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| | **Cabinet**<br><br>**9 September 2026 10:30am** | Public |

# Business Rate Relief and Council Tax Discretionary Discount Policy

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| **Cabinet Member:** | Councillor Roger Evans – Portfolio Holder for Finance |
| **Lead Director:** | Duncan Whitfield, Section 151 Officer |
| **Service Area:** | Revenues & Benefits |
| **Report Author** | Phil Weir, Revenues and Benefits Service Manager |
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| **Electoral Divisions Affected** | All |
| **Key Decision?** | Key Decision |
| **Cabinet Forward Plan** | Yes – 7 April 2026 |
| **Report considered by** | Cabinet – 9 September 2026 |

## 1. Purpose of Report

1.1. To review eligibility for business rate discretionary relief, and consider options for awarding council tax discretionary discounts

## 2. Recommendations

Cabinet is recommended to:

2.1. Approve the existing policy for business rates discretionary rate relief set out at **Appendix A;**

2.2. Note the updated Rural Settlement List at **Appendix B;**

2.3. Delegate the awarding of Hardship Relief, Discretionary Business Rate Relief and Part Occupied Relief to the Revenues and Benefits Service Manager in line with approved Council policy with any appeals to the Section 151 Officer;

2.4. Approve a separate policy document for Council Tax Discretionary Discounts as set out at **Appendix C;**

2.5. Continue to offer council tax discretionary discounts to care leavers leaving Shropshire Council care, up until the age of 25;

2.6. Introduce a new policy to support residents with their council tax where they have to move out of their homes due to an uninsured 'Act of God';

2.7. Delegate decisions concerning council tax discretionary discount awards to the Revenues and Benefits Service Manager in line with approved Council policy with any appeals to the Section 151 Officer;

2.8. Instruct the s151 Officer to plan for the creation of a Council Tax Discretionary Discount Hardship Fund to enable discretionary discounts to be awarded in circumstances that fall outside of the agreed policy or where support cannot be provided by the Crisis and Resilience Fund.

2.9. Commit to review both policies in 2029/30.

## 3. Background

3.1 Shropshire Council is responsible for billing and collection of business rates to more than 12,500 businesses. Each business has a rateable value, determined by the Valuation Office Agency. The rates payable for each business is determined by multiplying the rateable value by a 'multiplier', which is set by the government each year. The valuations and multiplier are beyond the control of the Council.

3.2 There are currently five different multipliers. The multiplier used to calculate the rates for each individual business is based on their rateable value, and their business type.

3.3 There are many different types of statutory relief that can be awarded to different types of business. 80% mandatory rate relief is awarded to charities who occupy their property wholly or mainly for charitable purposes.

3.4 As well as statutory business rate relief, the Local Government Finance Act (LGFA) 1988 provides that Local Billing Authorities can award discretionary relief to ratepayers in certain circumstances. The Localism Act 2011 extended the Council's power to provide business rate discounts. The areas for discretionary consideration are set out below:

- Discretionary Charitable Top-Up Relief (Section 47 LGFA 1988)
- Discretionary Charitable Rate 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)

3.5 With effect from 1 April 2013, under the rates retention scheme Shropshire Council covers 49% of any relief awarded, with the Government 50% and the Fire Authority 1%.

3.6 The Local Government Act 2003 extended the Council's discretion to allow discretionary council tax discounts to be awarded where the Council sees fit. The Council picks up the full cost of any discretionary council tax discounts from its general fund.

3.7 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 former five district Councils.

3.8 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.

3.9 The policy was reviewed by Council on 14 May 2015. No further amendments were made to the policy at that time.

3.10 The policy was reviewed 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.

3.11 The policy was last reviewed by Cabinet on 22 October 2022 when there was no change. It was undertaken to review the policy again in three years, but this review was postponed by one year mindful of the financial emergency.

## 4. Summary of Main Proposals

4.1. The business rates system is very complex with a lot of support defined and funded by central government.

4.2. The Council is not in a financial position to consider further discretionary awards at this time in the context of the financial emergency. Equally, to reduce the current discretionary policy further would have a detrimental impact on local communities as the main focus of the current policy is to support local or national charities that provide benefit to the local community, village halls and community centres. A breakdown of the current policy is at page 10 of the Business Rate Discretionary Relief policy **(Appendix A)**

4.3. The cost of awarding discretionary business rate relief was £891k. The cost to Shropshire Council was £437k (49%).

4.4. The Council is required to maintain a rural settlement list. A rural settlement is defined as a settlement that has a population of not more that 3,000 on 31 December 2025. Mandatory rural rate relief can be awarded in respect of food shops, general stores, post offices, pubs, petrol stations that are below set rateable values and are the only provider of that service within a defined rural settlement.

