

DRR Consultation Questions – Outcomes as at 9th January 2012

1. Do you agree that DRR should be removed from the following types of organizations?

	Yes	No
Educational Establishments	<input type="checkbox"/>	<input type="checkbox"/>
Sports Clubs	<input type="checkbox"/>	<input type="checkbox"/>
Charity Shops	<input type="checkbox"/>	<input type="checkbox"/>

Results

Educational Establishments Number of Responses	% Total	% Answer	% Frequency	Count
	85.71%	-	-	24
Yes	50.00%	58.33%	50.00%	14
No	35.71%	41.67%	35.71%	10
[No Response]	14.29%	-	14.29%	4
Total	100.00%	100.00%	-	28

Sports Clubs Number of Responses	% Total	% Answer	% Frequency	Count
	89.29%	-	-	25
Yes	39.29%	44.00%	39.29%	11
No	50.00%	56.00%	50.00%	14
[No Response]	10.71%	-	10.71%	3
Total	100.00%	100.00%	-	28

Charity Shops Number of Responses	% Total	% Answer	% Frequency	Count
	89.29%	-	-	25
Yes	28.57%	32.00%	28.57%	8
No	60.71%	68.00%	60.71%	17
[No Response]	10.71%	-	10.71%	3
Total	100.00%	100.00%	-	28

If you have said no to any of the above what type (s) of organisations do you feel should have the DRR removed?

18 Comments were made as below:

- 1) It seems unfair to have a policy which removes discretionary rate relief for all charity shops excluding St Lukes Hospice. Why has St Lukes been singled out for special treatment? Discretionary rate relief should be applied to all charity shops equally or not at all.
- 2) None, except for Educational establishments and Sports establishments that receive other forms of relief. Removing the DRR is presented as the only alternative, when more can be done by the council to balance

the books. We are talking about Â£50,000 here, which could be easily raised through savings derived from more third sector delivery of services - Children's services, Adult Care services, the costs of Day Care. The council's on costs are excessively high compared to the third sector.

- 3) I don't think DRR should be removed from charity shops unless an organisation has more than one shop. Also I do not agree that St Lukes should be given a preferable treatment. If you are removing DRR from all charity shops then they should also be included otherwise it can not be one rule for them and one rule for other charities.
- 4) The current scheme is helping the borough and should not be altered
- 5) Agree with what is proposed EXCEPT removal of DRR from non-profit making sports Clubs who are unable to qualify because of their constitution for Small Business Rate Relief/Community Amateur Sports Clubs Mandatory 80% relief
- 6) Harrow Council's policy states that St Luke's Hospice charity shops will be exempt, although this is not stated in the policy options above. I have ticked 'Yes' only if the Council's policy applies to ALL charity shops equitably. I regard this question in the consultation to be misleading and inadequate to fulfil the Council's duty in public law to consult with Harrow residents. I am shocked that the Council has even proposed such a blatant breach of its equalities policy. I can see no justification for the Council to treat St Luke's Hospice with favouritism and believe that it may disadvantage those Harrow residents who have "protected characteristics" under the Equalities Act 2010 and rely on Harrow-based charities. These local charities will be less able to afford to run a charity shop in Harrow compared to St Luke's Hospice, which already has a dominance in this charity shop fundraising market and would have been given an unfair competitive advantage. These charities will be less able to provide essential services because they rely on fundraising just as much as St Lukes. I also do not understand why the Council has given far less than the required 12 weeks for a public consultation, especially as a substantial proportion of the period given is over the festive period.
- 7) None apart from the above
- 8) Whilst the main purpose of charity shop is to fundraise they also provide work opportunities and work experience for individuals. Any surpluses are limited and are used to support community services that are not funded by the council or the PCT. If any expectations are made there should be clear and transparent it needs to be based on income and profit and the benefits to the people of Harrow and there needs to be an objective way of assessing this. The removal of DRR for charity shops would lead to closure for many and therefore the loss of services
- 9) Whilst Charity shops are predominantly for fund raising purposes they also provide wider benefits to many disadvantaged citizens such as volunteering and work placement opportunities as well as affordable goods. Charity shops work on very small margins and surpluses if any allow organisations to fund provisions for the welfare of specific beneficiaries who would not otherwise receive services. The change to the rate would lead to closure of our shop. It is not clear why there is one exemption stated and not necessarily a local charity. If there are exemptions it should be applied in an open and transparent manner. I would suggest that clear criteria are applied to any exemptions, probably looking at their past surpluses and to carry out an impact assessment.
- 10) The Charity Commission defines charities as "voluntary organisations which benefit the public in a way the law says is charitable". By that definition educational establishments do benefit the public but may not be run by volunteers. Sports clubs generally are run by volunteers, however some are run more on a business footing. By definition charity shops should be charities, but many of these are becoming substantial businesses these days. It would be very difficult to make a hard and fast rule on this. You really need to assess the accounts and follow the money.
- 11) Charity shops as they receive other funding
- 12) Not knowing the background to the 'educational establishments' or 'sports clubs' it is hard to agree or not. If we had Manchester United's football ground in Harrow I would be surprised if it was not paying rates. But a local amateur cricket club should continue with the current level of rate relieve. Where do Scout groups stand?
- 13) Educational Establishments as this is part funded by The Government

