



Report of: Executive Member for Community Development

Meeting of:	Date	Agenda item	Ward(s)
Voluntary and Community Sector Committee	23 rd January 2017		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 December 2016. 12 applications were received in December 2016, requesting DRR awards to a total of £25,505

2. Recommendations

- 2.1 To agree DRR to Highbury Community Nursery to 31 March 2020
- 2.2 To agree DRR to the seven delivery sites managed by Awesome CIC to 31 March 2020.
- 2.3 To agree DRR to Arsenal in the Community to 31 March 2020.
- 2.4 To defer the application from Think Forward, and request that further information is provided in relation to the proportion of beneficiaries that are Islington residents.
- 2.5 To reject the application from Arebyte. As a charity the organisation will be entitled to 80% mandatory charitable rate relief.
- 2.6 To reject application from Independent Workers Union of Great Britain.
- 2.7 To note the Council's 2016/17 budget, existing DRR commitments, the anticipated impact of revised Business Rates on the cost of DRR to the Council and to agree to close applications for DRR until April 2020.

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 The Council's 2016/17 DRR Budget is £320,000. In December 2016, the Council's DRR commitment stood at an annualised cost of £304,269. 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.

6. New Applications

6.1 Six organisations have applied for DRR since the previous round in June 2016. Applications from the three organisations below meet the criteria and are recommended for DRR awards:

6.2 Recommended for DRR

Organisation	Address	Activities	Annual Cost to the Council (2016 – 2017)
Awesome CiC	Barnard Park	Providing free out of school	£298

	Adventure Playground Copenhagen Street N1 0ST	Play services to children and young people who go to school or live in Islington.	
Awesome CiC	King Henry's Walk Adventure Playground King Henry's Walk London N1 4NX	Providing free out of school Play services to children and young people who go to school or live in Islington.	£1,621
Awesome CiC	Cape Adventure Playground 85 Crouch Hill London N8 9EG	Providing free out of school Play services to children and young people who go to school or live in Islington.	£4,531
Awesome CiC	Cornwallis Adventure Playground Cornwallis Road London N19 4LP	Providing free out of school Play services to children and young people who go to school or live in Islington.	£1,066
Awesome CiC	Crèche at Three Corners Northampton Road London	Providing free out of school Play services to children and young people who go to school or live in Islington.	£222
Awesome CiC	Three Corners Adventure Playground Northampton Road London	Providing free out of school Play services to children and young people who go to school or live in Islington.	£3,110
Awesome CiC	Waterside Adventure Playground 50 Dame Street London N1 7FR	Providing free out of school Play services to children and young people who go to school or live in Islington.	£1,422
Highbury Community Nursery	15 Aubert Park London N5 1TU	Providing all year round early years support services to Islington families	£653
Arsenal in the Community	The Arsenal Hub 56	Providing a community facility to enable the delivery of community projects/ services	£9,853

	Queensland Road London N7 7AJ	and courses for Islington residents.	
		TOTAL RECOMMENDED	£22,776

- 6.3 The following organisation has been deferred until further information is supplied by the applicant.

Deferred to next VCS Committee

Organisation	Address	Activities	Cost to Council (2016 – 2017)
Think Forward	357 City Road, London, EC1V 1LS	Office and meeting rooms for charity that pairs young with coaches to support their progression into employment.	£520

- 6.4 The applications received from the following organisations are not recommended for a DRR award:

Not Recommended for DRR

Organisation	Address	Activities	Cost to Council (2016 – 2017)
Arebyte	Laser House Basement and Ground Floor, 2 Peartree Street, London, EC1V 3SB	Transforming an empty space into a cultural and artistic hub that will include 2 Galleries, artists' studios and workspaces.	£1,606
Independent Workers' Union of Great Britain	1st Floor, 12-20 Baron Street, London, N1 9LL	Office headquarters for an independent trade union that provides employment-related advice, campaigning and representation to predominantly low paid migrant workers in London.	£604

7. Current DRR Budget

- 7.1 The current annual budget for Discretionary Rate Relief (DRR) is £320,000 per annum.

