

Report of: Inward Investment Manager

Report to: Chief Officer Financial Services

Date: 22.05.21

Subject: Discretionary Rates Relief (Inward Investment) for UtterBerry Limited.

Are specific electoral Wards affected? If relevant, name(s) of Ward(s): Hunslet and Riverside	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Summary of main issues

1. Executive Board approved the creation of discretionary rates relief policies, including one for inward investments creating new jobs in Leeds, in March 2014. This supports the Council's priority to promote sustainable and inclusive economic growth.
2. UtterBerry is a high tech manufacturing company developing smart city solutions which combine IT hardware, software and managed service solutions. UtterBerry is now at manufacturing capacity. Therefore, to grow, the business needs to invest in a manufacturing/development facility.
3. The company has reviewed locations across the UK and Northwest Europe. A Leeds location has been found, with future grow on space. The project's aim is to establish the UK production centre in Leeds, meeting demand from ramped up contracts and anticipated additional sales.
4. The project is forecast to create 157 full-time equivalent jobs by 2023 and 400 full-time and 400 part-time jobs by 2026, with an average salary of £36,000. The new roles include 15 apprentice positions.

Recommendations

The Chief Officer Financial Services has approved the request from UtterBerry Limited for business rates relief at £171,530 over a three year period from Financial Year 2021/22.

1 Purpose of this report

- 1.1 The Chief Officer Financial Services has approved an application from UtterBerry Limited for discretionary rates relief under the Strategic Relocations policy, approved by Executive Board in March 2014.

2 Background information

- 2.1 The Council's discretionary rates relief policy was approved on 5th March 2014. It includes a category of relief for, "Significant business relocations to Leeds" which enables the authority to offer 1% relief for each job created up to a maximum of 50% relief or the State Aid de minimis threshold of €200,000. The relief is targeted at businesses in our priority growth sectors.
- 2.2 UtterBerry was founded and developed into a world-beating, multi-award winning technology business from a spin-out at Cambridge University. UtterBerry's products are used in smart city programmes and large-scale infrastructure projects around the world.
- 2.3 The unique capabilities of UtterBerry's sensors are also creating solutions for the healthcare, sport and logistics markets. The innovative sensors are lightweight, compact, durable and equipped with a live-feed capability to detect a wide variety of immediate environmental changes. The sensors interact to form a network and generate real-time, predictive analytics to support operational decision-making. The market is rapidly adopting UtterBerry's technology, taking the solution into many applications. The team now needs to make a step change in the business's operating footprint.
- 2.4 The project's aim is to establish the UK production centre in Leeds, meeting demand from ramped up contracts and anticipated additional sales. The sensors have a wide range of applications, for example:
- Detection of movement, vibration & water leaks in critical infrastructure such as tunnels and bridges
 - Real time road use statistics which integrate with traffic control systems e.g. smart motorways
 - Real time monitoring of passenger numbers and platforms for safety, adaptive train scheduling & travel information
 - Monitoring and control of lighting, energy, access, water, fire systems.
- 2.5 The company want to retain IP and manufacturing in the UK and see in-housing as the only way they can meet the demand, at an operating cost that is sustainable at high production volumes.

3 Main issues

- 3.1 UtterBerry is now at manufacturing capacity. The London facility is now at capacity. Therefore, to grow, the business needs to invest in a manufacturing/development facility. Without setting up dedicated volume manufacturing, the business would not be able to grow at the planned scale.
- 3.2 The company has reviewed locations across the UK and Northwest Europe. The company has identified Leeds and Wales, both of which have a reputation for high value

manufacturing, as potential locations for the new facility. A further option considered included a facility in Rotterdam.

- 3.3 Leeds compares favourably with the other locations reviewed and a key anchor will be access to research skills and recruitment with the regional universities. It does present a lower operating cost than London and a greater availability of qualified, available people. If early support can be secured in Leeds, the business sees the area as a long-term growth location for the business. The project will involve significant investment in new equipment, re-modelling any property, upgrades in energy, climate control and IT and also office equipment for the new staff. Alongside this, the project and investment will create new opportunities locally, offering new training and skills development opportunities in key areas, especially for young people. The project will also connect into the city's universities, innovation assets and local supply chains for the next stage of growth.
- 3.4 The business operates in a key priority sector and should the investment be secured then this will further enhance the city's capability in relation to advanced semi-conductor/ sensor manufacturing. Therefore the project offers a good strategic fit with the aims of the city and region.
- 3.5 The project is forecast to create 157 full-time equivalent jobs by 2023 and 400 full-time and 400 part-time jobs by 2026, with an average salary of £36,000. The new roles include 15 apprentice positions. The project represents a high-profile investment within Leeds, has a strong strategic fit with the city's key priority sectors and could serve to attract other similar companies to the city. Leeds is actively engaged (through the Employment and Skills programme) to ensure all employment, training and apprentice opportunities are made available to support local people and to assist UtterBerry to recruit a skilled and inclusive workforce to contribute to the city's economic growth.

4 Corporate Considerations

4.1 Consultation and Engagement

- 4.1.1 The original policy was subject to extensive consultation and engagement.
- 4.1.2 The Executive Member for Economy and Culture and Hunslet and Riverside ward councillors have been consulted on the detail of this the recommendation.

4.2 Equality and Diversity / Cohesion and Integration

- 4.2.1 The policy was screened for Equality and Diversity/Cohesion and Integration issues and deemed to have no impact. This report relates to the implementation of that policy and thus also has no impact and does not need re-screening.

4.3 Council policies and City Priorities

- 4.3.2 The proposed rates relief supports the Council's priority to promote sustainable and inclusive economic growth.

4.4 Resources and value for money

- 4.4.1 The rates relief is good value for money as it will cement job creation in Leeds directly and also through the wider supply chain.

4.5 Legal Implications, Access to Information and Call In

- 4.5.1 Localism Act powers underpin the new discretionary rates relief schemes, and our use of them is enabled by the March 2014 Executive Board approval for the policy.

4.6 Risk Management

- 4.6.1 There is a risk that Leeds does not capitalise on the wider growth, regeneration, economic and social benefits to be achieved through the presence of a high growth UK production centre in a key sector in Leeds.

5 Conclusions

- 5.1 The investment will create 157 full-time equivalent jobs by 2023 and 400 full-time and 400 part-time jobs by 2026, with an average salary of £36,000. The new roles include 15 apprentice positions. The project will support an investment in skills, unlocking an apprentice programme and investment in further skills training across the workforce.
- 5.2 The project represents a high-profile investment within Leeds, has a strong strategic fit with the city's key priority sectors and could serve to attract other similar companies to the city and act as a catalyst for further economic growth in the city with the related socio-economic benefits for Leeds.
- 5.3 Offering rates relief is a good use of our discretionary powers and offers strong value for money.

6 Recommendations

- 6.1 The Chief Officer Financial Services has approved the request from UtterBerry Limited for business rates relief at £171,530 over a three year period from Financial Year 2021/22.

7 Background documents¹

- 7.1 None.

¹ The background documents listed in this section are available to download from the council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.