

**Report of: Executive Member for Tenants, Residents and Communities**

Meeting of:	Date	Agenda item	Ward(s)
Voluntary and Community Sector Committee	23 January 2014	<b>B2</b>	All

Delete as appropriate		Non-exempt
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**SUBJECT: New Discretionary Rate Relief Awards 2014/15**

**1. Synopsis**

- 1.1 The Council awards discretionary rate relief (DRR) to a range of charities and not for profit organisations. This is a cost effective way to support local voluntary community groups as a percentage of the cost is borne by central government and the GLA. It also allows us to help organisations not receiving other Council funding.
- 1.2 Following an open application process in 2011, VCS Committee approved three year DRR awards to 156 organisations (to 31 March 2015). These included groups that had historically received DRR year on year but which were re-assessed alongside new applicants to ensure that they met the new criteria.
- 1.3 This report asks VCS Committee to consider awards to new organisations that have applied for DRR during 2013. If approved, it will be given for one year (2014/15) after which the organisations will be asked to re-apply and be assessed alongside existing recipients for new awards from 1 April 2015. It also sets out a rationale for issuing 12 month notice letters to all recipients of DRR by 31 March 2014.

**2. Recommendations**

- 2.1 To agree DRR awards to Blenheim CDP and The Creative and Supportive Trust (CAST) from 1 April 2014 to 31 March 2015.
- 2.2 To reject the applications from the five other organisations that don't meet the Council's criteria for DRR awards.
- 2.3 To issue 12 month notice letters to all current recipients of DRR by 31 March 2014, as detailed in paragraph 8.1

### **3. Background**

- 3.1 Registered charities and not for profit organisations benefit from relief from non-domestic rates in two ways:

#### **a) Mandatory Relief**

This is given automatically if they are registered charities. They receive 80% rate relief which is entirely funded by central government, at no cost to the council.

#### **b) Discretionary Rate Relief (DRR)**

Local authorities also have discretionary powers to grant DRR to non-profit making organisations to either:

- a) top-up the remaining 20% of the rates bill of a registered charity getting mandatory rate relief  
or  
b) pay up to 100% of the rates of a non-profit making organisation that isn't a registered charity and therefore not eligible for 80% mandatory rate relief.

### **4. Funding Discretionary Rate Relief**

- 4.1 As part of the new business rates retention system implemented from 2013-14 (replacing the previous National Non Domestic Rates system), there are changes to how discretionary rate relief is funded.
- 4.2 Under the previous system, the amount of discretionary rate relief borne by the Council depended on whether it was charitable top-up (Council 75%; Central Government 25%) or not-for-profit relief (Council 25%; Central Government 75%).
- 4.3 Under the new system, the Council bears a flat 30% of all discretionary rate relief awarded, with the remaining 70% funded by Central Government (50%) and the GLA (20%) based on their share of local business rates.
- 4.4 The Council is slightly better off under the new system and able to contain the cost of DRR awards (including for the two new organisations recommended in this report) within the Council's £330,000 capped budget for DRR.

### **5. Criteria**

- 5.1 The current criteria for DRR (Appendix A) was agreed by VCS Committee in 2011. This prioritises local organisations providing services to residents - which excludes the head offices of national and international charities based in the borough. The cost of a DRR award balanced against the amount of local benefit is also considered.

## 6. New Applications

6.1 Seven organisations applied for DRR during 2013.

6.2 Applications from the two organisations below meet the criteria and are recommended for DRR awards:

### Recommended for DRR 1 April 2014 – 31 March 2015

Organisation	Address	Activities	DRR (cost to Council)
Blenheim CDP	86 Durham Road, N7	Support to children, young people and families affected by drugs or alcohol abuse. Funded by LBI HASS. Registered charity.	£330
The Creative and Supportive Trust (CAST)	Lysander Mews, Lysander Grove, N19	Training and support for women ex-offenders, women at risk of offending, and women with substance abuse and mental health problems. Majority of users from Islington. Registered charity.	£690
<b>TOTAL RECOMMENDED</b>			<b>£1,020</b>

6.3 The applications received from the following organisations do not meet the criteria and are not recommended for a DRR award:

### Not Recommended for DRR

Organisation	Address	Activities	DRR (cost to Council)
Blue Nile Social Club	320 Holloway Road, N7	New, as yet to be registered charity to serve Somali, Eritrean, Ethiopian and South Sudanese community. Currently part of internet café business.	Unknown
The Hub King's Cross Ltd	34B, York Way, N1	Office space and support for start-ups, small businesses and social enterprises. Not a registered charity.	£11,490
The Place on the Corner	1-3 Green Lanes, N16	Café for parents and children. Offers space and play area for children plus classes/talks/activities etc. This is a business started by local mothers and not a charity.	£3,000
Privacy International	62 Britton Street, EC1	Office for charity that campaigns internationally on privacy issues.	Unknown
Small Steps Project	Archway Resource Centre, Waterlow Road, N19	Global charity that delivers aid to children living on inhabited rubbish dumps. Some education work in UK. Registered charity.	£90

## 7. Current DRR Budget

7.1 The additional cost to the Council for DRR awards to the organisations set out in 6.2 would be £1,020 which can be met from within the Council's £330,000 capped DRR budget.

