
Report to
Cabinet

27th June 2006

Report of
Director of City Development and Director of Finance and ICT

Title
Local Enterprise Growth Initiative (LEGI) – Three Year Programme Implementation

1 Purpose of the Report

- 1.1 To inform Cabinet of Coventry's successful LEGI bid, seek Cabinet approval for guaranteeing the Coventry Local Enterprise Growth Initiative (LEGI) Programme and explain the process for implementing the programme.

2 Recommendations

2.1 Cabinet is recommended:

1. To agree that the City Development Directorate, on behalf of Coventry City Council guarantees the LEGI programme of £12.6m for period 2006-2009 of which £2.8m relates to 2006/7, £4.9m to 2007/8 and £4.9m to 2008/9.
2. To agree that a LEGI Partnership Board be established and give authority to the Board to approve projects within the LEGI Programme over the 3-year period.
3. To agree to renew your commitment to the LEGI Programme on an annual basis and receive an annual report on the progress and priorities of the Programme.

3 Information/Background

3.1 Securing LEGI Funding

3.1.1 The Government, recognising that enterprise and entrepreneurial activity were particularly low in the most deprived areas of the country, coupled with an assumption that traditional business support activities do not work in these areas, launched the Local Enterprise Growth Initiative in the March 2005 budget. The objectives of the LEGI Programme are to:

- Increase total entrepreneurial activity among the population in the most deprived areas
- To support sustainable growth and reduce the failure rate of locally owned businesses in deprived areas
- To attract appropriate inward investment and maximise local employment opportunities in deprived areas

- 3.1.2 Coventry, along with all other 88 areas who receive Neighbourhood Renewal Funding, was invited to submit a proposal for Local Enterprise Growth Initiative Funding as part of a national competitive bidding process. A multi-agency partnership, led by officers in the Regeneration Division of City Development Directorate, was established to develop the proposal. In December 2005 a bid of £12.6m over 3 years was submitted to the ODPM.
- 3.1.3 In February 2005, following a cross-government and private sector interview panel, Coventry was announced as one of only 10 areas to have successfully secured funding, and the only area in the West Midlands
- 3.1.4 The Coventry LEGI Proposal takes a holistic approach to the problem of enterprise development and entrepreneurial activity in deprived areas. It tackles issues in both the demand and supply side and at its heart will offer a client centred, long-term, transformational approach. The Coventry LEGI Strategy has 3 core strands – New Business Start Up Support; Supporting Existing Businesses to Grow and Employment for Local People. These are supported and underpinned by two cross-cutting strands – Inspire & Engage and Developing New Business Opportunities. Appendix 1 shows this in a diagrammatic form.
- 3.1.5 Following the announcement that Coventry had secured LEGI funding, the Regional Development Agency, Advantage West Midlands offered to give Coventry initially a further £1m for developing enterprise in our deprived areas. This is dependent on a project application, and will be the subject of a future report if we are successful in obtaining this funding.
- 3.1.6 When the Government first announced the details of the Local Enterprise Growth Initiative it was said to be a 10-year programme although, this is dependent on future spending reviews. No details are currently available about how Coventry would access funding beyond the initial three year period, however the Coventry LEGI Programme was designed as a ten year intervention in order to enable sustainable and transformational change to the local economies of our most deprived areas. Officers and partners will therefore be pushing for this extension of Funding, as well as developing a longer-term sustainability strategy.

3.2 Implementation of the LEGI Programme

- 3.2.1 Having secured the LEGI resources for enterprise development in the City's most deprived areas; the next stage is to implement the Programme. The key stages for implementation are establishing governance arrangements and putting in place the delivery structure and programme management systems. The following sections describe each of these in greater detail.

3.3 Governance Arrangements

- 3.3.1 The Government will be putting significant pressure on those local authorities successful in the initial round of LEGI funding to deliver visible outputs in the first year of the programme. Following agreement by the Cabinet Member for Urban Regeneration and Regional Planning to enable Coventry's LEGI Programme to achieve this, an interim LEGI Implementation Team has been established, whilst agreement (through this Cabinet report) is sought to establish the LEGI Partnership Board. The Implementation Group's role is to begin work on developing a delivery plan for the first year; commission some year one activity; develop a three year vision; and ensure that all programme management arrangements are in place.
- 3.3.2 The Implementation Team is chaired by the Head of Regeneration and comprises officers from Regeneration Services Division, a representative from Coventry and Warwickshire Business Link, the Coventry Voluntary Services Council and the Princes Trust.
- 3.3.3 The implementation of the LEGI Programme requires a senior level Partnership Board to be established. The LEGI Partnership Board will be responsible for overseeing the implementation of the Coventry LEGI Programme, over its initial three-year period. It is recommended that the Board comprises a wide range of partners including CVSC, Business Link/Chamber, private sector entrepreneurs, Community Network

Organisations, a head teacher (to make the link with enterprise and schools), GOWM, a member of scrutiny and the Cabinet Member (Urban Regeneration and Regional Planning). The Board will be chaired by the Cabinet Member (Urban Regeneration & Regional Planning).

