Doncaster Council
Inward Investment Incentives

Pilot Scheme
Policy Document

The purpose of the policy document

The purpose of this document is to provide guidance and information to DMBC officers when offering incentives to potential and new investors to Doncaster.

Officers should be aware that this is a pilot scheme - £500k has been reserved on a depleting basis i.e. at this present time the fund will not be replenished. This may be reviewed in future. Until this time, officers should consider this and the key principles of the scheme when offering grants to potential investors.

Principle

This policy specifically seeks to encourage inward investment and local job creation through a package of incentives.

Principles of the pilot scheme are:

- An increase in the Business Rate base and/or
- The creation of skilled, quality jobs for local residents

Introduction and Context

Doncaster’s Growth Plan (agreed by DMBC Cabinet in September 2013) identifies ‘a lack of Business and job density’ as a major challenge for the Borough. In order to address the challenge a key focus of the Growth Plan is measures to promote Business Growth through a combination of encouraging business start-ups, supporting indigenous businesses to grow, export and encouraging inward investment into the Borough.

This policy document sets out a high level approach to address the issues identified in the Economic Growth Plan, through the following eligible activities (explained in more detail at Summary of Incentives):

a) Speculative build – aimed at but not limited to new investors/developers to the Borough
b) New job creation – including wider consideration for indigenous business seeking to grow
c) Project set up – enabling project viability and advertising of jobs
d) Property renovation – bringing old property back into use
The Scheme

This is a discretionary, pilot scheme which seeks to provide the framework for DMBC officers to offer developers, investors and businesses a financial incentive to invest and grow in Doncaster.

As this is a pilot scheme the policy can be varied and therefore flexibly applied if, in the opinion of the Council, an investment or application is judged to be of significant importance to the development of the local economy.

The pilot scheme is not looking to incentivise displacement or movement of business within Doncaster unless this would result in an expansion in the Business Rate base (increased revenue through business rates) and create new jobs for local residents, especially those of a skilled nature.

The scheme will give due consideration for, but not exclusively to, the following sectors: Engineering; Logistics; Business Services e.g. Financial Services; Manufacturing; Green manufacturing and industry; Aviation; Rail and especially the creation of skilled jobs within these sectors.

The scheme has been developed to be an enhanced offer to encourage economic growth in Doncaster – in many cases there will be existing central funding or relief that can be applied for e.g. Regional Growth Fund. The scheme seeks to provide additionally beyond what is already available. Advice should be sought via Business Doncaster or the Programmes team regarding this and other available support. Applications will only reach the approval route once all options for support have been considered.

*The Scheme shall not apply to investors/developers/businesses locating to/from or within Enterprise Zones as defined by the Sheffield City Region Local Enterprise Partnership.*

*The Scheme will not operate outside the due process of any other DMBC decision making e.g. Planning Policy, Licensing*

Exclusions

- Retail e.g. businesses not meeting the 2 main criteria and
  - Betting shops
  - Payday loan shops
  - Pawnbrokers
  - Amusement arcades
  - Takeaways and fast food establishments
- Charities (as unincorporated associations are covered by other reliefs)
- Car parks

As this is a pilot scheme the criteria in this policy can be varied and therefore flexibly applied if, in the opinion of the Council, an investment or application is judged to be of significant importance to the development of the local economy.
Requirements of Application

Applications for the scheme will only be considered favourably where the decision makers are satisfied that an award will result in tangible benefits to local residents and in particular where the award directly results in: attracting new business; investment in to Doncaster; additional quality and skilled jobs to the local area; and increases, in the long term, revenue through business rates; The applicant will be required to submit an application form to support this.

Applications will only be considered where an official application form is received through a representative of Business Doncaster. The Council will request such supporting evidence as it considers necessary to enable the decision makers to properly assess the merits of the application.

Each application should be considered on its individual merits but the decision makers will give due consideration to the requirements of this policy when making a decision.

Retrospective applications will not be considered.

Incentive package guidance

**Note:** Any combination of grants can be offered so long as it includes either a) and/or b)

a) Speculative Build

The Speculative Build incentive covers the key principle of increasing the Business Rates base and seeks to address the issue of ‘de-risking’ new developments by incentivising a developer to take on speculative development\* in return for a commitment from DMBC to offer the end user of the property a grant equivalent in amount to a full year’s net Business Rates liability (i.e. after all other reliefs have been applied). This grant would be paid to the end user. Advice from Business Rates Team should be sought on alternative reliefs for developers.

Key principles
- Increase in the business rate base
- Rateable value £40k+

Scope: Any development which increases the business rate base to Doncaster i.e.
- New builds
- Extensions
- Change of use

This incentive would be paid to the end user/occupier of the in scope development

**Considerations:**

Applications will be considered from new to Doncaster or indigenous investors/developers/business occupying a newly built, extended or refurbished industrial/commercial property and grants offered accordingly:
Applications for this grant should have a minimum rateable value, at the time of application, of £40k – other reliefs apply for lower rateable values and investors should be made aware of this e.g. Small Business Relief threshold is £18k

The application must contribute to an increase in the Business Rate base

Up to 100% grant equivalent to a year’s net business rates liability for the property, once all other reliefs have been applied (payment spread over a minimum of 2 years)

Grants paid for extensions to properties or moves to bigger premises would be calculated on the net increase to the Business Rates base.

The developer has the option to find an end user for the property however; Empty Property relief is available for new developments and applied to the developer’s business rate liability and they should be made aware of this.

A legal agreement would be signed and the grant would be applied as appropriate once an end user began to occupy the property.

The approval of the grant will not supersede any other DMBC due process decision i.e. Planning Policy, Licensing etc.

b) Job Creation grant

This offer is to businesses looking to create new jobs for local residents. The scheme looks reward investment in jobs, particularly skilled jobs, by paying a grant of up to £500 per job.

