



Hinckley & Bosworth
Borough Council

A Borough to be proud of

FORWARD TIMETABLE OF CONSULTATION AND DECISION MAKING

SCRUTINY COMMISSION
EXECUTIVE

9 October 2017
23 August 2017

WARDS AFFECTED: All Wards

BUSINESS RATES ENTERPRISE ZONE RELIEF POLICY

Report of Head of Finance

1. PURPOSE OF REPORT

- 1.1 To inform the committee of business formalisation of the council's Enterprise Zone relief policy arrangements.

2. RECOMMENDATION

- 2.1 That the committee notes the contents of the report, particularly the widening of the interpretation as given at paragraph 3.10.

3. BACKGROUND TO THE REPORT

- 3.1 Enterprise Zones (EZ) were launched by Central Government in 2011 to promote the development and commercialisation of underused sites as well as to promote economic growth and job creation. To encourage this Local Authorities are able to offer businesses trading from an EZ up to 100% business rate discount over a 5 year period, subject to De Minimis rules.. This has been the practice of the council, but it has not had its own interpretation of the requirement in the form of a local policy. The Council were approach by the Leicester & Leicestershire Enterprise Partnership (LLEP) to draft a policy to aid clarity and help promote the EZ.
- 3.2 A policy has been drafted and is attached at appendix 1. The policy is aimed at giving businesses and developers an indication as to the level of EZ relief they may be able to receive. Prior to now, there was no formal policy in place. As growth in the Enterprise Zone is expected to increase significantly in the future, then we need a formal policy. The attached policy has been drafted in consultation with the LLEP and District Chief Executive group.
- 3.3 Following The business rate relief actually granted will be decided based on an application process and will be dependent on the facts presented on a case-by-case basis. Whilst the Enterprise Zones seek to encourage inward investment into the

area applicants should understand there is no automatic entitlement to relief, it will not be available to all.

- 3.4 The MIRA Technology Park Enterprise Zone (MTP EZ) was allocated EZ status in 2011 and is the only transport sector focused Enterprise Zone. An extension to the site was granted as from 1 April 2016.
- 3.5 For the MIRA Technology Park EZ the following business sectors have been targeted:
- transport and supporting sectors,
 - advanced transport manufacturing and engineering,
 - transport based design, and
 - Supportive innovation and R&D sector companies.
 - Ancillary services that contribute to the overall objectives and functioning of the park.
- 3.6 Dependent upon the information provided, applications will be placed into one of the following three categories and decisions regarding EZ relief will be determined by the qualifying criteria specific to each category. Those categories are listed below, and further information is contained in the policy attached:
- 1) New business from outside of Leicester and Leicestershire
 - 2) Relocated or expanding business from within Leicester and Leicestershire
 - 3) Existing business within the Enterprise Zone.
- 3.7 The Enterprise Zone was created to encourage private sector growth. Therefore applications for EZ relief from public or third sector organisations are unlikely to be supported, but decisions will be made on a case by case basis. Furthermore, the local authority is unlikely to support any applications for EZ relief on retail premises in the Enterprise Zone.
- 3.8 The only exceptions to this rule, which is a change to current practice and is at the discretion of the Council, relates to offering relief to support facilities which promote the Enterprise Zone's image as a place of work. This exception includes, but is not restricted to:
- childcare facilities,
 - medical facilities,
 - automated teller machines,
 - or conference facilities with overnight accommodation
- 3.9 Any decision on these exceptions will be made on a case-by-case basis. The main concern for the EZ will be the conference facilities with overnight accommodation as they plan to develop a hotel on the site. Therefore, members will need to balance the potential growth and jobs creation that may be encouraged against the potential loss of business rates income.
- 3.10 Any business, which moves into the Enterprise Zone post 31st March 2018 will not benefit from EZ relief. It is believed that the Government will relax this time restriction, and the policy will be revised if this proves to be the case. All EZ relief granted is subject to De Minimis rules.

4. EXEMPTIONS IN ACCORDANCE WITH THE ACCESS TO INFORMATION PROCEDURE RULES

4.1 Report to be taken in open session

5. FINANCIAL IMPLICATIONS [AW]

5.1 The policy does not change the level of relief that can be claimed under our current arrangements, but formalises how relief will be awarded and in what instances. There is some expending of the current practice as noted at paragraph 3.9 above.