## **8. Current Recipients of DRR and Re-application Process**

- 8.1 Current DRR awards run to 31 March 2015. The Council is legally required to write formally to all recipients of DRR giving 12 months' notice of any changes in funding. It is therefore proposed that 12 month notice letters are issued to all local organisations receiving DRR by 31 March 2014. All recipients (including the two new approvals recommended in this report) will be invited to re-apply and be assessed for DRR when the VCS Committee has agreed funding arrangements beyond 2014/15.

## **9. Implications**

### **9.1 Financial Implications**

The current annual budget for Discretionary Rate Relief (DRR) is £330k and the two additional reliefs to be granted in 2014/15 will be funded through this existing budget. Funding of DRR after 2014/15 will be subject to a new application round and allocations will need to be made from within this £330k budget allocation - unless growth funding is made available through the financial planning process.

### **9.2 Legal Implications**

Section 47 of the Local Government Finance Act 1988 confers discretion on local billing authorities to grant discretionary rate relief from all or part of the amount of non-domestic rates payable to registered charities and certain non-profit making organisations. Authorities have discretion to award up to 100% relief to non-profit making bodies and can grant up to 20% relief by way of top-up to charities bodies in receipt of the 80% mandatory relief.

The Council may grant rate relief for a fixed period of time. The Non-Domestic Rating (Discretionary Relief) Regulations 1989 require the council to give notice to the ratepayer stating the start date and end date of the period in respect of which relief is given.

In deciding whether or not to grant rate relief to applicants, the council should consider carefully each application on its merits taking into account its Criteria for Awarding Discretionary Rate Relief as set out in Appendix A.

Following the introduction of the Business Rate Retention Scheme, the cost of funding discretionary relief granted on or after 1 April 2013 is met equally by local authorities and Central Government. The Council bears 30% of the cost of relief and the Greater London Authority 20% as it is entitled to receive 20% of the business rates collected by the council

The Council is required to give 12 months' notice of the withdrawal of relief. Accordingly notice must be given to current recipients prior to 31 March 2014 for their relief to end on 31 March 2015.

### **9.3 Environmental Implications:**

None.

### **9.4 Equality Impact Assessment:**

The Council must, in carrying out its functions, have due regard to the need to eliminate harassment and victimisation, and to advance equality of opportunity and foster good relations between those who share a relevant protected characteristic and those who do not share it (Section 149, Equality Act 2000). The Council has a duty to have due regard to the need to

remove or minimise disadvantages and take steps to meet need – in particular steps to take account of disabled persons' disabilities and encourage people to participate in public life. The Council must have due regard to the need to tackle prejudice and promote understanding.

When considering proposals, the VCS Committee will take relevant equalities implications into account. The recommendations in this report directly respond to concerns highlighted in the impact assessments of (a) the loss of Islington Strategic Partnership funding; and (b) the proposals for achieving savings across the Council. A further Equality Impact Assessment (EIA) was completed to assess the impact of the new Islington Community Fund on different groups of residents. The impact was found to be mainly positive. Where actual or potential impacts were identified, further actions were proposed to mitigate these. A copy of the EIA was published as an appendix to the Islington Community Fund report to Executive Committee on 17 March 2011. The proposed DRR awards will not make any material difference to the findings of these earlier impact assessments.

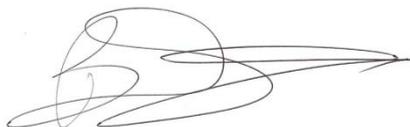
## 10. Conclusion and Reasons for Recommendations

- 10.1 All DRR applications received during 2013 have been assessed against the criteria already agreed by VCS Committee. The two organisations recommended for DRR awards fit the criteria and, if approved, DRR will be for one year starting from 1 April 2014.

### Appendix A: DRR Criteria

Final report clearance:

**Signed by:**



Executive Member for Tenants, Residents and  
Communities

9 January 2014

**Received by:**

Head of Democratic Services

Date

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