

REGENERATION, ECONOMIC DEVELOPMENT AND SKILLS PORTFOLIO

DECISION SCHEDULE



Friday 18 May 2012

at 9.30 am

**(or immediately following Transport and Neighbourhoods Portfolio
commencing at 9.15 am whichever is the later)**

in Committee Room C, Civic Centre, Hartlepool

The Mayor Stuart Drummond, Cabinet Member responsible for Regeneration,
Economic Development and Skills.

1. KEY DECISIONS

No items

2. OTHER ITEMS REQUIRING DECISION

- 2.1 High Streets: The Government's Response to the Mary Portas Review
– *Assistant Director (Regeneration and Planning)*

3. ITEMS FOR INFORMATION

- 3.1 ERDF Funding – Current Programme and Post 2014 – *Assistant Director (Regeneration and Planning)*
- 3.2 Coastal Communities Fund Bid – *Assistant Director (Regeneration and Planning)*
- 3.3 Financial Assistance Provided by Economic Regeneration Section –
Financial Year 2011-

REGENERATION, ECONOMIC DEVELOPMENT AND SKILLS PORTFOLIO

Report To Portfolio Holder

18th May 2012



Report of: Assistant Director (Regeneration and Planning)

Subject: HIGH STREETS: THE GOVERNMENT'S
RESPONSE TO THE MARY PORTAS REVIEW

SUMMARY

1. PURPOSE OF REPORT

The purpose of the report is to inform the Portfolio Holder of the Government's response to the Mary Portas Review, an independent review of the English high street.

2. SUMMARY OF CONTENTS

The report provides details of the Government's response to the Portas Review and outlines a number of new initiatives that will help to create prosperous high streets. The report also provides details of the £100k that Hartlepool has received through the High Street Innovation Fund.

3. RELEVANCE TO PORTFOLIO MEMBER

Regeneration of the Town Centre falls within the remit of the Portfolio Holder.

4. TYPE OF DECISION

Non-Key

5. DECISION MAKING ROUTE

Regeneration, Economic Development and Skills Portfolio meeting on the 18th May 2012.

6. DECISION(S) REQUIRED

The Regeneration, Economic Development and Skills Portfolio Holder is requested to:.

- Consider how Hartlepool can respond to the recommendations outlined within the Portas Review.
- Consider how the £100k that's been awarded to Hartlepool from the High Street Innovation Fund can be used.

Report of: Assistant Director (Regeneration and Planning)

Subject: HIGH STREETS: GOVERNMENTS RESPONSE
TO THE MARY PORTAS REVIEW

1. PURPOSE OF REPORT

- 1.1 The purpose of the report is to inform the Portfolio Holder of the Government's response to the Mary Portas Review, an independent review of the English high street.

2. BACKGROUND

- 2.1 The Portas Review was commissioned by the Government to identify what the Government, local authorities, businesses and communities can do to develop prosperous high streets that are relevant to the modern consumer and will allow businesses and independent retailers to thrive. The review was published in December 2011 in response to rising town centre vacancy rates, the challenge of out-of-town shopping centres and the changes in the way in which people shop, especially with the growth of internet retailing.
- 2.2 As a result of the challenges outlined above many town centres have deteriorated over the last few years. Hartlepool town centre has been particularly affected with 21.8% of commercial units now being vacant, which has increased from 17.7% in 2009. (Hartlepool Local Development Framework, Annual Monitoring Report 2010/11). The Portas Review was published alongside Government commissioned research "Understanding High Street Performance" which states that by 2014 less than 40% of retail spending will be on the high street, highlighting the need for high streets to offer something new to entice visitors back.
- 2.3 The Government published a response to the recommendations of the Portas Review in March 2012 and launched a number of new high street improvement initiatives. The Government's response sets out a challenge for partners to "*re-imagine their town centres and high streets, ensuring they offer something new and different that neither out-of-town shopping centres nor the internet can match-an experience that goes beyond retail, with creative use of public spaces and a vibrant evening economy*". Communities are encouraged to develop innovative ideas that address local issues.

3. HIGH STREET INNOVATION FUND

- 3.1 As part of the Government's response to the Portas Review Hartlepool has been awarded £100k through the new £10m High Street Innovation Fund, which aims to address empty properties on the High Street by providing an opportunity to implement innovative local projects. A wide range of activities are eligible for support including the provision of business rate discounts for new start-up businesses taking on empty properties. Landlords will be encouraged to provide match funding. Temporary enterprises that will occupy vacant units are eligible for support. The funding can also be used to create apprenticeship schemes to train young people in shop fitting and refurbishment. The Portfolio Holder is requested to consider how the £100k awarded from the Hartlepool Innovation Fund could be used.

4. TOWN TEAMS

- 4.1 The Portas Review recommends the establishment of strong operational management teams "Town Teams" consisting of landlords, retailers, local authorities and local communities to drive improvements and encourage people back to the High Street.
- 4.2 Town Teams should bring partners together and make High Streets safe and attractive places to visit. Each Town Team should determine their own vision and focus, however Town Teams could encourage more creative uses of shared public spaces, better access for cycling and walking and the promotion of good design. They could also stimulate a vibrant evening economy by encouraging shops to open later and hosting events so that more people will visit in an evening, therefore reducing the no-go-zones that materialise after the shops close and the pubs open.

