

# OFFICER DECISION RECORD

This form should be used to:-

- (1) record Executive decisions taken by officers which are non key decisions
- (2) record other non Executive decisions taken by officers

Decision Ref. No:

RE19 0018

## Box 1

**DIRECTORATE:** Regeneration and Environment

**DATE:** 12/03/2019

**Contact Name:** Andrew Webb

**Tel. No.:** 862494

**Subject Matter:** Inward Investment Business Incentive Scheme Grant  
- Thornhill Group Ltd

## Box 2

### DECISION TAKEN:

To award the following grants –

New Business Rates Grant - £91205 approximately

Job Creation Grant - £4300

Project Set up Grant - £5000

To offer a grant of up to £100,505 in recognition of the additional Business rates generated once the newly constructed units in question are brought into rating along with the creation of 11 new jobs. Project set up costs include contribution towards new racking, broadband, telephones and IT.

The ODR seeks authority to make a decision based on the terms of the application and subject to a payment schedule to be determined in line with the guidance conditions.

## Box 3

### RELEVANT BACKGROUND CONSIDERATIONS

Thornhill Group Ltd is a manufacturing and engineering group operating in the oil, gas, manufacturing, engineering and rail sectors. The group company has 3 wholly owned subsidiaries namely Thornhill Engineering Services Ltd, Thornhill Rail Ltd and Thornhill Rubber Ltd. The rail business is based in the Midlands and the rubber business is based in Grimethorpe with the engineering business being split between Grimethorpe and Blaydon in the North East. The Grimethorpe business is split over 3 sites and from an operational perspective the current management see many opportunities to improve productivity by consolidating areas of the business into one site.

Thornhill Group Ltd are currently averaging around £1m per month in turnover with a gross margin of 34%. The operating profit margin is just over 6% and it is the

operating costs where the Directors see the benefits of the move. The initial costs of moving will impact on trading significantly in the first year (Thornhill anticipate moving in May 2019), however, the increased capacity, operational efficiencies of being on 1 site and the opportunity to work with new supply chain clients in the borough will come through in years 2 and 3.

One such site is Parkside on Wheatley Hall Rd, Units C&D, approximately 60,000 sq ft and not yet in rating. The rateable value is likely to be in the order of £370,000. Thornhill have been negotiating with St Modwen Developments but they are also considering expanding existing sites in the Midlands and an additional site in the North East.

Doncaster remains as the preferred option. It is less than 20 miles from the existing Grimethorpe site so they expect a good number of the existing, skilled workforce to stay with the business. The site in question exceeds their space requirements by around 30% and allows for consolidation and expansion. In addition, Business Doncaster has presented a compelling case to choose Doncaster including access to the Business Incentive Scheme but importantly they will be based in a centre of engineering, manufacturing and rail. We see real benefits to the boroughs capabilities and significant GVA to the local economy.

The company are looking to invest further in machinery and cranes to be installed in the new facility. The total cost of this is approaching £930k.

In addition to the existing 129 staff they expect to create 11 new jobs for Doncaster residents. The move to Parkside would give them additional capacity so the final numbers may be more than this. In addition, there may be some staff that will not move with the business through choice and these roles will need to be filled.

In terms of a salary breakdown –

2 new roles at £17k per annum – General Engineering (new entrant)

4 new roles at £23k per annum – Mechanical Engineer

5 new roles at £24k - £30k per annum – Mechanical Engineer (experienced)

The company has certified the amount received in state aid since its formation in July 2018. This amount, together with the aid sought from Doncaster Council is below the state aid De Minimis limit of €200,000. DMBC will notify the company in writing of the final amount of aid provided in Euros and British Pound Sterling (BPS) for the purpose of recording aid.

DMBC programmes team will be monitoring the Business Incentive grant to ensure satisfaction of the terms of the grant relating to job creation. A legal document still has to be drawn up but will be very similar to other legal documents currently used by DMBC relative to other similar schemes.

This project will bring new rates of around £91,205 per annum. The move is likely to complete in May 2019 which will lead to this element of the grant being paid 12 months later.

As part of the terms of the deal the sum in relation to job creation will only be paid on documented evidence on the jobs being created and filled by Doncaster residents.

The project set up grant will be paid in or around May 2019 and on production of evidence of eligible expenditure.

