

REGENERATION, LIVEABILITY AND HOUSING PORTFOLIO DECISION SCHEDULE



Wednesday 13 September 2006

at 4.30pm

in Committee Room "A"

The Mayor Stuart Drummond responsible for Regeneration, Liveability and Housing will consider the following items.

1. KEY DECISIONS

None.

2. OTHER ITEMS REQUIRING DECISION

2.1 Local Enterprise Growth Initiative (LEGI) Round 2 (*Assistant Director
Planning and Economic Development*)

3. REPORTS FROM OVERVIEW OF SCRUTINY FORUMS

None.

**REGENERATION, LIVEABILITY & HOUSING
PORTFOLIO**

Report To Portfolio Holder
13th September 2006



Report of: The Assistant Director (Planning and Economic Development)

Subject: Local Enterprise Growth Initiative [Legi] Round 2

SUMMARY

1 PURPOSE OF REPORT

1.1 To seek the approval of the Portfolio Holder for Hartlepool's bid in the second round of Legi, application deadline 14.9.06.

2 SUMMARY OF CONTENTS

2.1 The report contains Hartlepool's proposed second round bid document, subject to final refinement.

3 RELEVANCE TO PORTFOLIO MEMBER

3.1 The Legi falls within the portfolio of Regeneration and Liveability.

4 TYPE OF DECISION

4.1 Non-key decision.

5 DECISION MAKING ROUTE

5.1 The decision falls to the Regeneration and Liveability Portfolio Holder.

6 DECISION(S) REQUIRED

6.1 To approve the second round bid submission in round 2 of Legi.

Report of: The Assistant Director (Planning and Economic Development)

Subject LOCAL ENTERPRISE GROWTH INITIATIVE (LEGI) ROUND 2

1. **PURPOSE OF REPORT**

1. To seek Portfolio Holder approval to Hartlepod's second round Legi bid on or prior to the deadline of 14.9.06.

2 **BACKGROUND**

1. The Treasury Department has issued a green paper entitled Local Enterprise Growth Initiative (LEGI) aimed at stimulating enterprise and inward investment within the Neighbourhood Renewal Areas. The national level aim of LEGI is "To release the productivity and economic potential of our most deprived local areas and their inhabitants through enterprise and investment – thereby boosting local incomes and employment opportunities".
2. The programme has three key strands detailed below :
 - Business Start up and Social Enterprise
 - Business Growth
 - Inward Investment
3. The key national outcomes are detailed below :
 - To increase entrepreneurial activity
 - To support sustainable growth and reduce failure rate
 - To attract appropriate investment and franchising into deprived areas making use of local labour resources.

The three outcomes are designed to reflect the contribution that business start-ups, growth businesses and inward investors make to both national level productivity growth and local economic development in deprived areas. To ensure sustainability over the long term, LEGI will be focussed on the fundamental issues and barriers that hold back enterprise and growth.

4. LEGI will follow closely the principles of devolution, providing local institutions and communities with the authority and freedom to best determine local needs, options and solutions for enterprise development in deprived areas. Within the three broad outcomes set out above, there will be significant discretion to determine local priorities, actions and targets.
5. The resource provided by LEGI will be targeted at in-depth interventions in a determined number of local authority areas with both a need (measured by level of deprivation) and potential (business potential indicated by market failures). Therefore local authorities that are designated NRF areas will be eligible for LEGI support.
6. Hartlepool submitted a bid in the first round which proved unsuccessful and is now preparing to submit a bid into the second round of Legi with a deadline for submission on the 14th September 2006.

3. FUNDING

1. LEGI will initially provide £50m in 2006/7 rising to £150m by 2008/9 subject to future spending reviews. The indication is that up to 30 applications in total may be approved however it is a competitive process and resources will not be spread thinly and it is not anticipated that all eligible areas will be successful.
2. The advice is that individual bids could be anything from £2-10million pa for a period of 3 to 10 years. However based on an analysis of the first round winning bids the level of resource has been calculated at between £5m -£8m based on population levels.
3. The Treasury has also made £80,000 available to each NRF area to assist in the development of the bid. To date Hartlepool has defrayed on round one and two approximately £38,000 for the services of ERS Consultancy, Woodholmes Group and the Tourism and Planning Consultancy Practice.

4. DEVELOPING PROPOSALS

1. The guidance indicates that LEGI should focus not on well written applications but on good ideas with robust implementation strategies that are designed to have real, tangible impact on outcomes.

2. LEGI proposals will be required to follow six key principles
 - effective targeting (to ensure people living in deprived areas benefit)
 - effective solutions (to address the fundamental barriers to growth, including crime)
 - significant commitment (of resources over the long term)
 - strong local and regional partnerships (with business and wider community partnerships)
 - integration (with broader regeneration efforts and business support initiatives)
 - evaluation and evidence building (to inform continuous improvement and the development of future policy).
3. LEGI proposals will need to be fully consistent with existing strategies including the Regional Economic Strategy, Neighbourhood Renewal Strategy and Local Public Service Agreement and other regional and sub regional strategies. The bid also needs to be integrated with the Community Strategy and Hartlepool's Local Area Agreement.
4. LEGI bids will be required to demonstrate a sound evidence base and projects need to build on what works and will not support projects or proposals that prop up existing projects or displace funding from elsewhere. Proposals will also need to consider the needs of under represented groups.
5. The development of the bid has been overseen by the Economic Forum Legi Working Party and the Hartlepool Partnership and other key partners have been consulted and are supporting the submission of Hartlepool's Legi bid.

5. APPLICATION DETAIL

1. The LEGI application (**see Appendix 1**) will need to be submitted to Government Office by the 14th September 2006. The bid has been developed in full consultation with key partners, stakeholders and service users. The process has also involved substantial evidence gathering primarily undertaken by the Woodholmes group a private consultancy business, ERS who have facilitated project development particularly with the voluntary/community sector and the Tourism and Planning Consultancy who assisted the Council in developing the successful Tall Ships bid.

2. The bid contains three key themes;
 - People and enterprise
 - Business and enterprise
 - Place and enterprise

3. The people and enterprise element will seek to engage young people to consider enterprise as a legitimate career choice and will also assist young people into business and provide continued support to those businesses. Key partners include Hartlepool's Children's Services, the College of FE, the Sixth Form College and Enterprising Hartlepool. Young businesses will be supported through a range of business support and mentoring programmes including a Dragon's Den programme.

4. The business and enterprise theme will be supported by Hartlepool's Incubation system, Integrated Business Solutions and will focus on productivity and markets working with partners such as North East Productivity Alliance and Business Link. This theme also encompasses Social Enterprise and working with minority groups. Projects will include the sustainable development of social enterprise. Key partners include HVDA, OFCA, Belle Vue Community Centre, Headland Development Trust and the Community Outreach Network.

5. The place theme seeks to address market failure of key employment corridors and the bid contains spatial improvements to the Town Centre and the Southern Business Zone. This theme will seek to redevelop older employment sites and contains opportunities for incubation and move on space. Key partners include UKSE Ltd, Rivergreen Developments and Hartlepool New Deal for Communities.

6. **FUNDING**

1. At this stage it is estimated that Hartlepool's bid will total around £7.42m over a three year period, however this figure will be revised in light of all the potential funding bids we receive.

7. **RECOMMENDATION**

1. That the Portfolio Holder agrees the current version of the Legi bid attached, as the basis for finalising the submission.

Local Enterprise Growth Initiative

Application Form

Please refer to the accompanying guidance notes when completing this application form.

1. General Information

Please state which local authority or local authorities this application relates to:	Hartlepool Borough Council
Please state which local authority or local authorities will be the accountable body/bodies	Hartlepool Borough Council
Main contact(s) for the application:	Mr. Antony Steinberg
Position(s) held: Address/Addresses:	Economic Development Manager Department of Economic Development & Regeneration Bryan Hanson House Hanson Square Hartlepool TS24 7BT
Telephone number(s):	01429 523503
Email address/addresses:	antony.steinberg@hartlepool.gov.uk

2. Proposal Summary

(a) Please briefly outline your proposals

To be completed at end.

To contain the evidence of progress and momentum for change that has been building up and we wish to see sustained through LEGI intervention activities.

Hartlepool a people and town changing quickly.

(b) How do your proposals address the three LEGI outcomes?

The proposals first of all have to fit with the political aspirations for the town of Hartlepool. If they then fit with the LEGI outcomes then the Council and its private and voluntary sector partners will pursue a submission. Examining the

practical outcomes of the LEGI programme show us that the Government's intentions to concentrate its resource on only the most deprived areas of the UK aligns itself with Hartlepool's aspiration to do the same. Hartlepool's ambition matches that of the Government's in that this town also wants to implement activity in its most deprived wards that:

- increases entrepreneurial activity
- sustains business growth in locally owned businesses
- attracts inward investment that uses local labour

Indeed, it has been doing so for a number of years. The LEGI programme gives Hartlepool the potential to:

- Move enterprising pilot activities into the mainstream
- Create significant value add to existing business support measures
- Increase the number and speed to market of new initiatives
- Allow intervention to take place more broadly but still with efficient Return on Investment
- Maintain the momentum for capacity building of people and businesses at the neighbourhood level

This alignment of enterprise interests at both a town wide strategic and policy level as depicted within the LAA, Community Strategy and Economic Protocol (the town's Economic Development Strategy) gives the authority for the interested sectors to vigorously pursue a legitimate LEGI bid on behalf of those residents in those deprived areas the fund seeks to actively support.

Our submission breaks down into 3 categories that overlay directly with and into the LEGI 3 pillars. Our proposals revolve around:

- People and Enterprise
- Business and Enterprise
- Place and Enterprise

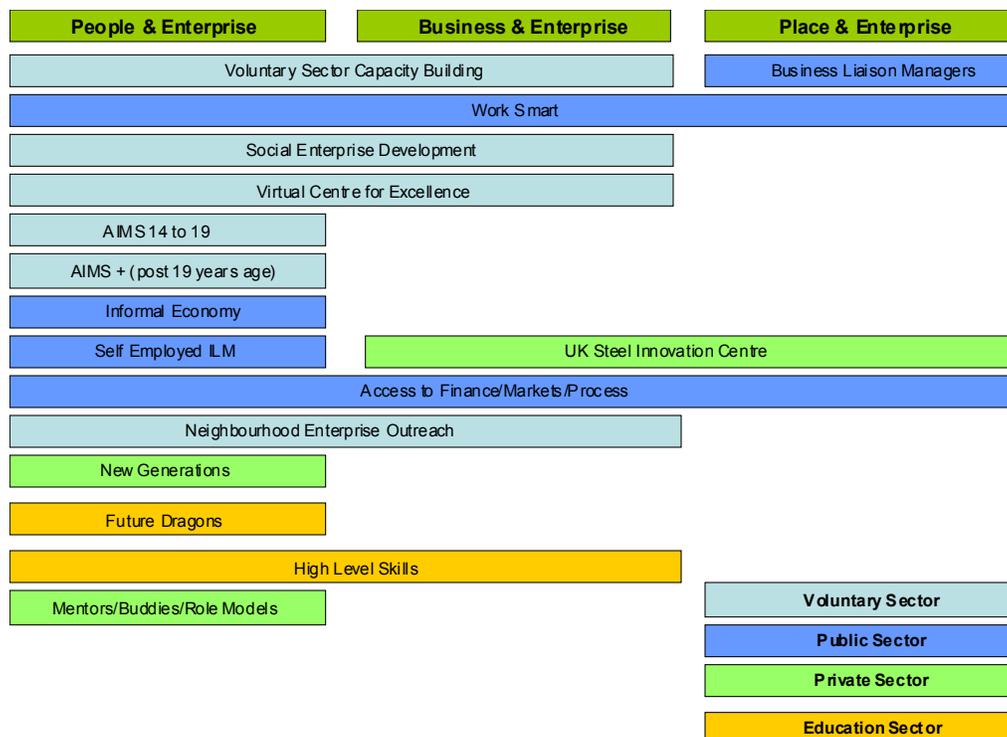
We are proposing a comprehensive range of intervention activities to fall within and across each of these pillars – as the pillars are soft edged and some programmes of work fall under the jurisdiction of linked areas (such as those people from the deprived areas identified and the subsequent business that evolves from their endeavours).

