

## Report of the Strategic Director of Place to the meeting of Executive to be held on 7 June 2022

---

**Subject:**

**G**

**Bradford Enterprise Zones Business Rates Relief Scheme**

### **Summary statement:**

In 2017 Bradford was successful in obtaining Enterprise Zone status for three sites in the District. Enterprise Zone status allows businesses locating or expanding within the designated zones to apply for relief from Business Rates for a set period.

The purpose of this report is to seek approval for the implementation of a business rates relief scheme which awards relief to eligible companies.

### **EQUALITY & DIVERSITY:**

At this stage there are no specific equality and diversity issues.

### **Exception to the Forward Plan**

*This report has not been included on the published forward plan as an issue for consideration, however as the awarding of financial assistance to support businesses growth is a priority it is essential to have an adopted policy in place as soon as possible. As it is impractical to defer the decision until it has been included in the published Forward Plan the report is submitted in accordance with paragraph 10 of the Executive Procedure Rules set out in the Council's Constitution.*

---

Jason Longhurst  
Strategic Director Place

**Portfolio:**

Regeneration Planning and Transport

Report Contact: Dave Partridge  
Phone: (01274) 432161  
E-mail: [dave.partridge@bradford.gov.uk](mailto:dave.partridge@bradford.gov.uk)

**Overview & Scrutiny Area:**

Regeneration and Environment

## **1. SUMMARY**

During summer 2015 central Government put out a call for sites to be considered suitable for Enterprise Zone status to stimulate redevelopment of land allocated for employment uses. The bid process was managed by the Local Enterprise Partnership and the Council submitted three sites under the M62 Enterprise Zone scheme, which consisted of a total of 9 sites across West Yorkshire.

In 2017 it was announced that the M62 Enterprise Zone bid had been successful and all three Bradford sites were allocated Enterprise Zone status.

Enterprise Zone status allows business locating or expanding to the sites to claim business rates relief and this report seeks approval to implementing an Enterprise Zone rate relief policy.

## **2. BACKGROUND**

Enterprise Zones (EZ) are designated areas within England where business can receive tax breaks and other Government support. Tax breaks can be in the form of business rate relief or enhanced capital allowances.

EZs were reintroduced in 2012 when 24 new EZs were created and a further 24 were created between 2016 and 2017. EZ status lasts for 25 years, during which time all growth in business rates within the EZ can be reinvested into local economic growth.

The key incentive generally offered in EZs is business rates relief as it is simpler than enhanced capital allowances, which are generally considered alongside company long term tax planning.

The amount of business rates which could be offered was £275,000 over a five-year period for any company relocating to the Enterprise Zone and occupying premises between 1 April 2017 and 31 March 2022. With the UK leaving the EU the previous State Aid regulations have now been replaced by UK Subsidy Control regime and the new regime allows for a company to receive up to 325,000 Special Drawing Rights (£353,139 as at 15 May 2022) over a rolling three-year period.

Any EZ rate relief secured by companies and thereby lost to the local authority as rates income will be reimbursed by central government.

The three sites allocated EZ status in Bradford are Gain Lane, Parry Lane and Staithgate Lane. Rate relief under this EZ policy will only apply to completed properties at Gain Lane – 5 units in total.

Under the terms of the Local Government Finance Act 1988 (LGFA 1988), the formal decision to adopt a local business rate relief scheme rests with the billing authority - City of Bradford Metropolitan District Council.

### **3. OTHER CONSIDERATIONS**

The delivery of developments on hard to deliver sites and provision of modern business accommodation meet the aims of the Economic Strategy.

The businesses that have moved to the new development are expanding and creating new employment opportunities.

### **4. FINANCIAL & RESOURCE APPRAISAL**

The day to day management of the approval process for EZ rate relief will be through officers in Department of Corporate Resources with Strategic Director – Corporate Resources sign off. The business rates billing processes will be undertaken in the usual manner by colleagues in Business Rates, part of the Department of Corporate Resources.

