Appendix A

2026

Business Rate Discretionary Relief Policy

Shropshire Council

PHIL WEIR – REVENUES AND BENEFITS SERVICE MANAGER

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Introduction

The authority has discretion to award business rates relief and rural rate relief to certain qualifying businesses and a Business Rate and Council Tax discount in certain circumstances that it sees fit. This report recommends the circumstances in which these reductions are awarded and the process to be followed.

Background Information

1. The Local Government Finance Act (LGFA) 1988 provides that Local Authorities can award a discretionary relief to ratepayers in various circumstances. The Local Government Act 2003 extended the Council discretion to allow discretionary Council Tax discount to be awarded where the Council sees fit and the Localism Act 2011 extended the Council's power to award business rate discounts. The areas for discretionary consideration are listed below.

   Discretionary Charitable Top-Up Relief (Section 47 LGFA 1988)
   Discretionary Charitable Rate Relief (Section 47 LGFA 1988)
   Rural Discretionary Relief (Section 47 LGFA 1988)
   Hardship Relief (Section 49 LGFA 1988)
   Local Business Rate Discounts (Section 47 LGFA 1988)
   Part Occupied Relief (Section 44A LGFA 1988)
   Section 31 Grants/Autumn Statement Relief (Section 47 LGFA 1988)

2. Up until 1 April 2013 business rate relief was funded in the following manner.

   Mandatory Relief – fully funded by Central Government
   Discretionary Top-Up Relief – 25% Government and 75% Shropshire Council
   Discretionary Relief – 75% Government and 25% Shropshire Council
   Rural Mandatory Relief – fully funded by Central Government
   Rural Discretionary Relief – 75% Government and 25% Shropshire Council
   Hardship Relief (Section 49) – 75% Government and 25% Shropshire Council
   Part Occupied relief (Section 44A) – fully funded by Central Government
   Local Discounts – Fully funded by Shropshire Council

3. Under the current system of rates retention (post 1 April 2013) Shropshire Council bears the cost of 49% of any relief awarded, with the government bearing the cost of 50% and the Fire Authority 1%

4. Shropshire Council's discretionary relief policy was first approved by Cabinet on 21 July 2010. Two amendments to the policy were approved by Cabinet on 14 December 2011. The policy was reviewed again on 14 May 2015 and on 20 September 2018. It was last reviewed on 19 October 2022.

Discretionary Charitable Top-Up Relief

Guidance

5. On receipt of an application for charitable relief, billing authorities should first consider whether the institution or organisation is eligible for mandatory relief.

6. To qualify for mandatory relief the property must be wholly or mainly used for charitable purposes and the institution or organisation must be established for charitable purposes. Registration under the charities Act 1993 is conclusive evidence of charitable status.

7. Mandatory Relief of 80% of the full rate liability for charities and other organisations is provided for in sections 43 and 45 of the 1988 act.

8. Under section 47 of the 1988 Act Shropshire Council has the discretion to top-up this relief to 100%.

Community Amateur Sports Clubs (CASCS)

9. Registered CASCS are entitled to mandatory relief at the same level as charities. This provision came into force with effect from 1 April 2004.

10. CASCS are defined by Schedule 18 Finance Act 1988 and registration forms are available from the Inland Revenue Website.

11. As with charities, billing authorities are also allowed to top-up the remaining 20%.

Charity Shops

12. Charity Shops are entitled to 80% mandatory relief providing that they are registered charities and they are used wholly or mainly for the sale of donated goods and the proceeds of the sale of goods are applied for the purposes of the charity.

Financial Implications

13. With effect from 1 April 2013 and the introduction of the rate retention scheme the cost of all reliefs is split between the government (50%), the billing authority (49%) and the Fire Authority (1%).

Approved Relief in Shropshire

14. To award 20% top-up to those local or national charities that provide a benefit to the local community that are classed as:

    - 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

- Provision of care and support to vulnerable people

- Animal Welfare

- Advancement of religion or the arts

15. Award 20% top-up to sports clubs that can demonstrate that:

    - They are registered CASCS
    - Their membership is mainly composed of active membership rather than social membership
    - The club is accessible to all.
    - The club has achieved the CLUBMARK accreditation standard
    - (CLUBMARK and associated individual sports equivalents is the only national cross sports quality accreditation scheme for clubs with junior sections. It is built around a set of core criteria which ensure that accredited clubs operate to a set of consistent, accepted and adopted minimum operation standards).

16. Award charity shops with the 20% top up if they evidence that 90% of their gross profit is invested in the local community

17. The recommendation is to delegate the determination of applications for discretionary top up relief outside this policy to the Council's Revenues and Benefits Service Manager with any appeal against that decision to reviewed by the Councils Section 151 Officer.

Discretionary Relief for Charities

Guidance

18. Where the property does not qualify for mandatory relief authorities can still consider the award of a discretionary rate relief under section 47 of LGFA 1988. Authorities have discretion to award up to 100% to certain non-profit making bodies.

