

ROTHERHAM BOROUGH COUNCIL – REPORT TO MEMBERS

1.	Meeting	Cabinet
2.	Date:	6th August 2014
3.	Title:	Business Rates Relief for the new KP Nuts Development at Hellaby
4.	Directorate:	EDS & Resources

5. Summary

The purpose of this report is to seek Member approval to support KP Nuts moving in to a new factory on the Hellaby Industrial Estate, by assisting the company with business rates relief. The company are moving from their old building at Eastwood and investing c£15 million in a new facility at Hellaby, safeguarding 144 jobs and creating 62 new jobs by 2016.

Business rates payable for the new building total £198,825.00, however this is based on an estimate that the Valuation Office Agency (VOA) provided on 16 October 2013. A request has been made to the VOA for a formal valuation now that the property is occupied and operational. The final rateable value could be higher or lower than the estimate. This is £85,073 per annum higher than their existing building (based on estimate only). It is proposed to hold rates payable for the new building at the same level as the old building for three years until tax year 2017 – 18 subject to State Aid de minimis limits.

6. Recommendations

It is recommended that:

- **The Council support KP Nuts with their business rates payment for three years from the 2014/15 year. The support will enable the company to invest and grow here in Rotherham, safeguarding existing jobs and create new jobs in the future.**

Due to EU State Aid Regulations, this support is limited to 200,000 Euros over the three year period, which equates to £161,290 at 1.24 Euros to the £.

7. Proposals and Details

KP Nuts have been located in Rotherham since the 1930's and have recently been bought by the German Intersnack Group who run a number of nut factories across Europe, including one near Cambridge. Intersnack were looking to invest in a new nut processing facility somewhere in Europe, and KP approached the Council to see if we could assist them in capturing the investment for Rotherham.

The existing factory at Eastwood is no longer fit for purpose, and to capture the investment, KP have had to relocate their business to new premises. The other Intersnack factory at Cambridge is much newer and could take on the extra production, plus there are other group factories in Holland and Germany that could also take on the production capacity of the Rotherham plant. Competition was extremely fierce within the group, and we were keen to see this long standing Rotherham company stay in the town and grow its business in the future.

RiDO assisted KP with a Regional Growth Fund bid to the Sheffield City Region Local Enterprise Partnership fund and they were successful in securing £1.5 million for the project. The local KP management asked if we could assist them with business rates relief for the new Hellaby property and requested that we limit the rates payable on the new building to what they currently pay on the old building.

The new building is called Hellaby 140 and though of a similar size, it offers a much better layout suited to modern production techniques over the old building. Hellaby 140 covers 13,178 square metres with the Eastwood plant at 14,137 square metres. The new building business rates is estimated at £198,825.00 payable per year, this is £85,073 higher than their existing building (based on estimate only). It is proposed to hold rates payable for the new building at the same level as the old building for three years until tax year 2017 – 18. This is subject to EU State Aid De minimis Regulations which limits the assistance to 200,000 Euros over the three year period.

With Rotherham MBC support, KP will secure the investment from their parent company Intersnack, with the immediate results that 144 jobs here in Rotherham have been safeguarded. KP are investing in new machinery at Hellaby, and that will lead to a further 62 jobs being created over the next two years, and cementing the company here in Rotherham for the foreseeable future. Intersnack have already announced the closure of their Cambridge plant in the UK and moved its production to Rotherham.

8. Finance

The cost of this support will be limited to 200,000 Euros (c£161,290 at 1.24 Euros to the £) due to EU State Aid de minimis rules, for the three year period from 2014 to 2017.

9. Risks and Uncertainties

When securing new investment there is always the potential that the investment / company could move on in the future. However this is usually less likely when substantial investment in plant and equipment (Capital Investment) has been made.

10. Policy and Performance Agenda Implications

Section 69 of the Localism Act 2011 allows local authorities the discretion to award rate relief to all types of businesses. The Guide to the Act gives details as follows:

“The Localism Act gives councils more freedom to offer business rate discounts - to help attract firms, investment and jobs. Whilst councils would need to meet the cost of any discount from local resources, they may decide that the immediate cost of the discount is outweighed by the long-term benefit of attracting growth and jobs to their area”.

The Localism Act allows the Council to award up to 100% rate relief in any one year for qualifying businesses. Applications under this section will only be considered after consideration of any other forms of rate relief to which the applicant may be eligible (excluding hardship rate relief) and must not transgress any state aid rules.

11. Background Papers and Consultation

N/A

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