

Title of Report	EAST MIDLANDS FREEPORT – BUSINESS RATES RELIEF POLICY	
Presented by	Councillor Nicholas Rushton Corporate Portfolio Holder	
Background Papers	<p>Freeport Update (restricted document) Cabinet - 9 November 2021</p> <p>Freeport Proposition Cabinet - 25 Jan 2021</p> <p>East Midlands Freeport Update (restricted document) Cabinet - 15 February 2022.</p> <p>East Midlands Freeport Update 26 April 2022 (Item 5 of this agenda)</p>	<p>Public Report: Yes</p> <p>Key Decision: No</p>
Financial Implications	<p>The Midlands Freeport East Business Rates Relief Policy is largely technical in terms of operation and application. The policy closely follows Government Guidance, which has gone through appropriate due diligence, and provides for 5 years of relief from businesses moving into or expanding (under strict criteria) within the Freeport designated areas.</p> <p>Signed off by the Section 151 Officer: Yes</p>	
Legal Implications	<p>The government has confirmed that it will not introduce legislation in relation to the administration of rate reliefs for freeports and expects local authorities to rely on their discretionary powers under section 47 of the Local Government Finance Act 1988. A policy is necessary to demonstrate how the Council will exercise those discretionary powers in relation to the East Midlands Freeport.</p> <p>Signed off by the Deputy Monitoring Officer: Yes</p>	
Staffing and Corporate Implications	<p>None</p> <p>Signed off by the Head of Paid Service: Yes</p>	
Purpose of Report	For Cabinet to agree the North West Leicestershire East Midlands Freeport Business Rates Relief Policy.	
Reason for Decision	As part of the formal creation of the East Midlands Freeport the Council is required to have in place a Business Rates Relief Policy for eligible organisations outlining the eligibility criteria, operation and delivery of Business Rates Relief for East Midlands Freeport Tax Sites.	
Recommendations	IT IS RECOMMENDED THAT CABINET APPROVES THE COUNCIL’S EAST MIDLANDS FREEPORT BUSINESS RATES RELIEF POLICY.	

1.0 INTRODUCTION

- 1.1. At the Budget on 3 March 2021 the government committed to creating eight new Freeports sites in England, where businesses would benefit from more generous tax reliefs, including business rates relief. The East Midlands Freeport secured formal Government approval on 1 March 2022.
- 1.2. Full Business Rates relief will be available to eligible business for the East Midlands Freeport Tax Sites once designated. Relief will be available to all new businesses, and certain existing businesses where they expand, until 30 September 2026. Relief will apply for five years from the point at which each beneficiary first receives relief.
- 1.3. This policy outlines the eligibility criteria, operation and delivery of this Business Rates Relief.

2.0 THE EAST MIDLANDS FREEPORT SITE

- 2.1 The proposed East Midlands Freeport sites within North West Leicestershire are shown at Appendix 2.

3.0 PROVISION OF RELIEF

- 3.1. The Council will use its discretionary powers under section 47 of the Local Government Finance Act 1988 (as amended), to grant relief. The government will fully reimburse billing authorities and major precepting authorities for the actual cost to them under the rates retention scheme for the local share of the discretionary relief, using a grant under section 31 of the Local Government Act 2003.

4.0 ELIGIBILITY PRINCIPLES – PRINCIPLES FOR THE APPLICATION OF RELIEF TO NEW BUSINESS

- 4.1. Freeports business rates relief is available to new businesses moving into designated Freeport sites in North West Leicestershire after the date on which the Tax Sites has been formally designated (and on or before 30 September 2026), and occupying both existing and new hereditaments on the rating list.
- 4.2. The relief is available for five years from the date it is first claimed. Businesses will be able to claim the relief, where eligible, from the date the relevant Freeport tax site has been formally designated (and on or before 30 September 2026).
- 4.3. New businesses which expand after moving into the Freeport (whether into new or existing buildings) will, in addition to any existing relief, be eligible for relief on any additional hereditaments they occupy in the Tax Site.
- 4.4. In considering what is a new business, the Council will lift the corporate veil and consider groups of companies to be single businesses.

5.0 ELIGIBILITY PRINCIPLES – PRINCIPLES FOR AWARDING FREEPORT RELIEF FOR EXISTING BUSINESSES

- 5.1. Subject to 5.3 to 5.7 below, full relief is available on a hereditament where a person has occupied the property comprising that hereditament for the first time on or after the date on

which the Tax Site is designated (and on or before 30 September 2026). This, for example, would include existing businesses expanding into a further property.

- 5.2. Subject to 5.3 to 5.7 below, partial relief is available on a hereditament where a person has occupied a room or similar within a hereditament for the first time on or after the date the Tax Site is designated (and on or before 30 September 2026). For example, where an existing business builds an extension or takes on new rooms or floors in their building leading to an expansion of the hereditament.
- 5.3. Ratepayers cannot generally claim Freeport Relief merely by expanding their use of an existing room or similar within a hereditament. However, partial relief is available to a person in respect of part of a hereditament on which they were already the occupier or owner prior to the date on which the Tax Site is designated, provided that the space is within an existing room of a building and has become useable for the first time following development commenced on or after the date on which the Tax Site is designated (and on or before 30 September 2026), e.g. installation of a mezzanine or access/fire control improvements to bring an existing space into use.
- 5.4. Improvements to space already or previously in use by the person prior to the date on which the Tax Site is designated, are not eligible for Freeport Relief (e.g. general refurbishment or improved services such as heating and aircon).
- 5.5. The Council will refuse to award Freeport Rates Relief where the increase in rates bills attributable to these factors is not reasonably ascertainable.
- 5.6. The Council will retain the discretion to apply additional tests for Freeport Rates Relief in order to avoid or not incentivise displacement of business activity from within the freeport or the surrounding area. This may include reducing the award of relief in cases where a ratepayer's occupation of a space arises in whole or in part from them vacating another space in the Freeport or surrounding area.
- 5.7. Freeport Rates Relief is available for 5 years from the date it is first claimed. Businesses will be able to claim the relief, where eligible, from the date the Tax Site has been formally designated (and on or before 30 September 2026).