5. PORTAS PILOTS

- 5.1 In order to trial some of the recommendations of the Portas Review Town Centre Partnerships "Town Teams" were invited to submit applications to become "Portas Pilots" and receive funding of up to £100k. Twelve successful applicants will be announced in May 2012. A second bidding round has also been announced with a closing date of 30th June 2012.
- 5.2 Hartlepool Borough Council in partnership with Middleton Grange Shopping Centre submitted a bid to become a "Portas Pilot" based on the "Grow Your Own Retailers" project. The project involves offering potential retailers and entrepreneurs the chance to trade in the Market Hall at Middleton Grange Shopping Centre with a package of support which includes a retail training programme, subsidised rent levels, and mentoring from successful businesses in the town. The aim of the project is to support local people into retail business using the Market Hall as a catalyst for this.

- 5.3 Hartlepool Borough Council has already undertaken some pilot activity around "grow your own retailers" project, having tested the initial idea in Hartlepool and then successfully bidding for funding to undertake further testing in Middlesbrough, Redcar and Stockton-on-Tees.

6. BUSINESS IMPROVEMENT DISTRICTS

- 6.1 The Government is encouraging the creation of Business Improvement Districts to facilitate improvements in town centres. A £500k fund will be launched so that prospective new Business Improvement Districts can access loans to support their set up costs. A Business Improvement District is where businesses in a defined geographical area vote to pay additional business rates to fund improvements in their area. Hartlepool has a successful Business Improvement District at the Longhill and Sandgate Industrial Estates which funds CCTV and security improvements.
- 6.2 The Government will explore how a "Property Owner Business Improvement District" could be delivered and will consult on regulations to speed up the development of cross-boundary and tourism Business Improvement Districts. Officers will work with businesses to examine the feasibility of establishing a Business Improvement District in Hartlepool town centre.

7. SMALL BUSINESS RATE RELIEF

- 7.1 The Government has doubled the level of small business rate relief in England for two and a half years. The higher level of relief will apply throughout 2012-13. This means, for example:
- an eligible property with a £9,000 rateable value would receive 50% small business rate relief (rather than 25%).
 - an eligible property with a £6,000 rateable value would receive 100% small business rate relief (instead of 50%).
- 7.2 Local authorities are being urged to look at using their powers to provide business rate discounts to small businesses and independent retailers.

8. CAR PARKING

- 8.1 Car Parking in town centres is a key area that is mentioned in the Government's response to the Portas Review. Local Authorities are encouraged to look closely at their parking provisions and charges, ensuring that they deliver the best outcomes locally. The provision of free spaces where electric vehicles could be charged is also encouraged. The Government has indicated that it will ensure greater transparency on

parking charges to introduce competition between town centres and that they will consult on proposals to abolish the centrally set minimum penalty charge, which will give local authorities the flexibility to levy penalty charge notices at a lower rate.

9. PLANNING LEGISLATION

- 9.1 Changes to Planning legislation are also proposed. Currently anyone can convert space above a shop into a flat without planning permission. To encourage more people to live in town centres and to promote regeneration the Government is proposing to double this, allowing conversion to two flats without permission.
- 9.2 The Government is also encouraging a more proactive use of Section 215 of the Town and Country Planning Act 1990 which gives the planning authority power to take action to require land to be cleaned up when its condition adversely affects the amenity of the area. Under Section 219 they can undertake the clean up works and recover the costs from the landowner.
- 9.3 Local authorities will also be encouraged to look at locally imposed byelaws that have an adverse impact upon the high street. The Government will make it easier to revoke out-of date, archaic or unnecessary byelaws that hinder the effective operation of traders, businesses or markets.
- 9.4 Local Authorities are also encouraged to compile a public register of high street landlords.

10. NATIONAL MARKET FORTNIGHT

- 10.1 A “Love Your Local Market” fortnight from 23rd June to 8th July, launched by a National markets day on Saturday 23rd June 2012 has been announced. Local authorities are encouraged to consider how they can support markets during this time and ensure that Markets are an integral part of the vision for their town centres.
- 10.2 The idea of “Love your Local Market” fortnight is to allow aspiring entrepreneurs to try out their ideas in running a stall and to make it easier for people to trade. Officers have been working with traders to develop ideas that could be implemented during the fortnight. Initial ideas include discounted rent for traders in return for discounts across the market, additional taxi drop-off points and the provision of additional craft stalls. Further consultation and agreement with traders is required before the plans are finalised.

11. HIGH STREET NEIGHBOURHOOD PLANNING

- 11.1 The Government will provide £1m for the development of High Street Neighbourhood Plans as part of the neighbourhood planning programme. The aim is to help local people, businesses and Councils develop a plan that supports the growth of the high street economy.

12. ENTERPRISE BUSINESS CONNECTORS SCHEME

- 12.1 The Department for Communities and Local Government is providing up to £306,000 match funding for the Enterprise Business Connectors scheme, run by Business in the Community, to help small businesses in disadvantaged communities by encouraging the formation of partnerships with local firms.

13. HIGH STREET X FUND

- 13.1 A “Future High Street X-Fund” will be awarded by the Government in a years time to reward the areas delivering the most effective and innovative schemes to revitalise their high streets.

14. ACTION PLAN

- 14.1 The Economic Regeneration Forum has agreed to establish a working group to look at the opportunities provided by the Portas Review. An action plan will be developed and reported back to the Portfolio Holder in due course.

15. FINANCIAL CONSIDERATIONS AND RISK

- 15.1 The recommendations of the report do not contain any financial risks to the Council.
- 15.2 A further report will be submitted to the Portfolio Holder providing the details of how the £100k awarded through the High Street Innovation Fund may be used.

16. RECOMMENDATIONS

- 16.1 The Regeneration, Economic Development and Skills Portfolio Holder is requested to:
- Consider how Hartlepool can respond to the recommendations outlined within the Portas Review.