- 3.3.4 The Board will give final approval to applications and be ultimately responsible for monitoring and evaluation of the programme. Since the Council ultimately guarantees the LEGI programme it is recommended that the Cabinet Member has power to veto a proposal if they consider it to: a) pose an unnecessary financial risk to the City Council or; b) conflict with City Council policy.
- 3.3.5 In addition it is recommended that an annual update be brought to Cabinet on progress and to ask for a renewal of the commitment to underwrite the programme for the next financial year. These arrangements are suggested because they: enable partners on the board to function effectively, enable decisions to be made efficiently throughout the year and enable the Council to operate its accountable body role effectively.
- 3.4 Delivery Structure and Linkages to the Local Area Agreement 4th Block - Enterprise and Economic Development**
- 3.4.1 In order to implement the LEGI Programme in Coventry, a LEGI Delivery Team will be established. The structure of this team is shown in Appendix 2. The LEGI Delivery Team will be responsible both to the LEGI Partnership Board for the delivery of the programme and the achievement of outcomes and to the Council through the Regeneration Division's Head of Regeneration for accountable body issues and day to day management.
- 3.4.2 An existing officer in the Regeneration Division has been seconded into the post of Local Area Agreement Delivery Manager – 4th Block & LEGI for a six-month period to begin the implementation of the LEGI Programme. Work on the programme management systems is being undertaken by officers in the Regeneration Strategy and Resources Team
- 3.4.3 It has been agreed that a senior manager from Coventry and Warwickshire Business Link will be seconded to the LEGI Delivery Team on an initial six-month period to assist the Local Area Agreement Delivery Manager – 4th Block & LEGI to develop the business start-up and business support strands of the programme.
- 3.4.4 The LEGI Delivery Team and the secondments mentioned above will be financed through the LEGI resources. Taking on a programme of this size will have implications for other staff in City Development Directorate, including the Directorates finance team. Following agreement by the LEGI Partnership Board, any additional resource required as a result of the LEGI Programme will be met by LEGI funds.
- 3.4.5 The Coventry LEGI Programme is part of the 4th Block of the Local Area Agreement. Officers in the Regeneration Division are aware that the LEGI Programme The LEGI Programme needs to be linked into the governance and delivery arrangements for the Local Area Agreement 4th Block (Economic Development and Enterprise). These arrangements are currently being developed, however the timetable for this is running behind the LEGI requirements. Therefore it is important that what is established now is flexible enough to be changed over time.

3.5 Programme Management

- 3.5.1 It is vital that the LEGI resource allocated to Coventry is managed effectively. Coventry has a good track record for managing regeneration programmes such as: SRB, NRF, European Funding and NDC. Good practice from these programmes will be drawn on and developed for the LEGI context. This will include the following:
- *Co-ordinating the process of allocating resources.* Elements of the NRF Commissioning process will be drawn on to make sure that resources are allocated through a fair, transparent, effective and efficient process. This will include publicising the availability of LEGI resource, providing support to organisations interested in putting forward proposals, appraisal of proposals. The allocation framework will be approved shortly.

- *Making sure that initiatives to be funded are coherent.* This includes give support to make sure that all initiatives have sound project management foundations and that risks associated with organisations are minimised. This will involve training and support to projects; and
- *Co-ordinating the performance management of projects.* This will involve setting up a performance management framework for LEGI, including reporting requirements and making sure that good practice, lessons, robust financial management and evaluation are firmly embedded in initiatives.

3.6 Progress to Date

3.6.1 Since the formal government announcement that Coventry had successfully secured LEGI funding, significant work has been going on “behind the scenes” to agree the structure for the delivery team and work on the detail of the programme management systems. In addition, with the agreement of the Implementation Team the interim Local Area Agreement Delivery Manager – 4th Block & LEGI has been: identifying activity that will deliver the Programme some “quick wins” in the short-term whilst the programme is gearing up to full capacity; commissioning specific feasibility studies that will inform future activity; begun discussions with Government Office for the West Midlands about the possibility of leveraging in ERDF resources using LEGI funding as match funding; met with Business in the Community to develop the idea of underserved markets in our deprived neighbourhoods, started the development of a monitoring and evaluation framework, mapping exercises of current activities and gap analysis.

