

Taunton Deane Borough Council

Report of the Economic Development and Regeneration Manager to the Executive - 16 July 2008

Local Authority Business Growth Initiative (LABGI) Awards 2008/2009

(This matter is the responsibility of Executive Councillor Horsley)

1. Background

Members will recall that in 2005/2006 and 2006/2007 the Council received £138,171 and £245,327 respectively in each of the financial years. LABGI awards are made to Local Authorities in England by Central Government in recognition of the growth in income from business rates achieved in the previous year. The award is subject to a fearsome formula that included an element of geographical re-distribution from South to Northern England, and has in the past years been subject to capping.

The Council has now received details of the final award in this three-year programme. The award was announced in the 2007/2008 financial year and relates to that financial year but, payment will be received in 2008/2009 for allocation and expenditure.

The level of award for year 3 of the programme is £170,740. This is significantly reduced from previous levels of annual award. However, the Government has been with-holding sums from the previous years' awards to set against any legal challenges mounted by local authorities, and these sums totalling £148,311 have been 'released and added to' the year 3 award.

The final level of grant aid from Government for Year 3 is therefore £ 319,051.

The Government issued advanced warning in September 2007 that LABGI was to be thoroughly reviewed in 2008, and that awards could be significantly lower than in previous years. To prepare for this, officers instigated a 'commitments only' expenditure programme from September onwards, and this has enabled a further £91,149 to be 'carried over into financial year 2008/2009.

The final sum available for expenditure in 2008/2009, including this carry forward, is £410,200.

In previous years, proposals to retain this sum within the Economic Development Portfolio were endorsed at Strategic Planning, Transportation and Economic Development Scrutiny Panel and by the Executive in June 2006. In a

subsequent 'Information paper' in May 2007, Councillor N Cavill was authorised to proceed with allocations as set out within that report.

2. Proposed allocation for 2008/2009

It is proposed that the bulk of this years' LABGI award continues to be used to support the wide range of economic development and regeneration services delivered by the Economic Development Unit (EDU) and is committed to continue to deliver in partnership with others in the County through collaborative and joint working.

Appendix One, attached to this report, outlines the proposed allocations for this years' LABGI award. It is proposed that the allocation is distributed across three 'blocks' of activity as follows:

Pioneer Somerset integration	£ 85.5k
Economic Development activity	£244.7k
Deprivation Area Regeneration	<u>£ 80.0k</u>
Total	£410.2k

Appendix One goes on to outline the individual project proposals in each of the 'blocks' of activity.

Government advises that LABGI can be utilised for both capital and revenue items, and encourages Authorities to utilise the award to achieve economic development and regeneration objectives.

3 Financial Implications

In previous financial years a 'reserve' account was set up within Economic Development budgets. It is proposed that this will be repeated in order to manage the award in 2008/2009. It is anticipated that Government will require annual reports on the activity carried out using LABGI monies. The EDU will review and monitor activity.

4 Section 17 Implications

There are no implications for community safety arising directly from this report. Future funding awards will require Service Level or Partnership Agreements to be entered into that will require reporting of agreed outputs, including any secondary activity that may contribute to s17 requirements.

5 Recommendation

The Executive is recommended to approve the suggested allocations of this

years' Local Authority Business Growth Initiative award as set out in Appendix One.

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Appendix One

PROPOSED REVISED LABGI ALLOCATIONS 2008/2009

The final allocation available in 2008/2009 is £415,200

As with previous years, it is proposed to distribute the LABGI allocation into three 'blocks of activity'. These are:

Pioneer Somerset
Distinct Economic Development Activities
Deprived Area Initiatives

As this is the final year of the programme, and there is significant doubt as to the levels, purpose and focus of future LABGI funding, this allocation includes commitments into future years where the Council has entered into long term funding agreements. It should be noted that where balances remain unspent, these can be accrued into future years

The proposed allocation is as follows:

PIONEER SOMERSET

1. Into Somerset

Proposals to establish a new, countywide, stand-alone economic delivery company are well advanced with the regard to developing a unified inward investment activity. The company will operate as a partnership of the District and County Councils, together with business organisations and sector representatives, individual 'champion' businesses, the Regional Development Agency, Business Link, and skills deliverers.

Consideration is currently being given to integrating the work of the Somerset Tourism Partnership and the newly formed tourism Direct Management Organisation (DMO) management board into the new company, and the Creative Industries Development Group (CID) have proposed that consideration be given to integrating the work of this group into the Company.

