

Executive

7 December 2016

Report of the Assistant Director - Customer Services & Digital
Portfolio of the Executive Member for Finance & Performance.

Discretionary Rate Relief Awards 2017 - 2019

Summary

1. The purpose of this paper is to provide Executive with details of new applications in respect of Discretionary Rate Relief (DRR) for the period 1 April 2017 to 31 March 2019. This paper asks Executive to approve any new awards based on the cost and the budget available.

Recommendations

2. Executive are asked to consider and approve any or all of the new applications for discretionary rate relief set out at Annex B;

Reason: To provide a transparent process for awarding discretionary rate relief.

Background

3. Executive are requested annually to approve awards of discretionary rate relief for a period of two years. Each application has been considered on its own merits before recommendation for approval.
4. The Council has wide powers to award discretionary rate relief to any business rates payer. This report deals specifically with applications from those bodies who are already eligible for mandatory rate relief i.e.
 - Charities
 - Community Amateur Sports Clubs (CASCs)

- Those eligible for Rural discretionary relief
- Those eligible for Rural top up.

It also considers applications from other non profit making bodies which may not be eligible for mandatory relief.

5. The council's aim 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 aim.
6. All applications for DRR are currently 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 1st April 2017 – 31st March 2019 awards against the council's DRR budget.

Discretionary Rate Relief costs

7. In December 2015 Executive approved awards for the two year cycle 1st April 2016 – 31st March 2018 and these are set out at Annex A. Annex B of this paper sets out details of the organisations recommended for awards for the period 1 April 2017 – 31 March 2019 (after consideration of the individual applications). Table 1 below shows the cost to the council of existing awards (Annex A) including rural relief from 1st April 2017. These are based upon the draft 2017 revaluation figures provided by the Valuation Office Agency (VOA).

Table 1.

Category	Total Cost of DRR	CYC Share
Not-for Profit		
Charities	£1,784	£892
CASCs	£2,834	£1,417
Rural Discretionary	£20,822	£10,411
Rural Top Up	£2,904	£1,452
Total Cost	£28,344	£14,172

8. Table 2 below shows the estimated cost of the proposed new awards (Annex B) for the period 1st April 2017 to 31st March 2019. These are again based upon the draft 2017 revaluation figures provided by the VOA.

Table 2.

Category	Total Cost of DRR	CYC Share
Not-for Profit	£6,638	£3,319
Charities	£54,628	£27,314
CASCs	£6,546	£3,273
Rural Discretionary		
Rural Top Up		
Total Cost	£67,812	£33,906

9. The council budget for DRR in 2017/18 is £83K. The cost of existing awards set out at Table 1 is £14,172. The new awards set out at Table 2 above and Annex B will increase the total value of awards to £48.1K in 2017/18. This leaves a residual budget of £34.9K for any new future year awards.

New Applications

10. Table 2 above 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 Table 2 but are set out at Annex C.

11. There are 52 proposed new applications recommended for discretionary top up relief for the April 2017 – March 2019 period. The high volume and cost in comparison to last year arises as all existing long term recipients (Pre April 2014) fall due for renewal in this 2 year cycle.
12. The applicant organisations have been through a thorough application process with each organisation looked at on an individual basis against the set qualifying criteria:
 - 1) And/or the organisation is non-for profit;
 - 2) The organisation is a charity or CASC;
 - 3) Whether the organisation has membership fees;
 - 4) Membership is open to everyone;
 - 5) The percentage of users and or members who are York residents;
 - 6) Equalities e.g. that the organisation have a formally adopted equality and diversity policy;
 - 7) Whether discounts are provided for York residents;
 - 8) Whether the organisation is affiliated to any local or national organisation;
 - 9) How the organisation contributes to the community;
 - 10) The organisation's financial position.
13. In terms of equalities the organisations applying need to provide their Community Impact Assessments (CIAs) 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.
14. Organisations are supported through the application process by the service areas and advice provided to those who have been declined in advance of the report deadline.

Options

15. There are two options associated with this report:

Option 1 – Approve any or all of the new applications for discretionary rate relief set out at Annex B;

Option 2 – Decline any or all of the new applications for discretionary rate relief set out at Annex B.

Analysis

16. There is an ongoing demand on the DRR budget from current recipients of rural rate relief. The annual applications for 2 year awards from charities, sports clubs and a small number of not for profit organisations has been impacted this time by the business rates revaluation. This was undertaken by the VOA and saw some rateable values rise and some fall. The business rates multiplier was reduced as part of this exercise but will still continue to rise by RPI. As a result of the multiplier link to RPI there will continue to be inflationary pressure on the DRR budget.
17. There is sufficient budget to meet the current demand for the April 16 to March 18 (Annex A) recipients along with the new applications for the April 17 – March 19 period. The residual budget is higher than in previous years arising from VOA revaluations, reductions in rural rate relief qualifying properties and from major recipients of DRR no longer qualifying due to their higher capital reserves. This leaves residual budget for future year awards. To ensure all qualifying organisations receive 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 as set out as both Annex A & B.

Council Plan 2015 - 19

18. The power to provide discretionary rate relief contained within the Local Government Finance Act 1988 & 2012 aligns with the council plan 2015 - 19 in providing residents with community assets that support the focus on frontline services providing health and wellbeing for their customers and making York a great place to live.

Implications

19. (a) **Financial** – The changes in the Local Government Finance Act 2012 ensures that any new discretionary awards are 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** – The council’s power to award Discretionary Rate Relief is set out at Section 47 of the 1988 Local Government Finance Act. The qualifying conditions are set out in Para 3 of section 47 which allows for the award to be made for Rural, Sports, and Charitable organisations meeting the qualifying criteria.
- (e) **Crime and Disorder** - There are no implications
- (f) **Information Technology (IT)** - There are no implications
- (g) **Property** - There are no implications

Risk Management

20. The key risk associated with discretionary reliefs is a financial one. The risk is Low and is in the control of the authority through the implementation of proper policies and procedures.

Contact details:

Author:	Executive Member and Chief Officer responsible for the report:		
David Walker Head of Customer & Exchequer Services Phone No. 01904 552261	Cllr Chris Steward, Executive Member for Finance & Performance Pauline Stuchfield Assistant Director - Customer Services & Digital Telephone: 01904 551100		
	Report Approved	√	Date 28.11.16
Specialist Implications Officer(s) None			
Wards Affected: All			√
For further information please contact the authors of the report			

Background Papers

Discretionary Rate Relief Awards 2015 – 2017

Annexes

Annex A – Existing discretionary rate reliefs 2016 – 2018

Annex B – New discretionary Rate Reliefs for approval 2017 - 2019

Annex C – Applications that have been declined for discretionary rate relief 2017 - 2019

Glossary

DRR	Discretionary Rate Relief
CASC	Community Amateur Sports Club
Multiplier	The multiplier is the percentage or pence on the pound of the Rateable Value that the customer must in business rates
CIA	Community Impact Assessment
RPI	Retail Price Index (A measure of inflation)
VOA	Valuation Office Agency
Multiplier	The pence in the pound rate used to multiply the rateable value of a property to derive its annual business rate bill