The collective aim of Hartlepool's whole LEGI programme of work will be:

“To release the productivity and economic potential of Hartlepool's most deprived local areas and their inhabitants through enterprise and investment – thereby boosting local incomes and employment opportunities”

We are proposing to continue our joined up work on this programme by the close involvement and consultation with all the relevant organisations who will be charged with delivering these activities and meeting the ambitious but realistic targets.

Hartlepool has a rich history of cross-sectoral working between the private public and voluntary sectors and this can be evidenced by the outstanding work and outputs achieved to date. This is a town that punches well above its weight when it comes to successful bidding programmes and in the delivery of that work at the most local level – which is what LEGI is all about.



We are very keen to ensure our proposals are not seen as just lists of activities but rather that each area of work makes the biggest difference to the most number of people over the longest frame of time. We have thought long and hard about the sustainability of our interventions and again we can demonstrate the vitality and viability of our work from direct previous experience. We have sought to unearth practical and sometimes innovative leading edge projects with high quality impacts that represent excellent value for money.

We are suggesting a number of programmes, some that are new and pioneering and some that have been piloted and shown to work. At every level we have tested the activity to ensure it provides true value add, that we are confident we can deliver and compliments not compete's with existing publicly funded activities surrounding business development. In this way, we can be confident that multiple synergies arise through the collective delivery at every level of our enterprise support initiatives.

Our working standard practices ensure that "stakeholder engagement" has taken place at an intense level. Hartlepool has learnt that the best way to deliver successful and enduring projects with lasting benefits is to do so by getting all relevant partners involved from the earliest opportunity. This is now

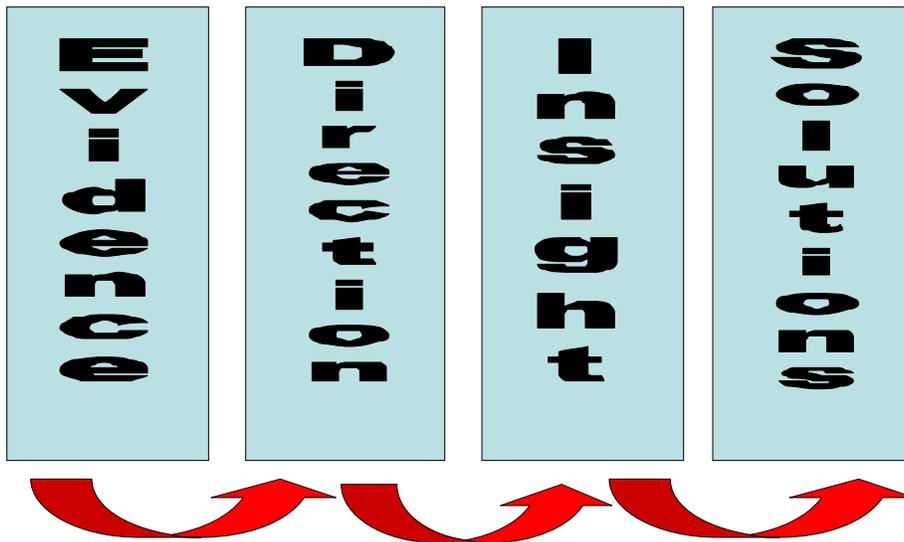
standard operating practice and our systems and structures reflect this way of working. In particular the private sector plays a strong role in developing and shaping (and sometimes delivering) active projects that benefit the whole town. We believe this relationship is one of our strongest assets and leads us into some challenging but ultimately always rewarding areas. Again, you will also see a very real input within this submission from the town's voluntary sector who have a rich history of success in this town, working under the most challenging of circumstances.

Regular meetings with GONE and ONE have taken place to ensure strategic fit with existing and emerging structures and programmes of work. These have helped us to shape our thinking and delivery activities.

3. Evidence Base

Please present your analysis of the evidence base which supports your proposals.

Our proposals comply with the LEGI guidance document in that the methodology behind our submission is based upon a linear and linked analysis of the issues particular to our town and to the nature of both the deprivation issues and enterprise challenges:



This requires us to uncover the evidence that we have deprivation issues that require addressing; how that then sets the tone and direction for action; what the figures tell us about the particular issues we face in this town and finally how the solutions we are proposing actually address those exacting demands for intervention activity.

We begin by looking at the evidence.

Instead of starting with regional and national statistics examining the challenges of enterprise across the country we will start by looking at the town of Hartlepool and what recent research tells us about the state of its enterprise economy. Like many other local authority districts we have the ability to delve deep into a mountain of statistics about the nature of deprivation in our town and its direct and indirect consequences on enterprise.

We will however concentrate on the main areas of evidential interest that materially impact upon our ability to create an enterprising town. This submitted programme of work has concentrated on 2 main parameters:

1. Evidence of need – do the statistics prove that an intervention is required in this area, and that the subsequent activity will influence and impact upon that identified need, and
2. Gaps in existing local provision – we have shown that no current solution exists to enterprise development and that the proposed activity is value added across the solutions value chain.

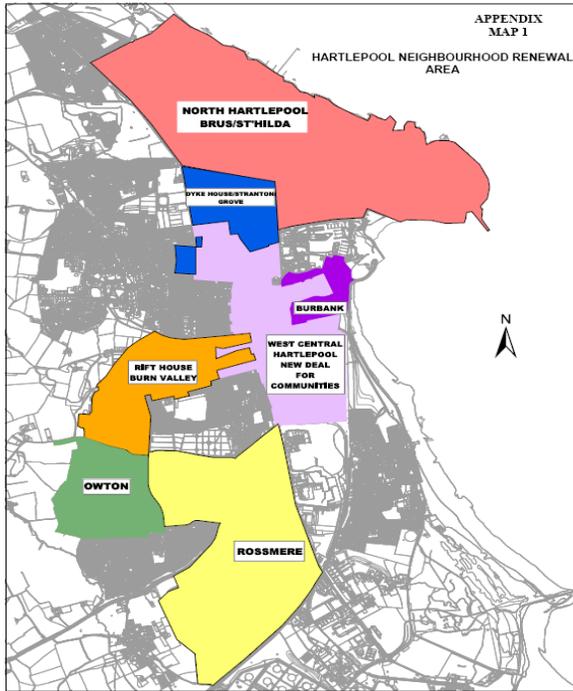
Hartlepool is a town of nearly 90,000 people 77% of whom are of voting age. From that total number, 53,200 are of a working age and of these 66% are in employment – these employment figures drop to an average of 58% in the most deprived areas that are the subject of this submission. The Tees Valley Joint Strategy Unit Statistics 2006 note that 31,800 residents of Hartlepool are in employment. In March 2006, there were 2,461 official unemployment claimants in the town. 1.2% of Hartlepool's population are non white (1,075), and 63% of all households are owner occupied and 39% of all households have no car. Hartlepool has the highest percentage of people in the Tees Valley with a health problem – 1 in every 5 persons.

Hartlepool is the 14th most deprived local authority area in the Indices of Multiple Deprivation 2004. Within the employment domain, 57% of all Super Output Area's are in the most deprived 10% and Hartlepool is in the bottom 21 Local Authorities in terms of labour market position, based upon employment rate and level of working age benefit dependency.

The town also has a lower rate of job density than the sub-region, regional and national averages with only 0.69 jobs per resident population, compared to a national average of 0.83. Average income levels in the town also lag behind the sub-regional, regional and national average, with weekly wages only 77% of the national average. Hartlepool is also in the 30% most deprived areas within the income domain.

Neighbourhood Level Analysis

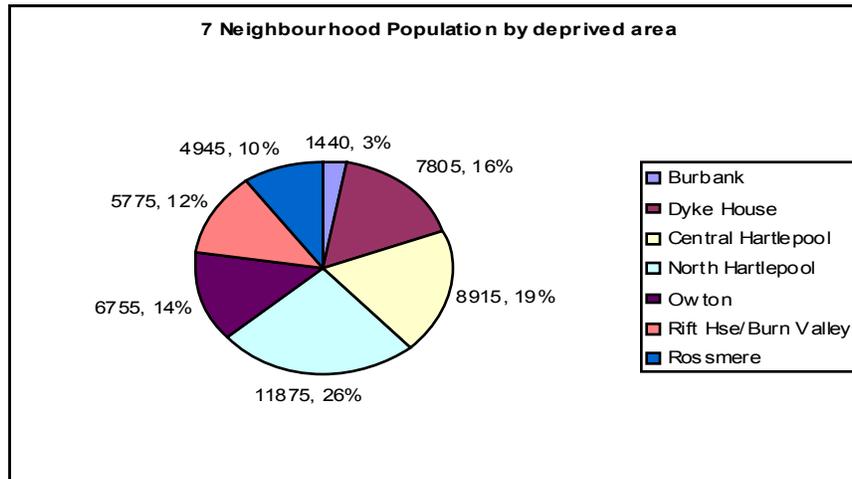
The map below highlights the 7 areas where LEGL intervention activity will take place. These are the 7 neighbourhood zones that comprise the most deprived areas of the town:



Source: HBC, Neighbourhood Renewal map

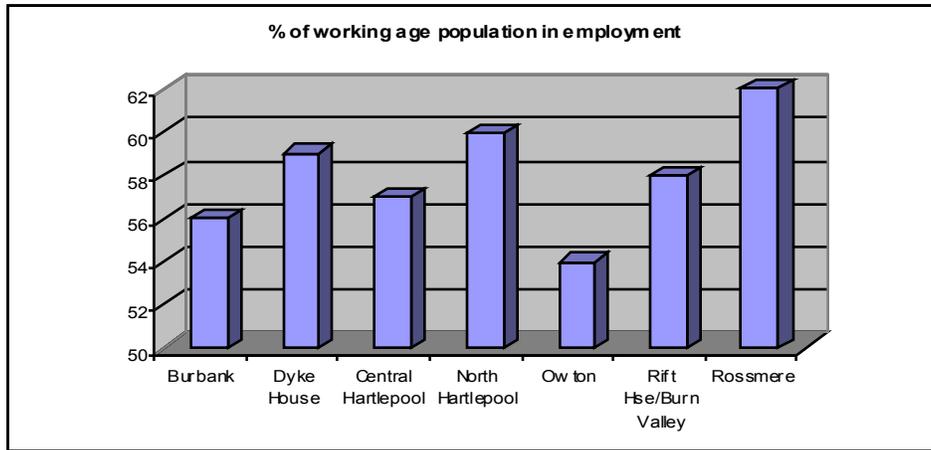
These closely juxtaposed neighbourhoods or districts will be where we will concentrate LEGL resources and our enterprise efforts.

These 7 neighbourhoods together contain 47,510 people who represent just over half of the population of the town (53%).



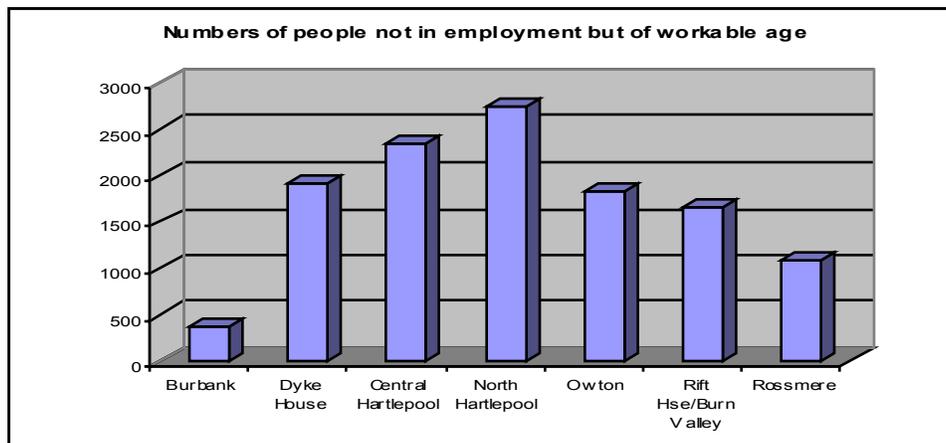
Source: pj

Within these neighbourhoods, 28,246 people are of a working age and 16,683 are in employment – that's an average 59% of the workable population in the deprived areas in employment, against a town average of 66%.



