



# **City of Lincoln Council**

## **DRAFT Business Rates Growth Policy**

**BUSINESS RATES GROWTH POLICY:  
APPENDICES – 19 JUNE 2018 – POLICY SCRUTINY COMMITTEE**

**Document control**

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## **Introduction and Background**

City of Lincoln Council's Business Rates Growth policy aims to provide a time-limited rate relief discount to new and extended business premises within the City, in the interest of building the Business Rates base, supporting economic growth and job creation. This policy supports the Council's open and partnership focussed approach to delivering growth as set out in the Vision 2020 Strategic Plan, particularly the objectives and ambitions relating to economic growth and reducing inequality.

Provisions under Section 69 of the Localism Act 2011 (amendment to Section 47 of the Local Government Finance Act 1988) allow all authorities to grant discretionary relief in any circumstances where the Council feels fit having regards to the effect on the Council Tax payers of its area.

Eligibility for this scheme will be dependent on the extent of the business premises creation or extension, location and the impact of the new business or expansion plans has on the local economy. Further details on eligibility criteria and application process are outlined below.

## **What Discount is available**

**For all suitable businesses outside priority employment areas** the discount will only apply to the additional rateable value of a new business premises expansion or new build.

**For businesses located within the priority employment areas – the Sustainable Urban Extensions and Strategic Employment sites as identified in the Central Lincolnshire Local Plan** and shown on Plan in Appendix B), discount may also be eligible for vacant premises where it can be demonstrated that such supports a wider approved Business case and/or Masterplan and the local growth priorities as identified in Appendix B.

Where eligibility can be demonstrated business discounts of up to three years are available on the new or extended premises on a sliding scale of up to;

Year 1	100%	relief;
Year 2	50%	relief;
Year 3	25%	relief.

## **Eligibility Criteria**

The Business Rates Growth Policy aims to support businesses by providing time-limited rate relief to enable or advance the development of new or extended premises, and where existing rate relief is not available. Eligibility and aspects of the scheme are summarised as follows;

- a. The ratepayer must be able to evidence that new employment floor space will be provided, and by association additional Rateable Value, either through new development or extension by the end of the discounted period (3 years).
- b. The ratepayer must be able to demonstrate that their business is of value to the City with reference to employment, economy, and/or growth sector as set out in local evidence (see Appendix B).
- c. The ratepayer must not be entitled to mandatory rate relief (Charity or Rural Rate Relief) or relief as a non-profit making organisation or as a sports club or similar.
- d. Discretionary rate relief will not ordinarily be granted on unoccupied premises. Consideration for this relief may however be given for Businesses within identified priority employment areas i.e. the Employment allocations associated with Sustainable Urban Extensions and Strategic employment Sites as identified within the Central Lincolnshire Local Plan, (see Appendix B). Any

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such award would support an approved long term Business or Management plan for growth.

- e. The ratepayer must demonstrate that assistance (provided by the Local Discount) will only be required for a maximum period of three years and that their business/ operation is financially viable in the medium and long term.
- f. Exclusive to the requirements above, the ratepayer must be able to demonstrate that they have a significant impact in respect of visitor footfall to the City. The ratepayer must demonstrate a commitment to new and expanding visitor attractions, and that the net result of this intervention/s will be have a positive impact in terms of supporting growth of a visitor centre in the Bailgate Quarter, as well as consideration given to projects in and around the Cathedral that improve visitor footfall.

Prospective applicants must apply to the Council's Major Developments Directorate for an initial discussion and 'audit of suitability', which will be undertaken by officers before a formal invitation to apply for relief is made. A formal application will then be required to be completed and submitted to the Council with all necessary supporting information on which the Council can base a decision

## **Application and Decision Process**

In considering an Applicants suitability for Growth rate relief the Council will;

Undertake an assessment of overall risk, including consideration of previous business payment history, as well as to ensure the European Union State Aid limit would not be breached (currently a maximum of €200,000 within a 3 year period).

