

# Islington Council's Discretionary Rate Relief Policy 2023-26

Our policy for the application of Discretionary Rate Relief to charities and not-for-profit organisations

November 2022



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# Charity and Not-for-Profit Discretionary Rate Relief Policy

## 1. Introduction

- 1.1. The Local Government Finance Act 1988 makes provision for local authorities to award certain reliefs. This policy relates to the discretionary powers of the Islington Council to award business rates relief under Section 44A, Section 47 and Section 49 of the Local Government Finance Act 1988 as amended by the Localism Act 2011.
- 1.2. This policy document sets out the Council's approach to providing discretionary rate relief to local charities and not-for-profit organisations for the period 1<sup>st</sup> April 2023 to 31<sup>st</sup> March 2026. It outlines how we will use the Council's local discretionary powers to grant discretionary rate relief to organisations that meet the schemes criteria.
- 1.3. The policy recognises that public funds are not unlimited and that a proportion of the costs of any relief granted are borne by council tax payers. Therefore, one of the criteria for making an award under the scheme is ensuring that money invested in this way will result in economic and/or community benefit for residents.

## 2. Scope of this Policy

- 2.1. The Council's Charity and Not-for-Profit Discretionary Rate Relief policy covers Discretionary Rate Relief under which:
  - Up to **20% relief** can be awarded to registered charities and registered sports clubs that qualify for mandatory rate relief.
  - Up to **100%** relief can be awarded to organisations that do not qualify for mandatory relief, but who meet the eligibility criteria stipulated in this policy.

## 3. General Information

- 3.1. This policy has been agreed by the Council to ensure that:
  - There is a framework under which ratepayers applying for relief are treated in a fair, consistent and equal manner.
  - The overall interest of the Council Tax payers of the borough is safeguarded by ensuring that funds are allocated and used in the most effective and economic way.
- 3.2. The Council will consider each individual case in accordance with the criteria set out in this policy. Consideration may be given to extenuating circumstances falling outside the stated criteria, providing they meet the general principles of the scheme.

- 3.3. In accordance with the Council's Constitution an Executive Director may determine discretionary rate relief applications which fall outside the scope of this approved Policy under exceptional circumstances.
- 3.4. Discretionary Rate Relief is not a matter of right; the Council is entitled through this policy to determine different levels of relief according to the nature and circumstances of individual organisations and the benefits they deliver to the wider community of Islington.
- 3.5. The Council's ability to grant Discretionary Rate Relief may be limited by other factors, such as for example, state aid rules.
- 3.6. Recipients of relief are required to notify the Council immediately of any changes of circumstances which may have an impact upon the award granted.
- 3.7. The Discretionary Rate Relief scheme covered by this policy is funded wholly by the Council foregoing income. The Council will set a limited threshold for the level of income that it will forego each financial year for the award of all Discretionary Rate Relief. This scheme will provide £1.36 million of Discretionary Rate Relief Awards per annum throughout the duration of this policy. Once the forgone income levels have been reached the scheme will be closed and any further awards that will take the overall level of relief awarded above this level, be not considered, regardless of whether applications meet the criteria set out in this policy.

## 4. Maximum Awards

- 4.1. This Council can grant the following levels of relief to organisations applying for Charity and Not-for-Profit Discretionary Rate Relief:

- **Up to 20% Top Up Discretionary Rate Relief for Registered Charities and Registered Amateur Sports Club:**

Charity Top Up Relief of up to 20 per cent can be awarded on premises occupied by organisations in receipt of Mandatory Rate Relief, including:

- Registered Charities (registered with the Charity Commission) for premises which are wholly or mainly used for charitable purposes.
- Registered Community Amateur Sports Clubs (CASC) registered as such under the Corporation Tax Act 2010, for premises wholly or mainly used for the purpose of the club, or for the purpose of the club and other CASCs.

This is because the Local Government Finance Act 1998 (LGFA) requires Local Authorities to grant 80% Mandatory business rate relief reduction to businesses meeting the conditions above.

