

## York Central Enterprise Zone Business Rates Discount Scheme

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### City of York Council

### York Central Enterprise Zone Business Rates Discount Scheme

#### OVERVIEW

This policy provides the council's guidance in relation to discretionary business rate discounts available within York Central Enterprise Zone. It provides the principles upon which the council will deal with any application that may be received.

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### Introduction

1. The York Central Enterprise Zone has been designated by Central Government in order to promote and facilitate economic growth in the area. The City of York Council's vision for the York Central site is for the creation of a high quality new class B1a office led development, incorporating ancillary leisure and retail uses, as well as potentially residential uses, complementing the wider York Central Housing Zone. The York Central Enterprise Zone offers two financial incentives – a 5 year government backed discount on the business rates payable by occupiers (to be offered at the discretion of the Local Authority with local costs reimbursed by government), and a 25 year retention by the Local Authority of any uplift in business rates payable in the relevant Enterprise Zone areas.
2. Hereditaments within the defined boundary of the York Central Enterprise Zone Business Rates Discount Area edged red on the plan at Figure 1 below ("the Site") may be eligible for business rates relief (subject to state aid *de minimis* levels) where they meet the eligibility criteria set out in this discretionary scheme. This is not a blanket relief, but is targeted to achieve economic growth and do so within specific employment sectors (see eligibility criteria below). The scheme is intended to be mechanistic in operation however, and all businesses who meet the criteria for eligibility may be granted relevant discounts. The scheme will be operated by the City of York Council as accountable body for the York Central Enterprise Zone and business rates billing authority. Financial metrics relating to the scheme will be reported to the York North Yorkshire & East Riding LEP and to government through the enterprise zone governance structure.
3. The scheme will operate over a five year period from 1 April 2017, and eligible businesses located at the Site before 1 April 2022 may qualify for up to 100% exemption on business rates liabilities (up to any relevant cap imposed by Central Government, currently a maximum of £275,000 over a five year period, and subject to state aid *de minimis* levels) for a period of five years (hereinafter referred to as 'the Business Rates Discount'), subject to the detailed criteria set out below. The scheme relates solely to businesses contributing to the Local Ratings List, and not those

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who contribute to the National Ratings List (such as rail and utility infrastructure providers).

4. State aid *de minimis* levels are currently set by Commission Regulation (EU) 1407/2013 for most undertakings at up to €200,000 over a rolling 3 year period (sterling equivalent based on European Commission exchange rate at the time of making the grant offer – approximately £172,000 in April 2017). This is a cumulative allowance, meaning that previous *de minimis* state aid granted to an undertaking may reduce the availability of the Business Rates Discount. Receipt of NNDR discount may also preclude the availability of further assistance to businesses where state aid *de minimis* levels would subsequently be exceeded. A state aid declaration will be required prior to the granting of any Business Rates Discount to an undertaking. The applicant must declare the amount of any financial assistance which it (or any other company within the same group of companies) has received from any public sources within the preceding 3 years so the City of York Council can ascertain whether the €200,000 threshold has already been reached or at what point it will be reached if the applicant receives a Business Rates Discount from the council. If an applicant submits an incorrect declaration then the City of York council reserves the right to recover the discount, plus interest, from the applicant. In cases where state aid *de minimis* levels are exceeded, the Business Rates Discount will be terminated with immediate effect.
5. Both new and existing businesses located within the Site may be eligible for the Business Rates Discount, subject to the eligibility criteria set out in this scheme.
6. All decisions related to the application of this Scheme and resulting awards of discount will be made by the Director of Customer & Corporate Services (City of York Council) in consultation with the City of York Council Executive Member for Finance & Performance. These decisions will be published and summarised in progress reports at quarterly City of York Council Executive Member Decision Sessions. Eligibility will be assessed against the scheme criteria by the Billing Authority (City of York Council). Where eligibility is established, the billing authority will discount

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relevant sums in advance from annual NNDR bills and discounts will be profiled evenly over a five year period.