Consider the usage of business premises and, in particular, the contributions that businesses seeking rate relief make to their local economy and communities. Relief will be prioritised to organisations that meet the aims and objectives of local economic growth policies and contribution to the City of Lincoln Council's strategic priorities.

Consider the business' expansion plans. A Local Discount will not be awarded until the business has all the required permissions, licences, and other provisions in place in respect of premises development and has begun lawfully trading with a minimum lease period of 3 years and a statement of intention to operate the business in the City for five years or more.

A formal application to the Council will require all relevant information in respect of the policy criteria and all supporting information demonstrating compliance with eligibility criteria.

As relief will be time-limited, the applicant will also need to demonstrate how at the end of the award period of relief the business will fund the rates then due. A detailed financial and business plan must be provided in all cases.

Applications made for this Local Discount will be considered by an Officer Board for this Policy, being City of Lincoln Council officers, as follows:

- Financial Services Manager;
- One of the following from the Revenues and Benefits Shared Service;
  - Head of Shared Revenues and Benefits,
  - Revenues and Benefits Manager, or
  - Recovery & NNDR/BID Team Leader;
- Principal Development Officer;
- A replacement officer to the above may be part of the decision team, but only with prior approval from the Chief Finance Officer.

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Applications for a Local Discount to the Council will be judged on individual merit and on a case-by-case basis. The scheme is discretionary and the applicant does not have a statutory right to payment. The Council reserves the right to refuse relief to any applicant and will provide an explanation of reasons in such cases.

Applicants will need to clearly demonstrate how the relief will be used to grow the business, providing an outcome report at the end of each financial year demonstrating how the growth objectives have been met – detailing measurable outcomes.

The growth discount will usually be awarded by means of a reduction shown on the business rate bill issued to the ratepayer. Where this puts the account in credit for the year, a refund will be made.

**Business rate payments remain legally due and payable in accordance with the most recent bill until such time as any rate relief is awarded.**



## **Right to Appeal**

There is no statutory right to appeal against a decision under the associated legislation, other than Judicial Review. An applicant may make a request for the decision to be reviewed but only where either;

1. Additional information that is relevant to the application and that was not available at the time the decision was made becomes available, or
2. There are good grounds to believe the application or supporting information was not interpreted correctly at the time the decision was taken.

A request for a review must be made within four weeks of notification of the decision and must set out the reasons for the request and any supporting information.

The review will be considered by the City Council's Chief Finance Officer.

Subsequent applications will be considered after a 'cooling off period' of 3 months, to allow the business to revise their plans.

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**Clawback Provision**

The Council may at the Council's absolute discretion if (in the Council's opinion) any of the Clawback Events or Termination Events listed occur:

- a. Suspend the payment of the Local Discount under this Policy for such period as the Council shall determine;
- b. Vary the Local Discount 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 Local Discount under this Policy whereupon the Council shall cease to be under any obligation to provide any further Local Discount to the Applicant and (in addition) the Council may require the Applicant to repay the whole or any part of the Local Discount 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.

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

- a. The relocation occurs before 3 calendar years have expired beginning with the date of the decision, 100% of the Local Discount 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 Local Discount 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 Local Discount shall be recoverable, at the Council's discretion.

### **Promoting and communicating the policy**

Advice and information will be available to all business ratepayers on the Council's website and from staff who may be dealing with enquiries from ratepayers.

In order for a growth business to qualify for a discount they must apply to the Council's Major Developments Directorate. An initial 'audit of suitability' will be undertaken by officers before any formal invitation to apply for relief is issued to the business.

### **Implementation of the policy**

Officers representing Revenues and Benefits, Finance and Major Developments Directorate, will implement the policy, make recommendations and decisions.

Scoring Criteria will be used in support of the decision making – which is shown in Appendix A to this document.

### **Complaints**

Any ratepayers who believe their cases have not been correctly dealt can utilise the Council's Customer Complaints procedure.

