

## **Appendix 1: Proposed policy**

# **Supporting business and creating jobs: a discretionary business rates relief policy encouraging growth and inward investment to Warwick District.**

July 2018

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## 1. Introduction and policy context

In response to an ever-changing economic climate, this policy seeks to ensure that the District remains a competitive choice for inward investment and supports growth whilst also ensuring that there is sufficient gain for the District and safeguarding the interests of council taxpayers.

The offering of the policy fits within the wider policy framework of Warwick District Council (WDC) and specifically the overall strategic Fit for the Future Plan. This policy would support the delivery of the 'Infrastructure, Enterprise and Employment' strand by promoting a diverse and dynamic local economy and maintaining our vibrant town centres with the resultant impact being an improved local economy with increased employment levels.

Section 47 of the Local Government Finance Act 1988 (as amended by section 69 of the Localism Act 2011) permits WDC to grant discretionary rate relief. WDC may only make a decision to grant relief if it is satisfied that it would be reasonable to do so, having regard to the interests of council taxpayers. This policy sets out how WDC will operate its discretionary powers set out in the Local Government Finance Act 1988 and the Localism Act 2011 and the factors that WDC will consider when deciding if relief can be awarded.

This policy has been designed to ensure that all applicants for discretionary business rates relief are treated in a fair, consistent and equal manner. This policy seeks to safeguard the interests of local taxpayers by ensuring that funds allocated for discretionary relief are used in the most effective and economically efficient way.

WDC reserves the right to withdraw this policy at any time but will provide advance notice of its intent to do so.

## 2. Policy objectives

This policy aims to:

- Incentivise and increase inward investment into Warwick District
- Encourage and support the expansion of businesses in the Warwick District
- Stimulate the creation of new jobs
- Provide greater socioeconomic benefit to Warwick District (in line with WDC's Fit for the Future Plan)
- Protect the interests of council taxpayers

A successful applicant will need to demonstrate how these aims would be fulfilled by providing the applicant with discretionary rate relief and why it is in the interests of council taxpayers for the relief to be granted. Discretionary rate relief, as offered within this policy, will not be considered where these aims cannot be fulfilled.

## 3. Eligibility criteria

Each application will be considered on its own merits. As the scheme is purely discretionary, an applicant does not have a statutory right to receive the discount.

In order to be considered for discretionary business rates relief, the applicant shall be

Either:

- Relocating into Warwick District from outside of Coventry & Warwickshire; and
  - In premises that have, or will have, a Rateable Value (RV) of £75,000 (per property address) or over; and
  - Entering into a minimum occupancy period of 5 years; and
  - The occupier for the premises on which the rates are payable.

Or:

- An existing business expanding into larger (at the same or a new location) or additional premises in the Warwick District; and
  - Increasing their RV by £75,000; and
  - Maintaining or entering into a minimum occupancy period of 5 years; and
  - The occupier for the premises on which the rates are payable.

In addition, the applicant must then

Either:

- Be occupying a listed building, long term<sup>1</sup> vacant property or long term vacant employment land.

Or:

- Be willing to enter into a statement of intent to support at least one initiative that offers wider benefits to the community. These may include:
  - Introducing, operating or expanding an apprenticeship scheme;
  - Offering in-kind or monetary support to a school, community scheme or charity operated within Warwick District;
  - Providing a scheme that supports entry into the workforce for those considered 'hard to employ';
  - Providing office space or facilities to local community groups or charities;
  - Operating a scheme to support the employment of ex-offenders;
  - Becoming a Living Wage employer.

This list is not exhaustive and other proposed statements of intent will be considered.

### Outside the scope of this scheme

Applications will not be considered where the organisation:

- is moving into one of the WDC owned and managed premises; or
- is already eligible for, or in receipt of, small business rate relief and mandatory or discretionary rate relief for charities; or
- has already received €200,000 (or revised De Minimis level) of government funding over a 3 year period; or
- is a public sector body; or
- is subletting the premises from another organisation and is not paying business rates directly to WDC.