6.0 PRINCIPLES FOR ESTABLISHING THE VALUE OF THE FREEPORTS BUSINESS RATES RELIEF

- 6.1 Subject to 6.3 below, the value of full relief for hereditaments falling within 5.1 above is 100% of the bill.
- 6.2 Subject to 6.3 below, the value of partial relief should be 100% of that part of the rates bill attributable to the part of the hereditament falling within 5.2 and 5.3 above where that increase is reasonably ascertainable. In establishing the part of the rates bill attributable to the part of the hereditament falling within 5.2 and 5.3 above, the Council will may have regard to:
 - the survey and rating valuation of the hereditament provided by the ratepayer if available (e.g., for hereditaments valued by area on the rental comparison basis).
 - a change to the rateable value where it is clear that the change is solely due to the addition to the valuation of the parts of the hereditament falling within 5.2 and 5.3 above.
 - any other information the Council deems appropriate to determine the extent of the parts of the hereditament falling within 5.2 and 5.3 above.

- 6.3 The Council may withhold or reduce the Freeports Rates Relief in cases of displacement (see 5.6 above)

7. SEQUENCE OF RELIEFS

- 7.1 The relief will be applied after mandatory reliefs and other discretionary reliefs have been applied, excluding those where the Council has used its wider discretionary relief powers introduced by the Localism Act 2011. The Council may its discretionary powers to offer further discounts outside this scheme, but where the Council applies a locally funded relief, this will be applied after the Freeport relief scheme.

8. SUBSIDY CONTROL

- 8.1 Freeport Business Rates Relief is subject to the UK's domestic and international subsidy control obligations. Businesses located in the Tax Site will need to fulfil any requirements in place to ensure compliance with those obligations in advance of, during, and after claiming relief. See the BEIS guidance for public authorities which explains the subsidies chapter of the TCA, World Trade Organisation rules on subsidies, and other international subsidy control commitments:

<https://www.gov.uk/government/publications/complying-with-the-uks-international-obligations-on-subsidy-control-guidance-for-public-authorities/technical-guidance-on-the-uks-international-subsidy-control-commitments>

9. APPLICATIONS FOR FREEPORT BUSINESS RATES RELIEF

- 9.1 Business rate payments remain legally due and payable in accordance with the most recent bill, until such time as any relief is awarded. Written applications will usually be required for each individual property. The Council will ensure that the application forms for discretionary rate relief are made available to ratepayers upon request as well as through the Council's website.
- 9.2 Where it is necessary, the ratepayer may be required to provide further information to support their applications. Application forms and guidance notes will set out the evidence requirements that need to be met for a decision to be made. Failure to provide the necessary evidence will delay the decision making process.
- 9.3 The Non-Domestic (Business) Rates Team can provide assistance or advice to any organisation or business on the completion of applications.
- 9.4 All qualifying businesses and organisations are required to notify the Council of any change in circumstances that may affect their entitlement to Freeport Business Rates Relief.
- 9.5 Successful applications will be notified of the amount of the Freeport Business Rates Relief award by the issue of a new Rate Demand Notice. The rate relief will be awarded by means of a reduction in liability shown on the business rates bill issued to the ratepayer. Where this puts the account in credit for the year, a refund will be made by the Council.
- 9.6 Unsuccessful applicants will be notified in writing and reasons for the decision will be provided. Although there is no legal right of appeal against the Council's decisions on discretionary rate relief applications, in keeping with good customer care practice and principles of transparency, this policy provides for a review/reconsideration by the Council's Section 151 Officer.

Policies and other considerations, as appropriate	
Council Priorities:	Support for businesses and helping people into local jobs
Policy Considerations:	None
Safeguarding:	None
Equalities/Diversity:	None
Customer Impact:	None
Economic and Social Impact:	The East Midlands Freeport Business Rates Relief Policy although largely technical in terms of operation and application forms a key element in the Freeport offer, incentivising businesses to relocate into the Freeport or existing businesses to expand.
Environment and Climate Change:	Environmental and climate impact will need to be assessed as part of the wider Freeport operation and expansion and if appropriate mitigated through appropriate measures. This is outside of the scope of the technical policy set out in this report.
Consultation/Community Engagement:	The East Midlands Freeport has undertaken a wide variety of engagement and consultation including but not limited to the Government's Budget on 3 March 2021 where the Government committed to creating eight new Freeports sites in England.
Risks:	Risks associated with the approval of the East Midlands Freeport Rates Relief Policy are minimal. The policy is closely aligned to national guidance and in this since sound and compliant with Government parameters. Furthermore, as part of its obligations Government will fully reimburse billing authorities and major precepting authorities for the actual cost to them under the rates retention scheme for the local share of the discretionary relief, using a grant under section 31 of the Local Government Act 2003.
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