Source: pj

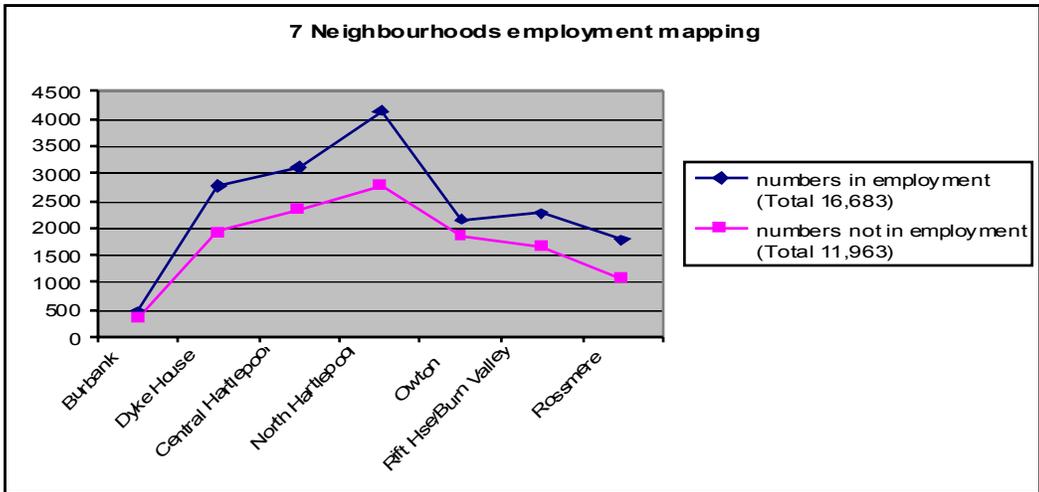
This leaves 11,963 people living in those neighbourhoods who are not in employment but are of a workable age. This is the size of the target market group for LEGI intervention activities, notwithstanding the numbers of people on incapacity benefit.



Source: pj

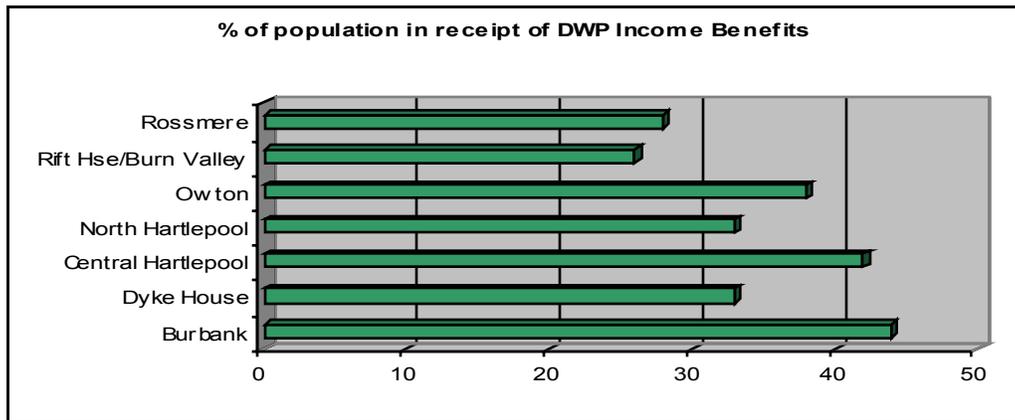
Now a conservative 10% enterprise penetration rate into this target audience would yield a return of 1,193 people subsequently in employment via a variety of routes. If one in twenty of these people were to set up their own business that would return 60 new registered operations in the town (the downstream target for Hartlepool identified within the Regional Economic Strategy). The town average of economically active people is 71.8%, against a sub regional average of 75.2%, a regional average of 74.8% and a national average of 78.3% (JSU approved statistics). These figures demonstrate we still have some way to go before reaching saturation of all economically active people into employment.

We have mapped the numbers in employment and not in employment to show the mean distribution across the 7 neighbourhoods and to demonstrate the range of differences across the 7 areas – these figures are however relational to the population levels within each neighbourhood but serve to show the extent of the size of the challenge ahead.



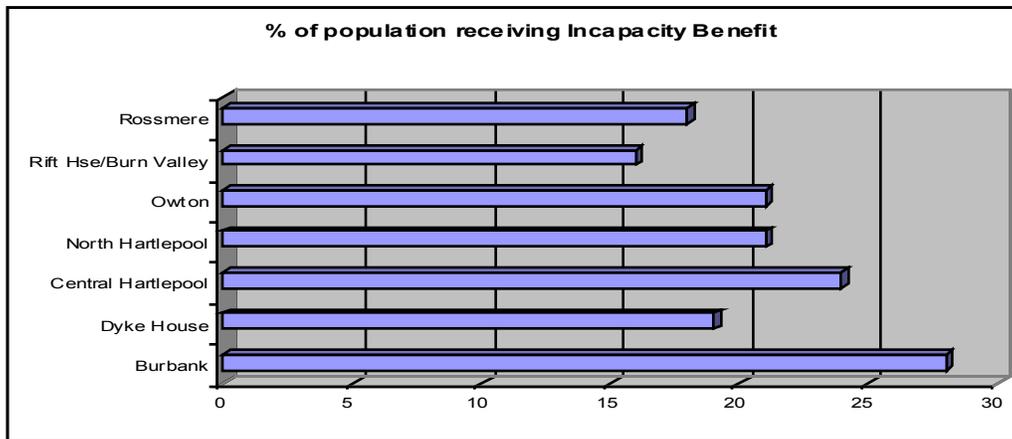
Source: pj

35% of all people located within these 7 neighbourhoods are on Department for Work and Pensions Income Benefits – that amounts to 16,326 individuals who receive some form of income benefit – that’s 1 in 3 people who rely on the state for some form of financial assistance. Moving a proportion of these into enterprise through our programmes of intervention will make a significant contribution to easing the burden on the town’s income support draw down.



Source: pj

At the same time, across all 7 neighbourhood zones, we see 9,753 people in receipt of Incapacity Benefit or 21% of all residents (compared to the town average of 14%), though in some deprived neighbourhoods this can rise to nearly 1 in 3 people claiming (see diagram below). Our interventions must be carefully targeted and diplomatically delivered for us to move these individuals off this support into employment and enterprise – “Pathways to Work” is one of our intervention programmes that seeks to address this area holistically.

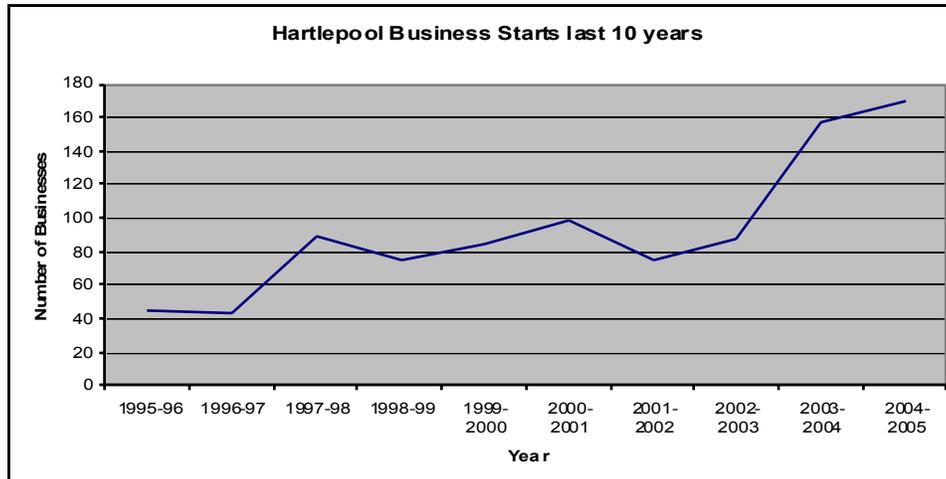


Source: pj

Since 1985 when over 10,000 people were unemployed in the town, we now have 2,461 officially registered unemployed people as at March 2006. Projects supported by the town's Economic Forum since 2001 have assisted over 900 young people and adults gain employment, whilst over 1,000 people have undertaken work related training and over 800 residents have improved numeracy and literacy skills. The Economic Forum has also taken a lead role in the development of projects delivered through the Sub-Regional Partnership's Single Programme. Yet, as Hartlepool's economic climate grows warmer, there remain many working age adults across the town who are economically or socially excluded from this increasing prosperity and these people are located within the 7 neighbourhoods we are seeking to target

- Over 30% of working aged adults in Hartlepool do not work and an increasing number are economically inactive (40% in the deprived areas)
- The number of working age adults in Hartlepool in receipt of disabled and health related benefits is in excess of 13% of the working age population (21% in the LEGL targeted neighbourhoods), a legacy, in part, of the heavy industrial heritage of the town
- The proportion of young people in Hartlepool who are unemployed is higher than the sub-region, region and national rates (14.7% of people under 20 years old, 2% higher than the UK)
- The level of Hartlepool's business creation continues to lag behind that of the region, that in turn lags behind the rest of the country (yet Hartlepool has been building significant momentum since the start of the millennium in terms of its new starts – the challenge now, with LEGL funding is to reach further and deeper into the deprived areas to continue this positive trend):

Since 2002/3 we have seen very real progress in our ability to facilitate and manage the creation of new enterprises in the town. We believe with LEGL funding we can continue this positive trend for new business start ups.

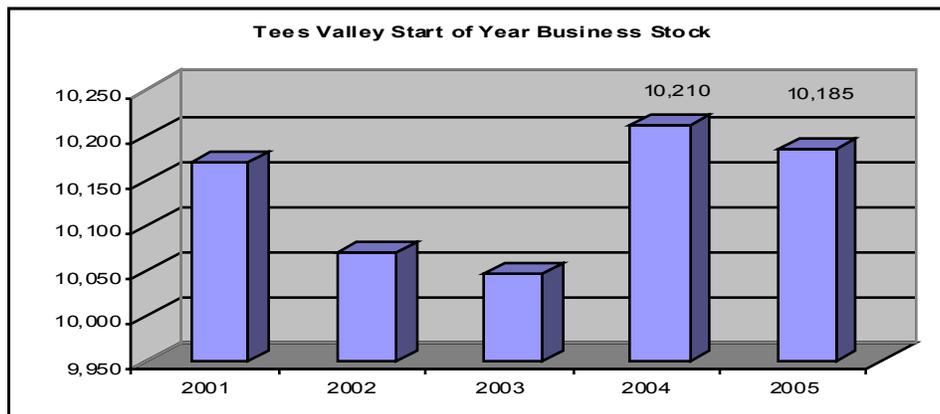


Source: Tees Valley JSU, Linkdata 005

Tees Valley Wide Analysis

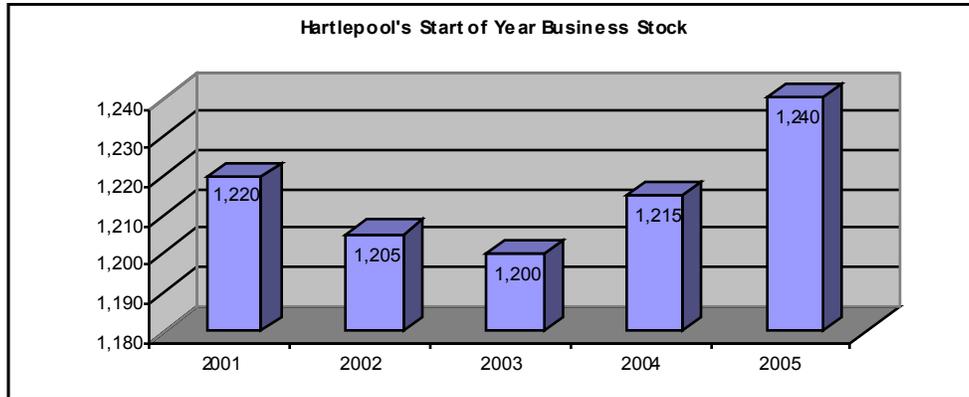
The sub regional picture allows us to compare Hartlepool's performance with adjacent local authorities and to see if the character and nature of our deprivation is different from our near neighbours.

