

TEES VALLEY ENTERPRISE ZONE BUSINESS RATES DISCOUNT SCHEME

Northshore Government Funded Rate Relief Site

Applications will be assessed following completion and submission of the Tees Valley Enterprise Zone Business Rate Discount Form. If a business later wishes to re-locate within the Enterprise Zone, or move to an additional site within the Enterprise Zone, a new form will need to be completed.

To qualify for discount

- a) The whole or part of the property must be situated within the area shown on the map at **Appendix 2**; and
- b) The business occupying the property must satisfy at least one of the sector definitions defined at **Appendix 1**; and
- c) The business' liability for payment of business rates must commence before 1st April 2022; and
- d) In the case of a business that already exists within the Tees Valley, that business must *either* demonstrate acceptable growth *or*, where the business does not have plans to grow, the Enterprise Zone Eligibility Panel will reach a decision on whether the business is eligible for discount.
- e) State Aid De Minimis limits must not be exceeded.

The amount of discount:

Subject to State Aid legislation, where the property is occupied or where empty rates are payable during any "setting-up" period prior to occupation, 100% discount will be awarded up to a maximum of €66,666 (around £58,000 depending on exchange rates) in any financial year (a financial year being 1st April – 31st March).

No discount will be awarded in respect of empty rate charges that become payable if the business vacates the property or ceases trading.

Enterprise Zone Business Rate discount is regarded as De Minimis State Aid. If the business has received any other De Minimis State Aid during the current and the preceding two financial years this will be taken into account in calculating the amount of Business Rate Discount that may be awarded, to ensure that State Aid De Minimis levels (currently €200,000 over a rolling three year period), are not exceeded.

The period of discount:

Discount will be awarded for 5 years subject to satisfactory annual review.

A business cannot benefit from Business Rates Discount for more than 5 years in respect of the same building.

Annual Review

The business will be required to complete and return an Annual Evaluation Form, to be provided, which will include a report of progress made against the plans described in its Enterprise Zone Business Rate Discount application form. Ongoing discount will not be unreasonably withheld, but where concerns are identified, other than where State Aid De Minimis levels would be exceeded, businesses will be given 1 year's notice of intention to terminate the discount. Each case will be considered on its merits, however, reason for terminating an award of discount could include:

- The business no longer satisfies one of the sector definitions.

If, during the 1 year notice period, the business takes satisfactory steps to rectify the issue that prompted the decision to end the discount, the termination notice will be withdrawn.

In cases where State Aid De Minimis levels would be exceeded, discount will be terminated with immediate effect.

Decisions and Appeals

Decisions on awards of Business Rates Discount under this scheme are delegated to the Head of Revenues & Benefits in consultation with the Tees Valley Enterprise Zone Eligibility Panel.

Sector Definitions

Advanced Engineering/Advanced Manufacturing

1. Firstly, the terms advanced engineering and advanced manufacturing should be regarded as inter-changeable.
2. At the top end of the spectrum, advanced engineering can be defined simply as *“manufacturing that entails rapid transfer of science and technology into manufacturing products and processes.”* (PCAST, April 2010). Applying this as an eligibility criterion would give the purest form of advanced engineering, but would be perhaps too restrictive for an economy where more traditional companies are being supported to move towards becoming advanced.
3. A more rounded definition is provided by the US based National Association of Advanced Manufacturing, as *“the advanced engineering entity makes extensive use of computers, high precision, and information technologies integrated with a high performance workforce in a production system capable of furnishing a heterogeneous mix of products in small or large volumes with both the efficiency of mass production and the flexibility of custom engineering in order to respond quickly to customer demands.”* This definition is perhaps more applicable to the current situation in Tees Valley.
4. A simpler, complementary definition could be seen as *“the use of recently developed techniques and equipment to produce commodities generally considered to be high tech, complex or difficult to make”* (AED International, 2011).
5. To assist in identifying an advanced engineering company, some of the following characteristics should be in evidence:
 - Companies undertaking advanced engineering maintain an ongoing commitment to research and development, often with dedicated R&D functions and strong relationships with commercial and academic research institutions.
 - The companies will utilise technology to improve the production methodologies and day-to-day techniques they use to manufacture their goods.
 - It is probable that an advanced engineering company will employ a highly experienced and creative work force who are able to apply a high degree of innovation and problem solving to their daily production tasks.
 - Most advanced engineering firms will operate in an added-value section of the manufacturing economy, have a high rate of technology adoption and the ability to use that technology to retain competitive advantage.

