

BRECKLAND DISTRICT COUNCIL

Report of: Councillor Phillip Cowen, Executive Member Finance and Christine Marshall, Executive Director Commercialisation

To: Cabinet, 19 March 2019
Full Council, 16 May 2019

Author: Christine Marshall, Executive Director Commercialisation

Subject: NNDR Discretionary Relief

Purpose: Proposed Policy and Guidance for Local Discretionary Business Rates (NNDR) Relief

Recommendation(s):

- 1) That Full Council adopts the proposed policy and guidelines to determine applications for LDRR and the determination process, with immediate effect.

1.0 BACKGROUND

1.1 This report proposes an addition to Breckland's existing guidance on NNDR rate relief to cover Local Discretionary Rate Relief (LDRR). The ability for local authorities to award this rate relief is derived from Section 69 of the Localism Act 2011 which amended Section 47 of the 1988 Local Government Finance Act.

1.2 LDRR will provide Breckland with the ability to award rate relief to all types of businesses, provided it is in the interest of the Council Tax payer and critically is based on locally determined criteria which may support local economic growth objectives. The purpose of this paper is to establish the criteria and process upon which Breckland will make a decision on awarding LDRR.

The costs of any relief granted are shared based on the national Retained NNDR scheme. In 2019-20 the Council is in a 75% pilot scheme which means the costs will be shared 42½% to Breckland, 32½% to Norfolk County Council and 25% to Central Government. Cost share for future years will be based on the new national scheme tier splits which have not yet been set.

1.3 The proposal to extend the scope of LDRR is needed to ensure that Breckland maintains a competitive position in the East of England, especially as a number of other district employment sites have access to the Government's Enterprise Zone status which provides a range of incentives including up to 100% Business Rates Relief worth up to £275,000 per business over a 5-year period.

PRINCIPLES FOR AWARDING LDRR

1.4 In broad terms LDRR should be applied where a business relocation decision supports Breckland's economic growth ambitions and objectives. The aim of this LDRR policy and guidance is to support potential inward investors locating into the Breckland area. The strategic context for these objectives is set out in the InvestBreckland strategy; in summary:-

a. Supporting the Council's Corporate Priorities of:-

- Supporting Breckland to develop and thrive
- Providing the right services, at the right time and in the right way
- Developing the local economy to be vibrant with continued growth
- Enabling strong, more independent communities

b. The Council's investment focus is to:-

- Increase business rates receipts through high value new builds
- Stimulating economic growth through key anchor site developments
- Building commercial assets with higher rental values per sq ft
- Providing a home for innovation
- Maximising opportunities along Breckland's major growth corridors

c. The Council's commitment to our five market towns focuses around their future economic strength and vitality through:-

- Increasing the number of well paid local jobs through the creation of business incubator centres
- Improving our town centres offer, including through strategic development projects and improvements to the public realm
- Investing to ensure strong connectivity between our major new housing developments and our town centres

PROPOSED CRITERIA FOR AWARDING LDRR

1.5 It is proposed that the following matters should be considered when determining an award for LDRR:

1) Does the investment benefit local people and/or the local economy?

Applications will be considered favourably where they provide significant employment opportunities benefit the local supply chain and align with Breckland's key growth sectors. Additional consideration will be given to applications which propose to build significant new business premises within the Breckland District, providing they bring a corresponding significant benefit to the local economy.

2) Does the business create or support opportunities for education or training?

A highly skilled workforce is a foundation of a successful local economy. In order for a business investment decision to be considered under this criteria it should demonstrate a commitment to upskilling its current and future workforce.

3) Will the premises be occupied immediately?

No relief will be granted for new premises where there is no intention for them to be occupied immediately on completion.

4) Is the ratepayer eligible for any other mandatory or discretionary relief?

LDRR is unlikely to be granted other than in exceptional circumstances if the ratepayer is entitled to other mandatory or discretionary relief.

5) Is this property a new entry on the Breckland business rates list (or will it be a new entry once completed)?

LDRR is unlikely to be granted on existing premises where NNDR is already being paid.

6) Is the business re-locating from elsewhere in the Breckland area?

LDRR is unlikely to be granted where a business is relocating from an existing property in the Breckland area where NNDR is already payable to Breckland unless the relocation is to substantially larger premises with corresponding benefits to the local economy.

It is important to note that meeting the above criteria does not automatically mean that LDRR will be awarded. In addition if a decision to award LDRR is made, the level of relief should relate to the extent to which the above criteria are met.

