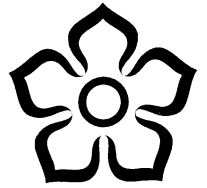


Discretionary Business Rates Grant scheme



Leicester
City Council

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Introduction

The City Mayor's Economic Action Plan established the need to create the right environment so that existing businesses can invest, grow and create more jobs.

An unavoidable cost to premises growth is an increase in Business Rates. The increased liability caused as a result of growth is a key consideration for business and can in some instances hold back good companies from expanding.

We recognise that a period of growth in a business can cause a period of uncertainty. Many businesses are concerned with over stretching themselves and whether the return on an investment is significant enough to make the project viable.

In order to help businesses achieve their growth potential the Council have introduced a new scheme to grant discretionary rate relief to: help high-growth businesses to expand; bring empty buildings with significant economic value back into use; and attract inward investment.

Summary

The aim of this discretionary relief grant scheme is to help to create the right environment for businesses to achieve their growth plans, create jobs and contribute to the economic development of Leicester.

The discretionary relief grant is split into three themes:

1. Supporting high-growth businesses;
2. Bringing properties with significant economic value back into use; and
3. Attracting Inward Investors

Business can apply for relief through a competitive application process. Awards are discretionary and fit with the criteria does not automatically trigger relief.

Any successful application for the granting of relief is applied against the **net** bill after all other reliefs are taken into account.

All aid offered is done so in accordance with Article 3.2.4 of the Trade and Cooperation Agreement which enables the recipient, to receive up to a maximum level of subsidy without engaging Chapter 3 of the Trade and Cooperation Agreement (a "Small Amount of Financial Assistance"). The current threshold is 325,000 Special Drawing Rights to a single economic actor over any period of three fiscal years.

Eligibility

Each theme has its own qualifying criteria and variable amounts of relief may be awarded.

Businesses can apply to one or more themes in a single application, and where eligible under multiple themes can receive an enhanced amount of relief. The table overleaf provides a summary of each theme.

