

**West Lindsey
District Council**

**Business Rate
Relief Scheme for Growth
Policy**

July 2018

1 Background:

- 1.1 This policy sets out the Council's intentions for dealing with Rate Relief applications from Growth Businesses and has been designed to ensure that all customers making an application are treated in a fair, consistent and equal manner.
- 1.2 Section 69 of the Localism Act 2011 provides a discretionary power for billing authorities in England and Wales to reduce the business rates of any local ratepayer. The Government has not issued guidance in respect of how this power might be used, though Councils must ensure that the reliefs they allow do not transgress state aid rules.
- 1.3 In order to promote economic growth and create jobs in line with government policy, the Council has the flexibility to develop local discounts to encourage and stimulate economic growth. Rate relief can be used by the Council to help un-lock private sector investment with West Lindsey.
- 1.4 The Council recognises that business rates are a significant cost to business and rate relief is therefore a tool the Council can employ pro-actively and where appropriate in order to stimulate sustainable investment in land, capital equipment or premises.
- 1.5 The net result of these interventions will be a positive impact in terms of creating and safeguarding jobs as well as securing medium term revenue increases in business rates for the Council by developing new or improved employment floor space that might never come to market.
- 1.6 This policy embodies and supports some of the key themes and priorities of the Council being open for business, putting people first and providing excellent value for money services.
- 1.7 A growth business generates significant positive cash flows or earnings, which increase at significantly faster rates than the overall economy. A growth business tends to have very profitable reinvestment opportunities for its own retained earnings. Thus, it typically pays little or no dividends to stockholders, opting instead to put most or all of its profits back into expanding its business.
- 1.8 Growth businesses therefore create added value by continuing to expand above-average earnings, free cash flow, and research and development spending.
- 1.9 The policy has been written to:
 - Demonstrate how West Lindsey District Council will use its discretionary powers to grant business rate relief to support growth businesses
 - Determine guidelines for the factors to be considered when making a decision to award relief
 - Safeguard the interest of local taxpayers by ensuring that funds allocated in respect of relief are used in the most effective and economic way

2 Qualifying for the Business Rate Relief Scheme for Growth:

- 2.1 The Council has the ability to offer business rate relief to a business, which has identified to the satisfaction of the Council, a growth project that requires capital investment and/or the release of cash flow in order to accelerate investment that would otherwise be delayed or not occur.
- 2.2 The Council will have the discretion to award up to 100% relief (capped at 200,000 EUR) over a period of up to 5 years under this scheme.
- 2.3 To be considered for rate relief under this scheme any applicant must either be:
- A new business starting up
 - A business relocating to the area from outside of West Lindsey District
 - An existing business with genuine growth proposals
- 2.4 The scheme will be used explicitly to attract and incentivise growth businesses to the Strategic Employment Sites of:
- Hemswell Cliff Food Enterprise Zone
 - Gainsborough Somerby Park
- 2.5 Priority sectors for support include:
- Manufacturing
 - Agri-food
 - Visitor economy
 - Low Carbon
 - Health & Care
 - Ports & Logistics
- 2.6 On an exceptions basis, proposals for business investment outside of these areas may also be considered, where floor space and job outputs are substantial and the investment is considered to be of strategic importance within West Lindsey. This will include projects identified within the key growth sectors outlined above. All proposals for development will be subject to planning consent.
- 2.7 The purpose of this scheme is to promote genuine business growth, resulting in new jobs and investment in new or improved commercial floor space.

We want to avoid displacement, where existing businesses move to new buildings in order to benefit from business rate relief, but without creating new jobs and leaving vacant premises behind.

To be eligible for the Business Rate Relief Scheme for Growth, proposals must lead to:

- the creation of new jobs; and
- the creation and/or occupation of new or improved floor space