**Box 4****CONSULTATIONS UNDERTAKEN:**

DMBC Chief Financial Officer and Assistant Director of Finance  
DMBC Director of Development  
DMBC Business Rates team  
DMBC Senior Strategy and Performance Manager  
DMBC Head of Service. Business and Commerce

**Box 5****OPTIONS CONSIDERED & REASONS FOR THE DECISION:**

A number of options were considered including not offering the company any incentives. However Steering Group members felt that the nature of the investment would be good for Doncaster in terms of the new investment.

The deal that the Steering Group would like to offer Thornhill Group Ltd Ltd is:

- A Job Creation Grant of **£4300** for 11 new full time permanent jobs, these will be skilled with an average salary of £25k per annum. The total grant will be paid when the jobs have been created for a minimum period of 1 year and will be subject to the company providing written evidence of the staff appointed residing at a Doncaster postcode.
- Speculative Business Rate Grant up to **£91,205** which is the approximate new business rates.
- Project set up costs grant of **£5000** in respect of racking, broadband and communications.

The Cabinet report approving the overall scheme (key decision K1255 taken 15th October 2015), proposed a Job Creation Grant ranging from £100 to £500 per FTE depending on salary and a maximum Project Start Up Grant of £5k.

The company has certified the amount received in state aid in the current and two previous financial years. This amount, together with the aid sought from Doncaster Council is below the state aid De Minimis limit of €200,000. DMBC will notify the company in writing of the final amount of aid provided in Euros and British Pound Sterling (BPS) for the purpose of recording aid.

DMBC programmes team will be monitoring the Business Incentive grant to ensure meet the terms of the grant relating to job creation. A legal document still has to be drawn up but will be very similar to other legal documents currently used by DMBC relative to other similar schemes.

**BOX 6****LEGAL IMPLICATIONS**

The Localism Act 2011 provides the Council with the so called general power of competence which allows a Local authority to do anything which an individual may generally do.

The incentives on offer are discretionary in nature and the Council has no obligation to provide them.

These Grants are within the overall Scheme approved by Cabinet in October 2014. A formal legally binding grant agreement will need to be put in place to ensure that the Councils interests are protected.

The Company must certify that they are below the De Minimis level for State aid as part of the legal documentation which will be completed.

The report author should ensure that the recipient contractually commits to the delivery of outputs.

**Name: Nichola Varty Signature:**

**Date: 20<sup>th</sup> March 2019**

Signature of Assistant Director of Legal and Democratic Services (or representative)

**Box 8**

**HUMAN RESOURCES IMPLICATIONS:**

**Name: Signature: \_ Date:**

**Signature of Director of People and Performance Improvement (or representative)**

**Box 9**

**INFORMATION NOT FOR PUBLICATION:**

**In accordance with the Freedom of Information Act 200, it is in the public's interest for this decision record to be published in full, redacting only the signature.**

**Name : S Greaves Signature:**

**Date: 01/04/19**

**Signature of FOI Lead Officer for service area where ODR originates**

**Box 10**

**Signed:** Peter Dale **Date:** 09.04.19  
**Peter Dale, Director of Regeneration and Environment**

**Signed:** Steve Mawson **Date:** 09/04/19  
**Steve Mawson, Chief Finance Officer & Assistant Director Finance**

I have consulted on the above decision, (for use if it is considered appropriate to consult the relevant member in taking a decision).

\* Signature of Mayor or relevant Cabinet Member (portfolio holder) (if appropriate):

**Signed:** \_\_\_\_\_ **Date:** \_\_\_\_\_

\* Signature of Chair of OSMC or relevant Standing Scrutiny Sub-Committee (if appropriate):

**Signed:** \_\_\_\_\_ **Date:** \_\_\_\_\_

\* Signature of Chair of Committee (for Non Executive functions, if appropriate):

**Signed:** \_\_\_\_\_ **Date:** \_\_\_\_\_

- **This decision can be implemented immediately**
- **A record of this decision should be kept by the originating Directorate's Business Assistant for accountability and published on the Council's website 'How do I?' section via 'Access decisions made by the Council'.**
- **A copy of this decision should be sent to the Directorate FOI Lead Officer to consider 'information not for publication' prior to being published on the Councils Website.**

***(Please be aware this information will be reproduced as-is onto the Councils website)***

<b>Director Name:</b>	
<b>Directorate:</b>	
<b>Decision Date:</b>	
<b>Decision</b> (provide a brief overview of the decision taken)	

To be completed by Author for each ODR completed, and returned by email with the finalised ODR to Bev Morgan [odr@dmbc](mailto:odr@dmbc)