



# Cabinet (Resources) Panel

## 20 January 2015

<b>Report title</b>	Business Rates Discretionary Relief Policy for New Properties within the Black Country Enterprise Zone	
<b>Decision designation</b>	AMBER	
<b>Cabinet member with lead responsibility</b>	Councillor Andrew Johnson Resources	
<b>Key decision</b>	Yes	
<b>In forward plan</b>	Yes	
<b>Wards affected</b>	Bushbury North, Oxley	
<b>Accountable director</b>	Keith Ireland, Managing Director	
<b>Originating service</b>	Revenues and Benefits Service	
<b>Accountable employee(s)</b>	Sue Martin	Head of Revenues and Benefits
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<b>Report to be/has been considered by</b>		

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### Recommendation(s) for action or decision:

The Cabinet (Resources) Panel is recommended to approve a local policy for discretionary rate relief in respect of newly built properties within the Black Country Enterprise Zone

## **1.0 Purpose**

- 1.1 The report seeks approval from Cabinet (Resources) Panel for a local policy to allow discretionary rate relief in respect of newly built premises within the Black Country Enterprise Zone falling within the City of Wolverhampton.

## **2.0 Background**

- 2.1 The Black Country Enterprise Zone became operational from 1 April 2012 comprising a portfolio of development sites situated in Darlaston, Walsall and Wolverhampton North. The Wolverhampton North part of the zone is made up of the i54 site and four other development opportunities in the immediate surrounding area.
- 2.2 On 10 October 2012, Cabinet endorsed a report on the Black Country Enterprise Zone-business rate uplift as follows:
- (i) For i54 the business rate uplift is returned to Wolverhampton City Council and Staffordshire County Council to reimburse the two authorities for the financial investment made to deliver the motorway link and other on-site infrastructure works.
  - (ii) For the remaining Enterprise Zone sites business rate uplift is pooled into a Black Country Investment Fund to be deployed by the Black Country LEP to support the Black Country's economic priorities.
- 2.3 Under the provisions of section 47 of the Local Government Finance Act 1988 as amended by Section 69 of the Localism Act 2011, the Council can introduce a local policy to allow 100% rates relief to businesses within the enterprise zone for a period up to five years subject to State Aid de minimis rules.
- 2.4 Government will fund the cost of the relief through the business rates retention scheme.

## **3.0 The local policy**

- 3.1 The principle behind enterprise zones is to encourage local growth and regeneration. The proposed scheme provides for 100% discount to be granted to businesses occupying newly built properties within the enterprise zone.
- 3.2 The relief will be granted for five years from the date of occupation provided the business moves in between 1 February 2015 and 31 March 2018.
- 3.3 The proposed scheme is shown in Appendix A.

## **4.0 Financial implications**

- 4.1 The proposed discretionary relief policy is fully funded by central government through the business rates retention scheme.

[NA/05122014/R]

## **5.0 Legal implications**

- 5.1 Pursuant to Section 1 of the Localism Act 2011, the Council has the general power of competence to do anything that individuals generally may do.
- 5.2 Section 69 of the Localism Act 2011 amends section 47 of the Local Government Finance Act 1988 to allow local authorities to reduce the business rates of any local ratepayer.
- 5.3 The legislation states the Council may only grant relief if it would be reasonable to do so having regard to the interests of council tax payers in its area. Given the Government has committed to reimburse local authorities it is deemed to be in the interests of its council tax payers to grant relief. It also requires a local authority to have regard to any relevant guidance issued by the Secretary of State when deciding whether to grant relief. As such relief will only be available below the State Aid de minimis level, currently €200,000 or £158,400 (December 2014) for most businesses over a rolling three year period, and the Council will need to take the steps outlined in the appendix to ensure that recipients do not exceed that threshold.

[RB/16122014/Z]

## **6.0 Equalities implications**

- 6.1 A stage one equality analysis has been completed. No adverse impacts were identified and a full analysis is not required.

## **7.0 Environmental implications**

- 7.1 There are no environmental implications.

## **8.0 Human resources implications**

- 8.1 There are no human resources implications.

## **9.0 Corporate landlord implications**

- 9.1 There are no corporate landlord implications.

## **10.0 Schedule of background papers**

- 10.1 Black Country Enterprise Zone – business rate uplift report to Cabinet 10 October 2012  
<http://wolverhampton.moderngov.co.uk/CeListDocuments.aspx?Committeeld=130&Meeti nglId=720&DF=10%2f10%2f2012&Ver=2> (item 5D)

# **Wolverhampton City Council**

## **Business Rates Discretionary Relief**

### **(Newly Built Properties in the Enterprise Zone) Policy**

- 1 Introduction**
- 2 Purpose and principles of the policy**
- 3 Requirements for applications**
- 4 Decision making framework**
- 5 Duration of awards**
- 6 State Aid**
- 7 Review process**

