

**CABINET****30 SEPTEMBER 2019****COMPANY NAMED IN APPENDIX 1 – APPLICATION FOR FINANCIAL ASSISTANCE**

**Councillor Tony Jones, Cabinet Member, Regeneration and Growth, said:**

“We want to create a Wirral that has economic growth at its heart; a Wirral that provides community wealth and better employment opportunities for its residents. We can only do this by supporting local businesses with the means and infrastructure that they may need, support that would not be available without public sector intervention. This report sets out how Wirral Council’s Capital Programme, and it’s allocation of funding for business growth will support and enable a Wirral business to grow, expand and reinvest, both financially and socially, within the borough.”

**REPORT SUMMARY**

This report seeks approval to provide a grant to enable the company named in Appendix 1 to diversify, expand and create jobs, in line with the objectives of the Council’s Business Investment Fund and Wirral Growth Plan.

Appendix 1 of this report contains commercially sensitive project and company information. Accordingly, Appendix 1 is deemed to be exempt from disclosure under paragraph 3, Part 1 of schedule 12A of the Local Government Act 1972 (as amended). This report should be read in conjunction with Appendix 1.

This matter affects the Bromborough ward.

It is not a key decision.

**RECOMMENDATION/S**

1. It is recommended that a grant in the sum of £181,000 be paid from the date of the signing of the legal agreement, subject to the conditions outlined in the report, towards the business growth project being undertaken by the company named within Appendix 1.
2. The Director of Governance and Assurance be authorised to draw up and sign a legal agreement between the Council and the business subject to the conditions outlined in this report.

## **SUPPORTING INFORMATION**

### **1.0 REASON/S FOR RECOMMENDATION/S**

- 1.1 To enable the company named in Appendix 1 to diversify, expand and create jobs, in line with the objectives of the Council's Business Investment Fund and Wirral Growth Plan.
- 1.2 The Council's Capital Programme includes an allocation for funding for business growth grants. The aim of the scheme is to provide support to businesses for viable projects that will support employment growth and business expansion within the Borough, which would not proceed without public sector intervention and which are not able to access any other external funding.

### **2.0 OTHER OPTIONS CONSIDERED**

- 2.1 Grant funding will enable maximum benefits realisation for this project. The applicant has explained that without the grant, they would scale back the project to reduce the call on their working capital. The applicant has stated that it is likely that they would not enter into the lease of two additional commercial units in order to free up working capital to repay HP costs. They would consider building new rooms in their current premises, without recommended upgrades which could jeopardise their industry accreditation.

### **3.0 BACKGROUND INFORMATION**

- 3.1 The company named in Appendix 1, was established 53 years ago and was incorporated 34 years ago as an artwork generation house servicing the pharmaceutical industry.
- 3.2 Over the last 25 years the company has diversified into the production of cartons and leaflets, the provision of contract packing services and product manufacturing for the pharmaceuticals and life sciences industries. The focus of the company remains life sciences. The company named in Appendix 1 has experienced significant growth over the past 10 years, now having two sites, one at Bromborough and one in North Wales.
- 3.3 The company named in Appendix 1 has applied to Wirral Council's Business Investment Fund for a growth grant to support company expansion and diversification. The assistance of funds is required to enable the expansion into additional premises, the undertaking of commercial fit out and installation of new production lines in support of the company's diversification into new markets.

### **APPLICATION**

- 3.4 The company named in Appendix 1 has outlined an ambitious business plan for the Bromborough operation, which states its main objective over the next three years to be 'growth in turnover and diversification of the customer base [to] provide a greater contribution to fixed overheads and so deliver significant profit improvements'.
- 3.5 The company currently employs 121 FTE staff at their Bromborough site. If successful in securing Business Investment Fund, the company forecasts that they will employ an additional 10 FTE posts by 31/03/2020 and a further 10 posts by 31/03/2021. In

delivering this project, the future of the company and the current FTE will be increasingly secure.