3.6.2 In the light of the Peugeot closure announcement the Interim Local Area Agreement Delivery Manager – 4th Block & LEGI has also through the Peugeot Partnership submitted a proposal to Government Office for the West Midlands to establish an enterprise strand to the emergency package of support being developed for the workers facing redundancy. Enable activity to be drawn on and developed for the LEGI context. This will include the following:-

- Awareness raising of enterprise option
- Short Enterprise Opportunity courses on-site
- Personal Business Advisors
- Assistance in development of business plans
- Flexible modular training
- On-line, virtual business incubator service
- Post start-up support

Feedback received to date indicates that it is highly unlikely that this proposal will be agreed. However, considerable pressure is being put on the Coventry LEGI Programme to respond to the Peugeot mass redundancy. This is being resisted. There are several reasons for this. Firstly, the LEGI proposal and its associated outcomes and outputs is based on a set of assumptions about the areas and target groups it will support. Secondly, to include the fall-out from Peugeot is likely to skew the LEGI offer. Thirdly, further government resources should be made available to enable partners to respond to the Peugeot mass redundancy. Finally if the LEGI programme is expected to respond to Peugeot this sets a precedent for any further redundancy announcement to be treated in the same way. If Government Office for the West Midlands manage to secure with Government a freedom and flexibility to widen the LEGI programmes current geographical targeting, it is suggested that at this point in time, this should only be extended to include any Peugeot worker living in any part of Coventry.

4 Proposal and Other Option(s) to be considered

4.1 This report asks for Cabinets agreement to guarantee Coventry's LEGI Programme for the next three years to a value of £12.6m. The Council will act as the accountable body for the programme and as such takes on the financial risk for the programme resources. Robust programme management systems will be put in place to ensure

that the risk of financial claw back is minimised. The Council has significant experience in managing a variety of external funding programmes.

- 4.2 This report also asks for Cabinet's agreement to establish a LEGI Partnership Board. This Board will be chaired by the Cabinet Member for Urban Regeneration & Regional Planning and will be responsible for overseeing the implementation of Coventry's LEGI programme, giving final approval to activity funded by LEGI resources and for monitoring and evaluating the programme.

5 Other specific implications

	Implications (See below)	No Implications
Best Value	✓	
Children and Young People		✓
Comparable Benchmark Data		✓
Corporate Parenting		✓
Coventry Community Plan		✓
Crime and Disorder		✓
Equal Opportunities		✓
Finance	✓	
Health and Safety		✓
Human Resources		✓
Human Rights Act		✓
Impact on Partner Organisations		✓
Information and Communications Technology		✓
Legal Implications		✓
Neighbourhood Management		✓
Property Implications		✓
Race Equality Scheme		✓
Risk Management	✓	
Sustainable Development		✓
Trade Union Consultation		✓
Voluntary Sector – The Coventry Compact		✓

5.1 Best Value

The project appraisal, which will form part of the resource allocating process, will entail demonstrating the value for money aspects for each project funded with LEGI resources.

5.2 Finance

The LEGI funding will be channelled through the 4th Block of the Local Area Agreement. The total value of the programme is £12.6m over three years. This is broken down in the following way

Year	Revenue Funding (£)	Capital Funding (£)	Total £m
2006/7	2,440,000	355,000	2,775,000
2007/8	4,409,000	475,000	4,884,000
2008/9	4,458,000	475,000	4,993,000
TOTAL	£11,307,000	£1,285,000	£12,572,000

This funding profile has been designed in recognition of the development time that is needed for a new programme, hence the lower level of resources for this year (06/07) compared to the other two years. The Local Area Agreement Grant Allocation 2006 states that no more than 5% of the annual allocation (£137,750) can be carried over into 2007/8. Our significant experience in developing and implementing robust programme management systems means that we are confident of meeting this minimum spend target.

5.3 Risk Management

The risks associated with the LEGI Programme include financial (through the Council agreeing to underwrite the programme) and delivery risks. The programme management systems developed for the LEGI Programme, build on those in place for other programmes such as NRF, NDC, SRB and European Funding Programmes. And are designed to minimise the risk to the Council. Quarterly reporting to the LEGI Partnership Board will include progress to date on delivery of the programmes outputs and outcomes. A key part of this reporting will involve identifying delivery risks and recommending ways to minimise these. This will be the responsibility of the Interim Local Area Agreement Manager – 4th Block & LEGI.

