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Dudley Business Investment Zone
Management Framework

1. Scheme Overview

The scheme will operate on the following basis:

- 1.1 100% business rate discount, up to State Aid limits, available for new occupiers¹ that commence occupation in properties within the designated Zone, for a maximum period of 2 years after the occupancy begins.
- 1.2 The lifetime of the scheme is 5 years, commencing 1st April 2014 to 31st March 2019. The Council reserves the right to review the period of duration of the scheme.
- 1.3 The cost of the business rate incentive is to be shared equally by the Council and the Participants².

2. Qualification Criteria

- 2.1 The scheme is open to all prospective occupiers locating in properties within the designated Zone, as specified on the Zone map (Zone 1). Businesses already located in Dudley Borough and proposing to relocate to a property/properties in the designated Zone must provide a business case to demonstrate additional jobs growth and that any move is not solely for the purpose of business rates avoidance.

3. Terms & Conditions

- 3.1 The scheme will be managed by the Council and its key partners via a Management Board.
- 3.2 The scheme will focus on vacant properties/floorspace within the designated area. In terms of the boundary of the area of eligibility, a clear line of demarcation will be prepared and published upon scheme commencement so that it is clear to all parties which properties - and, if relevant, space within properties - are potentially eligible to receive business rate discounts, and which are not. No discounts will be offered for floorspace that is occupied at the time of the scheme designation. There will be six monthly reviews within this boundary with Participants to identify any additional vacant properties/floorspace and, where this is identified, a decision will be taken on inclusion within the scheme, based on affordability.
- 3.3 The Council reserves the right to amend the boundaries of the designated area at any time. The Council will retain discretionary control over the inclusion of space which becomes vacant during the life of the initiative.
- 3.4 Within the designated area, the business rate discount will only be available where a legal agreement is in place between Dudley MBC and the Participant. The legal agreement will set out the roles and responsibilities of each party.

¹ Occupier means any entity that is in rateable occupation or otherwise liable to pay business rates in respect of any hereditament within the property.

² The Participant is the registered proprietor of the freehold or long leasehold interest in the property which is situated in the Zone.

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- 3.5 So that the business rate discount provides a real incentive to would-be occupiers, the Participants agree not to increase rental levels and service charges for the 2-year duration of the scheme for individual occupiers.
- 3.6 The offer of the scheme discount to a prospective occupier will be made on a first and final offer basis, with no appeals allowed.
- 3.7 Existing occupiers at The Waterfront who intend to expand their operations on the site may be eligible for the discount but only on any extra floorspace they occupy over and above the area occupied at the time the Zone was declared. That is, if they vacate floorspace elsewhere at The Waterfront and move into space within the designated Zone, they will only receive a discount based on the additional floorspace that will be occupied, calculated on the average rateable value per square metre of the property as a whole. Any decision on offering incentives to existing occupiers who move in this way is at the discretion of the Council.
- 3.8 The scheme will close on 31st March 2019. Business rate discounts offered to occupiers before 31st March 2017 will apply for the normal two year maximum period. After 31st March 2017, the business rate discount will be applied on a reducing basis up to 31st March 2019.
- 3.9 The business rate discount only applies to floorspace included within the scheme that is occupied during the period of eligibility. The scheme will operate on the basis of a minimum 5-year lease agreement. If a qualifying occupier vacates the premises within the two year period but still holds the lease, the discount eligibility will become void from the date of vacation, and the qualifying occupier will be liable to pay empty rates as usual, after the exemption period. If a qualifying occupier vacates the premises within the two year period and no longer holds the lease, the Participant will be liable to pay the empty rates, after the exemption period.

4. State Aid De Minimis Regulation

- 4.1 The maximum discount available to any occupier would be subject to the de minimis exemptions allowed under EU State Aid rules. The maximum potential discount could be approximately £165,500 over 3 years (based on the de minimis threshold of €200,000 and an exchange rate of €1.2085:£1.00, as at 3rd December 2013). However, the maximum discount available under the proposed scheme is assumed to be £55,165 p.a. over two years (i.e. £110,300 in total), which is the average annual de minimis rate applied over two financial years.
- 4.2 It will be the Council's responsibility to ensure that there is no breach of the State Aid Regulations.