there are too many charity shops and cafes in Medway, probably due to the level of support they receive.

There were some comments that, even if agreeing with the proposal, there should be some case-by-case assessment (i.e. depending on their income), where local charities would have priority in the level of relief over bigger/national charities.

Amongst those who disagreed the main reasons given were that:-

- these organisations do not really compete with other businesses, as the income they make goes to charity, and they are not trying to make real profit
- charity shops and cafes play an important role in Medway (i.e. building up skills for employment and confidence, promoting local projects, employing volunteers with mental health issues, etc).
- implementation of this principle would put charity shops and cafes at risk, and that would undermine the work they do to support vulnerable people, and
- would reduce affordable shopping for those who need it the most.

Many respondents also stated that this measure would reduce the total income dedicated to charitable purposes.

7.3.3.7 Do you have any suggestions for alternative principles that the Council should consider?

The most common suggestion was to make an individual assessment of the organisation; the form of this assessment varied either being based upon local benefit, purpose of a charity shop / café, types of products sold, income of the organisation or type/ numbers of staff.

There were a range of other comments;

- suggesting alternate levels of relief;
- suggesting making savings or raising income within the Council;
- that the Council's contribution creates a wider benefit and savings for the Council and community than the cost / there would be an increase in costs to the Council or other organisations; and
- registered organisations should get relief.

7.3.3.8 Level of relief for charities and community amateur sports clubs

85.8% of respondents agreed that charities or community amateur sports clubs seeking to improve the quality of life for children, the elderly, disabled or otherwise vulnerable members of society should get 20% top up relief. Organisations were more likely to agree than individuals that 20% top up should be given to organisations seeking to support vulnerable people.

Respondents were, however, more likely to disagree that charities or community amateur sports clubs supporting animal welfare or conservation (46.3%), lifestyle choices (55.5%) and heritage and regeneration (52.8%) should not receive any top up relief.

- Across these three purposes those respondents who had selected Option 1 as their most preferred choice were most likely to disagree and those who had selected Option 2 were more likely to agree.
- When considering animal welfare and conservation individuals who are linked to a charity are more likely to state 'yes' than those linked to a community amateur sports club.
- Within those responding about Heritage and Regeneration organisations were more likely to agree than individuals that no top up should be given and individuals were more likely to disagree than organisations.

Respondents were asked to explain why they agreed or disagreed with the level of relief for the respective organisation purposes. The majority of comments focused on the impact on the community organisation or how the purposes were categorised.

Those who commented on the categorisation of the purpose were likely to state that:-

- the priority should be people; they were more likely to agree with the proposed levels of relief.
- other purposes such as animal welfare, sports and art support children, elderly and vulnerable people too; these respondents were more likely to disagree with the proposed levels of relief.
- there are wider benefits by supporting heritage and lifestyle choices and
- some respondents queried how the categories have been defined / what is included.

Those who commented on the impact on community organisations were most likely to comment on the financial burden / risk of closure to organisations. Respondents commenting in this way were most likely to agree with the level of relief for organisations supporting vulnerable people but disagree with the levels of relief for other organisations.

Those who suggested an alternate level of relief suggested the need for an individual assessment of the charity or community amateur sports club or that a lower level of top up relief should be set for some organisations.

7.3.3.9 Level of relief for charity shops and charity cafes

Respondents were split over the level of relief for charity shops / cafes; 43.8% of respondents disagreed that charity shops and cafes should only receive 80% relief. However, 39.2% agreed and 17% 'did not know'.

Respondents who had chosen Option 1 as their most preferred choice were most likely to disagree, with those who had chosen Option 2 more likely to agree. Organisations were more likely to agree that charity shops / cafes should receive no relief; although charities and those who defined themselves as supporting vulnerable people were more likely to disagree. Individuals were also more likely to disagree than organisations.

Respondents who agreed with the level of relief likely to comment that:-

- Charity shops / cafes were businesses and they should pay rates.
- Those who considered charity shops / cafes as business believed that they had an unfair advantage over other shops or that they were running a business.
- They were also of the opinion that they could raise other funds.

Respondents who disagreed were likely to comment about:-

- the impact on the community organisation that the charity shop or cafe supports ; they were concerned about them being less able to support vulnerable people and wider community.
- the need for an individual assessment of the need for discretionary relief

There was also a differentiation between local and national charities that was raised by both those who agree and disagree.

Those who suggested an alternate level of relief felt there should be an individual assessment.

7.3.3.10 Level of relief for not for profit organisations

85.8% of respondents agreed that charities or community amateur sports clubs seeking to improve the quality of life for children, the elderly, disabled or otherwise vulnerable members of society should get 20% top up relief.

Respondents were, however, more likely to disagree that charities or community amateur sports clubs supporting animal welfare or conservation (54%), lifestyle choices (55.3%) and heritage and regeneration (54.8%) should not receive any top up relief.

