

## **CABINET**

**17 JANUARY 2017**

### **BUSINESS RATE RELIEF**

Portfolio Holder: Councillor Rupert Turpin, Business Management

Report from: Phil Watts, Chief Finance Officer

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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 Cabinet's 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                       |
| <b>Total</b>              |                            | <b>9,219.8</b>          | <b>4,517.7</b>             |

### 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.

|                              | Charities or CASCs   |                                 |                  | Not for profit organisations |
|------------------------------|----------------------|---------------------------------|------------------|------------------------------|
| Principle                    | 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 may lead to an increase in requests for a review of decisions taken by the Revenues and Benefits Service on applications for discretionary rate relief. It is important that the Council has a robust process in place for this. Previous policies relating to retail relief, new build relief and re-occupation relief provide for an initial decision by the Revenues and Benefits Service, and then in cases of refusal to grant relief where a request for a review is made, an initial review by the Revenues and Benefits Service Manager, a second stage review by the Chief Finance Officer and then a final appeal.
- 5.5 Given the possibility for an increase in the number of requests for a review of decisions taken by the Service and to ensure that these are dealt with in a timely manner, it is proposed that the Chief Legal Officer, in consultation with the Portfolio Holder for Business Management, undertake a review of the relevant legislation and Council policies and processes to ensure that suitable arrangements are in place from 1 April 2017. Subject to the advice of the Chief Legal Officer following this piece of work, it is proposed that the discretionary rate relief (and other reliefs specified in paragraph 5.4 above) decision making arrangements should conclude with a final review by the Chief Finance Officer.

## 6. Risk management

| Risk  | Description  | Action to avoid or mitigate risk  |
|---|--|---|
| Increased caseload  | Likelihood D (Low)<br>Impact 3 (Marginal)<br>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)<br>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](http://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<br>4.1% | 5<br>6.8% | 11<br>14.9% | 22<br>29.7% | 17<br>23% | 9<br>12.2% | 3<br>4.1%   | 4<br>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 chose 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 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 (DIA)

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.

## 7.5 Business Support Overview and Scrutiny Committee

7.5.1 The Committee considered the outcome of consultation on 5 January 2017 and its views will be reported to Cabinet in an addendum report.

## **8. Financial and legal implications**

8.1 The financial implications are set out in the body of the report.

8.2 The Council has met its duty to consult on the options being proposed, which took place over a 12 week period. In reaching a decision Cabinet Members should consider the information collated during the consultation, the presentations made and the views expressed at the Business Support Overview and Scrutiny Committee (this information will be provided in an addendum report) and balance the wider community interests.

8.3 In reaching their decisions relating to the implementation of a new scheme, Cabinet Members and officers must act reasonably taking into account all relevant considerations and ignoring irrelevant ones. There is a need to ensure that when making decisions the result is not one which is irrational in the Wednesbury sense (i.e. one which no reasonable local authority could have made).

8.4 The Council must have regard to its public sector equality duties when making decisions. This includes the requirement to undertake a Diversity Impact Assessment in relation to all significant changes to policies, procedures or practice, and to pay 'due regard' to the need to eliminate discrimination and promote equality with regards to race, disability and gender. A Diversity Impact Assessment is attached as Appendix 5.

8.5 Where the Council has a statutory discretion, rather than a duty, proposals should not put the Council in a position so that the discretion may not be exercised at all, even where there may be compelling reasons for exercising the discretion in a particular case.

8.6 Members need to balance the wider community interests against the benefit of discretionary rate relief to those in receipt of relief. If having taken into account all relevant (and disregarding all irrelevant) considerations, Members are satisfied that it is reasonable to make changes to the Council's scheme for discretionary rate relief, then they may properly and reasonably decide to do so.



## **9. Recommendations**

9.1 The Cabinet is asked to:

- 9.1.1 Consider the outcomes of the consultation requested by Cabinet and the analysis of the consultation as set out in paragraph 7 of the report and Appendix 4 to the report.
- 9.1.2 Consider the comments of the Business Support Overview and Scrutiny Committee and the additional information which will be provided within the Addendum Report.
- 9.1.3 Agree the implementation of a preferred option (currently Option 2) in light of the consultation.
- 9.1.4 Agree to delegate authority to the Chief Legal Officer, in consultation with the Portfolio Holder for Business Management, to undertake a review of the relevant legislation and existing Council policies and processes for reviews of decisions on Discretionary Rate Relief taken by officers to ensure that suitable arrangements are in place from 1 April 2017 and, subject to the advice of the Chief Legal Officer following this piece of work, that the Discretionary Rate Relief (and other reliefs specified in paragraph 5.4 of the report) decision making arrangements should conclude with a final review by the Chief Finance Officer.

## **10. Suggested reasons for decision**

10.1 A new scheme must be implemented from 1 April 2017.

### **Lead officer contact**

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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>

**GUIDELINES FOR THE AWARD OF  
DISCRETIONARY RATE RELIEF (TO 31 MARCH 2017)**

- (i) Where bars are in operations, bar profits should be taken into account. A minimum bar profit of 30% on turnover should be used to ensure that any discretionary relief granted does not subsidise the bar.
- (ii) For sports clubs, sailing and Yacht clubs, relief should only be considered if more than 50% of the “sports” membership lives in the Council’s area. Social members should not be included.
- (iii) That membership fees and other charges should be reasonable.
- (iv) There should be reasonable evidence of financial need and that reasonable efforts have been made to raise funds.
- (v) There must be a positive benefit for the community of Medway.
- (vi) That membership of the organisation should generally be open to all sections of the community.

***Discretionary Rate Relief for Charities***

Charitable organisations entitled to 80% mandatory relief may also receive a further 20% “top-up” award to the Council’s discretion. The following guideline amounts should be taken into account when considering such applications.

| Type of Organisation                             | Discretionary Relief as a Proportion of the Gross Amount Payable |
|--|--|
| Scout Groups                                     | 20%  |
| Youth Organisations                              | 20%  |
| Village Halls/Community Associations             | 20%  |
| Welfare & Other Voluntary Organisations          | 20%  |
| Charity Shops                                    | 20%  |
| Housing Associations                             | Nil  |
| Voluntary Aided Schools, Colleges & Universities | Nil  |
| Non state funded educational establishments      | 20%  |

Other Organisations

On merit

***Discretionary Rate Relief for Non-Profit Making Organisations***

Non-profit making organisations whose main objectives are charitable, otherwise philanthropic, religious, concerned with education, social welfare, science, literature, the fine arts, or whose premises are used wholly or mainly for recreation may receive up to 100% rate relief at the Council's discretion. The following guideline amounts should be taken into account when considering such applications.

| Type of Organisation                    | Guideline Amount |
|---|------------------|
| Youth Organisations                     | 100%             |
| Village Halls/Community Associations    | 100%             |
| Education & Training Organisations      | 100%             |
| Welfare & Other Voluntary Organisations | 100%             |
| Sports Clubs                            | 100%             |
| Local Theatres                          | 100%             |
| Sailing/Yacht Clubs                     | 100%             |
| Other Organisations                     | On Merit         |

**PROPOSED GUIDELINES FOR THE AWARD OF  
DISCRETIONARY RATE RELIEF (FROM 1 APRIL 2017)**

**1. *Discretionary Rate Relief for Charities***

Charitable organisations entitled to 80% mandatory relief may also receive a further 20% “top-up” award to the Council’s discretion.

**2. *Discretionary Rate Relief for Non-Profit Making Organisations***

Non-profit making organisations whose main objectives are charitable, otherwise philanthropic, religious, concerned with education, social welfare, science, literature, the fine arts, or whose premises are used wholly or mainly for recreation may receive up to 100% rate relief at the Council’s discretion.

**3. *Calculating the amount of relief to be awarded***

**3.1 General Guidelines**

Although each individual application must be considered on its own merit, all will be considered against the following general principles:

- (i) Irrespective of the type of organisation liable for the payment of non-domestic rates, all charity shops (including galleries) and charity cafes will receive 80% mandatory relief only.
- (ii) Where bars are in operations, bar profits should be taken into account. A minimum bar profit of 30% on turnover should be used to ensure that any discretionary relief granted does not subsidise the bar.
- (iii) For sports clubs, sailing and Yacht clubs, relief should only be considered if more than 50% of the “sports” membership lives in the Council’s area. Social members should not be included.
- (iv) That membership fees and other charges should be reasonable.
- (v) There should be reasonable evidence of financial need and that reasonable efforts have been made to raise funds.
- (vi) There must be a positive benefit for the community of Medway.
- (vii) That membership of social activity organisations should generally be open to all relevant sections of the community.

### 3.2 Organisation Purpose

Subject to 3.1 above, all applications will have a guideline amount established from the following table outlining the organisation's purpose.

| Item No | Organisation purpose                               | Principle                    | Registered Charity |                 |                | Non-profit                  | Description  |
|---------|--|------------------------------|--------------------|-----------------|----------------|-----------------------------|--|
|         |  |                              | Mandatory Relief % | Top Up Relief % | Total relief % | Discretionary only relief % |  |
| 1       | Voluntary Sector / charity support service         | Supporting vulnerable people | 80                 | 20              | 100            | 100                         | Organisations who provide support and opportunities to the voluntary sector / and or guidance to charities & not for profit organisations  |
| 2       | Supporting children                                | Supporting vulnerable people | 80                 | 20              | 100            | 100                         | The organisation's focus is aimed exclusively at children from all sections of the community   |
| 3       | Supporting the disabled                            | Supporting vulnerable people | 80                 | 20              | 100            | 100                         | Predominantly providing support to help people with a disability and or providing fitness improvement/sport / water sport facilities exclusively to people who are disabled          |
| 4       | Education for children (special educational needs) | Supporting vulnerable people | 80                 | 20              | 100            | 100                         | Education solely for children with special needs or disabled or unable to attend mainstream school / providing nursery care exclusively for children with special educational needs. |
| 5       | Elderly care / support                             | Supporting vulnerable people | 80                 | 20              | 100            | 100                         | Providing care and support services exclusively for elderly people from all sections of the community  |

|    |   |                              |    |    |     |     |   |
|----|---|------------------------------|----|----|-----|-----|---|
| 6  | Training, Adult education, Employment support   | Supporting vulnerable people | 80 | 20 | 100 | 100 | To train , educate/or otherwise support adults to help them gain employment and become self sufficient  |
| 7  | Health care                                     | Supporting vulnerable people | 80 | 20 | 100 | 100 | Health care for all sections of the community   |
| 8  | Homeless and vulnerable adult support           | Supporting vulnerable people | 80 | 20 | 100 | 100 | Helping homeless people based in Medway to:find a home and/or manage in the meantime through foodbank provision and safeguarding of vulnerable adults                             |
| 9  | Rehabilitation for offenders / crime prevention | Supporting vulnerable people | 80 | 20 | 100 | 100 | Charity/organisation helping to rehabilitate ex-offenders and reduce re-offending   |
| 10 | Social Care support for those with a disability | Supporting vulnerable people | 80 | 20 | 100 | 100 | Providing a range of social care support exclusively to children or adults with a disability in need or at risk arising from illness, old age or poverty.                         |
| 11 | Youth activities                                | Supporting vulnerable people | 80 | 20 | 100 | 100 | Youth activities (up to and including age 17) available to all sections of the community / youth activities young people (up to and including age 25) for those who are disabled. |
| 12 | Social care support to the general population   | Supporting vulnerable people | 80 | 20 | 100 | 100 | Providing social care support or help to the general population to children or adults in need or at risk arising from illness, old age or poverty.                                |
| 13 | Financial advice or financial aid               | Supporting vulnerable people | 80 | 20 | 100 | 100 |   |

|    |   |                |    |   |    |    |   |
|----|---|----------------|----|---|----|----|---|
| 14 | Animal Welfare, Wildlife                                    | Animal Welfare | 80 | 0 | 80 | 70 | Protecting, saving, rescuing, or healing animals which would otherwise suffer   |
| 15 | Arts and entertainment                                      | Lifestyle      | 80 | 0 | 80 | 50 | Providing and/or providing support for the arts   |
| 16 | Fitness improvement/sport / water sport / social facilities | Lifestyle      | 80 | 0 | 80 | 50 | Organisations who make sports and fitness available to all sections of the community and provide social facilities to members and non-members. For those that do not provide any form of social facility hardship relief considered on merit. |
| 17 | Nursery mainstream  | Lifestyle      | 80 | 0 | 80 | 50 | Nursery serving all sections of the community   |
| 18 | Religious   | Lifestyle      | 80 | 0 | 80 | 50 | Religious purposes  |
| 19 | Education for children                                      | Lifestyle      | 80 | 0 | 80 | 50 | Mainstream education for children in fee paying school  |
| 20 | Heritage - protecting                                       | Heritage       | 80 | 0 | 80 | 0  | Protecting heritage   |
| 21 | Regeneration  | Heritage       | 80 | 0 | 80 | 0  | Organisations supporting regeneration activities  |



## Appendix 3

### **Medway Council**

Discretionary Business Rate Relief Consultation 2016

## Discretionary Business Rates Relief Consultation

This consultation asks you for your views about Medway Council's Discretionary Business Rate Relief policy.

The questionnaire has been designed to give you information about business rates and the proposed options for discretionary business rate relief. There are comment boxes throughout to help us better understand your views.

The consultation runs from 15 September 2016 and closes on 7 December 2016.

The results of this consultation will be analysed and considered by a Special Business Support Overview and Scrutiny committee in early January 2017, before final consideration and approval of the new scheme by Cabinet on 17 January 2017.

Your personal data will be processed in accordance with Medway Council's Data Protection Notice. This is available to view online at

<http://www.medway.gov.uk/thecouncilanddemocracy/dataprotection/privacynotice.aspx>.

Completed surveys will be kept until 8 December 2021 and will then be destroyed.

If you would like to discuss the consultation please contact the Business Rates Team on 01634 333771.

You can find out further information and complete the survey online at:-

<http://www.medway.gov.uk/businessandinvestment/businessrates.aspx>

## Introduction to Business Rates and discretionary relief

### What are Business Rates?

Business rates (formally known as National non-domestic rates) collected by local authorities are the way that those who occupy business (non-domestic) property contribute towards the cost of local services. Under the business rates retention arrangements introduced from 1 April 2013, a proportion of the business rates paid (49%) is kept locally by the Council. The money, together with revenue from council tax payers, revenue support grant provided by the Government and certain other sums such as fees and charges, is used to pay for the services provided by Medway Council.

### What is Discretionary Relief?

The Local Government Finance Act 1988 requires all local authorities to grant mandatory rate relief to registered charities and registered Community Amateur Sports Clubs (CASCs). Mandatory relief provides an 80% reduction in business rates.

Under the Localism Act 2011, local authorities also have the power to grant discretionary relief to cover some or all of the remaining 20% (commonly referred to as 'top up' relief) and up to 100% relief to other organisations.

Medway Council recognises that the voluntary and community sector makes a major contribution to the economy, health and wellbeing of the people in the Medway area. However, Discretionary Rate Relief awarded by Medway Council is paid for by the council tax payers and the Council has a duty to ensure that public funds are spent wisely and with transparency and accountability.

