

REPORT TITLE: Start up and Retention Policy grant award

Meeting:	Portfolio Holder Finance & Regeneration
Date:	31 July 2025
Cabinet Member (if applicable)	Councillor Graham Turner
Key Decision Eligible for Call In	No No
<p>Purpose of Report The report considers the award of a capital grant under the Council's adopted Start up and Retention Policy to PC Specialist, a business based at Grange Moor, to support its retention and growth within the district.</p>	
<p>Recommendations</p> <ol style="list-style-type: none"> 1. The Portfolio Holder for Finance and Regeneration approves the award of a grant to PC Specialist in accord with the Council's adopted Start up and Retention Policy 2. The Portfolio Holder for Finance and Regeneration delegates authority to the Executive Director for Place and the Service Director Legal, Governance and Commissioning to finalise and execute all necessary legal agreements with PC Specialist in relation to the grant award 3. The Portfolio Holder for Finance and Regeneration delegates authority to the Executive Director for Place to undertake project monitoring/reporting in relation to the social value outcomes to be realised through the project. <p>Reasons for Recommendations</p> <p>The recommendations will ensure the rapid and efficient implementation of the project in accord with the scheme of delegations and enable the social value benefits arising from the grant to be optimised.</p>	
<p>Resource Implications:</p> <p>The grant will be fully funded from the allocation for the SURP grant programme in the approved capital programme.</p> <p>The development and occupation of PC Specialist's new premises will result in a net increase in business rate income.</p> <p>There are no other resource implications.</p>	

Date signed off by <u>Executive Director</u> & name	David Shepherd, Executive Director for Place
Is it also signed off by the Service Director for Finance?	Yes
Is it also signed off by the Service Director for Legal and Commissioning (Monitoring Officer)?	yes

Electoral wards affected: Kirkburton

Ward councillors consulted: N/a

Public or private: Public Report and Private appendix

Reason for private appendix – private in accordance with Schedule 12A Local Government Act 1972, as amended by the Local Government (Access to Information) (Variation) Order 2006 namely it contains information relating to the financial and business affairs of third parties (including the Authority holding that information).

It is considered that the disclosure of the information would adversely affect those third parties including the Authority and therefore the public interest in maintaining the exemption, which would protect the rights of an individual or the Authority, outweighs the public interest in disclosing the information and providing greater openness and transparency in relation to public expenditure in the Authority’s decision making. And where information is subject to an obligation to confidentiality.

Has GDPR been considered. Yes

1. Executive Summary

The report seeks Portfolio Holder approval to award a capital grant under the Council's adopted Start up and Retention Policy (SURP). The proposed recipient is PC Specialist, one of the fastest growing advanced manufacturing businesses in Kirklees which produces a range of performance PCs, laptops and other devices for both the gaming and business markets.

There was a significant risk that the business would relocate out of the district due to a shortage of existing premises or development sites which met its requirements. Following a wide-ranging site search the business has chosen to relocate to another site in Grange Moor, securing planning consent in October 2024. The project will result in the creation of 150 new jobs in the short/medium-term with the potential for further significant growth in future.

The report provides further details of the proposals and sets out the rationale for the award of a grant under the SURP scheme. Portfolio Holder approval is required as the proposed grant award exceeds the amount that can be awarded under the existing scheme of delegations.

2. Information required to take a decision

Start up and Retention Policy

Cabinet approved the Council's business Start up and Retention Policy (SURP) in February 2013 with the original aim of providing discretionary business rate relief for businesses seeking to expand within or to relocate to Kirklees. The scheme has been refocused more recently to provide grants for capital investment of up to £100,000 to support the growth of existing local businesses or the attraction of inward investment, with the following sectors prioritised for support through the scheme:

- advanced manufacturing and engineering
- low carbon
- creative and digital
- life sciences and health technology
- construction
- financial and business services.

Grants are provided as funding of last resort on an exceptional basis, where other funding opportunities have been exhausted and projects deliver tangible benefits including jobs, investment or other social value outcomes and generate additional business rates. Eligible businesses are invited to apply to the Council.

An allocation for the SURP programme is included within the Council's adopted capital programme. Discretionary rate relief support is not currently available.