REGENERATION, ECONOMIC DEVELOPMENT AND SKILLS PORTFOLIO

Report To Portfolio Holder

Date: 18th May 2012



Report of: Assistant Director (Regeneration and Planning)

Subject: ERDF FUNDING – CURRENT PROGRAMME
AND POST 2014

SUMMARY

1. PURPOSE OF REPORT

To report on the current North East Competitiveness Programme 2007-13, European Regional Development Fund (ERDF) post 2014 and the development of the transition region.

2. SUMMARY OF CONTENTS

This report provides a detailed outline of the current position on the ERDF programme for 2007-13, how European funding will be used from 2014 and the progress of Tees Valley and Durham as a transition region.

3. RELEVANCE TO PORTFOLIO MEMBER

ERDF supports the delivery of key regeneration and economic development activities including business support and business expansion.

4. TYPE OF DECISION

Non Key Decision.

5. DECISION MAKING ROUTE

To be considered by the Regeneration and Economic Development and Skills Portfolio Holder on 18th May 2012.

6. DECISION(S) REQUIRED

- i) That the Portfolio Holder notes the contents of this report.

Report of: Assistant Director [Planning and Regeneration]

Subject: ERDF FUNDING – CURRENT PROGRAMME AND POST 2014

1. PURPOSE OF REPORT

- 1.1 To report on the current North East Competitiveness Programme 2007-13, European Regional Development Fund (ERDF) post 2014 and the development of the transition region.

2. BACKGROUND - THE CURRENT NORTH EAST COMPETITIVENESS PROGRAMME 2007 - 13

- 2.1 As of mid-October 2011, the North East ERDF Programme was valued at **£322m**, with only **£201m (62%)** committed. This leaves a potential balance of **£121m** that could be invested in the North East; **£51m in Priority 1**, which supports activities that strengthen the science base, increase and exploit innovation, and drive forward growth in technology based sectors, and **£66m in Priority 2**, which supports activities which support the creation of new businesses and the growth of existing businesses. It should be noted that by January 2012, further ERDF applications had been submitted at an approximate value of £45 million and were currently being considered.
- 2.2 The Programme has recently been subject to an independent mid-term evaluation which recognised that it is now operating in a very different environment due to the impact of the recession on businesses and the reductions in public expenditure, plus the closure of One North East (ONE) and the regional Business Link Service. Consequently In July 2011 the North East England ERDF Competitiveness Programme's Local Management Committee agreed to submit a modification to the North East ERDF Operational Programme to the European Commission. The modification:
- Reflects changes in the socio-economic conditions in the North East and the impact of changes in Government policy;
 - Takes account of the findings of the Programme's Mid Term Evaluation;
 - Proposes a reduction in some non financial targets and increases in others to reflect changing conditions; and;
 - Broadens the scope of activity to give greater emphasis to capital investment.

The European Commission approved the modified Operational Programme on the 15th of February 2012.

- 2.3 To date projects have been brought into the Programme through the use of 'limited' and 'open calls'; this still applies and any project submitted for consideration will be revised in light of the modification approval. A new Investment Framework has been developed for the remainder of the Programme; this includes provision to introduce round-based bidding for capital investment.
- 2.4 The Programme runs to December 2013; however, to secure investment through to final Business Case approval, projects will have to be submitted in accordance with the relevant commissioning route with expenditure committed by 31 December 2013. Obviously match funding will also be required and there may be an opportunity from the Growing Places fund allocation to provide this for any agreed infrastructure projects in the Tees Valley. However, with the greater emphasis being placed on capital investment projects, the Tees Valley Directors of Place have been asked to consider any other projects that might meet the new/changing criteria and where match funding opportunities might exist.
- 2.5 Within the Council, there is now a push for Officers to identify how other funded programmes could be matched to maximise the amount of ERDF leverage into the Tees Valley and this will be progressed internally through ERDF briefing sessions. The first session is scheduled for May 2012.

3. EUROPEAN FUNDING POST 2014

- 3.1 The European Commission published its draft regulations for EU regional, employment and social policy (Cohesion Policy) for 2014 – 2020 on 6 October 2011. The legislation sets out common rules governing the European Regional Development Fund (ERDF), the European Social Fund (ESF), the Cohesion Fund, the European Agricultural Fund for Rural Development (EAFRD) and the European Maritime and Fisheries Fund (EMFF).
- 3.2 In response, the Department for Business Innovation and Skills (BIS) will, over the course of 2012, invite consultation on options for implementation and for the identification of thematic and/or spatial priorities for expenditure going forward; an informal consultation is currently open and details can be found on the BIS website.
- 3.3 Therefore, in April 2012, the North East ERDF LMC invited the submission of research proposals to help inform options and preparations for the next round of EU Cohesion Funds in the North East from 2014. The main purpose of which is to assist local economic partners and stakeholders to:

1. Identify socio-economic issues, challenges and opportunities affecting the growth potential of the functional economic areas represented by the North Eastern and Tees Valley Local Enterprise Partnerships in order to complement EU and UK policy priorities linked to EU 2020 and the Government's Growth Agenda.
2. Influence national decision making and inform EU and BIS consultation processes linked to Community Strategic Framework and the UK Partnership Contract and the organisation of 2014-2020 structural fund programmes.
3. Inform the development of thinking in terms of the potential focus, scope and appropriate geographic coverage of any future Operational Programmes.

4. KEY CHANGES

- 4.1. The Commission has proposed a number of important changes to the way cohesion policy is designed and implemented, namely:
 - Concentrating on the Europe 2020 Strategy's priorities of smart, sustainable and inclusive growth;
 - Rewarding performance;
 - Supporting integrated programming (combining ERDF, ESF and EAGGF);
 - Focusing on results – monitoring progress towards agreed objectives;
 - Reinforcing territorial cohesion (see below); and
 - Simplifying delivery.
- 4.2 The total proposed budget for the period 2014-2020 will be EUR 376 billion, including funding for the new Connecting Europe Facility, which is designed to enhance cross-border projects in energy, transport and information technology.