- 14) Educational establishments are generally well funded with access to money from a variety of different sources. Sports clubs and charity shops can often live much more hand to mouth and the removal of DRR, be it at 80% or 20% (should the club have registered as a CASC) can have a significant effect on finance). As such I would still believe the 20% top up should be offered to small sports clubs even if they have the mandatory 80%, especially at a time when other costs are going up significantly.
- 15) Any sports club not based in Harrow
- 16) None
- 17) There is a great variety of educational establishments, ranging from the purely charitable to those which operate as successful profit making businesses; as such, I do not think that they should attract DRR, purely by virtue of being "educational".
- 18) I have excluded sports clubs as I am unsure whether they fit in with the four categories of purpose that the law recognises as charitable. I have included Charity Shops as I see from your guidance document national charities are not included.

2. Do you agree that DRR should not be given if there is an alternative mandatory rate relief available where there is no direct cost to the Council e.g Small Business Rate Relief, Community Amateur Sports Clubs Mandatory 80% relief?

- Yes
- No

Result

	% Total	% Answer	Count
Number of Responses	89.29%	-	25
Yes	53.57%	60.00%	15
No	35.71%	40.00%	10
[No Response]	10.71%	-	3
Total	100.00%	100.00%	28

3. Do you agree that DRR should not be given if the property where relief is being claimed has a rateable value over £50,000?

- Yes
- No

Result

	% Total	% Answer	Count
Number of Responses	89.29%	-	25
Yes	32.14%	36.00%	9
No	57.14%	64.00%	16
[No Response]	10.71%	-	3
Total	100.00%	100.00%	28

4. Do you agree with the weighting applied to each category within the assessment matrix?

	Yes	No
Excessive Fees	<input type="checkbox"/>	<input type="checkbox"/>
Less than 75% membership from within the borough	<input type="checkbox"/>	<input type="checkbox"/>
Provision of specific social welfare services or facilities	<input type="checkbox"/>	<input type="checkbox"/>
Availability to non members	<input type="checkbox"/>	<input type="checkbox"/>
Obtaining additional grant funding	<input type="checkbox"/>	<input type="checkbox"/>

Results

	% Total	% Answer	% Frequency	Count
Excessive Fees				
Number of Responses	82.14%	-	-	23
Yes	67.86%	82.61%	67.86%	19
No	14.29%	17.39%	14.29%	4
[No Response]	17.86%	-	17.86%	5
Total	100.00%	100.00%	-	28

	% Total	% Answer	% Frequency	Count
Less than 75% membership within borough				
Number of Responses	82.14%	-	-	23
Yes	64.29%	78.26%	64.29%	18
No	17.86%	21.74%	17.86%	5
[No Response]	17.86%	-	17.86%	5
Total	100.00%	100.00%	-	28

	% Total	% Answer	% Frequency	Count
Provision of specific social welfare facilities or services				
Number of Responses	78.57%	-	-	22
Yes	46.43%	59.09%	46.43%	13
No	32.14%	40.91%	32.14%	9
[No Response]	21.43%	-	21.43%	6
Total	100.00%	100.00%	-	28

	% Total	% Answer	% Frequency	Count
Availability to Non Members				
Number of Responses	78.57%	-	-	22
Yes	50.00%	63.64%	50.00%	14
No	28.57%	36.36%	28.57%	8
[No Response]	21.43%	-	21.43%	6
Total	100.00%	100.00%	-	28

Additional Grant Funding Obtained	% Total	% Answer	% Frequency	Count
Number of Responses	78.57%	-	-	22
Yes	39.29%	50.00%	39.29%	11
No	39.29%	50.00%	39.29%	11
[No Response]	21.43%	-	21.43%	6
Total	100.00%	100.00%	-	28

5. Do you agree that DRR should only be given to Harrow specific organisations which operate within the authority boundaries?

