

CABINET

25 NOVEMBER 2019

COMPANY NAMED IN APPENDIX 1 – APPLICATION FOR FINANCIAL ASSISTANCE (1)

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

“We want Wirral to be seen as a welcoming and supportive place to do business, with a local authority that gives them the best possible chance to succeed and thrive. We recognise that successful local businesses contribute much to the local economy, creating jobs and opportunities for local people and bringing further investment to the area as they develop and grow. Providing financial assistance at the right time to companies who have viable plans for growth within Wirral is the right thing for the local authority to do.”

REPORT SUMMARY

This report seeks approval to provide a grant to enable the company named in Appendix 1 to 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 Birkenhead and Tranmere ward.

It is not a key decision.

RECOMMENDATION/S

1. It is recommended that a grant in the sum of £100,000 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 to the report.
2. It is recommended that a loan in the sum of £320,000 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 to the report.
3. 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 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 via the Business Investment Fund. 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 be unable to expand into additional premises, despite demand from their existing clients and new customers. The applicant has also stated that the company would have to increase use of overdraft facilities, something that would be undesirable, as any subsequent reduction in liquidity may lead to loss of business from customers who set strict credit rating criteria.

3.0 BACKGROUND INFORMATION

- 3.1 The company named in Appendix 1 provides printing services to the food and drinks industry.
- 3.2 In recent years the company has expanded its operations to include new print technologies, enabling the company to meet market demand from a blue-chip customer base which includes household names and supermarket own brands.
- 3.3 The company has grown its market share over recent years and has the opportunity for further growth. To meet this demand, the company has identified a requirement to install an additional production line.
- 3.4 The report seeks approval for £100,000 of grant and £320,000 of loan support from the Business Investment Fund to enable the growth and development of the company in Wirral. 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.

3.5 APPLICATION

- 3.5.1 The company named in Appendix 1 has outlined an ambitious plan for the Birkenhead operation that will enable it to grow their operations in response to changes in the market for printed labels and increased demand from existing customers.
- 3.5.2 The company occupies 85,000 sq ft commercial space in Birkenhead, employing 110 staff. The company forecasts that they will recruit an additional 15 full time equivalent employees by 31/03/2021 as a result of this project. In delivering this project, the future of the company and the current FTE staff will be increasingly secure.

3.6 STRATEGIC FIT

3.6.1 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 three of these, while indirectly supporting many others:

- Greater job opportunities in Wirral
- Increased inward investment
- Thriving small businesses

3.7 ASSESSMENT

3.7.1 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 £100,000 grant and £320,000 loan 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 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 £100,000 grant and £320,000 loan 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.
- 7.5 The grant funding agreement will include conditions for claw-back of any grant or loan paid to the company if the project is not completed, or jobs not created.

8.0 ENGAGEMENT/CONSULTATION

- 8.1 This project supports three 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>

10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS

- 10.1 The content and/or recommendations contained within this report are expected to have no impact on emissions of CO2.

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APPENDICES

Appendix 1 to this report, 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)

Council Meeting	Date