5. FUNDS THAT WILL BE AVAILABLE

- 5.1 **ERDF:** Programmes are to be focussed on 11 key themes in line with the Europe 2020 Strategy:
 - a. Research and development, and innovation;
 - b. Improving access to and quality of information and communication technologies;
 - c. Climate change and moves towards a low-carbon economy;
 - d. Business support to SMEs;
 - e. Services of general economic interest;
 - f. Telecommunication, energy, and transport infrastructures;
 - g. Enhancing institutional capacity and effective public administration;

- h. Health, education, and social infrastructures; and
 - i. Sustainable urban development.
- 5.2 To ensure that EU investments are concentrated on those priorities, minimum allocations are set for a number of priority areas. For example, in more developed and transition regions, at least 80% of ERDF resources at the national level should be allocated to energy efficiency and renewables, innovation and SME support, of which at least 20% should be allocated to energy efficiency and renewables. Less developed regions will have a broader range of investment priorities to choose from, reflecting their wider development needs. But these regions will have to devote at least 50% of ERDF resources to energy efficiency and renewables, innovation and SME support.
- 5.3 To reinforce territorial cohesion there is an increased focus on sustainable urban development. This should be achieved through the earmarking of a minimum of 5% of ERDF resources for sustainable urban development, the establishment of an urban development platform to promote capacity building and exchanges of experience, and the adoption of a list of cities where integrated actions for sustainable urban development will be implemented.
- 5.4 The proposal also includes support for innovative actions in the field of sustainable urban development subject to a ceiling of 0.2% of the annual funding. Particular attention will be paid to areas with specific natural or demographic features, with a specific additional allocation for the outermost and sparsely populated regions. At least 50% of this allocation will need to be assigned to actions contributing to the diversification and modernisation of the economies of the outermost regions, with a particular focus on research and innovation, information and communication technologies, and SME competitiveness.
- 5.5 **European Social Fund (ESF)** is the European Union's main financial instrument for investing in people. It increases the employment opportunities of European citizens, promotes better education, and improves the situation of the most vulnerable people at risk of poverty. The regulation proposes to target the ESF on four thematic objectives throughout the Union:
- (i) Promoting employment and supporting labour mobility;
 - (ii) Promoting social inclusion and combating poverty;
 - (iii) Investing in education, skills and lifelong learning; and
 - (iv) Enhancing institutional capacity and an efficient public administration.
- 5.6 ESF should also contribute to other thematic objectives such as supporting the shift towards a low-carbon, climate-resilient and resource-efficient economy; enhancing the use of information and communication technologies; strengthening research, technological development and

innovation; and enhancing the competitiveness of small and medium-sized enterprises (SMEs).

- 5.7 **The Cohesion Fund** helps Member States with a Gross National Income (GNI) per inhabitant of less than 90% of the EU-27 average to invest in TEN-T transport networks and the environment.
- 5.8 **European Territorial Cooperation** is a cohesion policy and provides a framework for the exchanges of experience between national, regional and local actors from different Member States, as well as joint action to find common solutions to shared problems.

Funds under this priority will be allocated as follows:

- 73.24% for cross-border cooperation;
- 20.78% for transnational cooperation; and
- 5.98% for interregional cooperation.

6. GEOGRAPHICAL COVERAGE OF SUPPORT

- 6.1 Every European region may benefit from the support of ERDF and ESF. However a distinction between less developed, transition and more developed regions will exist in order to ensure concentration of the Funds according to the level of Gross Domestic Product (GDP).
- 6.2 **Less developed regions:** Supporting the less developed regions will remain an important priority for cohesion policy. The catching-up process of less developed regions will require long-term sustained efforts. This category concerns those regions whose GDP per capita is less than 75% of the average GDP of the EU-27.
- 6.3 **Transition regions:** This new category of region will be introduced to replace the current phasing-in and phasing-out system. This category will include all regions with a GDP per capita between 75% and 90% of the EU-27 average.
- 6.4 **More developed regions:** While interventions in the less developed regions will remain the priority for cohesion policy, there are important challenges that concern all Member States, such as global competition in the knowledge-based economy and the shift towards the low carbon economy. This category concerns those regions whose GDP per capita is above 90% of the average GDP of the EU-27.
- 6.5 In addition, a 'safety net' is created for all regions that were eligible under the convergence objective in the 2007-2013 period, but whose GDP per capita is above 75% of the GDP average of the EU-27. Within the transition or more developed region categories they shall receive an allocation under the Structural Funds equal to at least two-thirds of their 2007-2013 allocation.

6.6 In the UK the eligible NUTS 2 transition regions are:

- i. Tees Valley and Durham
- ii. Cumbria
- iii. Merseyside
- iv. South Yorkshire
- v. Lincolnshire
- vi. Shropshire and Staffordshire
- vii. Cornwall and the Isles of Scilly
- viii. Devon
- ix. Highlands and Islands

7. KEY ISSUES FOR TEES VALLEY

7.1 **Tees Valley and Durham as a transition region:** For the purposes of the geographic support the Commission is using NUTS 2 regions. Therefore, Tees Valley is combined with County Durham. The latest GDP figure (based on 2007 – 2008 average) for Tees Valley and Durham is 82.1%. This places Tees Valley and Durham in the transition regions, along with eight other regions in England and Scotland.

