

<b>Subject:</b>	<b>Local Authority Business Growth Incentive (LABGI) Funding 2009/10</b>		
<b>Date of Meeting:</b>	<b>23 April 2009</b>		
<b>Report of:</b>	<b>Director of Culture &amp; Enterprise</b>		
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<b>Key Decision:</b>	<b>Yes</b>	<b>Forward Plan No: CAB9568</b>	
<b>Wards Affected:</b>	<b>All</b>		

**FOR GENERAL RELEASE**

This report was not included in the Forward Plan due to the late receipt of information from government on the levels of funding available.

**1. SUMMARY AND POLICY CONTEXT:**

- 1.1 Local Authorities have been awarded **Local Authority Business Growth Incentive** (LABGI) funding on an annual basis calculated on a formula that relates to the growth in Business Rates in the area within a calendar year. The funding being allocated under this report will be £563,000. This report gives an overview of the range of projects and programmes proposed for this funding.
- 1.2 The projects proposed for funding have been subject to analysis against local criteria developed for the LABGI fund. These are listed in full in the body of the report. These criteria relate to; the source and purpose of the funding, the current Local Area Agreement priorities, the current imperative around recession relief and value for money.

**2. RECOMMENDATIONS:**

- 2.1 That Cabinet agrees the proposed list of projects for funding attached at Appendix One.
- 2.2 That Cabinet delegates responsibility to the Cabinet Member for Enterprise and Major Projects in consultation with the Director of Culture and Enterprise for agreeing the allocation of any further funding, should it become available, during the current financial year. This funding to be allocated in line with the criteria outlined in the body of the report.

**3. RELEVANT BACKGROUND INFORMATION/CHRONOLOGY OF KEY EVENTS:**

- 3.1 Historically, the LABGI scheme has given allocations retrospectively. The government calculated how much each authority was due under the

scheme but for calendar year 2007 held back £100m nationally because of concerns over possible Judicial Reviews and legal challenges.

- 3.2 In February 2009 the government decided to release £99m of the £100m and Brighton and Hove received £414,000 from that allocation. The council is also holding £149,000 originally funded by LABGI in an earmarked reserve for the promotion of a Private Bill for the control of sex establishments in Brighton & Hove. The government is currently promoting a Policing and Crime Bill that will provide for the controls sought by the council and therefore the reserve is no longer required and available for re allocation. These two amounts make up the £563,000 that is the subject of the proposals contained in Appendix One.
- 3.3 The Government is still consulting on how the new LABGI scheme will operate from 2009/10. One of the preferred Government approaches for the new scheme is that the grant would be distributed according to growth in sub-regions rather than being based on each individual local authority. Nationally there is only £50m available (compared with £400m for the calendar year 2007 allocation). Based on the parameters set out in the original consultation document the council could receive around £200k in 2009/10, however this is only a guide as the final data and parameters included in the scheme will alter this amount.
- 3.4 A short set of criteria has been developed for the allocation of LABGI funding by officers in Finance and Economic Development as follows:
- LABGI fund criteria:**
1. The project makes a contribution to the development of business activity in the city and therefore to the future likelihood of the receipt of further LABGI funding for the City Council.
  2. The project makes a demonstrable contribution to recession proofing.
  3. The project contributes to the achievement of the economic targets in the Local Area Agreement.
  4. The project has matched funding in place, ideally on a minimum ratio of 1:1.
- 3.5 An additional consideration, is the sustainability of projects given the one off nature of LABGI funding. Any commitment from the funding is only on a yearly basis.
- 3.6 A brief summary of the projects proposed for funding is attached at Appendix One. The list of projects is quite wide ranging in scope, some build on success in previous years, some focus primarily on recession relief and some on the stimulation of future additional business activity.
- 3.7 The balance between focussing support on recession relief and the stimulation of future potential additional business activity is key. The source of LABGI is the additional business rates that come from a particular area, therefore, if no attention is paid to this, there could be no further LABGI funding in the future.

- 3.8 A total of 15 projects have been recommended for funding for 2009/10 to the value of £563,000. The total matched funding that those projects will lever in well over £1m in cash, with further support in kind in terms of resources and services. The estimated direct outputs in terms of people into jobs is just over 100 with a further output of over 100 people into training or volunteering. There is also a range of activity that targets support towards those who face particular barriers to accessing training and employment opportunities such as the Breakthrough programme and the work of the Learning Employment Partnership, both of which deliver high outputs for the funding proposed.
- 3.9 In addition to these figures, there are a number of programmes and projects that will greatly enhance business success in the city and have an impact on both jobs and income. The Tourism marketing plans, including a small sum to establish the new Greeter Scheme which will be linked to successful models in Europe and the United States, will add to the effectiveness of the tourism economy, targeting longer staying and higher spending visitors. Funding is proposed to match fund the Festivals Clusters development initiated by the South East of England Development Agency (SEEDA) to support the significant Festivals offer in the region, one of its unique selling points. Other projects will have an impact on the city centre environment such as the scheme to put artwork up in vacated and boarded up premises which has had such success in mitigating the negative impact of empty premises, particularly in key locations.
- 3.10 Building on the success of the recently established Economy Task Force led by the City Council, there will be an allocation of funding for Recession Relief Measures to be agreed by that Task Force over the next few months. This may include measures such as the establishment of a Hardship Fund for local businesses to apply to which will enable the local authority to give rate relief under certain criteria, 75% of which can then be claimed back from Government. It may also include funding for the enhancement of Advice services in the city facing particular strain in the current climate or the development of Credit Unions. There is, additionally, the proposed continuation of support to businesses through the work of the Chamber of Commerce for example, which aims to reach well over a thousand businesses in 2009 and other business targeted Economy Task Force initiated schemes which have been so successful to date. The number of businesses that will be directly helped across the whole funding programme will be at least two thousand.
- 3.11 In 2008, a total of £1.411m LABGI funding was allocated across a range of projects delivering on a number of agendas for the city: Employment-related projects included the initial phase of the Brighton Internship Programme run by Wired Sussex, for example, matching highly skilled interns to Digital Media businesses. Another programme, Breakthrough, a project supporting people who face barriers to employment to access training and jobs had an impact for 263 people receiving one-to-one support