### Eligibility Criteria

7. In order to be eligible for the discretionary Business Rates Discount, the following criteria must be satisfied by applicants:
- i) The business is located within the Site, *and*;
  - ii) The applicant's business does not fall within use classes B2 or B8 of the Town and Country Planning (Use Classes) Order 1987 (as amended) (B2 relates to General Industrial use whilst B8 relates to use for Storage or Distribution), *and*;
  - iii) The business will be contributing to the Local Ratings List as opposed to the National Ratings List, *and either*;
  - iv) The business employs a minimum of 1 full time equivalent (FTE) on a permanent basis and trades within the Site (advertising hoardings, ATM's, car parks, and telecommunications infrastructure will not generally be eligible for discounts), *or*;
  - v) The premises are vacant but are in the ownership of a Partner to the redevelopment of the Site, are either being held vacant pending redevelopment of the Site, or are a commercial building constructed or refurbished after 1 April 2017 which is pending letting. Partners are currently defined (by this scheme) as any organisation within the core partnership (Network Rail, City of York Council, the Homes & Communities Agency and the National Railway Museum), any parent, subsidiary or successor of these. This definition of Partners will be updated from time to time as the project evolves, through revisions to this policy if necessary.

Additionally, in the case of businesses already occupying premises within the Site on 1 April 2017 at least one of the following further criteria must be satisfied by the applicant:

- vi) The business was not already employing 1 or more permanent FTE's and trading within the Site on 31 March 2017, *or*;
- vii) Where an existing premises within the Site was occupied by the applicant on or prior to 31 March 2017, but the premises

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- have since been extended or improved, business rates discounts will be applied to the net increase in business rates payable, resultant from the extension or improvement works only, (provided that permanent FTE employment whole numbers are also increased at the premises), *or*;
- viii) The business has relocated within the Site and has increased the whole number of permanent FTE's employed within the Site (in such cases discounts will only be applied to the net increase in business rates payable by the business).

In all cases:

- ix) Business Rates Discounts will be, having regard to prior state aid granted to the applicant, below state aid *de minimis* thresholds when considering any 3 year period, and below any relevant cap introduced by Central Government (currently £275,000 over 5 years)
- x) Discounts to business rates bills will be applied only to rates which are due on or after 1 April 2017 (ie discounts will not be backdated to cover historic billing periods).
8. Reasons for these criteria are set out below:
- i) To ensure that the scheme complies with regulations/legal requirements and economic activity maintains a spatial focus.
- ii) To ensure that the activity incentivised aligns with the strategic economic objectives for the Site.
- iii) To maximise funding available for Site enabling and development works by partners, and to facilitate speculative development by partners should they wish to undertake this.
- iv) To ensure that incentives deliver additionality and minimise displacement and cost to the public purse which does not deliver overarching economic benefits.
- v) To ensure that the scheme facilitates economic development and regeneration, and does not reward unrelated activity.

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### Procedure

9. If organisations wish to apply for the Business Rates Discount or check eligibility, relevant application forms and state aid declarations are available at the council's website.
10. If successful in applying for Business Rates discount, organisations will be required to submit an updated state aid declaration at the beginning of March each year, to reconfirm eligibility. They will also be asked to complete a confidential quarterly monitoring return on key site outputs including employment and investment.
11. This is a discretionary scheme and there is no right of appeal on any decision made.
12. City of York Council reserve the right to amend this discretionary scheme and its associated eligibility criteria at any time.

### Contact

Enquiries relating to the scheme should be directed in the first instance to the council's Finance Team at [business.rates@york.gov.uk](mailto:business.rates@york.gov.uk) or 01904 551140.