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**Appendix A**

**Application requirements and decision making process**

To enable consideration for relief, the ratepayer must submit a proposal to the Major Developments Directorate evidencing compliance with the eligibility and scoring criteria.

Applicants will need to clearly demonstrate how the discount will be used to grow the business and create jobs and how it meets the City's growth priorities.

As discounting will be time-limited, the applicant will also need to demonstrate how at the end of the award period the business will fund the rates then due. A detailed financial and business plan must be provided in all cases.

If suitable, the application will be formally considered by a Council Officer Board and be judged on individual merit and on a case-by-case basis. The Council reserves the right to refuse relief to any applicant.

**The percentage award will be based on the rateable value in place at the time of the application, and when a decision is notified this will be converted into a £.p figure, which will not be adjusted in the scenario where the rateable value is amended.**

**Scoring applications**

Applications will be scored on the following criteria.

	<b>Criteria</b>	<b>Maximum Score</b>
1	The impact the proposed business investment will have on the City's future Business Rate base	25
2	The value of the proposed business investment will have for the City's Economic Growth Strategy and Priorities (as outlined in Appendix B)	25
3	Expected growth in jobs	25

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4	Credit History/rating* Payment History* Risk*	15
5	Evidence of corporate social responsibility	10

**Criteria 1:** The ratepayer must be able to evidence that the proposals will have a positive impact on the City's future Business Rates base and that an increase in rateable value will be generated by the end of the discounted period (3 years). This will be scored on a sliding scale of 0-25 depending on the value increase.

The ratepayer must not already be entitled to mandatory rate relief (Charity or Rural Rate Relief) or relief as a non-profit making organisation or as a sports club or similar.

Post discount business rateable value increase	Score
No increase	0
Anticipated Business Rates bases / rateable value increase	1 - 25

**Criteria 2:** The ratepayer must be able to demonstrate that their business is of value to the City's economic growth and prosperity as set out in the local evidence listed in Appendix B.

Compliance with local economic growth priorities	Score
Partially compliant	Up to 12.5
Fully compliant	25

Discretionary rate relief will not ordinarily be granted on existing or unoccupied premises. Consideration for such may however be given for Businesses' within identified priority areas i.e. within Sustainable Urban Extensions and Strategic Employment Sites as identified within the Central Lincolnshire Local Plan and shown on plan in Appendix B. Any such relief would be for a time limited period and need to be evidenced

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that the relief supports delivery of an approved long term Business or Management plan for growth.

The ratepayer must demonstrate that assistance (provided by the Local Discount) will only be required for a maximum period of three years and that their business/operation is financially viable in the medium and long term.

**Criteria 3:** The ratepayer must be able to evidence that the investment represents a growth in job numbers within the business or significant retention of jobs. Eligibility will be scored on the basis of jobs created as a % of the existing number of jobs, over the period of the relief. Where evidenced this score may also take into account growth potential if successful and the number of jobs that may be created in local supply chains. Some investments i.e. in capital equipment, may not create many new direct jobs but may enable a company to enter new markets or create new products that over time will create significant numbers of additional indirect jobs. If the current number of jobs is 'zero' (e.g. a new business), the starting point against which a % will be applied, will be classed as 'one job'.

% increase Number of jobs	Score
0	0
Less than 10%	10
10-50%	15
50-100%	20
Greater than 100%	25

**Criteria 4:** An assessment of risk will be undertaken and scored within a sliding scale of 0 high risk and 15 no risk based on the business' financial, credit history/payment history and social integrity.

Risk: the Council will undertake an assessment of overall risk. The business must provide the council with a Business Plan which clearly demonstrates

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the impact of the proposed investment on the business and which includes a financial forecast and Balance Sheet.

Credit History: the Council must be convinced the business is sustainable and appropriately financed. Due diligence will include a review of audited accounts, a credit check and applicants will be expected to provide a letter of support from their bank.