An example of this relativity might be the number of business starts arising through any one year and the "stock" of businesses in existence at the end of any given year. For Tees Valley business stock levels, the most recent trend has been down between 2004 and 2005, as it was for all the other local authorities.



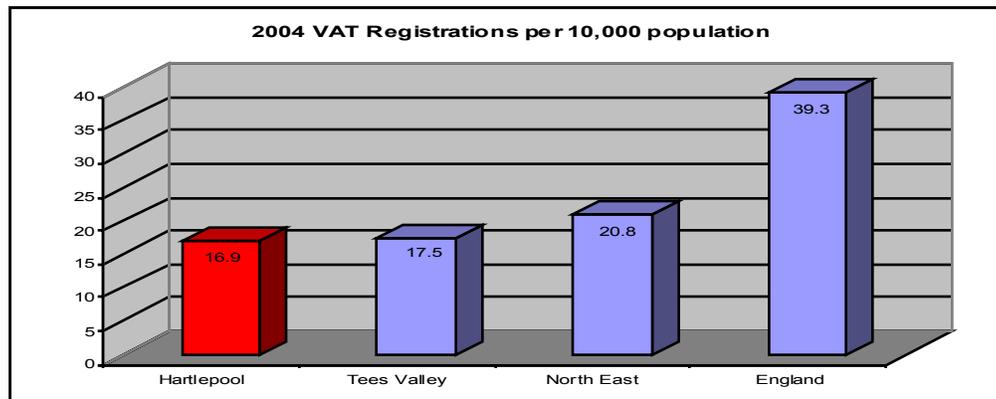
Source: Small Business Service, VAT registrations and deregistrations 2005

In Hartlepool, we bucked that trend between 2004 and 2005 as the efforts and activities of many intervention based programmes started to take hold. This is another example of the economic momentum that Hartlepool has been building up over recent years and evidence that once those businesses are up and running they stay that way.



Source: Small Business Service, VAT registrations and deregistrations 2005

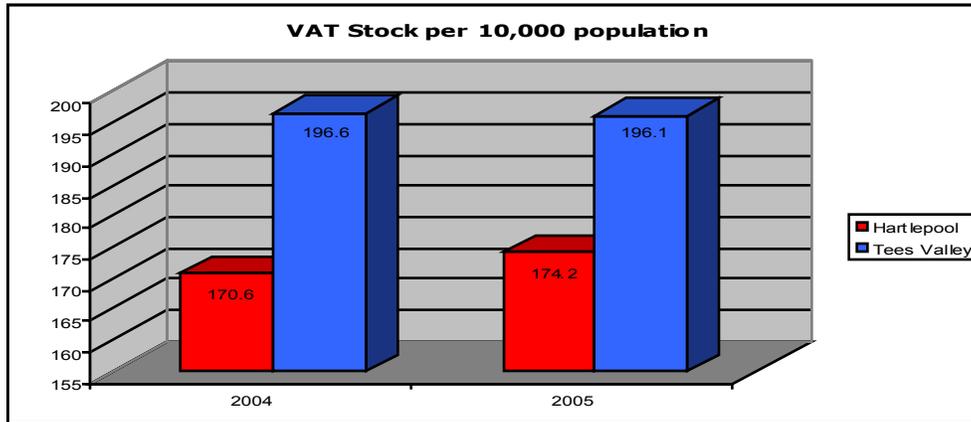
Interestingly, however, whilst we see some stability of businesses once they are created, we are still challenged by new start ups and still score slightly below the sub regional average and 4% below the sub regional average and score less than half of the national average:



Source: VAT registrations and deregistrations, Small Business Service

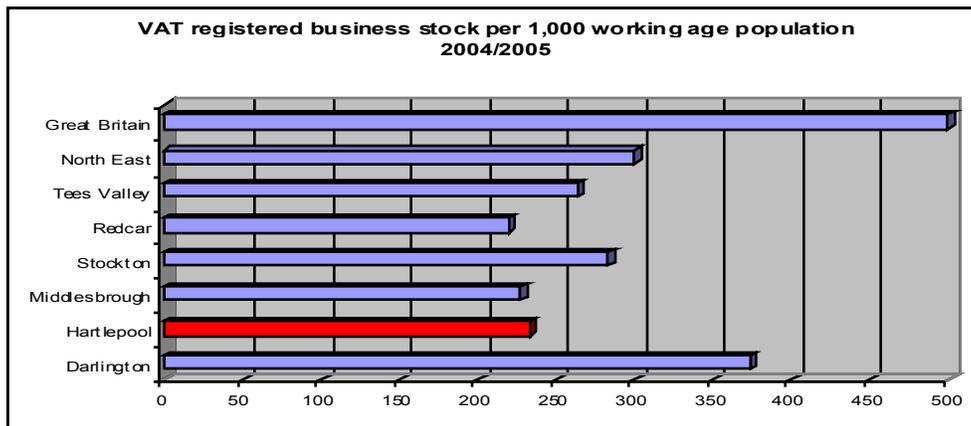
This is why many of our LEGI interventions are based around reaching into deprived neighbourhoods and encouraging enterprise initiatives – we have already demonstrated that significant penetration can be made into these areas.

Another example of our intervention performance can be seen from an analysis of those stocks of businesses registered for VAT. In Hartlepool we have seen that grow over the last 2 years, whereas Tees Valley as a whole has seen a slight fall.

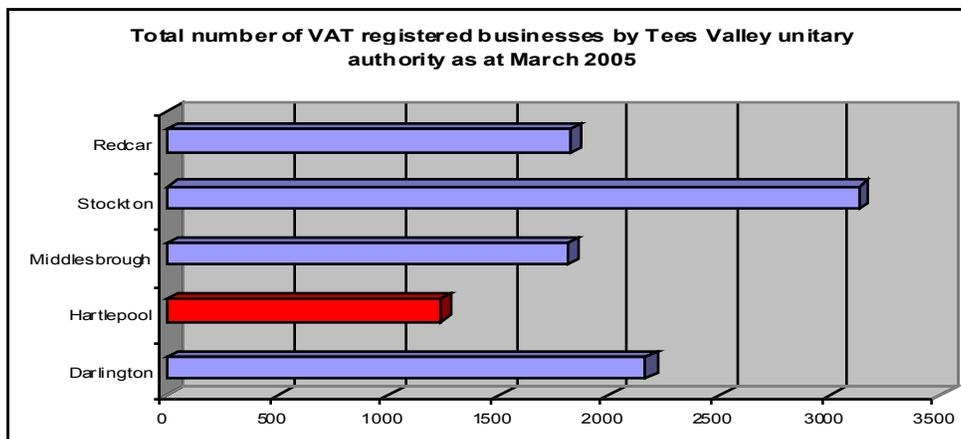


Source: VAT registrations and deregistrations, Small Business Service

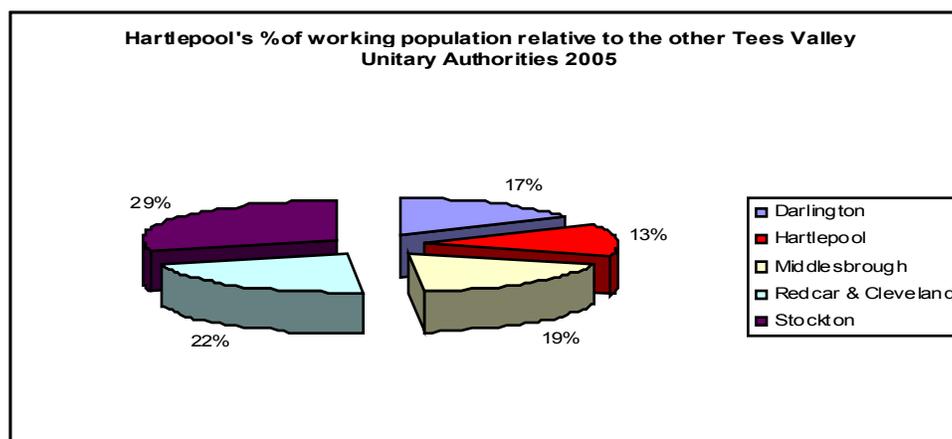
Yet, when we take account of these figures relative to the working population Hartlepool still has some work to do.



So whilst we are seeing some absolute growth in raw numbers of business starts, relative to the sub region and in the context of the actual numbers of people available for work we see additional penetration opportunities that LEGI investment can contribute towards.



In England we see nearly 4 VAT registered businesses per 1,000 population, the North East is half that and in Hartlepool we have an average 1.7 businesses per 1,000 local residents of working age. Opportunities exist therefore within our 7 neighbourhoods for LEGL monies to make an impactful and material difference to these performance figures. We must remember that Hartlepool makes up 13% of the overall population workforce for the Tees Valley:



And, the number of VAT registered businesses in Hartlepool in 2005 represented 12% (1,240 businesses) of the total number of VAT registered businesses in the Tees Valley (10,185) – so again, additional investment in new business formation is required to lift the town to its “fair share” of VAT performing businesses. Only Stockton (30.7%) and Darlington (21.3%) have more VAT registered businesses than their share size of the working population. Hartlepool’s VAT stock per 1,000 working age population is 31 businesses down on the Tees Valley average (264).

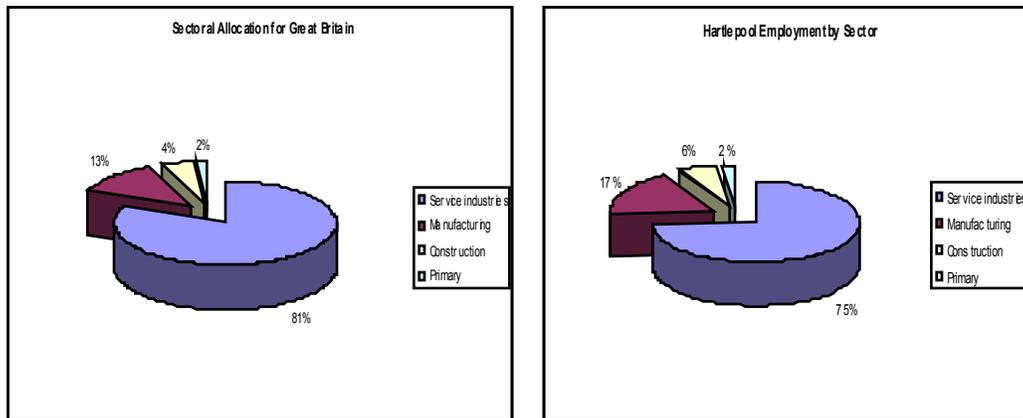
But it is important that we do not look at these figures in isolation. Businesses registering for VAT are one thing - at the same time however businesses can also de-register.

Businesses registering for VAT 2004/2005	Darlington	Hartlepool	Middlesbrough	Redcar & Cleveland	Stockton
VAT Registrations	190	120	155	135	310
VAT De-Registrations	195	95	180	165	300
Difference	-5	+25	-25	-30	+10

Hartlepool's business VAT stock per 1,000 working age population for 2004/5 was 233, against a Tees Valley average of 264 and a North East figure of 300 and a Great Britain wide number of 499 VAT registered businesses per 1,000 people of working age. Hartlepool's figures are therefore 23% down on the sub regional average and nearly half the national average.

