



**Hinckley & Bosworth  
Borough Council**

**FORWARD TIMETABLE OF CONSULTATION AND DECISION MAKING**

SCRUTINY COMMISSION  
EXECUTIVE

9 October 2017

18 October 2017

WARDS AFFECTED: All Wards

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**BUSINESS RATES DISCRETIONARY RELIEF – NEW BUSINESS INVESTMENT  
INCENTIVE**

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**Report of Head of Finance**

1. PURPOSE OF REPORT

- 1.1 To inform members of a proposed change to the discretionary business rates relief policy to encourage inward investment into the area by new businesses.

2. RECOMMENDATION

2.1 That members:

- note the contents of the report,
- agree the adoption of a new incentive policy, and
- agree SLT's preferred option (Option 1) from those noted.

3. BACKGROUND TO THE REPORT

- 3.1 Local Government faces continued uncertainty in relation to traditional funding stream as income from Central Government is reduced. Hinckley and Bosworth Borough Council are dedicated to meeting the ongoing needs of our communities, when faced with these continued pressures on available resources and national government reforms. Therefore like many other Local Authorities we need to consider how we can use our powers to meet the corporate plan aims to "Boost economic growth and regeneration by encouraging investment that will provide new jobs and places to live and work all over the borough."
- 3.2 Therefore like other Local Authorities there is the option to use discretionary relief under section 47 of the Local Government Finance Act 1998 has been amended by the Localism Act 2011 to give councils the power to give a locally determined discretionary discount on business rates. This can be used to encourage new businesses to locate within the borough.

- 3.3 The argument for sensible use of discretionary relief is that it boosts investment in an area, increases employment and the economic performance of an area. The proposed options take this further than the current discretionary relief policy and use this power to attract new businesses to the area by offering larger amounts of discretionary relief on business rates for a set period.
- 3.4 The new policy would require publication on the website with an application form being available.

**Option 1: 50% of rates for two years aimed at new businesses to the area and relocating within area for growing businesses**

- 3.5 This would be based on giving 50% business rate relief for a period of two years to new businesses relocating into the Hinckley and Bosworth area, or an existing business moving to a larger premise within the same area.
- 3.6 The key criteria are noted in the table below:

<b>Key Criteria</b>	
1)	The establishment of a new business or company within the HBBC area
2)	The creation of new or additional employment opportunities in the area
3)	The relocation of an existing business to a larger premise within the District
4)	No applications can be made in retrospect, i.e. all applications need to be submitted before relocation or investment has taken place
<b>In considering applications that meet the above essential criteria, priority consideration will be given to the following factors:</b>	
(i)	the impact of the business on the local community and environment, is the business one that the Council feels is desirable to have in the area. .
(ii)	whether the organisation provides a significant number of jobs which are likely to result in the recruitment of local people, and will be advertised locally..
(iii)	whether the organisation currently has or plans to provide skills and training for its staff, particularly to upskill its staff and where possible provides apprenticeship opportunities.
(iv)	whether the organisation provides inward investment from a country outside the United Kingdom and is one of the initial companies from that country locating in the HBBC area.

- 3.7 To be eligible for relief the applicants will also have to agree if they leave the area or cease trading within five years they will have pay the council the level of relief given.
- 3.8 An applicant may not be expected to deliver against all of these criteria but will be required to demonstrate that they will make a significant impact on the economy of the Borough and bring community benefit through their combined delivery against these criteria.
- 3.9 The level of any Small Business Rate Relief Scheme discount and any other discounts that the business may be entitled to will be taken into account in determining the level of additional business rates discount under this scheme.

3.10 In addition to the criteria set out in the table above, to avoid businesses relocating from other district areas within Leicester and Leicestershire, the scheme would be that the new or expanding businesses should normally:

- represent a new economic activity for the company within Leicester and Leicestershire,
- represent net new jobs within Leicester and Leicestershire, and
- not create jobs that have a significant risk of displacing similar employment from existing businesses in the area.

3.11 An exception to the considerations noted in paragraph 3.10 can be applied, where relief can be used to prevent businesses leaving the Leicestershire area as part of either a planned expansion of an existing business, or a relocation of an existing business, which would have a negative impact for the economy and employment of the area.

**Option 2: Relief given up to 100% of rates over three years aimed at new businesses to the area**

3.12 The criteria are as for option one, with the exception that there would be no claw back as it is aimed at maximising the ability of the council to offer incentives aimed at attracting new businesses to the area. Also, existing businesses relocating within the Borough would not be eligible.

**Option 3**

3.13 This can be based on a combination of the two approaches note above. For example, 100% relief under option 1, or 50% relief under option 2.

**State aid**

3.14 Relief under any of the options noted above would be 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. 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 £61,700 per year.

3.15 Some types of business are excluded from benefitting from the de minimis rules. These exclusions are unlikely to apply to the policy options noted above, but will nonetheless be taken into account by the authority when assessing eligibility to rate relief.

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 options noted extend the current discretionary policy to allow relief to be given above the current £6,000 cap for eligible businesses.

5.2 Relief under this policy is classed as “state aid.” 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 £61,700 per year. Therefore any business awarded this relief will pay less rates p to an amount of £61,700 a year, with 40% (£24,680) falling upon HBBC. Discretionary relief is not reimbursed via S31 funding from Government.

5.3 This would have to be set against any increase in business rates following the end of the relief policy.

6. LEGAL IMPLICATIONS [AR]

6.1 Set out within the body of this report.

7. CORPORATE PLAN IMPLICATIONS

7.1 The Council's governance arrangements are robust

8. CONSULTATION

8.1 LLEP and District Chief Executives group. There is a duty to consult Leicestershire County Council (LCC), Leicester City Council and the Leicestershire Combined Fire Authority.

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

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Background Papers: Revenues and Benefits Monitoring Reports

Author: Ashley Wilson, Head of Finance ext 5609  
Executive Member: Cllr M Hall