

Report to: Executive
Date: 11 October 2005
Report of: Executive Member for Regeneration
Subject: Local Enterprise Growth Initiative
Ward: All

1.0 Purpose of Report

1.1 The purpose of this report is to provide an update on progress with the Local Enterprise Growth Initiative (LEGI) and to advise the Executive on the proposed arrangements for making the LEGI bid. The report also seeks approval from the Executive to utilise some of the pump-priming money that the District has been awarded.

2.0 Consultation

2.1 This report has been prepared in consultation with the Director of Regeneration and Development and the Manager of East Durham Business Service.

3.0 Background

3.1 Members will be aware that a briefing note was circulated highlighting the background of LEGI and the Council's response submitted to the Government's consultation document. The aim of the LEGI is to release the productivity and economic potential of the most deprived local areas and their inhabitants through enterprise and investment, thereby boosting local incomes and employment opportunities. To meet this aim, the LEGI has three main outcomes:

1. To increase total entrepreneurial activity among the population in deprived local areas.
2. To support the sustainable growth – and reduce the failure rate – of locally-owned business in deprived areas
3. To attract appropriate inward investment and franchising into deprived areas, making use of local labour resources.

3.2 The LEGI monies are only available to the 88 Neighbourhood Renewal Fund (NRF) areas and Easington is therefore eligible to bid for the monies available. The three other eligible local authorities in County Durham are Derwentside District Council, Sedgefield Borough Council and Wear Valley District Council. The Government has indicated that only 10 bids per annum are likely to be approved throughout the three bidding rounds of the programme, and successful authorities could expect to receive between £2m -£10m depending on the critical mass of resources required.

3.3 To help prepare and develop the bid, the District has been awarded £80,000 of pump-priming money to support the development of the LEGI bid. The government is yet to determine the length of time a successful bid would run for, but it has stated that the initiative will be open to bid through three bidding rounds. To apply for the first round, LEGI bids must be submitted by 9th December 2005. The deadlines for the second and third rounds for bid applications have not yet been published.

4.0 LEGI Approach

- 4.1 Due to common enterprise and economic development issues being faced by disadvantaged communities within the NRF local authorities in County Durham, and the need for a co-ordinated and cross-boundary approach to enterprise and growth stimulation, it is felt that the District should form part of a joint bid with the other eligible local authorities in the County for the first round of LEGI.
- 4.2 The government guidance states that LEGI bids, where successful, are to be channeled through the Local Area Agreements (LAA) where they are in place. A LAA for County Durham is being developed, and it is prudent, therefore, to follow this approach through a single County Durham bid. Informal soundings from regional stakeholders also support the view that a single County Durham bid would be looked on more favourably than individual submissions.
- 4.3 To meet the requirements of the LEGI bid, all proposals need to be fully evidenced, consulted upon, and make a real difference on the ground. Due to the work involved in this, and the tight timescales involved, it is proposed to appoint suitable consultants to carry out the necessary background research work and develop costed and timetabled initiatives following stakeholder consultation. The consultants would be charged with the following:
1. scope the most effective approach to LEGI for the County
 2. undertake necessary baseline research and analysis
 3. undertake stakeholder involvement and consultation
 4. write a fully evidenced and costed bid document
- 4.4 Following the selection process, it is proposed that Derwentside District Council will appoint the consultant's on behalf of the other three authorities. This will ensure that the consultant's can be appointed quickly with one single contract rather than contracting with each local authority separately. All of the four local authorities will pay an equal contribution towards the consultancy fees from their pump priming monies, initially estimated to be up to £40,000 per local authority.
- 4.5 The joint bid authorities will establish a small, tight project management group to work closely with the consultant's to guarantee the quality of the bid and to fully meet the needs of the authorities in question. Arrangements will also be put into place to ensure the engagement of local partners and agencies in the development of initiatives for the Easington area and the bid overall.
- 4.6 In terms of the preparation of the LEGI bid, it is recommended that the necessary actions governing the management and coordination of this process be delegated to the Director of Regeneration and Development in consultation with myself. Reports will be presented to the Executive at relevant stages.

5.0 Implications

5.1 Financial

£80,000 of pump-priming money has been awarded to the District of Easington to use to develop bid proposals. By pooling resources with the other three local authorities, economies of scale can be secured in terms of the cost of the proposed consultancy support. It is proposed that up to £40,000 of the pump-priming monies be utilised to appoint consultants to produce the bid document. The pump-priming monies do not have to be spent by the end of

the financial year; therefore remaining monies can be used for the other associated LEGI work in 2006/07.

5.2 Legal

It is not considered that the report has any legal implications for the Council.

5.3 Policy

It is not considered that the report has any policy implications for the Council.

5.4 Risk

A risk assessment has been completed and the necessary actions required to manage the identified risks will be implemented.

5.5 Communications

The Council will be provided with updates to keep them informed of progress with the LEGI bid. The work will also be undertaken in consultation with the LSP Economy Group.

6.0 Corporate Implications

6.1 Corporate Plan and Priorities

The recommendations contained within this report comply with the Council's corporate objectives to secure economic wellbeing and provide quality, equal and diverse sustainable employment.

6.2 Equality and Diversity

It is not considered that this report has any equality and diversity implications for the Council. However it is expected that the LEGI proposals will consider these issues in the context of barriers to economic activity in disadvantaged communities.

6.3 E-Government

It is not considered that this report has any IT or e-Government implications for the Council. The LEGI proposals may however, involve the provision of greater use of e-business channels to stimulate local economic activity

6.4 Procurement

It is not considered that this report has any procurement implications for the Council since Derwentside District Council will be appointing the consultant's on behalf of the other three local authorities.

7.0 Recommendations

7.1 The Executive notes progress on the LEGI and approves the approach to the LEGI bid submission on a County Durham basis with the other three eligible NRF Districts.

7.2 The Executive delegates the management of the LEGI bid preparation and submission process, including the use of pump priming monies to support this, to the Director of Regeneration and Development in consultation with myself.

Background Papers/Documents Referred to:

Local Enterprise Growth Initiative Document

Local Enterprise Growth Initiative Next Steps