## Why change the policy?

The policy was last reviewed in 2012 and in changing times it is right this is reviewed, especially given the pressure placed on budgets which is partly due to increased demand but also due to changes made by government to its rate relief funding arrangements through the introduction of the Business Rates Retention Scheme. From 1 April 2013 central government's contribution to discretionary relief is 50%, with Medway Council contributing 49% and Kent Fire & Rescue Service contributing 1%.

| Relief Type          | Cost to Central Government | Cost to Medway Council | Cost to Central Government | Cost to Medway Council |
|----------------------|----------------------------|------------------------|----------------------------|------------------------|
|                      | Pre April 2013             |                        | Post April 2013            |                        |
| Mandatory            | 100% of any award          | None                   | 50% of any award           | 49% of any award       |
| Discretionary Top-up | 25% of any award           | 75% of any award       | 50% of any award           | 49% of any award       |
| Discretionary Only   | 75% of any award           | 25% of any award       | 50% of any award           | 49% of any award       |

The current policy awards 20% top up to the majority of organisations in receipt of mandatory relief, and 100% discretionary relief to all not for profit organisations. The cost to the Council for 2016/17 as at 14 July 2016 was:

| Description               | Amount of Relief Awarded £m's | Cost to the Council £m's |
|---------------------------|-------------------------------|--------------------------|
| Mandatory relief          | 7.48                          | 3.66                     |
| Discretionary top up      | 0.43                          | 0.21                     |
| Discretionary relief only | 0.19                          | 0.09                     |
| Total                     | 8.09                          | 3.96                     |

The aim of the review is to allow us to reduce expenditure whilst still supporting organisations within the area.

## Your views on Discretionary Business Rates Relief

Medway Council is looking for your views before adopting a new set of guidelines for granting discretionary business rate relief.

- There are 218 charity properties, 10 community amateur sports club properties and 37 not for profit organisation properties that would be affected by these proposals.
- All registered charities and community amateur sports clubs receive 80% mandatory relief. The guidelines for granting discretionary business rate relief relates to how much relief charities and community amateur sports clubs receive on top of this 80%.
- Not for profit organisations do not receive mandatory relief therefore the guidelines set how much discretionary relief those organisations will actually receive.

The Council has identified 3 options for its new discretionary business rates relief policy. These options are explained below with the number of properties affected and the cost to the Council of each option. Please read this information before answering question 1.

**Option 1 - Reinstate the existing guidelines**

All charities, not for profit organisations and community amateur sports clubs would be treated the same and receive the maximum relief of 100%.

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

The cost to the Council of this option would be approximately £300,000. The council would have to find savings from elsewhere to continue to fund 100% relief.

**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.**

Option 2 is the Council's preferred option.

All charity properties and community amateur sport club properties would continue to receive their mandatory relief.

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.

This option would mean that 77 charity properties, 0 community amateur sports club properties and 2 not for profit organisation properties would not have to pay anything towards their business rates bill.

This option would mean that 141 charity properties, 10 community amateur sports club properties and 35 not for profit organisation properties would have to pay something towards their business rates bill.

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

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

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.

**1. Please rank, from 1 to 4, the following options for Medway Council's new discretionary business rates policy in order of your preference, where 1 is your most preferred option and 4 is your least preferred option (PLEASE WRITE ONE NUMBER IN EACH BOX ONLY)**

You cannot give more than one option the same rank. Please use the numbers 1, 2, 3 and 4 to indicate your preference, where 1 is your most preferred option and 4 is your least preferred option.

Option 1 - Reinstate the existing guidelines

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.

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

Option 4 – Another option not listed (there is space to explain your suggestion below)

**2. Please explain why you have ranked the options in this way (PLEASE COMMENT IN THE BOX BELOW)**

**3. Do you have an alternative suggestion for Medway Council's discretionary business rates policy? (PLEASE COMMENT IN THE BOX BELOW)**

## Your views on option 1

By reinstating the current discretionary business rates policy all charities, not for profit organisations and community amateur sports clubs would be treated the same and receive the maximum relief of 100%.

The council would have to find savings from elsewhere to continue to fund 100% relief.

4. **If the Council were to adopt option 1, how strongly do you agree or disagree that savings should be made from other services within the Council to continue to fund 100% relief? (PLEASE TICK ONE BOX ONLY)**

| Agree strongly           | Agree                    | Neither agree nor disagree | Disagree                 | Disagree strongly        | Don't know               |
|--------------------------|--------------------------|----------------------------|--------------------------|--------------------------|--------------------------|
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

5. **Please explain why you agree or disagree that savings should be made from other services within the Council to continue to fund 100% relief (PLEASE COMMENT IN THE BOX BELOW)**

6. **Do you have any suggestions as to where savings could be made? (PLEASE COMMENT IN THE BOX BELOW)**

7. **Is there anything else we should consider about option 1 before making a final decision? (PLEASE COMMENT IN THE BOX BELOW)**

## Your views on option 2

The Council's preferred option (option 2) is to 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. Those guidelines have been designed around a set of five principles that have been applied across the purposes of the different charities, community amateur sports clubs and not for profit organisations.

Within this option all charities and community amateur sport clubs would continue to receive their mandatory relief.

8. **If the Council were to adopt option 2, how strongly do you agree or disagree with the following principle used for assessing the level of discretionary relief received?**  
**(PLEASE TICK ONE BOX ONLY)**

|  | Agree strongly           | Agree                    | Neither agree nor disagree | Disagree                 | Disagree strongly        | Don't know               |
|--|--------------------------|--------------------------|----------------------------|--------------------------|--------------------------|--------------------------|
| 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 | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

**Please explain why you agree or disagree with this principle (PLEASE COMMENT IN THE BOX BELOW)**

9. **If the Council were to adopt option 2, how strongly do you agree or disagree with the following principle used for assessing the level of discretionary relief received?**  
**(PLEASE TICK ONE BOX ONLY)**

|  | Agree strongly           | Agree                    | Neither agree nor disagree | Disagree                 | Disagree strongly        | Don't know               |
|--|--------------------------|--------------------------|----------------------------|--------------------------|--------------------------|--------------------------|
| Organisations supporting animal welfare or conservation should receive less priority when awarding discretionary rate relief | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

**Please explain why you agree or disagree with this principle (PLEASE COMMENT IN THE BOX BELOW)**

**10. If the Council were to adopt option 2, how strongly do you agree or disagree with the following principle used for assessing the level of discretionary relief received? (PLEASE TICK ONE BOX ONLY)**

|   | Agree strongly           | Agree                    | Neither agree nor disagree | Disagree                 | Disagree strongly        | Don't know               |
|---|--------------------------|--------------------------|----------------------------|--------------------------|--------------------------|--------------------------|
| Organisations supporting lifestyle choices (arts, entertainment, leisure, fee paying education etc.) should receive less priority when awarding discretionary rate relief | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

**Please explain why you agree or disagree with this principle (PLEASE COMMENT IN THE BOX BELOW)**

**11. If the Council were to adopt option 2, how strongly do you agree or disagree with the following principle used for assessing the level of discretionary relief received? (PLEASE TICK ONE BOX ONLY)**

|   | Agree strongly           | Agree                    | Neither agree nor disagree | Disagree                 | Disagree strongly        | Don't know               |
|---|--------------------------|--------------------------|----------------------------|--------------------------|--------------------------|--------------------------|
| Organisations supporting heritage and regeneration should not receive any discretionary rate relief | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

**Please explain why you agree or disagree with this principle (PLEASE COMMENT IN THE BOX BELOW)**



**12. If the Council were to adopt option 2, how strongly do you agree or disagree with the following principle used for assessing the level of discretionary relief received? (PLEASE TICK ONE BOX ONLY)**

|  | Agree strongly | Agree | Neither agree nor disagree | Disagree | Disagree strongly | Don't know |
|--|----------------|-------|----------------------------|----------|-------------------|------------|
|--|----------------|-------|----------------------------|----------|-------------------|------------|

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

|                          |                          |                          |                          |                          |                          |                          |
|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|

**Please explain why you agree or disagree with this principle (PLEASE COMMENT IN THE BOX BELOW)**

**13. Do you have any suggestions for alternative principles that the Council should consider? (PLEASE COMMENT IN THE BOX BELOW)**

**Option 2 – top up relief for charities and community amateur sports clubs**

As part of the proposals in option 2 all registered charities and community amateur sports clubs will receive 80% mandatory relief. The proposals in option 2 state how much relief charities and community amateur sports clubs would receive on top of this 80%.

This option would mean that 77 charity properties and 0 community amateur sports club properties would not have to pay anything towards their business rates bill.

This option would mean that 141 charity properties and 10 community amateur sports club properties would have to pay something towards their business rates bill.

**14. If the Council were to adopt option 2 do you agree with the level of top up discretionary business rate relief for the following groups of charities and community amateur sports clubs? (PLEASE TICK ONE BOX PER ROW)**

|  | Yes                      | No                       | Don't know               |  |
|--|--------------------------|--------------------------|--------------------------|--|
| 20% top up relief for charities or community amateur sports clubs seeking to improve the quality of life for children, the elderly, disabled or otherwise vulnerable members of society  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | The mandatory relief of 80% along with the top up discretionary relief of 20% would mean a total relief rate of 100%. These organisations would pay no business rates. |
| No top up relief for charities or community amateur sports clubs supporting animal welfare or conservation but not dealing directly with people  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | These organisations would receive the mandatory relief of 80% only. These organisations would pay 20% of their business rate bill.                                     |
| No top up relief for charities or community amateur sports clubs supporting lifestyle choices (arts, entertainment, leisure, fee paying education etc.) for all members of the community | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | These organisations would receive the mandatory relief of 80% only. These organisations would pay 20% of their business rate bill.                                     |
| No top up relief for charities or community amateur sports clubs supporting heritage and regeneration  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | These organisations would receive the mandatory relief of 80% only. These organisations would pay 20% of their business rate bill.                                     |

**15. Please explain why you agree or disagree with the level of top up discretionary business rate relief for charities and community amateur sports clubs (PLEASE COMMENT IN THE BOX BELOW)**

**16. Do you have any other suggestions for alternative levels of top up discretionary business rate relief for charities and community amateur sports clubs that the Council should consider? (PLEASE COMMENT IN THE BOX BELOW)**

**Option 2 – top up discretionary relief for charity shops and charity cafes**

The proposed option 2 would limit charity shops and charity cafes to receiving mandatory relief only as they have alternative means of raising funds and are competing with other businesses. They would receive no top up discretionary relief.

**17. Do you agree that charity shops and charity cafes should only receive 80% mandatory relief? (PLEASE TICK ONE BOX ONLY)**

| Yes                      | No                       | Don't know               |
|--------------------------|--------------------------|--------------------------|
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

**18. Please explain why you agree or disagree that charity shops and charity cafes should only receive 80% mandatory relief (PLEASE COMMENT IN THE BOX BELOW)**

**19. Do you have any other suggestions for alternative levels of top up discretionary business rate relief for charity shops and charity cafes that the Council should consider? (PLEASE COMMENT IN THE BOX BELOW)**

**Option 2 - discretionary relief for not for profit organisations**

Not for profit organisations do not receive any mandatory relief. The proposals in option 2 state how much discretionary relief those organisations will actually receive.

This option would mean that 2 not for profit organisation properties would not have to pay anything towards their business rates bill.

This option would mean that 35 not for profit organisation properties would have to pay something towards their business rates bill.

**20. If the Council were to adopt option 2 do you agree with the level of discretionary business rate relief for the following groups of not for profit organisations? (PLEASE TICK ONE BOX PER ROW)**

|   | Yes                      | No                       | Don't know               |   |
|---|--------------------------|--------------------------|--------------------------|---|
| 100% discretionary relief for not for profit organisations seeking to improve the quality of life for children, the elderly, disabled or otherwise vulnerable members of society  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | These organisations would pay no business rates.                      |
| 70% discretionary relief for supporting animal welfare or conservation but not dealing directly with people   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | These organisations would pay 30% of their business rate bill.        |
| 50% discretionary relief for not for profit organisations supporting lifestyle choices (arts, entertainment, leisure, fee paying education etc.) for all members of the community | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | These organisations would pay 50% (half) of their business rate bill. |
| No discretionary relief for not for profit organisations supporting heritage and regeneration   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | These organisations would pay 100% (all) of their business rate bill. |

**21. Please explain why you agree or disagree with the level of discretionary business rate relief for not for profit organisations (PLEASE COMMENT IN THE BOX BELOW)**

**22. Do you have any other suggestions for alternative levels of discretionary business rate relief for not for profit organisations that the Council should consider? (PLEASE COMMENT IN THE BOX BELOW)**

**23. Is there anything else we should consider about option 2 before making a final decision? (PLEASE COMMENT IN THE BOX BELOW)**

### Your views on 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.

**24. If the Council were to adopt option 3, do you agree that all charities, not for profit organisations and community amateur sports clubs should receive a flat rate of 80% relief? (PLEASE TICK ONE BOX ONLY)**

Yes

No

Don't know

**25. Please explain why you agree or disagree that all charities, not for profit organisations and community amateur sports clubs should receive a flat rate of 80% relief (PLEASE COMMENT IN THE BOX BELOW)**

**26. Do you have another suggestion as to the flat rate of relief that should be granted? (PLEASE COMMENT IN THE BOX BELOW)**

**27. Is there anything else we should consider about option 3 before making a final decision? (PLEASE COMMENT IN THE BOX BELOW)**

### About you / Your organisation

**28. Are you responding as (PLEASE TICK ONE BOX ONLY)**

An Individual

Go to Q29

An organisation

Go to Q37

**An individual**

Please only answer questions 29 to 36 if you are responding as an individual.

**29. Are you a resident of Medway? (PLEASE TICK ONE BOX ONLY)**

Yes

No

Don't know

**30. Are you currently supported by, a member of, a volunteer with or otherwise directly associated with one of the organisations affected by this consultation? (PLEASE TICK ONE BOX ONLY)**

|                                 |                                |  |
|---------------------------------|--------------------------------|--|
| Yes<br><input type="checkbox"/> | No<br><input type="checkbox"/> | Don't know<br><input type="checkbox"/> |
| <b>GO TO Q31</b>                | <b>GO TO Q32</b>               | <b>GO TO Q32</b>                       |

**31. What type of organisation are you supported by, a member of, a volunteer with or otherwise directly associated with? (PLEASE TICK ALL THAT APPLY)**

|                               |                          |                             |                          |
|-------------------------------|--------------------------|-----------------------------|--------------------------|
| Charity                       | <input type="checkbox"/> | I don't know                | <input type="checkbox"/> |
| Community Amateur Sports Club | <input type="checkbox"/> | Other, please specify below | <input type="checkbox"/> |
| Not for Profit Organisation   | <input type="checkbox"/> |                             |                          |

We collect the following information to help us better understand the communities that we serve so that services and policies can be delivered to meet the needs of everybody. Please feel free to leave questions that you do not wish to answer. All of the information gathered in this questionnaire is confidential.