- Yes
 No

Result

	% Total	% Answer	Count
Number of Responses	89.29%	-	25
Yes	78.57%	88.00%	22
No	10.71%	12.00%	3
[No Response]	10.71%	-	3
Total	100.00%	100.00%	28

6. Do you agree with the timescale for DRR appeals?

- Yes
 No

	% Total	% Answer	Count
Number of Responses	92.86%	-	26
Yes	50.00%	53.85%	14
No	42.86%	46.15%	12
[No Response]	7.14%	-	2
Total	100.00%	100.00%	28

If no what do you feel is a reasonable timescale?

Comments as below:

- 1) 36 months
- 2) Minimum of 28 days. It sometimes takes years to get applications for DRR processed.
- 3) These organisations almost by definition, are run by volunteers in their spare time. The Charity Commission and likely their own constitution would require a meeting of their trusted to discuss and agree an appropriate course of action. This may not be possible in 14 days. I would suggest a minimum of 28 days would be more appropriate.
- 4) I've not looked at what the timescale is so can not answer yes.
- 5) 28 days.
- 6) I would say 28 days is more reasonable given that many organisations will need to convene a committee/management meeting to discuss any appeal and 14 days is insufficient time to guarantee availability for everyone given many clubs etc work with volunteer committees who have full time jobs

- 7) One month at least. Small organisations, especially those with only part-time staff will struggle to make their case within the suggested timescales.
- 8) The nature of voluntary organisations is that all involved give their time freely, on top of their employment and other commitments. It is usually very difficult to get all the decision makers together at short notice.
- 9) Our group, as are all Scout Groups, is run by volunteers and before any action could be taken by the group we would need to have a meeting of our trustees. This may prove difficult given the short period of time in which appeals have to be made. If was notice of intent, with reasons to follow, we could live with that. I would suggest either 28 days or a calender month as more appropriate.

7. Are there any general comments you wish to make regarding this review of entitlement to DRR?

1) I assume we would wish to encourage a large national charity to base itself in Harrow if it was so minded, in view of the employment opportunities it would create - not having DRR might be an economic disincentive which disadvantages us compared to other boroughs (which is why I said no to Question 5. But if we have to make a straight choice between supporting national and local charities, local should take priority. 2) Regarding the limit of £50,000 - what if several charities share one large office - which benefits everyone - surely this limit should be increased or there will be a perverse disincentive against co-operation and sharing resources, which in every other way the council encourages as it reduces overheads. 3) Regarding the decision to consider if annual income plus reserves is enough to cover the rate bill. Charity commission suggests that all charities keep a minimum of 3 months (and preferably somewhat more) operating costs in reserve so that they can meet their obligations to staff, unpaid bills etc in the event that they have to close. It would be very poor practice to require this to be spent - not least because in my experience of running Harrow CAB, the council frequently takes 3 months to supply purchase order numbers and pay invoices - and I often have to use our reserves to keep the service going while waiting for payment for contracts/SLAs. You should say annual income and reserves in excess of 3 or 6 months should be used, otherwise you are condoning poor financial management in charities and might force closure of charities just because the council is sometimes late in settling your bills. I assume that Harrow council has a reserves policy and would think very poorly of central government saying that every penny of Harrow's savings must be spent before any central government funding was paid over. Yet this is what is proposed for charities? I do ask you to think again about this.

2) I am asking the council to think again, looking at ways in which the money that is needed could be raised through less direct provision and a concerted effort to develop social enterprise activity. By this I mean, support to develop an infrastructure for a healthy social enterprise sector, not just providing help to start ups and leaving them to fend for themselves after incorporation.

