

# Item 4

## REPORT TO CABINET

10<sup>th</sup> NOVEMBER 2005

## REPORT OF THE HEAD OF STRATEGY AND REGENERATION

### REGENERATION PORTFOLIO

#### LOCAL ECONOMIC GROWTH INITIATIVE (LEGI)

##### SUMMARY

The Local Enterprise Growth Initiative (LEGI) was introduced by the Government as part of the April, 2005 Budget as a fund to further support Districts in receipt of Neighbourhood Renewal Fund (NRF) to stimulate increased entrepreneurial activity in disadvantaged areas.

It is a competitive fund in that the 88 NRF areas have been invited to bid for funding of up to £10m per District to be spent over a period of up to ten years. The Government has provided each eligible District with £80K of pump priming funding to support the development of a LEGI bid. Thirty awards will be made in total. Ten per financial year over the next three years.

Within the framework of a County Durham Local Area Agreement, Sedgefield Borough, Easington, Wear Valley and Derwentside Districts have agreed to work together to develop a single bid covering all four areas. Guidance from GONE indicated that a individual bids would stand much less chance of success.

Expressions of interest have been sought from six consultancy businesses and following a competitive tender process, Shared Intelligence was appointed to develop and submit a LEGI submission by 9<sup>th</sup> December, 2005 – the closing date for the first round. This will require no direct financial contribution from the Borough Council.

##### 2. RECOMMENDATION

It is recommended that Cabinet:

Receive the report for information and agree to receive further reports to influence the preparation of the final bid.

### **3. BACKGROUND**

The Government launched the Local Economic Growth Initiative (LEGI) as part of the April, 2005 Budget Statement. LEGI is designed to support those areas eligible for Neighborhood Renewal Areas (NRF) to improve economic performance through enterprise and employment in areas of greatest disadvantage. LEGI represents a significant opportunity to make a step change as funding up to £10m would be provided for a period of up to 10 years for a targeted area.

LEGI is a competitive fund. The Government announced that three rounds of funding will take place over the next three financial years and ten awards will be made per round. The deadline for the first round of bidding is 9<sup>th</sup> December, 2005. Within England 88 local authorities are eligible to bid for the funding.

To enable Councils to bid for LEGI funds, the Government allocated each authority a 'one off' payment of £80K through the regional Government Offices to support bid development over a three year period. Additionally, the Government Office North East (GONE) also allocated an advisor to guide bid development.

Given the emphasis within the consultation document on partnership working, the pressure to pool LEGI through a Local Area Agreement and the competitive nature of the bidding process, the four eligible County Durham Districts have chosen to develop and submit one bid for the 9<sup>th</sup> December, 2005 deadline.

Due to the tight deadline, the local authorities developed a tender brief within a ten day period then requested expressions of interest, interviewed consultants and appointed "Shared Intelligence" to develop the LEGI submission.

Procurement was carried out through Derwentside District Council's procedures following joint agreement for Derwentside to lead on this aspect of the process. The Shared Intelligence fee for this piece of work is £74, 201 including VAT.

A significant element of the work to be undertaken will be research based to develop robust baseline information for each District as clear evidence to support the recommended interventions forming the final submission. It will not be a 'one size fits all bid' as it is envisaged that it will be a combination of cross cutting and localised interventions. Equally, LEGI provides the opportunity to pilot interventions in localities, building on innovation and best practice.

LEGI funding is the only funding stream included in the County Durham Local Area Agreement Enterprise and Economic Development block. On this basis and in the spirit of partnership, Durham County Council through the County Durham Economic Partnership are supporting the process.

#### **4. CORPORATE POLICY IMPLICATIONS**

LEGI presents a significant funding opportunity for County Durham and Sedgefield Borough to make a step change in improving the economic prosperity of its most disadvantaged communities. Thereby, supporting the attainment of a broad range of themes contained with the Sedgefield Borough Community Strategy. Key themes of the LEGI initiative, include increasing enterprise activity, improving skills, reducing worklessness and attracting new / inward investment.

Given the broader impact of the economic cycle a successful LEGI submission will be expected to contribute to improvements in health, life long learning, housing and community safety.

#### **5. RESOURCE IMPLICATIONS**

The Government through GONE provided £80K to each eligible Local Authority to support the development of a LEGI bid. The appointment of Shared Intelligence was undertaken on a competitive tender basis and Derwentside District Council is the lead authority in procuring this work.

The Shared Intelligence fees for this piece of work amount to £74,201 including VAT representing a contribution of £18,550.25 inc VAT per local Council. SBC is in receipt of the £80k provided by GONE and this will be used to contribute to the costs of Shared Intelligence.

#### **6. CONSULTATIONS**

The four district authorities of Derwentside, Easington, Sedgefield and Wear Valley together with the County Durham Economic Partnership will initiate the creation of an Executive for the purposes of commissioning, submitting and managing a LEGI proposal to GONE. The Executive will also include a representative from the NRF LSP Economy Policy Groups.

It is proposed that the Head of Strategy and Regeneration and a representative of the LSP Economy Policy Group will be representing Sedgefield Borough on this group.

The LEGI Executive will invite specialist advisors to contribute as appropriate, including representatives of ONE, GONE, County Durham LSC, Business Link County Durham and the North East Chamber of Commerce.

Two stakeholder events are to be organised to better inform the development of the LEGI submission to be held during November, 2005 and will involve partners from the public, private and voluntary sectors. Additionally, this process will be

complemented by more locality based consultation arrangements to engage stakeholders in each NRF LSP area with a view to better determine and influence delivery arrangements for the LEGI intervention proposals within the final submission. Businesses and the voluntary / community sector are key to this process.

**7. OTHER MATERIAL CONSIDERATIONS**

There are no other material considerations at this point in time as the final bid has not yet been prepared.

**8. OVERVIEW AND SCRUTINY IMPLICATIONS**

8.1 There has been no previous consultation or engagement with the Overview and Scrutiny Committees.

-----  
**Contact Officer:** Andy Palmer  
**Telephone number:** 4360  
**Email Address:** [anpalmer@sedgefield.gov.uk](mailto:anpalmer@sedgefield.gov.uk)

**Ward:** Borough Wide

**Key Decision Validation:** n/a

**Background Papers:** None

**Examination by Statutory Officers**

	Yes	Not Applicable
1. The report has been examined by the Councils Head of the Paid Service or his representative	<input checked="" type="checkbox"/>	<input type="checkbox"/>
2. The content has been examined by the Councils S.151 Officer or his representative	<input checked="" type="checkbox"/>	<input type="checkbox"/>
3. The content has been examined by the Council's Monitoring Officer or his representative	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4. The report has been approved by Management Team	<input checked="" type="checkbox"/>	<input type="checkbox"/>