Chemicals

1. The chemical, pharmaceutical & biotechnology sector, also known as the process sector, is one of the largest industries in the North East. The sector

involves cutting-edge developments in biotechnology, medicine, nanotechnology, and new energy sources. These are the chemistry using industries of chemicals, fine & speciality chemicals, petrochemicals, polymers and composites, pharmaceuticals, biotechnology, bioresources, biofuels and renewable energy and low carbon materials. (Source; One North East/NEPIC)

2. The sector is knowledge driven, high added value and includes the following;
 - Research and design including laboratory based research.
 - Feedstock production predominately oil refinery products and hydrocarbon gases, but also including minerals, water, air, coal and biological feedstocks – into a number of primary building blocks. These include basic petrochemicals, methanol, hydrogen, ammonia, nitric acid, and other gases such as chlorine.
 - The primary building blocks are in turn converted into a range of industrial products, such as, plastics and rubber and intermediate chemicals which are in themselves important building blocks for specialist products targeted directly at the needs of specific manufacturing processes or consumers. These include speciality chemicals (such as pharmaceuticals) and consumer products (such as personal care items, paint and photographic goods).
 - As well as describing the chemical industry in terms of product characteristics, it is also commonly defined as either 'organic' (mostly based on oil feedstock) and 'inorganic' (based on other feedstocks).
3. A key part of the Chemicals/Process sector is the emerging biotechnology industry. A detailed general definition of "Biotechnology" is The Biotechnology Industry Organization (BIO, the industry's advocacy group) defines biotechnology as "the use of the cellular and molecular processes to solve problems or make products."² Included in this definition of the industry are firms that use cells and biological molecules for applications in medicine, agriculture and environmental management. (Source; Biotechnology Industry Organisation)
4. For the purpose of the Chemistry Innovation Sustainable Technologies Roadmap 2007 the UK chemical industry is divided into four principal sectors; each of which will exploit technology in different ways.
 - Pharmaceuticals - Chemicals and formulated products to prevent or treat disease conditions and to promote health. This is a highly innovative sector, with a constant need to find novel active ingredients and new ways to deliver drugs.
 - Consumer products - Products sold directly to consumers, including cosmetics, cleaning products, paints and adhesives, but excluding foods and fuels.
 - Specialty chemicals - Specialty chemicals are sold on what they do, rather than what they are and what they cost. Performance is the important issue. Specialty chemicals are sold in lower volumes and at higher value than commodity chemicals. Innovation is key and the attraction for this sector is the potential of green chemical technologies to open up new areas of chemistry.

- Commodity chemicals - Chemicals produced in high volumes and sold on the basis of specification and price.
5. To assist in identifying chemical/process companies, some of the following characteristics should be in evidence:
- Maintain an ongoing commitment to research and development, often with dedicated R&D functions and strong relationships with commercial and academic research institutions.
 - The companies will utilise technology to improve the production methodologies and day-to-day techniques they use to manufacture their goods.
 - It is probable chemical/process industry company will employ a highly experienced and creative work force who are able to apply a high degree of innovation and problem solving to their daily production tasks.
 - Most chemical/process industry firms will operate in an added-value section of the manufacturing economy, have a high rate of technology adoption and the ability to use that technology to retain competitive advantage.
6. Appropriate uses for the Tees Valley Enterprise Zone will include the manufacture of equipment, design, construction installation, management and operation of chemical/process facilities. It is not anticipated that raw material storage facilities would be supported unless there was a compelling need for this element of the supplier chain to be in close proximity to a research and development or significant manufacturing facility.