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<sup>1</sup> Long term means 24 calendar months or more.

## Discount

Should an applicant be successful, they will receive a discretionary relief on their business rates of 50% for one 12 month period (which may be split over 2 fiscal years) and will be awarded as a reduction in the rates bill. For an existing business, the discretionary relief of 50% will be applied on the increase in RV.

The relief must comply with State Aid law. The applicant cannot receive more than €200,000 (or revised De Minimis level) of government funding over a 3 year period, as set out under the De Minimis Regulation EC 1407/2013 or EC 717/2014 (currently €200,000 or €100,000 for undertakings in the road freight transport sector or €15,000 in the agricultural sector or €30,000 in the fisheries and aquaculture sectors). The applicant must make a declaration on any other De Minimis aid with the relief reduced as necessary to comply with State Aid law.

The discount will not be awarded until the business has acquired all necessary permissions or licences as required and has begun lawfully trading. This will need to be verified as part of the application process.

## 4. Application and decision process

An application form should be requested by emailing the Economic Development team via [Economic.Development@warwickdc.gov.uk](mailto:Economic.Development@warwickdc.gov.uk).

The completed application form along with the supporting documentation indicated in the application form should then be returned to this email address. Applications must be made by the ratepayer. Where the ratepayer is an organisation, the application must be made by a person with authority to act on behalf of the organisation. Applications for discretionary business rates relief must be submitted within 3 months of the closure of the year to which the application relates

Applications will be considered by the Exchequer Manager and the Strategic Economic Development Officer and a decision will, wherever possible, be made within four weeks.

## 5. Requests for a review of decision

While there is no statutory right of appeal, an applicant may submit a written request for the decision to be reviewed where the applicant:

- becomes aware of additional supporting information being available that wasn't available at the time of the original application; or
- believes that information submitted with the original application was interpreted incorrectly

Appeals must be lodged within four weeks of receiving the application outcome and should be emailed to [Economic.Development@warwickdc.gov.uk](mailto:Economic.Development@warwickdc.gov.uk).

Appeals will be considered by Head of Finance and Business Manager – Projects & Economic Development and their decision will be final. While the appeal is outstanding, the amount demanded on the bill issued remains due and payable but, should the ratepayer be successful, there will be a refund/credit to the ratepayer's account.

## 6. Reporting on compliance

In order to demonstrate compliance with the eligibility criteria, reports detailing progress from the applicant will be required at the following intervals post-award:

- 6 months
- 1 year
- 3 years
- 5 years

Failure to report in line with the above timescales, unless agreed in advance with WDC in writing, may result in the clawback of monies as set out in Section 7 below. This may also be triggered if the report doesn't meet the agreed criteria and corrective action isn't implemented as soon as is practically possible.

## 7. Clawback of monies

WDC reserves the right to terminate an award or clawback relief already awarded if the applicant organisation:

- Provides false or misleading information as part of its application
- Fails to report on compliance with conditions of the award
- Does not comply with the conditions of the award
- Relocates outside of Warwick District before the end of the 5 years
- Defaults on payments of the remaining applicable business rates
- Ceases trading

## 7. Policy review

This policy is being offered on a trial basis initially to determine its effectiveness in delivering its objectives. To this end, the Policy will be reviewed by the Executive Committee annually. The review will look at the level of inward investment or business expansion supported by the scheme, the projects supported by incoming or expanded organisations, the total monies awarded, the remaining budget for the project and the interests of council taxpayers. At this time, the Executive Committee will agree to extend or discontinue this Policy. Should the Policy be discontinued, in these circumstances, and where an award has been granted but not yet taken effect, the award will still take effect but no further applications will be considered.

There will be a maximum sum of £500,000 available for the trial of this Policy and, when this sum has been depleted, no further applications will be considered or awarded. At this time, a review will be carried out to determine its overall effectiveness and a decision made on whether or not the Policy should be offered further.

An Equality Impact Assessment on this policy was undertaken on 30/05/2018 and will be reviewed on 30/05/2021.