



# ***Cornwall Enterprise Zones Business Rate Relief Policy***

## **2019**



## 1) Introduction

In 2011, 2016 and 2017 successful bids were made by the Cornwall and Isles of Scilly Local Enterprise Partnership (CIoS LEP) for EZs in Cornwall; the Aerohub+ and the Marine Hub.

The purpose of the Cornwall Enterprise Zones is to drive local economies. It does this by unlocking key development sites, consolidating infrastructure, attracting business, and creating jobs. In addition, it is the role of the Cornwall Enterprise Zones to assess and agree applications for business rate relief and decide how retained business rates should be reinvested. Any business rate growth is retained for 25 years to be reinvested in the development of the zones.

Businesses locating to the EZ can apply for 100% rate relief for 5 years (capped at de-minimis thresholds). To be eligible the business must set-up operations prior to the following dates:

Site	End Date
Aerohub	31 <sup>st</sup> March 2018
Goonhilly Earth Station	31 <sup>st</sup> March 2022
Hayle	31 <sup>st</sup> March 2022
Falmouth Docks	31 <sup>st</sup> March 2022
Tolvaddon	31 <sup>st</sup> March 2022

The rate relief period at Aerohub at Cornwall Airport Newquay has now expired meaning that Government no longer reimburse the costs incurred by providing rate relief. An alternative locally funded approach has been adopted which offers businesses the opportunity to apply for an EZ Growth Fund grant to pay for their business rates.

Rate relief is one of a number of incentives supporting a targeted marketing campaign to promote and attract investment in Cornwall's EZ aimed at supporting the growth of key sectors. The primary, secondary and tertiary sectors are identified in Appendix 1.

This policy relates only to the granting of rate relief. The EZ Board does not have a role in decisions relating to the sale and lease of land within the EZ; these decisions rest with the land owners.

Award will be subject to European de minimis state aid limits. This is at an amount equivalent to €200,000 over 3 rolling fiscal years. The applicable amount of state aid is based on euros, whereas EZ rate relief is awarded in sterling. To comply with the €200,000 threshold the conversion will be calculated using the European Commission's reference exchange rate which is subject to fluctuation.

Recipients would need to complete a de minimis declaration before any funds are paid. Under de minimis rules, the exchange rate on the date on which recipients are informed of their award should be used for the duration of the award, regardless of when monies are defrayed.

For further information on state aid, visit [www.gov.uk/guidance/state-aid](http://www.gov.uk/guidance/state-aid).

In the same way as rates relief is awarded, any grants made through the EZ Growth Fund to cover rates would be made under de minimis state aid. As such, awards are limited to €200,000 in any three-year rolling period.

The non-domestic rate multiplier is published by government on 1st April each year and is used to determine the actual rates due (rateable value x non-domestic rates multiplier).

## 2) Eligibility for Rate Relief

The EZ Board will avoid the use of rate relief to displace businesses from other locations within Cornwall. However, in the following circumstance the EZ Board may decide that the negative effects of displacement of businesses within Cornwall are outweighed by the benefits to the business and the wider Cornish economy:

- Where the relocation to the EZ is accompanied by plans for economic growth (e.g. jobs) which cannot be reasonably achieved at the current location
- Where there is evidence that the business would benefit from co-location with other businesses already located in the EZ or from the unique facilities and infrastructure at the EZ site which are not available at their current location.

Where the application is from a business within the primary target sectors the presumption should be that the application is approved unless there are concerns, supported by clear evidence, that there will be significant negative consequences associated with displacement of business relocating within Cornwall.

Where the application is from a business within the secondary target sectors the application should usually be approved. Where the application is from a business already located in Cornwall the application should demonstrate how relocation to the EZ will support growth and/or otherwise benefit the business.

The EZ Board may approve applications from businesses within the tertiary sectors. Such applications should include the following:

- Identify plans for business growth;
- Explain how rate relief is critical and assessment of the counter-factual, i.e. what would happen if rate relief wasn't granted?
- Confirmation of how the money saved in rates will be used to further the aims of the business and the Enterprise Zone

Granting rate relief on rateable premises included within the baseline assessment will not affect rates income to the Council, as Government reimbursement model would cover the associated rates income. The LEP, however, would not receive rates growth income in this respect, as no growth is demonstrated.

### 3) Aerohub Rate Relief - EZ Growth Fund

The rate relief period at Aerohub at Cornwall Airport Newquay expired in 2018 meaning that Government no longer reimburse the costs incurred by Cornwall Council providing rate relief. In April 2018, the EZ Board approved a new policy concerning the granting of EZ Growth Fund grants for rate relief.

EZ Growth Fund grants are available to cover the costs of business rates due primarily for businesses locating to Aerohub but also for businesses looking to expand and grow at Aerohub. An alternative locally funded approach was adopted which offers businesses the opportunity to apply for a EZ Growth Fund grant to pay for their business rates for four years on a tapering basis, as set out below;

Year	Rate Relief
1	100%
2	100%
3	75%
4	50%

Applicants will be required to provide a de minimis state aid declaration each year and provide the required monitoring information that the CIoS LEP request. Confirmation of the amount will be made on an annual basis taking into account the exchange rate fluctuations and any changes to the non-domestic rate multiplier which promotes consistency across the EZs.

## 4 Application Process

**Applications for rate relief must be supported by a completed and signed Rate Relief Application Form.**

**Application for businesses at Aerohub seeking a EZ Growth Fund grant for rate relief should be made using the EZ Growth Fund application form.**

The relevant form should be completed and submitted by the applicant. Cornwall Development Company may assist in the completion of the relevant forms.

