

Cabinet

16 December 2014

Report of the Cabinet Member for Finance and Performance

Discretionary Rate Relief Awards 2015 - 2017

Summary

1. The purpose of this paper is to provide Cabinet with details of new applications for Discretionary Rate Relief (DRR) for the period 1 April 2015 to 31 March 2017. The paper sets out the council's available budget and asks Cabinet to approve any new awards based upon the funding available.

Background

2. Cabinet approved a new process for awarding DRR at its meeting held on 12th February 2013. With effect from April 2014 all new awards are a Cabinet decision taking into account any budget available and consideration of applications against council priorities.
3. Guidance in the 1988 Local Government Finance Act provides that although authorities may adopt rules for the consideration of discretionary cases, they should not adopt a blanket policy either to give or not to give relief. Instead, each case should be considered on its own merits. The areas where DRR can be awarded are:
 - Charities
 - Non-profit making organisations
 - Community Amateur Sports Clubs (CASCs)
 - Rural discretionary relief
 - Rural top up.
4. The council's transformation programme is ensuring that services are designed around the needs of the people and place first.

Some of these services may not be delivered directly by the council in future but by a combination of the council with partner organisations, other authorities, volunteers and community groups or directly by social enterprises or the commercial sector. The top up discretionary rate relief provides additional financial support to those charities, community sports clubs and non-for profit organisations that form a key part of supporting this aspiration.

5. All applications for DRR are currently via written submissions through a formal application process managed by the relevant council department. The applications are considered on an individual basis against council priorities and on their merits. The application is for a top up to the 80% mandatory award in respect of charities, CASCs and non-for profit organisations. This paper provides details of all applications for the 1 April 2015 – 31 March 2017 years against the council’s DRR budget.

Discretionary Rate Relief costs

6. There were no new awards of discretionary rate relief approved at Cabinet in January 2014 for the 1 April 2014 to 31 March 2016 years. All existing discretionary top up reliefs (excluding rural) awarded from 1 April 2013 expire on 31 March 2015. Annex A of this paper sets out details of the organisations recommended for awards by the relevant directorates after consideration of the individual applications for the period 1 April 2015 – 31 March 2017. Table 1 below shows the cost to the council of proposed awards including existing rural relief.

Table 1.

Category	Total Cost of DRR	CYC Share
Not-for Profit	£9,853	£4,927
Charities	£62,416	£31,208
CASCs	£20,875	£10,438
Rural Discretionary	£41,418	£20,709
Rural Top Up	£5,624	£2,812
Total Cost	£140,186	£70,094

7. The available council budget for DRR in 2015/16 is £83K. The value of awards set out at Table 1 above is within the council's current budget for DRR and assumes a 2% uplift in the multiplier for 2015/16. There is residual balance within the budget however this allows for further uplift in the multiplier (2016/17) and provides Cabinet with the opportunity to consider any new awards from April 2016.

New Applications

8. Table 2 below sets out the number and value of new applications for DRR in each of the categories. Applications that have not met the qualifying criteria through the application process are not included in the numbers.

Table 2.

Category	No	Total Cost of DRR	CYC Share
Not-for Profit	4	£9,853	£4,927
Charities	53	£62,416	£31,208
CASC's	22	£20,875	£10,438
Rural Discretionary	0	£0	£0
Rural Top Up	0	£0	£0
Total Cost		£93,144	£46,573

9. There have been 79 new applications for discretionary top up relief for the April 2015 – March 2017 period. The high volume arises as the awards made in April 2013 for the Community Sports Clubs, Charities and Not for Profit organisations across the city come to an end and they are reapplying.
10. The applicant organisations have been through a thorough application process with each organisation looked at on an individual basis against the set qualifying criteria:
- The organisation is a charity or CASC;
 - And/or the organisation is non-for profit;
 - Equalities e.g. that the organisation have a formally adopted equality and diversity policy;
 - Membership is open to everyone;

- The percentage of users and or members who are York residents;
 - Whether the organisation has membership fees;
 - Whether discounts are provided for York residents;
 - Whether the organisation is affiliated to any local or national organisation;
 - How the organisation contributes to the community;
 - The organisation's financial position.
11. In terms of equalities the organisations applying need to provide their CIA's and equality and diversity policies. The information provided is reviewed by the council's Head of Communities and Equalities to ensure their aims are aligned to the council's own policies before they can qualify for top up rate relief as part of the overall application process.
12. Annex A sets out the organisations and clubs that are recommended to receive top up discretionary relief for the two years from April 2015. Annex B shows those existing organisations who did not reapply and those who have been declined including the reason why.

Options

13. There are two options associated with this report:

Option 1 – Approve the new applications for discretionary rate relief set out at Annex A;

Option 2 – Decline the new application of discretionary rate relief set out at Annex A.

Analysis

14. There is a year on year increasing demand on the DRR budget from current recipients of rural rate relief and the biannual application from charities, sports clubs and a small number of not for profit organisations as the business rates multiplier continues to rise by RPI (Capped in 2014 to 2%). There is sufficient budget to meet the current demand for April 15 to March 17 applications with a residual amount for any applications received next year (April 16). To ensure all qualifying organisations receive some

discretionary top up support and residual budget is retained for future awards and to meet inflationary pressures the level awarded is less than the 20% maximum allowance.

Council Plan 2011 - 15

15. The power to provide discretionary rate relief contained within the Local Government Finance Act 1988 & 2012 impacts on several of the council's priorities that create the Council Plan 2011 - 15 specifically:
- a) Protecting vulnerable people
 - b) Building strong communities
 - c) Creating jobs and growing the economy

Implications

16. (a) **Financial** – The changes in the Local Government Finance Act 2012 mean that any new discretionary awards are now met on a 50/50 basis with Central Government.
- (b) **Human Resources (HR)** - There are no implications
- (c) **Equalities** – There are no direct implications
- (d) **Legal** - There are no implications
- (e) **Crime and Disorder** - There are no implications
- (f) **Information Technology (IT)** - There are no implications
- (g) **Property** - There are no implications

Risk Management

17. The key risk associated with discretionary reliefs is a financial one. The risk is not high and is in the control of the authority through the implementation of proper policies and procedures.

Recommendations

18. Cabinet are asked to consider and approve the new applications for discretionary rate relief set out at Annex A;

Reason: To provide a transparent process for awarding discretionary rate relief as approved by Cabinet in February 2013.

Contact details:

Author:	Cabinet Member and Chief Officer responsible for the report:		
David Walker Head of Financial Procedures Phone No. 01904 552261	Cabinet Member for Finance and Performance Ian Floyd Director of Customer & Business Support Services Telephone: 01904 551100		
	Report Approved	√	Date 28/10/2014
Specialist Implications Officer(s) None			
Wards Affected: All			√
For further information please contact the authors of the report			

Background Papers

Discretionary & Mandatory Business Rate Relief and Discounts - February 2013

<http://modgov.york.gov.uk/mgChooseDocPack.aspx?ID=6881>

Annexes

Annex A – New applications for discretionary rate relief 2015 - 2017
Annex B – Applications that have been declined for discretionary rate relief 2015 - 2017

Glossary

DRR	Discretionary Rate Relief
CASC	Community Amateur Sports Club
CIA	Community Impact Assessment
Multiplier	The multiplier is the percentage or pence on the pound of the Rateable Value that the customer must in business rates
RPI	Retail Price Index