

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

<b>Meeting of:</b>	<b>Date</b>	<b>Agenda item</b>	<b>Wards</b>
Voluntary and Community Sector Committee	3 November 2020		All

<b>Delete as appropriate</b>		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 1) and outlines the recommendations for DRR applications received in the most recent application period (Deadline 4 October 2020).

### **2. Recommendations**

- 2.1 To approve DRR awards to seven organisations (eight hereditaments) listed at appendix 2 from 1 April 2020 to 31 March 2023, as these have met the criteria as set out in the DRR policy (appendix 1).

### **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 ambitions 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 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.

3.5 The Council's 2020-23 DRR programme was launched in December 2019. There are two application deadlines per year, however due to the Covid 19 pandemic it is recommended that organisations applying outside of funding rounds are brought to the next available committee for approval in order to prevent delays and support the sector during this challenging time.

3.6 To date for this financial year, DRR has been awarded to 117 organisations occupying 144 hereditaments. The total in relief awarded to date is £969,063.58 with a cost to Islington Council of £307,378.28 in foregone income for this financial year (20/21).

3.7 For the latest round of DRR (which closed on 4 October 2020) applications were received from **eight organisations for seven hereditaments**. These applications were assessed in line with the criteria detailed in the Council's DRR Policy 2020-23 (see appendix 1). Three applications received did not meet the eligibility criteria and have not been put forward.

#### 4. Discretionary Rate Relief Award Recommendations

4.1 Following assessment, DRR is recommended to eight **organisations occupying seven hereditaments** shown at appendix 2 as all of these applications clearly meet the criteria set out in the DRR policy (appendix 1) and this will be applied from 1 April 2020 to 31 March 2023. Approvals are broken down into the following categories:

	<b>Total Relief Awarded (2020/21)</b>	<b>Total Cost to LBI (2020/21)</b>
Voluntary and Community Organisations	£88,787.61	£26, 636.28
<b>Grand Total</b>	<b>£88,787.61</b>	<b>£26,636.28</b>

4.2 All applications being recommended for approval are from voluntary and community sector organisations, totalling £88,787.61 in relief awarded and £26,636.28 in foregone income for the council in this round.

#### 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 33% and 37% 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.

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.

## 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 and contribution to achieving a net zero carbon Islington by 2030**

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 – DRR Policy 2020-2023

Appendix 2 – Organisations recommended for approval from 1 April 2020 to 31 March 2023

**Background papers:** none

**Final report clearance:**

**Signed by:**



Executive Member for Community Development

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Organisations Recommended for Approval from 1<sup>st</sup> April 2020 to 31<sup>st</sup> March 2023

Name of Organisation	Address of premises for DRR	Type of Organisation	Relief Awarded	Cost 2 Council
The Bomb Factory Art Foundation	Unit 2, Boothby road entrance, 9-15 Elthorne Road, N194AJ	VCS	£3,251.20	£975.36
IMECE WOMENS CENTRE	Ground Floor 2 Newington Green Rd. London, N1 4RB	VCS	£1,612.80	£483.84
IMECE WOMENS CENTRE	Ground Floor 2 Newington Green Rd. London, N1 4RB	VCS	£1,331.20	£399.36
K&M McLoughlin Decorating Schools LTD	30 Brewery Road, Islington, N7 9NH	VCS	£30,976.00	£9,292.80
Refugee Therapy Centre	1A Leeds Place, London, N4 3RA	VCS	£7,660.80	£2,298.24
Rhythms of Life	158-160 Pentonville Road London, N1 9JL	VCS	£1,714.81	£514.44
Islington Law Centre	38 Devonian Road, London N1 8JH	VCS	£8,724.80	£2,617.44
Voluntary Action Islington	200a Pentonville Road London N1 9JP	VCS	£33,516.00	£10,054.80
<b>Total</b>			<b>£88,787.61</b>	<b>£26,636.28</b>