



Report of: Executive Member for Community Development

| Meeting of: | Date | Agenda item | Ward(s) |
|--|--------------|-------------|---------|
| Voluntary and Community Sector Committee | 11 July 2016 | | All |
| Delete as appropriate | | Non-exempt | |

SUBJECT: New Discretionary Rate Relief Awards

1. Synopsis

- 1.1 In January 2015, VCS Committee agreed all of the Council's current discretionary rate relief (DRR) awards to local organisations for five years (1 April 2015 to 31 March 2020).
- 1.2 This report asks VCS Committee to consider new applications for DRR received since June 2016.

2. Recommendations

- 2.1 To agree DRR to Light Eye, The Park Theatre, Fourth Monkey Education Limited to 31 March 2020
- 2.2 To reject the application from British Heart Foundation, due to the premises operating as a charity shop making it ineligible for Discretionary Rate Relief.
- 2.3 To reject the application from the British Red Cross. This is an application from a national charity for its area office and the organisation does not clearly outline the direct benefit to Islington residents.
- 2.4 To reject the application from Clay Time Pottery, due to the organisation charging for access to its services.

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. Criteria

4.1 The criteria for DRR (Appendix A) was agreed by VCS Committee in 2011. This prioritises local voluntary organisations providing services to residents, but 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.

5. Funding Discretionary Rate Relief

5.1 Discretionary rate relief is a cost effective way for the Council to support local voluntary organisations as it only bears 30% of the cost of an award. The remaining 70% is funded by central government (50%) and the GLA (20%).

5.2 Current DRR awards total £989,523.80 and the cost to the Council is £296,857.15. However, the final annual cost will be higher as some organisations awarded DRR are still waiting for a rateable value for their premises to be set and have not had to pay any rates so far.

5.3 The Council's budget to fund DRR is £320,000. The cost of all current awards and the new applications recommended for approval in this report can be met from this budget.

6. New Applications

6.1 Three organisations have applied for DRR since April 2016. The list below outlines the organisation that meets the criteria.

6.2 Recommended for DRR

| Organisation | Address | Activities | DRR (cost to Council) |
|------------------------|-------------------------------------|---|-----------------------|
| Light Eye Mind Limited | 176 Blackstock Road, London. N5 1HA | Community Artists-run space, offering opportunities for local artists to meet and use as a gallery/ exhibitions. Organisation is run by local young artists and is a key stakeholder in Finsbury Park Creative hub. | £316.82 |

| | | | |
|---------------------------------|---|--|-----------------|
| The Park Theatre | 11 Clifton Terrace, London. N4 3JP | Offering a range of theatre based performance art and outreach programmes to actively engage with communities. Organisation also offers targeted support work with different sections of the communities with 'protected characteristics'. | £1140.62 |
| Fourth Monkey Education Limited | 97-101 Seven Sisters Road, London, N7 7QP | Theatre and educational arts charity delivering a variety of creative services for the local and arts community. | £3544.11 |
| | | TOTAL RECOMMENDED | £5001.55 |

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

Not Recommended for DRR

| Organisation | Address | Activities | DRR (cost to Council) |
|--------------------------|--|---|-----------------------|
| British Heart Foundation | 83 Seven Sisters Road, London N7 6BU | Charity shop selling donated electrical equipment and furniture. Receives 80% mandatory rate relief. | £2,856.08 |
| British Red Cross | Aztec Row, 1 Berners Road, London N1 0PW | Property is used as an area office for the organisation run services. Receives 80% mandatory rate relief. | £1,118.25 |
| Clay Time Pottery | 164 Blackstock Road, London. N5 1HA | Offering chargeable pottery classes and workshops. | £953.93 |

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 £5,001.55 which can be met from within the Council's £320,000 capped DRR budget.

8. Implications

8.1 Financial Implications:

The current annual budget for Discretionary Rate Relief (DRR) is £320k and the three additional reliefs to be granted will be funded through this existing budget.

8.1.1 The current budget expenditure is £296,857.15. This is because the NNDR multiplier has increased from 49.3% to 49.9% (approximately +1%). This will increase by approximately 1% every year.

8.1.2 Following approval of this round of applications the total allocation of DRR will be £301,858.70. This will leave £18,141.30 remaining in the budget. At the current rate of allocations and the yearly increase of 1% as outlined in the NNDR multiplier, it is anticipated that the entire budget will fully committed by July 2017 following two more rounds of applications. It is recommended that VCS Committee considers whether the Council should increase DRR budget or cap the existing budget and continue to support the existing 227 organisations.

8.2 **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.

8.3 **Environmental Implications:**

None.

8.4 **Resident Impact Assessment:**

The Council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, 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 2010). The council has a duty to have due regard to the need to remove or minimise disadvantages, take steps to meet needs, 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.

Organisations recommended for DRR are particularly focussed on serving poor and vulnerable residents and those with protected characteristics. Many groups are based on council housing estates or located in deprived neighbourhoods. The criteria for DRR were drawn up specifically to support organisations serving the most disadvantaged sections of our community.

9. **Conclusion and reasons for recommendations**

9.1 All DRR applications received have been assessed against the criteria already agreed by VCS Committee. The organisation recommended for DRR awards fit the criteria and, if approved, DRR awards will be to 31 March 2020.

Appendices

Appendix A – DRR Criteria

Background papers: none

Final report clearance:

Signed by:



Cllr Kaya Comer-Schwartz

27 June 2016

Executive Member for Community Development

Received by:

Date

Head of Democratic Services

Report Author: Steven Francis
Tel: 020 7527 3848
Email: Steven.Francis@islington.gov.uk