

CARLISLE CITY COUNCIL

Report to:- **Carlisle City Council**

Date of Meeting:- **14th July 2009**

Agenda Item No:-

Public

| | |
|---------------------------|---|
| Title:- | LOCAL AUTHORITY BUSINESS GROWTH INITIATIVE (LABGI) FUNDING |
| Report of:- | HEAD OF ECONOMY, PROPERTY & TOURISM |
| Report reference:- | DS.53/09 |

Summary:-

At the meeting held on 29th June 2009, the Executive considered a report recommending that the unallocated LABGI reserve of £227,000 be used for a range of measures designed to off-set the impact of the recession.

The Executive recommended that Council agree that the unallocated LABGI reserve of £227,000, as outlined in Report Ref. DS.48/09, and the budget be delegated to the Head of Economic Development, Property and Tourism in consultation with the Portfolio Holders for Economy and Finance.

Recommendation:-

1. That the Council agree that the unallocated LABGI reserve of £227,000 be used for the purposes outlined in report ref: DS.48/09 (copy attached).
2. That the budget is delegated to the Head of Economy, Property and Tourism in consultation with the Portfolio Holders for Economy and Finance.

Contact Officer: David Beaty

Ext: 7120

Note: in compliance with section 100d of the Local Government (Access to Information) Act 1985 the report has been prepared in part from the following papers: None



REPORT TO EXECUTIVE

PORTFOLIO AREAS: ECONOMY and FINANCE

Date of Meeting: JUNE 29TH 2009

Public

Key Decision: Yes/No

Recorded in Forward Plan:

No

Inside Policy Framework

Title: LOCAL AUTHORITY BUSINESS GROWTH INITIATIVE
[LABGI] FUNDING

Report of: HEAD OF ECONOMY, PROPERTY & TOURISM

Report reference: DS.48/09

Summary:

This arises from the Executive resolution EX.113/09 which sought a report on the immediate measures open to the Council to use LABGI reserves to help offset the impact of the recession. The report sets out the initiatives that could be taken forward.

Recommendations:

1. The Executive is requested to recommend that Council agrees the use of the unallocated LABGI reserve of £227,000 for the purposes outlined in the report.
2. That the budget is delegated to the Head of Economy, Property and Tourism in consultation with the Portfolio Holders for Economy and Finance.

Contact Officer: DAVID BEATY

Ext: 7120

Note: in compliance with section 100d of the Local Government (Access to Information) Act 1985 the report has been prepared in part from the following papers: None

1.0 INTRODUCTION

- 1.1 The report arises from a resolution by the Executive at its meeting on 1st June 2009.

“That the Executive request the Portfolio Holders for Economy and Finance to discuss with Officers the possible initiatives to offset the effects of the recession and report back to a future meeting of the Executive it being noted that any decision to release the funding currently held in Reserves would require a decision by Council.”

- 1.2 The most recent tranche of LABGI funding earlier this year included a recommendation from the Department of Communities and Local Government that local authorities should consider the use of LABGI for measures to help offset the impact of the recession.

2.0 CURRENT POSITION ON THE COUNCIL’S LABGI RESERVES

- 2.1 The Local Authority Business Growth Initiative [LABGI] is a payment to local government that is designed as an incentive to encourage local economic and business growth.
- 2.2 The amount of LABGI received is based on a formula that is linked to the increase in the rateable values of properties in an area under a scheme that has been in operation since 2005/06. Since its introduction the City Council has consistently used its allocation LABGI for projects linked to the economic well-being of the area.
- 2.3 The Council agreed to earmark £631,000 LABGI over 2 years in its 2009 budget for the implementation of the economic strategy for the Carlisle. A report on the overall programme for the economic strategy is in preparation.
- 2.4 This report deals with the unallocated LABGI reserves over and above the amount identified in the budget resolution. This comes from an additional allocation from Government of £194,173 made earlier this year and other unallocated amounts from previous years that together that together comprise an unallocated reserve of £227,000.

3.0 PROPOSALS FOR UTILISING THE UNALLOCATED LABGI RESERVE

- 3.1 The proposals below are linked to the priorities from the economic strategy, but in particular include actions linked to the recession. They cover: -

City Centre Initiatives. There are two areas of possible expenditure under this heading, covering the costs associated with the development of a city centre management partnership and the need to support the vitality of the city centre at a time of recession.

The development of the City Centre Partnership will proceed at the pace determined by the private/public sector steering group which is now in place. It is expected that up to £15,000 will be required to meet development costs in 09/10 with possibly a further budget needed in 2010/11 – if the partnership decides to explore the possibility of a Business Improvement District. Development costs will be determined over the next few weeks subject to decisions made by the steering group. Carlisle Renaissance funding may also be available for City Centre Management during 2009/10.

The importance of maintaining the appeal of the city centre is well understood but the recession has also highlighted other issues where further City Council intervention is needed. There is a need for further investment in 2009 to sustain the Christmas package which has been so successful in recent years. An allocation of £40,000 is required for the festive lighting. In addition it is proposed to allocate a budget for local environmental improvements, including measures to deal with the impact of empty shops and environmental improvements to the pedestrian access routes into the city centre. [£30,000] The environmental improvements, [for example] could include work to re-paint the underpasses in Hardwicke Circus

Total call on LABGI for city centre activities and projects is proposed at £85,000 in 09/10.

Business Support Projects. There are three aspects to this area of work that need to be moved forward.

