

Report of: Executive Member for Economic and Community Development

Meeting of:	Date	Agenda item	Ward(s)
Voluntary and Community Sector Committee	13 July 2015		All

Delete as appropriate		Non-exempt
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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 January 2015.

2. Recommendations

- 2.1 To agree DRR to B2B Create; Minority Matters; Stuart Low Trust and Wu Shi Taiji Quan & Qi Gong Association to 31 March 2020, backdated to when they moved into their premises.
- 2.2 To reject the applications from the British Red Cross Society and Iften Academy Ltd which do not meet the Council's criteria for DRR.

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 - which 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 Current DRR awards total £963,698 and the cost to the Council is £289,109. 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.
- 5.3 The Council's budget to fund DRR is £320,000. The cost of all current awards and the new applications recommended for approval in this report can be met from this budget.

6. New Applications

- 6.1 Six organisations have applied since January 2015. The four listed below meet the criteria.

6.2 Recommended for DRR

Organisation	Address	Activities	DRR (cost to Council)
B2B Create	Rooms 5 – 7, The Exchange, Watkinson Road, N7	Local charity developing the capacity, skills and integration of the Somali community, through arts and education.	£96
Minority Matters	51 Corker Walk Andover Estate, N7	Range of support services, particularly for children and young people and their parents living on the Andover Estate.	£52
Stuart Low Trust	Office 3, Claremont Centre, 24-27 White Lion Street, N1	Local mental health charity. Funded by Islington Council.	£105
Wu Shi Taiji Quan & Qi Gong Assoc	Ground Floor 20 Blackstock Road, N4	Classes for local people to improve health and well-being.	£510
TOTAL RECOMMENDED			£763

- 6.3 The applications received from the following do not meet the criteria and are not recommended for a DRR award:

Not Recommended for DRR

Organisation	Address	Activities	DRR (cost to Council)
British Red Cross Society	Aztec Row, Berners Road, N1	Office for the property department of the British Red Cross. Not locally focussed. Receives 80% mandatory rate relief.	£14,785
Iftin Training Academy Ltd	195 Seven Sisters Road (ground floor) London N4 3NG	New private company with no plans to register as a charity. Wants to run classes to help with language and other skills. Has no staff or volunteers at the moment. Receives small business rate relief (£676).	£1,468

7. Current DRR Budget

- 7.1 The additional cost to the Council for DRR awards to the organisations set out in 6.2 would be £763 which can be met from within the Council's £320,000 capped DRR budget.

8. Implications

8.1 Financial Implications:

The current annual budget for Discretionary Rate Relief (DRR) is £320k and the four additional reliefs to be granted will be funded through this existing budget.

8.2 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 four organisations recommended for DRR awards fit the criteria and, if approved, DRR awards will be to 31 March 2020.

Appendices

Appendix A – DRR Criteria

Background papers: none

Final report clearance:

Signed by:

Executive Member for Economic and Community Development 29 June 2015

Received by:

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Date

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