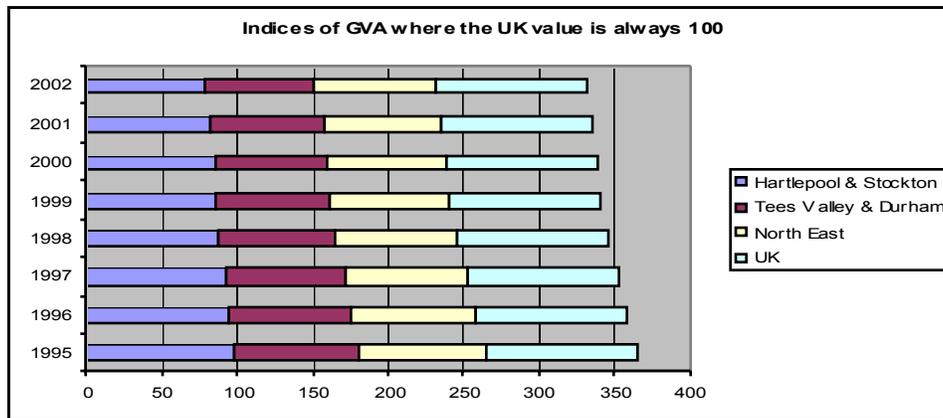
The Tees Valley collectively has to address some major challenges over the next decade - not least of which is the enterprise culture and that the rate of new start ups is amongst the UK's lowest. This has created a widening economic gap between the Tees Valley and the rest of the UK economy – and the main reason behind this gap is the low rate of new firm formation and the high rate of business failures with the overall stock of businesses shrinking.

In the Tees Valley we have a high proportion of sectors that are sensitive to global competitiveness and we have felt the cool economic winds of change at a very real level with the consequent loss of jobs. More recently we have seen strong growth in health services, retailing, hotels and restaurants, computer and telecom services construction and education – yet, overall, the Tees Valley has not seen the growth in business services seen elsewhere in the UK. A direct comparison of the industrial sectors contributing to employment are illustrated below – Hartlepool has a clear imbalance of sectoral employment relative to the GB allocation. We see a specialism in construction that has been identified both within the RES and Tees Valley Vision, but a disproportionate reliance on manufacturing and underprovision relative to the service sector at a national level comparison:



Gross Value Added or GVA is the difference between output and intermediate consumption for any given sector/industry – that is the difference between the value of goods and services produced and the cost of raw materials and other inputs which are used up in production. GVA is used as an important governmental metric for measuring destination efficiency and performance.

GVA here, is measured within the sub region by including Stockton into the aggregated figures with Hartlepool. The graph below illustrates how the GVA for this town and Stockton has been shrinking since 1995 and was, as at 2002, some 21% below the National average – a cumulative combination of both low participation and low productivity.

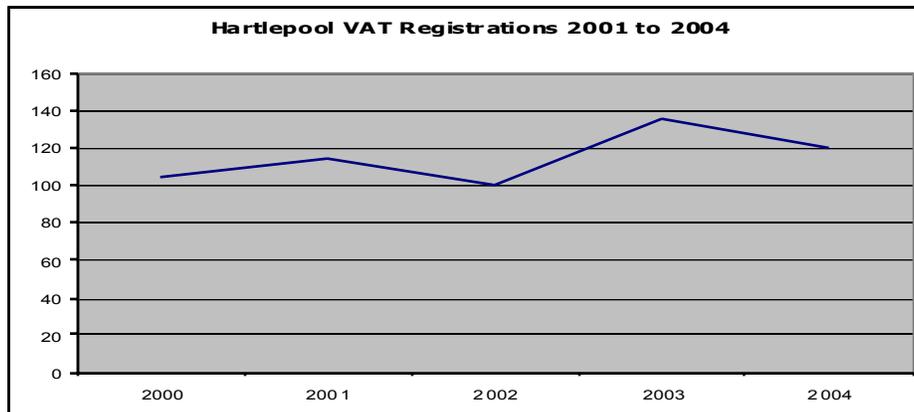


If we take this as a GVA figure per head value, it becomes clear that whilst the overall trend is downwards, in Hartlepool it has been shrinking more slowly than the rest of the Tees Valley. This means we have a better balance between productivity and participation than other parts of the Tees Valley and the underlying structure of our local economy can respond more effectively to intervention activities than other parts of the sub region. This means we are better placed to deliver LEGI activities and ensure they manifest themselves as robust outputs and outcomes at the end of the investment period.

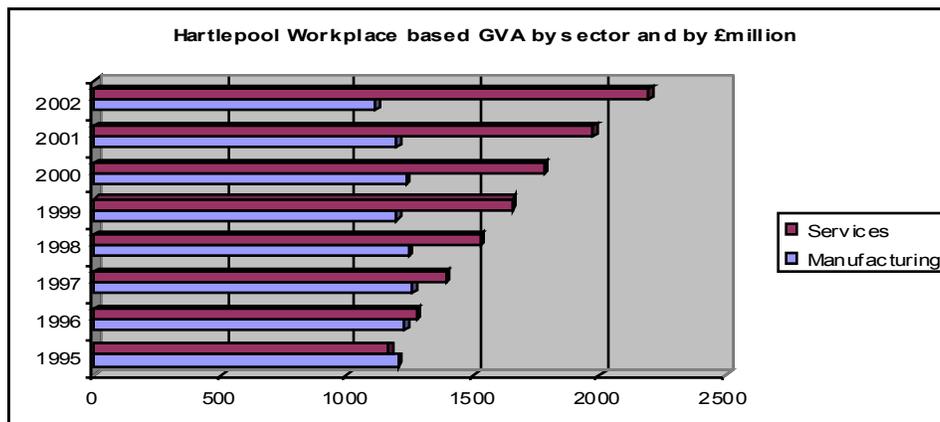
GVA per Head Values	1995	1996	1997	1998	1999	2000	2001	2002
Hartlepool & Stockton	8862	9344	9910	10324	10535	11103	11591	12019
Tees Valley & Durham	7535	8078	8586	9043	9412	9764	10427	11184
North East	7546	8157	8752	9347	9799	10294	11126	12078
UK	9220	10141	10982	11890	12591	13356	14384	15614
	-98	-94	-92	-88	-85	-85	-83	-79
	-83	-82	-80	-77	-76	-75	-74	-73
	-84	-82	-81	-80	-79	-79	-79	-79
	-100	-100	-100	-100	-100	-100	-100	-100

Interestingly, an evaluation of the 1st RES “Realising Our Potential” highlighted the need for more emphasis to be placed on business start ups and questioned the focus of investment in deprived areas as a prerequisite for business competitiveness. The current RES places much greater emphasis on participation as a guiding economic principle – but Hartlepool’s LEGI activities must be more than “principles” – they need to be convincing and deliverable areas of intervention that manage people from deprived areas into enterprise through a series of powerful and persuasive actions. It is at the local level that the RES is implemented – this is where strategy talk ends and action planning and delivery take over. This is where Hartlepool is strong and can evidence a positive track record in delivering initiatives with its various partners that take people from an economically or socially disadvantaged position and level the playing field.

To hit our regional GVA target (90% of national average) we need to create around 20,000 more VAT registered businesses in the North East. Now Hartlepool contributes 3.3% of the overall working population of the North East – this would mean the town would need to generate 600 (3.3% of 20,000) new VAT registered businesses over the next 10 years (the timeframe for the RES). This sets the town the challenge of creating 60 new VAT registered businesses a year across the next decade. Examining existing performance (below) we see that we are currently averaging 115 new VAT registered businesses per year (but we must be conscious of the number of businesses falling out of the VAT scheme).



The RES notes that the principle cause of the relatively low number of businesses in the region is the low rate of business formation, and not a high failure rate.



Activity is therefore required to support an increase in the number of new businesses in the North East whilst ensuring that activity supported by the public sector is additional and this means:

- Raising awareness of enterprise as a concept
- Engaging with target groups and communities to help them realise that enterprise and self employment is a viable and rewarding option for them

- Supporting individuals and teams to identify and develop the ideas and resources to start up a business.

Hartlepool's Outreach LEGI programme does just this in the real world, taking forward all that it has learnt in the past (what has worked and what has not) and apply it to the areas in most need of this type of support but which have failed in the past as the different forms of intervention approach floundered on the rocks of practical application in a very different and challenging environment with individuals and communities excluded from much of societies opportunities through location or education – a place and people well removed from the words contained in a Regional economic Strategy.

In Summary

We have shown that the nature of deprivation in Hartlepool is similar in character to some of the other Tees Valley local authority areas yet still retains some significantly different issues. Where Hartlepool differs, is in the recent success we have had in simply getting people into employment and enterprise and starting to make an impact on new business starts and the overall business stock levels. We have shown that we have a good survival rate in this town because of the journey those businesses go through with us to become established and the level of subsequent intensive on-going support they receive.

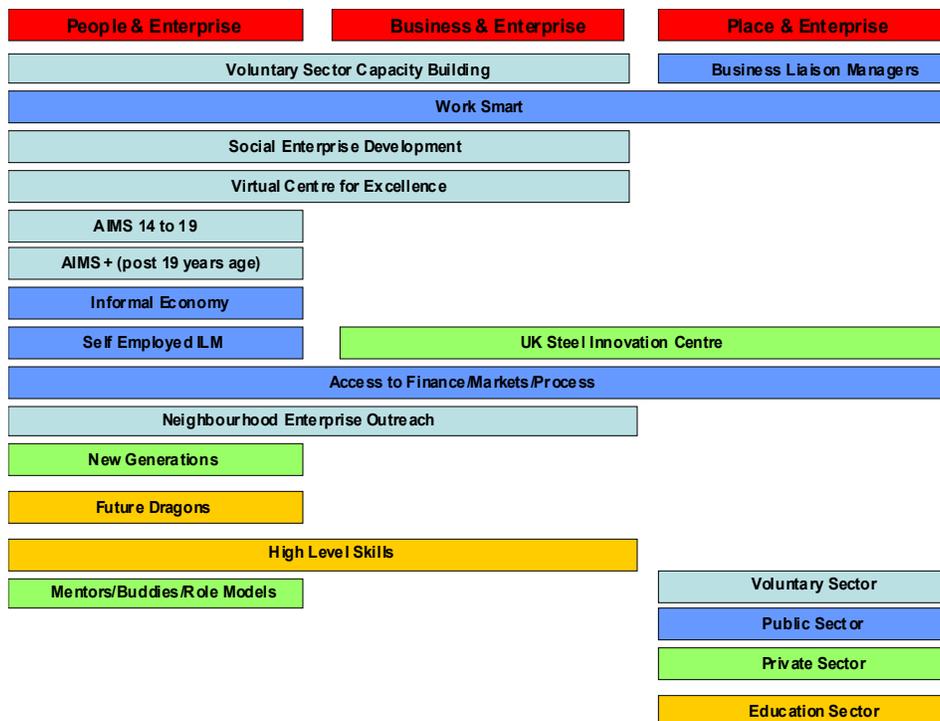
The deprivation in Hartlepool covers a significant proportion of the town both in sheer geographic coverage as well as percentage of the working and non working population. Yet this compact size also works in our favour – we can be more targeted in our approach, it is easier to reach out further and deeper into our most deprived communities and therefore have a greater impact with fewer resources – increasing both our return on investment and our operational efficiencies. Meaning, we give our funders good value for money.

Increased levels of enterprise and growth present Hartlepool with a unique opportunity to reverse the trends we have identified, build on some promising improvements over the last decade with significant public and private investment and continue the upward trend in business creation, labour market participation and educational attainment. Increased business growth will result in additional job creation providing local people with a greater opportunity of participation in the labour market, whilst an increased emphasis on high value business creation will increase wealth through higher average earnings. There is a clear link between employment and managing disability and health problems, which can lead to improved mental and physical well being. Pre-16 education attainment is significantly higher than a decade ago and provides the town with a considerable platform to develop a greater culture of enterprise, whilst meeting the employment aspirations of local people.

4. Proposal Detail

(a) Please give a detailed description of your proposals for funding under the Local Enterprise Growth Initiative.
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Our proposals have been worked up in close co-ordination and consultation with all the relevant interested parties in Hartlepool – as do all our bids for intervention monies. These are our delivery partners and span across the private, public voluntary and education sectors.