## **1. Introduction**

- 1.1. This policy sets out the circumstances in which reductions in rate liability will be granted to properties located in the designated Black Country Enterprise Zone and falling within the City of Wolverhampton.
- 1.2. The Black Country Enterprise Zone became operational from 1 April 2012 comprising a portfolio of development sites situated in Darlaston, Walsall and Wolverhampton North. The Wolverhampton North part of the Zone is made up of the i54 site and four other development opportunities in the immediate surrounding area.
- 1.3 Under the provisions of section 47 of the Local Government Finance Act 1988 as amended by Section 69 of the Localism Act 2011, the Council can introduce a local policy to allow 100% rates relief to businesses within the enterprise zone for a period up to five years subject to state aid de minimis rules.
- 1.4 The Government will fund the cost of the relief through the business rates retention scheme.

## **2. Purpose and principles of the policy**

- 2.1. The purpose of this policy is to
  - Ensure that all applications are treated in a fair, consistent and equal manner.
  - Set a framework for how ratepayers can apply for this relief.
  - Make clear the limited criteria under which relief will be awarded.
  - Set out the delegated authority for dealing with applications.
- 2.2. Each application will be considered on its individual merit but in making a decision on the award the decision maker will give due consideration to the requirements of the policy framework.
- 2.3. This policy has been written in line with Government guidance and awards will only be considered where the conditions to receive full reimbursement from Government are met. Any amendments to Government guidance that amend restrict the scope of awards qualifying for full reimbursement will take precedence over this policy.

## **3. Requirements for applications**

- 3.1. Applications will only be considered where a state aid statement has been completed by the ratepayer, or where the ratepayer is an organisation, a person properly authorised to make an application on behalf of the organisation.
- 3.2. The Council will request any supporting evidence it considers necessary to properly assess the merits of the application.

- 3.3. The ratepayer must allow a Council Officer access to the property by appointment during normal working hours within two weeks of the Council receiving the application if it is necessary to verify any details regarding the property.
- 3.4. Ratepayers must continue to pay any amount of rates that fall due whilst an application is under consideration.

#### **4. Decision making framework**

- 4.1. Businesses that will benefit from the relief will be occupiers of newly built non-domestic properties within the City of Wolverhampton that are in the Black Country Enterprise Zone. To qualify the property must be completed and occupied between 1 February 2015 and 31 March 2018, or such other date if the Government amends the scheme for relief.
- 4.2. New structures are to be considered 'completed' when the building or part of the building of which they form part is ready for occupation for the purpose it was constructed. Where a completion notice has been served in respect of the building or part of the building, the effective date is that specified in the notice.
- 4.3. The policy is not intended to capture properties that have been refurbished, it is intended to capture those that have been the subject of substantial structural construction e.g. properties that are built on existing foundations or built around a retained façade are likely to benefit from the relief.
- 4.4. Where a new property is created as a result of a split or merger of other properties, or where the existing property is altered for example with an extension, the same test will apply i.e. the property must be wholly or mainly comprised of new structures completed within the necessary timeframes to benefit from the relief.
- 4.5. The relief will run with the property rather than the owner. If a new business moves into the property before 31 March 2018 (or such other date if the Government amends the scheme) the new occupier would be entitled to claim the relief subject to State Aid de minimis rules.
- 4.6. If the business is entitled to small business rates relief, enterprise relief will be granted after small business rates relief has been applied.
- 4.7. Properties that qualify for the relief will be given relief of 100% for the relevant period.

#### **5. Duration of awards**

- 5.1. Enterprise discretionary rate relief will be granted for a period up to five years.
- 5.2. Ratepayers are required to notify the Council immediately of any change in circumstances that may affect their entitlement to relief.

## **6. State Aid**

- 6.1. Relief will not be awarded in any circumstances where it appears that an award will result in the ratepayer receiving State Aid that is above the current de minimis level (€200,000 or £158,400 at December 2014 over a rolling three year period for most businesses). Each application must be accompanied by a statement signed by the appropriate person representing the business setting out the amount of State Aid, including but not limited to discretionary rate relief, which the ratepayer has received within the previous three years. Applications will not be considered until this statement is received.

## **7. Review process**

- 7.1. There is no statutory right of appeal against a decision made by the Council regarding discretionary rate relief. However, the Council recognises that ratepayers should be entitled to have a decision reviewed if they are dissatisfied with the outcome.
- 7.2. The letter notifying of the outcome of an application for relief will include instructions on how to request a review and the address where any request for review should be sent.
- 7.3. The Council will accept a written request for a review of its decision. The request should include the reasons for requesting a review and any supporting information.
- 7.4. A request for review must be made within one calendar month of the date of the decision letter.
- 7.5. Reviews will be considered by an officer independent of the original decision maker.
- 7.6. The applicant will be notified of the outcome of the review in writing.
- 7.7. This review process does not affect a ratepayer's legal right to seek leave to challenge a decision by way of Judicial Review.