**Sex**

**32. Are you? (PLEASE TICK ONE BOX ONLY)**

|                                    |                                  |   |
|------------------------------------|----------------------------------|---|
| Female<br><input type="checkbox"/> | Male<br><input type="checkbox"/> | I prefer not to say<br><input type="checkbox"/> |
|------------------------------------|----------------------------------|---|

**Age**

**33. How old are you? (PLEASE TICK ONE BOX ONLY)**

|          |                          |                     |                          |
|----------|--------------------------|---------------------|--------------------------|
| Under 16 | <input type="checkbox"/> | 55 to 59            | <input type="checkbox"/> |
| 16 to 18 | <input type="checkbox"/> | 60 to 64            | <input type="checkbox"/> |
| 19 to 24 | <input type="checkbox"/> | 65 to 74            | <input type="checkbox"/> |
| 25 to 34 | <input type="checkbox"/> | 75 and over         | <input type="checkbox"/> |
| 35 to 44 | <input type="checkbox"/> | I prefer not to say | <input type="checkbox"/> |
| 45 to 54 | <input type="checkbox"/> |                     |                          |

## Disability

34. Do you have a long-standing health problem or disability? Long-standing means anything that has lasted, or is expected to last, at least 12 months. (PLEASE TICK ONE BOX ONLY)

|                          |                          |                          |
|--------------------------|--------------------------|--------------------------|
| Yes                      | No                       | I prefer not to say      |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

35. If yes, what is the nature of your health problem or disability? (PLEASE TICK ALL THAT APPLY)

|                     |                          |                             |                          |
|---------------------|--------------------------|-----------------------------|--------------------------|
| Health diagnosis    | <input type="checkbox"/> | Sight impairment            | <input type="checkbox"/> |
| Hearing impairment  | <input type="checkbox"/> | I prefer not to say         | <input type="checkbox"/> |
| Learning disability | <input type="checkbox"/> | Other, please specify below | <input type="checkbox"/> |
| Mental health       | <input type="checkbox"/> |                             |                          |
| Physical impairment | <input type="checkbox"/> |                             |                          |

## Ethnicity

36. What is your ethnic group? (PLEASE TICK ONE BOX ONLY)

|  |                          |  |                          |
|--|--------------------------|--|--------------------------|
| White - English / Welsh / Scottish / Northern Irish/ British     | <input type="checkbox"/> | Any other Black/African/Caribbean background, please specify below | <input type="checkbox"/> |
| White - Irish  | <input type="checkbox"/> | Asian/Asian British - Indian                                       | <input type="checkbox"/> |
| White - Gypsy or Irish Traveller                                 | <input type="checkbox"/> | Asian/Asian British - Pakistani                                    | <input type="checkbox"/> |
| Any other White background, please specify below                 | <input type="checkbox"/> | Asian/Asian British - Bangladeshi                                  | <input type="checkbox"/> |
| Mixed - White and Black Caribbean                                | <input type="checkbox"/> | Asian/Asian British - Chinese                                      | <input type="checkbox"/> |
| Mixed - White and Black African                                  | <input type="checkbox"/> | Any other Asian background, please specify below                   | <input type="checkbox"/> |
| Mixed - White and Asian  | <input type="checkbox"/> | Other – Arab   | <input type="checkbox"/> |
| Any other Mixed/multiple ethnic background, please specify below | <input type="checkbox"/> | Any other ethnic group, please specify below                       | <input type="checkbox"/> |
| Black/Black British - African                                    | <input type="checkbox"/> |  |                          |
| Black/Black British - Caribbean                                  | <input type="checkbox"/> |  |                          |
|  |                          | I prefer not to say  | <input type="checkbox"/> |



## An organisation

Please answer question 37 and then the relevant questions about your organisation.

### 37. Are you? (PLEASE TICK ONE BOX ONLY)

A recipient of discretionary rate relief within Medway  Go to Q38

A business within Medway  Go to Q41

A charity, sports club or not for profit organisation not within Medway  Go to end

A business not within Medway  Go to end

Other, please specify below  Go to end

### A recipient of discretionary rate relief within Medway

Please only answer questions 38 to 40 if you are a recipient of discretionary rate relief within Medway.

### 38. What is the name of the charity, community amateur sports club or not for profit organisation you are responding on behalf of? (PLEASE WRITE THE NAME BELOW)

### 39. What type of organisation are you? (PLEASE TICK ONE BOX ONLY)

Charity

I don't know

Community Amateur Sports Club

Other, please specify below

Not for Profit Organisation

### 40. What is the main purpose of your organisation? (PLEASE TICK ONE BOX ONLY)

Supporting vulnerable people

Supporting regeneration or heritage

Supporting animal welfare or conservation

I don't know

Supporting lifestyle choices (arts, entertainment, leisure, fee paying education etc.)

Other, please specify below

## **A business within Medway**

Please only answer question 41 if you are a business within Medway.

### **41. What type of business are you? (PLEASE TICK ONE BOX ONLY)**

|                            |                          |                             |                          |
|----------------------------|--------------------------|-----------------------------|--------------------------|
| Retail – Cafe / Restaurant | <input type="checkbox"/> | Industrial / Manufacturing  | <input type="checkbox"/> |
| Retail - Shop              | <input type="checkbox"/> | Leisure                     | <input type="checkbox"/> |
| Retail - Other             | <input type="checkbox"/> | Other, please specify below | <input type="checkbox"/> |
| <input type="text"/>       |                          |                             |                          |

Thank you for taking the time to give your views about Discretionary Business Rate Relief.

The results of this consultation will be analysed and considered by a Special Business Support Overview and Scrutiny committee in early January 2017, before final consideration and approval of the new scheme by Cabinet on 17 January 2017.

Your personal data will be processed in accordance with Medway Council's Data Protection Notice. This is available to view online at <http://www.medway.gov.uk/thecouncilanddemocracy/dataprotection/privacynote.aspx>.

Completed surveys will be kept until 8 December 2021 and will then be destroyed.

Please send your completed survey back to:-

Discretionary Business Rate Relief Survey,  
Revenue and Benefits,  
Gun Wharf,  
Dock Road,  
Chatham,  
ME4 4TR

You can also return your survey to your nearest library.

**All surveys must be returned by 7 December 2016.**

# **Discretionary Business Rate Relief Consultation Analysis**

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**Corporate Performance & Intelligence hub**

**Final Version - 22 December 2016**

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# Executive Summary

## **Background**

This consultation has been undertaken as the Council is reviewing its discretionary business rates policy. Three options were identified and consulted upon:-

- Option 1 - Reinstate the existing guidelines.
- Option 2 - Implement guidelines with a variable level of discretionary relief based on the purpose of the organisation.
- Option 3 - Implement guidelines whereby all organisations receive a flat rate of relief.

## **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](http://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.

## **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.

## **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<br>4.1% | 5<br>6.8% | 11<br>14.9% | 22<br>29.7% | 17<br>23% | 9<br>12.2% | 3<br>4.1%   | 4<br>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.

#### 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%).

#### Business within Medway Profile

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.

## **Findings**

The findings from the survey are summarised below. They are grouped by the overall preference and detailed answers about each of the options.

### **Discretionary Business Rates Relief Options**

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 chose 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.

### **Option 1 – Reinstatement of 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.

**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.**

Option 2 - Principles

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.

#### 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.

#### 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.

#### 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.

#### 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.

#### 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.

#### 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.

#### 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.

#### 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.

### 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.

### **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.

## Background

This consultation has been undertaken as the Council is reviewing its discretionary business rates policy in light of increasing demand and changes as to how the Government contributes to discretionary relief. The aim of the review is to consider options that could allow the Council to reduce expenditure whilst still supporting organisations within the area. Three options were identified and consulted upon.

- Option 1 - Reinstate the existing guidelines. All charities, not for profit organisations and community amateur sports clubs would be treated the same and receive the maximum relief of 100%.
- 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. Option 2 is the Council's preferred option.
- Option 3 - Implement guidelines whereby all charities, not for profit organisations or community amateur sports clubs receive a flat rate of 80% relief.

## 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; with encouragement to promote the survey to people they are supporting, their members, volunteers and other interested parties (additional copies of the survey were sent to each of the affected organisations to support this). The survey was made available via the Council's website ([medway.gov.uk](http://medway.gov.uk)) where respondents could complete the survey online. The online survey was created so that it was accessible on a PC using assisted technologies. 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 and was shared with businesses via town centre managers.

## Who responded

There were 165 responses received to the Discretionary Business Rate Relief Consultation 8 responses were excluded as they appeared to be duplicates. These relate to six responses online where the survey start and end time and date stamp, collected automatically within the survey, were exactly the same as another survey as were the contents of the response. There were also two



hardcopy surveys that were received that were photocopies where the handwriting and response contents were exactly the same as another survey. Therefore 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.

#### 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.

Respondents were then asked 'Are you currently supported by, a member of, a volunteer with or otherwise directly associated with one of the organisations affected by this consultation?'. There were 74 responses to this question with 52 respondents (70.3%) stating that were associated with an affected organisation, 20 respondents (27%) stated they were not and a further 2 respondents (2.7%) did not know.

The 52 respondents who were associated with an affected organisation were asked a further question as to the type of organisation they were associated with. All 52 respondents replied with the breakdown shown in the table below:-

| Charity     | Community Amateur Sports Club | Not for Profit Organisation | Other     | Don't know |
|-------------|-------------------------------|-----------------------------|-----------|------------|
| 23<br>44.2% | 22<br>42.3%                   | 18<br>34.6%                 | 2<br>3.8% | -<br>-     |

All individual respondents were asked a series of demographic questions to better understand who was responding.

Sex- 73 respondents answered this question.

| Female      | Male        | I prefer not to say |
|-------------|-------------|---------------------|
| 22<br>30.1% | 48<br>65.8% | 3<br>4.1%           |

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<br>4.1% | 5<br>6.8% | 11<br>14.9% | 22<br>29.7% | 17<br>23% | 9<br>12.2% | 3<br>4.1% | 4<br>5.4% |
|-----------|-----------|-------------|-------------|-----------|------------|-----------|-----------|

Disability – 72 respondents answered this question

| Yes         | No          | I prefer not to say |
|-------------|-------------|---------------------|
| 13<br>18.1% | 55<br>76.4% | 4<br>5.6%           |

Ethnicity – 74 respondents answered this question

| White       | Black and Minority Ethnic | I prefer not to say |
|-------------|---------------------------|---------------------|
| 63<br>85.1% | 3<br>4.1%                 | 8<br>10.8%          |

#### Organisation Respondent Profile

All 81 organisation respondents were asked what type of organisation they were.

| A recipient of discretionary rate relief within Medway | A business within Medway | A charity, sports club or not for profit organisation not within Medway | A business not within Medway | Other |
|--|--------------------------|---|------------------------------|-------|
| 73<br>90.1%  | 3<br>3.7%                | 5<br>6.2%   | -                            | -     |

Those who were recipients of discretionary rate relief within Medway and businesses within Medway were asked some further questions.

#### Recipient of discretionary rate relief within Medway Profile

Type of organisation – all 73 respondents gave a reply

| Charity     | Community Amateur Sports Club | Not for Profit Organisation | Other     | Don't know |
|-------------|-------------------------------|-----------------------------|-----------|------------|
| 50<br>68.5% | 11<br>15.1%                   | 7<br>9.6%                   | 4<br>5.5% | 1<br>1.4%  |

Main purpose of the organisation – all 73 respondents gave a reply

| Supporting | Supporting | Supporting | Supporting | I don't know | Other |
|------------|------------|------------|------------|--------------|-------|
|------------|------------|------------|------------|--------------|-------|

|                   |                                |   |                          |   |       |
|-------------------|--------------------------------|---|--------------------------|---|-------|
| vulnerable people | animal welfare or conservation | lifestyle choices (arts, entertainment, leisure, fee paying education etc.) | regeneration or heritage |   |       |
| 34                | -                              | 17  | 4                        | - | 18    |
| 46.6%             | -                              | 23.3%   | 5.5%                     | - | 24.7% |

### Business within Medway Profile

All 3 respondents provided an answer.

| Retail – Cafe / Restaurant | Retail – Shop | Retail – Other | Industrial / Manufacturing | Industrial / Manufacturing | Other |
|----------------------------|---------------|----------------|----------------------------|----------------------------|-------|
| 1                          | 1             | -              | -                          | -                          | 1     |
| 33.3%                      | 33.3%         | -              | -                          | -                          | 33.3% |

## Findings

The findings from the survey are summarised below. They are grouped by the overall preference and detailed answers about each of the options.

### Discretionary Business Rates Relief Options

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.

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.

Question 1 - Please rank, from 1 to 4, the following options for Medway Council's new discretionary business rates policy in order of your preference, where 1 is your most preferred option and 4 is your least preferred option

Respondents were asked to rank the four options for the Discretionary Business Rate Relief scheme in order of their preference; ranking from 1 (most preferred) to 4 (least preferred). Respondents were able to rank up to four options; however, not every respondent gave a ranking to every option. There were 155 respondents who gave a response to this question, there was one error and one respondent did not rank any option.

Of the four options reinstating the current scheme (Option 1) was most likely to be ranked 1 (most preferred), introducing a variable relief rate scheme (Option 2) was most likely to be ranked 2, introducing a flat rate 80 % relief (Option 3) was most likely to be ranked 3 and another option not listed (Option 4) was most likely to be ranked 4 (least preferred).

The table below shows the number of respondents split by the four options and the given ranking preference. The percentages given are based on the number of respondents for each rank; therefore percentages will add up to 100% vertically within the table but not horizontally.

|  | 1 (Most preferred) | 2      | 3      | 4 (Least preferred) |
|--|--------------------|--------|--------|---------------------|
| Base   | 155                | 127    | 122    | 106                 |
| Option 1 - Reinstatement of the existing guidelines  | 107                | 22     | 13     | 5                   |
|  | 69.00%             | 17.30% | 10.70% | 4.70%               |
| 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. | 33                 | 43     | 43     | 13                  |
|  | 21.30%             | 33.90% | 35.20% | 12.30%              |
| Option 3 - Implement guidelines whereby all charities, not for profit organisation or community amateur sports clubs receive a flat rate of 80% relief.                          | 7                  | 37     | 55     | 35                  |
|  | 4.50%              | 29.10% | 45.10% | 33.00%              |
| Option 4 – Another option not listed (there is space to explain your suggestion below)   | 8                  | 25     | 11     | 53                  |
|  | 5.20%              | 19.70% | 9.00%  | 50.00%              |

All 155 respondents who answered the question gave one of the options a ranking of 1 (most preferred). Reinstating the current scheme (Option 1) was given a ranking of 1 by 69% (107 respondents) and introducing a variable relief rate scheme (Option 2) was the second most selected option with 21.3% (33 respondents) giving it a ranking of 1. Relatively few respondents selected Option 3 or 4 as their first preference; another option not listed was the third most selected with 5.2% (8 respondents) and introducing a flat rate scheme (Option 3) was ranked 1 by the fewest number of respondents 4.5% (7 respondents).