- Under LEGI pillar 1 “People & Enterprise” we will be delivering 14 programmes of work
- Under LEGI pillar 2 “Business & Enterprise” we will be delivering 8 intervention projects
- Under LEGI pillar 3 “Place and Enterprise” we have 4 areas of activity

Many projects, because of both their full service nature and natural lead on interconnectedness fall under 2 banner headings. This is a natural consequence of the outcomes expected of the LEGI programme.

We will now look at what each programmed activity seeks to achieve by sectoral breakdown, starting with the voluntary sector.

Voluntary Sector Interventions

The LEGI programme has brought together the main providers of Voluntary sector provision in the town – Hartlepool Voluntary Development Agency (HVDA), Owton Fens Community Association (OFCA) and the Headland Development Trust (HDT) to deliver an integrated programme of work that develops upon expanding existing work and introducing and developing new enterprise routes and support through joint collaboration.

A study of 62 voluntary and community sector groups undertaken across Hartlepool in 2003 highlighted a lack of entrepreneurial awareness and the ability for some of these groups to potentially trade and procure public sector contracts. These programmes seek to address these very real concerns:

1. Capacity Building (LEGI Pillars 1 and 2)

The programme here is to assist and support the growth and development of community/voluntary organisations to continue to provide services and develop new and innovative projects that have the potential to develop into sustainable enterprises in the most disadvantaged communities throughout Hartlepool. The voluntary and community sector (VCS) groups delivering services within Hartlepool have been identified as a potential growth area. There is already a significant number of organisations delivering a wide range of services, however the majority of these groups are struggling to secure appropriate funding for their future and are consequently failing to realise their productivity and economic potential. Voluntary organisations have the potential to develop services to contract for public sector work, develop trading income and to attract inward investment which would otherwise not come to Hartlepool e.g. from external Charitable Trusts.

The objective of this element is to enhance the existing services provided by a number of voluntary / community organisations to provide increased capacity to support individuals who are at a more advanced stage of wishing to pursue a specific enterprise. Again the service would draw on the strengths of the sector by supporting individuals who would not traditionally access support from mainstream providers (e.g. IDB). The project would receive referral from Project 1 and existing mainstream providers and would refer onto advanced specialist support as appropriate as well as to facilitating access to finance (e.g. small grant fund or other providers such as Princes Trust).

2. Business Start Ups support (LEGI Pillars 1 and 2)

This programme is about encouraging and enabling enterprise and entrepreneurship in the most disadvantaged communities in Hartlepool through developing new approaches and partnerships, and by complementing existing good practice.

To work with existing sector infrastructure to provide advice and guidance for the general community regarding enterprise opportunities, but in particular to work through existing, active organisations to target specifically under-represented groups (e.g. long parents, BME, over 50's and people with disabilities). The project would complement existing and planned IDB activity by focusing on individuals who would not traditionally contact mainstream support organizations (e.g. those operating within the informal economy). The project will boost existing networks but draw on the strength of the VCS across Hartlepool (e.g. community credibility,

community presence, accessibility) to avoid duplication with the profile of users of the IDB network.

Services will be delivered on an outreach basis in the heart of the community to reduce real or perceived barriers and enable equal access to, and knowledge of, the opportunities self-employment can offer.

The proposal will provide outreach drop-in sessions from locally based community venues throughout Hartlepool, where a client would obtain advice and information on what's on offer. Where no suitable venues are available a mobile facility will be used parked near community venues such as shops, public houses etc this will enable the project to target resources more effectively to gain the maximum take-up.

Marketing and promotion of the drop-in sessions will be undertaken on an ongoing basis to encourage demand using a number of different mediums, Internet, leaflets, posters, advertising in community newsletters, Hartlepool mail, the mobile facility and community events. Drop-in sessions will be available at flexible varying times to ensure equality of opportunity for everyone to access the service. Clients requesting more intensive one-to-one advice will be encouraged to book an appointment for daytime or evening at a venue and time most suitable to them. An initial hour interview will be undertaken with each client interested in developing his or her business idea. The interview will enable staff to develop an individual action plan, and identify potential support agencies. Staff will then arrange appointments and accompany clients if required to assist them develop their business idea. All information on the client will be inputted onto a website which will include name, address, telephone number, agency referred to and business idea, this will allow the Association and other agencies involved to offer a seamless package of support and track clients from the initial enquiry to end results.

3. Social Enterprise Development (LEGI Pillars 1 and 2)

This programme seeks to support the work of the capacity building officer working with local individuals, groups and private organisations to further develop their projects into community businesses and will work to develop the ideas into a business that will create employment and regenerate the local area.

To provide business support and training services that will develop the business acumen of community and voluntary organisations to generate income streams, encouraging and assisting community and voluntary organisations or individuals develop their ideas, which support and provide services to people from disadvantaged communities in the Hartlepool.

The proposal will work with local individuals, groups and private organisations to identify potential community business ideas and will work to develop the ideas into a business that will create employment and regenerate the local area.

Work with VCS organisations and potentially SME's to identify and realize opportunities for the VCS to provide services to the community by securing contracts with public sector providers. This would improve the link between community demand for services (as outlined in the Neighbourhood Action Plans) with mainstream response and enable mainstream funding to be recycled within the VCS (as opposed to contracted outside of the sector).

The aim would be to raise awareness of the skills / services available in the VCS to encourage a higher level of procurement to local organizations and again recycle funds within Hartlepool. It is recognized that the sector currently does not maximize its opportunities through effective marketing and promotion.

4. Virtual Centre for Excellence (LEGI Pillars 1 and 2)

The Virtual Centre will assist the sustainability of newly formed enterprises through provision of quality standards and business support and the sustainability of the service.

The proposal supports the government's 10-year local vision strategy for local government launched by the ODPM in 2004 through Local Area Agreements (LAA's) to deliver priorities identified by local communities developing strong local leadership and effective support in partnership with the local authority to reduce bureaucracy and maximise delivery of community enterprise support.

To develop a centre of excellence to enable partners to target their resources more effectively, recognising the importance of developing the capacity and professional skills of people employed in the community voluntary sector if they are to contract to provide quality services via service level agreements, procurement policies etc.

The centre will provide the following:

- Staff trained to NVQ III, IAG & SFEDI
- Delivery of Institute of Leadership and Management level 5 "Award in understanding social enterprise".
- Hot Desking
- Resource Library
- Venue for training, seminars, workshops
- Community Office - provision of booking keeping, accountancy, legal, sales and marketing, and company secretarial services on an incremental basis merging the best elements of business practice into the community and voluntary sector.

(Back Office functions)- to provide a number of functions (e.g. administrative and legal) to VCS organisations to ensure that they are well placed to realise procurement opportunities. This element of the proposal could also be provided to SME's that wish to expand but require a number of administrative functions that may be presenting barriers. It is envisaged that this element of the Centre would generate revenue through the

payment for these functions. It is also envisaged that these services could be offered outside Hartlepool (e.g. sub-region and region) to provide an income source to support development of the Centre and support succession beyond LEGI.

It is envisaged that the Centre would initially be virtual and coordinated across the existing VCS. The Centre would reduce grant dependency for emerging social enterprises thus facilitating sustainable growth and future employment opportunities for the local community.

The long-term sustainability of the community and voluntary sector will be evidenced by the promotion support and incorporation of Community Interest Companies (CIC's), introduced summer 2005 by department of trading industry. CIC's have been established as profit generating companies with a legal commitment to reinvest profits for community purposes and will be subject to monitoring by the Community Interest registrar. There will be opportunities to seek private sector investment in partnership with the community and voluntary sector to develop new and vibrant approaches to service delivery.

The proposal will provide ongoing business support throughout the lifetime of the enterprises at an incremental rate that will increase with the success of the business.

To aid newly formed enterprises the centre will provide and promote an ICT strategy to embrace and encompass future changes in technology an element of this will be a trade bank established to encourage enterprises supported by the project to commit to reinvesting in the wider community and voluntary sector by a free of charge programme of their services to that sector.

To develop an electronic trading community to interact with each other sharing skills, knowledge and resources.

5. All Inclusive Multi Agency Service (AIMS) 14 – 19 (LEGI Pillar 1)

The overall objective with this intervention is to offer a seamless package of support to aid the development of an enterprise culture from pre-16 education to new business start-ups and established companies as well as employment projects that match job opportunities with local people. The proposal will reduce barriers to employment, training and enterprise, by previously excluded groups and strengthen the voluntary community sectors role in local regeneration.

AIMS 14-19 seeks to provide additional capacity to both expand the existing AIMS project and also introduce a specific enterprise element. This will provide a targeted intervention to engage with the Not in Education, Employment or Training NEET, group of young people and

signpost them to support options for those that wish to pursue vocational as opposed to academic training. The rationale for the project is that the AIMS project provides an existing mechanism for engaging with this group, the Connexions service is not providing support to this group and there is a need to raise the aspirations of this target group, which can lead to self-employment outcomes and increased employment rates.

Individuals will be offered a 24-week work placement with a variety of organisations throughout Hartlepool, the intention is not only to make beneficiaries work ready but to raise awareness of enterprise options.

Beneficiaries will be expected to work a minimum 36 hours a week including 4 hours training and be provided with a £60 a week training allowance, to encourage their participation

6. AIMS + (LEGI Pillar 1)

AIMS + looks to adopt a similar model to the above project but focus specifically on the 19+ age group. One of the governments priorities is to reduce the number of Incapacity Benefit Claimants IBC's, the voluntary sector is in an ideal position to assist IBC's become work ready through volunteering.

Individuals will be offered a 24-week work placement with a variety of organisations throughout Hartlepool as AIMS 14-19 above, the intention is to make beneficiaries work ready, building their confidence and motivation and raise awareness of enterprise options as a possible employment option. This together with aligned accredited training that will increase their employability

Beneficiaries will be expected to work a minimum of 20 hours a week and be provided with a £3 per day out of pocket expenses

The Enterprise team would have the responsibility of coordinating placements, training; provide a 7-session enterprise training programme and monitoring & evaluation. The business development sessions will provide advice, information and guidance on all aspects of running a business from marketing – budgeting to the use of ICT, these will take place over a period of 7 sessions and will be flexible.

Organisations providing placements will be paid £50 per beneficiary per week, for the maximum of 24 weeks

Private Sector Interventions

The following activities have been proposed by the private sector and will be animated by the private sector who see the strength in catalysing every business opportunity in the town wherever it stems from and whatever it does. Hartlepool's Enterprise Forum is a representative collection of business people across the town who give their time and energy willingly for the greater good of the town and have been doing so for the last 4 years. Indeed, this grouping is going from strength to strength in numbers and interest. We are fortunate in Hartlepool to have such a collection of committed and indeed

enterprising individuals in their own right. This grouping is “hard-wired” into our organisational structures and delivery systems.

The private sector have expressed a willingness to commit themselves even further to more programmes of work that also link in with other LEGL initiatives.

7. New Generations

Hartlepool recognises the need to invest in future entrepreneurship through educational establishments. Hartlepool’s legacy is one of declining heavy industry and we are looking for medium term results that will cut away from the current lack of aspiration for self-employment. We will seek to build on the current enterprise “offer” in pre 16 education by looking to roll this on in the Town’s Further Education establishments. A local group of Entrepreneurs (“Enterprising Hartlepool”) will spearhead a schools’ enterprise project across Key Stage 3 pupils which will give them a practical experience of “real” enterprise. In addition, we will develop a partnership with Connexions to develop a family caseloading project which will utilise the links into young people to look at the whole family position in terms of aspiration and worklessness.

8. Mentors/Buddies/Role Models

This project is led by a group of local entrepreneurs who act as mentors, buddies and role models to the local community. The steering group all run small enterprises and have a desire not only to help individuals into business but also support the economy of the town by organising inter-trading events and also by taking their enthusiastic message about Hartlepool as a location to a wider audience. We will take this enthusiasm and broaden the area and numbers of activities where this occurs.

9. UK Steel Innovation Centre

This proposal was developed following a feasibility study by DTZ Peda into incubation provision within the town. The findings of the report have been adopted and one of the key recommendations identified a need for a 30,000 – 40,000 sq foot “Hot House” at Queens Meadow which would be integral in the overall incubation strategy for Hartlepool and the wider Tees Valley. This research findings complemented the enquiry levels for high quality space through Hartlepool Borough Council and now from the initial demand for phase one of The Innovation Centre development.