19. To be eligible for consideration the ratepayer:

    - Must be a charity or trustees of a charity and the property must be wholly or mainly used for charitable purposes; or

- The property is not an excepted property and all or part of it is occupied for the purposes of one or more institutions none of which is established or conducted for profit and each of whose objects are charitable or otherwise philanthropic or religious or concerned with education, social welfare, science, literature or the fine arts: or

- The property is not an excepted property and is wholly or mainly used for the purposes of recreation, and all or part is occupied for the purposes of a club, society or other organisation not established or conducted for profit.

20. Discretionary relief may not be granted where the hereditament is an excepted property, such as a billing authority or a precepting authority.

Financial Implications

21. With effect from 1 April 2013, under the arrangements for local business rate retention, the cost of all reliefs is split between the Government (50%), Shropshire Council (49%), and the Fire Authority (1%).

Approved Relief in Shropshire

22. To award Village Halls and Community Centres 100% discretionary rate.

23. To award other similar voluntary organisations (e.g. Senior Citizens Clubs, Scouts/Guide Huts) whose emphasis is on recreational activity rather than social activity 100% discretionary rate relief.

Social Enterprises

24. To award 100% discretionary relief to social enterprises that that provide benefit to the local community and are:-

    - Community Interest Companies that are limited by guarantee providing that they:-

    - Are registered as a Community Interest Company. Reference can be made to Gov.Uk website on Community Interest Companies and to Companies House

    - https://www.gov.uk/government/organisations/office-of-the-regulator-of-community-interest-companies

    - http://www.companieshouse.gov.uk/

    - Also the Company's Articles of Association or Memorandum should clearly state that any surplus of income over expenditure will be applied in a particular manner to ensure that no profit is actually made

    - Not conducted for profit

    - Do not remunerate the Directors of the Company

    - Industrial and Provident Societies and Companies Limited by Guarantee providing that they:-

- Are a not for profit company.

- Provide benefit for the local community.

- Not for profit companies are normally limited by guarantee (as opposed to shares)

- Reference should be made to Companies House website above

- Also the Company's Articles of Association or Memorandum should clearly state that any surplus of income over expenditure will be applied in a particular manner to ensure that no profit is actually made.

- Do not remunerate the Directors of the Company

25. The recommendation is to delegate the determination of applications for discretionary relief outside this policy to the Council's Revenues and Benefits Service Manager with any appeal against that decision to reviewed by the Councils Section 151 Officer.

<u>Hardship Relief</u>

26. Section 49 of the Local Government Finance Act 1988 provides that the Council may reduce or remit any amount that a person is liable to pay in respect of Non-Domestic Rates. The Council cannot act under this section unless it is satisfied that:

- The ratepayer would sustain hardship if the authority did not do so, and
- It is reasonable for the authority to do so, having regard to the interest of its council tax payers.

27. Any amount up to 100% of the rates liability can be remitted.

28. Government guidance on the award of hardship relief is that each case must be treated on its merits and a 'blanket policy' must not be adopted.

Financial Implications

29. With effect from 1 April 2013, under the arrangements for local business rate retention, the cost of all reliefs is split between the Government (50%), Shropshire Council (49%), and the Fire Authority (1%).

Approved relief in Shropshire

30. The recommendation is to delegate the determination of non-domestic rate hardship relief to the Council's Revenues and Benefits Service Manager with any appeal against that decision to reviewed by the Councils Section 151 Officer.

<u>Local Discounts</u>

31. The Localism Act 2011 removed the previous restriction that discretionary relief could only apply to charities and other organisations of prescribed type. However discretionary relief may not be granted where the hereditament is an excepted hereditament such as a billing authority or a precepting authority.

Financial Implications

32. With effect from 1 April 2013, under the arrangements for local business rate retention, the cost of all reliefs is split between the Government (50%), Shropshire Council (49%), and the Fire Authority (1%).

Approved Relief in Shropshire

33. The recommendation is to delegate the determination of non-domestic rates local discounts to the Council's Revenues and Benefits Service Manager with any appeal against that decision to reviewed by the Councils Section 151 Officer.

Part Occupied Relief

41. This can be awarded where business premises are partly occupied or not fully occupied providing that the situation exists for a short time. When awarding the relief Shropshire Council ask the Valuation Office to provide amended rateable values based on the occupied and unoccupied areas.

Financial Implications

42. With effect from 1 April 2013, under the arrangements for local business rate retention, the cost of all reliefs is split between the Government (50%), Shropshire Council (49%), and the Fire Authority (1%).

Approved Relief in Shropshire

43. The recommendation is to delegate the determination of non-domestic rate part-occupied relief to the Council's Revenues and Benefits Service Manager with any appeal against that decision to reviewed by the Councils Section 151 Officer.