127 respondents who gave an answer to question 1 gave one of the options a ranking of 2, their second most preferred option. The responses for the second preferred option were less polarised with a close split between Options 2 and 3. Introducing a variable scheme (Option 2) was the most selected option with 33.9% (43 respondents) giving it a ranking of 2, introducing a flat rate 80% relief (Option 3) was the second most selected option with 29.1% (37 respondents) ranking it 2, another option not listed (Option 4) was the third most selected with 19.7% (25 respondents) and reinstating the current scheme (Option 1) was given a ranking of 2 by 17.3% (22 respondents).

122 respondents gave one of the options a ranking of 3, their third preferred option. Introducing a flat rate 80% relief (Option 3) was the most selected option with 45.1% (55 respondents) ranking it 3, introducing a variable scheme (Option 2) was the second most selected option with 35.2% (43 respondents) giving it a ranking of 3, reinstating the current scheme (Option 1) was given a ranking of 3 by 10.7% (13 respondents) and another option not listed (Option 4) was the least selected with only 9% (11 respondents).

Only 106 respondents who gave an answer to question 1 gave one of the options a ranking of 4, their least preferred option. Another option not listed (Option 4) was most likely to be selected as the least preferred option with 50% (53 respondents), followed by introducing a flat rate 80% relief (Option 3) with 33% (35 respondents). Options 2 and 1 were selected as least preferred by less than a fifth of respondents with introducing a variable scheme (Option 2) being selected by 12.3 (13 respondents) and reinstating the current scheme (Option 1) only being selected by 4.7% (5 respondents).

When assessing the replies from the various groups of respondents the following differences were noted:-

- Individuals were more likely to include another option not listed (Option 4) at rank 1, 2 or 3 than organisations who responded; this is particularly true for those respondents who are resident in Medway. Organisations were more likely to select Option 4 as their least preferred option; particularly those in receipt of discretionary relief.
- Individuals were more likely to choose Option 2 as their least preferred option than organisations were to (17.3% of individuals compared to 5.3% of organisations)
- Individuals who were linked to a charity, community amateur sports club or not for profit organisation were more likely to rank Option 1 as their most preferred option and less likely to rank it as their least preferred option than those individuals who were not linked.
- Individuals who were associated with a Community Amateur Sports Club (95.5%, 21 respondents) were more likely to choose to reinstate the existing scheme (Option 1) than those linked to Charities (63.6%, 15 respondents).

- Individuals who were not linked to a charity, community amateur sports club or not for profit organisation were more likely to rank Option 3 as their second most preferred option than those individuals who were linked who were more likely to select it as their third preference.
- Reinstating the current scheme (Option 1) was the most preferred option and another scheme not listed (Option 4) was the least preferred option for charities, community amateur sports clubs and not for profit organisations. However, the second and third preferences were more mixed community amateur sports clubs were more likely to rank the option in order (Options 1, 2, 3, 4) whereas charities and not for profit organisations were more mixed between Options 2 and 3.
- Organisations who stated that their main purpose was supporting lifestyle choices were more likely to select reinstating the current scheme (Option 1) as their preferred option (94.1%, 17 respondents).
- Organisations who stated that their main purpose was supporting vulnerable people were less polarised in their most preferred option with reinstating the current scheme (Option 1, 51.5%, 17 respondents) and introducing a variable rate of relief (Option 2, 42.4%, 14 respondents).

Question 2 - Please explain why you have ranked the options in this way

Respondents were asked to explain their rankings within question 2. There were 37 different ranking combinations suggested by respondents therefore the comments received have been grouped and assessed by their most preferred option.

There were 93 comments made by respondents who had chosen Option 1 as their most preferred option. The majority of comments focused on the impact on community organisations particularly that 'having to pay rates would put a financial burden / increase the risk of closure for the organisation' and 'there would potentially have to be a reduction in the level of service / facilities / investment made'.

"I don't think a sports club or not for profit organisation should pay business for the main reason they are not a business and it would put many sports clubs would close down needing to find the extra money."

"I believe that the rate relief afforded to these organisations plays a direct role in what they can offer to their local communities. They have been awarded rates relief as these organisations are considered a benefit to the area and a not for profit business is unlikely to have any spare income to allocate to paying rates. It is likely that a reduction in rates relief will lead to job losses and a less interesting community."

"Charities, whatever service they are providing for their local residents rely on income received through donations or grants. Grants are usually ring fenced and have to be spent on the project concerned in the precise way they have been applied for. Forcing charities to find the extra 20% top up will mean putting a strain on already difficult finances"

"Our organisation would struggle with the burden of paying extra"

Other comments focused on the 'benefits that community organisations bring to Medway' and 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'

"Many charities which offer valuable services to the public would close if the alternative options were chosen:- this is likely to then cost the Council more than the relative cost of discretionary rate relief as the charities provide services which the Council would otherwise have to provide."

"I believe charities provide a valuable resource to the council and should be helped - not hindered. the value they provide may not always be seen in monetary terms"

"....It also needs to be said that other charities who are not working with priority categories may in any case be alleviating the potential load of those who do by the work they do - e.g. the local animal charity who are taking care of a socially isolated elderly person's dog who, in so doing, may be reducing the impact this person may make on other services if she did not have her companion; or a green spaces charity who provide an area for children to play, people to walk etc thereby improving the quality of life and wellbeing of those people who may otherwise drain the resources of statutory services etc etc, The choice of the identified priority charities exempt from business rates is therefore naive in assessing the impact of the voluntary sector as a whole in terms of what they do to minimise demands on statutory services."

There were a number of comments asking for the 'scheme to be left as it is' as it was working well.

"I believe that the guidelines work well and provides assistance where it is needed. there would also be no need to setup an additional bureaucracy to organisations"

Although there was not always universal agreement regarding the next best alternatives in respondent's opinions:-

"Option 1: All the organisations manage to stay open how they are, charging what they have to Option 2: this could be unfair to all organisations benefit the community, but some do get help elsewhere and others don't option 3: to treat all the organisations fairly would be to treat them equally"

"Charities use all proceeds after direct costs from sales at charity shops for the benefit of the wider community. I understand both the need of Medway Council to make savings at many levels and welcome this review. My preference obviously is for no change but otherwise favour option 2 with variable levels of discretionary relief as explained below. Also if possible consideration of additional costs being phased in over 2/3 years would be of benefit to charities."

There were a wide range of other comments from respondents discussing the level of relief with many suggesting that not for profit organisations should not pay rates, there were comments that

the Council should make savings or raise income elsewhere and suggesting that community organisations could support one another.

There were a few comments about other options. The comments about option 2 were around uncertainty around the categorisation used and the concern that it would put organisations under financial pressure. The comments about option 3 were mixed some felt it would increase financial burdens whilst others felt it may be inflexible but was at least equitable.

There were 29 comments received from respondents who had selected Option 2 as their preferred option. The impact on community organisations was still the most common comment from respondents particularly the financial pressures these organisations face with some expressing a concern towards the adoption of Option 3.

“If the council needs to save money then option 1 is not an option. As a small charity who has recently lost all of it's core funding from the council option 3 would finally put us out of action as we are already struggling to survive. Option 2 would see us retaining 100% relief and still save the council money.”

“we understand and sympathise with you regarding the current financial position in local government and endorse the need to examine existing funding support and discretionary allowances so believe that charities and not for profit organisations that are supporting children, the vulnerable and minority need groups should have priority. small charities would be hit very hard & likely be priced out of existence with option 3 in operation”

Other comments focussed on the need for individual assessment of organisations – “I think that only charities which directly benefit the local community should receive the discretionary discount. Other charities are trading arms of large national charities who do not benefit local people directly”

The level of relief was also mentioned where respondents felt that non-profit making organisations / those assessed as being a community benefit should not have to pay business rates. The comments about Option 2 expressed an uncertainty of the categorisation used, the need for flexibility and individual assessment. Respondents were also likely to comment that these organisations benefited Medway.

Respondents who selected Option 3 as their preferred option were most likely to comment that it was the fairest / most equitable approach “This seems a more equitable option2 and “does not favour one charity above the other but recognises that the council needs more money”.

Respondents who selected Option 4 did so for a variety of reasons; some for fairness, others to allow individual assessment, the impact on organisations and looking to recognise the local benefit of organisations.

### Question 3 - Do you have an alternative suggestion for Medway Council's discretionary business rates policy?

There were 84 comments received although 31 of these were that there was no further suggestion. The majority of comments were about making an individual assessment of circumstances, leaving the scheme as it is or a variation of the level of relief granted. As the suggestions are so varied they are listed in full in Appendix 1.



## Option 1

### Option 1 – Reinstating the existing guidelines

By reinstating the current discretionary business rates policy all charities, not for profit organisations and community amateur sports clubs would be treated the same and receive the maximum relief of 100%.

The council would have to find savings from elsewhere to continue to fund 100% relief. Therefore respondents to the survey were asked questions if they thought that savings should be made and why they thought this, did they have any suggestions as to where savings could be made and if there was anything else that should be considered about Option 1.

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.

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.

### Question 4 - If the Council were to adopt option 1, how strongly do you agree or disagree that savings should be made from other services within the Council to continue to fund 100% relief?

There were 155 responses to this question.

Respondents were asked whether they agreed or disagreed that savings should be made from elsewhere in the Council if Option 1 were to be adopted. Three-fifths (60%, 93 respondents) of

respondents agreed that the Council should make savings from elsewhere if the current guidelines were to be reinstated; two-fifths of respondents (38.7%, 60 respondents) strongly agreed. Just over a fifth of respondents (21.3%) neither agreed nor disagreed and around a fifth (16.8%) disagreed.

| Category                   | Number of respondents | Percentage response |
|----------------------------|-----------------------|---------------------|
| Agree                      | 93                    | 60.00%              |
| Neither Agree nor Disagree | 33                    | 21.30%              |
| Disagree                   | 26                    | 16.80%              |
| Don't know                 | 3                     | 1.90%               |

When assessing the replies from the various groups of respondents the following differences were noted:-

- Respondents who had chosen reinstating the current guidelines (Option 1) as their most preferred option were more likely to agree that savings should be made from elsewhere (73.6%, 78 respondents) than those who chose Option 2 as their most preferred option (33.3%, 11 respondents).
- Individuals who stated that they were not associated with a charity, community amateur sports club or not for profit organisation were more likely to disagree that savings should be made from elsewhere (40%, 8 respondents) than those who were associated with one (11.6%, 6 respondents).
- Organisations which stated that they were a Community Amateur Sports Club were more likely to agree that savings should be made elsewhere (80%, 8 respondents) than those who stated they were a charity (52%, 26 respondents).

Question 5 - Please explain why you agree or disagree that savings should be made from other services within the Council to continue to fund 100% relief

Question 5 then asked respondents to 'explain why you agree or disagree that savings should be made from other services within the Council to continue to fund 100% relief'. There were 115 comments received.

There were 93 comments from those who agreed that the Council should make savings from elsewhere. The largest group of comments were about 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'. Examples of the comments received include:-

"Savings are already being made because organisations offer services to the community that the council cannot. If those organisations did not exist the council would be pressured even more to provide more services - for instance within mental health as an example."

"These charities often save the Council money by providing services to the public; if the charities close due to the additional rates burden then the council is going to have to fund these services themselves."

“Charities often divert pressure/costs from statutory bodies e.g. supporting families can relieve pressure on social services and avoid crisis management. Sports clubs promote a healthier lifestyle and therefore reduce pressure on NHS.”

“Because charities perform a social service to local people that would be much more expensive if the council had to provide it. For example a local food bank to help the homeless and those on low income.....this is a service to the community that the charity provides funded by its local charity shop that also sells cheap goods to the less well off - a thrift shop. If these charities did not exist it would put the burden for the work they do straight on the council who would then need to run the food bank themselves.”

Another large group of comments from those who agreed that savings could be made was from those who thought that the Council should ‘reduce spending or raise income’. Many of the comments were not specific about the type of savings focusing on inefficiencies, processes and service prioritisation at this stage or were just accepting that savings would have to be made. Respondents often went into more detail within question 6 which asked for suggested savings. Examples of the comments received include:-

“There has to be a full evaluation and review of all services maximising the efficiencies of all outcomes. It would seem to be an own goal to potentially penalise sporting clubs when health and obesity is so high on the Medway council agenda.”

“Savings could be made across the board from services to administration, signs on streets that are never maintained or cleaned, if we cannot look after them don't put them up”

“If the Council chose Option 1 then there is no doubt that savings would have to be made elsewhere. The Council has no free reserves from which it could pay for all of this relief.”

Those who disagreed were more diverse in their responses with many stating that; the Council could reduce spending or increase income; others stating that 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.

#### Question 6 - Do you have any suggestions as to where savings could be made?

Respondents were asked to make suggestions as to where savings could be made there were 95 comments received for this question. The majority of comments suggested that the Council should review services / spend, reduce Council spend, improve efficiency or increase income.

Many of the comments about reviewing services / spend talk about a review across all service areas where as others suggested reviewing specific service areas such as waste services, libraries, Festivals, Arts, Theatres and Events, Social Services, Highways, communication and marketing or bus routes. There were also suggestions for alternative delivery models such as co-production, outsourcing and closer working with partner organisations e.g. the CCG.

Respondents suggested reducing staff benefits, pay or numbers as the main way of reducing Council spend; there was a small subset specifically focused on the costs of consultants and interim staff.

There were also suggestions to reduce spend on specific projects such as Rochester Airport, Dickens World, Bus Station, Big Screen TV or the City status bid.

To improve efficiency most respondents suggested reducing or simplifying the administration of back office services and increasing digital to reduce costs and improve service delivery (for example more digital marketing, better linkage of back office and front end systems).

To increase income suggestions were to raise income from parking charges (increasing permit charges / zones, stop free parking days, charge leisure users to park) and increase Council Tax or reduce the level of exemptions /Council Tax relief. There were also suggestions to make other businesses to pay more rates, increasing rates for businesses that have a negative community impact or encouraging economic development to increase the amount of business rates that can be collected.

Question 7 - Is there anything else we should consider about option 1 before making a final decision?

Respondents were finally asked if there were any other considerations that should be made about Option 1 before a final decision is made; 66 of those who responded provided a comment. Those comments were 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. The three comments below exemplify the issues raised by respondents:-

“We provide sports activities to many young people of all sorts of ages and abilities, varying levels of fitness, etc. All of this is provided on an entirely voluntary basis by committed coaches who gladly give up their time from their busy lives. We rely on voluntary donations to continue to exist. Paying business rates will simply bring our activities to an end.”

“The community groups and charities in Medway have a vital role to play in supporting our local area, in particularly people who are most disadvantaged, and families. Most of these groups will operate on a very tight budget and any rate increases would reduce the services they could offer or even cause them to close. I therefore think they should be given full relief.”

“Yes community organisations matter; they give social cohesion and identity, they help all areas of society and provide the 'glue' in Medway to bond our community- they already struggle to survive in this current financial climate. This is a short sighted policy which will lead to the council needing to pay out far more to replace the services these organisations offer at such a relatively small cost to the council.”