Grant awards within the parameters of the approved SURP scheme are approved via Officer Delegated Decision in accord with the Cabinet decision. In this case, Portfolio Holder approval is sought to make a grant award to PC Specialist (PCS), the Grange Moor-based manufacturer and retailer of performance custom computers and laptops, as the scale of the award exceeds the amount that can be awarded under the existing scheme of delegations.

Background: PC Specialist

PC Specialist (PCS) was established in 2003 and specialises in the manufacture of performance custom computers and laptops, serving both the consumer and business markets.

The business has developed a diverse product range including desktop PCs, laptops, all in one computers and, more recently, tailored technology solutions for the business market. This has enabled them to grow and become Europe's leading system integrator focusing on building high-performance systems for enthusiasts, gamers & professionals alike.

The business currently operates from two premises totalling approximately 45,000 sq. ft. at Jubilee Business Park, Grange Moor, where it has been located since 2013. PCS has witnessed significant growth since moving to Grange Moor. The most recent audited accounts available via Companies House indicate that in 2023 PCS had an annual turnover of just under £116m, having grown from £24m in 2013.

During the same period the number of employees has grown from 41 to 232 and the volume of computers manufactured has also quadrupled to 88,000 units per annum. This is set to further increase to 101,000 over the next year as the business further expands into the European and North American markets.

With demand increasing rapidly, PCS's current site is now at operating capacity and this has required the business to consider a wide range of options for relocation. These included both existing premises and new development opportunities both within and beyond the district. There was a significant possibility that the business would relocate to another local authority area with more property options available.

The Business Kirklees team worked with PCS to identify suitable options within Kirklees and the preferred option of relocating to purpose built premises on the edge of Grange Moor was pursued. The site identified was the Grange Moor Coachworks and adjoining scrapyard on Barnsley Road, within the green belt.

The business submitted a planning application in February 2023 and planning permission was granted for the development of 13,200 (gross) sq. m of new industrial accommodation in October 2024, with the applicant having successfully demonstrated the 'very special circumstances' required to justify development within the green belt.

The total cost of the new PCS development is estimated to be at least £35m. The new building will be over three times the size of the existing premises and has the capacity to manufacture up to four times the current output. The business will relocate all of its activities to the new site, whilst leasing its existing premises to other businesses.

PC will invest in developing state of the art manufacturing and logistics facilities on the site, incorporating extensive robotics and automation. The manufacturing solution contains a fully automated in and out feed to production, semi-automated testing, consolidation and packaging. This, coupled with a fully integrated IT system will future proof the business going forward.

The new facility will also be highly sustainable. The business is proposing to install a 1MW capacity solar array on the building roof and to also utilise an existing wind turbine to reduce carbon emissions as much as possible, with the aim of achieving a carbon neutral development. Heat pumps and heat recovery systems will also be utilised to support energy efficiency and sustainability outcomes.

Although the new facility will be highly automated, PCS expects to generate 150 new semi-skilled and skilled jobs in the short-term. A wide range of new roles will be created encompassing assembly, testing, engineering and warehousing through to sales, marketing, coding and accounting.

All entry level jobs will continue to be paid at a rate in excess of the National Living Wage. There will also be an increase in the proportion of higher skilled roles in relation to the overall workforce.

Some of the new positions will be Apprentice roles. PCS is working with the Council's Employment and Skills team, the University, Kirklees College and local schools to optimise local recruitment opportunities. A high percentage of existing staff reside in Kirklees and the business is committed to increasing this. Upskilling their current workforce has been a key driver of growth and the business is committed to developing long-term career pathways. PCS's growth plan over the next decade is forecast to see employment on the site increase from 400 to 1,000 jobs.

Justification for SURP grant

During negotiations with the business around their location options, the potential for support via a SURP grant was raised by officers. There was a significant risk that the business would relocate to another local authority area before the Grange Moor Coachworks site was confirmed as its preferred location. In line with the approved SURP policy, the proposed grant award aims to demonstrate the Council's commitment to supporting the business to remain in Kirklees rather than choosing to relocate outside the district.

The proposed award of the SURP grant also reflects the significant abnormal costs associated with the reclamation and redevelopment of the site, which has been operating as a scrapyards for a number of years, and some of the off-site infrastructure works required. The grant will be utilised to offset some of these costs.

