

**REPORT TO:** Executive Board

**DATE:** 2 October 2014

**REPORTING OFFICER:** Strategic Director, Children and Enterprise

**SUBJECT:** Business Rates Proposal - Unit 3 Aragon Court, Manor Park

**PORTFOLIO:** Resources, Physical Environment, Economic Development

**WARDS:** Daresbury

## **1.0 PURPOSE OF THE REPORT**

1.1 The purpose of this report is to inform Members of a proposed investor development project at Manor Park, where the company proposing to move into and invest in currently vacant premises, has requested support and Business Rates Relief.

## **2.0 RECOMMENDATIONS: That**

- 1) **Members approve the proposals outlined in this report; and**
- 2) **given the benefits to the Borough available from the economic development opportunity outlined in the report, and, subject to the required outcomes being delivered regarding capital investment and job creation, approval be given on an exceptional basis to the award of business rate relief to Jem Recycling Group at Unit 3, Aragon Court, Manor Park for the period of six months at a level detailed in this report.**

## **3.0 SUPPORTING INFORMATION**

3.1 As previously reported, members will be aware that in April 2013 the Government introduced a business rates retention scheme. This means that Councils are able to keep a proportion of the business rates revenue as well as growth on the revenue that is generated in their area.

3.2 The scheme seeks to offer Councils a strong financial incentive to promote economic growth.

3.3 Where Councils have greater needs than their business rates income, they will receive a top-up payment from Government.

- 3.4 Councils can increase their business rates revenue by incentivising businesses to either relocate to the area, or encourage them to expand their existing business.
- 3.5 Consideration was given to developing a discretionary scheme, but it is now considered more appropriate to look at applications for Business Rates Relief on a case by case basis and where there are exceptional reasons for doing this.
- 3.6 A request for Business Rates Relief has been received from a company called Jem Recycling Group who have agreed a long lease on premises at Manor Park, Runcorn.
- 3.7 Jem Recycling Group was originally established as James Environmental Management in 2006 by MD Philip Robinson but rebranded in 2013 due to management buyout. Both companies within the group have expert knowledge of the waste and recycling sector, Jem broker card, film, plastic & glass waste and in addition supply capital equipment ranging from small compactors to fully automatic baling machines.
- 3.8 The wider business also provides cleaning services, facilities management and total waste solutions.
- 3.9 The main purpose of the move to Manor Park is to further develop relatively new parts of the business in remanufacturing waste fabrics to produce high quality bean bags and other products such as beach bags. Significant to this new direction has been the relationship developed with One3One, a national initiative which links businesses with the prison community. Engaging with One3One will allow the business to meet its growth potential quickly whilst helping develop skills within the prison population which is a key platform of One3One.
- 3.10 Jem have had positive feedback from major blue chip retailers and have trailed the bean bag product successfully at trade shows. The One3One programme attracts a wide range of service users including names such as DHL/Timpsons/Polymer Recycling Ltd/LMB textile recycling and business activity includes print/textiles/engineering/laundry/woodwork.
- 3.11 Jem currently employs 15 full time staff and the move to Manor Park will create an additional 6 jobs initially with a further 6 through planned business growth development.

#### **4.0 POLICY IMPLICATIONS**

- 4.1 Members are advised that on its own, an offer of this rate relief to Jem would not in itself be the only factor to influence the location and investment decision. Rather, as part of a package that the Council already provides (for example, assistance in bidding for grants, access to finance growth and businesses support, recruitment and selection through the Halton Employment Partnership), overall these measures send out a powerful

message to businesses that the Council is pragmatic in the support and commitment it gives to companies.

4.2 The proposal in this report needs to demonstrate that there are exceptional reasons for supporting what is effectively a six month business rate free period.

4.3 The exceptional reasons relate to the fact that the scheme has the potential to create long term sustainable jobs and provide capital investment in the Borough. As detailed, the operations of Jem contribute to the broader waste reduction and recycling/environmental agendas. The project also links with a programme successfully working with prison populations through One3One improving skills and helping with reintegration of offenders.

## **5.0 OTHER/FINANCIAL IMPLICATIONS**

5.1 Although, in the short term, the Council would lose revenue arising from the offer of business rates relief, in the longer term the Council would recoup this lost income through the decision of Jem to invest in Halton and create new sustainable jobs and develop skills locally.

5.2 This request and the support that follows will be carefully managed to ensure that the Council not only received a maximum return on its investment (i.e. Temporary loss of business rates revenue), but that the Borough received maximum added value and impact in economic regeneration terms.

	<b>£</b>
Current rateable value unit 3 Aragon Court Manor Park	41,500
Current annual rates payable 3 Aragon Court Manor Park	20,003
Six months relief on rates payable at unit 3 Aragon Court Manor Park	10,001

## **6.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES**

6.1 Members are advised that this proposal to grant business rate relief is being undertaken on a case by case basis. The proposal is regarded as an exceptional case, given the nature of the potential investment being made. For this reason, Members are invited to support the application for business rate relief.

## **7.0 RISK ANALYSIS**

7.1 To ensure that the Council would receive a reasonable return on the granting of business rates relief the following criteria have been applied to this scheme:

- It will include the refurbishment and re-use of a currently vacant commercial building of more than 10,000 sq. ft.

- It will initially create 6 new jobs locally and up to 12 jobs in total over the life of the project.
- This is direct support to a known business user and not support for a speculative proposal by a developer/landlord designed to attract footloose business;
- The company will confirm that the rate relief is State Aid compliant.

## **8.0 EQUALITY AND DIVERSITY ISSUES**

8.1 There are no equality and diversity issues arising from this report.

## **9.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972**

9.1 None under the meaning of the Act.