Respondents also commented about the need to consider alternatives such as making an assessment of the individual organisations circumstances and phasing in the changes to the levels of relief.

## Option 2

### **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.**

The Council's preferred option (option 2) is to 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. Those guidelines have been designed around a set of five principles that have been applied across the purposes of the different charities, community amateur sports clubs and not for profit organisations.

Within this option all charities and community amateur sport clubs would continue to receive their mandatory relief.

There were a range of questions to understand:- what respondents thought about the principles used to decide the rate of relief; the amount of top-up relief for charities and community amateur sports clubs, the amount of top-up relief for charity shops and cafes; and the amount of relief for not for profit organisations.

#### Option 2 - Principles

#### Question 8 - 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. One fifth of respondents disagreed.

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.

There were 155 responses to this question, please note that where sub groups are referenced their total number of respondents will be smaller.

Respondents were asked whether they agreed or disagreed that should Option 2 be adopted that the focus of discretionary rates relief should be for organisations seeking to improve the quality of life for children, the elderly, disabled or otherwise vulnerable. Just over two-thirds (67.7%, 105 respondents) of respondents agreed that the focus of the discretionary business rate relief should be for organisations supporting vulnerable people; nearly two-fifths of respondents (36.8%, 56 respondents) strongly agreed. One fifth of respondents disagreed (21.3%) and 1 in 10 neither agree nor disagree (9.7%).

| Category                   | Number of respondents | Percentage response |
|----------------------------|-----------------------|---------------------|
| Agree                      | 105                   | 67.70%              |
| Neither Agree nor Disagree | 15                    | 9.70%               |
| Disagree                   | 33                    | 21.30%              |
| Don't know                 | 2                     | 1.30%               |

When assessing the replies from the various groups of respondents the following differences were noted:-

- Respondents who had chosen introducing a variable relief rate scheme (Option 2) as their most preferred option were more likely to agree that the focus should be for organisations supporting vulnerable people (97%,32 respondents).
- Organisations who responded were more likely to agree that the focus should be for organisations supporting vulnerable people; 74.1% of organisations compared to 61.1% of individuals.
- Individuals who stated that they were associated with a charity were more likely to agree that the focus should be for organisations supporting vulnerable people; 82.6% of individuals associated with a charity agreed compared to 50% of individuals associated with a community amateur sports club and 43.8% of individuals associated with a not for profit organisation.
- Respondents who stated that they were a community amateur sports club in Medway were less likely to agree that the focus should be for organisations supporting vulnerable people; 45.5% agreed compared to 78% agreeing amongst charities and 85.7% amongst not for profit organisations.
- Recipients of discretionary business rates in Medway were more likely to agree that the focus should be for organisations supporting vulnerable people if the stated their main purpose as being 'supporting vulnerable people' (91.2%) or an 'other' main purpose (83.3%).

There were 111 comments received to the question on why respondents had agreed / disagreed with the principle that 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. 71% of the respondents (79 out of those 111) agreed with the principle. From those, many felt 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. A few respondents felt that 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.

21% of the respondents disagreed with the principle, mainly on the basis that other organisations provide support to vulnerable people but are not included in the categorisation. For example, one of the respondents stated that "the quality of life for children, elderly and disabled is very much supported by local activities and I do not think you can see them as separate. They are both important to the support and socialisation of these members of our society" and another one said "the focus as defined is too narrow for example Heritage and Museum properties provide an educational resource for all age groups but are excluded from this definition". Some respondents

stressed the importance of differentiating local charities from the nationally supported ones. Also, some of these respondents asked the council to make savings from somewhere else, or to consider charities on a case-to-case approach.

From those who didn't agree or disagree, there are not enough guidelines provided as to how the council will categorise, or they felt that all charities should be treated in the same manner.

One respondent didn't know how to respond the question, as he/she thought that "it's not just children, the elderly and disabled that have issues with health due to lack of exercise. Why limit the relief to the minority when the majority are facing challenges too".

Question 9 - 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.

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.

There were 154 responses to this question, please note that where sub groups are referenced their total number of respondents will be smaller.

Respondents were asked whether they agreed or disagreed that should Option 2 be adopted that organisations supporting animal welfare or conservation should receive less priority when awarding discretionary rate relief. Just over two-fifths (44.2%, 68 respondents) of respondents agreed that organisations supporting animal welfare or conservation should receive less priority when awarding discretionary rate relief; just over one in ten respondents (13.0%, 20 respondents) strongly agreed. Around a quarter disagreed (24%) and a further quarter neither agreed nor disagreed (27.3%).

| Category                   | Number of respondents | Percentage response |
|----------------------------|-----------------------|---------------------|
| Agree                      | 68                    | 44.20%              |
| Neither Agree nor Disagree | 42                    | 27.30%              |
| Disagree                   | 37                    | 24.00%              |
| Don't know                 | 7                     | 4.50%               |

When assessing the replies from the various groups of respondents the following differences were noted:-

- Respondents who had chosen introducing a variable relief rate scheme (Option 2) as their most preferred option were more likely to agree that organisations supporting animal welfare or conservation should receive less priority when awarding discretionary rate relief (87.5%, 28 respondents).
- Individuals were more likely to disagree that organisations supporting animal welfare or conservation should receive less priority when awarding discretionary rate relief; 33.8% of individuals compared to 13.9% of organisations responding.
- Female respondents were more likely to disagree that organisations supporting animal welfare or conservation should receive less priority than males (50% of females compared to 27.1% of males)

There were 92 comments explaining respondent's answers.

48 respondents to this question out of 92 (this represents 52% of the total) agreed with the principle that organisations supporting animal welfare or conservation should receive less priority when awarding discretionary rate relief. They mainly thought 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. A few of the respondents stated that focussing on people and their education would ultimately "help to improve those organisations supporting animals or conservation", and that "they will look after animals, conservation etc". Also, some respondents felt that organisations supporting animal welfare or conservation already get funds elsewhere.

29% of the respondents to this question (27 out of 92) disagreed with this principle. From those, approximately one third stated that animal welfare/conservation should be considered a priority for different reasons. For example, one respondent said that all these support activities "are intricacy linked and provide the society we need to Medway". Among those responses, a couple gave priority to conservation over animal welfare. The remaining two thirds of the responses that expressed disagreement were extremely varied. Some examples of the feedback we got are:

"I do not believe our country is so poor that we cannot support such groups who enrich the lives of many. Central government are giving local authorities a very rough deal with regards to funding and it is a shame that the councils seem unable to stand up to them".

"I believe people matter more than animals, but animals clearly do matter and the cost to the council of dealing with the resulting rise in strays, unwanted litters etc etc should be considered".

"All voluntary organisations and registered charities should receive the benefit of rate relief".

"It shouldn't be a choice between animals, environment and people. All should be supported proportionate to the benefit they bring to the residents of Medway".



14% of those who responded to this question neither agreed nor disagreed with the principle. Some of them suggested that this principle should be considered case-by-case. Others stated that this cause should also be a priority or that (like some of those who disagreed) conservation should be a higher priority than animal welfare. Also, some respondents felt that all charities should be treated the same, and one noted that paying this business rate could be a problem for these organisations.

Question 10 - 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%).

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.

There were 153 responses to this question, please note that where sub groups are referenced their total number of respondents will be smaller.

Respondents were asked whether they agreed or disagreed that should Option 2 be adopted that organisations supporting lifestyle choices should receive less priority when awarding discretionary rate relief. Just under two-fifths (37.3%, 57 respondents) of respondents agreed that organisations supporting lifestyle choices should receive less priority when awarding discretionary rate relief; around one in seven respondents (15.7%, 24 respondents) strongly agreed. Almost as many respondents disagreed 36.6% as agreed and a quarter neither agreed nor disagreed (24.2%).

| Category                   | Number of respondents | Percentage response |
|----------------------------|-----------------------|---------------------|
| Agree                      | 57                    | 37.30%              |
| Neither Agree nor Disagree | 37                    | 24.20%              |
| Disagree                   | 56                    | 36.60%              |
| Don't know                 | 3                     | 2.00%               |

When assessing the replies from the various groups of respondents the following differences were noted:-

- Respondents who had chosen reinstating the current guidelines (Option 1) as their most preferred option were less likely to agree that organisations supporting lifestyle choices should receive less priority (23.8%, 25 respondents) than those who had selected Option 2.
- Respondents who had chosen introducing a variable relief rate scheme (Option 2) as their most preferred option were more likely to agree that organisations supporting lifestyle choices should receive less priority when awarding discretionary rate relief (87.5%, 28 respondents).
- Individuals who were associated with a not for profit organisation were more likely to disagree that organisations supporting lifestyle should receive less priority when awarding discretionary rate relief; 62.5%, 10 respondents.

There were 99 comments explaining respondent's answers.

41% of the respondents to this question (41 respondents out of 99) agreed that organisations supporting lifestyle choices (arts, entertainment, leisure, fee paying education etc) should receive less priority when awarding discretionary rate relief. Approximately half of the respondents stated that lifestyle choices are not a priority, or that they are a lower priority than supporting people, vulnerable people, education or health. One respondent considered heritage to be a higher priority than lifestyle choices. The other half of the respondents felt that lifestyle choices should not be supported by the public sector, as they depend on people's choices, and should be self-funded.

42 out of 99 respondents disagreed with this principle. The reasons for disagreement were very diverse. In general, respondents argued that the arts should be a priority as they are essential in promoting a healthy environment/lifestyle, and can help in tackling mental health issues, increasing wellbeing, increasing employment, improving quality of life for vulnerable people, enriching residents' lives, and reducing poverty and anti-social behaviour. Also, some respondents stated that these organisations save costs by providing their services. Some also felt that the council should reconsider the definition of 'lifestyle choice', as it comprises very different elements. For example, respondents felt that fee paying education should not be treated/related to the arts in terms of lifestyle choices. A few respondents mentioned that all charities should be treated the same. One said that the council should keep rates as they are, and another one questioned the difficulty of categorising different activities as lifestyle choices.

13% respondents neither agreed nor disagreed with the statement. From those, some questioned "What does it mean to be a civil society?" referring for example to the benefits that an active arts programme could have in challenging behaviours towards minorities in our community. A couple of respondents suggested considering this principle on a case-by-case scenario, and others suggested treating all charities the same. One respondent that although people are a higher priority, the arts are also very important, and another one said wasn't "sure about extra relief at times of austerity".

Question 11 - 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 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.

There were 152 responses to this question, please note that where sub groups are referenced their total number of respondents will be smaller.

Respondents were asked whether they agreed or disagreed that should Option 2 be adopted that organisations supporting regeneration should not receive any discretionary rate relief. There were more respondents who disagreed than agreed. Two fifths of respondents (40.1%) disagreed that organisations supporting regeneration should not receive any discretionary rate relief; with one fifth (19.1%) strongly disagreeing. A quarter (25.7%) of respondents agreed that organisations supporting regeneration should not receive any discretionary rate relief and a third of respondents neither agreed nor disagreed (32.2%)

| Category                   | Number of respondents | Percentage response |
|----------------------------|-----------------------|---------------------|
| Agree                      | 39                    | 25.70%              |
| Neither Agree nor Disagree | 49                    | 32.20%              |
| Disagree                   | 61                    | 40.10%              |
| Don't know                 | 3                     | 2.00%               |

When assessing the replies from the various groups of respondents the following differences were noted:-

- Respondents who had chosen introducing a variable relief rate scheme (Option 2) as their most preferred option were more likely to agree that organisations supporting regeneration should not receive any discretionary rate relief (48.4%, 15 respondents) than those who preferred Option 1 (20%, 21 respondents).

- Individuals were more likely to disagree than organisations (47.9% of individuals compared to 32.1% of organisations) that organisations supporting regeneration should not receive any discretionary rate relief. Organisations were more likely to be split with as many agreeing as disagreeing and more neither agreeing nor disagreeing.
- Individuals who are associated with a charity were more likely to disagree than those associated with a community amateur sports club (60.9% compared to 36.4%).
- Those associated with a community amateur sports club are more likely to neither agree nor disagree (45.5%) than those associated with a charity (21.7%) or not for profit organisation (17.6%).
- Organisations identifying themselves as a charity were more likely to disagree (38.6%) that organisations supporting regeneration should not receive any discretionary rate relief than community amateur sports clubs (20%) or not for profit organisations (16.7%).

There were 88 comments explaining respondent's answers.

25% of the respondents to this question (22 out of 88), agreed with the principle that organisations supporting heritage and regeneration should not receive any discretionary rate relief. Their main reason for agreeing was that this is 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.

Disagreement with this principle was stated by 50% of those who responded to this question (44 respondents out of 88). They mainly argued that organisations supporting heritage and regeneration play a very important role in Medway. For example, respondents mentioned that these organisations help improving the community, fighting unemployment, maintaining tourism, and in general contributing to the economic development of Medway and bringing benefits to the whole area. Some respondents added that we should preserve our heritage as it is part of our history and our responsibility with future generations. Some respondents said that the implementation of this statement could place these organisations under risk, and that the cost of providing these services by the council would be higher than the discretionary rate relief income.

A few other respondents mentioned that organisations supporting heritage and regeneration don't receive enough funding, the council could make savings from somewhere else, and that these activities could save money in the future.

There were also comments on a case-by-case consideration of these organisations. A few of the respondents would like all charities to be treated the same.

18 respondents (20% of those who responded this question) neither agreed nor disagreed with this principle. Some of them can understand the logic of the principle, especially in the current economic times, but still they think we should be able to support all these causes. Some suggested looking at charities on a case-by-case scenario. Also, one respondent rhetorically asked "What does it mean to be a civil society?" questioning how much we would like "shaping our identity and informing our future choices as a society".

Question 12 - 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.

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.

There were 151 responses to this question, please note that where sub groups are referenced their total number of respondents will be smaller.

Respondents were asked whether they agreed or disagreed that should Option 2 be adopted that charity shops and cafes should not receive any discretionary rate relief. 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.

| Category                   | Number of respondents | Percentage response |
|----------------------------|-----------------------|---------------------|
| Agree                      | 68                    | 45.00%              |
| Neither Agree nor Disagree | 25                    | 16.60%              |
| Disagree                   | 56                    | 37.10%              |
| Don't know                 | 2                     | 1.30%               |

When assessing the replies from the various groups of respondents the following differences were noted:-

- Respondents who had chosen introducing a variable relief rate scheme (Option 2) as their most preferred option were more likely to agree that charity shops and cafes should not receive any discretionary rate relief (67.7%, 21 respondents) than those who preferred Option 1 (35.6%, 37 respondents).
- Organisations were more likely to agree than individuals (51.9% of organisations compared to 38% of individuals) that charity shops should not receive any discretionary rate relief. Individuals were more likely to be split with as many agreeing as disagreeing.
- Of the organisations that are in receipt of discretionary business rate relief those supporting vulnerable people were more likely to disagree (54.5%, 18 respondents) than any other purpose.
- Female respondents were more likely to disagree than male respondents (54.5% of female respondents compared to 31.1% of male respondents).

There were 97 comments explaining respondent's answers.

