

## POLICY REVIEW AND DEVELOPMENT REPORT

<b>Type of Report:</b> Policy Development	<b>Portfolio(s): Resources</b>
<b>Author Name:</b> Jo Stanton, Revenues and Benefits Manager	<b>Consultations:</b> Cllr Brian Long Ray Harding
<b>Email:</b> joanne.stanton@west-norfolk.gov.uk	
<b>Open report</b>	

**Date of meeting:** 24 August 2016

### **NORA ENTERPRISE ZONE: DISCRETIONARY BUSINESS RATES DISCOUNTS**

#### **1. Executive Summary**

- 1.1. In 2015 the New Anglia Local Enterprise Partnership (NALEP) made a bid to central government to designate a number of sites across East Anglia as Enterprise Zones (EZs). One of these sites was the NORA site at South Lynn. The Cabinet Report of 9 September 2015 contains the full details of this process. The NALEP bid was successful and the NORA site was awarded Enterprise Zone (EZ) status from April 2016.
- 1.2. An EZ allows businesses located within the zone to benefit from reduced burdens including lower tax levels, planning, regulatory and other administrative burdens. To help reduce the tax burden on business within the EZ we can choose to award a business rates discount of up to 100% of the business rates bill for five years (subject to State Aid limits – see Appendix A) and central government will reimburse the full cost.
- 1.3. Any business rates growth within the EZ is fully retained and split between us, the County Council and NALEP for investment in infrastructure in the EZ and priorities in the Strategic Economic Plan.
- 1.4. This report details the options for a discretionary business rates discount within the EZ and asks the Panel to agree a preferred option to go to Cabinet and Council for approval.

#### **2. Background**

- 2.1. As the discount is discretionary we are free to decide what amount of discount we will award, any specific categories of business or types of occupation we will award the discount to, and for what length of time. Central government will reimburse the cost of any discount we award for up to 100% of a business rates bill for up to five years.

2.2. All the other business rates reductions and reliefs apply as usual including Small Business Rate Relief, Mandatory Relief and the three month exemption period for unoccupied properties (six months for industrial properties). Any EZ discretionary discount is awarded after all other relevant reliefs have been applied. Businesses can also still apply for Hardship Relief.

### **3. Issues**

3.1. The decision to award the discount is fairly straightforward as the cost is fully reimbursed by central government. However there are still some issues for the Panel to consider.

#### 3.2. Occupied and unoccupied properties

3.3. The purpose of the discount is to reduce the tax burden for business within the EZ. The discount should be awarded to occupied properties to encourage businesses to locate within the EZ and to free up resources so they can grow.

3.4. Those liable for business rates for unoccupied properties outside the EZ normally receive a three month exemption from payment of business rates, rising to six months if the property is classed as industrial. After this the full business rates are payable again.

3.5. Awarding a 100% discount for unoccupied properties within the EZ makes it more beneficial for the owner to have an unoccupied property within the EZ than outside it, and is not an incentive to keep properties within the EZ occupied. The only exception is the King's Lynn Innovation Centre where the 'easy in, easy out' approach to encourage new businesses may mean more time when the offices are unoccupied.

### **4. Rationale for the Proposal:**

4.1. The Panel is asked to agree a discretionary business rates discount that encourages economic growth and supports businesses within the EZ by remitting their business rates bill for five years.

### **5. Options Considered**

5.1. We are free to decide whatever discount we choose. The options below detail three choices for a discretionary discount for businesses within the EZ.

## 6. There are there options:

### 6.1. Option 1

Do not award any discretionary discount to businesses within the EZ

<b>Advantages</b>	<b>Disadvantages</b>	<b>Financial Implications</b>
None	Missed opportunity to support economic growth within the Borough and the encourage new and growing businesses in the EZ	None
	Hard to justify as the cost of the relief is met by central government	

### 6.2. Option 2

Award a 100% discount to occupied properties within the EZ for five years, subject to State Aid limits

<b>Advantages</b>	<b>Disadvantages</b>	<b>Financial Implications</b>
Supports businesses occupying properties within the EZ	Unoccupied properties have to pay the empty rate once their statutory exemption has ended	None – the cost of the relief is met by central government
Avoids the disparity where unoccupied properties benefit from a discount in the EZ but not outside it which may encourage people to leave properties empty in the EZ		

### 6.3. Option 3

Award a 100% discount for occupied properties within the EZ for five years, subject to State Aid limits (see Appendix A). Also award a 100% discount to occupied and unoccupied offices within the King's Lynn Innovation Centre (KLIC) but not to any other unoccupied properties within the EZ