5.2 Relief under this policy is classed as “state aid.” The European Union regulates state support to businesses, with the aim of ensuring fair competition and proper functioning of the single market. There is yet no indication of how the UK’s withdrawal from the European Union will affect state aid rules.

5.3 Relief is made available under the “de minimis” provisions, which enable governmental bodies such as the Local Authority to provide support, which does not exceed 200,000 euros over a three-year period. At the time of writing, this amounts to around £58,000 per year. Therefore any business awarded this relief will pay less rates in the EZ up to an amount of £58,000 a year. Currently 100% of business rate growth generated in the EZ is retained by the LLEP for investment locally.

6. LEGAL IMPLICATIONS [AR]

6.1 Enterprise zones were introduced through the Non-Domestic Rating (Designated Areas) Regulations 2013. The proposed policy document and recommendations within this report are in accordance with these regulations.

7. CORPORATE PLAN IMPLICATIONS

7.1 The Council's governance arrangements are robust

8. CONSULTATION

8.1 LLEP and District Chief Executives group.

9. RISK IMPLICATIONS

9.1 It is the council’s policy to proactively identify and manage significant risks which may prevent delivery of business objectives.

It is not possible to eliminate or manage all risks all of the time and risks will remain which have not been identified. However, it is the officer’s opinion based on the information available, that the significant risks associated with this decision / project have been identified, assessed and that controls are in place to manage them effectively.

The following significant risks associated with this report / decisions were identified from this assessment:

Management of significant (Net Red) Risks		
Risk Description	Mitigating actions	Owner
None		

10. KNOWING YOUR COMMUNITY – EQUALITY AND RURAL IMPLICATIONS

Various reliefs are available for businesses and charities under the business rate regulations.

11. CORPORATE IMPLICATIONS

By submitting this report, the report author has taken the following into account:

- Community Safety implications
- Environmental implications
- ICT implications
- Asset Management implications
- Human Resources implications
- Planning Implications
- Voluntary Sector

Background Papers: Revenues and Benefits Monitoring Reports
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Executive Member: Cllr M Hall



Hinckley & Bosworth
Borough Council

Enterprise Zone Business Rates Relief Policy

INTRODUCTION

Enterprise Zones (EZ) were launched by Central Government in 2011 to promote the development and commercialisation of underused sites as well as to promote economic growth and job creation. To encourage this Local Authorities are able to offer businesses trading from an EZ up to 100% business rate discount over a 5 year period, subject to De Minimis rules. In the first round of applications, Local Enterprise Partnerships were invited to submit proposals for large sites mostly located near large cities and areas with high levels of deprivation.

This policy is aimed at giving businesses and developers an indication as to the level of EZ relief they may be able to receive. The relief actually granted will be decided based on an application process and will be dependent on the facts presented on a case-by-case basis. Whilst the Enterprise Zones seek to encourage inward investment into the area applicants should understand there is no automatic entitlement to relief, it will not be available to all.

The MIRA Technology Park Enterprise Zone (MTP EZ) was allocated EZ status in 2011 and is the only transport sector focused Enterprise Zone. An extension to the site was granted as from 1 April 2016.

For the MIRA Technology Park EZ the following business sectors have been targeted:

- transport and supporting sectors,
- advanced transport manufacturing and engineering,
- transport based design, and
- Supportive innovation and R&D sector companies.
- Ancillary services that contribute to the overall objectives and functioning of the park.

Dependent upon the information provided applications will be placed into one of the following three categories and decisions regarding EZ relief will be determined by the qualifying criteria specific to each category. Those categories are listed below:

1. New business from outside of Leicester and Leicestershire
2. Relocated or expanding business from within Leicester and Leicestershire
3. Existing business within the Enterprise Zone.

The Enterprise Zone was created to encourage private sector growth. Therefore applications for EZ relief from public or third sector organisations are unlikely to be supported, but decisions will be made on a case by case basis. Furthermore, the local authority is unlikely to support any applications for EZ relief on retail premises in the Enterprise Zone. The only exceptions to this rule may be support facilities which promote the Enterprise Zone's image as a place of work, including but not restricted to; childcare facilities, medical facilities, automated teller machines or conference facilities with overnight accommodation, but, again, decisions will be made on a case by case basis.