Those who agreed with the statement (39 respondents out of the 97 who responded, which represents 40% of the responses to this question) mainly said that charity shops and cafes are commercial organisations, and as such, they generate incomes and are not not-for-profit organisations. Many respondents expressed their views that charity shops and cafes are competing unfairly against other businesses, as they do not face employees' wages (as they use volunteers), and are exempted from paying rates. Some respondents stated that charity shops and cafes raise funds elsewhere, and some others mentioned that there are too many charity shops and cafes in Medway, probably due to the level of support they receive. A couple of respondents mentioned that the purpose of charity shops and cafes is not directly linked to a benefit for the community. 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.

44% of those who responded this question (43 respondents) disagreed with the statement. 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. Also, many respondents stated that 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). Respondents felt that the implementation of this statement would put charity shops and cafes under risk, and that would undermine the work they do to support vulnerable people, and also 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, and one respondent mentioned that by putting under risk the survival of charity shops, high streets in Medway could see their main shops disappearing.

Those who neither agree nor disagree with this statement were 11% (11 out of 97) of the total respondents to this question. Some of them recognised that the implementation of this statement could put these organisations under risk, and that there should be some consideration given in a case-by-case scenario. For example, the rates assessment could be income/wealth based not on

type of premises. There was one mention that the disappearing of charity shops and cafes could increase Medway Council costs when trying to cover for the services they provide.

Question 13 - 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.

There were 56 comments made about alternative principles that should be considered by the Council; 20 of these were that there 'no alternative suggestions'. Of the remaining comments 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. Some comments that:-

"The assessment should not be on felt value of the audience these organisations seek to serve - it should be on the monetary value of the services that are offered across the wider community and how that compares with the costings that the Council will have to meet in each scenario. It should also take into account the potential for charitable organisations to develop sustainability and how payments can be phased to mirror this."

"As relief is paid for by local residents through their council tax, priority should be given to organisations that provide a direct benefit to Medway residents and thus have a true local connection."

There was 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.

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.

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.

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.

Question 14 - If the Council were to adopt option 2 do you agree with the level of top up discretionary business rate relief for the following groups of charities and community amateur sports clubs?

Respondents were asked to assess the proposed level of relief for Charities and Community Amateur Sports Clubs based on the purpose of the organisation.

|  | Base | Yes           | No           | Don't know   |
|--|------|---------------|--------------|--------------|
| 20% top up relief for charities or community amateur sports clubs seeking to improve the quality of life for children, the elderly, disabled or otherwise vulnerable members of society  | 155  | 133<br>85.80% | 12<br>7.70%  | 10<br>6.50%  |
| No top up relief for charities or community amateur sports clubs supporting animal welfare or conservation but not dealing directly with people  | 147  | 49<br>33.30%  | 68<br>46.30% | 30<br>20.40% |
| No top up relief for charities or community amateur sports clubs supporting lifestyle choices (arts, entertainment, leisure, fee paying education etc.) for all members of the community | 146  | 37<br>25.30%  | 81<br>55.50% | 28<br>19.20% |
| No top up relief for charities or community amateur sports clubs supporting heritage and regeneration  | 144  | 38<br>26.40%  | 76<br>52.80% | 30<br>20.80% |



20% top up relief for charities or community amateur sports clubs seeking to improve the quality of life for children, the elderly, disabled or otherwise vulnerable members of society

There were 155 responses to this part of the question, please note that where sub groups are referenced their total number of respondents will be smaller.

Respondents were asked 'yes' or 'no' whether they agreed that 20% top up relief should be given to charities or community amateur sports clubs seeking to improve the quality of life for children, the elderly disabled or otherwise vulnerable members of society. The overwhelming majority of respondents said 'yes' they agree, 85.8% of respondents. Only 7.7% of respondents disagreed and 6.5% 'did not know'.

When assessing the replies from the various groups of respondents the following differences were noted:-

- Organisations were more likely to agree than individuals (92.6% of organisations compared to 78.1% of individuals) that 20% top up should be given to organisations seeking to support vulnerable people.

No top up relief for charities or community amateur sports clubs supporting animal welfare or conservation but not dealing directly with people

There were 147 responses to this part of the question, please note that where sub groups are referenced their total number of respondents will be smaller.

Respondents were asked 'yes' or 'no' whether they agreed that no top up relief should be given to charities or community amateur sports clubs supporting animal welfare or conservation but not dealing directly with people. The majority of respondents said 'no' they do not agree that they should not receive any relief, 46.3% of respondents. A third of respondents (33.3%) agreed that no top up relief should be given. A fifth (20.4%) stated that they 'do not know'.

When assessing the replies from the various groups of respondents the following differences were noted:-

- Those respondents who had chosen Option 1 as their most preferred option were less likely to agree with only 20.4% (20 respondents) answering 'yes'. Conversely those who had chosen Option 2 as their most preferred option were more likely to agree with 66.7% (22 respondents) answering 'yes' they should receive no top up.
- Individuals who are linked to a charity are more likely to state 'yes' (38.1%) than those linked to a community amateur sports club (14.3%). Those who are associated with a community amateur sports club (57.1%) or not for profit organisation (60%) were more likely to state 'no' they do not agree than those associated with a charity (33.3%).

No top up relief for charities or community amateur sports clubs supporting lifestyle choices (arts, entertainment, leisure, fee paying education etc.) for all members of the community

There were 146 responses to this part of the question, please note that where sub groups are referenced their total number of respondents will be smaller.

Respondents were asked 'yes' or 'no' whether they agreed that no top up relief should be given to charities or community amateur sports clubs supporting lifestyle choices. The majority of respondents said 'no' they do not agree that organisations supporting lifestyle choices should not receive any relief, 55.5% of respondents. A quarter of respondents (25.3%) agreed that no top up relief should be given. A fifth (19.2%) stated that they 'do not know'.

When assessing the replies from the various groups of respondents the following differences were noted:-

- Those respondents who had chosen Option 1 as their most preferred option were less likely to agree with only 9.3% (9 respondents) answering 'yes' and were more likely to state 'no' 71.1% (69 respondents). Conversely those who had chosen Option 2 as their most preferred option were more likely to agree with 63.6% (21 respondents) answering 'yes' they should receive no top up and were more likely to answer 'no' with 21.2% (7 respondents).

No top up relief for charities or community amateur sports clubs supporting heritage and regeneration

There were 144 responses to this part of the question, please note that where sub groups are referenced their total number of respondents will be smaller.

Respondents were asked 'yes' or 'no' whether they agreed that no top up relief should be given to charities or community amateur sports clubs supporting heritage and regeneration. The majority of respondents said 'no' they do not agree that organisations supporting heritage and regeneration should not receive any relief, 52.8% of respondents. A quarter of respondents (26.4%) agreed that no top up relief should be given. A fifth (20.8%) stated that they 'do not know'.

When assessing the replies from the various groups of respondents the following differences were noted:-

- Those respondents who had chosen Option 1 as their most preferred option were more likely to state 'no' 61.9% (60 respondents). Conversely those who had chosen Option 2 as their most preferred option were more likely to agree with 54.8% (17 respondents) answering 'yes' they should receive no top up.
- Organisations were more likely to agree than individuals (33.3% of organisations compared to 19.1% of individuals) that no top up should be given to organisations supporting heritage and regeneration.
- Individuals were more likely to disagree than organisations (44% of organisations compared to 61.8% of individuals) that no top up should be given to organisations supporting heritage and regeneration.

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; those commenting in this way were more likely to agree with the levels of relief proposed in Option2. There were a number of comments suggesting that 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 for animal welfare, heritage and lifestyle choices. Some examples of comments received were:-

“I'm not sure I know enough about the workings of the Council save to suggest that sporting clubs must be protected for health, welfare and social reasons.”

“Animal welfare and sports / social clubs / arts all play an important role in helping people”

Others considered there to be wider benefits by supporting heritage and lifestyle choices; although there was not always universal agreement of which elements created benefit.

“Organisations supporting heritage and regeneration provide a key role in sustaining the local community and should be prioritised over those supporting animal welfare, conservation or lifestyle choices”

Some respondents queried how the categories have been defined / what is included.

“...the distinction between 'charities and community amateur sports clubs', those 'supporting animal welfare or conservation but not dealing directly with people', those 'supporting lifestyle choices' (except fee paying education, which should not be put in the same category in my view), and those 'supporting heritage and regeneration' is arbitrary, not evidence based and short sighted. I believe you are failing to see the incalculable added value and wider benefit - to people's health and wellbeing, social inclusion, prosperity, and the environment we live in - that all of these organisations contribute.”

“I support the option that the 20% relief should be prioritised only to supporting the principle of improving the quality of life for children, providing this includes scout groups”

This may suggest that should Option 2 be agreed in its current format that some further work may need to be undertaken to ensure that organisations and members of the public are aware of how organisations are categorised.

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.

“It is important that organisations seeking to further and assist sports, charitable, health or other well being activities are not penalised or threatened in a poor area like Medway. Funding cuts will close some organisations and put unnecessary pressure on others. What sense does this make?!!”

Question 16 - Do you have any other suggestions for alternative levels of top up discretionary business rate relief for charities and community amateur sports clubs that the Council should consider?

In question 16 respondents were asked for other suggestions of alternative levels of top up discretionary business rate relief for charities and community amateur sports clubs. There were 48 comments received; of which 20 gave no further suggestions. The remaining suggestions where there was a consistent theme was for there to be an individual assessment of the charity or community amateur sports club or that a lower level of top up relief should be set.

Suggestions for individual assessments were based on purpose, income or benefit to the local area.

“A sliding scales-Starting as 20% for vulnerable people charities through 15%,10%,5% for luxury lifestyle choice organisations.”

“Selection to those that contribute the most to the local community.”

There was a range of other comments suggesting 100% relief; suggesting raising income within the Council; other alternative suggestions; change the categories and community organisations should be supported.

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 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.

Question 17 - Do you agree that charity shops and charity cafes should only receive 80% mandatory relief?

There were 153 responses to this question, please note that where sub groups are referenced their total number of respondents will be smaller.

Respondents were asked whether they agreed or disagreed that should Option 2 be adopted that charity shops and cafes should only receive 80% relief. Over two-fifths (43.8%, 67 respondents) of respondents disagreed that charity shops and cafes should only receive 80% relief. However, almost as many 39.2% (60 respondents) agreed that charity shops should only receive 80% relief. There were also 17% (26 respondents) who 'did not know'.

| Category   | Number of respondents | Percentage response |
|------------|-----------------------|---------------------|
| Yes        | 60                    | 39.20%              |
| No         | 67                    | 43.80%              |
| Don't know | 26                    | 17.00%              |

When assessing the replies from the various groups of respondents the following differences were noted:-

- Respondents who had chosen Option 1 as their most preferred option were more likely to state 'no' 51.4% (60 respondents) than those who had chosen Option 2, with 18.8% (6 respondents). Conversely those who had chosen Option 2 as their most preferred option were more likely to agree with 56.3% (18 respondents) answering 'yes' they should only receive 80% relief, compared to 31.4% (33 respondents) of those who chose Option 1 .
- Organisations were more likely to say 'yes' charity shops should only receive 80% relief than individuals (46.3% of organisations compared to 31.9% of individuals). Individuals were more likely to disagree saying 'no' to charity shops only receiving 80% relief (50% of individuals compared to 37.5% of organisations).
- Those organisations who responded as a charity were less likely to say 'yes' (34%) and more likely to say 'no' (46%) than community amateur sports clubs ('yes' – 72.7% and 'no' – 18.2%).
- Those organisations in receipt of discretionary business rate relief who stated their main purpose as supporting vulnerable people were less likely to say 'yes' 24.2% and more likely to say 'no' 54.5% than all recipients of discretionary rates – 44.4% 'yes' and 40.2% 'no'.
- Those organisations in receipt of discretionary business rate relief who stated their main purpose as supporting lifestyle choices were more likely to say 'yes' 70.6% and more likely to say 'no' 11.8% than all recipients of discretionary rates – 44.4% 'yes' and 40.2% 'no'.

Question 18 - Please explain why you agree or disagree that charity shops and charity cafes should only receive 80% mandatory relief

Respondents were then asked to explain why they agree or disagree with charity shops and cafes receiving mandatory (80%) relief only (Question 18). There were 103 comments received; which like the previous question were split in their responses.

There were 39 comments from respondents who said yes that charity shops and cafes should only receive mandatory relief; these respondents were more likely to view charity shops / cafes as businesses and they should pay rates. Those who considered charity shops / cafes as business believed that they had an unfair advantage over other shops (use of volunteers, reductions in rates,

sell donated goods, minimal overheads) or that they were running a business (like other shops, competing with other shops, should be considered a business if employing staff).

“They have unfair advantage and because of this are taking over the town centres “

“They already receive significant advantages compared with similar competing businesses”

“Charity shops and cafes compete with commercial organisations. However if they are run by unpaid volunteers they should receive discretionary relief.”

The last comment starts to show some of the narrow margins between opinions on charity shops and cafes. This may be due to the wide variety of shops and cafes within Medway and who runs them; is it a local charity that directly benefits the local area or is it a national / international organisation that may indirectly benefit the local area. This issue is highlighted amongst those who said no.

Those respondents who felt that charity shops / cafes should be able to pay felt that these premises had strong revenue streams, could support their finances through sales and had other means of raising funds to meet the loss of discretionary relief.

“The[y] can support their finances through sales of products.”

“They have alternative means of providing income and compete directly with private businesses”

There were 51 comments from those who said no. The majority of these comments were about the impact on the community organisation that the charity shop or cafe supports and the need for an individual assessment of the need for discretionary relief.

Those who commented that that only giving mandatory relief would mean that charity shops / cafes would be less able to support vulnerable people and wider community. Some of the comments from respondents were that:-

“Many charity shops are run by large national or international organisations, and in these circumstances are able to pay something towards their rates. Cafes which operate from within independent or local charity premises however often serve an important function in the community, and therefore should receive the discretionary rate relief.”

“Disagree as many of these cafes give work experience to those with health issues, incl mental health, drug rehabilitation, reformed prisoners to try and help them better themselves and gain work. By blanketing all charities and cafés it will stop some of them being able to spend the time with the people that need the mentoring and make them concentrate purely on sales for the cafes and shops”

“The more that is taken from them the less money they will have for their causes. It really is not a good idea to seek to extract even more from charity cafes and shops many of whom already operate at low prices and provide a useful place for social inter-action to low income and vulnerable communities.”

Those who felt there should be an individual assessment were focused around the shop / cafe being a local or national organisation and should be exempt if non profit making / supporting the community.

“National/international charities should receive less relief than local charities.”

“...those who exist to benefit LOCAL community should ideally benefit from some discretionary relief in the short term even if this has to be slowly phased out over next few years as pressure on Medway Council budgets dictate”

“As long as non profit making other than to support charitable activity then it is fitting they are exempt”

Question 19 - Do you have any other suggestions for alternative levels of top up discretionary business rate relief for charity shops and charity cafes that the Council should consider?

There were 52 comments from respondents about alternative levels of relief, half of which were that they had no alternative suggestions. Those who did make a suggestion about an alternative level of relief suggested making an individual assessment based on local benefit or income.

