



<u>Committee and Date</u>
Cabinet 20 th October 2021

<u>Item</u>
<u>Public</u>

REVIEW OF NON-DOMESTIC RATES DISCRETIONARY RELIEF AND COUNCIL TAX DISCRETIONARY DISCOUNTS

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1. Synopsis

The current Business Rate Relief and Council Tax Discretionary Discount Policy was approved by Council on 20th September 2018 with a view to review the policy every three years. However, due to the uncertainty surrounding the implication of Covid19, it is proposed to continue with the existing policy in 2022-23 with a full review to take place in 2022.

2. Executive Summary

- 2.1 The Authority has responsibility for the collection and administration of Business Rates and Council Tax revenues. There is complex legislation detailing how the amount due from Business Rates and Council Tax is calculated. Within the legislation and government guidelines, the Local Authority has certain discretions to award reliefs and discounts in certain circumstances. The current Business Rate Relief and Council Tax Discretionary Discount Policy was last considered by Council on 20th September 2018. At this time there was a commitment to review the policy every three years.
- 2.2 The global pandemic (Covid19) has led to much economic uncertainty, and the pandemic continues to impact on businesses. The Government have prescribed additional rate relief for a lot of businesses in 2020-21 and 2021-22 due to Covid19 and it is unclear whether this will continue in 2022-23. It is therefore proposed to continue with the existing discretionary rate relief policy for 2022-23 with a commitment for a review of the policy in 2022.

3. Recommendations

- 3.1. Continue with the existing Business Rate Relief and Council Tax Discretionary Discount Policy for 2022-23 with a review of the policy in 2022.

REPORT

4. Risk Assessment and Opportunities Appraisal

- 4.1. The current policy is understood by ratepayers and council taxpayers, meaning a continuation of this policy for a further year is of low risk.

5. Financial Implications

- 5.1. The authority has a statutory duty to bill and collect business rates. Under the current rate retention scheme the authority bears the cost of 49% of any business rate relief awarded.
- 5.2. The cost to the Council of awarding discretionary rate relief in 2020-21 was £0.730m, with a cost to Shropshire Council at 49% £0.358m.
- 5.3. The financial implications of continuing the current policy for a further year should be broadly similar.

6. Climate Change Appraisal

- 6.1. There are no direct climate change impacts arising from this report.

7. Background

- 7.1. The Rate Relief Policy for Shropshire Council was agreed by Cabinet on 21st July 2010. The aim was to bring together the most common award elements from the policies that had been in operation from the previous five districts.

- 7.2 The policy was amended by cabinet on 14th December 2011 to award 100% discretionary rate relief to Social Enterprises under certain conditions, and 20% discretionary top-up relief to Charity Shops that evidence that 90% of their gross profit is invested in the local community.
- 7.3 The policy was reviewed by Council on 14th May 2015. No further amendments were made to the policy at that time.
- 7.4 The policy was last reviewed by Council on 20th September 2018. At that review the Council agreed to award discretionary top up relief to charities that provided a benefit to the local community but removed the 20% top up to Housing Associations. Discretionary Rate Relief to Sports Clubs not registered as Community Amateur Sports Clubs was removed. Qualifying criteria for Social Enterprises and Community Interest Companies was restricted to organisations where there was no provision to remunerate their directors.
- 7.5 The full policy is attached at Appendix A. A summary of the current award criteria is on page 11 of the policy.

8 Additional Information

- 8.1 None

9 Conclusions

- 9.1 Continuation of the existing rate relief policy for a further twelve months will provide certainty to businesses and enable a full review to take place in 2022 when the impact of the pandemic may be better understood.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)

Cabinet Member (Portfolio Holder)

Gwilym Butler, Portfolio Holder for Resources

Local Member

N/A

Appendices

2018 Business Rate Relief and Council Tax Discretionary Discount Policy