

Shropshire Council Consultation on Business rates discretionary relief policy review and council tax discretionary discounts

Introduction

Shropshire Council is responsible for the collection and administration of business rates and council tax revenues. Complex legislation governs how the amount due from business rates and council tax is calculated. The regulations give Shropshire Council some discretion to award relief and discounts in certain circumstances.

The existing policy was last considered by council on 14 May 2015. At that time there was a commitment to review the policy every three years

(More information <https://www.shropshire.gov.uk/get-involved/business-rates-discretionary-relief-policy-review-and-council-tax-discretionary-discounts/>)

Financial implications

Business rate relief

With effect from 1 April 2013, under arrangements from local business rate retention, the cost of discretionary business rate relief is split between the government (50%), Shropshire Council (49%) and the local fire authority (1%).

The government is proposing to increase rate retention to unitary authorities to 75%. The cost of any discretionary relief to Shropshire Council will increase in the percentage of rates collected retained locally increases.

Council tax

The cost of any discretionary council tax discount awarded under section 13A of Local Government Finance Act 1992 is picked up in full by Shropshire Council.

Background

The rate relief policy for Shropshire Council was first agreed in July 2010. The aim at this time was to bring together the most common award elements from the policies that had been in operation from the previous five districts.

The policy was reviewed in December 2011 and extended to award 20% top-up relief to charity shops that could evidence that 90% of their gross profit was invested in the local community, and 100% relief to social enterprises in certain conditions.

[The policy](#) was last reviewed by council on 14 May 2015. No further amendments were made at that time.

In March 2018 letters were sent out to all businesses that currently qualify for discretionary business rate relief under the current policy to advise them that the policy was to be reviewed during 2018. Sending these letters also provided the statutory financial year's notices for any changes to entitlement to discretionary rate relief under the current policy.

Members have been made aware of the review, and our cabinet has been presented with current costings and options going forward.

Proposals

The following amendments to the current policy are recommended, which will take effect from 1 April 2019:

- Qualifying criteria for discretionary top-up relief (for charities that already receive 80% mandatory relief) that provide a benefit to the local community to be more clearly defined, and awarded in respect of the following types of organisation:
 - Community centres, village halls, meeting rooms
 - Scouts, guides, cadets and youth clubs
 - Museums
 - Drop in/advice centres
 - Nursery/pre-schools
 - Sports/community centres providing sporting leisure facilities to the general public with no membership requirement
 - Organisations that provide care and support to vulnerable people
 - Organisations providing animal welfare, advancement of religion or the arts

The net result of this amendment would be to remove the additional 20% top up relief for those housing associations that qualify for 80% mandatory relief. The estimated saving would be £97,000 (£47,530 to Shropshire Council).

- Continue to award top up relief to community amateur sports clubs (CASCs) and charity shops (under certain conditions)
- Remove discretionary rate relief to sports clubs that aren't registered as CASCs. The estimated saving would be £180,000 (£88,200 to Shropshire Council).
- Amend qualifying criteria for social enterprises/community interest companies that are non-profit making, to only award relief where there is no provision to remunerate the directors of the company. It's not possible to estimate the cost saving of this change as qualification for relief under the new criteria would have to be established by the Business Rates Team undertaking a full review which would take place in the autumn.
- Continue to award relief to village halls and similar charitable organisations without bars where the emphasis is on recreational activity rather than social activity.

Our Council Tax Support Scheme was amended in 2018 with the introduction of a minimum 20% payment for all working age claimants. This has led to an increase in requests for discretionary council tax discount (discretionary discounts can be awarded in accordance with Section 13A of the Local Government Finance Act 1992). This element of the policy has been expanded slightly to provide clarification to potential claimants of the process that we will follow when considering requests for discretionary discount, and the appeal process. Discretion to award council tax discounts, as well as other general discretions, continue to be delegated to our Section 151 officer.

Take a look at [the report that was considered by Cabinet on 4 July](#) (please see section 9). A link to the proposed full discretionary relief policy is shown in Appendix A and the summary of the award criteria is on page 11 of the policy.

Following this consultation period, the policy will be brought to full council on 20 September 2018 for approval.

A full review of entitlement to business rate relief will then be undertaken by the Business Rates Team in autumn 2018 to ensure the correct level of discretionary rate relief is awarded on the 2019-20 business rate bills that will be issued in March 2019.