



## Report of: Executive Member for Inclusive Economy and Jobs

Meeting of	Date	Ward(s)
Executive	28 <sup>th</sup> November 2019	All
Delete as appropriate	Exempt	Non-exempt

## Discretionary Rates Relief Scheme for 2020/2021 to 2022/23

### 1. Synopsis

- 1.1 This report sets out a proposed Discretionary Rate Relief Policy 2020-23, which includes the criteria that will be used to determine future Discretionary Rate Relief (DRR) awards.

### 2. Recommendations

- 1.2 To adopt the attached Discretionary Rate Relief Policy covering the period 2020-23 (Appendix 1).
- 1.3 To agree an annual limit to the value of Discretionary Rate Relief awards provided through this scheme at £1.36 million per annum throughout the period 2020/21 to 2022/23, representing £410,000 of foregone income per annum to the Council.
- 1.4 To approve the opening of applications for Discretionary Rate Relief in December 2019.

### 3 Background

- 1.5 Islington has an extensive range of independent charities, voluntary and community sector organisations and other not-for-profit organisations whose work is central to the Council's ambition for a fairer Islington. Through their reach and responsiveness these organisations improve outcomes for residents across the council's Corporate priorities and provide a social network integral to the Council's early intervention and prevention ambitions.
- 1.6 By 2020, national government will have cut its core funding to Islington Council by 70% since 2010. These unprecedented cuts in public spending, coupled with rising costs, present enormous challenges to both the Council and local voluntary and community sector and not-for-profit partners.

- 1.7 As a “billing authority” Islington has the power to grant Discretionary Rate Relief (DRR) to organisations that meet certain criteria. Any relief granted is used to reduce the amount the organisation is required to pay in business rates. Powers granted under the Localism Act 2011 allow Councils to grant DRR in any circumstances where it feels fit having regard to the effect on the Council Tax payers of its area.
- 1.8 Discretionary Rate Relief is a key component of the Council’s support to the local voluntary and community sector and not-for-profit organisations, helping to ensure that key partners providing critical services to local residents, are financially viable.
- 1.9 The Council’s current Discretionary Rate Relief programme will end on the 31<sup>st</sup> March 2020. This programme currently sees £1.36 million of rate reliefs awarded to 227 properties occupied by 163 different organisations.
- 1.10 The council funds at least 30% of any Discretionary Rate Relief awarded, in 2019-2020 the ‘cost of funding’ was therefore in the region of £410k. This £410k represents business rates income the council would otherwise have collected and used in providing services to Islington residents.
- 1.11 The council remains committed to providing Discretionary Rate Relief and is proposing to retain a spending envelope of £1.36 million per annum for the award of Discretionary Rate Relief, representing approximately £410K of foregone business rates income for the Council.
- 1.12 The attached Discretionary Rate Relief Policy 2020-23 sets out the Council’s approach to providing discretionary rate relief to local charities and not-for-profit organisations for the period 1st April 2020 to 31st March 2023. The policy sets out the scope of the policy, eligibility, award criteria and application process.

## **4 Implications**

### **Financial Implications:**

- 1.13 DRR is awarded at the council’s discretion. However, under the current business rates retention scheme, the council bears 30% of the costs of discretionary rate relief, (with 50% and 20% borne by central government and the Greater London Authority respectively). Thus under the current spending plan of £1.36m discretionary rates relief, the council will forfeit approximately £410k worth of business rates income annually, which equates to £1.2m over the three-year periods as proposed.
- 1.14 Hence any increase in the overall costs of discretionary rate relief would represent a budget pressure for the council and would need to be offset by additional compensatory savings elsewhere. The relief awards in this report will be met through the existing arrangements within the collection fund.

### **Legal Implications:**

- 1.15 The Council has a discretion to grant rate relief as set out in the policy. The policy provides guidelines as to the circumstances in which awards will be made and as to the total amount of awards that can be made, and permits a departure from those guidelines in exceptional circumstances.

- 1.16 The De Minimis Regulations (360/2012) on the provision of State Aid will apply as long as the amount of relief granted does not exceed €500,000 over 3 years. Decisions as to grant of DRR will be made with this threshold in mind and applicants will be required to declare if they are receiving state aid from any other source which might take them above this threshold.

**Environmental Implications and Contribution to Zero Net Carbon by 2030:**

- 1.17 There are no negative environmental implications associated with this policy proposal.
- 1.18 The policy sees the removal of Discretionary Rate Relief awards for car parking spaces in line with Islington's ambition to achieve net zero carbon emissions from the borough by 2030.
- 1.19 In addition, the application and assessment process will see the introduction of an assessment of organisations' contribution towards Islington's ambition to achieve net zero carbon emissions from the borough by 2030. This award criterion is anticipated to influence applicants to make positive changes towards the use of sustainable energy.

**Resident Impact Assessment:**

- 1.20 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
- 1.21 The broad purpose of this duty is to integrate considerations of equality into day business and keep them under review in decision making, the design of policies and the delivery of services.
- 4.9 A Resident Impact Assessment screening has been completed (Appendix E). The policy supports all types of organisations in Islington and therefore is unlikely to directly impact on the protected characteristics.
- 1.22 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 that create a fairer Islington by delivering the commitments in Islington's corporate plan.

## 5 Conclusion and Reason for Recommendations

- 5.1 The council has a strong partnership with the voluntary, community and not-for-profit sector and values highly the role that local organisations play in meeting the needs of some of Islington's most disadvantaged communities.

Awarding discretionary rate relief to not-for-profit bodies or other organisations providing a community or social benefit is cost effective way of supporting local organisations delivering the commitments set out in our Corporate Plan.

Background papers: None

Appendices:

Appendix 1: Islington's DRR Policy 2020-2023

Appendix 2: Resident Impact Assessment

### Final Report Clearance

Signed by:



14 November 2019

Councillor Asima Shaikh  
Executive Member for Inclusive Economy and  
Jobs

**Date:**

**Report Author:** John Muir, Head of Communities  
**Tel:** 0207 527 3264  
**Email:** [John.muir@islington.gov.uk](mailto:John.muir@islington.gov.uk)

**Financial Implications Author:** Khogen Sutradhar, Principal Accountant  
**Tel:** 0207 527 2499  
**Email:** [Khogen.Sutradhar@islington.gov.uk](mailto:Khogen.Sutradhar@islington.gov.uk)

**Legal Implications Author:** Peter Fehler, Director – Law and Governance  
**Tel:** 0207 527 3126  
**Email:** [Peter.Fehler@islington.gov.uk](mailto:Peter.Fehler@islington.gov.uk)