“Those providing demonstrable benefits to Medway residents should continue to get support from Medway Council”

“Consider a sliding scale of discretionary support according to the level of service against business being run.”

“The Council should award discretionary relief on charity shops and cafes when those charities are improving the quality of life for vulnerable people.”

There were a handful of other comments some suggesting that there should be no relief and the amount is generous enough, others that organisations should be supported as much as possible.

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.

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.

Question 20 - If the Council were to adopt option 2 do you agree with the level of discretionary business rate relief for the following groups of not for profit organisations

Respondents were asked to assess the proposed level of relief for not for profit organisations based on the purpose of the organisation.

|   | Base | Yes    | No     | Don't know |
|---|------|--------|--------|------------|
| 100% discretionary relief for not for profit organisations seeking to improve the quality of life for children, the elderly, disabled or otherwise vulnerable members of society  | 155  | 133    | 13     | 9          |
|   |      | 85.80% | 8.40%  | 5.80%      |
| 70% discretionary relief for supporting animal welfare or conservation but not dealing directly with people   | 150  | 43     | 81     | 26         |
|   |      | 28.70% | 54.00% | 17.30%     |
| 50% discretionary relief for not for profit organisations supporting lifestyle choices (arts, entertainment, leisure, fee paying education etc.) for all members of the community | 150  | 39     | 83     | 28         |
|   |      | 26.00% | 55.30% | 18.70%     |
| No discretionary relief for not for profit organisations supporting heritage and regeneration   | 146  | 32     | 80     | 34         |
|   |      | 21.90% | 54.80% | 23.30%     |

100% relief for not for profit organisations seeking to improve the quality of life for children, the elderly, disabled or otherwise vulnerable members of society

There were 155 responses to this part of the question, please note that where sub groups are referenced their total number of respondents will be smaller.

Respondents were asked 'yes' or 'no' whether they agreed that 100% relief should be given to not for profit organisations seeking to improve the quality of life for children, the elderly disabled or otherwise vulnerable members of society. The overwhelming majority of respondents said 'yes' they agree, 85.8% of respondents. Only 8.4% of respondents disagreed and 5.8% 'did not know'.

There are no statistically significant differences between the sub groups.



70% relief for not for profit organisations supporting animal welfare or conservation but not dealing directly with people

There were 150 responses to this part of the question, please note that where sub groups are referenced their total number of respondents will be smaller.

Respondents were asked 'yes' or 'no' whether they agreed that 70% relief should be given to not for profit organisations supporting animal welfare or conservation but not dealing directly with people. The majority of respondents said 'no' they do not agree that they should not receive any relief, 54% of respondents. Nearly a third of respondents (28.7%) agreed that 70% relief should be given. Nearly one fifth (17.3%) stated that they 'do not know'.

When assessing the replies from the various groups of respondents the following differences were noted:-

- 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 receiving discretionary business rate relief (80% of those not associated compared to 50% of those associated).

50% relief for not for profit organisations supporting lifestyle choices (arts, entertainment, leisure, fee paying education etc.) for all members of the community

There were 150 responses to this part of the question, please note that where sub groups are referenced their total number of respondents will be smaller.

Respondents were asked 'yes' or 'no' whether they agreed that 50% relief should be given to not for profit organisations supporting lifestyle choices. The majority of respondents said 'no' they do not agree that organisations supporting lifestyle choices should not receive any relief, 55.3% of respondents. A quarter of respondents (26%) agreed that 50% relief should be given. A fifth (18.7%) stated that they 'do not know'.

When assessing the replies from the various groups of respondents the following differences were noted:-

- Individuals responding to the survey were more likely to say 'no' they do not agree than organisations (62% individuals compared to 48.7% of 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 receiving discretionary business rate relief (90% of those not associated compared to 50% of those associated).

No discretionary relief for not for profit organisations supporting heritage and regeneration

There were 146 responses to this part of the question, please note that where sub groups are referenced their total number of respondents will be smaller.

Respondents were asked 'yes' or 'no' whether they agreed that no discretionary relief should be given to not for profit organisations supporting heritage and regeneration. The majority of respondents said 'no' they do not agree that organisations supporting heritage and regeneration should not receive any relief, 54.8% of respondents. Around a fifth of respondents (21.9%) agreed that no discretionary relief should be given. Nearly a quarter (23.3%) stated that they 'do not know'.

When assessing the replies from the various groups of respondents the following differences were noted:-

- Those respondents who had chosen Option 1 as their most preferred option were more likely to state 'no' and less likely to state 'yes' than those who had chosen Option 2 as their most preferred option (Option 1 - 61.6% 'no' and 14.1% 'yes' compared to Option 2 – 29% 'no' and 45.2% 'yes').
- Organisations were more likely to agree than individuals (28% of organisations compared to 15.7% of individuals) that no relief should be given to organisations supporting heritage and regeneration.

Question 21 - Please explain why you agree or disagree with the level of discretionary business rate relief for not for profit organisations

Respondents were asked to explain why they agreed or disagreed with the level of relief for the respective organisation purposes in question 21. 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 a consensus as to the purpose and the suggested level of relief (there was a range of relief from 0% to full relief).

“Animal welfare should not receive higher discretionary relief than arts and entertainment. Arts and Entertainment on amateur status improve the quality of life for children, the elderly and disabled and should receive 100% relief”

“Animal & Lifestyle charities should receive 0% relief...”

“Sports clubs who are non-profit making that support children & youth activities with their own funds, in own opinion should receive the full 100% 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 level of relief proposed for not for profit organisations in Option2. 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. In answering 'yes' to 100% for organisations supporting vulnerable people one respondent wrote:-

“In my answer 'Yes' I include socialisation through sports clubs and other organisations”

Another respondent referred to their response to an earlier question stating:-

“I don't think you can simply group these categories and place them in a box marked 'Lifestyle' without fully understanding the benefits that people get out of them. For example a dance class for elderly people helps with their mental and physical state, gets them out of the house and allows them to interact with others.”

Another wrote:-

“Sports clubs should be included in organisations seeking to improve the quality of life for children, the elderly members of the community”

Question 22 - Do you have any other suggestions for alternative levels of discretionary business rate relief for not for profit organisations that the Council should consider?

In question 22 respondents were asked for other suggestions of alternative levels of top up discretionary business rate relief for not for profit organisations. There were 46 comments received; of which 22 gave no further suggestions. Where there was a consistent theme the suggestions were for there to be an individual assessment of the not for profit organisation.

Suggestions for individual assessments were based on purpose, size / income of the organisation or benefit to the local area.

“Take into account: - Size of organisation, Purpose, no. of volunteers, limited funds. is the organisation already paying rent to the council + is this value for money”

There was a range of other comments suggesting 100% relief; other alternative suggestions; category specific suggestions and the contribution from Council creates a wider benefit for the Council and community than the cost / increase in other cost to the Council / other organisations.

Question 23 - Is there anything else we should consider about option 2 before making a final decision?

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.

61 respondents made a comment about any other considerations about Option 2 before a final decision is made; of those 26 stated that there were no further considerations. 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.

Those commenting on the scheme and its operation were concerned with the complexity of the scheme and the cost to administer, the need to determine eligibility with a right of appeal, a wider right of appeal about all aspects of the scheme and the flexibility of the scheme.

“Try to avoid a complex and administratively costly option where several rates are involved - Keep it simple”

“There needs to be a mechanism in place to ensure those organisations seeking the discretionary relief are eligible. And also a system of appeal if the decision is deemed to be incorrect from the applying organisation”

The need to make individual assessment of organisations is again a key theme the comments made suggest that the scheme should consider the local benefit of organisations, the income of an organisation and an understanding of what organisation does and its benefit.

“The proposed system does not take into account the importance of all charity projects to medway.”

“Base relief on the wealth of the charity not the type of property it occupies or its funding method.”

A number of comments also mentioned categorisation of the purpose of organisations, stating that; they were ill defined; that categories such as arts, leisure or animal welfare support vulnerable people too / had a wider benefit and commented on the nature of the buildings related to some activities.

“Animal welfare and arts / social / sports are not lesser charities. They all play a major role in society that prevents other problems occurring such as antisocial behaviour”

One comment highlights the sentiment within the three main comment categories:-

“Option 2 is not sufficiently flexible giving an either/or choice based on very ill defined categories rather than providing a range of options based on merit of the individual application.”

## Option 3

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

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.

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.

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.

### **Question 24 - If the Council were to adopt option 3, do you agree that all charities, not for profit organisations and community amateur sports clubs should receive a flat rate of 80% relief?**

There were 147 responses to this question, please note that where sub groups are referenced their total number of respondents will be smaller.

Respondents were asked whether they agreed or disagreed that should Option 3 be adopted that all organisations should receive a flat rate 80% relief. Over two-thirds (70.1%) of respondents

disagreed that organisations should receive a flat rate 80% relief. A quarter of respondents (25.2%) agreed and there were only 4.8% of respondents who 'did not know'.

| Category   | Number of respondents | Percentage response |
|------------|-----------------------|---------------------|
| Yes        | 37                    | 25.20%              |
| No         | 103                   | 70.10%              |
| Don't know | 7                     | 4.80%               |

When assessing the replies from the various groups of respondents the following differences were noted:-

- Individuals who are not associated with a charity, community amateur sports club or not for profit organisation are more likely to have a split opinion with 50% agreeing and 50% disagreeing; they are more likely to agree and less likely to disagree than those who are associated with a charity, community amateur sports club or not for profit organisation (22.2% agree and 75.6% disagree).
- Individuals who are associated with a not for profit organisation are more likely to have a split opinion with 50% agreeing and 50% disagreeing; they are more likely to agree and less likely to disagree than those who are associated with a charity or community amateur sports club (15% and 20% agree respectively).

Question 25 - Please explain why you agree or disagree that all charities, not for profit organisations and community amateur sports clubs should receive a flat rate of 80% relief

Question 25 then asked respondents to explain why they agreed or disagreed with the flat rate of relief for all organisations affected. There were 92 comments received. Of the 37 respondents who agreed with the 80% flat relief 18 commented. Those commenting who agreed were most likely to state that they viewed it as being fair and equitable with respondents stating "fair and reasonable and easier to administrate" or "if Option 1 is not available then the fairest alternative is for all organisations to be treated the same".

Of the 103 respondents who disagreed with the 80% flat relief 69 commented. 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'.

"Although more fair than being variable, there are many organisations that would not be able to continue with this extra deficit - they are already struggling."

"Having to find 20% of the business rate would severely limit the amount charities can spend on its client group and therefore place a greater burden on the council to meet those needs"

Within these groupings there was a feeling of a difference between those organisations which are national or international charities compared to those that are local often smaller charities.

“This is a blunt instrument that would disadvantage small local organisations relative to national/international and/or larger ones that have more resources to draw on.”

“Many charities, especially small local ones benefit the local community hugely providing 'soft' social services such as help and advice on getting back into work, food banks, free books and educational equipment, cheap or free food etc. These activities are worth supporting and the cost of a few thousand pounds in rate relief is far less than it would cost the council/taxpayer to provide these services directly. Many of these charities are fully run by unpaid volunteers and have relatively low funding. Big wealthy charities with paid employees huge property holdings massive reserves and multi million pound funding streams can pay rates small charities should not. Income less than £250,000 should get full 100% relief. Income over £250,000 should get only 80% relief.”

There were a number of respondents who commented that community organisations should not pay business rates / should receive 100% relief as they currently do.

Question 26 - Do you have another suggestion as to the flat rate of relief that should be granted?

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; only 39 respondents. The majority 20 of the 39 had no suggestion to make. Of those who did make a suggestion for a rate it was for 100% relief, as many 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; some suggestions focused on the level of income of the organisation (for example less than £250,000 would get full relief, over £250,000 would get 80% relief or using a % of audited net profit), whilst others suggested using an individual assessment (for example based on sources of funding, an assessment of the local benefits or an impact analysis for charity shops).

Question 27 - Is there anything else we should consider about option 3 before making a final decision?

Respondents were finally asked if there were any other considerations that should be made about Option 3 before a final decision is made; 36 of those who responded provided a comment. The majority of comments were that there was nothing else to consider. The remaining comments were about the option itself with some of those 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; the 'financial burden / risk of closure' faced by organisations, the need for an 'individual assessment of 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'. The remaining comments were spread over a number of different topic areas.

**Appendix 1 – Question 3 Do you have an alternative suggestion for Medway Council’s discretionary business rates policy?**

These are the verbatim responses of respondents to question 3, where a respondent has referred to a comment in another question these have been added in for ease of comparison within this report.

|   |  |
|---|--|
| As option 2 but including conservation in the priority organisations.   | Set the discretionary relief at a lower level, eg. 10%.  |
| Option 4 but no relief for charity shops that make a profit   | We would feel that there shouldn't be a set criteria for the discretionary relief as every charity is different and wouldn't necessarily fall into 'boxed' criteria  |
| No  | Medway Council may wish to consider widening the discretionary rate relief to include Heritage and Museum properties. These properties attract visitors to the area boosting trade and helping renovate and maintain important historical buildings. The Trust appointed an independent research company to estimate the economic impact of visitors to The Historic Dockyard Chatham which concluded that visitors contributed over £2.5 million to Medway. There is a further £2 million spent on direct procurement in Medway and £2.1 million spent in the rest of Kent. |
| As per option 2 but to include 100% relief is prioritised for childrens charities, the elderly and vulnerable. To add to that group any club, group, community hall etc that offers a unmet need in a given community. E.g. a local judo club, scout hall etc are likely to be fairly unique in a given area of medway and serve that community. Where as a shop/cafe is duplicating available services these should not be prioritised, particularly for national/international charities. | see above [Response added from question 2 - We think all not for profit ogranisations and sports clubs should receive maximum relief]  |
| We should all be treated the same   | My answer in 2. explains this [Response added from question 2 - I thinkl all not for profit organisations and sports clubs should receive maximum relief. I would not include charity shops + cafes in this, if they make a profit.]   |
| that everyone pays AT LEAST something and it becomes fairer   | set discretionary relief at 15,10 or 5%  |



|   |   |
|---|---|
| Reduce it to 75%  | Full discretionary relief for registered charities, statutory relief for those who currently receive it |
| <p>I understand that charity shops will be separately categorised as they have an element of earned income but know from long experience in the charity sector locally as volunteer and/ or Trustee of 4 Medway based charities that some shops operate differently to others - some sell only locally donated goods (as opposed to bought in items) some access surplus new stock from UK companies. Others provide extra employment locally alongside substantial amounts of volunteering (short and long term) , work hard at mentoring , building skills and confidence towards employability . Another major difference is how the funds generated - do they directly benefit the people of Medway or are they part of a nationwide chain where costs are sometimes higher and profits are disbursed nationwide. I declare an interest in the Strood Community Project with whom I volunteer and who are committed to a wide variety of projects locally including on the Peninsula and who are committed to using the shop to raise awareness and move people towards employability and a more fulfilled lifestyle.</p> | <p>you could set it at a lower level and reduce councils services accordingly</p>                       |
| <p>I think that IF the discretionary 20% is in danger of being lost, why not see how much work the different NFP/Charity and sports organisations actually do for their community and I mean across the board, not just one sector like for example 'the deaf' or 'physically disabled' and award the relief to the organisations that do the most for the largest variety of groups in the community?</p>  | No  |