# YORK CENTRAL ENTERPRISE ZONE BUSINESS RATE DISCOUNT SITE MAP

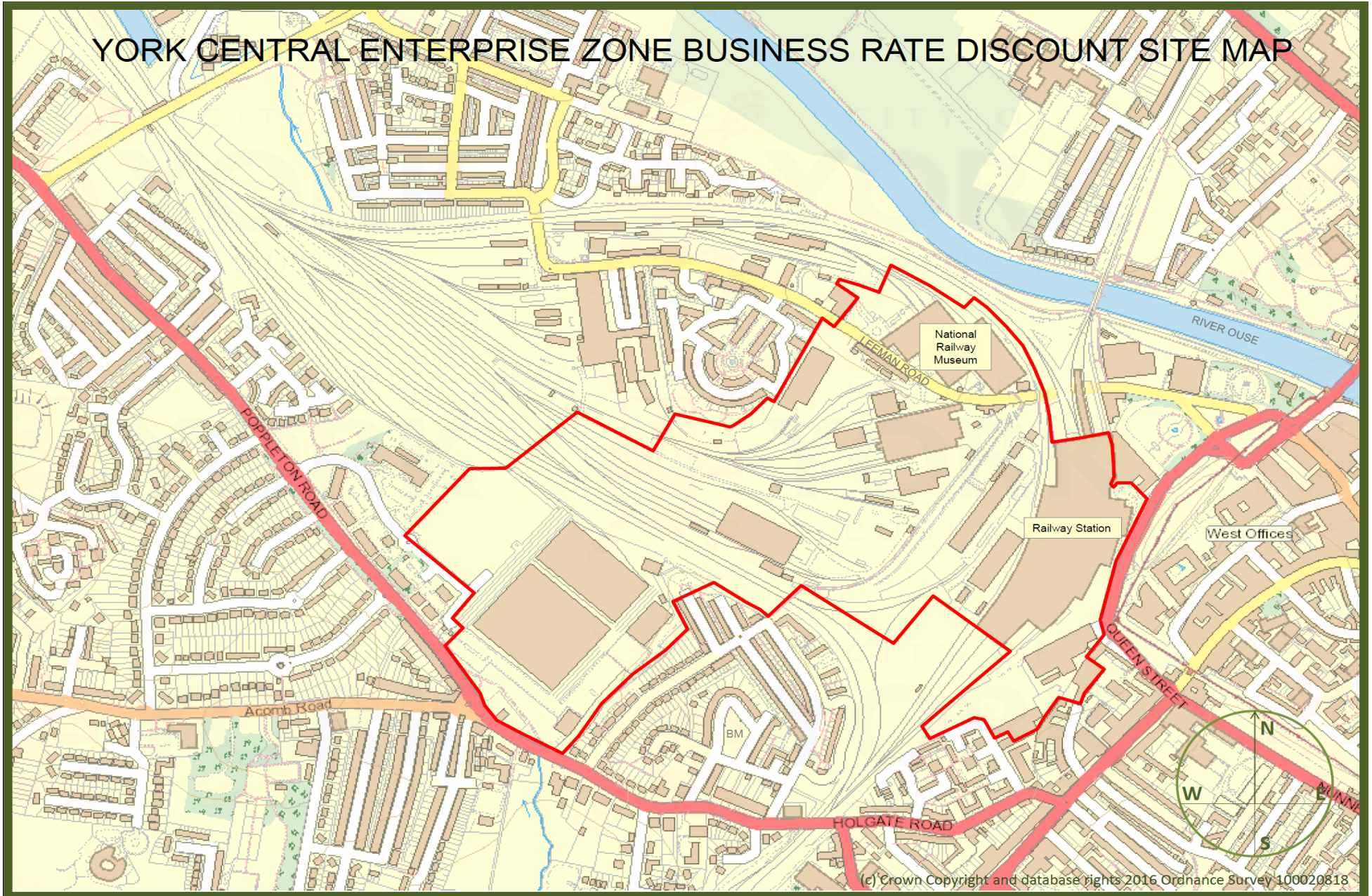


Figure 1: The Site