- 2.8 A business wishing to apply for Business Rate Relief for Growth will need to clearly demonstrate how much funding (in the form of rate relief) is required to enable their growth proposal to be viable. Applications will be assessed on a discretionary basis and an award is not guaranteed.
- 2.9 In the case of new-build premises, or empty premises which are to be renovated and improved, the amount requested will be deducted from the business rates bill once the property has been completed and occupied.
- 2.10 Where an existing firm is seeking to extend or improve their premises, the amount requested will be deducted from the existing business rates bill.
- 2.11 Where a business applying for this scheme is a leaseholder, the Council must be satisfied in advance that the proposed lease is suitable for the scheme and its term is long enough to obtain value for money and evidence of the lease terms shall be required prior to any award. Leases shall have the following minimum terms:
- a) For applications up to and including £100,000, a lease with a minimum of 10 years remaining shall be required.
 - b) For applications over £100,000, a lease with a minimum of 20 years shall be required.
- 2.12 Where the rateable value (and therefore rates payable) on occupation is calculated as less than the estimated value within the application, the Council has the right to adjust the level of relief applicable.
- 2.13 In all cases, existing (statutory) discounts will apply first. Any discount from this scheme will only apply to the occupied premises and cannot be used to cover any Empty Property Rates for existing or new build premises.
- 2.14 The amount of relief awarded will be applied to the rates bill on a tapering basis (e.g. total award of £150,000 against premises with a standard annual rates bill of £75k may be applied as follows: £75,000 year 1; £50,000 year 2; £25,000 year 3.)

3 Promotion of the Scheme:

- 3.1 This scheme will be pro-actively promoted to businesses who may be considering new investment in land and premises, with the potential to locate in West Lindsey. It will form part of the marketing strategy for the Food Enterprise Zone and Invest Gainsborough. Officers will work with agents, developers and intermediary networks to promote the scheme and identify prospective businesses.

4 Applying for the Scheme and Notification of Decision:

- 4.1 To apply for the scheme a business will follow a 2-stage application process with guidance and support from the Growth Team and independent advisors.
- 4.2 Stage 1: Businesses will be invited to apply following a satisfactory eligibility check. (**Appendix 1**) A business plan/cash flow forecast will be required and where available, company accounts for 3 years and bank statements. Applicants will be informed of the outcome within 14 days.
- 4.3 Stage 2: Eligible businesses will be invited to submit a full application form. (**Appendix 2**) A panel will assess the application against a set of pre-determined criteria (**Appendix 3**). The total maximum score is 25 and any project scoring below 15 will not be considered eligible for the scheme. Projects scoring below 3/5 in any of the categories below will also be rejected.
- 4.4 Any final decision to award rate relief will be authorised by the Director of Resources under delegated powers, following consultation with Officers from the Growth, Finance and Revenues Teams, and Members via a Funding Consultative Panel. Applicants will be informed of the final funding decision within 2 months of the full application submission date.
- 4.5 Successful applicants will be notified in writing. The Offer Letter will include details of:
- The amount of rate relief to be applied under this scheme
 - The period of the relief
 - A summary of the outputs expected as a result of the relief
 - Monitoring requirements and clawback criteria
 - Any requirement to notify the Council of changes in circumstances that could affect the award.
- 4.6 The Revenues Team will be notified of the decision and will apply the appropriate amount of relief to the applicant's business rate account over the approved time period.

5 Clawback Provision:

5.1 WLDC will conduct annual monitoring with the business (**Appendix 4**) to ensure that the project outputs are being met and to ensure good value for money for the taxpayer. The Policy includes a clawback or termination process as set out in (**Appendix 5**) that gives the Council the discretion to:

- a. Suspend the payment of the rate relief under this Policy for such period as the Council shall determine;
- b. Vary the rate relief payable under this Policy, in which case the payment of funding shall thereafter be made in accordance with the written variation notified to the Applicant;
- c. Terminate any agreement to pay the rate relief under this Policy whereupon the Council shall cease to be under any obligation to provide any further rate relief to the Applicant and (in addition) the Council may require the Applicant to repay the whole or any part of the rate relief previously paid to the Applicant and the Applicant agrees that upon receipt of written notice requiring repayment the Applicant shall repay the sums required within 30 days of receipt of such notice.

5.2 Notwithstanding the provisions of Clauses a. and b above, in the event that an applicant relocates the business for which the award is payable to a location outside of the district, within a period of five years from the date of the decision to award rate relief, the Council shall be entitled to recover some or all of the rate relief on the following basis:

- a. The relocation occurs before 3 calendar years have expired beginning with the date of the decision, 100% of the rate relief shall be recoverable, at the Council's discretion;
- b. The relocation occurs after 3 years and before 4 calendar years have expired beginning with the date of the decision, a maximum of 50% of the rate relief shall be recoverable, at the Council's discretion;
- c. The relocation occurs after 4 years and before 5 calendar years have expired beginning with the date of the decision, a maximum of 25% of the rate relief shall be recoverable, at the Council's discretion.

6 Complaints

6.1 Any ratepayers who believe their cases have not been correctly dealt with can use the Council's Customer Complaints procedure to further their complaints.