7.2 The Commission will use the GDP figures that are available at the time the Regulations are finalised and published. This is anticipated to be during 2012, in which case the average of 2007 - 2009 would be used. However, there is a chance that they won't be published until after February 2013, in which case the average of 2008 – 2010 would be used. The GDP figures for Tees Valley and Durham are unlikely to improve significantly during this period so it is fair to assume that we will be a transition region.

7.3. **Common issues across the potential transition regions and joint lobbying:** The UK Government has not been supportive of the proposals for transition areas. A meeting with DCLG/DWP/DEFRA and BIS officials has confirmed that UK Ministerial position at present is that cohesion funds should go to the poorer EU states. However, civil servants recognise that the proposal for transition areas is likely to proceed. It is clear that Treasury and DWP wish to see national contracts in place. DWP would probably look to accommodate the transition regions within the national contracting arrangements. However, DCLG and BIS would promote a more inclusive approach with local engagement and the potential for delegated grants as long as they fit with national priorities. This might be through a separate national ERDF transition area programme with some funds delegated to areas.

7.4 In Scotland, the Government is supportive of the transition proposals and is taking a very strategic view of how to use the funds. A single Scottish Plan is possible with one or two programmes with the Highlands and Islands operating as a sub programme. They wish to see the maximum

benefit of the European funding and will be pushing for it to be up and running for January 2014 to achieve the greatest possible impact in advance of the independence referendum in 2015.

- 7.5 The officials appear to be unhappy with the earmarking of 20% of the funds for climate change and 80% for SMEs.
- 7.6 The advice from officials is that if areas wish to pursue any delegation of funds this would be best done at the LEP level with area based action plans.
- 7.7 In order to support joint lobbying arrangements, Tees Valley Unlimited, together with officers from the potential transition regions listed in para 6.6 have met on a number of occasions and have formed a UK Transition Region Lobbying Group. Efforts to date have focussed on lobbying at a European level for the creation of transition status and at a national level to secure local determination of programme spend and local administration of programme funds to ensure integrated local programmes. A lobbying paper has been prepared with bullet points in relation to the messages that we would wish to be giving as common issues for the EU and separately for the UK Government.
- 7.8 The three key points from the lobbying paper are that we:
 - (i) Support the proposals for transition regions;
 - (ii) Want flexibility within the programme(s) to ensure that the area's needs and opportunities can be addressed, and
 - (iii) Wish to see programmes and funds being delegated to the transition regions recognising the localism agenda and the ability of LEPs to identify the key priorities for their areas.
- 7.9 A joint lobbying strategy is currently being prepared and opportunities will be taken to get these messages across where possible. For example, one of the French Transition regions organised a meeting with EU Rapporteurs (MEPs involved in drafting the regulations). Through the EU office of the Highlands and Islands, the UK transition regions attended the meeting. Cllr Henig and Andy Palmer from County Durham represented the UK Transition Regions at the meeting, which proved useful in promoting the case for Transition Regions. One of the key outcomes of the meeting was the requirement to be able to demonstrate what the proposed transition regions would use the additional resources for and to confirm what outcome would be achieved? It was also apparent that the objectives outlined in para 5.1 and 5.5 could be interpreted flexibly in order to achieve programme spend.
- 7.10 **Tees Valley and County Durham Lobbying:** Durham County Council is very keen to work with Tees Valley on lobbying for a local programme and the development of a joint investment statement to show how an integrated local programme would give greater value for money than enhanced national programmes. Obviously there will be issues to address

moving forwards as to how such a programme is managed. However, at this stage it is about ensuring that the EU and the UK Government sees the area working together to demonstrate that funds should be delegated to the NUTS 2 area. A joint political meeting with Durham County Council; involving Cllr Bob Cook as the Tees Valley Local Authority lead on the ERDF LMC, Alastair MacColl as the LEP lead on the LMC and TVU officers was held in April 2012. This meeting proved a useful start with general agreement as to the way forward. Further meetings are planned in May and June to oversee the production of a joint lobbying strategy and investment statement.

- 7.11 Additionally, TVU have highlighted that it would be helpful to meet with Stephen Hughes, MEP to discuss the issues and how he and the other regional MEPs can support us in lobbying, particularly at the EU level. However, it is worth noting that TVU also brief local MPs and seek their support in lobbying the UK Government.

8. RECOMMENDATIONS

- 8.1 That the Portfolio Holder notes the contents of this report.

9. BACKGROUND PAPERS

There are no background papers.

10. CONTACT OFFICERS

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REGENERATION, ECONOMIC DEVELOPMENT AND SKILLS PORTFOLIO

Report To Portfolio Holder

18th May 2012



Report of: Assistant Director (Regeneration and Planning)

Subject: COASTAL COMMUNITIES FUND BID

SUMMARY

1. PURPOSE OF REPORT

The purpose of the report is to inform the Portfolio Holder of the shape of the proposed bid to Coastal Communities Fund, a new £23.7m Government initiative to support the economic development of coastal communities and to seek approval for the bid.

2. SUMMARY OF CONTENTS

The report provides details of the Coastal Communities Fund bid and associated timescales.

3. RELEVANCE TO PORTFOLIO MEMBER

The Coastal Communities Fund falls within the remit of the Portfolio Holder as it is aimed at supporting the regeneration and economic development of coastal communities.

4. TYPE OF DECISION

For information only.

5. DECISION MAKING ROUTE

Regeneration, Economic Development and Skills Portfolio meeting on the 18th May 2012.

6. DECISION(S) REQUIRED

The Regeneration, Economic Development and Skills Portfolio Holder is requested to:

- Note the contents of the report.

Report of: Assistant Director (Regeneration and Planning)

Subject: COASTAL COMMUNITIES FUND BID

1. PURPOSE OF REPORT

- 1.1 The purpose of the report is to inform the Portfolio Holder of the shape of the proposed bid to Coastal Communities Fund, a new £23.7m Government initiative to support the economic development of coastal communities and to seek Portfolio Holder approval for the bid.

