



**Report of:** Executive Member for Community Development

Meeting of:	Date	Wards
Executive	30 April 2020	All

Delete as appropriate		Non-exempt
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## **SUBJECT: New Discretionary Rate Relief Awards**

### **1. Synopsis**

- 1.1 In November 2019 the Council's Executive agreed a new Discretionary Rate Relief (DRR) programme for non-profit and charity organisations for 2020-2023. This report sets out the background to the Council's DRR policy for 2020-23 (Appendix 2) and outlines the recommendation for DRR applications received in the most recent application period (Deadline 12<sup>th</sup> January 2020).

### **2. Recommendations**

- 2.1 To agree DRR to Holloway Neighbourhood Group to 31 March 2023.
- 2.2 To agree DRR to Islington MIND for two premises to 31 March 2023.

### **3. Background**

- 3.1 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 of a fairer Islington. Through their reach and responsiveness these organisations improve outcomes for residents across the Council's corporate priorities and support the Council's early intervention and prevention ambitions.
- 3.2 As a "billing authority" Islington has the power to grant 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.
- 3.3 The Council's DRR programme ended on the 31 March 2020. This programme saw £1.36 million of rate reliefs awarded to 227 properties occupied by 163 different organisations.

- 3.4 The Council funds at least 30% of any DRR 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.
- 3.5 In recognition of the value that not-for-profit organisations play in improving the lives of local residents, the Council’s Executive agreed a new Discretionary Rate Relief Policy 2020-23 in November 2019, committing to provide Discretionary Rate Relief to not-for-profit organisations and charities at the same level of £410K of forgone business rates income for the Council per annum.
- 3.6 The Council’s 2020-23 DRR programme was launched in December 2019. There will be two application deadlines per year, however organisations can apply at any point and if a DRR award is made this will commence from the date on which they are received unless there are extenuating circumstances for the award to commence from an earlier date within that billing year.
- 3.7 At February’s VCS Committee, DRR was awarded to 83 organisations occupying 105 hereditaments. The total in relief awarded was £814,305.37 with a cost to Islington Council of £244,311.62 in foregone income.

#### 4. Discretionary Rate Relief Award Recommendation

- 4.1 Following assessment, DRR is recommended to the organisations below as the applications clearly meet the criteria set out in the DRR policy (Appendix 2).

	<b>Total Relief Awarded</b>	<b>Total Cost to LBI</b>
<b>Holloway Neighbourhood Group</b>	<b>£4788.00</b>	<b>£1,436.40</b>
<b>Islington MIND</b>	<b>£735.84</b>	<b>£220.75</b>
<b>Islington MIND</b>	<b>£9379.60</b>	<b>£2813.88</b>

#### 5. Implications

##### 5.1 Financial Implications

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 DRR, the Council will forfeit approximately £410k worth of business rates income annually, which equates to £1.2m over the three-year periods as proposed.

Hence any increase in the overall costs of DRR 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.

## 5.2 **Legal Implications**

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.

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 to grant DRR will be made with this threshold in mind and applicants should declare if they are receiving state aid from any other source which might take them above this threshold.

## 5.3 **Environmental Implications**

The awarding of DRR is unlikely to have any significant direct environmental impacts. However, part of the application process was to ask organisations what they were doing to contribute towards the net zero emissions ambition. The answer to this question made up 33% of the scoring that formed the basis of the decision on which organisations to award rates relief to. This may encourage organisations to reduce their carbon emissions in order to obtain relief in future years, and rewards organisations that do so. The new policy for 2020-2023 also mandates that DRR awards cannot be made for car parking spaces, in line with Islington's ambition to achieve net zero carbon emissions from the borough by 2030.

## 5.4 **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 and when considering proposals, the VCS Committee will take relevant equalities implications into account.

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.

## 6. **Conclusion and Reasons for Recommendations**

6.1 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.

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

## Appendices

Appendix 1 – Organisations recommended for approval

Appendix 2 – DRR Policy 2020-2023

**Background papers:** none

**Final report clearance:**

**Signed by:**



Councillor Una O'Halloran  
Executive Member for Community Development

Date: 6.4.2020

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**Discretionary Rate Relief - Organisations Recommended**

<b>Organisation</b>	<b>Hereditament</b>	<b>Relief Awarded</b>	<b>Cost to LBI</b>
<b>VCS Organisation</b>			
Holloway Neighbourhood Group	38 Mayton Street, London N7 6QR	£4788.00	£1,436.40
Islington MIND	Ashley Road Day Centre, 35 Ashley Road N19 3AG	£735.84	£220.75
Islington MIND	The Hub, 48 Despard Road N19 5NW	£9379.60	£2813.88
		<b>Total £14,903.44</b>	<b>Total £4471.03</b>