Digital

1. For the purposes of the Enterprise Zone sites the digital sector will include companies that utilise digital technology to develop, design or produce a digitally delivered, product or service – this excludes the normal application of administrative software.
2. Although it should be relatively straightforward to identify the majority of companies as being included or excluded by this definition, there are a number of factors that should also be considered in determining a final judgement where uncertainty exists. These include:
 - To what extent is the digital element the focus of the business?
i.e. a company might traditionally produce newspapers, but be moving increasingly towards a more web-based operation. It is suggested that digital output should comprise at least 50% of turnover so it can be classed as the primary focus of the business.
 - What elements of the company are going to be located within the Enterprise Zone?
i.e. if Amazon open a call centre to handle customer enquiries, this should not be considered a digital operation.

Renewables

1. The general definition of “Renewable Energy” is defined as energy which is naturally occurring and which is theoretically inexhaustible, such as energy from the sun or wind. It includes energy sourced from hydro, wind, solar, wave, tide and sea, food waste and biomass.
2. The UK Governments definition of environmental goods and services sector, defines the Renewable Energy sub sector as: products, systems and services for the generation and collection of energy from renewable sources such as biomass/biofuels, solar, photovoltaic, wind, hydro, tidal and geothermal sources.

Examples include:

- manufacture of equipment, design, construction, installation, management and operation of renewable energy facilities, including micro generation
- combined Heat and Power (renewable feedstocks)
- distribution of renewable energy (including electricity and heat)
- distribution/storage of renewable fuels
- heat exchangers including ground pumps
- manufacture/installation/repair of generation equipment
- research and development of new/improved renewable energy technologies
- supply of agricultural feedstocks for biomass / biofuels
- supply of renewable energy
- supply of renewable fuels
- research and development, and production of, cleaner technologies & processes in the above sub-sector

UK Government Definitions of the Environmental Goods and services Sector – October 2006

3. The UK Government Renewables Roadmap sets out a comprehensive action plan to accelerate the UK’s deployment and use of renewable energy, and put us on the path to achieve our 2020 target, while driving down the cost of renewable energy over time. It identifies the eight technologies that have either the greatest potential to help the UK meet the 2020 target in a cost-effective and sustainable way, or offer great potential for the decades that follow. These technologies are:

- onshore wind
- offshore wind
- marine energy
- biomass electricity

- biomass heat
- ground source heat pumps
- air source heat pumps
- renewable transport

Energy from wind, biomass and heat pumps are the leading contributors, including offshore wind - where the UK has abundant natural resource and is already the world's largest market. The remaining energy necessary to meet the 2020 target will come from technologies such as hydropower, solar PV, and deep geothermal heat and power.

UK Renewable Energy Roadmap July 2011

4. To assist in identifying a Renewable Energy company, some of the following characteristics should be in evidence:
 - Companies undertaking Renewable Energy activities maintain a high level of linkage to the UK Government Environmental Goods and services sector and complimentary businesses within the UK Government Definition of the Environmental goods and services sector, which include Air Pollution Control , Cleaner Technologies & Processes, Environmental Consultancy, Environmental Monitoring, Instrumentation and Analysis, Energy Management/Efficiency, Marine Pollution Control, Noise and Vibration Control, Remediation and Reclamation of Land, Renewable Energy, Waste Management, Recovery and Recycling, Water Supply and Wastewater Treatment, and which clearly add demonstrable value *specifically* to the renewables cluster should be encouraged to support cluster development.
 - The companies will utilise technology to improve the production methodologies and day-to-day techniques they use to manufacture their goods.
 - It is probable that a Renewable Energy company will employ a highly experienced and creative work force who is able to apply a high degree of innovation and problem solving to their daily production tasks.
 - Most Renewable Energy firms will operate in an added-value section of the manufacturing economy; have a high rate of technology adoption and the ability to use that technology to retain competitive advantage.

Northshore Government Funded Rate Relief Site

The government funded rate relief site is an area of 4.1 ha (marked in red on the map below) within the overall Northshore site.