2. BACKGROUND

- 2.1 The previous report to Portfolio Holder (23rd March 2012) explained the rationale behind the fund and the eligibility criteria, to support economic development projects in coastal locations around the UK.
- 2.2 Grants in excess of £50,000 are available for projects which benefit coastal communities. The fund is equal to 50% of the revenues generated by the Crown Estate's marine assets, totalling £23.7 million 2012/2013. The UK wide fund will be hosted by the Big Lottery Fund (BIG Fund), and will be delivered on a local level in conjunction with country specific boards. £18.2 million is available for 2012/13 in England.
- 2.3 The Portfolio Holder previously agreed that the focus of the bid should be Seaton Carew and the economic growth possibilities contained within in the Seaton Carew Masterplan. The strength of this approach is that there is already a commitment to deliver a scheme in Seaton Carew and project activity funded by the Coastal Community fund will provide additional outcomes and outputs that will complement the Seaton Carew Masterplan. The Seaton Carew Masterplan will also provide momentum regarding delivery of Coastal Community funded projects.
- 2.4 The Portfolio Holder also agreed that with this agreed focus, a consultation exercise should be carried out to ascertain if there was other interest in the fund from partners including the private sector to see if there was scope for a joined up, collaborative or programme bid.

3. PROPOSALS

- 3.1 In response to the consultation exercise partners were asked to fill out and return a short pro forma that provided some basic details regarding the nature of their proposed project, how it would address the target outcomes of the fund, other outputs, costs and match funding associated

with the project. Sixteen pro formas were received covering a wide range of pro formas and project ideas submitted. Given the agreement to focus on Seaton Carew and the regeneration plans to improve the attractiveness of the area to support and encourage investment, there were a small number of project ideas that could not justify inclusion. There were however twelve individual projects that could be included in a collaborative or programme bid.

- 3.2 The projects that make up the proposed programme bid cover three main themed areas. These are capital projects that will improve the physical fabric of the environment and offer in Seaton Carew. This will include improvements to business infrastructure, play facilities, public realm, the natural environment and community facilities. To complement this capital investment a revenue programme will include a comprehensive package for business start ups (and pre starts) with a particular focus on the creative sector and social enterprise. This element of the program will be delivered through a public/private/third sector partnership. This will be supported by a training package as the final theme area, which will focus on a tailored program of support for unemployed and economically inactive adults to progress into employment, training and volunteering programmes. There will be a focus on bespoke construction, service sector, environmental and youth service training, apprenticeship and volunteering programmes. This will be designed and delivered in partnership with local providers and employers to provide direct route ways into sustained employment.
- 3.3 It is expected that the bid will request approximately £2m of Coastal Communities capital and revenue funding over 2 years. At this stage the funders have only requested figures for the number of direct and indirect jobs that will be created. The package to date will create approx 330 indirect jobs, 16 direct jobs supporting the creation of 150 businesses and supporting 40 social enterprises.
- 3.4 This package will hit all four of the prescribed coastal community outcomes. The funding request and the level of job creation will offer the funder very good value for money and are in line with other recent government funded schemes.

4. TIMESCALES

- 4.1 Following submission of the expression of interest document on the 27th April, the funder will inform applicants if they are invited to submit further details by late May, applicants will then need to submit final application details by 27th September 2012, with a final decision being made in mid December 2012.

5. FINANCIAL CONSIDERATIONS

- 5.1 At this expression of interest stage, there are no financial considerations for the Council to consider. There is likely to be a demand on officer time in further preparation of a full bid and in implementation, if successful. A Further report to Portfolio Holder will be submitted to agree the scope of this, if the expression of interest is successful.

6. RECOMMENDATIONS

The Regeneration, Economic Development and Skills Portfolio Holder is requested to:

- Note the contents of the report.

7. BACKGROUND PAPERS

- 7.1 Further information on the CCF is available for viewing online at:

<http://www.communities.gov.uk/publications/regeneration/coastalfundprospectsus>

http://www.biglotteryfund.org.uk/prog_coastal_communities_helpnotes.pdf

8. CONTACT OFFICER

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REGENERATION, ECONOMIC DEVELOPMENT AND SKILLS PORTFOLIO

Report To Portfolio Holder

18th May 2012



Report of: Assistant Director (Regeneration and Planning)

Subject: FINANCIAL ASSISTANCE PROVIDED BY ECONOMIC
REGENERATION SECTION – FINANCIAL YEAR
2011-2012

SUMMARY

1. PURPOSE OF REPORT

To provide information on the grants offered through Economic Development to support private sector investment and job creation. In addition details are provided on each individual grant awarded during 2011/12.

2. SUMMARY OF CONTENTS

The report provides an outline of the various financial assistance schemes available together with details of the individual awards made in the financial year ended March 2012 contained in confidential **Appendix A**.

This appendix contains exempt information under Schedule 12A of the Local Government Act 1972, (as amended by the Local Government (Access to Information)(Variation) Order 2006) namely (paragraph 3), information relating to the financial or business affairs of any particular person (including the authority holding that information).

3. RELEVANCE TO PORTFOLIO HOLDER

The Economic Development Service falls within the remit of the Regeneration, Economic Development and Skills Portfolio Holder

4. TYPE OF DECISION

Non key.

5. DECISION MAKING ROUTE

Regeneration, Economic Development and Skills Portfolio meeting on
18th May 2012

6. DECISION(S) REQUIRED

The Portfolio Holder notes the report for information.