Payment History – the Council is unlikely to award discounts to businesses with a poor payment history. Where the applicant is a UK inward investor, the council may require evidence of rates paid in another district.

**Criteria 5:** Evidence of a Business's level of corporate social responsibility will also be taken into account when scoring eligibility. With a sliding score of 1-9 based on evidence such as compliance with the Living Wage Foundation's wage standards and a maximum score of 10 where there is evidence of formal sign up to Local Charter Standards.

**Further Criteria:** As highlighted on page 5 of this Policy, this is another exclusive, independent criteria a business may fulfil, being:

The ratepayer must be able to demonstrate that they have a significant impact in respect of visitor footfall to the City. The ratepayer must demonstrate a commitment to new and expanding visitor attractions, and that the net result of this intervention/s will be have a positive impact in terms of supporting growth of a visitor centre in the Bailgate Quarter, as well as consideration given to projects in and around the Cathedral that improve visitor footfall.

This particular criteria is scored in line with the mechanism as documented in this Policy for criteria 1-5, however a separate score of up to 50 is available where the ratepayer can demonstrate they meet this particular independent criteria.

The highest possible score is 100. A score of less than 50 will result in the rejection of the application. There is no right of appeal, although a case may be reviewed if further information/ clarification is made available. Subsequent applications will be considered after a 'cooling off period' of 3 months, to allow the business to revise their plans.

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**Appendix B**

**Local Priorities for Economic Growth in Lincoln: Evidence Document List**

*Note further evidence may be available or developed and should be referenced where relevant.*

Document	
National Industrial Strategy and emerging Local industrial Strategies	As well as the sectors already identified in the Greater Lincolnshire Strategic Economic Plan, emerging priorities identify the need to maximise business opportunities in relation to Science and digital technologies and 'Smart' markets. Business growth and expansion into exports markets are also a recognised priority.
"Greater Lincolnshire Strategic Economic Plan 2016" <a href="https://www.greaterlincolnshirelep.co.uk/documents/strategic-economic-plan-2016-refresh">https://www.greaterlincolnshirelep.co.uk/documents/strategic-economic-plan-2016-refresh</a>	Identifies 6 priority sectors – agri food; manufacturing; health and care; ports and logistics; visitor economy; low carbon and digital.
"Central Lincolnshire Local Plan" adopted 2017 <a href="https://www.n-kesteven.gov.uk/central-lincolnshire/planning-policy-library/">https://www.n-kesteven.gov.uk/central-lincolnshire/planning-policy-library/</a>	Identifies the need for 11,894 new jobs within Central Lincolnshire by 2036 – 496 pa.  Identifies Priority Employment sites as ; Strategic Employment Site (LSIP) 11.5 ha; and Sustainable Urban Extensions (NEQ 5 ha; WGC 20 ha)
"Central Lincolnshire Economic Needs Assessment June 2015" <a href="https://www.n-kesteven.gov.uk/central-lincolnshire/planning-policy-library/">https://www.n-kesteven.gov.uk/central-lincolnshire/planning-policy-library/</a>	Identifies strong growth opportunities in professional and business and visitor sectors. Identifies stable growth in manufacturing, and particularly food manufacturing. Identifies the need to maximise international opportunities for expansion. Evidences the need for new business premises within Central Lincolnshire.
"Central Lincolnshire Economic Growth Delivery Plan April 2016" <a href="https://www.n-kesteven.gov.uk/central-lincolnshire/planning-policy-library/">https://www.n-kesteven.gov.uk/central-lincolnshire/planning-policy-library/</a>	Identifies key growth priorities for Central Lincolnshire.



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<p>“A Growth Strategy for Lincoln 2014-2034”  <a href="https://www.n-kesteven.gov.uk/resources/assets/attachment/full/0/017772.pdf">https://www.n-kesteven.gov.uk/resources/assets/attachment/full/0/017772.pdf</a></p>	<p>Summarises the growth objectives for the City reflecting the priorities identified in the wider area.</p>
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