Applications should be submitted via the LEP to be approved at the EZ Board, in advance of the rate relief period applied for. A decision via written procedures



may be accommodated where an urgent response is required, but only in exceptional circumstances and where the application is for an award of £75,000 or less.

Landowners will be able to vote on applications for rate relief on their site and in the event of no clear majority the Chair of the EZ Board will have the casting vote.

Applications via written procedures will be circulated by the LEP to members of the EZ Board for approval/rejection. A response will be required in 5 days.

Initial applications can be submitted seeking in principle approval where this is required to support negotiations and in advance of the rate relief taking effect, as will most likely be the case for rate relief on new developments.

Where in principle approval has been granted, the application will need to be resubmitted at the point the rate relief is to take effect. Assuming there are no substantive changes from the initial application rate relief will be approved.

Applicants will be informed of the outcome of their rate relief application, within five working days of the decision being made.

## Appendix 1: Target Sectors

### Marine Hub

Primary Target Sectors	<p><b>Offshore Marine Renewables Sector</b> For example, this could include (but is not limited to):</p> <ul style="list-style-type: none"> <li>• Businesses involved in the development, construction, deployment, maintenance and operation of offshore renewable devices;</li> <li>• Businesses involved in the offshore renewables supply chain, designing manufacturing and supplying components for renewable devices or sub systems including mooring systems, foundation systems, mechanical or electrical systems;</li> <li>• Businesses or organisations providing consultancy services, technical support or engaged in some other way in the deployment or operation of devices; for example, securing licensing or other consents.</li> </ul>
	<p><b>Marine Technology Sector</b> For example, this could include (but is not limited to):</p> <ul style="list-style-type: none"> <li>• Businesses with high growth potential and currently providing products or services to the Marine sector, in its broadest sense. It is important that businesses in this category demonstrate an appetite and aptitude for growth which will generate new employment, with a willingness to collaborate with other businesses, the knowledge base Higher Education Institutions and to engage with relevant sector networks.</li> </ul>
Secondary Target Sectors	<p><b>Low Carbon Sector</b></p> <p>Businesses operating in the low carbon sector. Particularly where these businesses are involved in the production or use of products or services with potential application in the development of Marine Sectors. These businesses should demonstrate an aspiration and ability to grow and a willingness to innovate and collaborate with other businesses and with the research base.</p>
Tertiary Target Sectors	<p><b>Other Businesses</b></p> <p>The Cornwall EZ Board reserves the right, subject to due process, to consider requests and approve tenants that do not fall within the target sectors where there is a demonstrable benefit to the development and future viability of the Enterprise Zone.</p>

## Aerohub+

Primary Target Sectors	Aerospace Sector	<p>The AEZ at CAN will target the following aerospace sectors:</p> <ul style="list-style-type: none"> <li>• Aircraft Training –operational freedom and exceptional, uncongested environment</li> <li>• Maintenance, Repair and Overhaul (MRO) – availability of future purpose built compliant facilities within a competitive price and funding environment in the UK and Cornwall</li> <li>• Future Flight Technologies - offering a safe licensed environment to test, operate and validate experimental and innovative Aircraft and Space Systems, including:             <ul style="list-style-type: none"> <li>• Unmanned Aerial Systems (UAS) – to accelerate the integration of autonomous and remote piloted systems into controlled airspace</li> <li>• Future Aero Structures and Aircraft - fixed and rotary wing experimental aircraft and other aerospace technologies</li> <li>• Future Aircraft - Supersonic and hypersonic aircraft</li> <li>• Propulsion of the Future - Engine and rocket testing</li> <li>• Spaceport and Spaceplane Systems – see above</li> </ul> </li> </ul>
	Space Sector	<p>The EZ at GES will target businesses operating in the following sub sectors:</p> <ul style="list-style-type: none"> <li>• Commercial satellite communications and specialised operations, tele-command, telemetry and control</li> <li>• Deep space communications and radio astronomy services</li> <li>• Secure data centre facilities, hi-speed connectivity, high-tech electronics and communications manufacturing centres</li> <li>• Maximising the potential value of satellite applications to their business needs through the Centre of Excellence and a small innovation/enterprise centre</li> </ul>
	Spaceport Sector	<p>Spaceport will target investment from a variety of deployed systems and sole user system facilities for the following potential users (full system or sub system technologies) such as:</p> <ul style="list-style-type: none"> <li>• Spaceplane systems - manufacturer/assembly and operator</li> <li>• Suborbital Flight – human &amp; scientific (including parabolic flight activity)</li> <li>• Suborbital Flight with Orbital Payload</li> <li>• Orbital Flight - longer term aspiration</li> <li>• Orbital and Suborbital Payload Manufacture, Integration and Packaging</li> </ul>

<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Secondary Sectors</p>	<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Airport Growth, Engineering &amp; Aerospace Supply Chain</p>	<p>Other agreed growth targets</p> <ul style="list-style-type: none"> <li>• Advanced Engineering (Manufacturing)</li> <li>• Demand from connectivity</li> <li>• Supply-chain and spin off activity from above</li> <li>• Developers, investors &amp; funders</li> <li>• Technical and vocational secondary education including flight training.</li> </ul>
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Tertiary Sectors</p>	<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Other Businesses</p>	<p>The Cornwall EZ Board reserves the right, subject to approvals, to consider requests and approve occupiers that do not fall within the target sectors, where there is a demonstrable benefit to the development and future viability of the Enterprise Zone and where there is not detrimental local displacement. The Gateway Criteria and the governance structure will protect and monitor activity to prevent displacement.</p> <p>This category includes business Support Infrastructure: hotels, restaurants, cafes.</p>