Section 31 Grant Relief (Autumn Statement)

44. Since 2012 the Government has required Billing Authorities to grant relief to businesses in various circumstances. These reliefs are awarded under Section 47 of the Local Government Finance Act 1988 (discretionary powers) but the Council are fully compensated for the cost of these reliefs through payment of grant under Section 31 of Local Government Act 2003.

Financial Implications

45. The full cost of awarding these reliefs is covered by the Government through a Section 31 grant payment.

Approved Relief in Shropshire

46. The recommendation is to delegate authority to award any reliefs that are awarded under Section 47 Local Government Finance Act 1988 but fully compensated via Section 31 grant payment, to the Council's Revenues and Benefits Service Manager.

Rural Settlement List

Shropshire Council Rural Settlement List

47. With effect from 1st April 1998, the Local Government Finance and Rating Act 1997 introduced a scheme of mandatory rate relief for certain kinds of hereditament situated in 'rural settlements'. A 'rural settlement' is defined as a settlement that has a population of not more than 3,000 on 31st December immediately before the chargeable year in question.

48. The Non-Domestic Rating (Rural Settlements) (England) (Amendment) Order 2009 (S.I. 2009/3176) prescribes the following hereditaments as being eligible with effect from 1st April 2010:-

- Sole food shop within a rural settlement and has a RV of less than £8,500;
- Sole general store within a rural settlement and has a RV of less than £8,500;
- Sole post office within a rural settlement and has a RV of less than £8,500;
- Sole public house within a rural settlement and has a RV of less than £12,500;
- Sole petrol filling station within a rural settlement and has a RV of less than £12,500;

49. The Non-Domestic Rating Act 2023 simplified delivery of rural rate relief such that, from 1 April 2024, 100% of the relief will be statutory. Previously, 50% of relief was mandatory with the billing authority having discretion to top up the relief award.

50. The Local Government Finance Act 1992 requires a billing authority to compile and maintain a rural settlement list. A 'rural settlement' is defined as a settlement that has a population of not more than 3,000 on 31st December immediately before the chargeable year in question.

51. A rural settlement list must identify the boundaries of each settlement, either by defining the boundaries or referring to the boundaries defined in a map or other document.

52. A new rural settlement list has been complied for Shropshire Council.

53. The population and household estimates have been prepared by the Business Intelligence and Insights Team (Strategic Insight). They are based on the settlement boundary GIS file which was updated in April 2025 to reflect new housing development and which is used by planning policy colleagues to determine the hierarchy of settlements for the Local Plan.

54. The population has been apportioned by using residential address point data (OS Address Base LPI) as a proxy for the number of households in a settlement. The proportion of residential address points per output area (the lowest geography for which population is estimated) which fall in the settlement boundary has been used to apportion the population either falling within or outside of the settlement. Where settlements cross more than one output area, the apportioned population for each output area has been aggregated to give the overall estimated settlement population. Population is based on the 2024 Mid-Year Population Estimates, Office for National Statistics (ONS).

55. The settlements have also been matched to the parish in which they are located. Where settlements cross two or more parishes, the parish in which the highest proportion of the settlement population live has been assigned.

Appendix A – Shropshire Council Discretionary Relief Policy

Relief Type	Relief Description	Award %
Top up	**Local or national charities** that provide a benefit to the local community that are classed as: - community centres, village halls, meeting rooms - scouts, guides, cadets and youth clubs - museums - drop in/advice centres - nursery/pre schools - provision of care and support to vulnerable people - animal welfare - advancement of religion or the arts - sports/community centres providing sporting leisure facilities to the general public with no membership requirement	20%
	Charity shops that commit 90% of gross profit to the local community	
	Sports clubs that are registered as Community Amateur Sports Clubs that can demonstrate that: - Their membership is mainly composed of active membership rather than social membership - (Reference can be made as to whether the club has a bar or not) - The club is accessible to all - The club has achieved the CLUB MARK accreditation standard	
non profit making	**Village hall** and **community centres** Similar voluntary organisations whose emphasis is on recreational activity rather than social e.g. - Senior Citizen's Clubs - Scout and guide huts - Youth clubs	100%
	Social Enterprises that provide a benefit to the local community: - Registered Community Interest Companies - Industrial and Provident Societies - Companies Limited by Guarantee - Where articles of association or memorandum clearly state not conducted for profit and surplus is applied for benefit for community - directors receive no remuneration	
Hardship Relief	Applications to be considered by Revenues and Benefits Service Manager and any appeal to the Section 151 Officer	N/A
Local Business Rate Discounts	Applications to be considered by Revenues and Benefits Service Manager and any appeal to the Section 151 Officer	N/A
Part Occupied Relief	Applications to be considered by Revenues and Benefits Service Manager and any appeal to the Section 151 Officer	N/A
Section 31 Grant Relief	Applications to be considered by Revenues and Benefits Service Manager and any appeal to the Section 151 Officer	N/A

Appendix B – Shropshire Council Rural Settlement List

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