

CABINET

25 NOVEMBER 2019

COMPANY NAMED IN APPENDIX 1 – APPLICATION FOR FINANCIAL ASSISTANCE (2)

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 relocate to Wirral, 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 £275,000 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 this report.
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 relocate to Wirral, 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 create the space and facilities required at the new site in order to grow.

3.0 BACKGROUND INFORMATION

- 3.1 The company named in Appendix 1 provides product research, development and advanced manufacturing for high value sectors.
- 3.2 In recent years the company has expanded its operations at a science park outside of Wirral, in the North West of England. The company has the opportunity to expand and has identified Wirral as the best location for their future growth and development.
- 3.3 The company has provided accounts that show a track record of consistent year on year growth that is between 30-50% and has outlined a pipeline of projects that pave the way for threefold growth in turnover and employees over the next 36 months.
- 3.4 In order to meet these demands on growth, the company plans to move into a purpose-built Biotech and Product Development Laboratory and Advanced Manufacturing facility in Bromborough.
- 3.5 The report seeks approval for £275,000 of grant 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 project costs of c£1.85m for the relocation into additional premises, the undertaking of commercial fit out and installation of new laboratories to enable the company's continued expansion in to high value markets.

3.6 APPLICATION

- 3.6.1 The company named in Appendix 1 has outlined an ambitious plan to relocate to Wirral International Business Park, Bromborough. The company has identified new build premises from which to base their operations.

3.6.2 Currently the business has a limited capacity for projects. This expansion plan creates the physical space and resource capacity to allow the business to grow by taking on more projects with their international and domestic clients.

3.6.3 With the continued growth of the business, the Wirral location will also have the opportunity for further expansion in the ceiling void to add a second floor at a later date. This will be funded by the business as part of its long-term growth planning.

3.7 STRATEGIC FIT

3.7.1 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

3.8 ASSESSMENT

3.8.1 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, exports 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 £275,000 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 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 relating to the financial stability of the company and 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 £275,000 grant requested should not be offered to the company.

7.3 As per Annex one of GBER, (General Block Exemption Rule), the company is classified as a "Small sized company" i.e. less than 50 employees and turnover under Euro 10 million. The company can therefore receive up to 30% of the total eligible project costs under Regional Investment Aid; (Regional aid intensity under regional aid at 10% + 20% bonus for small enterprises). Legal advice will be gained prior to any award of funding.

7.4 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 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.

REPORT AUTHOR: *Ben Lavell*
Economic Development Lead
Telephone: (0151 691 8027)
Email: benlavell@wirral.gov.uk

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)

Council Meeting	Date