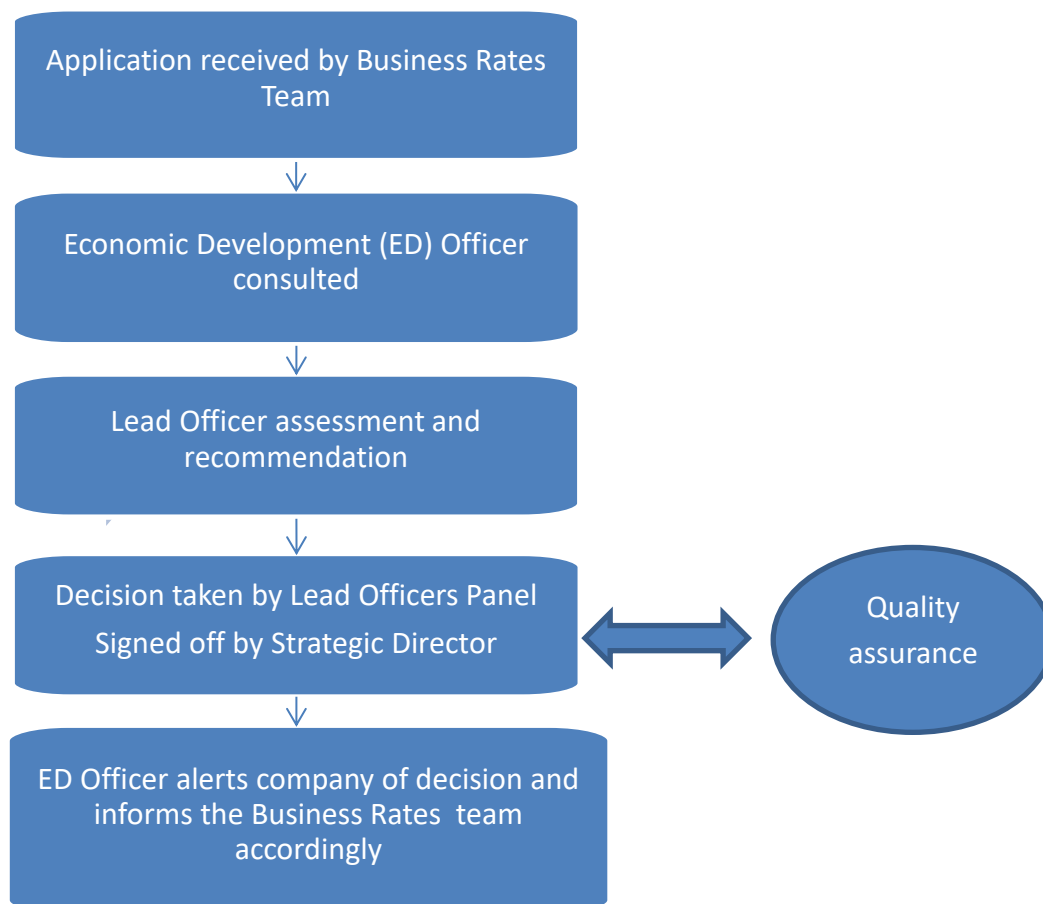
Theme	Maximum amounts of relief available	Criteria
<p>1. Supporting high-growth businesses</p> <p>A high-growth SME, moving into or expanding a property.</p>	<p>Relief will be offered on a sliding scale over a 3 year period.</p> <p>50% - year 1 40% - year 2 30% - year 3</p>	<ul style="list-style-type: none"> • Must be an SME – less than 250 employees and turnover of less than 43m Euros • Must demonstrate that they are a high-growth business – i.e. average annualised growth greater than 20% per annum, over a three year period. Growth can be measured by the number of employees or by turnover. • Must lead to increase in employment (net new jobs within Leicester and Leicestershire) • Must be independent i.e. not a subsidiary or local branch of an existing company, with multiple locations. New companies born out of existing organisations i.e. spin-outs are eligible for support if this represents a significant new economic activity for the company. • In respect of expansions this must represent a net expansion of space (including extensions to current properties). In circumstances of refurbishment relief will be available if the Valuation Office is unable/unwilling to delete the rating from the register during the period of works. In the circumstance of extensions, relief will be applied once the extension is on the valuation office rating list. Relief will be applicable to the difference of the new and old rateable values i.e. the uplift in rates. The relief will be back dated, from the period of the works.
<p>2. Bringing properties with significant economic value back into use</p> <p>Relief offered to the occupiers of the building to bring these premises into active use from when the liability for rates commences.</p>	<p>Relief will be offered on a sliding scale over a 3 year period.</p> <p>50% - year 1 40% - year 2 30% - year 3</p>	<ul style="list-style-type: none"> • Applicant must prove economic value of bringing properties back into use. Properties within the Strategic Regeneration Area, buildings part of a wider regeneration scheme and listed buildings are considered to have a de facto economic value, dependent upon the nature of the occupier. • The building must be vacant and require some refurbishment, or is part of a larger regeneration scheme. • Applicant must demonstrate that the landlord is offering adequate incentives comparable with those available on the market to attract occupants (if tenanted) • Applicant must gain relevant consent for the proposed renovation works (e.g. planning, building control).
<p>3. Attracting Inward Investors</p> <p>Significant Inward Investors moving into or expanding a property.</p>	<p>100% relief over 3 years up to the current threshold i.e 325,000 Special Drawing Rights to a single economic actor over any period of three fiscal years.</p>	<ul style="list-style-type: none"> • Must represent a new economic activity for the company within Leicester and Leicestershire. • Must represent net new jobs within Leicester and Leicestershire. • Jobs created must not have a significant risk of displacing similar employment from existing Leicester businesses.

Process

Businesses can apply for relief under each theme via an application process. Alongside the application the following supporting information is required:

1. 2 Years full accounts
2. Income/Expenditure statements
3. 3 year cashflow forecast.

