

REPORT TO: Executive Board
DATE: 15 June 2017
REPORTING OFFICER: Strategic Director – Enterprise, Community & Resources
PORTFOLIO: Resources
SUBJECT: Discretionary Business Rates Relief Request
WARD(S) Borough-wide

1.0 PURPOSE OF THE REPORT

1.1 The purpose of this report is to consider a request for discretionary business rates relief from The Contact Group, in relation to their premises at Unit 17, Mulberry Avenue, Turnstone Business Park, Widnes.

2.0 RECOMMENDATION: That the Contact Group's request for 100% discretionary business rates relief in respect of Unit 17, Mulberry Avenue, Turnstone Business Park, Widnes, on the basis set out in paragraph 3.8 below, be rejected.

3.0 SUPPORTING INFORMATION

Background

3.1 The Business Rates Retention Scheme is intended to offer councils a financial incentive to promote economic growth. Councils can increase their business rates revenue in the longer term, by offering discretionary rate relief to encourage businesses to either relocate to the area, or encourage them to expand their existing business.

3.2 The Council has historically considered applications for discretionary business rates relief on a case by case basis and only where there are exceptional reasons for awarding such relief.

Unit 17, Mulberry Avenue, Turnstone Business Park, Widnes

3.3 The Contact Group occupy the above premises on Turnstone Business Park, Widnes and also has premises in Birmingham. The Company, formed in 2000, is a leading technology supplier to the education sector, specifically delivering communication and data services. It provides a range of parental engagement services, through messaging and apps (applications). It also provides products that cover behaviour as well as collection and reporting of data extracted from school management information systems. As a result, administration time and costs for schools and education

providers are significantly reduced, which has led to the Company receiving widespread recognition and numerous national awards.

3.4 The Company provides services to over 2,500 schools and 21 local authorities in the UK and Ireland. Currently they work with primary and secondary schools, academies, nurseries and sixth form colleges. They also work with international schools in Europe, the Middle East, Africa and Australia.

3.5 In November 2015 the Company moved its local office from Warrington to Turnstone Business Park in Widnes, along with its product and marketing functions from their Birmingham office.

3.6 The Company have ambitious plans for further expansion of its sales staff in Widnes and is considering purchasing another unit at Turnstone Business Park.

Business Rates

3.7 In February 2016 the Company requested and were granted 100% discretionary rate relief for 2016/17, at a cost of £5,418 (49%) to the Council. This was awarded on the basis of £1,000 per annum per new full-time equivalent member of staff recruited between November 2015 and 31st March 2016. In practice the Company recruited 13 additional full-time equivalent staff during this period.

3.8 The Company have now requested that discretionary rates relief be granted for 2017/18 on a similar basis, of £1,000 per annum for each new full-time equivalent member of staff recruited during 2016/17.

3.9 Council officers have verified that the Company has actually recruited an additional 12.7 full-time equivalent staff to its Turnstone Business Park premises during 2016/17.

3.10 If the request is granted this would equate to 100% business rates relief for 2017/18, as the total 2017/18 business rates liability for the premises is £7,573. In 2016/17 the total rates liability for the premises was £11,058 but this has been reduced following the April 2017 business rates revaluation.

3.11 The cost of granting such relief to the Council would be £7,573, as the Council is now part of the LCR 100% business rates retention pilot scheme and therefore would meet the full cost of any rate relief awarded.

Conclusions

3.12 The Council has historically granted discretionary business rates relief in circumstances where it will incentivise companies to move

into the Borough or to expand their existing premises and thereby provide additional employment, which may not otherwise have been the case.

- 3.13 The Council must also be mindful when awarding discretionary business rate relief, of the balance between the employment benefits which a proposal may bring to the Borough and the significant financial challenges which the Council faces for which business rates is the major element of funding.
- 3.14 The Contact Group was awarded 100% business rates relief in 2016/17, to incentivise them to recruit additional, permanent staff upon their relocation into the Borough. The Company has developed well and has ambitious expansion plans, which include recruiting further significant numbers of additional staff.
- 3.15 However, there is no evidence that the award of discretionary business rates relief for 2017/18 will influence the Company's plans for expansion and staff recruitment. Therefore it is recommended that the Company's request for discretionary business rates relief be rejected.

4.0 POLICY IMPLICATIONS

- 4.1 The Council has historically considered requests for discretionary business rates relief on a case by case basis and where there are exceptional reasons for awarding relief.

5.0 FINANCIAL IMPLICATIONS

- 5.1 If granted, the cost of such discretionary rate relief to the Council for 2017/18 would be £7,573.

6.0 IMPLICATIONS FOR THE COUNCILS PRIORITIES

Children & Young People in Halton

- 6.1 The Contact Group are looking to engage with schools and parents in Halton to provide support via a range of technology based products and services.

Employment, Learning & Skills in Halton

- 6.2 The Contact Group plan to recruit up to a further 14 additional staff to their Widnes office in the near future.

A Healthy Halton

- 6.3 None.

A Safer Halton

- 6.4 None.

Halton's Urban Renewal

6.5 None.

7.0 RISK ANALYSIS

7.1 The Company have evidenced the recruitment of the relevant number of additional, permanent staff during 2016/17.

8.0 EQUALITY AND DIVERSITY ISSUES

8.1 None.

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

9.1 There are none under the meaning of the Act.