and training, 30 of whom have moved into employment, 21 have begun volunteering and 60 have been offered 4-week work placements.

- 3.12 Further employment and skills related programmes included funding for the City Employment and Skills Plan (CESP) which supported 10 micro projects; including a 'back to work' project, an adult advancement and career service, a funding roadshow event, the development of the city's Volunteering Strategy, business clinics to support local firms and the development of a Digital Media Degree course.
- 3.13 In terms of business related projects, LABGI funding supported the post of the Hove Town Centre Manager, a valuable link between the council and the Hove business community and essential support to Hove based businesses. It also supported the initiation of Business Lifebelt, as part of a recession relief package. The programme commenced in February 2009 and to date has assisted 50 businesses through one-to-one clinics and retail workshops. The project is targeted to assist 764 small and medium sized enterprises by the end of July 2009. The Brighton & Hove Chamber of Commerce received funding to redesign its website and recruit an Events Co-ordinator. This allowed the Chamber to support 700 local businesses through its events and training programme in the first six months of the project.
- 3.14 In terms of major priorities for the city's economy as a whole, a significant allocation of £700,000 of the funding in 2008 was allocated to the Brighton Centre redevelopment project.

#### **4. CONSULTATION**

- 4.1 There has been consultation with officers in Finance, Economic Development, Tourism, Arts and Creative Industries, Local Employment Partnership Team, Policy and Resources, Revenues and Benefits Team.
- 4.2 There has been consultation with the lead Cabinet Member for Enterprise and Major Projects.

#### **5. FINANCIAL & OTHER IMPLICATIONS:**

##### Financial Implications:

- 5.1 The LABGI funding is one-off funding received as an unringfenced grant. The £149,000 is a reallocation of previously awarded LABGI grant and the £414,000 has been received in March 2009. The new LABGI scheme operating from 2009/10 has not yet been issued by Government and therefore any allocations against this cannot be agreed until the LABGI grant under the new scheme is formally announced.

*Finance Officer Consulted: James Hengeveld*

*Date: 30/03/09*

Legal Implications:

- 5.2 The report proposes the exercise of economic development and well being powers and there are no adverse legal implications or Human Rights Act issues directly arising from this report

*Lawyer Consulted:*

*Bob Bruce*

*Date: 03/04/09*

Equalities Implications:

- 5.3 By supporting activity that is designed to increase employment opportunities and the success of local businesses, there are no adverse crime and disorder implications.
- 5.4 A number of the projects proposed for funding work particularly to target support towards those who are currently experiencing barriers to employment in the city.

Sustainability Implications:

- 5.5 The LABGI criteria address the funding base of proposed projects, favouring those with a wider funding base to increase their sustainability.
- 5.6 In terms of environmental sustainability, there are no specific adverse implications.

Crime & Disorder Implications:

- 5.7 By supporting activity that is designed to increase employment opportunities and the success of local businesses, there are no adverse crime and disorder implications. The proposal to decorate empty premises with artwork is also specifically designed to discourage anti-social behaviour around empty premises.

Risk & Opportunity Management Implications:

- 5.8 The LABGI criteria were developed to minimise the risk of selecting projects with a less favourable chance of success. The criteria are designed to select projects with maximum impact and sustainability.
- 5.9 Officers in the Economic Development Team have developed a monitoring process that will be used in the administration of this funding and there will be ongoing contact with organisations managing the activity.

Corporate / Citywide Implications:

- 5.10 The majority of the projects proposed have a citywide impact in terms of their effect on the economy.

**6. EVALUATION OF ANY ALTERNATIVE OPTION(S):**

6.1 A total of 21 projects were considered in the project appraisal exercise.

**7. REASONS FOR REPORT RECOMMENDATIONS**

7.1 The projects proposed for funding from LABGI have undergone an appraisal process and offer the best value for money solution to the specific criteria to be satisfied.

7.2 The recommendation for approval needs to be at April Cabinet in order to give projects the optimum chance of putting activity in place.

**SUPPORTING DOCUMENTATION**

**Appendices:**

1. Summary of projects proposed for funding

**Documents In Members' Rooms**

None

**Background Documents**

None