

|                        |  |  |
|------------------------|--|--|
| <b>Agenda Item No:</b> | <b>10</b>  |  |
| <b>Committee:</b>      | <b>Council</b>   |  |
| <b>Date:</b>           | <b>3rd October 2022</b>  |  |
| <b>Report Title:</b>   | <b>Discretionary Business Rate Policy - Commercial Development Sites</b> |  |

## **1 Purpose / Summary**

- 1.1 The purpose of this report is to set out a discretionary business rate relief policy to help stimulate commercial development on greenfield and brownfield sites in the district.
- 1.2 This policy would complement but be separate to the existing Local Discretionary Business Rate Relief Policy approved by Council at its meeting held on 4<sup>th</sup> November 2019.
- 1.3 This policy would initially run as a pilot for 12 months to enable us to assess the success of the scheme and consider if it should be rolled out on an ongoing basis or not.
- 1.4 This policy will only apply to buildings completed by 31 March 2024.

## **2 Key Issues**

- 2.1 As set out in the Council's Economic Growth Strategic Refresh 2022-25, one of the key issues restricting economic growth in the district is the lack of available commercial property. Start-up businesses, expanding existing business and businesses considering moving to Fenland are having to consider properties outside of Fenland for their business location.
- 2.2 If this policy is adopted, Officers will continue to monitor its effectiveness to ensure it meets its intended objectives and delivers the anticipated benefits.

## **3 Recommendations**

- 3.1 Council is requested to adopt the proposed Discretionary Business Rate Policy - Commercial Development for an initial pilot period of 12 months.

|                        |   |
|------------------------|---|
| Wards Affected         | All   |
| Forward Plan Reference |   |
| Portfolio Holder(s)    | Cllr Ian Benney   |
| Report Originator(s)   | Anna Goodall, Assistant Director<br>Simon Jackson, Economic Growth Manager<br>Ann Wardle, Business Engagement Manager |
| Contact Officer(s)     | Simon Jackson, Economic Growth Manager  |

## **1 BACKGROUND AND INTENDED OUTCOMES**

- 1.1 At its meeting on 4<sup>th</sup> November 2019 Council adopted a Local Discretionary Business Rate Relief Policy (LDBRR). The policy was aimed at providing business rate discounts for new inward investment businesses locating into Fenland who positively contribute to the wellbeing and prosperity of the District and its residents.
- 1.2 The Council's Economic Growth Team works closely with those wishing to start a business, those Fenland businesses looking to expand and with those businesses considering Fenland as a location for their business. The strong evidence is that due to the lack of available commercial property and in particular light industrial property that many of these businesses are having to consider locations outside of Fenland.
- 1.3 This report proposes a Discretionary Business Rate Policy - Commercial Development (DBRP – CDS) that is a separate scheme to the LDBRR and aimed at stimulating the local commercial property market. Consultations with key stakeholders such as developers suggests that removing the requirement to pay business rates until a commercial property is occupied would help reduce the financial risk of speculative building and encourage development.
- 1.4 Section 47 of the Local Government Finance Act 1988 (as amended by Section 69 of the Localism Act 2011) permits local authorities to determine and reduce the business rates of any local ratepayer provided it is in the interest of the Council taxpayer.
- 1.5 DBRP-CDS will provide FDC with the ability to award a business rate relief to businesses to encourage the speculative construction of commercial property in the District and help in the delivery of the Council's economic growth objectives.

## **2. ELIGIBILITY CRITERIA**

- 2.1. It is not intended to impose an upper or lower rateable value limit; however, any award must comply with current Government funding rules and businesses must demonstrate how they meet the following criteria to qualify for relief:
  - Only land or premises (brownfield) with no current rateable value will be considered.
  - Greenfield sites will be those with either planning permission or included within the districts Local Plan. Consideration would be given to provide in principle approval to rate relief to encourage sites included within the Local Plan to gain planning permission and be developed.

- Only speculative build projects will be considered i.e., where no end user has entered a contract to occupy the building

2.2 This policy will only apply to buildings completed by 31 March 2024.

### **3. PROPOSED DBRP-CDS PROCESS**

- 3.1. Applicants will be required to submit to the Council a completed application form and will be assessed within 20 working days of receipt by the DBRP–CDS Assessment Panel with reference to the above criteria.
- 3.2 The DBRP–CDS Assessment Panel will consist of representatives from the Council's Finance, Property and Economic Growth Teams. The Corporate Director (Finance) & S151 Officer will be the responsible Officer for determining such awards and approvals will be confirmed in consultation with Leader & Finance Portfolio Holder, together with the Portfolio Holder for Economic Growth.
- 3.3 A DBRP–CDS award will be made for up to 100% relief of the Rates Payable for the application property or properties for a period of up to 12 months or until the 1<sup>st</sup> tenant occupies the property or one the properties, whichever is the lesser period. Consideration will be given to providing more than one award where more than one commercial property is constructed on a site.
- 3.4 The exact amount of discount and award period is subject to the decision of the DBRP–CDS Assessment Panel.
- 3.5 The Council will notify the applicant of the outcome in writing within 5 working days from the date of the confirmed DBRP–CDS Assessment Panel decision. Where the DBRP–CDS award is unsuccessful or not met in full the Council will explain the reasons why.
- 3.6 DBRP–CDS awards are administered under Section 47 of the Local Government Finance Act 1988 (As amended) and awards are not subject to a statutory appeals process. Appeals will therefore be decided by the Council within 20 working days. Decisions on appeals will be made by the DBRP–CDS Assessment Panel. If the Council decide that the original decision should not be revised, the applicant will receive a full written explanation within 10 working days.

### **4 REASONS FOR RECOMMENDATIONS**

- 4.1 As one of the Council's 3 outward facing Corporate Priorities it is important that the Council supports economic growth in as effective way as possible and this DBRP-CDS is an important new tool in providing that support.

### **5 CONSULTATIONS**

- 5.1 Engagement with relevant Council officers and with key external stakeholders has enabled external views and policies to be incorporated into the proposed DBRP–CDS.

## **6 ALTERNATIVE OPTIONS CONSIDERED**

- 6.1 An alternative to actively and proactively encouraging commercial development would be for the Council not to do so. However, the evidence demonstrates that the market is not bringing forward sufficient commercial development to enable Fenland to maximise its economic growth potential. Moreover, the continuing lack of supply of commercial premises is acting as a significant break on economic growth.
- 6.2 This alternative option was considered and rejected as it would not help to address the lack of supply of commercial premises in the district.

## **7 IMPLICATIONS**

### **7.1 Legal Implications**

- 7.1.1 There are no specific legal issues engaged by the recommendations contained in this Report.

### **7.2 Financial Implications**

- 7.2.1 The incentive provided by the DBRP–CDS discount will lead to increased business rate revenues flowing into the Council.
- 7.2.2 Revenue Implications – The awarding of DBRP–CDS will not have an impact on business rates receipts as no business rates are currently being paid. However, the business rates base will grow through the creation of more commercial property in the District.
- 7.2.3 If the DBRP–CDS policy is not adopted it is possible that a number of commercial sites will not be developed, and no business rates received by the Council.
- 7.2.4 The DBRP–CDS Assessment Panel includes both the Corporate Director (Finance) & S151 Officer and the confirmatory oversight of the Leader & Finance Portfolio Holder, who will be able to monitor the number of applications and uptake.
- 7.2.5 Capital Implications – There are no capital finance implications because of the adoption of the DBRP–CDS policy.

### **8.3 Equality Implications**

- 8.3.1 DBRP–CDS has been assessed to ensure equality of access, etc.