

Taunton Deane Borough Council

Executive – 15 July 2009

Report of the Interim Economic Development Manager

Local Authority Business Growth Incentives (LABGI) Scheme : Awards 2009/2010

(This matter is the responsibility of Executive Councillor Fran Smith)

1. Background

1.1 Members will recall that the LABGI Award received during 2008/2009 was £319,051, which when combined with the £91,149 Reserve carried forward into that financial year, the final sum available for expenditure was £410,200.

1.2 It was agreed that these funds were retained within Economic Development and allocated against three blocks over a three-year period of activity as follows:-

Pioneer Somerset integration	£ 85.5k
Economic Development activity	£244.7k
Deprived Area Regeneration	£ 80.0k
Total	£410.2k

1.3 Appendix 1 to the previous report gave a more detailed breakdown of the allocations for 2008 – 2011, which are summarised in the table below:-

LABGI Allocations 2008 - 2011

	2008/09	2009/10	2010/11	Block Total
	£	£	£	£
PIONEER SOMERSET				
Into Somerset	20,000	20,000	20,000	
Inward Investment Support & Aftercare	6,000	6,000	6,000	
Creative Industry Support	7,500			
Totals	33,500	26,000	26,000	85,500
ECONOMIC DEVELOPMENT				
Economic Development Planning	30,000			
BID Shop Front Grant	15,000	10,000		
BID Core Costs	15,000	10,000		
BID Levy	4,300	4,300	8,600	
Taunton TIC	75,000			
Wellington Economic	40,000			

Partnership				
Rural Business Support	7,500			
Rural Projects Support	5,000	10,000	10,000	
Totals	191,800	34,300	18,600	244,700

**DEPRIVED AREA
REGENERATION**

Taunton Deane YE Primary Programme	5,000			
Enterprise Gateways	25,000	20,000	20,000	
Feasibility Studies	5,000	5,000		
Totals	35,000	25,000	20,000	80,000

Total Allocation **410,200**

2. Report on Expenditure 2008/2009

2.1 Into Somerset

The delay in the formation of a Company with which to contract has meant that the £20,000 allocated for expenditure during 2008/2009 has not been spent. A 'seed corn' fund of £10,000 was paid against invoice during 2007/2008 to Somerset County Council (SCC) and has covered Taunton Deane liability for 2008/2009. The remaining allocated funds are sufficient to meet the liability until the proposed end of the current delivery contract which will run to March 2011.

It is therefore proposed that this underspend be accrued into this FY and allocated as follows:-

Additional Brewhouse Grant Contribution	£10,000
Match funding for LSC grant to complete Economic Development Strategy (EDS)	<u>£10,000</u>
Total	£20,000

2.2 Inward Investment Support and Aftercare

The delayed launch of Into Somerset has delayed investment in support and aftercare for Inward Investment and the £6,000 allocated for expenditure during 2008/2009 has not been spent.

It is proposed that this £6,000 be accrued into 2009/2010 in addition to the £6,000 already allocated for expenditure within this financial year to create an allocation for expenditure of £12,000 in 2009/2010 in order to produce marketing materials for potential inward investors in support of Firepool and Firepool Lock, Westpark 26 at Wellington and the identified need to diversify the Taunton Deane economy.

2.3 Creative Industry Support

This liability has not been called down due to the Business Boost project not being extended. It is proposed that the £7,500 allocation be reallocated for expenditure once the Economic Development Strategy (EDS) has been completed to support the growth of Creative Industry businesses within Taunton Deane.

2.4 Economic Development Planning

The Economic Development Unit have completed three pieces of work that contribute to the Local Development Framework (LDF) and the EDS within the budget previously allocated:-

- 'Employment Land and Premises Survey'
- 'Taunton Deane Local Economic Assessment' statistical review
- 'Envisioning the Future of the Taunton Economy' stakeholder survey

2.5 Business Improvement District (BID): BID Shop Front Grant and BID Core Costs

The total payment to the Taunton Town Centre Company to assist in the delivery of the BID contract varied from the amount previously allocated as follows:-

	Allocated	Allocated	Total	Actual
	2008/09	2009/10	Allocated	2008/09
BID Shop Front Grant	£15,000	£10,000	£25,000	£20,000
BID Core Costs	£15,000	£10,000	£25,000	£40,000
Total			£50,000	£60,000

This variation occurred for three reasons:-

1. The BID financial year runs 1 October to 30 September, and the BID contract began 1 October 2007. No allocations had been made to the BID contract for payment during October 2007 – March 2008
2. The expected payments from TDBC to the BID Shop Front grant were not required because there was no draw down by businesses during the first year of the BID Contract October 2007 – September 2008.
3. The BID Core Cost requirement is for £20,000 per annum and no allocation had been made for the £10,000 actual costs incurred by the Town Centre Company for the 6 months period October 2007 – March 2008. The current economic situation has increased the difficulty of increasing revenue from other sources to offset the cost of the administrative liability. As a Corporate Priority, it was agreed by the Portfolio Holder to support the Town Centre Company to deliver the BID Contract and offset the full value of the Core Cost requirement for the two-year period October 2007 - September 2009.

The expenditure allocation for the BID contract for 2009/2010 was brought forward into 2008/2009, and the additional £10,000 was vired from an under-spend on Enterprise Gateways.