Any business, which moves into the Enterprise Zone post 31st March 2018 will not benefit from EZ relief. It is believed that the Government will relax this time restriction, and the policy will be revised if this proves to be the case. All EZ relief granted is subject to De Minimis rules.

Applications for properties which are used for temporary storage will be decided on a case by case basis.

Where an existing business has been displaced from their ordinary business property as a direct result of the ongoing development of the Enterprise Zone, and the business voluntarily relocates to another property within the Enterprise Zone, the local authority will look on the circumstances favourably and award 100% EZ relief at the new property, subject to state aid limits, to compensate their flexible approach in the interests of the ongoing development of the Enterprise Zone. Such business will not have to satisfy the intended growth or workforce development tests. This is only intended as a one-time award.

1. New business from outside of Leicester and Leicestershire

In order to receive relief the applicant must be able to demonstrate that their business is directly involved in one of the target sectors for the MTP EZ listed above.

Any business moving to the Enterprise Zone from outside of the economic area but which is not directly involved in one of the target sectors as listed above, or does not provide professional, financial or logistical support to them, will be invited to make an application for EZ relief and decisions as to the level of relief granted will be made on a case by case basis.

As a general rule the local authority does not support retail development within the designated Enterprise Zone. However, the local authority will consider applications in limited circumstances. Each application will be considered on its merits against the aims and objectives of the Enterprise Zone, but any award of EZ relief may be less than the 100% maximum. Applicants may receive up to 5 financial year's relief during their occupation of the EZ, up to the end date for the relief.

2. Relocated or expanding business from Leicester and Leicestershire

Any business that wishes to relocate to the Enterprise Zone from a property within the local economic area will be categorised as a 'relocated business'. These businesses can make an application for EZ relief, but relief will only be considered if the applicant can meet a 'growth test' in addition to the sector requirements. This can be demonstrated by way of a business plan to:

- Increase employment by 20% or
- Increase turnover by 20%

Future entitlement to relief would be reviewed if it becomes apparent that plans are not being achieved. Businesses which take on an additional business property within the Enterprise Zone and who continue to occupy premises elsewhere within the Leicester and Leicestershire area will be categorised as an 'expanding business'.

For a 'relocated business' and 'expanding business' moving onto the site before the end date for the relief, up to 100% EZ relief will be available for up to 5 financial years for applicants taking on the new business property and whose business is wholly or mainly engaged in the target sectors.

3. Existing business within the Enterprise Zone

For an existing business already located within the MIRA Enterprise Zone relief may be applied for in relation to an expansion of operations. Relief awarded will be restricted to the rates arising from the consequent increase in rateable value.

Up to 100% EZ relief will be available for businesses located within the Enterprise Zone before the end date for the relief. Applicants may only receive up to 5 financial year's relief during their occupation of the EZ.

Businesses already in receipt of EZ relief will continue to benefit from the award until the end of the relief period.

How the rate relief will be calculated on eligible businesses

In general, the relief will be assessed and calculated on a daily basis. The Enterprise Zone relief will be applied against the net bill after all other reliefs. Where the net rate liability after all other reliefs, but before Enterprise Zone relief, is less than the Enterprise Zone relief, the maximum amount of this relief will be no more than the value of the net rate liability. If at any point in the five year period from the award of relief the premises becomes unoccupied the relief will cease immediately.

If a business has more than one property on the MIRA Enterprise Zone site then relief will be awarded for each property subject to State Aid De Minimis rules (providing all other eligibility is met).

How businesses apply?

The Business occupiers will first need to register for payment of Business Rates by contacting Hinckley and Bosworth Borough Council Business Rates Team, as detailed below, if you are not already registered.

**The Business Rates Team,
The Leicestershire Partnership,
PO Box 10004,
Hinckley,
Leicestershire
LE10 9EJ**

To send an online enquiry to the team click here:

<https://www.hinckley-bosworth.gov.uk/businessratesQ>

Telephone: 01455 255668

If you consider your business might be eligible for relief through this scheme, you will need to complete an EZ Discretionary Rate Relief application form. This is available to complete from our Business Rates Team noted above. Please note that it is the responsibility of the business applying for relief to supply the requisite information to prove eligibility.