As the rates relief awarded to businesses can be reclaimed from central Government there is no direct reduction in income to the Council.

Under the 2018 Memorandum of Understanding (MoU) with the Secretary of State establishing the Enterprise Zones the EZ Local Authorities were entitled to retain 100% of any business rates increases from 1 April 2017 to 31 March 2042, provided that such sums are directed towards the development of the Enterprise Zones and thereafter towards the Local Enterprise Partnership's other identified growth priorities.

The amount of EZ business rates estimated at the time of the MoU for the period of 25 years was £80 million.

The West Yorkshire Combined Authority (WYCA) however, has proposed that as the EZ bidding process was managed by the LEP (WYCA is the accountable body for the LEP) the business rates generated on EZ sites be passed to WYCA for them to then redistribute for the LEP's economic and regeneration priorities.

The WYCA proposal has not been agreed by the Council as there are significant resource implications for Revenue & Benefits in complying with the obligations to WYCA in draft agreement presented to the Council. There are also financial implications arising from the WYCA proposal to pay all the EZ business rates from 1 April 2017 to 31 March 2042 to WYCA.

### **5. RISK MANAGEMENT AND GOVERNANCE ISSUES**

Business Rate reliefs are well established and understood by the relevant department. Management of the scheme will be done so in line with existing business rates guidance and operational procedures.

The scheme will cover a period of 5 financial years from financial year 2021/22 and

will end 31 March 2026. It is intended to review the scheme after a period of 3 years.

It is likely over the course of the 5 years that rateable values of properties will be adjusted as part of cyclical business rates revaluation process undertaken by the Valuation Office Agency (VOA). This can increase and decrease rateable values. The multiplier can also be adjusted which affects the actual amount of business rates paid by the occupier. The level of awards will therefore require annual adjustments to reflect the new business rate amounts.

There will be an application process for businesses, providing an opportunity for due diligence to be undertaken by Council officers.

The assistance will not be offered to any company going through insolvency or compulsory strike off procedure on or before 31 March 2022. Similarly, any company entering insolvency, administration or compulsory striking off will no longer be eligible for business rates relief under the scheme. Relief ends immediately a company enters administration or insolvency.

Any new company taking over existing operations will not be eligible for the relief as the new company will not have been trading from the subject premises as at 31 March 2022.

## **6. LEGAL APPRAISAL**

Relief is awarded under the terms of Section 47(1)(a) of the Local Government Finance Act, 1988.

The cost to the Council of granting relief is reimbursed by the Government, under Regulation 4 and Schedule 2(1) of the Non Domestic Rating (Rates Retention) Regulations, 2017.

State Aid/Subsidy Control - European Union State Aid rules restricted the amount of state funding businesses could receive. This included government grants, loans or tax reductions. Following the end of the transition period on 31 December 2020 the EU State Aid rules no longer apply to subsidies granted in the UK, the UK Subsidy Control regime now applies. Previously under EU State Aid rules aid was available under the “de minimis” provisions, which enabled governmental bodies such as the Council to provide support which did not exceed €200,000 euros over a rolling three-year period.

Under Subsidy Control, to the extent that a business is seeking to apply for relief that falls within the Small Amounts of Financial Assistance Allowance, Article 364 of the EU-UK Trade and Cooperation Agreement (TCA) allows an economic actor (e.g. a holding company and its subsidiaries) to receive up to 325,000 Special Drawing Rights (£353,139 as at 15 May 2022) over a rolling three-year period (consisting of the current financial year and the two previous financial years). To administer a subsidy under the Small Amounts of Financial Assistance Allowance it is necessary for the business to confirm that the award of subsidy will not result in the economic actor having received more than 325,000 special drawing rights of subsidy under the Small Amounts of Financial

Assistance Allowance. Once confirmed the business will be eligible for business rates relief for a maximum of 5 years.