### **STRATEGIC FIT**

- 3.6 The project strongly supports Wirral and the wider city region growth agenda by supporting the development of the Health and Life Sciences sector, which is identified as a priority sector by Liverpool City Region LEP, Combined Authority, Wirral Chamber of Commerce and Wirral Council.
- 3.7 The Wirral Plan – A 2020 Vision sets out the vision for the borough and has economic growth at its heart to ensure residents can access good, high paying jobs in a stable and thriving economy. The plan identifies 20 key pledges that the Council, and its partner agencies, must deliver and this project directly supports two of these, while indirectly supporting many others:
- Increase inward investment
  - Greater job opportunities

### **ASSESSMENT**

- 3.8 Applications for Business Investment Fund are considered by the Council's Wirral Waters Programme Board, comprising senior officers from the council's regeneration, legal, strategic transport, place and investment and finance departments. Applications are assessed against criteria including reviewing the plans and proposals for compliance against the objectives as well as the deliverability of the project and future sustainability. This process includes an assessment of outputs in respect of employment opportunities, investment leveraged, and the degree of financial support requested.

## **4.0 FINANCIAL IMPLICATIONS**

- 4.1 The applicant is solvent, and it is expected that the project will significantly enhance the company's capacity and employee numbers. The project plans are viable and provided that the usual safeguards are built into any agreement, there are no financial reasons why the £181,000 grant requested should not be offered to the Company. The application should be recommended on that basis.
- 4.2 The forecasts of business activity appear consistent with the project assumptions. The application does not omit any material costs or income from its forecasts, which are consistent with previous experience.

## **5.0 LEGAL IMPLICATIONS**

- 5.1 The offer of financial assistance is always subject to state aid compliance. State Aid rules exist in order to prevent any form of aid to a commercial undertaking distorting, or threatening to distort, competition within the European Community.
- 5.2 The offer of financial assistance will be made to the company subject to a legal contract being put in place between Wirral Council and CMS as the applicant.

## **6.0 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS**

- 6.1 None as a result of this report.

## **7.0 RELEVANT RISKS**

- 7.1 The project appraisal assesses risks in relating to the financial stability of the company and also the company's ability to fund other elements of the project proposal.
- 7.2 The applicant is solvent with a sound business proposal to significantly enhance the company's capacity and range of services. The project plans are viable, and the company accounts give no indication of financial difficulties. Provided that the usual safeguards are built into the grant funding agreement, there are no financial reasons why the £181,000 grant requested should not be offered to the company.
- 7.3 Under State Aid Compliance Regulations, (Annex 1 GBER), any public funded support up to a value of "Euro 200,000 per undertaking during three fiscal years is not considered as aid". A de-minimis declaration is, however, required from the company detailing the value of aid received to date, covering a period of three fiscal years.
- 7.4 The company has submitted a de-minimis declaration which states that they have received no de-minimis aid within the past three financial years. Therefore, £181,000 is within the €200,000 threshold.
- 7.5 The grant funding agreement will include conditions for claw-back of any grant paid to the company if the project is not completed, or jobs not created.

## **8.0 ENGAGEMENT/CONSULTATION**

- 8.1 This project supports two of the 20 pledges in the Wirral Plan: A 2020 Vision which was developed following full consultation with partner organisations and residents. The Wirral Growth Plan has also been informed by consultation which has taken place with a number of public and private sector partners and with local businesses

## **9.0 EQUALITY IMPLICATIONS**

- 9.1 The potential impact has been reviewed with regard to equality and links to the existing EIA conducted for Wirral's Growth Plan.  
<https://www.wirral.gov.uk/communities-and-neighbourhoods/equality-impact-assessments/equality-impact-assessments-2014-0>

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## **APPENDICES**

Appendix 1, titled Supporting Information, contains commercially sensitive project and company information. Accordingly, Appendix 1 is deemed to be exempt from disclosure under paragraph 3, Part 1 of schedule 12A of the Local Government Act 1972 (as amended).

## **BACKGROUND PAPERS**

Appraisal papers have been used in the preparation of this report which are held by the Place and Investment Team. These documents are commercially confidential.

## **SUBJECT HISTORY (last 3 years)**

<b>Council Meeting</b>	<b>Date</b>