- **Up to 100% Discretionary Rate Relief for Charities and Not-for-Profits:**

Islington council will consider awarding Discretionary Rate Relief of up to 100% on premises occupied by certain organisations or institutions that do not qualify for Mandatory Rate Relief, but that meet the criteria in this scheme, including:

- Properties occupied by organisations or institutions that are not-for-profit, and whose main objects are charitable or otherwise philanthropic.
- Properties occupied by not-for-profit sports or social clubs or societies, or other organisations for the purpose of recreation.
- Other organisations meeting the policy criteria that the Council believes should receive relief having regard to the interests of persons liable to pay council tax.

4.2. The sum available for awards of Discretionary Rate Relief is fixed annually for the duration of this programme. In each round of applications, priority will be given to organisations with the lowest rateable values. However, the number of organisations benefiting, and the value of any awards made will be dependent on the number of applications received.

4.3. Leisure facilities operated on behalf of the council in the borough will receive Discretionary Rate Relief, in recognition of the unique role played by these facilities in meeting the health and social needs of council taxpayers in the borough.

## 5. Eligibility

5.1. Applicants must fulfil all of the following criteria for any application for Discretionary Rate Relief to be considered (evidence may be required):

- The relevant premises must be in the borough of Islington.
- The organisation must be directly liable for the rates on the property.
- The organisation's registered address must be within Islington.
- The organisation must be a not-for-profit organisation such as a charity, unincorporated association, community interest company, cooperative society, or a charitable company (i.e. an organisation that is registered with the charity commission whose purpose is something other than making private profit for directors, members or shareholders).
- 75% or more of the primary beneficiaries of the organisation's services must be Islington residents.
- The organisation must adhere to the Equality Act 2010 to legally protect people from discrimination in the workplace and in the wider society.
- All of the organisation's employees must be paid the London Living Wage as a minimum, and must review this annually.
- The organisation must not be subject to investigation by a relevant regulator, which may include the Charity Commission, Ofsted or Care Quality Commission.
- The organisation must have filed up-to-date accounts with the appropriate national authority at the time of application, where relevant.

5.2. Not all charities and not-for-profit organisations will qualify for Charity and Not-for-Profit Discretionary Rate Relief, though may qualify for Mandatory Rate

Relief. The following organisations or premises will not be considered for Discretionary Rate Relief regardless of their status:

- Profit making organisations
- Administration offices for national charities
- Overseas aid organisations
- Charity shops and cafes operated by national charities or associated organisations
- Housing Associations
- Private schools, colleges, nurseries or schools that are not within the Islington family of schools
- Buildings used for worship or promotion of religious belief
- Organisations operating a restrictive membership policy for which a fee is payable
- Empty properties
- Car parking spaces

## 6. Assessment Criteria

6.1. Providing you meet the minimum criteria outlined above we will assess your application for Discretionary Rate Relief using the following scoring criteria. All criteria will carry equal weighting.

Criteria	Criteria Points
<b>1. Council Priorities</b>	1.1 How well your charitable objects or the aims set out in your constitution aligns with the council's strategic priorities as set out in <a href="#">Islington Together For a more equal future - Strategic Plan 2021</a>
<b>2. A more equal Islington</b>	2.1 How well the services that you provide serve the needs of sections of the community experiencing social or economic exclusion and groups protected under the Equality Act 2010
<b>3. Net zero carbon emissions from the borough by 2030.</b>	3.1 How your organisation is supporting Islington's ambition to have net zero carbon emissions from the borough by 2030.

6.2. In assessing your responses, we will score your answers using the framework below. We will require a minimum score of three or above for all criteria in order to recommend applications for a discretionary rate relief award.