<b>Advantages</b>	<b>Disadvantages</b>	<b>Financial Implications</b>
Supports businesses occupying properties within the EZ	Unoccupied properties have to pay the empty rate once their statutory exemption has ended	None – the cost of the relief is met by central government
Avoids the disparity where unoccupied properties benefit from a discount in the EZ but not outside it which may encourage people to leave properties empty in the EZ		
Supports the KLIC where there may be unoccupied periods due to the purpose of the centre – supporting new businesses, ‘easy in, easy out’ approach		

## **7. Questions/issues for the Panel**

- 7.1. Do you agree with awarding 100% discount for occupied properties within the EZ?
- 7.2. Do you agree with awarding a 100% discounts for offices within the KLIC, whether they are occupied or unoccupied?
- 7.3. Do you agree with awarding the discount for the maximum five years?

## **8. Preferred option**

- 8.1. Option 3 is the preferred option. It supports businesses occupying properties within the EZ whilst avoiding the issue of having a more generous reduction for unoccupied properties within the EZ compared to outside it.
- 8.2. Option 3 also supports the KLIC, reducing the business rates liability and allowing them to focus their resources on encouraging new, small, start-up businesses who will hopefully, in time, move into bigger units within the EZ. The nature of the leases for these offices (shorter tenancy periods, reduced notice periods) means these may be unoccupied on a more regular basis.

## **9. Policy Implications**

- 9.1. The discretionary business rates discount for properties in the EZ is a new policy and must be approved by Cabinet and Council.

## **10. Financial Implications**

- 10.1. Provided the discretionary discount is awarded for a maximum of five years and does not exceed State Aid limits (see Appendix A) , there are no financial implications. The cost of the discount is met in full by central government.

## **11. Equality Impact Assessment (EIA)**

- 11.1. Pre-screening report attached

## **12. Risk Management Implications**

- 12.1. None

## **13. Declarations of Interest / Dispensations Granted**

- 13.1. None

# Pre-Screening Equality Impact Assessment

Borough Council of  
King's Lynn &  
West Norfolk



Name of policy	Business Rates Discretionary Discounts for Enterprise Zones				
Is this a new or existing policy/ service/function?	New				
Brief summary/description of the main aims of the policy/service/function being screened.  Please state if this policy/service rigidly constrained by statutory obligations	The discount aims to remit the business rates liability for people occupying properties within the NORA Enterprise Zone.  The decision to award the discount is wholly at the discretion of the Council				
<b>Question</b>	<b>Answer</b>				
<p>1. Is there any reason to believe that the policy/service/function could have a specific impact on people from one or more of the following groups <b>according to their different protected characteristic</b>, for example, because they have particular needs, experiences, issues or priorities or in terms of ability to access the service?</p> <p>Please tick the relevant box for each group.</p> <p>NB. Equality neutral means no negative impact on any group.</p>		Positive	Negative	Neutral	Unsure
	Age			√	
	Disability			√	
	Gender			√	
	Gender Re-assignment			√	
	Marriage/civil partnership			√	
	Pregnancy & maternity			√	
	Race			√	
	Religion or belief			√	
	Sexual orientation			√	
	Other -			√	
<b>Question</b>	<b>Answer</b>	<b>Comments</b>			
2. Is the proposed policy/service likely to affect relations between certain equality communities or to damage relations between the equality communities and the Council, for example because it is seen as favouring a particular community or denying opportunities to another?	No				
3. Could this policy/service be perceived as impacting on communities differently?	No				
4. Is the policy/service specifically designed to tackle evidence of disadvantage or potential discrimination?	No				
<p>5. Are any impacts identified above minor and if so, can these be eliminated or reduced by minor actions? If yes, please agree actions with a member of the Corporate Equalities Working Group and list agreed actions in the comments section</p>	N/A	<b>Actions:</b>			
		<b>Actions agreed by EWG member:</b> .....			
<b>Assessment completed by:</b> <b>Name</b> Jo Stanton					
<b>Job title</b> Revenues and Benefits Manager	<b>Date</b> 8 July 2016				

**Please Note: If there are any positive or negative impacts identified in question 1, or there any 'yes' responses to questions 2 – 4 a full impact assessment will be required.**

## **Appendix A – State Aid**

Any relief from taxes, including non-domestic rates, can constitute state aid. This includes discretionary relief for properties in an Enterprise Zone, as well as other non-domestic rates discounts.

There is a de minimus limit of €200,000 for any one business over a three year period. This equates to around £55,000 a year per business, so over the five year period the maximum amount of discretionary discount any one business can receive is £275,000.