

Cabinet – 12 December 2012

Enterprise zone relief for business rates

Portfolio: Councillor Christopher Towe, Finance and Personnel

Related portfolios: Councillor Adrian Andrew, Deputy Leader, Regeneration

Service: Resources

Wards: Pleck, Bentley & Darlaston North

Key decision: No

Forward plan: No

1. Summary

1.1 The Localism Act 2011 gives local authorities the power to award discounts for businesses within an Enterprise Zone from 1 April 2012. This report enables Cabinet to make a decision accordingly.

2. Recommendations

2.1 That Cabinet agrees to grant a Business Rate discount of 100% for properties designated within specified areas of the Black Country Enterprise Zone (Darlaston site) which will be awarded from 1 April 2012.

2.2 That Cabinet delegate to the Chief Finance Office responsibility for devising a scheme to process Enterprise Zone business rate discount applications from qualifying bodies together with authority to amend the scheme to reflect any changes required by legislation and/or government guidance.

2.3 That Cabinet delegates to the Chief Finance Office authority to manage and determine applications for business rate discount under the scheme.

3. Report detail

3.1 A report on Enterprise Zones was considered by Cabinet on 24 October 2012. This set out relevant context.

3.2 The Council can choose the percentage of discount it awards for businesses in the designated areas of the Zone. The Government has said it will reimburse the costs of providing up to a 100% discount for up to five years for all properties so designated by 31 March 2015. This also applies to existing businesses within designated areas in the Zones from 1 April 2012.

3.2 The maximum discount that can be awarded to an individual business is around £55,000 per annum. This is because these discounts are covered by the European Union's De Minimis Aid rules on state funding and are currently subject to 200,000 euros limit over a three year period.

3.4 The Government has agreed to fund up to 100% of any Enterprise Zone discount, awarded by a local authority during the period 1 April 2012 to 31 March 2015. They will be funded for five years from the date they are granted. Therefore, a business that enters the zone in a designated area on 31 March 2015 will be entitled to the discount until 31 March 2020, funded by the Government.

4. Council priorities

4.1 Delivery of the Darlaston element of the Black Country Enterprise Zone will support inward investment and business retention and employment growth in Walsall. The Enterprise Zone therefore contributes positively towards the Council's 'Economic' priority as set out in the Corporate Plan 2011/12 – 2014/15.

5. Risk management

5.1 Should members decide to limit the level of the discount, this will reduce the financial incentive to new businesses considering a move to the zone and affect the potential take up levels within the zone.

6. Financial implications

6.1 The discount has no financial impact on the council as it is fully funded from Government.

7. Legal implications

7.1 Under the Localism Act 2011 the government introduced changes to local government Finance Act 1988 bringing in enterprise zone non-domestic rates relief.

7.2 When a council is determining applications for non-domestic rates relief a council must have regard to its statutory powers for granting of Enterprise Zone non-domestic rates relief in addition to any guidance issued by the Secretary of State. In addition to compliance with the guidance issued by the Department of Communities and Local Government dated March 2012 relating to Enterprise Zones and Business Rate Discounts - State Aid,

8. Property implications

None

9. Staffing implications

9.1 The administration of the enterprise zone discount will be achieved from existing staffing resources.

10. Equality implications

10.1 An Equalities Impact Assessment (EqIA) has been undertaken for the report on the Enterprise Zone to Cabinet on 24 October 2012 - The outcome stating that no major change is required to the project.

11. Consultation

Relevant portfolio holders and ward councillors.

Background papers

None

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13 November 2012



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