As PCS is defined as a 'large' business under the Companies Act 2006 it is ineligible for other sources of grant funding which are focused on supporting small and medium-sized enterprises. On this basis the proposed SURP grant award can be regarded as funding of last resort.

PCS intend to create at least 150 new jobs in the short-term, with the potential for further significant jobs growth in future. As a result, an exception to the usual SURP grant award ceiling of £100,000 is proposed. From a value for money perspective, the grant award equates to a cost per job figure of £2,500, which is substantially lower than the benchmark of at least £10,000 per job applied to comparable regional grant schemes. The scheme therefore represents very good value for money.

The SURP grant will help to ensure that the economic benefits of PCS's expansion are retained and embedded in Kirklees. The grant will anchor one of our fastest growing advanced manufacturing businesses to Kirklees and will generate a substantial number of skilled, well-paid jobs with scope for further, significant expansion in future.

The Council's Business Kirklees and Employment and Skills teams are working closely with the business. PCS submitted an employment and skills plan alongside its planning application that details how it will work with the Council, College and other partners to create Apprenticeships, placements and support inclusive local recruitment. The employment and skills plan forms part of the legally binding section 106 agreement associated with the planning consent and will also form part of the SURP grant agreement to ensure these opportunities are realised.

3. Implications for the Council

3.1 Council Plan

This project supports the Council Priorities as follows:

Address our financial position in a fair and balanced way

The SURP grant will embed the economic benefits of the project locally through the initial creation of 150 new jobs and the retention of related spend by employees within the local economy. It will also result in a significant net uplift in business rate income for the Council.

Strive to transform council services to become more efficient, effective, and modern

The project is not directly relevant to this Council Priority which is internally focused.

Continue to invest and regenerate our towns and villages to support our diverse places and communities to flourish

The expansion of PC Specialist will create 150 new jobs in the short-to-medium term with the potential for further growth by the business. The relocation of the business to a new site in Grange Moor will ensure that jobs and investment are retained in Kirklees and the opportunity for future expansion is embedded in the area. The business is committed to local recruitment where possible, ensuring that the indirect economic benefits through spending by employees are also retained locally.

The project will result in the reclamation and positive re-use of the site which is currently used as a scrapyards. PCS will invest significantly in sustainability measures to enable the business to achieve its target of carbon neutrality by 2030 and deliver an extensive landscaping/tree planting scheme for the site that will mitigate noise impacts and support air quality improvements.

3.2 Financial Implications

The proposed SURP grant will be fully funded from the SURP allocation within the adopted capital programme and will not generate any wider financial implications for the Council. The grant will be subject to a grant agreement which will detail the obligations of both the recipient and funder; detail any clawback arrangements; and set out the social value benefits which the recipient will deliver as a condition of receiving the grant award. Payment by the Council will be made in arrears following approval of appropriately evidenced claims.

The development and occupation of the new premises will result in a net increase in business rate income, as the business aims to retain and lease its existing premises to other occupiers.

Further details are presented in private Appendix 1.

3.3 Legal Implications

The proposed grant award has been assessed against the four key tests set out in the Subsidy Control Act 2022 and is considered to represent a subsidy (or financial assistance) under the terms of the Act. The financial assistance proposed does not fall into one of the prohibited categories under the Act (for example to an 'ailing' enterprise or requiring relocation of activity from one part of the UK to another).

The size of the proposed grant award exceeds the Minimum Financial Assistance exemption under the 2022 Act. PC Specialist is defined as a large company under the terms of the Companies Act 2006 and is therefore not eligible for the 'streamlined subsidy control schemes' set out in the 2022 Act. On this basis the proposed award has been assessed against the seven subsidy control principles set out in the Act:

- **Common interest** – subsidies should pursue a specific policy objective in order to remedy an identified market failure or address an equity rationale (such as local or regional disadvantage, social difficulties or distributional concerns).
- **Proportionate and necessary** – subsidies should be proportionate to their specific policy objective and limited to what is necessary to achieve it.
- **Designed to change economic behaviour of beneficiary** – subsidies should be designed to bring about a change of economic behaviour of the beneficiary; that change, in relation to a subsidy, should be conducive to achieving its specific policy objective, and something that would not happen without the subsidy
- **Costs that would be funded anyway** – subsidies should not normally compensate for the costs the beneficiary would have funded in the absence of any subsidy.
- **Least distortive means of achieving policy objective** – subsidies should be an appropriate policy instrument for achieving their specific policy objective and that objective cannot be achieved through other, less distortive, means.
- **Competition and investment within the UK** – subsidies should be designed to achieve their specific policy objective while minimising any negative effects on competition and investment within the UK.
- **Beneficial effects should outweigh any negative effects** – subsidies' beneficial effects (in terms of achieving their specific policy objective) should outweigh any negative effects, including in particular negative effects on competition and investment within the UK, and on international trade and investment.