Applications will be considered within six weeks of receipt and the applicant will be notified of the outcome by letter/ email.

If you require any further information about this relief scheme, please contact the authority at the above address or via the contact phone number above.

Appeals

In the situation where an application for Enterprise Zone rate relief has been declined, the applicant may submit an appeal for the decision to be reconsidered. An appeal request should be made to the Business Rates Team at the address above, no later than one month after the notification date of the application outcome. The request must clearly state why the decision is considered incorrect and include any additional supporting evidence to that effect. Appeals will be considered by a review panel within six weeks of receipt. The appeal decision will be final.

State Aid

Relief under this policy is classed as “state aid.” The European Union regulates state support to businesses, with the aim of ensuring fair competition and proper functioning of the single market. There is as yet no indication of how the UK’s withdrawal from the European Union will affect state aid rules.

Relief is made available under the “de minimis” provisions, which enable governmental bodies such as the Local Authority to provide support which does not exceed 200,000 euros over a three year period. At the time of writing, this amounts to around £58,000 per year.

The limit applies not just to rate relief granted on a particular property. It applies to all support granted, by any governmental body, to the entire business enterprise. It does not apply to support provided under an EU provision other than the de minimis rules (such as regional investment aid).

Some types of business are excluded from benefitting from the de minimis rules. These exclusions are unlikely to apply to businesses relocating to, or expanding on, the zone but will nonetheless be taken into account by the authority when assessing eligibility to rate relief.

The rules regarding ineligible sectors can be found here:

http://ec.europa.eu/competition/state_aid/legislation/de_minimis_regulation_en.pdf

Legal framework

EZ relief for businesses located within a designated Enterprise Zone is permitted pursuant to section 47 of the Local Government Finance Act 1988, as amended by the Non-Domestic Rating (Designated Areas) Regulations 2013. The decision whether to award relief is discretionary.

Periodic reviews

All awards of EZ relief are subject to periodic review to ensure continued compliance with the aims of this policy. Where an applicant no longer complies with the requirements above the local authority will provide 12 months notice of the withdrawal of the relief.

EZ relief is designed to encourage and assist economic growth. Therefore it is not permissible for a business to move in and out or within the Enterprise Zone to take advantage of the relief

provisions. A cumulative view will be taken of applicants when dealing with applications for relief to ensure the objectives of the Enterprise Zone are being met. This may result in applications for relief being refused.

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Appendix 1

Enterprise Zone Business Rates Relief Application Form

MIRA Technology Park Enterprise Zone

Please refer to the MIRA Technology Park Enterprise Zone Business Rates Relief Policy prior to completing this form



Hinckley & Bosworth
Borough Council

Contact details				
Business Rates Account Number: (if known)				
Business Rates property address: Property address where you are applying for Enterprise Zone Business Rate Relief. If you are occupying more than one property please provide address of each.				
Company name:				
Contact name:				
Address for correspondence: (if different from the property address above)				
Contact telephone number:				
Contact email address:				
About your business/company				
Does your business fall within the targeted business sectors within the Enterprise Zone relief policy?	Yes		No	
If you answered No please provide a brief description of how your business provides support facilities which promote the Enterprise Zone's image as a place of work Please use a separate sheet if required				

Is the company a limited company? Please mark an 'x' as appropriate.		Yes		No	
If yes, please provide your company number:					
If the organisation is part of a group or holding company please provide details of the group's structure in the box below. Please use a separate sheet if required.					
Is the organisation a registered charity? Please mark an 'x' as appropriate.		Yes		No	
If yes, please state:	Registration No.:	Date registered:			
If the business is not a registered company/charity what is your trading status (e.g. sole trader, partnership, self-employed)? Please give name/s of sole trader/partners and trading name:					
Does the business/organisation occupy other premises? Please mark an 'x' as appropriate.		Yes		No	
If you answered yes please provide the full address of each of them. Please use a separate sheet if required.					