Each local authority organisation is required to provide an annual cash input to the Company and TDBC's contribution for 2007/2008 has been negotiated at £12,500. Annual 'subscriptions from that date have been agreed at £20,000 per annum and, in order to recruit a suitably experienced Chief Executive, the Shadow board has asked local authority partners to consider agreeing a three year funding arrangement for 2008/09 onwards as follows:

Award:	2008/2009	£20,000
	2009/2010	£20,000
	<u>2010/2011</u>	<u>£20,000</u>
		£60,000

2. Inward Investment Support and Aftercare

As part of the proposals for the establishment of Into Somerset it is recognised that District ED Units will need to improve their levels of liaison with local businesses, technology employed, and local land and property information in order to carry out a professional aftercare and support service to supplement the work of the Inward Investment activity. It is proposed that a sum of £6,000 per annum is allocated for this purpose for each of the funding years above.

Award:	2008/2009	£ 6,000
	2009/2010	£ 6,000
	<u>2010/2011</u>	<u>£ 6,000</u>
		£18,000

3. Creative Industry Support

Support for the Creative Industries Sector is at the heart of the revised Economic Development Strategy considered by SPTED in December 2006. However, within the proposals of the Sub National Review of Economic Development (SNR) is the structure to facilitate the implementation of the Business Support Simplification Programme (BSSP), which rationalises business support delivery to a regional activity orchestrated by SWRDA.

There does remain a need to develop a countywide strategy that will create the appropriate business environment within which the Creative Industries can flourish, to monitor the performance of the sector and the support activity, and to encourage investment into creative industry sector development activity and sector growth.

The Creative Industries Development Group (CID), which is a collaborative of County and District Councils and interested sector support organisations, have proposed that consideration be given to integrating the work of this group into the new economic delivery Company, and it is therefore proposed that the sum of £7,500 be allocated to establish the feasibility of this integration and to aid the development of a Creative Industry strategy.

Award:	<u>2008/2009</u>	<u>£ 7,500</u>
		£ 7,500

PROPOSED PIONEER SOMERSET ACTIVITY ALLOCATION
BLOCK ALLOCATION: £85,500

ECONOMIC DEVELOPMENT ACTIVITY

4. Economic Development Planning

The Economic Development strategy has not been refreshed for a number of years and, with the changing environment within which economic development activity is occurring influenced by policy changes including SNR and the LAA, BSSP, and Pioneer Somerset, and current economic development and regeneration activity including Project Taunton, Growth Point status and funding, multiple area LARC activity and possible MAAs, the formation of Into Somerset, and the changing economic climate within which delivery is occurring, it is felt that a level of complexity exists that now requires an objective review to establish the future strategy for economic development delivery within Taunton Deane and the integration of this activity into the broader regional priorities.

Additionally, the funding bid for year 2 Growth Point funding will need to be underpinned by a holistic Economic Development Plan that incorporates the economic development activity requirements to meet growth targets.

Sedgemoor District Council have engaged consultants to develop an Economic Development Plan for Sedgemoor and first stage reporting will occur during July 2008. West Somerset District Council have also recently engaged consultants to develop an Economic Development Plan for West Somerset.

It is therefore proposed that the sum of £30,000 be allocated to enable a refreshed Economic Development Plan to be produced to underpin the year 2 Growth Point Funding bid, to establish a baseline and a transformation plan to ensure that economic development and regeneration delivery within Taunton Deane incorporates appropriate elements of best practice in order to fully achieve organisational objectives, whilst also defining clarity of purpose to ensure that there is maximum return on investment in terms of benefit to the present and future residents of Taunton Deane.

Award:	<u>2008/2009</u>	<u>£30,000</u>
		£30,000

5. Town Centre Business Improvement District Support

In 2006/2007 the Council approved a grant of £20,000 from LABGI funding to Taunton Town Centre Management Company to support the work of designing and developing a formal application for BID status from Government. The BID

application was successful in August 2007, and covers additional services, such as increased marketing, improved street cleaning, signage and street scenery that the product of a 1% additional business rates levy will purchase.

As part of the BID Programme the Council agreed to provide a sum of up to £10,000 per year for the next two years towards a grant scheme for shop front improvements in Station Road and Eastgate Street. This grant will be matched by BID rates levy funding and the individual applicant, and includes cosmetic improvements to windows, doors and other ground floor visible areas. It should be noted that no structural or building work will be eligible for grant aid.

It should be noted that the Town Centre Company year runs from 1 October to 30 September and therefore the grant for 1 April 2008 to 30 September 2008 should be at a rate of 50% of the annual grant.