Scope and definition

DMBC is looking to raise the overall skills and aspirations of local residents by providing the mechanism to access quality employment.

The grant will be a one off payment for posts that are created (new to Doncaster) and filled continuously for 1 year, by a resident of the borough (allowing for churn in posts i.e. if filled by different persons throughout the year), as follows:

<table>
<thead>
<tr>
<th>Annual Salary £</th>
<th>Grant per FTE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minimum wage for age bracket* including apprentices</td>
<td>£100</td>
</tr>
<tr>
<td>Living Wage UK (£7.65 p.h.)</td>
<td>£400</td>
</tr>
<tr>
<td>£23k +</td>
<td>£500</td>
</tr>
</tbody>
</table>

*Current minimum wage [16-18 £5.03] [18+ £6.31]

For the purposes of this pilot scheme ‘a job’ is defined as a minimum 30 hours (or FTE), permanent contract - this does not include zero hour contracts. To qualify, the grant requires the creation of sufficient jobs to award a minimum and maximum grant as set out below:

- Minimum job creation to £3k equivalent grant
- Maximum job creation to £50k equivalent grant

A grant will only be awarded after a 1 year continued period of employment as evidenced by the applicant.
Zero hour contracts should not be considered as job creation as this would not result in the reduction of residents on Job Seekers’ Allowance. The tiered payments for different salary levels reflect the Borough’s aim of supporting higher skilled jobs and form part of a holistic business support package approach. Business Doncaster will work with the applicant to maximise all available support to enable the creation of higher paid, higher skills jobs (particularly those requiring high skills of Level 3 (and above)).

c) Project set up grant (maximum £5k)

Officers could offer this grant to support companies with the project set up costs or setting up and creating new jobs in Doncaster. This is a flexible grant and could include grant for equipment e.g. Information Technology (install of Wi-Fi, IT equipment etc.), or for initial recruitment costs e.g. advertising posts etc. Depending on the reason for the request for this grant it should be totally flexible but will depend on the nature of the project and the skills level of the jobs created.

This would only apply to new investment to Doncaster and subject to the submitted evidence, as requested and approved by the decision makers; 3 estimates for the work involved and subsequent invoices would be submitted as evidence and grants would be paid excluding VAT; this incentive should not be offered in isolation.

d) Property renovation grant (maximum £10k)

This grant would be offered to businesses looking to move into premises that require renovation. This would be a flexible grant which would enable business to look at moving into old stock and would potentially get old unused buildings back into circulation and where, without this grant, the project would not be viable. The grant would be towards improvement of the building exterior and/or improvement towards modernisation of interior (including installation of broadband/internet technology).

This would only apply to new investment to Doncaster and subject to a business proposal i.e. sustainable and substantial benefits to the 2 key principles of increased revenue through business rates and job creation for local residents.

3 estimates for the work involved and subsequent invoices would be submitted as evidence and grants would be paid excluding VAT.

Grants would be offered to cover up to 50% of the evidenced costs

State Aid

Each application must be accompanied by a statement signed by the appropriate person representing the business setting out the amount of state aid, including but not limited to rate relief, which the ratepayer has received within the previous three years. Applications shall not be considered until this statement is received. Grants will be awarded to EU thresholds and at the discretion of DMBC.
Reviews and Appeals

Decisions on the award or otherwise of the scheme will be taken by the delegated officers and the decision will be final. There will be no automatic right to appeal. An applicant may make a request to the decision maker to review a decision but only where either;

1. Additional information that is relevant to the application and that was not available at the time the decision was made becomes available, or
2. There are good grounds to believe the application or supporting information was not interpreted correctly at the time the decision was taken.

A request for review must be made within four weeks of notification of the decision and must set out the reasons for the request and any supporting information.

Payment of grants

Payments will not be made to any business that is in arrears with its Business Rates liability.

Payments will be made in accordance with the requirements of the Scheme i.e.:

- Speculative Build after 1 year from date of occupation paid over 2 years
- Job creation after evidence has been verified that the relevant post(s) have been filled by a local resident and sustained for a minimum of 1 year.
- Renovation grant after 6 months from date of occupation
- Project set up grant after evidence of payment of goods/services e.g. invoices for goods and services excluding VAT

Process

Note: This is a discretionary policy to support the pilot scheme:

- Any grants would be classed as a ‘one-off’ arrangement based on each application’s own merits
- The scheme can be withdrawn by the Council at any time (e.g. in the event of changes in government legislation)
- The Council’s decision is final – see section on Appeals

1. DMBC Business Doncaster team adopts the scheme.
2. A developer/investor makes an initial enquiry to Business Doncaster about the scheme
3. The developer/investor advised on the criteria for each option and provided with an application and information sheet on the appropriate option.
4. The applicant must specify which grant/incentive they are interested in and briefly set out their proposal i.e. property specification, end users identified (where applicable), timescales for the delivery of the scheme and setting out why the level of a business incentive/grant would be required to make the scheme viable, number of jobs created for Doncaster residents
5. A senior officer from Business Doncaster will consider the application and the final decision would be signed off by the Director of Finance & Corporate Services and the portfolio holder for Finance

6. Application approval, by a virtual approval process, within a 30-day period of its receipt.

7. If approved a legal agreement would be issued

8. The ‘take up’ of the scheme would be monitored, through the council’s Programmes Team using standard definitions, processes and T&C etc. and this information will be used to assess the business rates base, overall costs, effectiveness, governance and scrutiny of the scheme

The criteria in this policy can be varied and therefore flexibly applied if, in the opinion of the Council, an investment or application is judged to be of significant importance to the development of the local economy