- [i] ***The NWDA regional start-up programme*** is about to be commissioned with scope to customise the regional product to meet local needs. Each district area has been allocated a proportion of the regional budget - in Carlisle' case this is £67,000 which it is proposed to match with £60,000 of LABGI

resulting in a local programme that targets specific areas of Carlisle, including the most deprived wards and rural areas. Groups of individuals targeted include older and younger people, benefit claimants, lone parents and people under notice of redundancy.

- [ii] ***Business Incubation.*** The project is about promoting and sustaining the development of high value small businesses of the kind that are currently under-represented in the Carlisle economy. Loosely defined as 'knowledge based' businesses, these are the kind of business starts [for example] that would attract [or be started by] graduates from the University. At the moment the funding requirement is to get a business case prepared that defines the scale of the project and the balance between the support and advice services and the need for premises.

The budget of £20,000 in 2009 / 2010 will be used to develop proposals to show how the growth of new knowledge based businesses can be accelerated in Carlisle and the nature of the intervention(s) required to achieve this, including whether there is a case for a dedicated business incubation centre. Based on the outcome of this exercise there may be a further requirement LABGI support in 2010 / 2011.

- [iii] ***Sector Development.*** The key sectors for Carlisle are tourism, [to be covered by the Tourism Partnership], retail & construction, [to be the subject of future proposals relating to training], logistics, the food sector and the 'knowledge' sector.

The logistics and food sectors are 'clusters' of businesses and the work to date has been with NWDA , the University and others to link Carlisle's needs into existing and proposed regional and other support initiatives. A project is proposed to support the development of these clusters.

A logistics partnership in Carlisle would bring together transport and logistics companies, educational bodies and service users, particularly manufacturers. The partnership would directly feed into the Logistics Academy North West and seek to influence regional and national policy.

At a local level, in any downturn in the economy the logistics sector is particularly vulnerable and feels the impact early on. The partnership would support businesses with help and advice on recession planning and on

restructuring the industry locally so that it is more robust. Support would be simply pump priming, to establish a self sustaining partnership.

With regards to the food sector, the funds would be to support the delivery of regional initiatives at a local level so as to maximise take up by food sector businesses in the district.

In the interim it is proposed to allocate £7,000 to begin initiatives in both sectors with the intention of identifying the funding requirements for a fuller programme in the forthcoming report on the programme for implementing the economic strategy.

Old Town Hall The proposals to upgrade the Old Town Hall have been the subject of further discussions with NWDA and decisions on funding bids are pending. Further clarity is needed on the scope and scale of the project before grant funding bids are finalised and before the project can be submitted to the Council's' projects board. £20,000 would allow feasibility and concept design work to be commissioned that would move the project on.

Tullie House Roman Gateway This project has two strands; the refurbishment and re-launch of the Millennium Gallery to create a new Roman gallery that will include the use of cutting-edge interactive technology to recreate life in Roman Carlisle and along the Wall [the internal works] and the improvement and interpretation of the Hadrian's Wall path through urban Carlisle to provide better links to the city centre and the historic core [the external works]. The initial proposals envisaged a LABGI allocation of £100,000 in both 2009/10 and 2010/11 against a project [then] valued at over £4 million. The project has gone through concept bid stage and has been since been scaled down to £2.3 million reflecting the availability of external funds. The LABGI will contribute to the external works focusing upon interpretative features on and adjacent to Hadrian's Wall Path, improved signage, complementary landscaping work on and adjacent to Hadrian's Wall Path. The requirement for LABGI in 09/10 is now likely to be £35,000 to cover design development with £165,000 in 2010/11 for implementation.

4.0 SUMMARY OF PROPOSALS.

4.1 A summary of the proposals for using the unallocated LABGI reserve is as follows:

| Topic | Amount of LABGI |
|--|------------------------|
| City Centre | £85,000 |
| Business Support | £60,000 |
| Project Development [Old Town Hall & Roman gateway] | £55,000 |
| Business Incubation & Sector Development | £27,000 |
| Total | £227,000 |

5.0 CONSULTATION

5.1 Consultation to Date.

Discussions have taken place with the City Centre Partnership steering group. The measures are aligned with the priorities of the Economy and Enterprise Priority Group of the Carlisle Partnership as agreed in March 2009

5.2 Consultation proposed.

6.0 RECOMMENDATIONS

1. The Executive is requested to recommend that Council agrees the use of the unallocated LABGI reserve of £227,000 for the purposes outlines in the report.
2. That the budget is delegated to the Head of Economy, Property and Tourism in consultation with the Portfolio Holders for Economy and Finance.

7.0 REASONS FOR RECOMMENDATIONS

To lessen the impact of the recession in Carlisle

8.0 IMPLICATIONS

- **Staffing/Resources** –

- **Financial** –

An additional LABGI award of £194,173 was received for 2008/09. The Dept of Communities and Local Government has suggested that this is spent on recession mitigation initiatives. There is also £33,000 from previous allocation which will take the total available to £227,000. The balance is currently held in the Projects Reserve and will require Council approval to release to the project identified.

- **Legal** – The Council has wide powers under Section 2 of the Local Government Act 2000 to do anything which it considers is likely to achieve the promotion or improvement of the economic, social or environmental well-being of its area, as long as it has regard to its own Community Strategy and any relevant guidance issued by the Secretary of State when determining whether or not to exercise these powers. They should be sufficient, therefore to enable the Council to pursue the initiatives set out in this report.

- **Corporate** – Aligns with Economic Strategy as adopted by Council

- **Risk Management** – Undertaken on a project by project basis

- **Equality and Disability** – Undertaken on a project by project basis

- **Environmental** – Impact on a project by project basis

- **Crime and Disorder** – Not applicable

- **Impact on Customers** – Measures should assist individuals and businesses and support economic activity in Carlisle at a time of recession