The Council has sought external legal advice on the subsidy control aspects of the proposed grant award. This determined that the subsidy was lawful having been assessed against the seven principles outlined above.

It is proposed to award the grant as a stand-alone subsidy and details of the subsidy will be published on the national transparency database within the permitted timescales following the award of the grant.

Upon approval, the Council will enter into a grant agreement with PC Specialist.

The legal basis for making the grant is the Localism Act 2011. The Start up and Retention Policy which was approved in 2013 was established under section 69 of the Localism Act 2011. In addition, section 1 of the Localism Act 2011 gives the Council a general power of competence to do anything that individuals generally may do, subject to specified restrictions and limitations imposed by other statutes.

Council officers have complied with Financial Procedure Rules (June 2025) No. 22 relating to grants.

3.8 Other (e.g. Risk, Integrated Impact Assessment or Human Resources)

Risks associated with the implementation of the SURP scheme are incorporated within the Skills and Regeneration Risk Register.

An Integrated Impact Assessment has been prepared in draft in relation to the proposed grant award.

There are no human resources implications for the Council.

4. Consultation

PCS consulted local residents and businesses on its development proposals at planning application stage. PCS has worked closely with Business Kirklees over the last four years to consider relocation options and to ensure the social value impacts of the project are optimised.

5. Engagement

Business Kirklees will work closely with the business throughout the development and operational phases of the project to support engagement and ensure the business delivers on agreed outcomes.

The Council's Employment and Skills service will work closely at recruitment stage to support local recruitment, Apprenticeships and work placements/schools engagement etc. Our Active Places & Citizens and Third Sector teams will also engage with the business to develop links with local voluntary and community sector organisations.

6. Options

The Council could consider not awarding a SURP grant to PC Specialist. There was a very significant risk that the business would have relocated to a site in another local authority area had the offer of a grant not been made to help mitigate the abnormal costs associated with developing the site at Grange Moor. There would be reputational risks to the Council in the event that it determined not to proceed with the grant award. This option is not recommended.

Recommended option

The recommended option is to make the full grant award. The award is in accord with the SURP policy which aims to utilise financial support under the scheme, on an exceptional basis, to support business growth and/or retention where there is a risk that key local employers may relocate outside the district.

The project will embed one of Kirklees's fastest growing advanced manufacturing businesses in the area, generate significant social value benefits including a wide range of new employment opportunities and result in the reclamation of a substantial brownfield site, delivering a number of environmental and sustainability benefits.

7. Next steps and timelines

Clearance of the site at Grange Moor has commenced. It is anticipated that construction will be completed by summer 2026 and the new site will be fully operational by January 2027.

The Council will complete the subsidy control assessment detailed in section 3.3 and subject to the outcome will enter into the grant agreement for the funds detailed in 3.2.

8. Contact officer

Chris Duffill, Head of Business & Skills
01481221000
chris.duffill@kirklees.gov.uk

9. Background Papers and History of Decisions

N/a

10. Appendices

Appendix 1 – Finance (private)

Certain appendices as annotated above are private in accordance with Schedule 12A Local Government Act 1972, as amended by the Local Government (Access to Information) (Variation) Order 2006 namely it contains information relating to the financial and business affairs of third parties (including the Authority holding that information).

It is considered that the disclosure of the information would adversely affect those third parties including the Authority and therefore the public interest in maintaining the exemption, which would protect the rights of an individual or the Authority, outweighs the public interest in disclosing the information and providing greater openness and transparency in relation to public expenditure in the Authority's decision making. And where information is subject to an obligation to confidentiality.

11. Service Director responsible

David Wildman, Interim Service Director Skills & Regeneration
01484 221000
david.wildman@kirklees.gov.uk