PROPOSED LDRR APPLICATION PROCESS

1.6 Each application for LDRR will need to be submitted on a formal application form and will include the following information:

- Demonstration of how the business meets the criteria set out in 1.4 above
- Latest business plan with a 12 month financial forecast
- Last 2 years audited accounts
- Purpose and use of new property
- Details of the nature of the business
- If any other Business Rates Relief apply
- How granting the NNDR discount will benefit the district (in both economic and non-economic terms). This should include details of employment being created and wage levels
- Evidence of other reliefs, grants, benefits, etc which may be deemed as state aid within the current and previous 2 financial years or a declaration that none have been received.

1.7 Applications will be determined by a panel with reference to the above criteria. The panel will consist of: The Executive Member Finance and Delivery, the Deputy Leader, the Executive Director Commercialisation (& S151 Officer) and the Executive Manager Property and Development.

Successful applications for LDRR will usually be for an initial period of 3 years, after which time they will be reviewed. Timeframes will be at the discretion and be determined by the above mentioned panel.

The Council will notify the applicant of the outcome of their request and if the application is unsuccessful the Council will explain the reasons why.

THE RIGHT TO APPEAL

1.8 Section 47 awards are administered under the Local Government finance Act 1988 and awards are not subject to statutory appeals process. Appeals will therefore be decided by the Council. Breckland will operate the following policy for dealing with appeals:

- An applicant who disagrees with a decision may ask for the decision to be reviewed
- The request must be made in writing within one calendar month of the original decision

Decisions will be reviewed by The Panel and the applicant will be notified within 21 working days with full written reasons for the decision.

STATE AID CONSIDERATIONS

1.9 EU state Aid rules generally prohibit government subsidies to businesses, providing discretionary NNDR relief to ratepayers can in some cases be deemed to be State Aid.

There is however a general exception to the state Aid rule where the aid is below a 'de-minimis' level. Regulations allow a business to currently receive up to €200,000 of de-minimis aid (€100,000 in the road freight transport sector) in a rolling three year period (consisting of the current financial year and 2 previous financial years).

Breckland will ensure compliance with the legal requirements and any permitted exemptions by considering each case based on the applicants individual circumstances in full consideration of State Aid rules.

The applicant has an obligation to inform the Council if they are or will be in receipt of other State Aid. In the event of the applicant failing to declare this when LDRR is

awarded, it will result in the Council recouping from the applicant any LDRR previously granted.

2.0 **OPTIONS**

2.1 That Full Council adopts the proposed policy and guidelines to determine applications for LDRR and the determination process, with immediate effect.

2.2 Do not adopt an LDRR policy.

2.3 That Full Council makes changes to the proposed policy and guidelines to determine applications for LDRR and the determination process, and then adopts with immediate effect.

3.0 **REASONS FOR RECOMMENDATION(S)**

3.1 By adopting a policy which allows Breckland to award LDRR we are maximising opportunities to secure new business investment within the district.

3.2 The proposed policy supports the ambitions of the InvestBreckland strategy.

4.0 **EXPECTED BENEFITS**

4.1 Inward investment by companies and additional NNDR receipts in the medium to longer term, along with associated benefits such as greater employment.

5.0 **IMPLICATIONS**

In preparing this report, the report author has considered the likely implications of the decision - particularly in terms of Carbon Footprint / Environmental Issues; Constitutional & Legal; Contracts; Corporate Priorities; Crime & Disorder; Equality & Diversity/Human Rights; Financial; Health & Wellbeing; Reputation; Risk Management; Safeguarding; Staffing; Stakeholders/Consultation/Timescales; Transformation Programme; Other. Where the report author considers that there may be implications under one or more of these headings, these are identified below.

5.1 **Corporate Priorities**

5.1.1 This supports the priorities of; Supporting Breckland to Develop and thrive, Developing the local economy to be vibrant with continued growth.

5.2 **Financial**

5.2.1 The awarding of LDRR in part or full will have a short term impact on business rates receipts, however in the medium to longer term it will grow the business rates base through the attraction of additional business investment within the district. Without adopting an LDRR policy it is likely that a number of potential investors will not consider locating into Breckland as they may well be attracted to other areas where LDRR does already apply.

6.0 **WARDS/COMMUNITIES AFFECTED**

6.1 All.

7.0 **ACRONYMS**

7.1 LDRR - Local Discretionary Rate Relief

7.2 NNDR – National Non-Domestic Rates

Background papers:- [See The Committee Report Guide for guidance on how to complete this section](#)

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Key Decision: Yes

Exempt Decision: No

This report refers to a Discretionary Service