

**REPORT TO:** CABINET

**DATE:** 18 OCTOBER 2018

**TITLE:** REVIEW OF ENTERPRISE ZONE BUSINESS RATES RELIEF POLICY

**PORTFOLIO HOLDER:** COUNCILLOR EMMA TOAL, PORTFOLIO HOLDER FOR ECONOMIC GROWTH

**LEAD OFFICER:** ANDREW BRAMIDGE, PROJECT DIRECTOR – ENTERPRISE ZONE (01279) 446410

**This is a Key Decision**  
**It is on the Forward Plan as Decision Number I009393**  
**Call-in Procedures may apply**  
**This decision will affect Old Harlow Ward.**

**RECOMMENDED that:**

- A** The revised Business Rates Relief Policy attached as Appendix 1 to the report be approved.

**REASON FOR DECISION**

- A** The Council's original business rate relief policy was established in September 2013 as part of the work to set up the Harlow Enterprise Zone. With five years having passed, the Enterprise Zone has moved forward in many ways and it is time to review the targeting of the policy. Whilst the policy can act as an incentive to businesses to locate in Harlow, it also reduces the amount of business rates income that is available for the Council to spend. A balance therefore needs to be struck and for the policy to be reviewed at increasingly more regular intervals.

**BACKGROUND**

1. Part of the status of a Government designated Enterprise Zone (EZ) is that it provides the potential benefit of a reduction in business rates to businesses in or moving to an EZ. Each EZ is required by Government to have a Business Rate Discount Policy, but the details of this policy are at the discretion of the Local Authority and the granting of any relief is entirely discretionary.
2. The responsibility for allocating the monies accruing from the uplift in business rates on the EZ was given by the Department for Communities and Local Government (now the Ministry of Housing, Communities and Local Government) to the South East Local Enterprise Partnership (SELEP). Harlow Council has

subsequently agreed with SELEP that the first £72 million of this uplift would be spent on activities in Harlow, primarily in connection with supporting the development of the EZ.

3. In 2013, it was agreed with SELEP that any business rate reduction offered by the Council to businesses in the Harlow EZ would be reimbursed to the Council through the increase in business rates accruing from the EZ. This ensures that the Council is no worse off than it would have been if the EZ did not exist.
4. Although the amount of discounts offered by the Council is reimbursed through the business rate uplift, the Council may choose to spend this money in other areas rather than business rate subsidy. Once each site has become attractive in its own right, and business rate discounts cease to be a significant influencer, it is perhaps right that the discounts are withdrawn leaving the Council free to allocate more of the uplift money to other activities.
5. The Council's existing Enterprise Zone Business Rate Relief Policy was agreed by Cabinet in September 2013. Since then, Kao Park has been largely built out and significant progress has been made on the Harlow Science Park. It is therefore timely to review the policy and amend it to reflect the current situation and to provide the right balance between incentives for business to come to Harlow and being able to make a wide range of investment decisions.

## **ISSUES/PROPOSALS**

### **Geography**

6. Currently the Policy provides larger incentives to businesses who locate from further distances. This is to prevent local businesses moving a short distance simply to secure a business rate discount for five years. However, the Policy is based on the 'west Essex' geography of Epping Forest, Harlow and Uttlesford district council areas. Whilst this had some logic at the time of the West Essex Alliance, in practice it means that a business based in, say, Gilston could receive a maximum discount for moving a couple of miles whereas a business in, say, Saffron Walden, would not although this would involve a move of more than 20 miles. To ensure a more equitable policy, it is proposed that the Policy refers to a 10 mile radius around Harlow and that this policy is effective from the date of this meeting.

### **Timescales**

7. Different parts of the EZ will be developed at different speeds and discounts should be offered only where there is a strong case that this provides a real incentive for business to move to Harlow. When sites become an attractive destination in their own right there should be no need to offer such financial incentives. Accordingly, it is proposed that the discounts for Kao Park cease at the end of March 2019, for the Harlow Science Park site in March 2021 and Templefields in March 2022. This will enable the Council to divert business rate uplift funds to other activities.

## **Appeals**

8. The granting of any business rate relief is entirely discretionary and currently this decision is made jointly by the Enterprise Zone Project Director and by the Head of Community Wellbeing. However, the policy has always included a provision for a business to appeal against a decision. Previously the Policy stated that any appeal would be heard by the Head of Regeneration. However, this post no longer exists within the Council structure and so it is now proposed that this is replaced in the Policy by the Head of Finance, which is consistent with the process for all other business rates appeals.

## **Sector Qualification**

9. Business Rate Relief is available for businesses in one of the three target sectors of ICT, Life Sciences or Advanced Manufacturing. It is also potentially available for businesses that can demonstrate that they support these sectors, including logistics and transportation. However, this broad category does not necessarily accord with the objectives of the EZ. Therefore, the 'Other acceptable uses' section of Appendix B of the Policy has been amended to remove the reference to logistics and transportation and to specify that these 'other uses' must be providing 'specialist' products or services to the target sectors.

## **IMPLICATIONS**

### **Place (Includes Sustainability)**

There are no direct implications for Place from these changes and the removal of logistics and transportation from the definition is supported. Clarification of the use classes order for the specialist products or services of target sectors being proposed will be required for development management purposes.

**Author: Dianne Cooper, Planning and Building Control Manager on behalf of Graeme Bloomer, Head of Place**

### **Finance (Includes ICT)**

As set out within the report, the Council is protected in so much as any discounts offered under the policy are netted from and overall business rates growth achieved across the Enterprise Zone prior to that growth being passed to SELEP.

**Author: Simon Freeman, Head of Finance**

### **Housing**

As contained within the report.

**Author: Andrew Murray, Head of Housing**

### **Community Wellbeing (Includes Equalities and Social Inclusion)**

The Business Rate Policy is one of the factors that contribute to the success of the Enterprise Zone, which will help stimulate economic and employment growth in Harlow.

**Author: Jane Greer, Head of Community Wellbeing**

**Governance (Includes HR)**

The policy states criteria for business rate relief, allows for discretion and contains an internal appeal process. Application of this process will demonstrate this Council's robust governance arrangements whilst attracting business and regeneration.

**Author: Colleen O'Boyle, Interim Head of Governance**

**Appendices**

Appendix 1 – Revised Harlow Enterprise Zone Business Rates Relief Policy

**Background Papers**

None.

**Glossary of terms/abbreviations used**

EZ – Enterprise Zone

SELEP – South East Local Enterprise Partnership