- When considering animal welfare and conservation individuals who were not associated with an organisation receiving discretionary business rate relief were more likely to say 'no' they do not agree that animal welfare organisations should get 70% relief than individuals who were associated with an organisation.
- Amongst those responding about Heritage and Regeneration those respondents who had selected Option 1 as their preferred choice were most likely to disagree that no relief should be given to organisations supporting heritage and regeneration than those who had selected Option

2. Organisations were more likely to agree than individuals that no relief should be given to organisations supporting heritage and regeneration.
- When considering the proposed 50% relief for organisations supporting lifestyle choices individuals responding to the survey were more likely to say 'no' they do not agree than organisations. Individuals who were not associated with an organisation receiving discretionary business rate relief were more likely to say 'no' they do not agree than individuals associated with an organisation.

Respondents were asked to explain why they agreed or disagreed with the level of relief for the respective organisation purposes. Where there was a common theme the majority of comments focused on alternative levels of relief and how the purposes were categorised. There were a variety of levels given, some relate to all organisations (generally they should receive full relief) whilst others are purpose specific. There was not, however, always agreement as to the purpose and the suggested level of relief.

Those who commented on the categorisation of the purpose were likely to state that the priority should be people; those commenting in this way were generally split in agreement regarding the proposed level of relief for not for profit organisations. There were a number of comments suggesting that other purposes such as animal welfare, sports and art support children, elderly and vulnerable people should be priorities too; these respondents were more likely to disagree with the proposed levels of relief for animal welfare, heritage and lifestyle choices.

Those who suggested an alternate level of relief were most likely to suggest the need for an individual assessment of the not for profit organisation.

7.3.3.11 Other considerations for Option 2

Respondents were asked for any other considerations that should be made about Option 2. There were a wide range of comments. The most common comments received covered the scheme and its operation, the need for individual assessment and the categorisation of the organisation affected.

7.3.4 Option 3 - Implement guidelines whereby all charities, not for profit organisations or community amateur sports clubs receive a flat rate of 80% relief.

70.1% of respondents disagreed that there should be a flat rate of 80% relief; 25.2% agreed with the flat rate of 80% and just 4.8% of respondents did not know.

Individuals who are not associated with a community organisation were more likely to be split in agreement / disagreement with the level of relief. Individuals who are associated with a not for profit organisation are also likely to be split in their opinion and are more likely to agree than those associated with other organisations.

Those commenting who agreed were most likely to state that it was fair and equitable and easier to administrate.

Whereas those commenting who disagreed were likely to comment on the 'impact on community organisations' and the 'Council's contribution creates a wider benefit and savings for the Council and community than the cost / there would be an increase in costs to the Council or other organisations'. Within the comments there was a differentiation between those organisations which are national or international charities compared to those that are local often smaller charities. There were a number of respondents who commented that the level of relief should stay at 100%.

Respondents were asked if they had another suggestion for a flat rate of relief that should be granted. There were relatively few respondents who commented on this question; those who did make a suggestion for a rate was for 100% relief, other respondents suggested that the rate of relief is based on an individual assessment. The type of assessment varied but a theme was the local nature of the organisation; the level of income of the organisation, whilst others suggested using an assessment based on sources of funding, local benefits or an impact analysis.

When asked about any other considerations about Option 3 the majority of comments were about the option itself with some suggesting it was too inflexible and harsh and should not be considered as an option, others comparing option 3 to option 2 (saying it was high risk but less impact) and to option 1 (not as good as option 1) and lastly suggesting if it were to be introduced it should be phased in over a number of years. There were smaller numbers of other comments covering issues already mentioned in response to Option 3.

7.4 Diversity Impact Assessment

A DIA is attached as Appendix 5.

Whilst the survey addresses the views of the organisations and the individuals they represent it is unable to ascertain the effects on those individuals or to the service they receive. There are two main reasons for this, namely the lack of information on the make-up of membership or service recipients and not understanding what the response of those organisations would be to any changes (in the sense of increasing membership costs, making efficiency savings, use of reserves, additional fundraising etc). Some of these matters may be addressed through discussions with stakeholders at the Overview & Scrutiny Meeting and further analysis of the consultation results.

8. Financial and legal implications

8.1 These are set out in the body of the report.

9. Recommendations

9.1 The Committee is asked to consider the report and the consultation that has taken place.

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Appendices

Appendix 1 – Existing Scheme (until 31 March 2017)

Appendix 2 – Draft Scheme (for implementation from 1 April 2017)

Appendix 3 – Copy of questionnaire

Appendix 4 – Consultation Analysis

Appendix 5 - Diversity Impact Assessment

Background papers

Cabinet 12 March 2013 *Business Rate Relief (item 7)*

<http://democracy.medway.gov.uk/ieListDocuments.aspx?CId=115&MId=2535&Ver=4>

Cabinet 8 March 2016 *Business Rate Relief (item 12)*

<https://democracy.medway.gov.uk/ieListDocuments.aspx?CId=115&MId=3168&Ver=4>

Cabinet 6 September 2016 *Business Rate Relief (item 4)*

<https://democracy.medway.gov.uk/mgConvert2PDF.aspx?ID=3369&T=10>