Award:	2008/2009	£15,000
	<u>2009/2010</u>	<u>£10,000</u>
		£25,000

In addition, The BID Submission included an allocation towards the core costs of the Town Centre Management Company for administering the BID Programme, which should be paid on 1 October in the following years.

Award:	2008/2009	£15,000
	<u>2009/2010</u>	<u>£10,000</u>
		£25,000

It was also agreed that the TDBC bid levy would be found from within LABGI resources and therefore it is further proposed that the sum of £17,200 be set aside to cover this liability until and including financial year 2011/2012

Award:	<u>2008/2012</u>	<u>£17,200</u>
		£17,200

6. Tourist Information Centre Development

In 2005 Taunton TIC was transferred from County Council control to that of TDBC. Since that time the TIC staff have consistently won annual awards for levels of growth achieved in ticket sales and customer service. In addition the TIC has been encouraged to move towards greater levels of income generation in order to reduce the level of 'subsidy' provided by TDBC, and significant progress has been achieved.

To complete this process, and in recognition that the current Paul Street site will be demolished as part of the proposed car parking plan for project Taunton, it is felt to be prudent to allocate a sum to facilitate the relocation of the TIC to a

better and more 'mainstream' location. It is proposed to allocate £75,000 to cover the costs of relocation and rental agreements during the current financial year.

Award:	<u>2008/2009</u>	<u>£75,000</u>
		£75,000

7. Wellington Economic Partnership

Members will recall that in previous years a total of £70,000 has been allocated to the Wellington Food Town Initiative, which was a fund established to support the then informal partnership of the Wellington Economic Partnership (WEP) members, the Wellington Chamber of Commerce, and Wellington Town Council. Due to the informal nature of WEP they were unable to operate as a separate legal entity but, during 2007/2008 WEP has recently formalised it's constitution and become a delivery organisation in it's own right.

TDBC has now supported two annual Food Events and also supported WEP in achieving MCTi funding and development of a Wellington Town Plan. The total external funding attracted to what was the Food Town Initiative is now around £43,000 including £6,000 from Blackdown Leader+ programme, £10,000 from Wellington Town Council, and £20,000 from MCTi to fund the development of a town plan and identify future projects to improve the economic prosperity of the town and surrounding areas.

A further Food Town event is planned for July 2008, to be held at Wellington School, and it is expected that 8,000–10,000 visitors will be attracted to Wellington over the two days of the event to purchase produce from around 50 local food producers. A tranche of accrued funding previously agreed to the sum of £20,000 was paid to WEP in April 2008 to support this year's event.

It is now proposed that a further award is made to WEP in order to provide the working capital required for the Partnership to attract sponsorship for next year's Food Town Event, and to support the work needed to attract additional funding to enable the delivery of the development projects identified within the town plan as follows:

Accrual:	2008/2009	£20,000
Award:	<u>2008/2009</u>	<u>£20,000</u>
		£40,000

8. Rural Business Support

The EDU carries out significant levels of work alongside rural business communities in the Deane, encouraging diversification and improved knowledge and skills. Many farmers are rising to the challenge of business diversification and development,

The EDU has also been supporting the development of business skills and training for rural micro businesses, and is developing a programme for 2008/9

In addition there are a number of Somerset County Council rural skills and business support schemes in operation that this Council has contributed towards core costs. It is proposed that this continues.

Award:	<u>2008/2009</u>	<u>£ 7,500</u>
		£ 7,500

9. Rural Projects Support

During this year the EDU has been supporting the development of three separate LARC (the replacement for Leader Plus) Bids in Somerset. It is likely that all three will be successful. Whilst no core funding is possible in the current financial climate, it is felt to be prudent to allocate a sum towards match funding initiatives within the Taunton Deane area and to support the development of economic projects for inclusion in the eventual Programmes, including MAAs and other forms of collaborative working.

It is therefore proposed to allocate £5,000 for work in the current financial year, and £10,000 in each of the next two subsequent years in support of the successful LARC Programmes.

Grant	2008/2009	£ 5,000
	2009/2010	£10,000
	<u>2010/2011</u>	<u>£10,000</u>
		£25,000

PROPOSED ECONOMIC DEVELOPMENT PROJECTS BLOCK ALLOCATION: £244,700

DEPRIVATION AREA REGENERATION

There are seven Super-Output Areas (SOA's) in Taunton Deane that demonstrate levels of multiple deprivations within the top one-third in all England. Four of these are within Taunton Town, in Lyngford, Halcon and Priorswood Wards. Further, but less severe areas of multiple deprivations also sit within North Wellington and East Wellington Wards. It is a priority for this Council to address the issues surrounding deprivation, and to seek to take these SOA's out of the top one-third in England by 2015.