On 28 April 2022, the UK's Subsidy Control Bill received Royal Assent, becoming the Subsidy Control Act 2022 (the Act). Although the UK's domestic subsidy control regime now has statutory footing, most of the Act has not entered into force, meaning the interim regime based on the TCA remains applicable. Most of the Act is expected to come into force in autumn 2022. Under the Act subsidy control requirements do not apply to minimal financial assistance given to an enterprise if the total amount of minimal financial assistance given to the enterprise within the applicable period (three year rolling period) does not exceed £315,000.

EZ Business Rates Agreement with WYCA:

Under the terms of the 2018 Memorandum of Understanding with the Secretary of State the EZ Local Authorities were entitled to retain 100% of any business rates increases which accrues for a period of 25 years from the commencement date of 1 April 2017. This is permitted on the basis that such sums are directed towards the development of the Enterprise Zones and thereafter towards the Local Enterprise Partnership's other identified growth priorities.

The Council are in receipt of the first draft of an agreement from WYCA which sets out terms and conditions on the payment of all EZ business rates to WYCA. The WYCA proposal has not been agreed by the Council as there are significant resource implications for Revenue & Benefits in complying with the obligations to WYCA in draft agreement presented to the Council. There are also financial implications arising from the WYCA proposal to pay all the EZ business rates from 1 April 2017 to 31 March 2042 to WYCA. In addition, under the terms of the draft agreement the Council will not be able to provide any discretionary business rates relief without first obtaining the consent of WYCA.

## **7. OTHER IMPLICATIONS**

### **7.1 SUSTAINABILITY IMPLICATIONS**

As these are new build industrial units all meet modern construction and building regulation standards. All the units have electric vehicle charging points in the car park.

### **7.2 GREENHOUSE GAS EMISSIONS IMPACTS**

As new build industrial units they meet current building regulations in terms of insulation and air tightness thereby reducing the need for significant space heating.

Each unit also has at least one EV charging point in the car park.

The occupiers are also investigating installation of solar PV panels on the roof of the properties.

### **7.3 COMMUNITY SAFETY IMPLICATIONS**

There are no community safety implications at this time.

#### **7.4 HUMAN RIGHTS ACT**

There are no human rights issues at this time.

#### **7.5 TRADE UNION**

There are no trade union implications at this time.

#### **7.6 WARD IMPLICATIONS**

- Gain Lane Enterprise Zone site is within Bradford Moor ward.

#### **7.7 AREA COMMITTEE ACTION PLAN IMPLICATIONS (for reports to Area Committees only)**

- n/a

#### **7.8 IMPLICATIONS FOR CHILDREN AND YOUNG PEOPLE**

There are no implications for children and young people at this time.

#### **7.9 ISSUES ARISING FROM PRIVACY IMPACT ASSESMENT**

None applicable

#### **8. NOT FOR PUBLICATION DOCUMENTS**

- None

#### **9. OPTIONS**

1. To approve the Enterprise Zone Business Rates Relief scheme
2. Not to approve the Enterprise Zone Business Relief scheme
3. Not to enter into discussion with WYCA on the treatment and payment of EZ business rates.
4. Enter into discussions with WYCA on the treatment and payment of EZ business rates.

#### **10. RECOMMENDATIONS**

It is recommended:

1. Executive approve adoption of the Bradford Enterprise Zone Business Rate Relief scheme.
2. Delegated authority be given to Strategic Director – Corporate Resources to recommend approvals of rate relief under the scheme.
3. The Strategic Director of Place be given delegated authority to undertake

discussions with the West Yorkshire Combined Authority on the treatment and payment of Enterprise Zones business rates in consultation with the Director of Finance & IT, Strategic Director of Corporate Resources and the Leader of the Council, the terms of any agreement will be referred to the Executive for approval.

**11. APPENDICES**

Appendix A - Plan of the development at Gain Lane

**12. BACKGROUND DOCUMENTS**

None

# Appendix A

