



Report for:	Cabinet
Date of meeting:	31 July 2018
Part:	1
If Part II, reason:	

Title of report:	ENTERPRISE ZONE – RELIEF POLICY 2018/19
Contact:	Graeme Elliot, Portfolio Holder for Finance & Resources Nigel Howcutt, Assistant Director (Finance & Resources) Author/Responsible Officer: Chris Baker, Group Manager (Revenues, Benefits & Fraud)
Purpose of report:	To approve the policy for business rates relief within the Enviro-Tech Enterprise Zone.
Recommendations	It is recommended that Cabinet approves the adoption of the Hertfordshire Enviro-Tech Enterprise Zone Business Rates Relief policy, as shown in Appendix 1 to this report.
Corporate Objectives:	Ensuring economic growth and prosperity
Implications:	<u>Financial</u>
'Value For Money Implications'	There are no direct financial implications arising if Cabinet agrees with the recommendation made by this report, as the Government will fully reimburse the cost of any relief granted. Indirectly, provision of the relief should help to encourage business growth within the Enterprise Zone, and help generate business rates income there more quickly.
Risk Implications	If the proposed relief scheme is not approved, there is a risk that businesses will not find a move to the Enterprise Zone attractive, and so growth may be slower.
Community Impact Assessment	The proposed scheme will encourage “green” businesses.
Health And Safety Implications	There are no health and safety implications arising from this report.
Monitoring Officer/S.151 Officer Comments	Deputy Monitoring Officer:

	<p>As highlighted in the report, the statutory power to introduce a local discretionary rate relief scheme is set out under section 47 of the Local Government Finance Act 1988.</p> <p>Under the Enterprise Zone business rate discount scheme, the billing authority is the aid administrator for State Aid purposes and so is responsible for ensuring the rules are met and that the De Minimis allowances are not exceeded (currently 200,000 euros in a three year rolling period)</p> <p>Deputy S.151 Officer</p> <p>S151 Officer paper comments are included in the report.</p>
<p>Consultees:</p>	
<p>Background papers:</p>	<p>Cabinet report November 2016 (CA/118/15) Cabinet report March 2017 (CA/33/17) Hertfordshire Enviro-Tech Enterprise Zone Business Rates Relief Policy (Appendix 1)</p>
<p>Glossary of acronyms and any other abbreviations used in this report:</p>	<p>DBC - Dacorum Borough Council EZ – Enterprise Zone LEP – Local Enterprise Partnership LGFA – Local Government Finance Act 1988 SADC – St Albans City and District Council</p>

Background

1. An Enterprise Zone (EZ) is a designated area within England where businesses can receive tax breaks and other Government support. 24 EZs were created in 2012, with a further 24 designated in 2016 and 2017. An EZ is in place for a 25-year period, during which all growth in business rates within the EZ is kept by the Local Enterprise Partnership (LEP) to be reinvested in local economic growth.
2. One of the key incentives which can be offered is business rate relief of up to £275,000 across five years, for businesses which start up within or relocate to the EZ during its first five years of operation. Government will meet the cost of the relief, and the LEP can determine details of what type of business operation will qualify.
3. The Hertfordshire Enviro-Tech EZ was designated from April 2017 and consists of sites within Dacorum Borough Council (DBC) and St Albans City and District Council (SADC).
4. The EZ Partnership Board provides governance for the zone; it is chaired by the Chair of the LEP and includes senior representatives from DBC, Hertfordshire County Council and SADC.
5. Under the terms of the Local Government Finance Act 1988 (LGFA), the formal decision to adopt a local discretionary business rate relief rests with the billing authority, i.e. DBC for those parts of the EZ which fall within the Council's area. A similar decision will need to be taken by SADC to formally adopt the relief for the remainder of the EZ.

The recommended policy

6. The policy (attached as appendix 1) was approved by the EZ Partnership Board in November 2017. It offers three levels of support, which depend on the nature of the incoming business and how "green" they are:

Level	Description	Annual rate relief available
1	Enviro-Tech based businesses	Up to £55,000
2	Enviro-Tech Supply and Value chain businesses	Up to £50,000
3	Non Enviro-Tech businesses which can demonstrate their "green" credentials	Up to £40,000

7. Examples of the types of business activity which fulfil each description are included within the full policy (appendix 1).
8. A business would apply for the rate relief to the LEP, which would make the decision on the level of qualification or that the business doesn't qualify. The LEP will then notify DBC, and the relevant amount of relief would be awarded to the business rate account.

9. Relief will be available for a period of up to five years, as long as the business first becomes liable to pay business rates within the EZ between 1 April 2017 and 31 March 2022. Businesses will be required to reapply for each financial year.

Legislation and finance

10. The power to introduce a local discretionary rate relief scheme lies with DBC as a billing authority, under section 47 of the LGFA.
11. The cost of such relief is usually shared between DBC, HCC and central Government in line with the business rates retention scheme.
12. However, within an EZ, 100% of the net growth in business rates is retained locally to be reinvested in local economic growth. Awarding rates relief for the first five years of occupation by a new or relocating business would cause a delay in this net growth.
13. To counteract this, central Government has made amendments to the rates retention regulations which ensure that the cost of this relief is wholly met by them.
14. For the EZs which started from April 2017, these regulations were laid in Parliament at the end of March 2018.

Recommendation

15. It is recommended that Cabinet approves the adoption of the Hertfordshire Enviro-Tech Enterprise Zone Business Rates Relief policy, as shown in Appendix 1 to this report.