|   |   |
|---|---|
| <p>Go for Option 2 with the additional provision for charity shops (and others) who directly improve local welfare according to your stated brief for children, vulnerable adults and the elderly. For example Demelza charity shops benefit the local community directly by: -supporting the provision of hospice care services for children (Sittingbourne hospice provides care to the whole of Kent and beyond). All profits are returned to parent charity, -providing local employment -providing volunteering opportunities for vulnerable adults to be in the work place thereby gaining skills and self confidence -a secondary benefit is providing second-hand goods and furniture to local people/students etc.</p> | <p>If the council needs additional revenues - all local halls - including church (+Similar) halls should share the burden, as should charity shops - although all these are of benefit to less wealthy or less healthy residents - Albeit some are not in the UK.</p>   |
| <p>Option 3 (b) Reduce support for charity shops and cafes</p>  | <p>No.</p>  |
| <p>No</p>   | <p>Leave &amp; provide a discretionary business rates policy.</p>   |
| <p>Leave it as it is.</p>   | <p>Cut waste in local government</p>  |
| <p>No</p>   | <p>Our suggestion is a development of Option 2 but continuing to allow the discretionary rate relief on charity shops and cafes where those shops and cafes exist to financially (and in others ways too) to contribute to the work of those charities which improve the quality of life for children, the elderly, etc. It seems odd to allow the offices and premises of these organisations to benefit from the discretionary relief but then tax their fundraising efforts.</p> |
| <p>Offer the discretionary 20% business rates to those sports clubs that contribute the most and who are growing their participation year-on-year.</p>  | <p>No</p>   |
| <p>Support is needed to community clubs and organisations as this creates that society in which we live and we need to look at the options available to save money elsewhere or in indeed to focus on other areas of business rates rather than those 'small' clubs trying to survive in a hostile environment.</p>   | <p>Set discretionary relief at lower level eg 15% ,10%,or 5%</p>  |

|  |  |
|--|--|
| <p>Instead of increasing the financial burden on on non profit and sporting organisation maybe the Council should look to increase the Business rate for for profit organisations that are detrimental to Community health, such as Fast Food outlets, Gambling Establishments, and those that sell Alcohol.</p>                   | <p>N/A</p>   |
| <p>No business rates should hit NFP sports organisations like cricket or football clubs.</p>   | <p>Supporting vulnerable people should also include charity shops that raise money for vulnerable people.</p>  |
| <p>I would suggest money is spent much more wisely elsewhere at Medway council, rather than waste time and money on any of these changes. Really spending the huge sums reported on resurfacing Rochester Airport, which stands to make money from this activity???</p>  | <p>Not really, if not status quo, then allow charities to appeal/present their case</p>  |
| <p>I think that any form of change should be fully discussed with the local authority and chairperson of local clubs so that a full understanding of implications on such decisions can be had. A lean event with independent facilitators would be a preferred option to enhance transparency.</p>                                | <p>No, not at this stage</p>   |
| <p>PLEASE LEAVE THEM AS THEY ARE</p>   | <p>direct funds from less needed projects within the community which does not changes lives or attitudes</p>   |
| <p>Clubs that can afford to pay for overseas players should be classed as businesses. Most clubs survive on the goodwill and free time of their members to continue providing sport and developing future players from colt to senior level.</p>   | <p>No</p>  |
| <p>I would suggest for the Council to oppose the election of a Police and Crime Commissioner and use the money spent on this role more wisely on the local charities, not-for-profit organisations and community amateur sports clubs, which go some way to reducing crime and anti-social behaviour in the local area anyway.</p> | <p>N/a</p>   |
| <p>No</p>  | <p>See above [Response added from question 2 -I am a member of a lawn tennis club (CLT) Rochester. we are able play 6 months of year. We maintain all facilities ourselves including lessons for children thru</p> |

|  |   |
|--|---|
|  | July/Aug/Sept. Any increase in what we pay (Rent £550) P.A. would put the club in jeopardy. I do believe though that most charities . INFO. could pay a levy of some description]   |
| No   | I would argue that there are some organisations which should not receive the same level of discretionary relief, i.e. private educational institutions would be a prime example, and possibly organisations which exist primarily to promote a particular political or religious belief (i.e. which are primarily not in existence to promote social inclusion, wellbeing or some other social good). |
| Implement a system based on individual organisation turnover and review whether business rates would have a severe impact on the organisation - based on strict risk assessing.                            | No - again we agree with the existing guidelines  |
| No.  | Set discretionary relief at lower level eg 15%, 10%, or 5%  |
| N/A  | Ask the organisation for annual accounts  |
| What are other councils in kent doing? Surely its best to do the same or one council will end up with all the charities meaning customers will have to travel further                                      | No  |
| No   | No.   |
| If Option 2 (or similar) is selected, then there must be clear guidelines to safeguard those charities working in health and wellbeing, and those involved in inclusivity work across all their locations. | 3. the council would create considerably more income through business rates if it did more to encourage for-profit organisations into the area.   |
| An alternative is for the council to provide the resources such as house, equipment required to complete any such projects because of other hidden cost borned by the volunteers and charities.            | It would be a good idea to assess organisations' ability to self sustain - across long term plans (5 to 10 years) - if the council have the charge variable rates. But these would need to be conversations with the organisations that take into account all support opportunities for them - a two way dialogue that would hopefully benefit the organisations as well as the Council.              |

|  |   |
|--|---|
| <p>Not really. Reinstating option 1 would send a strong supportive message to the charities in Medway, that the Council is on our side and we would all need to recognise that the Council is backing us up.</p> | <p>No alternative I support the councils option 2 provided the improving the quality of life for children includes scout groups H.Q's</p>   |
| <p>No</p>  | <p>No</p>   |
| <p>Make the discretionary relief less than 20%, eg 15, or 10%</p>  | <p>A sliding scale of relief that reflects the local benefit provided to Medway residents rather than the amount of relief being based on a broad grouping of 'types' of offering. Medway residents are likely to support relief being given to local organisations, and will benefit from their contribution (through their council tax payments) to organisations that provide benefits for local residents, be they hospices, sports clubs or organisations that improve the environment. For example, it is likely that residents would be highly supportive of Demelza House shops receiving the full discretionary relief but less supportive of, say, Oxfam shops, which have a large resource to draw on, receiving the same. In the case of the 'Leisure' category, which our organisation is placed in, sports and arts provision is crucial to a healthy community, and something that the council does not provide in sufficient quantity - again, value for money.</p> |
| <p>N/A</p>   | <p>No</p>   |
| <p>N/A</p>   | <p>Yes. The discretionary relief should be based on the charity's INCOME - its ability to pay and the effect that the rates would have on it. Charities with an income over 250,000 per annum or more than 3 properties should get only the 80% statutory relief Charities with an income below 250,000 per annum or less than 3 properties should get 80% statutory relief and 20% discretionary relief. This suggestion would mean that small local charities would benefit from the relief but large waelty charities would pay some rates</p>   |
| <p>None</p>  | <p>AS we are not aware of other charities and clubs needs we feel the greatest need gets most with a scale that is not less than 70%</p>  |

|   |  |
|---|--|
| I would prefer option 1 but would be ok with option 2 as this criteria fits within the services our charity currently provides  | No!  |
| We have no suggestions for the discretionary business rates policy.   | leave  |
| No  | while aware of the strains of the councils finances it seems the way option might be to set the discretionary relief at lower levels i.e. 10% etc                          |
| No, we are sure that Medway Council have the same problem as us with balancing finance. It's never easy but as we have already stated central and local government are putting much more burden on us financially, but still want us to be able to deliver the same service. This will be impossible. | try to reduce costs in other ways E.G. review the need for residential care and domestically care. consider the polishing of service then getting back in to the community |

# Diversity impact assessment

|   |  |
|---|--|
| <b>TITLE</b><br><i>Name/description of the issue being assessed</i>   | <b>Business Rate Relief</b>                      |
| <b>DATE</b><br><i>Date the DIA is completed</i>   | <b>16 December 2016 (updated 9 January 2017)</b> |
| <b>LEAD OFFICER</b><br><i>Name of person responsible for carrying out the DIA.</i>  | <b>Jon Poulson</b>                               |
| <b>1 Summary description of the proposed change</b> <ul style="list-style-type: none"> <li>• <i>What is the change to policy/service/new project that is being proposed?</i></li> <li>• <i>How does it compare with the current situation?</i></li> </ul>   |  |
| <p><b>The Local Government Finance Act 1988 requires all local authorities to grant mandatory rate relief to registered charities and registered Community Amateur Sports Clubs (CASCs). Mandatory relief provides an 80% reduction in business rates.</b></p>  |  |
| <p><b>Under the Localism Act 2011, local authorities also have the power to grant discretionary relief to cover some or all of the remaining 20% (commonly referred to as ‘top up’ relief) and up to 100% relief to other non-profit making organisations. It is these latter categories that the Council is reviewing.</b></p>   |  |
| <p><b>Current discretionary relief levels to organisations already in receipt of mandatory relief are in practice almost exclusively 20%, and those qualifying organisations not in receipt of mandatory relief 100%.</b></p>   |  |
| <p><b>Consultation has taken place on three options</b></p>   |  |
| <ol style="list-style-type: none"> <li><b>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</b></li> <li><b>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.</b></li> </ol> |  |

# Diversity impact assessment

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.**

## **2 Summary of evidence used to support this assessment**

- *Eg: Feedback from consultation, performance information, service user records etc.*
- *Eg: Comparison of service user profile with Medway Community Profile*

**A consultation available to all residents and businesses took place between 15.09.16 and 7.12.16. This consisted of:**

- **An online option via the Council's website**
- **Paper surveys available upon request from all Medway Libraries, contact points and hubs**
- **A letter to all organisations in receipt of discretionary relief**
- **Targeted communication with local groups.**

**There were 157 responses received with**

- **81 respondents responding as an organisation**
- **75 respondents responding as an individual**
- **52 of the 75 individuals were associated with an affected organisation**

**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.**



# Diversity impact assessment

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 stakeholders confirmed at the Business Support Overview & Scrutiny Meeting that their organisations may have to close and/or reduce support to their beneficiaries should the amount of discretionary relief they receive be reduced.

### 3 What is the likely impact of the proposed change?

Is it likely to :

- Adversely impact on one or more of the protected characteristic groups?
- Advance equality of opportunity for one or more of the protected characteristic groups?
- Foster good relations between people who share a protected characteristic and those who don't?

(insert ✓ in one or more boxes)

| Protected characteristic groups | Adverse impact                           | Advance equality                         | Foster good relations |
|---------------------------------|--|--|-----------------------|
| Age                             | Dependent on option chosen (see 4 below) | Dependent on option chosen (see 4 below) | N/A                   |
| Disability                      | As above                                 | As above                                 | N/A                   |
| Gender reassignment             | As above                                 | As above                                 | N/A                   |
| Marriage/civil partnership      | As above                                 | As above                                 | N/A                   |
| Pregnancy/maternity             | As above                                 | As above                                 | N/A                   |
| Race                            | As above                                 | As above                                 | N/A                   |
| Religion/belief                 | As above                                 | As above                                 | N/A                   |
| Sex                             | As above                                 | As above                                 | N/A                   |
| Sexual orientation              | As above                                 | As above                                 | N/A                   |

# Diversity impact assessment

Other (eg low income groups)

As above

As above

N/A

## 4 Summary of the likely impacts

- *Who will be affected?*
- *How will they be affected?*

If option one is chosen there will be no adverse impact in so far as the status quo will remain with all qualifying organisations continuing to be awarded 100% rate relief.

If option 2 is chosen, those organisations whose primary purpose is to support vulnerable people will continue to receive 100% rate relief and as such there will be no adverse impact. However, the following organisations will see a reduction in the amount of relief awarded:

| Organisation purpose    | Number of organisations | Number of properties |
|-------------------------|-------------------------|----------------------|
| Animal welfare          | 3                       | 4                    |
| Lifestyle               | 82                      | 120                  |
| Heritage                | 9                       | 17                   |
| Charity Shops and Cafes | 24                      | 45                   |

The protected characteristic groups that make up the membership or benefit from the services of these organisations is not known.

If option 3 is chosen, all organisations will receive a reduction in the amount of rate relief awarded and as such could create an adverse impact across all groups.

## 5 What actions can be taken to mitigate likely adverse impacts, improve equality of opportunity or foster good relations?

- *Are there alternative providers?*
- *What alternative ways can the Council provide the service?*
- *Can demand for services be managed differently?*

# Diversity impact assessment

Further information concerning the make-up of organisations will be requested when applications for relief are issued. This information can then be used to better inform how these organisations impact the lives of those in protected characteristic groups.

The level of recovery action needed to collect business rates from these organisations will inform officers of any difficulties that the new policy may be causing.

The effects of the reduced discount can be mitigated by the Council's Business Rates Hardship Relief scheme designed to assist any business organisation facing hardship.

Officers will offer advice on other opportunities that may benefit the organisations involved, such as sports clubs applying for Community Amateur Sports Club status.

## 6 Action plan

- *Actions to mitigate adverse impact, improve equality of opportunity or foster good relations and/or obtain new evidence*

| Action  | Lead  | Deadline or review date |
|---|---|-------------------------|
| Analysis of consultation responses  | Corporate Performance & Intelligence                          | Ongoing                 |
| Stakeholder discussion at Business Support Overview & Scrutiny Committee  | Corporate Performance & Intelligence plus Revenues & Benefits | 05 January 2016         |
| Seek applications for relief and obtain details of memberships and service recipients   | Revenues & Benefits   | February 2016 onwards   |
| Monitor recovery action to identify any disproportionate increase arising from the change in discount level. The number of charity relief cases being issued recovery notices will be compared to previous years and the number of hardship relief applicants and successful claimants will also be | Revenues & Benefits   | April 2016 onwards      |

# Diversity impact assessment

compared to previous years. The new policy can then be reconsidered in light of any detrimental effects.

## 7 Recommendation

*The recommendation by the lead officer should be stated below. This may be:*

- to proceed with the change implementing action plan if appropriate
- consider alternatives
- gather further evidence

*If the recommendation is to proceed with the change and there are no actions that can be taken to mitigate likely adverse impact, it is important to state why.*

**That the action plan and mitigation is followed upon implementation of the changes**

## 8 Authorisation

*The authorising officer is consenting that:*

- the recommendation can be implemented
- sufficient evidence has been obtained and appropriate mitigation is planned the Action Plan will be incorporated into service plan and monitored

**Assistant Director**

**Date**

Contact your Performance and Intelligence hub for advice on completing this assessment

RCC: phone 2443 email [annamarie.lawrence@medway.gov.uk](mailto:annamarie.lawrence@medway.gov.uk)

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Send completed assessment to the Corporate Performance & Intelligence Hub (CPI) for web publication