6. Monitoring

The LEGI Delivery Team will take quarterly reports to the LEGI Partnership Board on all aspects of the programme – financial and programme activity. In addition as part of the Local Area Agreement monitoring requirements progress on several LEGI indicators will be reported on. This report is also suggesting that Cabinet receive an annual report on the progress and priorities of the LEGI Programme.

7. Timescale and expected outcomes

The LEGI Programme is for an initial three-year period. The expected outcomes over this period are:

- 3500 new people from most deprived areas engaged in LEGI programme
- 500 new business start-up's
- 20 new social enterprises
- 320 businesses assisted
- £2.4m new sales
- 1100 people assisted into employment
- 60% of new jobs created in/around target area filled by local people

	Yes	No
Key Decision	✓	
Scrutiny Consideration (if yes, which Scrutiny meeting and date)		✓
Council Consideration (if yes, date of Council meeting)		✓

List of background papers:

Proper officer: Director of City Development

Author:

Rebecca Young, Regeneration & Strategy Resources Manager, ext 3776,
Adrian Coles, Regeneration Programmes Manager, ext 1353

(Any enquiries should be directed to the above)

Other contributors:

Carl Pearson

Dave Hill

Phil Helm

Ken Gould

Jon Venn

Richard Brankowski

Richard Brankowski, Legal and Democratic Services, ext 3077

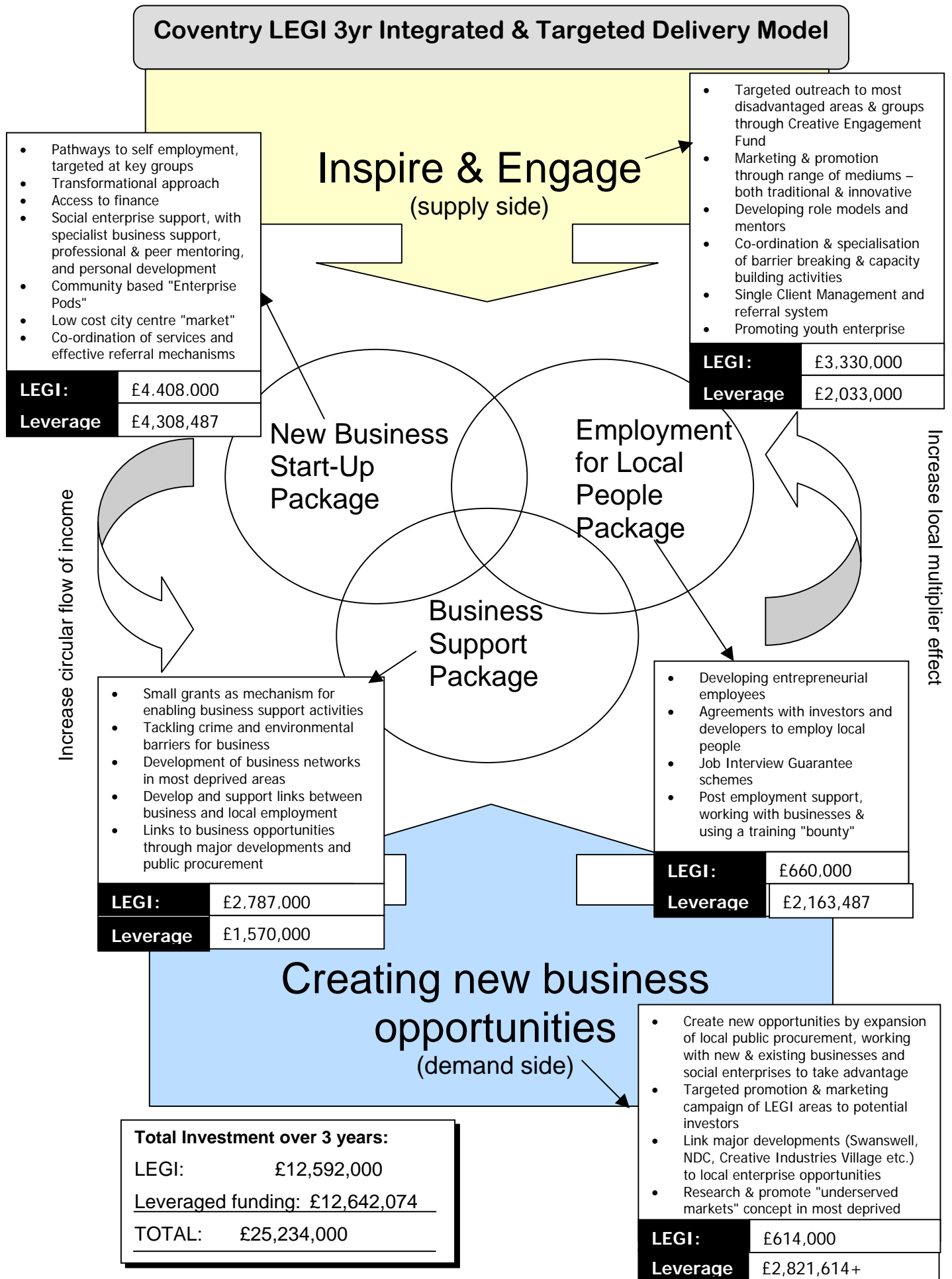
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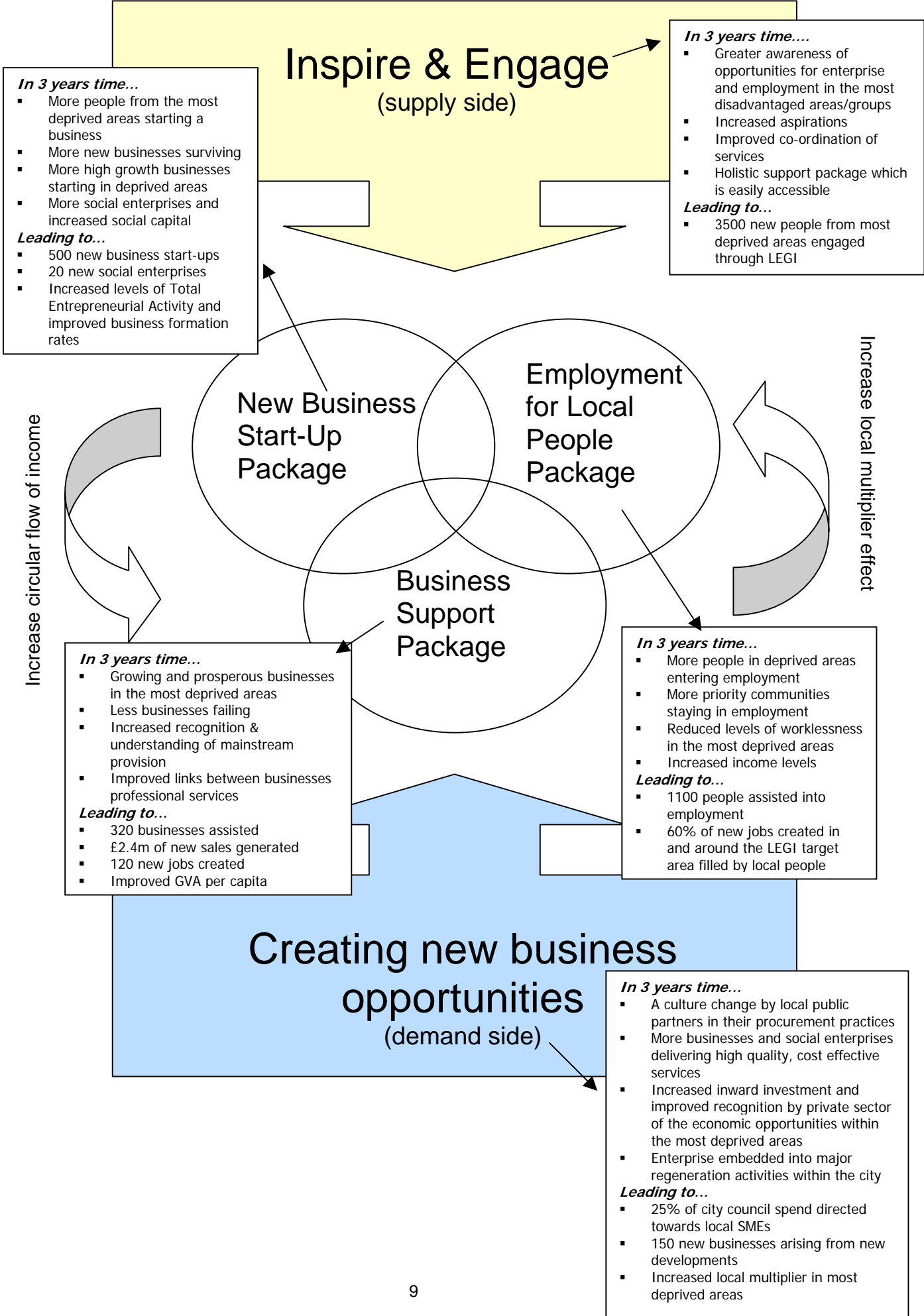
LEGI Proposal December 2005

Location

West Orchard House, Floor 1



Coventry LEGI 3 yr Impacts & Outcomes



Appendix 2 The LEGI Team

