

REPORT OF Section 151 Officer  
To: Community and Resources Committee  
Subject: Notice of Motion – Discretionary Business Rate Relief Parish Halls  
Date: 6th March 2023 Reference:

**PURPOSE OF REPORT:** For members to recommend to Full Council what course of action the Council should take in light of the decision of Full Council on the 20<sup>th</sup> February 2023 to support the Notice of Motion from Councillor Dart to reverse the decision to remove discretionary business rate support from Parish Halls.

## 1. Introduction and background

1.1. In light of the emerging financial challenges facing Torridge Council; Full Council on the **21<sup>st</sup> February 2022** unanimously approved the formation of a Member Budget Working Group (MBWG) to explore how the Council's Finances could be brought back into balance. Members from all political groupings were invited to be participants of the working group. At the initial meeting of the MBWG the remit of the group was established.

- Proposals from the group should seek to minimise redundancies.
- Proposals should align with the Council's Strategic Plan
- Proposals should be deliverable within a reasonable timeframe and thus minimise the Council's deficits as soon as possible.
- Proposals from the group should prioritise raising income over cuts to services.

1.2. The MBWG reported back to Full Council on the **5<sup>th</sup> September 2022**, a variety of proposals were put forward to Full Council and were debated at length, namely;

- Car Parking
- Vehicular Access to the Burrows
- Member Grants
- Discretionary Business Rate Relief
- Garden Waste
- Treasury Management Policy
- Council Tax premiums

Within the proposals for discretionary rate relief was the removal of discretionary rate relief for Parish Halls effective from the 1<sup>st</sup> April 2023. The proposals of the MBWG were approved by Full Council, 19 votes for, 4 against & 3 abstentions.

## 2. Parish Halls and Discretionary Rate Relief.

All Parish Halls within Torridge received mandatory 80% charitable relief which Torridge is its capacity as the billing authority is obliged to award. Torridge Council has for several years awarded an additional 20% discretionary relief of circa £40k (£16k costs to the Council as it retains 40% of Business Rates). The balance of the costs being borne by Central Government, Devon County Council, the Police and Devon & Somerset Fire.

For the last few years Central Government has provided additional Retail, Hospitality and Leisure (**RHL**) relief which Parish Halls would have been liable to receive on the remaining 20% after the award of the mandatory 80% charitable relief.

However because of the presence of the Council's discretionary relief policy (which takes precedence) this relief has not been applied, at a cost to the Council.

The RHL relief available from Central Government on the remaining 20% business rates liability has been as detailed below:

- 2020-21 100% Covid-19 Relief
- 2021-22 100% relief until 30<sup>th</sup> June 21 and then 66% RHL relief
- 2022-23 50% RHL relief
- 2023-24 75% RHL relief.

Because the Council had a discretionary rate relief policy in place, it actually cost the Council circa £16k to award discretionary rate relief to Parish Halls in 2020-21, when application of the Covid-19 relief would have eliminated the liability for Parish Halls. This is because the application of the existing discretionary rate relief took precedent over the Covid 19 relief ( as is the case for RHL relief).

### **3. The current position**

All Parish Halls within Torridge receive 80% charitable relief, with the removal of discretionary rate relief Parish Halls are eligible for the 75% RHL relief on their remaining 20% liability. Essentially the liability for Parish Halls is 5% (20% x 25%) of the total business rate liability for 2023/24

The Council's budgets as approved by Full Council on the 20<sup>th</sup> February 2023 include a saving of circa £16k arising from not awarding discretionary rate relief to Parish Halls.

The liability of Parish Halls within Torridge after the application of RHL relief at 75% will be £9.6k with liabilities ranging from £54 - £627; with an average liability of £179.

### **4. Billing and other statutory considerations**

The Non-Domestic Rating (Discretionary Relief) Regulations 1989 prescribe the rules to be followed by Local Authorities in relation to decisions and determinations as to discretionary relief.

These regulations stipulate that any changes to Discretionary Rate Relief cannot happen mid financial year, but must commence at the expiry of a financial year, and further that one year notice must be given of any variation or revocation.

The Business Rates team sent a mailshot in February 2022 stating that the Discretionary Rate Relief scheme was under review and may change from 1<sup>st</sup> April 2023.

A further mailshot was then sent informing customers of the changes due to their bills, once Full Council approval had been made.

Any further changes will need to follow the same procedure, and therefore will not be able to be introduced until 1st April 2024.

The Business Rates Annual Billing process for 2023-24 is scheduled to commence on the 6<sup>th</sup> March 2023, to ensure that bills are sent in time for the 1<sup>st</sup> April payment instalment.

### **5. Next Steps**

Given the Council's budget for 2023-24 and Medium Term Financial Strategy were approved by Full Council on the 20<sup>th</sup> February 2023, members of this committee are to consider whether to confirm the Notice of Motion and if so recommend to Full Council how the cost to the Council of circa £16k can be funded in both 2023-24 and for the remaining years of the Medium Term Financial Strategy.

## **Implications**

### Legal Implications

The Council is required to set a balanced annual budget.

### Financial Implications

These are contained in the report.

### Human Resources Implications

n/a

### Sustainability Implications

None directly applicable to this report.

### Equality/Diversity

None directly applicable to this report.

### Risk Management

The Council will be required to reduce net expenditure over the medium term, any reversal of the decision to .

### Compliance with Policies and Strategies

Forms part of the strategy process.

## **6. Recommendations:**

That Members either

- Endorse the Notice of Motion from Full Council and make recommendations to Full Council as to how the budgets can be amended for the lost income or
- Reject the Notice of Motion from Full Council and recommend that the removal of the discretionary rate relief for Parish Halls is not reinstated.