The stages of this process are detailed below:



The grant ruling will be at the discretion of the Lead Officers Panel and the Director. The decision will be based on the business case and value for money of the project established through the application and supporting evidence. In assessment of an application the panel will have regard to:

- The **employment impact** e.g. Jobs created; the quality of the jobs; skill levels required, opportunities for apprenticeships; likelihood of job creation in other businesses resulting from the project e.g. supply chain.
- Whether **vacant buildings or sites** are brought back into use.
- The **impact on the built environment** including the significance of the site from an architectural perspective or the impact on the area in which it is located.
- The **deliverability** of the project and the credibility of the applicant to deliver
- **Impact** and **compatibility** with the plans for the economic development of the city
- The **need** for the relief,

- The business will be **viable** after the period of relief, and
- **Fit** with theme criteria

The Strategic Director of City Development and Neighbourhoods will have the power to extend the amount of aid and the period over which the aid is offered to ensure the project is viable. In exceptional cases other projects, not pursuant to these themes, may be supported where it furthers the council's economic aims and objectives. This is applicable to all themes, but is limited by the State Aid regulations.

Defined exceptions to support:

This policy aligns with the exceptions included within existing Business Rates Relief policies and therefore the following establishments are considered to be **not eligible** for rates grant.

- Bookmakers and gambling establishments
- Car Parks
- Nurseries, crèche and educational establishments
- Shops/venues wholly or mainly offering material of an adult or sexual nature

How will the relief be applied?

The relief is applied against the **net** bill after all other reliefs are taken into account. Any existing sums due must continue to be paid whilst the application under this policy is being considered.

Monitoring

Applicants will be monitored on a regular basis against the delivery of the project as described in their application. These outputs are the basis upon which aid is awarded. Failure to deliver outputs may result in clawback/withdrawal of the aid provided.

Lead Officers identified will be responsible for reporting output and financial performance internally on a quarterly basis. Performance monitoring information will be collated in an agreed format, and checked by the rates team. A report will then be compiled by the Economic Development service. Performance will be reported to the Enterprising Leicester Programme Board, chaired by the Strategic Director of City Development and Neighbourhoods.

This is a pilot scheme; its processes and priorities will be reviewed on a regular basis.

Subsidy

The provisions that govern this relief come under Section 69 of the Localism Act 2011 which amended Section 47 Local Government Finance Act 1988.

The support offered under this policy is given under Subsidy Control Rules. This allows a single economic actor to receive up to 325,000 Special Drawing Rights over any period of three fiscal years.

All those who are successful in their application will be required to complete and return a Small Amount of Financial Assistance declaration form. The Small Amount of Financial Assistance declaration

form will set out the amount offered to the businesses through this relief in Pounds Sterling (£). This is included as a record for the business of the amount of Subsidy they have received, and must be taken into account by that business for any future Small Amount of Financial Assistance support they receive. Businesses are to agree to maintain records for 10 years following the granting of the Subsidy.

If at any stage businesses becomes ineligible to receive subsidy, such subsidy will immediately cease. If any businesses knowingly or deliberately make a false statement regarding subsidy then action may be taken against the business including but not limited to action to recover the subsidy from the business with interest running from the date aid was given.

Appeals

All appeals must be made by contacting the Business Rates team, through the contact details on the refusal letter. Appeals will be dealt with in writing detailing the appellant's rationale for why they believe that they are eligible for relief.

Appeals will be assessed in line with the agreed criteria for each theme and the plans and strategies of Leicester City Council. Decisions are taken at the discretion of the Director of Finance, Head of Financial Strategy and the Strategic Director of City Development and Neighbourhoods in consultation with the Revenues & Benefits Manager and Lead Officers Panel. All appeals will be reviewed within 4 weeks of submission of all necessary information. All decisions taken on appeals are final and the outcome will be recorded and delivered to the business in writing. If an appeal is successful rate relief will be backdated for the full eligible period, within that fiscal year. Appeals may only be made for the current fiscal year and cannot be applied to previous years.