3) Regarding the decision to consider if annual income plus reserves is enough to cover the rate bill. Charity commission guideline is clear that charities should keep reserves for a minimum period depending on the charity. If it is a large charity they will need to keep more as it takes time to wind down and pay off all the debts and if a small one then at least 3 - 6 months. Charities should have a reserve policy and this should include payments to cover instances where grant is paid late as is a regular case with Harrow Council. We therefore need the reserves to keep us going as staff salaries, bills etc still have to be paid. It is poor practice if charities do not have reserves.

4) yes, local sports club are generally maintained and run by volunteers. The premises do not make a profit and in many cases are cash poor. We are not businesses but simply organisations providing sport to young children. rising energy costs and insurance premiums are putting many clubs close to breaking point. A greater proportion of membership costs are going towards these utilities leaving little room to improve or expand facilities. What direct assistance do we get from the local authority? we have to pay for our own refuse collections, insurance, premises licences, upkeep etc so what does services do the business rates support for our local clubs?

5) Some small none-profit making sports clubs such as the Hatch End Tennis Club may not be eligible for alternative mandatory relief due to the way they are constituted. HETC will loose relief of about £2,500 which represents about 8-9% of subscription income and because of the lack of notice of this proposed change is faced with finding this extra amount annually within a very short period at a difficult time.

6) I find the Council's policy in some respects ambiguous, which may lead to the Council's resources being spent on many appeals, and in some respects I find the policy contradictory particularly in relation to Harrow Council's Labour Party election manifesto to safeguard those most vulnerable in society. I request that some of the policy is re-written as a result of the consultation and that a consultation event is held with voluntary and community sector organisations and the Council Leader before any final decisions are made, to give feedback on this policy, as I believe that this feedback survey is inadequate for a complex policy which could have serious implications for those Harrow residents with "protected characteristics" under the Equalities Act 2010. Where the policy appears ambiguous: 1) I do not understand % Top Ups on the Discretionary Relief Assessment Sheet included with the

policy. If "Excessive Fees" are charged, -20% Top Up appears to imply that Mandatory Relief will be reduced. Do you mean 0% Discretionary Relief? I suggest that you must define in specific financial terms "Excessive Fees", or the policy is not transparent or fair. 2) Is the Council intending to make it impossible for charities offering services to the most vulnerable Harrow residents to obtain the full 25% Discretionary Relief by requiring them to be "Available to non members". This requirement will be in breach of their governing documents or not safe or appropriate for the client group of most of these social welfare charities. 3) The Council has a policy of encouraging charities to shared building space, as stated in its "Third Sector Strategy", and yet this policy appears to contradict this. Does the Discretionary Relief Policy intend to remove any relief from small charities sharing a property with a rateable value of £50,000 or above and effectively penalise them for fulfilling the Council's "Third Sector Strategy" to provide more effective and joined up services? If not, this policy needs to be worded more clearly to state that any organisation OCCUPYING SPACE with a rateable value of £50,000 or above would not qualify from relief, so that is the larger organisations with more resources that are affected. It is also the case that many small organisations also lease office space in a property of rented offices, which will have a rateable value of £50,000 or above. I believe the policy is a ambiguous and must be more clearer expressed. Where the policy appears in contradiction with the Council's stated priorities 1) If the Labour party's manifesto promise and the Council's key priority is to safeguard the most vulnerable Harrow residents, why are charitable services providing specific social welfare services or facilities to Harrow residents only and Harrow based not eligible for an automatic full relief? I suggest that it is in direct contradiction of the Council's priorities to give only 5% relief to charities which support the most vulnerable. Every penny the Council reclaims through business rate charges from these charities will be taken away from those who are most vulnerable, many of whom will also be charged for social care services for the first time under the Council new Contributions Policy, also from 1 April on top of grant cuts to these charities already introduced or planned by Adult Social Care. Has the Council conducted an Equalities Impact Assessment for the impact of these multiple cuts and charges across differernt Council departments to Harrow residents who have "protected characteristics" under the Equalities Act 2010? 2) The Discretionary Relief Policy appears to me unclear in relation to charitable income and reserves. On the one hand, the Council wants charities not to need to rely on Council financial support and on the other will only be eligible for business rates relief if rates cannot be afforded. This policy places charities in an impossible "Catch 22" position and will not result in a fair and transparent basis for the assessment if there are no specific financial indicators set in the policy. Most respected funding bodies apply the following criteria, in my experience of about 20 different public, Lottery and trust funders: For financial viability: A balanced organisation budget for the year in question or evidence of sufficient unrestricted reserves set aside to cover any shortfall if the annual budget is in deficit. For excess funds: Unrestricted reserves in excess of one year of the organisation's operating costs for the year in question. Fundraising from alternative to Council sources should not be regarded as a basis for assessment for Discretionary Rate Relief, because the majority of these funding sources are restricted funds, as the examples in the policy, national lottery and sports council, for which charities would be in breach of charity law and funders terms and conditions if they diverted these funds to pay for business rates. I understand Harrow Council's need to make changes to this policy to respond to government cuts. - However, some of the proposed savings in this policy will significantly impact the most vulnerable in society, which the Council has committed to safeguard. In addition, at the Council's own consultation event on 6 December with the community, it was again restated by the Council and feedback by participants that services to the most vulnerable must be maintained and that savings from other Council services should be considered first. - I believe that the ambiguity of some of the policy will penalise charities for co-locating to offer the best services to Harrow residents, unless expressed more clearly. - I believe that some of the policy could be in breach of the Equalities Act 2010 and some of the policy could imply that charities should breach charity law to pay business rates. I would ask that the Leader of the Council meets with voluntary and community sector organisations to hear their views directly on this extremely important issue. Thank you.