There are a number of initiatives that the EDU is currently supporting, and the provision of additional LABGI funding will enhance this work, and enable communities within our 'inner Towns Wards' to develop, manage and deliver

projects and activity that will seek to improve community cohesiveness, skills levels within the local workforce and community, and promote community entrepreneurialism. These projects are as follows:

10. Taunton Deane Young Enterprise Primary Programme

The Young Enterprise Primary Programme, which was supported by Members when proposals to enrol 21 primary schools across the Borough were introduced to members in September 2006, has progressed into a second year and will recruit 24 primary schools to the programme. It is proposed in year three that 26 schools are recruited, and this allocation covers the costs of YE's contract for the final year of the project.

Award:	<u>2008/2009</u>	<u>£5,000</u>
		£5,000

11. Enterprise Gateways

It is clear that future allocations of LABGI, and the Audit Commission will require the authority to concentrate on addressing multiple deprivation in our urban areas in Taunton and Wellington.

The EDU intends to work with a wide range of partners to develop opportunities for residents in deprived areas to benefit from Project Taunton. This includes work with existing bodies such as North Taunton Partnership and the reforming Taunton East Development Trust, which will become the Link Centre Partnership. However, the greatest challenge is to create the conduit through which the hard to reach and those living within areas of deprivation can be engaged in a meaningful and purposeful manner.

In previous years specific allocations have been made to TEDT and NTP, however, there is concern that these organisations do not have the capacity or competency to fulfil the delivery requirements of this new Gateway function. That said, it is recognised that both of these organisations provide a critical function in being able to communicate with and from the local community, and are able to continue to provide social development delivery that contributes to organisational and LAA objectives, but also to provide through this work the fundamentals from a social perspective that will allow economic development to occur.

Within the ISIS proposal there is a commitment to support the development of an Innovation Centre in Taunton. The innovation Centre will provide in addition to supported workspace, the conduit through which knowledge transfer will occur to businesses within the surrounding geographical area and throughout the corresponding 'outreach network' of associated businesses that have episodic engagement with the centre. The 'Gateway' for businesses to access the business support and knowledge transfer will be through Business Link, and for

skills development through the Train to Gain contract. This will greatly improve access to business support and skills development for potential high growth and established small businesses.

However, it is felt that this facility can also bring benefit to areas of deprivation and hard to reach communities, but in order to do so there needs to be 'community gateways' that are linked to the central hub of the Innovation Centre.

It is felt that these Enterprise Gateways, located within the areas of deprivation, will be ideally placed to promote the use of business support to the self-employed and micro businesses within and close to areas of deprivation in order to encourage business and employment growth, to promote skills development opportunities to reduce worklessness and improve future work prospects, to promote the development of an entrepreneurial culture and challenge the accepted 'norms' of low aspiration and low achievement, and to promote corporate social responsibility strategies and activities from businesses in a focused manner that will give the greatest impact and assist in the reduction of factors contributing to deprivation indicators.

Officers in the EDU are currently examining ways in which 'Enterprise Gateways' can be developed initially in east and north Taunton and Wellington, through which a range of skills, work, training, community enterprise, and employment opportunities can be developed and identifying delivery partners through whom the ED Officers can enable the maximum concentration of effort to bring about sustainable change. If successful, it would be anticipated that a further three gateways are established in more rural areas.

In order to be successful, this project will require much greater collaborative working with delivery partners than has hitherto been achieved, but will also require a much greater level of integrated working across departments concerned with regeneration and community engagement within TDBC.

It is therefore proposed that the sum of £65,000 be made available to develop delivery plans and establish these Enterprise Gateways over a three year period as follows:

Award:	2008/2009	£25,000
	2009/2010	£20,000
	<u>2010/2011</u>	<u>£20,000</u>
		£65,000

12. Physical Regeneration Feasibility Studies

In order to further support work within deprived areas it is proposed that the sum of £10,000 be set aside to match fund feasibility studies into physical regeneration projects.

Award:	2008/2009	£ 5,000
	<u>2009/2010</u>	<u>£ 5,000</u>
		£10,000

**PROPOSED DEPRIVED AREAS PROJECTS
BLOCK ALLOCATION:**

£ 80,000

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