The property where you are applying for relief				
If you own the property please state the date of purchase (dd/mm/yy):				
If you hold a lease/tenancy agreement please state:	Date of commencement (dd/mm/yy):			
	Term of the agreement:			
Have you moved into the property? Please mark an 'x' as appropriate.	Yes		No	
If yes, when did you move in (dd/mm/yy)?				
If no, when do you expect to move in (dd/mm/yy)?				
If you are a tenant, please give your landlord's name and address. Please note you must be the rate payer to receive the relief.				
What will the property be used for?				
Growth Test				
Is the business/organisation a new start-up? Please mark an 'x' as appropriate.	Yes		No	
Is the business/organisation new to Hinckley and Bosworth Borough? Please mark an 'x' as appropriate.	Yes		No	

<p>Is the business/organisation an existing Hinckley and Bosworth Borough business/organisation? Please mark an 'x' as appropriate.</p>	<p>Yes</p>		<p>No</p>	
<p>If the business/organisation is an existing Hinckley and Bosworth Borough business/organisation please state how it meets at least one of the following criteria:</p>				
<p>The business has a business plan to increase the number of permanent employees (full time equivalents) by 20% within a 36 month period following locating in the Enterprise Zone. Please mark an 'x' as appropriate.</p>	<p>Yes</p>		<p>No</p>	
<p>The business has a business plan to increase turnover by 20% within a 36 month period following locating in the Enterprise Zone. Please mark an 'x' as appropriate.</p>	<p>Yes</p>		<p>No</p>	
<p>The location of the business within the Enterprise Zone will assist economic growth through another means. Please mark an 'x' as appropriate.</p>	<p>Yes</p>		<p>No</p>	
<p>If you answered yes to any of the above criteria please provide details/evidence in the box below and enclose any relevant documentary evidence with your application form.</p> <p>The Council reserves the right to request further documentary evidence (e.g. audited accounts/business plans) with respect to any responses given.</p>				

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Other information				
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Is the business/organisation planning to recruit locally? Please mark an 'x' as appropriate.	Yes		No	
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Is the business/organisation planning to target any of its recruitment to younger age people (16-25)? Please mark an 'x' as appropriate.	Yes		No	
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If you answered yes to any of the above criteria please provide details/evidence in the box below and enclose any relevant documentary evidence with your application form.

The Council reserves the right to request further documentary evidence (e.g. audited accounts/business plans) with respect to any responses given.

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State Aid De Minimis declaration

State Aid is financial support that is provided by the State to business organisations.

State Aid rules exist to avoid public funded interventions distorting competition within the European Union. Business Rates Relief is State Aid. Generally State Aid is prohibited and unlawful. However there are a number of exemptions, which if they apply, render the State Aid lawful and permitted. The relevant exemption in respect of this application is De Minimis Aid. For your application to be successful it must fall within the De Minimis Aid criteria. The relevant regulation is the Commission Regulation (EC) No 1998/2006 (De Minimis Regulations).

Under the De Minimis Aid criteria there is a De Minimis Threshold. Where an applicant, parent company or subsidiary receives aid, over a three year period that exceeds the threshold, they will not be entitled to De Minimis Aid.

To decide whether your application is eligible for De Minimis Aid we need to know if you or any company in your group of businesses have received State Aid or if you expect to receive any State Aid in the current financial year or the previous two financial years. Usually where De Minimis Aid has been provided, you will have received a letter informing you that the assistance you were given was given under De Minimis Regulations.

Please note that any Discretionary Business Rate Relief awarded is included in the De Minimis Threshold.

Generally the De Minimis Threshold is €200,000 over the current financial year and the two previous financial years. However, the threshold for undertakings involved in road transport is €100,000. If some aid has been received by the undertaking in previous years but this does not exceed the De Minimis threshold then a partial business rate relief may be granted up to the De Minimis threshold level. The threshold applies to all aid received by a parent company/group of businesses rather than just a subsidiary.

For exchange rate purposes, the Commission's exchange rate should be used as it is or was on the day the aid was granted.

Where the de minimis aid has been applied incorrectly then recovery will be for the full amount of the aid regardless of whether only part of it exceeds the threshold.

De Minimis Aid cannot be given in certain circumstances, these include:

Aid to enterprises in road haulage operations for the acquisition of road freight transport vehicles.

Towards the same costs that are being supported under another block exemption or notified scheme. It is unlawful to provide De Minimis Aid for costs being funded under the State Aid cover of an exemption or notified scheme, if it means the specific allowable aid intensity will be exceeded.