It is a well recognised fact that Hartlepool suffers from a lack of quality office and workshop space. This project alleviates this shortage.

Do we have any figs for office space v working population?

The Innovation Centre at Queens Meadow Business Park, Hartlepool is a brand new, technology-led managed office and workshop complex that helps address the lack of new, high quality accommodation for new and

growing businesses in the town – it is located within Hartlepool’s NRF area and LEA deprived neighbourhood. The centre opened in December 2005 and offers almost 19,000 square feet of lettable space on a 2.5 acre site.

Initial take up of the centre has exceeded expectations and consideration is now being given to extending the site by a further 12,000 square feet of lettable space to bring it in line with the DTZ report. An adjacent plot has already been identified and UK Steel Enterprise have first reserve on the development rights to it.

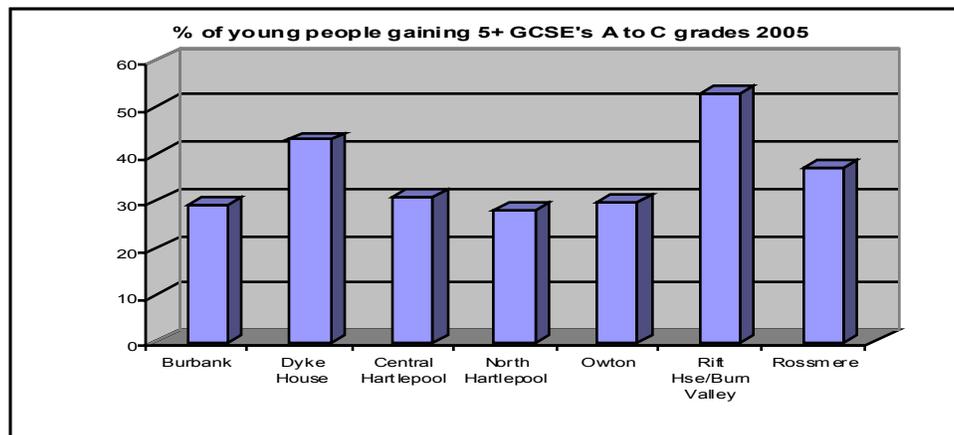
The extension will provide further office and workshop accommodation but will also take advantage of shared services such as meeting and conference facilities, reception services, post and photocopying services and so on, from the existing centre.

Obviously, the extension will house more new and growing businesses within Hartlepool that may otherwise have gone elsewhere. Because of the excellent access and security systems within the centre it is accessible to a wider audience who may be considering self employment – there is full disabled access to all parts of the centre, and the high level of security and the 24 hour access encourages more flexible working practices.

In addition, the building of Phase One of The Innovation Centre has helped boost interest in Queens Meadow Business Park with several enquiries being received from third party developers since the project commenced. An extension will underpin the confidence of potential developers on the park.

Education Sector Interventions

Hartlepool’s education establishments who in turn bridge projects and people into the local university, have come together to submit 2 related projects that strike at the heart of the enterprise economy – “mind set”. Within the 7 neighbourhood areas we saw in 2005 an average achievement by 36% local pupils obtaining 5 or more GCSE’s at A to C grade:



Source: pj

This is 13% below Hartlepool's average for this level of attainment (49%) and 20% behind the national average of 56% (DFES figures). Indeed, an average of 7% of all pupils across the neighbourhoods did not gain any GCSE's at all. In the Owton area 1 in 6 pupils left with no qualifications at all. To break this cycle of underachievement these pupils will be exposed to a different way of looking at the world – a way that highlights ploughing your own path into work.

These 2 initiatives should not be viewed as independent of each other or of the overall Enterprise programme as the activities proposed seek to establish a cultural change which is best nurtured through the sharing of ideas, expertise and enthusiasm across all aspects of the programme by all participants.

For the delivery of these 2 projects, The College will develop its Enterprise Partnership including the Learning and Skills Council Tees Valley, Business Link, the Hartlepool Business Development Centre, the Teesside Business School (University of Teesside), other post-16 providers in Hartlepool, secondary schools, and existing SMEs in the Tees Valley.

10. Future Dragons

The target group for this initiative will be 14 to 19 year-old students in full-time education. The objective will be to introduce concepts of enterprise and entrepreneurialism to this group through extensions to their vocational studies. This will be achieved through the delivery of practical and stimulating activities as modules to existing study programmes. The initiative will complement and extend the scope of the DfES 'National Strategy for Enterprise Education' which seeks to enable students' enterprise capabilities through encouraging innovation, creativity, risk-management and risk-taking. The underlying ethos of this initiative will be to engender a can-do attitude and the drive to make ideas happen, supported by financial capability and economic and business understanding.

Many students of vocational programmes will be made aware of the potential, once qualified, of turning their practical skills into business opportunities. In some industries, notably construction, this is encouraged by large firms who seek to employ self-employed sub-contractors. The 'Future Dragons' initiative will equip these students with basic business skills providing them with an insight into the implications and benefits of self-employment. One model for delivery will be enterprise module "Enterprise in FE", piloted in Manchester. Presentations by established young entrepreneurs will be an integral part of the programme with the intention of providing strong role models for participants – thus linking this programme with the "Enterprising Hartlepool" initiatives.

Modules designed to open up access to enterprise are proposed by partners at Hartlepool Sixth Form College including:

- Escalator To Start-Up

- New Markets For Social Inclusion And Enterprise (Including Women's Enterprise Experience)
- Youth Enterprise
- Show casing And Awards

Higher level enterprise and communications skills will be developed through 'Young Entrepreneur' competitions modelled on the television series "Dragon's Den". Within this initiative, teams will be formed across all education and training establishments in Hartlepool and will be tasked with developing their business ideas which will be presented to, and assessed by, a panel of business people. The winning team will be offered sponsorship to develop their idea further with appropriate support and financial sponsorship.

11. High Level Skills for SMEs

This initiative will be offered as an adjunct to the established 'Train-to-Gain' programme currently delivered by the College and its partners. The objective of this initiative will be to expand the skills set of existing SMEs by making available a number of value-added components including:

- Business skills workshops (business planning, law, employment law, health and safety, market research, marketing, finance and accounting, presentation skills)
- Company mentorship
- One-to-one support and helpline
- Business Improvement Techniques
- Organisational Change
- Finance and business support workshops
- An enterprise group
- Foresight and business opportunities with the region and sub-region.

Skills will be accredited through appropriate awarding bodies, if required, providing unit accreditation towards higher level qualifications. The initiative will be operated in conjunction with the Teesside Business School and offer opportunities for participants to join the New Entrepreneurship Scholarship.

Public Sector

In Hartlepool, the public sector has considerable experience of bringing people from various backgrounds into work. This is why the town has been so successful in leveraging funding from the private sector, Europe and central government. LEGI activities can add value across the solutions supply chain and connect existing programmes of work, add value to them and open up new audiences for intervention activity. We are in no doubt about the challenges facing us in engaging and intervening with the people in our local neighbourhoods and opening up new enterprise opportunities for them and with them.

We are proposing 5 key areas of activities:

12. Informal Economy

This will involve the continuation of our “Get Serious” campaign, which highlighted the benefits of legitimising business activity. The campaign featured a strong enterprise message, seeking to act on a “carrot” rather than “stick” basis. The campaign involved the agencies targeting those places where informal activity was perceived to be concentrated for the marketing activity – pubs, clubs etc. The marketing material featured the types of people/trades which are prevalent within the informal economy.

13. Self Employed ILM

This project will build on and work alongside the successful JobCentre Plus funded scheme which allows individuals in receipt of JSA to “Test Trade” a business idea without jeopardising their benefits. In the case of this project, people in receipt of benefits other than JSA will be treated as an Intermediary and be employed to investigate a business idea. Once the business is formalised, set up legally and the business planning is completed, the individual will pass to self employed status.

14. Access to Markets, Finance and New Processes

Access to Markets

This project recognises that there is a need to encourage Hartlepool businesses to look outside of the Town to expand their market opportunities. Since 2003, Hartlepool Borough Council (HBC) and Business Link’s International Trade Team (ITT) have been successfully piloting a project, working together to help Hartlepool businesses develop their markets. ITT has products available to businesses entering the export market or looking to a new geographical market for the first time. These products are well developed and have grown over a number of years. Following consultation with the Enterprising Hartlepool group, it became apparent that many young businesses do not have the capacity to export, but could look to other areas of the UK for new markets, almost as a first step to export, should the assistance be available. Rather than try to look to develop new products, the most appropriate means of filling this gap was for HBC to replicate the existing provision from ITT with a UK rather than overseas focus. In addition we have held seminars, where successful businesses have talked about their experience of developing both UK and overseas markets which have been extremely well received.

Access to Finance

The most common failure in many new start businesses is the ability of the owners to address financial issues. This project will therefore look to develop financial awareness among potential new start businesses, by offering support from private sector financial professionals and Business Link’s Access to Finance Team and also offering a small grant fund for individuals from the deprived areas. The project will aim to ensure that individuals understand finance, including the types of borrowing

mechanisms that are available and also understand the financial obligations of a business. By utilising finance professionals, we will also help businesses to understand the different types of business which can be set up and the benefits and pitfalls of each one.

Application of Processes

Processes impact upon every area of a business. In order to build world class businesses, we will seek to ensure that systems are in place to effectively support the businesses processes. Where applicable, this will also mean support for businesses to achieve ISO status where this will allow them to bid for, or collaborate in, larger contracts. This support will be available through a series of private sector consultants.

15. Business Liaison Managers

Hartlepool is supported in its inward investment efforts by both ONE and TVR. However, recently there has been a pilot project, NDC and ERDF funded, operating with businesses within the New Deal area, which has partly sought to introduce new businesses into that area. LEGL funding will be utilised to role out this pilot further into 2 other deprived areas of the Town –

The Southern Business Zone – this area takes in the existing NDC area (Town Centre) and stretches to the southerly taking in Brenda Road (and its adjoining Industrial Estates) and Queens Meadow Business Park – these estates sit amongst some of the Town's most deprived wards in Rossmere and Owton. The aim is to provide a Business Liaison Manager (BLM) for this area who will market the area for inward investment and help build the capacity of business already located there. They will also have access to the specialist support as outlined above. In addition this role will ensure that strong links are made between the businesses and local residents, through Hartlepool Working Solutions, to ensure that local people have every opportunity to benefit from the jobs created by businesses relocating within the area.

North Hartlepool - Again the aim is to appoint a BLM covering the North of the Town and in particular the wards of Brus, Dyke House and St Hilda's. However the existing industrial areas within the North of the Town are not so easily segmented, other than there is one major Business Park (Oakesway) which has suffered under investment for several years. This role will have similar aims as the BLM for the Southern Business Zone, with one major difference.

The 20 year regeneration of Victoria Harbour is the catalyst that will take Hartlepool forward in the future. A significant boost to raising Hartlepool's profile has been the success of bringing an international event, 'The Tall Ships' to the town in 2010. This has already stimulated the market and will help to take Hartlepool forward as a place to live, work and visit and will help develop our retail and tourism sectors. This BLM will therefore work closely with the local Tourism and Cultural Sectors to develop key

activities and support to get Hartlepool ready for the further regeneration and also to prepare for Tall Ships and beyond and help develop a project around these developments. This project aims to look at the gaps and needs of Hartlepool and will include several key activities to help invest time in capacity building of the key sectors and help to identify route-ways into opportunities. The project will help to identify where the appropriate support can be sourced through the integrated support network within Hartlepool.

