

**MEMBERS' QUESTIONS
AGENDA ITEM 6**

MR ANDY BODDINGTON will ask the following question of the Portfolio Holder for Finance:

Business rates.

a) When will Shropshire Council begin distributing its £1,308,000 allocation for 2017/18 under the discretionary business rates relief scheme?

b) What criteria will be used for allocating the funds to businesses?"

MR DAVID MINNERY, the Portfolio Holder for Finance, will reply:

This question has been raised previously and no further update can be provided beyond that already given directly to Councillor Boddington. The previous response is provided below:-

The government announced in the March budget three additional measures to assist businesses facing large increases in their rates as a result of the 2017 revaluation. They were:

- Additional support for small businesses facing large increases as a result of the loss of small business or rural rate relief. Increases are to be limited to a maximum of £600 per year. The Government have announced that formal guidance on the operation of the additional support for small businesses scheme will follow, but not now until after the general election.
- Additional Support for pubs that have a rateable value below £100,000. Under the proposed new scheme eligible pubs will receive a £1000 discount for 2017-18. The Government announced that a consultation document on the additional support for pubs will also be issued, but not now until after the general election.
- A new discretionary relief scheme that would provide £300m to support local businesses. The government published a consultation on the proposal and design of the new discretionary relief scheme which ran to 7 April 2017. The Government also consulted on the proposed distribution methodology for the funding. Shropshire Council responded to the consultation on 7 April 2017. The Government announced on 21 April 2017 that the final allocations to local authorities will be made in accordance with the draft allocations. On 28 April 2017 notification of the amounts to be made available to Local Authorities was

issued. The maximum amount of grant for Shropshire Council for 2017-18 is actually £654,141 as the grant paid reflects the portion of overall income that would be retained under the 50% business rate retention scheme.

The Council is currently considering whether it is sensible, or even feasible, to commence design of a discretionary relief scheme when there remains uncertainty about administration of the other new reliefs. The additional discretionary relief scheme must be fair, transparent and consistently administered, but also within the agreed expenditure levels set by Government as the Council would have to fund any additional expenditure over and above this amount.

The Council, as part of its consultation response sought assurance that there will be flexibility to move funding between financial years, or even amend adopted schemes, which may be necessary due to the volatile nature of the business rate tax base, to ensure that we remain within the grant funding levels. However, the Government has not provided a response to the consultation, other than to say that they will consider whether there should be greater flexibility to transfer funds between years once they have a clearer picture of how local schemes are taking shape.

When designing an additional relief scheme it would be sensible to award all other reliefs that individual businesses are entitled to prior to awarding additional discretionary relief to qualifying businesses. That would avoid duplication and confusion and possible underspend further along the line. The Council must also take into account any state aid implications. We are liaising with our software supplier and other local authorities to help design a robust and appropriate local scheme.