Report of: Assistant Director (Regeneration and Planning)

Subject: **FINANCIAL ASSISTANCE PROVIDED BY
ECONOMIC REGENERATION SECTION –
FINANCIAL YEAR 2011-2012**

1. PURPOSE OF REPORT

- 1.1 To provide information on the grants offered through Economic Development to support private sector investment and job creation. In addition details are provided on each individual grant awarded during 2011/12.

2. FINANCIAL ASSISTANCE REGIMES

- 2.1 The Council operates a variety of schemes to support individuals into work or self employment, together with schemes to support enterprise and business development.

- 2.2 The detail of the individual regimes is as follows:

2.2.1 Business Grants Package

This regime has been in operation since 1996, shortly after the Council was awarded unitary status. It was developed as a local response to the previous Flexible Assistance Scheme operated by Cleveland County Council. It is the primary form of assistance for established businesses, although can be used for start ups which meet the criteria. The scheme was particularly “job creation” oriented, although the funding is normally aimed at capital spend or assistance towards the Non Domestic Rates costs of additional floorspace.

- 2.2.2 The scheme was initially targeted at manufacturing businesses, or those offering services direct to manufacturers. However in recognition of a growing Service Sector, amendments were subsequently agreed to the scheme to allow businesses from this sector, provided that 50% of their turnover emanates from outside Hartlepool, to participate. At the same time, it was also agreed that job safeguarding could be considered as an acceptable output where businesses were applying improvements to their business which may not lead to job creation per se, e.g. purchasing equipment which has a greater degree of automation, not necessarily leading to an increased workforce.

- 2.2.3 This scheme is considered an important intervention, particularly for growth businesses. It allows the Council to support the majority of inward investors and also to involve Hartlepool Working Solutions staff in the business – greatly increasing the opportunity for employment for

Hartlepool residents. Where substantial numbers of jobs are created, the grant can stipulate that in order to drawdown the funding a percentage of the jobs must go to Hartlepool residents.

2.2.4 Access to Markets

This regime was developed as part of the response to Hartlepool's Incubation Strategy, produced by DTZ Pida in 2002. In essence the strategy suggested the need for capital spend in respect of premises and a "system" overarching this to support local business.

2.2.5 Following consultation with businesses, it became clear that there were a number of measures which were being offered for exporting businesses through UK Trade and Investment which would allow businesses to grow and develop if they were replicated for a UK market.

2.2.6 This scheme therefore supports businesses looking to develop into markets beyond the region, where this may be a first step towards exporting or where there is a clear element of risk in the strategy. Interventions may include the development of marketing strategy, production of marketing materials, the purchase of bespoke marketing information.

2.2.7 Should the assistance of an expert be required, Economic Regeneration staff have the ability to interrogate the North East England Service Provider Register (NEESPR) to find potential, suitable individuals. Individuals on this register have been verified and have all the relevant insurance and professional indemnities, helping to ensure the security of clients and also complying with European Regional Development Fund (ERDF) good practice.

2.2.8 The scheme underpins the desire to encourage businesses away from a purely local market, broadening their horizons and ultimately bringing increased wealth into the Town.

2.2.9 Enterprise Development Fund

This scheme has operated in various forms since the City Challenge programme. Since that time, the scheme has been funded through a variety of regeneration initiatives as well as with "core" Council monies. The scheme is the main form of support for new start businesses (less than 3 years old), primarily in the form of capital.

2.2.10 The scheme is an important means of supporting new businesses, which remains a priority for the Borough's Economic Regeneration Strategy. While significant progress has been made in terms of increasing the diversity and numbers of businesses in the Borough, further intervention is still required to achieve greater parity with regional and national figures.

2.2.11 ICT

This regime encourages the use of ICT within a young business and was originally developed in partnership with Hartlepool College of Further Education as part of the Digital Hartlepool project.

2.2.12 The scheme is rarely used, but is specifically targeted at developing digital businesses or improving the use of ICT within a young business. Where advice is required from an expert, Economic Regeneration staff would once again interrogate NEESPR as outlined in para. 2.2.7

2.2.13 Incubation Bursaries

These bursaries were developed again in response to the Incubation System (see para.2.2.4).

2.2.14 The bursaries are a flexible form of assistance to individuals/businesses considered as having growth potential, or are primarily of a digital/creative nature.

2.2.15 The interventions were developed following consultation with businesses and following pilot activity particularly with the “Enterprising Hartlepool” group of businesses. The interventions include a number of surgeries by Accountants and Solicitors and intensive support across measures including PR and Marketing, Business Processes, financial planning etc., all of which were considered barriers to entry or development.

2.2.16 As in the case of other regimes, where experts are required these would normally be drawn from the NEESPR.

2.2.17 Women's Development Fund

This fund was developed in conjunction with the Women's Opportunities Programme. This programme was primarily funded through regeneration initiatives and was primarily focused around assisting women to overcome the hurdles which they faced in returning to employment.

2.2.18 Whilst much of the work undertaken through Womens Opportunities has been mainstreamed, the number of women into self employment remains lower than the number of men. The Development Fund has therefore remained in place with an emphasis on providing training or marketing assistance for women considering self employment as an option. The scheme continues to be popular as a means of helping women overcome the specific hurdles which they face in the employment market.

2.2.19 Security Grant

The Security Grant scheme was developed through City Challenge in a similar way to the Enterprise Development Fund and has continued to be funded through a variety of regeneration initiatives (see para. 2.2.9).

2.2.20 Whilst the scheme is for low level interventions, it has been successful in supporting particular geographic areas and is popular with businesses as a means of crime prevention.

