



# Cabinet report

Date	<b>9 FEBRUARY 2023</b>
Title	<b>DISCRETIONARY RATES RELIEF POLICY – HEAT NETWORK RATES RELIEF SCHEME</b>
Report of	<b>CABINET MEMBER FOR STRATEGIC FINANCE, TRANSFORMATIONAL CHANGE AND CORPORATE RESOURCES</b>

---

## EXECUTIVE SUMMARY

1. In the Business Rates Review published in October 2021, the Government announced a 100 per cent relief effective from the 1 April 2023 for eligible low-carbon networks that had their own business rates assessment. The relief was aimed at those properties generating heat from a low carbon source which in turn supports decarbonisation.
2. From 1 April 2023 the government intends for the relief to be provided via legislation and inform regulations to be made to take effect from the 1 April 2023. At the time of writing this report it has been identified by the Valuation Office Agency (VOA) that the Isle of Wight has one business which would benefit from this relief.
3. The government has requested that local authorities implement their own policy for the financial year 2022/23 until the legislation comes into force on 1 April 2023. As such, the Council is required to include in its policy the determination of the 100 per cent relief to be awarded to eligible businesses. The policy is attached to this report as Appendix 1.
4. Central government will reimburse billing authorities for the actual cost to them under the rates retention scheme.
5. This report sets out the details of the relief and the need to adopt the new policy from 1 April 2022 retrospectively until the legislation comes into force from 1 April 2023 which will then automatically be included in the discretionary rate relief policy.

## RECOMMENDATION

- |   |
|---|
| <ol style="list-style-type: none"><li>6. That Cabinet adopt Option (a) as detailed below in that the heat networks rates relief scheme be implemented from 1 April 2022 and 100% relief is granted to those properties identified by the Valuation Office as using low carbon networks on the Island.</li></ol> |
|---|

## BACKGROUND

7. The purpose of this scheme is to award discretionary relief to properties with low carbon heat networks that have a separate non-domestic rates assessment.
8. The Government launched an initiative of support from 1 April 2022 for one year only but now wants to formalise the support for property owners who are reducing carbon omissions and providing a renewable source of energy which the council is keen to support in line with its climate strategy.
9. Heat networks take heat or cooling from a central source(s) and deliver it to a variety of different customers such as public buildings, shops, offices, hospitals and homes. By supplying multiple buildings, they avoid the need for individual boilers or electric heaters in every building. For these purposes, a heat network is a facility, such as a district heating scheme, which supplies thermal energy from a central source to consumers via a network of pipes for the purposes of space heating, space cooling or domestic hot water. Heat networks have the potential to: -
  - Reduce bills
  - Support local regeneration and
  - Be a cost-effective way of reducing carbon emissions from heating.
10. Heat networks play an important role in decarbonising heat and support delivery of our net zero commitments. They are uniquely able to unlock otherwise inaccessible large-scale renewable and recovered heat sources such as waste heat and heat from rivers and mines.
11. Hereditaments wholly or mainly providing heat for a different purpose (such as an industrial process) are not eligible.
12. It will be for individual local authorities, which administer the heat network relief, to adopt a local scheme and determine in each individual case when, having regard to this guidance, to grant relief using their discretionary relief powers under section 47 under the local government finance act 1988 (as amended).
13. In order to be eligible for the heat network relief the hereditament must be: -
  - a. Wholly or mainly used for the purposes of a heat network, and
  - b. the heat is over the next 12 months expected to be generated from a low carbon source (irrespective of whether that source is located on the hereditament or on a different hereditament).
  - c. Subject to subsidy control limits

## CORPORATE PRIORITIES AND STRATEGIC CONTEXT

14. Responding to climate change and enhancing the biosphere

Providing support to business who fall within the heat networks criteria supports the council's "Mission Zero" climate change strategy and supports those business financially with relief supporting this initiative.
15. Provision of affordable housing for Island Residents

- This policy will have no impact on affordable housing.
16. Economic Recovery and Reducing Poverty

The relief provided will support qualifying local businesses which may in turn support those residents employed by the business', and also support low carbon heat if used within building new homes.

17. Impact on Young People and Future Generations

This policy supports the climate change strategy, which will benefit future generations in the long term.

## CONSULTATION

18. There is no requirement for any consultation as this is subject to a change in government legislation.

## FINANCIAL / BUDGET IMPLICATIONS

19. Currently, central government are temporarily reimbursing billing authorities in full for this relief for 2022/23, subject to this policy being approved.
20. Because the relief is becoming part of the existing discretionary relief legislation from 1 April 2023, central government will continue to reimburse billing authorities and major precepting authorities for the actual cost to them.
21. The reimbursement for this relief is made following the submission of authorities' National Non-Domestic Rates 3 (NNDR3) forms.
22. As this is a government led initiative, grants for the full amount will be available through section 31 of the Local Government Act 2003.

## LEGAL IMPLICATIONS

23. The heat relief will be delivered using existing local government discretionary relief powers under section 47 of the Local Government Finance Act 1988.

## EQUALITY AND DIVERSITY

24. The council as a public body is required to meet its statutory obligations under the Equality Act 2010 to have due regard to eliminate unlawful discrimination, promote equal opportunities between people from different groups and to foster good relations between people who share a protected characteristic and people who do not share it. The protected characteristics are age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
25. An Equality Impact Assessment has been completed separately to this report. It shows that the implementation of this policy does not affect any of the protected characteristics.

## OPTIONS

26. The options for consideration are as follows:
- (a) That the heat networks rates relief scheme be implemented by way of a policy from 1 April 2022 and 100 per cent relief is granted to those properties identified by the Valuation Office as using low carbon networks on the Island until legislation is brought into force in April 2023.
  - (b) That this change is not implemented from 2022, and the Council waits until 2023 for the change to be made by legislation.

## RISK MANAGEMENT

27. As with the granting of other discretionary reliefs the revenues team will only apply this relief in-line with the specific eligibility criteria for the Heat Network Reliefs scheme. The granting of reliefs is subject to annual reviews and in this case will be coordinated with information retained by the VOA.
28. Regular monitoring of cases and close working with the VOA to identify businesses to confirm eligibility will ensure that the relief is paid correctly to those entitled.

## EVALUATION

29. Adopting this policy under option (a) provides 100% to eligible local businesses by applying Heat Network Relief.
30. By not adopting this policy for 2022 retrospectively, the Council will not be supporting local eligible businesses for that year and given that the cost of this is reimbursed by central government, there would be no direct cost to the Council.

## BACKGROUND PAPERS

31. An Equality Impact Assessment has been undertaken separately for the proposed changes.

## APPENDICES ATTACHED

32. Appendix 1 - Heat Network Rates Relief Scheme Policy (which forms part of the discretionary rates relief policy).

Contact Point: Debbie Vallas, Benefits Operational Manager – Tel (01983) 823950  
e-mail [debbie.vallas@iow.gov.uk](mailto:debbie.vallas@iow.gov.uk)

SHARON BETTS  
*Director of Corporate Services*

CLLR CHRIS JARMAN  
*Cabinet Member for Strategic Finance,  
Transformational Change and Corporate  
Resources*