



Committee and Date

Cabinet  
19<sup>th</sup> October 2022

Item

Public

## **BUSINESS RATES REVIEW**

**Responsible  
Officer**

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### **1. Synopsis**

Shropshire Council operates a Business Rate Relief and Council Tax Discretionary Discount Policy. The Council's financial position suggests we should review our policy, but no changes are recommended thereby maintaining £357,000 of Council support to local businesses.

### **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 20 September 2018. At this time there was a commitment to review the policy every three years. At its meeting on 20 October 2021 Cabinet agreed to defer this review for one year to 2022.
- 2.2 Covid 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 2022-23 due to Covid and it is unclear whether this will continue into future years. A new rating list is also due in 2023, which will mean changes to rateable value for various business sectors.
- 2.3 The existing policy remains fit for purpose and no changes are proposed. There is, however, an opportunity to review the current

arrangements following the adoption of the new Shropshire Plan and clarification on the Council's priorities and strategic objectives.

### **3. Recommendations**

Members are asked to:

- 3.1 Approve continuation of the business rate discretionary rate relief and council tax discretionary discounts policy as set out in Appendix A for 2023-24 onwards with a commitment to review in three years' time.

## **REPORT**

### **4. Risk Assessment and Opportunities Appraisal**

- 4.1 The current policy is understood by ratepayers and council taxpayers. Any decision to increase eligibility will have a positive impact on ratepayers. Conversely any decision to reduce the current discretionary policy will have a negative impact.

### **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 of awarding discretionary rate relief in 2021-22 was £728k, with a cost to Shropshire Council, at 49%, of £357k.

### **6. Climate Change Appraisal**

- 6.1 There are no direct implications for climate change as a result of this report and full implications and considerations of climate change as a result of any changes to the scheme will be reviewed at that time.
- 6.2 The Government is currently introducing two business rate measures to support investment in green technology. The first measure is an exemption for eligible plant and machinery used in onsite renewable energy generation and storage and will be administered by the Valuation Office Agency. The second measure is a 100% relief for eligible low carbon heat networks that have their own rate bills.

- 6.3. Shropshire Council can retain 100% of non-domestic rates in respect of designated renewable energy projects and the Council ring fences these additional rates for climate initiatives.

## 7. Background

- 7.1 The Rate Relief Policy for Shropshire Council was agreed by Cabinet on 21 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 district councils.
- 7.2 The policy was amended by cabinet on 14 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 14 May 2015. No further amendments were made to the policy at that time.
- 7.4 The policy was last reviewed by Council on 20 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 at Appendix A. A summary of the current award criteria is on page 11 of the policy.

**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 Finance and Corporate Resources

**Local Member**

All

**Appendices**

Appendix A – NNDR Disc Relief Policy 2022