2.2.21 Again where expert advice is required, a directory of firms is held.

2.2.22 Employment Bursaries

Whilst not considered a direct grant for business start up or growth, these bursaries are provided to businesses to encourage them to employ unemployed residents. They can also be used as a bursary towards self employment.

2.2.23 Bursaries were originally developed to encourage construction businesses winning contracts through City Challenge to recruit their workforce from Hartlepool. As the success of the scheme grew, the bursaries were expanded to cover other sectors.

2.2.24 Bursaries are an ideal means to encourage businesses to employ hard to reach individuals and are utilised to cover initial wages or offset training and induction costs.

2.3 Details of actual approvals for the last financial year are provided in confidential **Appendix A**.

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3. MONITORING, PERFORMANCE MEASURES AND POST-AWARD ACTIVITY

3.1 All the schemes are monitored over an initial 6 month period to ensure all financial criteria are met:

3.1.1 Month 1 – all financial aspects are complete – original paid invoices have been received and copies are retained (for European Regional Development Fund purposes)

3.1.2 Up to month 6 – a review is undertaken with the business to ensure that the service has been beneficial and that the increased turnover and job creation and/or safeguarding have been achieved.

3.1.3 In some cases the monitoring may carry on for a longer period if the anticipated increase has not been achieved or where the turnover is measured at the time of the business' accounting year end.

3.2 Because some of the awards are eligible for ERDF, there is a formal monitoring process, gathering information about job creation, business

formation and increases in turnover. This information must be clearly auditable to satisfy the European Commission.

- 3.3 Outputs are also reported for service planning purposes as part of the wider Economic Regeneration service.
- 3.4 In addition, some of the awards may lead to the development of a long term relationship with the businesses to assist their growth and development over a longer period. This can be important in building loyalty in the businesses to Hartlepool and encouraging them to commit their future to the Town and as a consequence offering employment opportunities. Where possible, businesses are encouraged to engage with Hartlepool Business Forum, including the Business Awards, and other appropriate forums. Where beneficial referrals are made to the Business Link contractors to ensure that other business support measures are considered.
- 3.5 In the case of the incubation bursaries, reports are received about the nature of the work undertaken from both provider and client to ensure that the service has met the needs of the business. The employment bursaries are paid in tranches subject to confirmation of continuing employment to ensure that funding is only made available to those businesses eligible to receive it.
- 3.6 Performance measures for the different regimes are not normally reported in isolation, but form part of the wider outputs of the Economic Regeneration team. As such no specific targets are apportioned to the different regimes, other than through the externally funded programmes.
- 3.7 However, for the purpose of this report, the measures in the last financial year have been drawn together, as follows:

| | | |
|---------------------------|---|----------------------------|
| Job Creation | - | 128 jobs |
| Jobs Safeguarded | - | 42 jobs |
| Residents into employment | - | 11 individuals |
| Business Start Ups | - | 47 new businesses assisted |

4. FINANCIAL IMPLICATIONS AND RISK

- 4.1 The service operates to an annual core budget for grants, standing at £45,112 for the financial year ending March 2012. The information in confidential **Appendix A** shows that total spend for the year amounts to £111,900. Against this, there has been private sector leverage of £1,546,586. In previous years additional resources have been identified to supplement the core budget including, for eligible awards, European Regional Development Fund (ERDF) monies. However it is unlikely at the present time that such resources will be available this financial year.

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information relating to the financial or business affairs of any particular person (including the authority holding that information).

- 4.2 Each of the different schemes has specific aims and continue to be considered beneficial to businesses in different circumstances. As resources have declined in recent years, Economic Regeneration staff sought to reduce the amount of grant per award in an attempt to assist as many projects as possible. In addition, much of the administration of the grants is undertaken by Enterprise Centre staff to minimise those costs.
- 4.3 The success of each grant is dependent upon the ability of businesses to fulfil their business plans. There is always therefore an inherent risk that the level of job creation or business growth will not be seen. Economic Regeneration staff undertake reviews of the business plans and in particular the financial information to try to mitigate against this risk and ensure that the plans are robust and achievable.
- 4.4 The benefit of capital grants to both assist growth and develop new businesses has grown in importance due to the closure of the national Grant for Business Investment product. Regional Growth Fund will not fill this gap in providing relatively low levels of funding for business. These schemes remain therefore key to the ongoing development of the business base of the Town and the Council's opportunity to intervene. However it must be accepted that the current level of budget will mean that it is difficult for the Council to support as many projects as it has in previous years.
- 4.5 The regimes which seek to encourage growth through revenue measures are also important tools to continue the diversification of the local economy away from both generic manufacturing and the over reliance on large employers. As the physical incubation facilities in the Town continue to grow, with the completion of UK Steel's extension at Queens Meadow and the ongoing development plans for Crown Buildings, it will be important to have business support measures in place to support the new businesses. The risk at the present time remains the lack of support from national schemes. Tees Valley-wide Regional Growth Fund bids will therefore have an important role to play in ensuring some continuity of support, although it is unlikely that these will replicate the present schemes being operated in Hartlepool.

5 RECOMMENDATIONS

- 5.1 The Portfolio Holder notes the report for information.

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- Consider how the £100k that's been awarded to Hartlepool from the High Street Innovation Fund can be used.

17. BACKGROUND PAPERS

High Streets at the Heart of our Communities: the Government's Response to the Mary Portas Review:

www.communities.gov.uk/publications/regeneration/portasreviewresponse.

The Portas Review: An independent review into the future of our high streets, December 2011:

www.communities.gov.uk/publications/regeneration/portasreview.

Department for Business Innovation and Skills, Understanding High Street Performance, December 2011:

<http://www.bis.gov.uk/assets/biscore/business-sectors/docs/u/11-1402-understanding-high-street-performance.pdf>

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