7) DRR must remain for organisations which serve the community such as charities and Sports Clubs. In addition all profits should be ploughed back into the organisation and that no member has a "dividend"

8) The proposals regarding charity reserves is not in line with the needs of community groups or funders including LBH as sometimes groups have to use reserves as cash flow whilst awaiting payment of grants and other funds. There is also an issue about independence here.

9) It should be noted that main charities have had their core grants costed for Harrow to reduce the income and increase the expenditure of charities would lead to the bankrupting of charities and the loss of valuable services to some of the communities most vulnerable citizens

10)The limit on the rateable value will penalise organisation that have worked hard to become independent of council premises and landlords; will also impact negatively on those sharing facilities/premises. 2. In terms of reserves - Charities just cant win - if they don't have reserves they are deemed to be financially fragile and not robust or sustainable organisations; the impact on cash flow would be catastrophic as debtors are increasing (the council itself is always late with payments); many services, which fit into the 'Prevention' activity would not be sustainable for members and beneficiaries. Note -The Charity commission recommends between 3-6 months

operating reserves. 3. Non local organisations do benefit the Harrow community - employment - and impact on the local economy as well. Local organisations should however be given greater significance.

11) I am the District Commissioner for Harrow and Wealdstone Scouts, one of 3 Scout Districts in the Borough. I would like first to make a specific point about Item 4 above "Less than 75% membership from within the borough". We are not a discriminatory organisation and do not select members on where they live. However, generally I suspect most Groups in LBH will have most of their membership from within the borough. Scout Groups near the borders will have a different mix. I would not want a Scout Group which may be based in Harrow with a membership which could be drawn from, Brent to be discriminated against. In any case, the membership mix will vary over time. It should be noted that the Scout organisation in Harrow predates the formation of LBH and one of the Districts (Stanmore and District) has Groups in both Harrow and Brent. Generally it should also be noted that the Scout Association is a registered Charity. Some Groups are also registered individually as required by the Charities Commission. For us as well as other Charitable organisations, this proposal to remove DRR (currently we have 100% relief as agreed in 1996/7) is just one of a whole raft of increases or potential increases in costs affecting Scout Groups which include LBH rent reviews, rises in utility bills, water rates etc. Our income sources are subscriptions paid by parents, fund raising (greater competition will limit our market share) and donations from other organisations using our properties during hours when they are not in use by Groups. Our charges have to be kept within the range of their limited funds. The more monies that we have to pay to bodies outside our organisation the less we have to spend on maintaining our properties and on our core activity which is to support the development of youth within the Borough, a service that we carry out at very little cost to the Borough. We are aware that other London Boroughs have recognised the value of Scouting services to youth within their communities by opting the policy of 100% DRR for Scout owned properties. we would also like to receive that same courtesy.