4.5. An updated rural settlement list has been created. The population and household estimates have been prepared by the Business Intelligence and Insights Team. 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 plans. The new list is at Appendix B. There are no changes to identified rural settlements as part of this review.

4.6. The full cost of awarding discretionary council tax discount to care leavers leaving Shropshire Council care in 2025-26 was £82k.

4.7. One discretionary council tax discount was awarded in 2025-26 at a cost of £1.2k.

4.8. It is not considered prudent to develop any further policy to award council tax discounts at this time not least given the definition of the need, the costs of administration and the relevance of relief being on Council Tax as opposed to need, vulnerability or hardship.

4.9. The Crisis Resilience Fund can be utilised to support financially vulnerable residents. This report requests that the s151 Officer seeks to implement a new Council Tax Discretionary Discount Hardship Fund that would provide an opportunity to consider exceptional need where support cannot be provided through the approved discretionary council tax support policy and cannot be supported through the Crisis and Resilience Fund.

## 5. Alternative Options

5.1. The current business rates relief policy is well understood by ratepayers and provides support to local or national charities that provide benefit to the local community, and village halls and community centres. There is no recommendation to change this policy at this time.

5.2. Consideration has been given to extending discretionary council tax support to other areas as set out below. However, it is not possible to sufficiently estimate the cost of developing any of new policies, and the Council does not have funds to set aside for developing additional policies at this time, for example schemes which might cover:

- Residents fleeing domestic abuse
- Terminally ill taxpayers
- Residents adopting a child
- Residents working in Emergency Services

5.3. Consideration can still be given to exceptional individual circumstances via the Section 13A(c) discretionary council tax discounts. Any requests for council tax support vias this route can also be referred for support via the Crisis Resilience Fund.

5.4. While the Council recognises the cases being made for these and other cases, it notes that these are discretions that need direction and support at a national level and this would be the appropriate place for regulation, supported by appropriate financial support.

## 6. Key risks and Opportunities

6.1. There is a risk that a resident requiring additional support will fall into difficulties. However, we do retain a process for individual consideration to be given to all cases and can utilise the Crisis Resilience Fund in such instances.

## 7. Council Priorities

7.1. Our business rate relief policy supports our ambition to have ‘A thriving economy that benefits everyone’, by providing focussed support to business that support local communities.

## 8. Financial Implications

8.1. The full cost of awarding discretionary business rates relief in 2025-26 was £891k. The cost to Shropshire Council was £437k (49%).

8.2. The full cost of awarding discretionary council tax discount to Care Leavers leaving Shropshire Council care in 2025-26 was £82k. One discretionary council tax discount was awarded in 2025-26 at a cost of £1.2k.

8.3. The creation of the new fund will be incorporated within the next Medium Term Financial Plan being considered by Cabinet in November 2026, including the related policy.

## 9. Legal and HR implications

9.1. Section 13A of the Local Government Finance Act 1992 gives discretionary power to billing authorities to grant a discount to individual council tax payers or to a prescribed classification of cases. The discount can be anything up to 100% of the council tax charge.

9.2. The main provision conferring the discretionary power on billing authorities to grant business rate relief appears in Section 47 of the Local Government Finance Act 1988 (as amended by section 69 of the Localism Act 2011).

9.3. The Council has a duty to carefully consider every application on its merits, taking into account the contribution that the organisation makes to the amenities of the area. There is no statutory appeal process against any decision made by the Council on this type of application. However, as with any decision of a public authority, decisions can be challenged by Judicial Review.

9.4. The Non-Domestic Rating Act 2023 removed the restriction on backdating of decisions concerning discretionary rate relief. The Government has also revoked all rules on discretionary relief contained in the Non-Domestic Rating (Discretionary Relief) Regulations 1989 meaning the council can set its own rules for cancelling or varying the amount of discretionary rates relief.

9.5. The Council will need to satisfy itself that the granting of any particular non-domestic rates relief complies with the subsidy control regime and in such cases, legal services will provide advice concerning individual proposals.

## 10. Electoral Division Implications

10.1. None

## 11. Health, Social (including "Child Friendly Shropshire") and Economic Implications

11.1. The council tax discretionary policy continues to offer council tax discounts to care leavers leaving Shropshire Council care up until the age of 25.

## 12. Equality and Diversity Implications

12.1. This is essentially a continuation of existing Council policy.

## 13. Climate Change, Biodiversity and Environmental Implications

13.1. N/A

## 14. Background Papers

1. Business Rates Review - Cabinet 19 October 2022

## 15. Appendices

Appendix A – BUSINESS RATE DISCRETIONARY RELIEF POLICY 2026
Appendix B – SHROPSHIRE COUNCIL RURAL SETTLEMENT LIST 2026
Appendix C – COUNCIL TAX DISCRETIONARY DISCOUNT POLICY 2026