

**Decision Session: Cabinet Member for
Leisure, Culture and Social Inclusion**

11 October 2011

Report of the Assistant Director (Communities and Culture)

Discretionary Rate Relief Criteria: 2013 – 2015

Summary

1. This report asks the Cabinet Member to agree amended criteria for Discretionary Rate Relief (DRR) to be awarded by the Directorate of Communities and Neighbourhoods for the period 2013 - 2015.

Background

2. Under section 47 of the Local Government Act 1988 charging authorities have the discretion to grant rate relief from all or part of the non-domestic rate account for premises occupied by not-for-profit organisations that are wholly or mainly used for charitable purposes. The cost of awarding DRR is borne 75% by the non-domestic rate pool and 25% locally.
3. Registered charities can apply for 80% mandatory relief. Where an authority exercises its discretion to award DRR above the mandatory level, the remaining 20% is borne 25% by the non-domestic rate pool and 75% locally.
4. Sports Clubs can also apply for “Community Amateur Sports Club” (CASC) status. With this status they will be treated in the same way as charities for the purposes of DRR both in terms of the mandatory and discretionary elements of DRR.
5. Communities and Neighbourhoods has brought together three DRR pots. These 3 pots, which were previously administered by 3 different directorates, are for:
 - a) Organisations working in the area of Lifelong Learning & Culture (awards made for 2 years)
 - b) Community Halls (annual awards)

- c) Voluntary Sector Infrastructure organisations grant funded by the Council (annual awards)

The current criteria are at Annex 1.

6. The 3 pots are currently functioning as follows:

- **Lifelong Learning and Culture:** A total of 61 organisations applied for DRR for 2011 – 2013. Of these 60 met all the criteria and were awarded DRR. Because the eligible awards exceed the available budget the awards were scaled down such that all organisations received approximately 73% of the relief for which they were eligible.
- **Community Halls:** A total of 24 organisations applied for DRR for 2011 – 2012 from this pot. Of these 23 met all the criteria and were awarded DRR. A further 2 organisations applied during the year and although eligible were refused DRR because the budget was fully spent.
- **Voluntary Sector Infrastructure Organisations:** A total of 15 organisations applied for DRR for 2011 – 2012 from this pot. All 15 met the criteria and were awarded DRR. A further 3 organisations applied during the year and although eligible were refused DRR because the budget was fully spent.

Consultation

7. Extensive consultation has taken place over a number of years on the Lifelong Learning and Culture criteria which it is now proposed are used as the basis of the revised criteria for the combined pots. This report proposes some amendment to the DRR criteria. Where changes are proposed which may impact adversely on organisations currently receiving DRR those changes must be advertised at least 12 months in advance. The changes proposed in this report would be advertised in time for the 2013 – 15 award.

Issues

8. The criteria for these 3 DRR pots need to be amended to ensure that the available budget is directed to those organisations who most warrant support. The key issues that are addressed by the revised criteria are as follows.
9. **Cultural organisations and Community Halls:** These two pots are brought together so that:
- I. they have consistent criteria

- II. the criteria reflect the latest Council Plan objectives
- III. the criteria reflect the requirement to increase participation amongst one or more of those groups identified in the One City Plan as being at most risk of disadvantage and exclusion
- IV. the combined budgets are capped at their current level with the criteria providing for eligible awards to be scaled down so that they come within the available budget
- V. social enterprises that do not distribute profits are allowed to apply where they are set up to benefit the public at large rather than their members
- VI. awards are made for two years helping organisations with their planning

The proposed revised criteria are attached at Annex 2.

10. **Voluntary sector infrastructure organisations:** This very small pot has never been advertised and has simply been awarded to the same organisations year on year. This is clearly inequitable; however, were it to be advertised eligible organisations would potentially exceed the available funding many times over.
11. It is therefore proposed to align this DRR pot with the Council's grant funding to voluntary sector infrastructure organisations. Organisations will only be eligible to receive DRR from this pot where they are in receipt of service level agreement grant funding. Where awarded, grant funding will be paid in the form of DRR to the maximum applicable level. (This maximises the amount that can be reclaimed from central government).
12. Revised criteria for service level agreement funding for voluntary sector infrastructure organisations will be taken to the Cabinet in November.

Options

13. The options are:
 - o to make the change to the criteria as set out above
 - o to retain the criteria unchanged

Analysis

14. The high number of organisations who are now eligible to receive DRR means that the budget is only covering 75% of each eligible organisation's rates liability. We need to ensure that DRR is

effectively channelled to those organisations that genuinely meet the criteria and who are providing a service that warrants public funding in terms of furthering the Council's objectives especially around increasing participation. The revised criteria proposed will do this more effectively.

Corporate Priorities

15. DRR is awarded to meet the key priorities as detailed in Annex 1.

Implications

16. **Financial:** The base budget for DRR in 2011/12 is £55,070.
17. **Legal:** Discretionary Rate Relief is granted under Section 40(5) of the General Rate Act 1967.
18. **Equalities:** The criteria make it a requirement for organisations to have a formally adopted equalities policy and to provide evidence that they are implementing that policy through equality impact assessments.
19. There are no human resources, crime and disorder, or information technology implications arising from this report.

Risk Management

20. In compliance with the Councils risk management strategy there are no risks associated with the recommendations of this report.

Recommendation

21. The Cabinet Member is asked to agree the revised criteria set out in Annex 2.

Reason: In order to establish an amended procedure for 2013-15.

Contact Details

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Wards Affected:

All

For further information please contact the author of the report

Background Papers:

Discretionary Rate Relief Criteria: 2011 – 2013: Report to the Executive Member for Leisure and Heritage, 24 March, 2009

Annexes

1. Existing Lifelong Learning & Culture DRR Criteria
2. Proposed amended DRR Criteria