Score	Response Assessment
0	There is no response to the question

1	An attempt has been made to respond, but does not meet requirements/solution does not cover any essential points
2	The response/solution partially meets requirements (covers some essential points)
3	The response/solution meets requirements (covers all essential points, may have included clear examples)
4	The response/solution exceeds requirements (covers more than the essential points, giving clear examples)
5	The response/solution will add significant value (covers more than the essential points, giving clear thorough examples to illustrate how value will be added)

6.3. The following limits to awards will apply to Discretionary Rate Relief applications by hereditaments:

<b>Rates Bill (Net of reliefs)</b>	<b>Cost to the Council</b>	<b>Indicative Levels of Funding</b>
Up to £67,000	Up to £20,100	Organisations will normally be awarded Discretionary Rate Relief of up to 100% of their outstanding rates bill.
Over £67,000	Over £20,100	Awards will be proportionate to the level of local benefit which may be less than 100% discretionary rate relief on their outstanding rates bill

## 7. Duration of Awards

- 7.1. Awards made after the billing year has started 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.
- 7.2. General discretionary relief awards are fixed awards made for the period covered by this policy 1<sup>st</sup> April 2023 to 31<sup>st</sup> March 2026.
- 7.3. A change of ratepayer or a change to the property that the ratepayer occupies will automatically end their award of Discretionary Rate Relief from the date of the change. A new application based on the changed circumstances would have to be made for further Discretionary Rate Relief to be considered.
- 7.4. The Local Government Finance Act 1988 requires that the local authority give 12 months' notice for the withdrawal of Discretionary Rate Relief. This notice will be given alongside the award of relief to successful applicants where applicable.

## 8. Applications Process

- 8.1. Applications must be made by the registered ratepayer using the Council's standard forms which are available on the Council website at:

[Islington.gov.uk/discretionaryratereief](http://Islington.gov.uk/discretionaryratereief)

- 8.2. The application must be made by a person with the authority to act on behalf of the applying organisation. The Council may ask for evidence that the person making the application is entitled to act in that capacity. There will be two application rounds per year. Details will be advertised on the Council's website.
- 8.3. Applications must explain the purpose and activities of the organisation, providing details of the charitable objects, or organisational purpose as set out in the organisation's constitution or articles of association, clearly showing how that organisation supports or will support the Council's priorities.
- 8.4. Applicants may be required to supply supporting information with their application as detailed in the application form. If any organisation fails to provide information/evidence within the required time limits, their application will not be considered.
- 8.5. If an organisation is unable to provide any of the above, then a detailed explanation outlining your reason(s) must be provided. In some circumstances we may decide that it is necessary to visit the rated property to assist the decision process.
- 8.6. Business Rates are still due and payable as previously billed during the application process and until a final decision has been advised. Any overpayment will be refunded.
- 8.7. Applicants will be notified in writing of the outcome of their application once a decision has been made.

## 9. Applications for Retrospective Periods

- 9.1. Discretionary Rates Relief will not normally be awarded in respect of any day prior to the day that an application is received. However, in exceptional circumstances consideration may be given to awarding rate relief for a retrospective period where the ratepayer can demonstrate good cause for not submitting the application earlier.
- 9.2. No consideration shall be given to an award for a retrospective period where the Council is not able to verify to its satisfaction that the circumstances giving rise to the application pertained for that period.

## 10. Circumstances that may prevent an award being made or result in an award being terminated

- 10.1. Where the organisation's business premises include the running of a commercially operated bar serving alcohol this must be incidental to the main purpose of the organisation to qualify for relief. Running a bar in itself is not a



reason for declining relief, but a club which is primarily a commercial bar is unlikely to qualify.

10.2. In addition to the circumstances above under which no award will be made under this scheme; awards will be terminated early under the following circumstances:

- The organisation ceases from activities which the Council deems to meet the above eligibility criteria. The organisation is required to advise the Council of any such change as soon as possible in writing.
- The organisation ceases trading.

## 11. Review/Reconsideration process

11.1. Discretionary Rate Relief is awarded entirely at the discretion of the local authority so there is no formal right of appeal. The assessment panel may in some cases seek further information or have some clarification questions for the applicant before making their decision.

11.2. Where an application is refused, further applications will not be considered unless:

- The use of the property changes
- The objectives of the organisation changes
- There have been other material changes that may affect the Council's decision

## 12. Conditions

12.1. 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
- Provide evidence that all employees are paid the London Living Wage as a minimum