Aid to enterprises in the agricultural sector (with the exception of those active in processing and marketing of agricultural products).

Aid to enterprises active in the coal sector.

Aid to undertakings in difficulty.

Aid for export-related activities, namely aid directly linked to the quantities exported, to the

establishment and operation of a distribution network or to other current expenditure linked to the export activity.

You also need to be aware that if the European Commission considers that you are not eligible for De Minimis Aid the amount of aid awarded will be recoverable from you; with interest. It is therefore important that you are confident that you meet the De Minimis Aid criteria.

The following is not a comprehensive list of all possible forms of State Aid. However, it should give you an indication of common forms of State Aid which you may have been given over the past three years. If you are in any doubt as to whether previous assistance received would constitute State Aid, please raise your concerns with us as soon as possible.

- Business rate reliefs on properties elsewhere in England
- State grants
- Interest rate relief
- Tax relief
- Tax Credits
- State guarantees or holdings
- Direct subsidies
- Tax exemptions

Relevant information and State Aid De Minimis regulations are available at: www.gov.uk/state-aid

Please complete and sign one of the following two State Aid De Minimis declarations. Your application will not be considered without this declaration being completed. This application must be signed by the ratepayer, or where the ratepayer is a company, by an employee of that company – either a director or partner. Without exception, any refund of business rates as a result of this application will be made directly to the ratepayer and not to a third party.

Either

I confirm that the business/organisation or any holding or subsidiary companies has not received/will not be receiving any other De Minimis State Aid for the previous three financial years (this being the current financial year and the previous two financial years)

I acknowledge that I am authorised to sign on behalf of:

NAME OF UNDERTAKING (business name):

I understand the requirements of De Minimis (EC Regulations 1998/2006).

By signing below, I confirm that I represent:

NAME OF UNDERTAKING (business name):

I also confirm that the information set out above is accurate for the purposes of the De Minimis exemption.

Signature:		Name:	
Business name:		Position:	

Or

I confirm that the business/organisation or any holding or subsidiary companies has received/will be receiving other De Minimis State Aid for the previous three fiscal years (this being the current fiscal year and the previous two fiscal years).

Please provide details below.

Organisation providing the assistance/aid:	Value of assistance/aid obtained:	Date of assistance/aid:	Nature of assistance/aid:

I acknowledge that I am authorised to sign on behalf of
NAME OF UNDERTAKING (business name):

I understand the requirements of De Minimis (EC Regulations 1998/2006).

NAME OF UNDERTAKING (business name):

is not a business 'in difficulty' as defined at 2.1 of the Community Guidelines and State Aid for Rescuing and Restructuring Firms in Difficulty (2004/C22/02) at the date of this declaration.

By signing below, I confirm that I represent:

NAME OF UNDERTAKING:

I also confirm that the information set out above is accurate for the purposes of the De Minimis exemption.

Signature:		Name:	
Business name:		Position:	

Declaration

Please complete and sign this declaration. Your application will not be considered without this declaration being completed. This application must be signed by the ratepayer, or where the ratepayer is a company, by an employee of that company – either a director or partner.

- I declare that the information given in this form is complete and accurate to the best of my knowledge and belief.
- I authorise Hinckley & Bosworth Borough Council to make any necessary enquiries to verify the information on this form, within the terms of the Data Protection Act 1988.
- I declare any change that may affect entitlement to this relief will be notified to the Council.
- I realise it is a criminal offence for a ratepayer to give false information when making an application for Business Rate Relief and may result in criminal prosecution.

Name:		Position:	
Signature:		Date:	

How we use your information/Data Protection Disclaimer

The Council uses your personal information in order to administer and enforce Business Rates under the Local Government Finance Act 1988. The authority has a duty to protect public funds it administers, and may use information you have provided on this form for the prevention and detection of fraud. It may also share this information with other bodies responsible for auditing or administering public funds for these purposes.

The Business Rates Team,
The Leicestershire Partnership,
PO Box 10004,
Hinckley,
Leicestershire
LE10 9EJ

To send an online enquiry to the team click here:
<https://www.hinckley-bosworth.gov.uk/businessratesQ>

Telephone: 01455 255668