12) I am concerned that some organisations that currently work with discretionary rate relieve will find it hard to run with out it. How much are we looking at for say a scout headquarters? A few hundred may be accommodated but if we get into Â£1000s then this will be hard and what happens if we get a non payment?

13) Should take into account the needs of the community, the efforts made by the organisation to work with different groupings in the community and the additional facilities on offer to assist other groupings within the community

14) I would very much hope that if a sports club, which had previously been getting DRR then registered as CASC the 20% top up relief would be given. In cash terms for the council they would still be making a significant saving (20% vs 80%) but for the clubs every little really does help. The wider costs to the council should these clubs fold would be far more, not simply in terms of lost revenue from pitch rental, rents etc but also in terms of the cost of providing alternative sports facilities for many youngsters

15) whilst some change is warranted, the suggested level of cuts are unrealistic. The NFP organisations do not have sufficient reserves or capacity to find the additional spend without compromising their service standards.

16) I am involved with 4th Harrow Scouts, a locally registered charity. While the vast majority of our membership is, and always has been, within Harrow, we would not exclude any young person from outside Harrow. "Obtaining Additional Funding": I understand the thinking behind this i.e. to encourage organisations to seek additional funding, and to reward those that do so. However, as currently worded, it rewards those that obtain, i.e. are granted, additional funding, rather than rewarding those that seek it. A great deal of time and effort often goes into seeking funds; we have no control over whether or not those funds are then granted. I think it would be fairer to reward the efforts which are made, which we can demonstrate, rather than the final decision, which is not ours."Availability to non-members": I find this unclear. Does it mean that an organisation is encouraged to let out its premises to non-members? Does it mean that the organisation benefits if non-members join in the activities? In order to do the latter, most, if not all, organisations would require individuals to become members. The timescale of this consultation: this is too short. Please see my response above about reasonable timescales. In addition, this decision has a great and immediate impact on how we operate in the immediate financial year, for which decisions have already been made. A consultation now should really be in relation to 2013/2014 financial year.

17) If we were to loose the DRR entitlement with no alternative relief mechanism, this would have a major detrimental affect on the sustainability of our club.

18) As Scout Group we are mindful of other pressures on family budgets and therefore keep subscriptions as low as possible. We do make it clear that no one should be refused a place because of finance, or lack of it. We are situated within the middle of Wealdstone away from the borough boundaries and have had a number of members who live outside the borough boundaries, usually because parents have moved to neighbouring boroughs. For groups who are based nearer the borough boundaries the 75% weighting may prove difficult. As a non-discriminatory organisation we would not want to deny someone the experience of Scouting because of where they

live. The group has their own headquarters which was built in the 1960's. Over the last few years we have been trying to update the building to make it fit for purpose. Most of the work has been undertaken by volunteers and there is further work that is needed to be done. We see our building as a Scout headquarters, however it is a community facility and we want the wider community to be able to use it, therefore we need to improve the facilities that we have. Any increase in expenditure to outside bodies reduces the amount of money that supports our core activity of supporting the development of youth within the borough, but also improving the environment in which we provide these activities. I appreciate that we are experiencing difficult times; however other local authorities have recognised the contribution that Scouting has made and will continue to make to the youth within local communities and have not contemplated taking the actions that you are considering taking.

In addition to the above comments via the online consultation, separate representation has been received from

- South Harrow Sports Club
- CAB & MIND
- HADS

I have attached copies of these.

Steve Porter from Capable Communities Ltd has also notified the council that he has arranged for a petition worded as follows to be placed in the Harrow Healthy Living Centre and has given a deadline of 24th January for completion. Daksha Ghelani has agreed that he can speak at the meeting on 19th January for one minute and will be able to present the petition as at that time. He will be liaising with other groups as the Interim Voluntary & Community Sector Representative.

Petition to Harrow Council

We, as people who live work or study within Harrow, wish to register our opposition to the proposed changes to the discretionary business rate relief on grounds that the impact of such changes on the organisations likely to be affected and those in need of services have not been properly considered.

We believe the proposed changes could lead to a reduction of these organisations ability to deliver services and extra expense in meeting these needs and seek greater consultation on the impact of such changes.

Lynn Allaker
11th January 2012

Enc:

Copies of consultation questions

Responses from

- South Harrow Sports Club
- CAB & MIND
- HADS

Note: Charts showing the pictorial responses are also available