

**Executive**

**21 January 2020**

Report of the Deputy Chief Executive / Director of Customer and Corporate Services  
Portfolio of the Executive Member for Finance and Performance

## **Discretionary Rate Relief Awards 2020 - 2022**

### **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 2020 to 31 March 2022. Further to this Executive are asked to consider approving changes to the way the scheme is administered to create a more efficient process and more certainty for organisations receiving an award.

### **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.*

3. Executive are also asked to consider granting the awards in perpetuity and changing the administration of the scheme as set out at Paragraph 16 - 19.

*Reason: To provide a more appropriate process in line with other business rates reliefs, with reactive timescales and avoid unnecessary administrative costs.*

## Background

4. Executive are requested annually to approve awards of discretionary 'top up' rate relief for a period of two years. Each application has been considered on its own merits before recommendation for approval.
5. 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.

6. The council's aim is to ensure 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. This is an annual process and the council is fully committed to promoting this support out in the community to those groups and organisations who meet the qualifying criteria.
7. 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 2020 – 31<sup>st</sup> March 2022 awards against the council's DRR budget.

## Discretionary Rate Relief costs

8. In December 2018 Executive approved awards for the two year cycle 1<sup>st</sup> April 2019 – 31<sup>st</sup> March 2021 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 2020 – 31 March 2022 (after consideration of the individual applications). Table 1 below shows the cost to the council of existing awards (Annex A) including rural relief from 1<sup>st</sup> April 2019.

**Table 1. Existing Awards**

<b>Category</b>	<b>Total Cost of DRR</b>	<b>CYC Share</b>
Not-for Profit	15,283	£7,642
Charities	£58,157	£29,079
CASC's	£7,966	£3,983
Rural Discretionary	£0	£0
<b>Total Cost</b>	<b>£81,406</b>	<b>£40,704</b>

9. Table 2 below shows the estimated cost of the proposed new awards (Annex B) for the period 1<sup>st</sup> April 2020 to 31<sup>st</sup> March 2022.

**Table 2. Proposed new awards**

<b>Category</b>	<b>Total Cost of DRR</b>	<b>CYC Share</b>
Not-for Profit	£0	£0
Charities	£3,046	£1,523
CASCs	£899	£449
Rural Discretionary	£24,101	£12,051
<b>Total Cost</b>	<b>£28,046</b>	<b>£14,023</b>

10. The council budget for DRR in 2020/21 is £83K. The cost of existing awards set out at Table 1 is £40,704. The new awards set out at Table 2 above and Annex B will increase the total value of awards to £54,727 in 2020/21. This leaves a residual budget of £28,273 for any new future year awards.

## **New Applications**

11. There are 15 proposed new applications recommended for discretionary top up relief for the April 2020 – March 2022 period. The lower volume and cost in comparison to last year arises as all existing long term recipients (Pre April 2014) fall due for renewal in the April 21 – March 22 cycle.
12. There is one new proposal that has not been recommended for approval due to not delivering services in any areas covered by the criteria. This is detailed in Annex C.
13. 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.
14. 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.
15. 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.

## Proposed New Process

16. The council has since 2013 had a scheme that on an annual basis involves many time consuming administrative processes that includes resource from Business Support, Democracy, Finance, Business Rates and Communities & Equalities. The total budget available is £83K, a majority of the qualifying organisations are the same each year and they are also required to complete applications on a cyclical basis often with very limited resource. In order to provide a more efficient process for the council and the voluntary organisations we are looking to support the following proposed changes to the existing scheme.
17. This would see all existing and new approved awards granted in perpetuity from April 2020, removing the need for organisations to apply each year and the requirement for repeated Executive approval and associated administration costs.
18. New applications could be submitted by a relevant organisation at any point in the year and assessed against the current criteria as appropriate. Approval of these awards would be delegated to the relevant portfolio holder (Executive Member for Finance and Performance).
19. Reviews of the existing recipients would be taken every two years to ensure the qualifying criteria was still being met but without the burden of an unnecessary full application and assessment regime across the entire caseload.
20. Although the award would be granted in perpetuity, the council would retain the ability under section 47 to cancel or adjust the level of awards as necessary from the next 12 month period (notification would be sent) as with the current regime.

## Options

21. There are four 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.

**Option 3** – Approve any or all of the new application set out at Annex B and the existing awards at Annex A in perpetuity accepting the new scheme of administration.

**Option 4** – Decline the new scheme of administration.

## Analysis

22. There is an ongoing demand on the DRR budget from current recipients of rural rate relief. Whilst the business rates multiplier was reduced two years ago as part of the last revaluation exercise by the Valuation Office Agency (VOA) it still continues to rise by the Retail Price Index (RPI). The multiplier is the percentage or pence in the pound of the Rateable Value that the customer must pay in business rates. As a result of this link there will continue to be inflationary pressure on the DRR budget. Annex A shows that this year's awards' total liability has fallen by £12K as a result of some businesses no longer qualifying for the relief.
23. There is sufficient budget to meet the current demand for the April 19 to March 21 (Annex A) recipients along with the new applications for the April 20 – March 22 period. The residual budget has increased to £28K compared with last year. 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 at both Annex A & B.

## Council Plan 2019-23

24. The support provided through financial inclusion activities of the council and partners will assist in achieving the following priorities:
  - a. Well paid jobs and an inclusive economy
  - b. Good health and wellbeing
  - c. A better start for children and young people
  - d. Safe communities and culture for all
  - e. An open and effective council.

## Implications

25. (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**

26. 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:**

<b>Author:</b>	<b>Chief Officer responsible for the report:</b>		
David Wright Revenues, Benefits & Subsidy Manager Telephone: 01904 552234	Pauline Stuchfield Assistant Director Customers & Employees Telephone: 01904 551100		
	<b>Report Approved</b>	√	<b>Date</b> 08/1/20
<b>Specialist Implications Officer(s)</b> David Wright Telephone:01904 552234			
<b>Wards Affected:</b> All			√
<b>For further information please contact the authors of the report</b>			

## **Background Papers**

Discretionary Rate Relief Awards 2019 – 2021

<http://modgov.york.gov.uk/documents/g10476/Public%20reports%20pack%2017th-Jan-2019%2017.30%20Executive.pdf?T=10>

## **Annexes**

Annex A – Existing discretionary rate reliefs 2019 – 2021

Annex B – New discretionary Rate Reliefs for approval 2020 – 2022

Annex C – New discretionary Rate Reliefs refused 2020 – 2022

## **Glossary**

DRR	Discretionary Rate Relief
CASC	Community Amateur Sports Club
CIA	Community Impact Assessment
RPI	Retail Price Index (A measure of inflation)
VOA	Valuation Office Agency