

Report to the Cabinet

Report Reference: C-013-2010/11.

Date of meeting: 19 July 2010.



**Epping Forest
District Council**

Portfolio: Finance and Economic Development.

Subject: Local Authority Business Growth Incentive Scheme.

Responsible Officer: Bob Palmer (01992 564279).

Democratic Services: Gary Woodhall (01992 564470).

Recommendations/Decisions Required:

- (1) To note that under the Local Authority Business Growth Incentive (LABGI) scheme £71,584 was received in 2009/10 and that the LABGI scheme has now been closed;**
- (2) To agree that the funds received in 2009/10 be ring fenced for economic development purposes; and**
- (3) That the Finance and Economic Development Portfolio Holder, in consultation with officers and business support organisations, be delegated authority to allocate the funding to appropriate schemes to aid economic development in the Epping Forest District.**

Executive Summary:

The Local Authorities Business Growth Incentive Scheme (LABGI) has operated for a number of years to provide an incentive to local authorities to invest in economic development. The new Government have announced that funding for the scheme has been withdrawn and no more grant will be payable. Throughout the period of operation of the scheme increases in the Council's non-domestic rating list have ensured annual awards have been received, the last of which was £71,584 in 2009/10.

Members have previously determined that LABGI grant should be credited to the District Development Fund and available to support any projects. The Federation of Small Businesses (FSB) approached the Council requesting that LABGI be ring fenced for economic development and made a number of suggestions about possible schemes.

Reasons for Proposed Decisions:

To ring fence the final LABGI grant for economic development purposes, in accordance with requests from the FSB and other partner organisations.

Other Options for Action:

The grant could be left as part of the DDF generally available to fund one-off schemes.

Cabinet could decide not to delegate the allocation of funds between schemes to the Finance and Economic Development Portfolio Holder and ask for further reports on schemes prior to any use of the funds.

Report:

Introduction

1. Late in 2009/10 the Department for Communities and Local Government (DCLG) announced details of grants under the Local Authorities Business Growth Incentive Scheme (LABGI) for 2009/10. Following the announcement that this Council was to receive £71,584 a request was received from the FSB that the Sustainable Communities Theme Group of the Local Strategic Partnership should have an agenda item – “To consider projects funded through LABGI grant money”.

Policy Context of the Scheme

2. The current Local Government finance structure does not fully recognise or reward local authorities' contribution to economic growth. Local authorities bear many of the costs of economic development although they do not benefit from the increased revenues it generates. Since 1990, business rates revenues have been paid into a central pool so that local authorities get no direct individual or local benefit.

3. LABGI gives local authorities a direct financial incentive to encourage business in their areas, by allowing them to retain a proportion of revenues created by increasing business growth above a predetermined floor.

How the Scheme Works

4. Business growth is measured in terms of the increase in a local authority's rateable value during a calendar year. It is based on actual changes to rateable values in the previous calendar year, provided by the Valuation Office Agency (VOA).

5. Each authority has a target level of growth in rateable value that must be reached to benefit from LABGI, known as the floor. The floor level is calculated using historic growth figures. The amount by which each authority exceeds their floor target will then determine their relative allocation from the Government's overall LABGI budget.

6. Given the uncertainty about the life of LABGI, and in line with a previous decision of Cabinet (19 December 2005, minute 128), LABGI income is credited to the District Development Fund (DDF). One of the published principles of the scheme is “that the scheme will give local authorities additional revenue to spend on their own priorities”. This has been re-confirmed by the DCLG in other statements “As in year 1, LABGI grant is entirely additional to the local government finance settlement and local authorities are free to spend the grant however they wish”. As Members allocate DDF funding amongst competing bids from the different Portfolios it is clear that DDF monies are spent on this Council's own priorities.

Potential Projects

7. The FSB believe that LABGI grant money should be available for projects to enhance economic development and regeneration. Members of the Sustainable Communities Theme Group were invited to bring forward suggestions for potential schemes that could then be reported to the Council's Cabinet for consideration.

8. The main proposals suggested were:

(a) pump-priming money for M11 Corridor Showcase event in November. Likely investment needed was felt to be in the order of £4,000 judging on Chelmsford/Maldon's experience last year. The money would contribute towards marketing, venue/catering etc;

(b) Incentive/Shop Local Scheme - reference made to similarities between this district and Rochford and its 'Shop at my local' web-based loyalty scheme. This scheme also involves partnership with Anglia Ruskin University to deliver training;

(c) the need for fast and reliable Broadband - reference to Maldon Local Strategic Partnership/Essex County Council project which is working in partnership with Suffolk/Thames Water using its towers and providing businesses with radio receivers etc. The initial financial injection for the Maldon scheme was approximately £33,000 but installation and usage charges were recovered from businesses signing-up; and

(d) work to support the LSP's commitment to NI171 Business registration in the Local Area Agreement and increasing support available to business start-ups e.g. voucher schemes as implemented in Harlow.

9. In addition to the above suggestions, a request has been received from Waltham Abbey Town Council for additional assistance in the build up to the 2012 Olympics. An annual grant of £15,000 is made to support the Tourist Information Centre (TIC) in Waltham Abbey and the Town Council have requested that this is increased to £20,000. The grant could be increased by £5,000 for 2010/11 and 2011/12 at a total cost of £10,000. The Town Council have stated that the additional grant would place the TIC "in a far better position to fully utilize the opportunities afforded to the area due to the Olympic Games and its legacy."

10. Members may also wish to consider the use of the LABGI funding to freeze parking charges for a further year. The freezing of parking charges for the last two years has been very popular with the business community and could be seen as an effective way of helping businesses across the District. Annual income from the Council's off street car parks is in the region of £800,000, so if a potential increase of 5% was foregone this would equate to a reduction in potential income of approximately £40,000.

Resource Implications:

The report proposes ring fencing £71,584 from the DDF for economic development purposes. As at 31 March 2010 the balance on the DDF was £4,041,000, of which £637,000 was unallocated.

Legal and Governance Implications:

There are no legal or governance implications.

Safer, Cleaner, Greener Implications:

There are no environmental implications.

Consultation Undertaken:

The Sustainable Communities Theme Group of the Local Strategic Partnership was consulted on the use of LABGI grant.

Background Papers:

None.

Impact Assessments:

Risk Management

It is possible that the amount to be ring-fenced may not be sufficient to take forward all of the proposed schemes.

Equality and Diversity:

Did the initial assessment of the proposals contained in this report for relevance to the Council's general equality duties, reveal any potentially adverse equality implications? No

Where equality implications were identified through the initial assessment process, has a formal Equality Impact Assessment been undertaken? N/A

What equality implications were identified through the Equality Impact Assessment process?
N/A

How have the equality implications identified through the Equality Impact Assessment been addressed in this report in order to avoid discrimination against any particular group?
N/A