8. Implications

8.1 Financial Implications:

DRR can be awarded at the Council's discretion. To date the Council has made DRR commitments representing an annualised cost of £304,269 per annum. Since April 2016, six applications have been awarded DRR totalling £2,831 per annum. These awards represent an in year cost of £1,988. The anticipated in-year spend against the 2016/17

DRR budget of £320,000 is £303,427.

The additional cost to the Council for DRR awards to the organisations set out in 6.2 are £22,776 per annum at 2016/17 rates. These awards represent an in-year cost of £6,833, taking the total in-year spend against the Council's 2016/17 DRR budget to £310,260. The awards would result in the Council's annual commitment for DRR at 2016/17 rates totalling £327,045.

8.2 Following Central Government's revaluations, an imminent rise in business rates will have a further impact on the Council's DRR commitments. It is anticipated that the cost of existing DRR awards to the Council will increase by approximately £0.1 million in 2017/18. This position necessitates the Council to revisit its position on the future award of DRR. In order to meet the increased cost of its DRR obligations, it is recommended that the Council's DRR programme is closed for new applicants.

8.4 **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 organisations recommended for DRR awards fit the criteria and, if approved, DRR awards will be to 31 March 2020.
- 9.2 Revaluations of business rates and the recommendations included within this report will necessitate the Council to increase the budget allocated to meet its DRR commitments for 2017/18.
- 9.3 Following this round of applications VCS Committee has fully committed the DRR budget until 2020. The Council has awarded 241 relief awards to organisations across the borough providing valuable services to residents. Having fully allocated the DRR budget Islington Council will be closing the opportunity for organisations to make applications for rate relief support. Registered charities will still be entitled to receive mandatory (80%) rate relief.

Appendices

Appendix A – DRR Criteria

Background papers: none

Final report clearance:

Signed by:



Cllr Kaya Comer-Schwartz

18 January 2017

Executive Member for Community Development

Received by:

Head of Democratic Services

Date

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

APPENDIX A

Criteria for Awarding Discretionary Rate Relief

Each case will be considered on its own merits with priority given to efficient and well managed organisations that:

- primarily benefit Islington residents
- demonstrate a link with council priorities and promote a fairer Islington
- relieve the council of providing certain facilities or services
- serve the needs of poorer and excluded sections of the local community
- provide services for and in the borough's most deprived neighbourhoods
- maximise the use of their premises for community benefit
- serve equalities groups protected under the Equality Act 2010

Priority will also be given to:

- local organisations that are funded by the Council through grant-aid or service contract
- local organisations that have a governing body whose membership mainly consists of people who live and/or work in Islington or have a strong connection with the borough
- organisations reliant on volunteers to carry out their activities
- self help groups with few sources of funding to carry out their activities

Other Considerations

- the financial cost to the council incurred in awarding relief
- the organisation's ability to pay its rates
- the amount of central government funding levered-in by a discretionary rate relief award to deliver statutory or other council services

Not Eligible for Discretionary Rate Relief

Islington Council will not normally award discretionary rate relief to:

- Profit making organisations
- Empty properties
- Charity shops
- Private schools, colleges or nurseries or schools not within the Islington family of schools
- National charity headquarters
- Housing Associations (other than for community centres)
- Car parking spaces
- Buildings exclusively used for worship

Award Limits

The following limits to awards will apply (cost to the council of discretionary rate relief):

Up to £6,000	Organisations will normally be awarded 100% discretionary rate relief
Over £6,000	Awards will be proportionate to the level of local benefit which may be less than 100% discretionary rate relief

Conditions

All organisations will be expected on request to:

- make available annual accounts or financial statements
- provide evidence of activity over the past year
- demonstrate plans for services and activities over the coming year