2.6 Taunton Tourist Information Centre (TIC)

The sum of £10,000 was made available to the TIC Manger to purchase essential equipment to meet operation needs and a further £5,000 was expended on an external consultant to appraise the financial viability of the TIC from a 'stand-alone' business perspective. The findings of this consultancy report will be incorporated into the feasibility planning for the relocation of the TIC to the Brewhouse.

It is proposed that the remaining £50,000 be accrued into 2009/2010 as funding toward the TIC relocation costs.

2.7 Wellington Economic Partnership (WEP)

The £40,000 allocation to the WEP for 2008/2009 was as follows:-

	2008/09
Food Town Event	£20,000 Accrued from 2007/08
Food Town Event	£10,000
Wellington Vision	£10,000
Total	£40,000

The Food Town Event Committee overspent against budget during 2008/2009 by nearly £10,000, so the payment of £40,000 masks this overspend and the consequence is that there is no longer an allocation to support progressing projects to achieve the Wellington Vision.

2.8 Rural Business Support

Total expenditure is expected to be less that £3,000 from the allocated £7,500. Once the expenditure is reconciled it is proposed £2,500 be reallocated to the Young Enterprise programme (see below) and that the balance be reallocated to support future EDS priorities.

2.9 Rural Projects Support (LARC)

The delay in SWRDA approving business plans for all three LARC areas that cross into Taunton Deane administrative area has meant that community project proposals have been delayed and it has not been possible to use the allocated funds to match fund bids for LARC funding.

It is proposed that the £5,000 allocated for expenditure in 2008/2009 be reallocated to the Young Enterprise programme (see below).

2.10 Young Enterprise

The Young Enterprise programme runs from September to June, and therefore crosses financial years. The £5,000 allocation for 2008/2009 therefore included a £2,500 payment to meet the liability for the previous year's programme, with £2,500 remaining within the budget for payment of project delivery costs in 2008/2009 against a total agreed liability of £5,000.

There was no allocation made to continue the programme during 2009/2010.

It is therefore proposed that:-

1. £2,500 underspend from Rural Business Support be reallocated to fund the final payment for delivery of the 2008/2009 programme, and
2. £5,000 be reallocated from Rural Projects Support to fund an additional year of the programme from September 2009 to June 2010.

2.11 Enterprise Gateways

The delay in appointing a developer for Firepool, and the need to work with delivery partners to ensure that there was competence and capacity to effectively deliver the programme, resulted in an underspend of £20,000 allocated for expenditure during 2008/2009. However, £10,000 of this underspend was vied to meet the additional payment to support the BID contract.

It is proposed that the remaining £10,000 underspend be reallocated to support future EDS priorities within deprived areas.

2.12 Feasibility Studies

The withdrawal of support from the SWRDA to fund a feasibility study into a Wellington relief road resulted in no expenditure occurring against the £5,000 allocation.

It is proposed that this underspend, and the allocation of £5,000 for 2009/2010 be reallocated to offset any liability resulting from the relocation of the TIC.

3. LABGI Award 2008/2009

- 3.1 The retrospective LABGI Award for Taunton Deane for 2008/09 has been confirmed as £69,310, which is significantly less than previous years:-

Taunton Deane LABGI Awards	
2005/06	£138,171
2006/07	£245,327
2007/08	£319,051
2008/09	£69,310

- 3.2 It is generally felt that the Award will continue for this funding cycle to year 2010/2011, the final payment being received at the beginning of FY 2011/2012, but it is not known with any certainty what the level of the Award will be for future years.
- 3.3 It is therefore proposed that a 'commitment only' strategy be adopted for expenditure during 2009/2010 as shown above to allow expenditure prioritisation of this year's Award to be made against the new EDS and planning for economic recovery with the creation of a Reserve, with expenditure proposals to be brought back to Executive in a future paper.

4. Summary of Proposed Changes to Allocations 2009/2010 and 2010/2011

LABGI Allocations 2009 - 2011

	2009/10	2010/11
	£	£
PIONEER SOMERSET		
Into Somerset	20,000	20,000
Inward Investment Support & Aftercare	12,000	6,000
Creative Industry Support		
Totals	32,000	26,000
ECONOMIC DEVELOPMENT		
Economic Development Planning	10,000	0 £20k LSC match funding
BID Shop Front Grant	0	0
BID Core Costs	0	0
BID Levy	4,300	8,600
Taunton TIC relocation	60,000	
Wellington Economic Partnership	0	0
Rural Business Support	0	0
Rural Projects Support	10,000	10,000
Totals	84,300	18,600
DEPRIVED AREA REGENERATION		
Taunton Deane YE Primary Programme	5000	2500
Enterprise Gateways	20,000	20,000
Feasibility Studies	0	
Totals	25,000	22,500
Future EDS Priorities*	88,810	LABGI Reserve

* Exact figure subject to reconciliation

5. Recommendations

- 5.1 It is recommended that the Executive agree to a strategy of commitment only expenditure for the LABGI funds during 2009/2010 as shown in the table at paragraph 4 above, and to the creation of a Reserve of funds for future expenditure to support economic and

business growth priorities that will be identified within the new Economic Development Strategy.

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