

Executive Committee
2026

13th January

Business Rates - Discretionary Rates Relief Policy 2026/27

Relevant Portfolio Holder		Councillor Ian Woodall
Portfolio Holder Consulted		No
Relevant Assistant Director		Debra Goodall Assistant Director Finance and Customer Services
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Wards Affected		All
Ward Councillor(s) consulted		No
Relevant Council Priority		
Key Decision / Non-Key Decision		
If you have any questions about this report, please contact the report author in advance of the meeting.		

1. RECOMMENDATIONS

The Executive Committee RECOMMEND that:-

- 1) A non-domestic rates discretionary relief policy is approved and adopted from 1st April 2026**
- 2) The rural settlement list as set out in Appendix A of the policy is approved and adopted for use from 1st April 2026**

2. BACKGROUND

- 2.1 Section 47 of The Local Government Finance Act 1988 [the act] provides billing authorities with the power to award discretionary rate relief to ratepayers.
- 2.2 Discretionary rate relief was - in the past - restricted to charities, not for profit organisations, and the occupiers of small premises within rural settlements. The period for which relief could be awarded was also restricted to the current rate year, or to the current and previous rate year if the determination to award relief was made before 30th September.
- 2.3 The Localism Act 2011 and the Non-Domestic Rating Act 2023 removed some of the restrictions on the award of relief and, except in the case of charities and non-profit organisations, the council can only award relief to any ratepayer where it would be reasonable to do so having regard to the interest of the council's council taxpayers. Relief can be backdated to 1st April 2023, though the draft policy includes a

local restriction allowing for backdating to be limited to the start of the previous rate year.

- 2.5 The condition requiring the award of relief to be in the interest of local taxpayers does not apply in the cases of charities and some not-for-profit organisations. In these cases, charities in receipt of 80% mandatory charitable relief can receive a further 20% discretionary relief, and not-for-profit organisations can receive relief of up to 100%. The policy sets out how we will determine application from charities and not-for-profit organisations.
- 2.6 Certain types of property situated within a rural settlement and with a rateable value below specific thresholds are entitled to rural rate relief, the properties eligible for rural rate relief are:
- The only post office within a rural settlement
 - The only general store within a rural settlement
 - The only public house within a rural settlement
 - The only petrol filling station within a rural settlement
 - A rural food shop
- 2.7 Rural rate relief was limited to 50%, an additional discretionary 50% relief could then be awarded. The Non-Domestic Rating Act 2023 increased the mandatory relief to 100%.
- 2.8 The 'rural rate condition' allowed billing authorities a further discretion to grant relief to any business within a rural settlement provided that the rateable value of the property occupied was less than £16,500, that the use of the property was of a benefit to the local community, and it was in the interest of taxpayers for relief to be provided.
- 2.9 The rural rate condition was removed by the Localism Act 2011; the act gave the council greater powers to award discretionary rate relief and the council's policy retains the discretion to award relief to businesses within rural settlements, in line with the original rural condition.
- 2.10 To enable rural rate relief to be determined the council is required to compile and maintain a rural settlement list. The list identifies rural settlements that are situated within designated rural areas and have a population of less than 3,000. The rural settlement list is included at appendix a of the proposed policy.
- 2.11 When awarding discretionary rate relief, the council must follow guidance set by Government. Government has used this requirement to make temporary government funded schemes of discretionary relief.

The policy sets out that where such schemes are made the council will implement them in accordance with the published guidance.

- 2.12 The revised policy aims to modernise the framework for awarding relief, improve flexibility and ensure alignment with current legislation and the council's priorities. The key changes are:

2.13 Principles based approach

The revised policy moves away from the rigid criteria and fixed percentages to a flexible approach guided by the principles.

- Community benefit,
- Strategic alignment
- Financial need
- Sustainability.

2.14 Clear alignment to council priorities

Organisations must demonstrate how their activities support council priorities and deliver measurable local benefits.

Applicants are encouraged to develop and show plans for financial independence and outline how they can operate without ongoing rate relief.

Compliance with current legislation

References within the policy have been updated to incorporate the UK Subsidy Control Act.

2.15 Hardship and Rural Relief

Clarification added that hardship is not limited to financial hardship.

Requirements for applicants to evidence viability and community benefits when seeking relief.

3. OPERATIONAL ISSUES

- 3.1 The council awards discretionary relief for each rate year separately and notifies ratepayers of the awards of relief. Existing awards will end on 31st March 2026, and, on approval of the policy, ratepayers will be contacted to advise that their relief will end and the requirement for a new application to be made.

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- 3.2 All new applications will be determined in accordance with the approved policy.
- 3.3 There are thirty-eight properties receiving a 20% top-up discretionary relief, and thirteen not-for-profit organisations receiving a discretionary relief of between 1% and 100%. The total cost of discretionary relief for the 2024/25 rate year was £309,076. Comparison to “nearest neighbour” authorities show that the costs of relief for this group of councils range from £14,894 to £412,479.
- 3.4 The awards of relief for organisations already receiving relief will be reviewed for the 2026/27 rate year, and organisations will be required to make a fresh application for relief.

4. FINANCIAL IMPLICATIONS

- 4.1 The costs of discretionary rate relief are usually shared between central government and major precepting authorities. 50% of the costs of relief are met by central government, 40% by the district council, 9% by county council and 1% by fire and rescue authority.
- 4.2 The costs of Government funded discretionary relief are met in full through section 31 funding.
- 4.3 The changes to the policy retain general limits on backdating of relief for reliefs where the costs are in part met locally and allow full backdating of relief where funding will be provided by central government. The changes to the policy will have limited financial impact.

5. LEGAL IMPLICATIONS

- 5.1 The power to grant discretionary relief is contained within section 47 of The Local Government Finance Act 1988.
- 5.2 The council should not adopt a blanket policy that allows discretionary relief to be refused without full consideration and the proposed policy allows each application to be considered on a case-by-case basis.

6. OTHER - IMPLICATIONS

Local Government Reorganisation

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- 6.1 The discretionary relief policy will be reviewed every year to ensure that it remains fair and effective. While the current proposal does not take account of local government reorganisation, future reviews should aim to align discretionary relief policies across any reorganised billing authorities. These reviews should also include transitional arrangements for organisations that might lose some or all the relief they currently receive so that changes are introduced gradually and fairly.

Relevant Council Priority

- 6.2 The strategic purposes are included in the council's corporate plan and this guides the council's approach to budget making, ensuring we focus on the issues that are most important to the borough and our communities.
- 6.3 Awards of discretionary relief will be reflect the council's priorities at the time of award or review.

Climate Change Implications

- 6.4 Climate change implications will be considered when applications for relief are determined.

Equalities and Diversity Implications

- 6.5 None

7. RISK MANAGEMENT

- 7.1 No Specific risk identified.

8. APPENDICES and BACKGROUND PAPERS

Appendix A – Discretionary Rate Relief Policy.