- ◆ Harness opportunities in key sectors which will be influenced by future regeneration – capacity building of these key sectors to develop networks and market opportunities
- ◆ Educate school/youth age on the opportunities that Victoria Harbour and Tall Ships will bring. Encourage home grown talent within the town. Retention of people can only lead to a stronger future employer base and inward investment.
- ◆ Follow on the diagnostic of business needs within the key sectors which will play a part in the regeneration of the town by offering access to specialist business support required.
- ◆ Invest time with partners / businesses / educational facilities who will take ownership in helping to take Hartlepool and its people forward and to grow key networks to deliver change.
- ◆ Partnership delivery will include enhancing employability through education and business link mainstream activity
- ◆ More employers to engage in mainstream provision
- ◆ Develop key sector networks to develop initiatives to gain higher impact of delivery
- ◆ Raise profile of key sectors to encourage engagement - this will cover a wide range of age groups
- ◆ Ensure that links are made which will impact on key wards with highest deprivation
- ◆ Link to wider activities within the town, sub-region and region
- ◆ Link with key national schemes (Passport)

Also operating within the Deprived Area Inward Investment Bureau will be a new post which will look at the Employment and Training potential deriving from Planning Agreements made between developers and Hartlepool Borough Council. This role will also look at the impact of Public Procurement on the local economy and consider how best local businesses and individuals from deprived wards can benefit.

16. Work Smart

To be added

(b) Please explain how your proposals ensure that people living in deprived areas will benefit.

Because we are close to them

Because we have pilots running already in them
Highly targeted programme

(c) Please outline how your proposals are fully integrated with other relevant local and regional strategies.

As with the evidence base we propose to start at the most local level and work upwards to the regional strategic fit.

Our LEGI bid understandably, has a clearly distinguished and focussed “fit” with those strategies and structures closest to the town:

- the jobs and economy section of the Local Area Agreement
- the towns Community Strategy responding to the Hartlepool Partnership (made up of all critically interested parties from all sectors in the town) and,
- the most recent Economic Forum Protocol signed off in July 2005.

But then, in a town where “Jobs and the Economy” are one of the seven priority aims (Within the Community Strategy and along with Lifelong Learning and Skills; Health and Care; Community Safety; Environment and Housing; Culture and Leisure and Strengthening Communities) this should not be surprising.

At its broadest level, the towns Community Strategy vision is that *“Hartlepool will be a prosperous, caring, confident and outward looking community, in an attractive environment, realising its potential.”* To continue this vision Hartlepool will continue to be regenerated. It will promote and improve the economic, social, and environmental well-being of the town, taking into account the needs of future generations. All members of the Hartlepool Partnership Board are committed to the Hartlepool Community Strategy.

Hartlepool's priority aim within that Community Strategy, in relation to the LEGI, is to *“develop a more enterprising, vigorous and diverse local economy that will attract investment, be globally competitive and create more employment opportunities for local people – the principled aim at the heart of LEGI activity.* But then perhaps, most other economic and community strategies in the North East will contain the same type of ambitions.

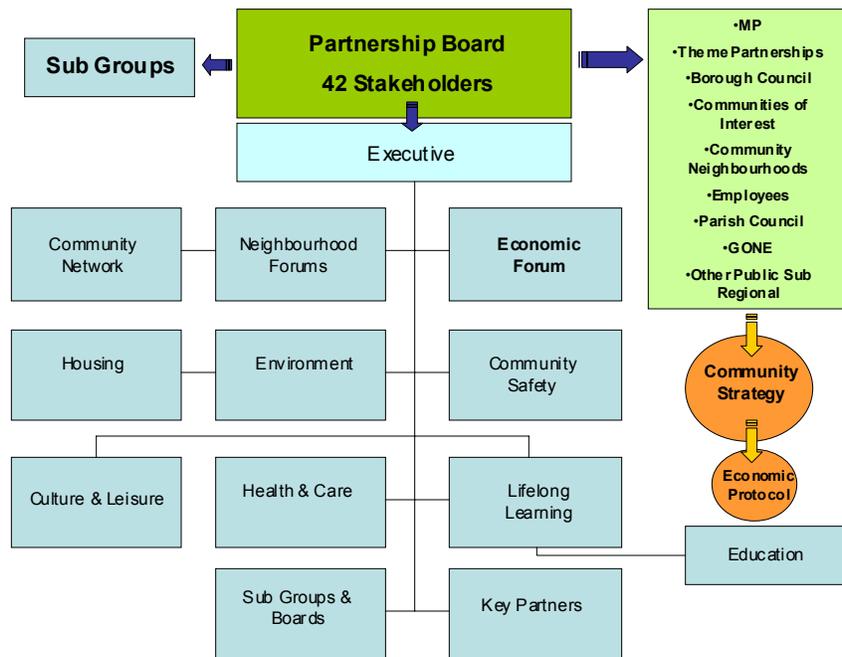
A closely related sub set document of the Community Strategy, coming from one of its working groups (The Hartlepool Economic Forum) is the towns “Economic Protocol”. The Economic Forum is one of the themed partnerships contained within the LSP (Local Strategic Partnership). The key targets that have been identified are:

- Increasing the number of business start ups
- Increasing the employment rate
- Reducing the unemployment rate
- Reducing long term unemployment

➤ Reducing youth unemployment

The 3 LEGI pillars contain and address all of the above issues in line with Hartlepool's economic priorities.

We believe we are different in the way we put these documents together and in the way we talk with and involve all interested parties within the town. This partnership approach is consensual but also translates to the delivery function and responsibility and is one of the reasons why Hartlepool has such a successful track record of delivery within the community and, importantly here, at the individual and neighbourhood level:



Our clearly structured methodology allows funding to be highly targeted in the areas of most want and to the people with the greatest need. It involves all interested parties who understand what they are doing and more importantly why they are doing it. They also see that work in the light of the bigger picture that allows better joined up thinking as well as delivery. The integrated nature of our work can be seen in our achievements at the most local of levels. Not just in outputs and outcomes but in making a very real difference to the people who live in these deprived neighbourhoods. That is the core intention and impact behind the ambition of LEGI funding.

We are confident that the LEGI programme ideology is completely aligned across its 3 distinctive pillars of action with the same economic and political ideology that drives the sense of purpose and belief system of Hartlepool and the organisations charged with having a material impact on the lives of people it represents:

- To facilitate flourishing enterprise in Hartlepool's deprived neighbourhoods

- To support local Hartlepool businesses in those areas to grow and thrive
- To push and pull inward investment into these disadvantaged zones in Hartlepool and ensuring they are making use of local people

The next stage above Hartlepool's own economic development strategy is that for the sub region of Tees Valley. Many of the same issues and enterprise challenges are echoed at this level as well as that of the local Hartlepool level – the difference is that some of the characteristics of the nature of deprivation for Hartlepool are different from that of the other Unitary authorities in Tees Valley and our approach to the solutions has been along different intervention lines.

The Tees Valley Vision sets the strategic context and direction for all the Unitary Authorities in the Tees Valley sub region. Its ambition for enterprise by 2020 is that *“we have developed a new culture in the Tees Valley for entrepreneurship. The birth rate of new businesses has doubled and entrepreneurs are being attracted to the Tees Valley by its exceptional quality of life and business infrastructure. Many young people now leave our schools, Colleges and Universities to start their own business.”*

For Hartlepool the Tees Valley Vision sees the town *“By 2020 fully developed as a business and commercial centre, a major waterfront location and a focus for shared service centres and short break holidays. It is a prosperous, confident and outward-looking community.”*

Tees Valley Vision sees high levels of new business formation as an essential quality of a dynamic local economy. The “churn” created by the formation, expansion (and sometimes failure) of new businesses is an important source of wealth and job creation.

Tees Valley Vision notes that all successful economies have a high business start up rate. In the Tees Valley more than 600 new businesses are created each year – yet, per capita, this is half the national average. Interestingly, the Tees Valley Vision identifies the need to “develop non-traditional routes into enterprise and focus on the next generation of Tees Valley entrepreneurs to ensure that starting a business represents a realistic and valued career choice.” The voluntary and community sectors are acknowledged as having a very important role to play in helping to develop entrepreneurial skills.

Tees Valley will take a multi level approach to rebuilding its enterprise culture by:

- Ensuring that enterprise education is an integral element of the secondary school curriculum and commences in our primary schools
- (Hartlepool's LEGI bid will do this by.....)
- Providing access to role models/mentors for young entrepreneurs through an enterprise “hothouse”
- (Hartlepool's LEGI bid will do this by.....)
- Developing pilot initiatives for individuals in the “informal economy”
- (Hartlepool's LEGI bid will do this by.....)

- Building on the work of Working Links and Young Enterprise
- (Hartlepool's LEGI bid will do this by.....)
- Help new graduates develop businesses
- (Hartlepool's LEGI bid will do this by.....)

This key framework document was commissioned by ONE and the 5 Tees Valley unitary authorities and aims to raise the economic performance of the sub region and to improve the quality of life of its people. Tees Valley Vision was prepared by the Tees Valley Partnership comprising all of the above and related Local Strategic Partnerships and:

- Business Link Tees Valley
- Cleveland Police
- Colleges of Further Education
- Connexions Tees Valley
- County Durham and Tees Valley Health Authority
- Durham Constabulary
- Job Centre Plus
- NE Chamber of Commerce
- Tees Valley Learning and Skills Council
- Tees Valley Regeneration
- Tees Valley Tomorrow
- Trades Unions
- Universities of Durham and Teesside
- Voluntary Sector

One, GONE and the North of England Assembly and Countryside Agency attended as observers to the Partnership. The main purposes of the Vision in relation to the LEGI funding programme are:

- To provide a long term strategic vision to the Tees Valley for the next 15 years to which all partners can subscribe through their activities
- To argue the case to justify public sector expenditure in the Tees Valley on the economic development and regeneration of the sub region
- To provide a coherent long term programme for the development of the area.

In the same way all other local authorities will be able to demonstrate a "fit" with the "Regional Economic Strategy – Leading the Way to 2016" currently waiting for DTI approval before going to formal consultation sometime in January 2007. Here the reasonable Vision is the "*The North East will be a region where present and future generations have a high quality of life. It will be a vibrant, self reliant, ambitious and outward-looking region featuring a dynamic economy, a healthy living environment and a distinctive culture. Everyone will have the opportunity to realise their full potential*". LEGI philosophy aligns itself closely with the ideology that "everyone" will have equal access to opportunities – people and communities will not, and should not, be disadvantaged by reason of being situated in a "deprived local area".

Hartlepool has worked hard over a number of years to ensure exclusion barriers are overcome and LEGL financing can continue that success.

The RES highlights “*Worklessness, and in particular the relatively high proportion of Incapacity Benefit claimants, as arguably the biggest economic challenge facing the region.*” If this can be done, and the Government's allocation of LEGL funding demonstrates it believes it can, then this will lead to a reduction in regional economic disparities by improving participation and productivity levels.

In the context of Hartlepool's LEGL bid the most recent steps towards a “City Region” will further boost the claims from the town for intervention support from LEGL, especially since the RES sees strong urban cores as drivers for regional economies and linking areas of opportunity with areas of disadvantage will be one of the main challenges for the Region and for LEGL. “*Participation*” and “*Productivity*” are the 2 areas that need to be addressed (and are both key factors of GVA growth) at all levels of the economy in the North East of England – Hartlepool's LEGL bid majors on both activities. Indeed, 60% of the shortfall in GVA in the region is related to productivity and 40% to participation (employment activity) factors. In the North East an informed position has been adopted within the RES to pursue participation initiatives initially from which will follow increasing levels of productivity (to meet the target of 90% of UK GVA/head) – this means increasing the number of people in employment, increasing the business stock and increasing the productivity levels of existing businesses. This is in line with the LEGL vision and Hartlepool's political ambition.

The economic vision for Hartlepool is embedded in the Hartlepool Partnership's Community Strategy, has been adopted by a broad range of key stakeholders and aims to ‘develop a more enterprising, vigorous and diverse local economy that will attract investment, be globally competitive and create more employment opportunities for local people’.

The Hartlepool Economic Forum is the thematic partnership responsible for the delivery of the economic vision. The Forum recently published its Protocol and Action Plan 2005, which replaced the Economic Strategy for Hartlepool. Within the Protocol the Forum has three core objectives that aim to achieve this vision, which are:

- Attract Investment
- Be Globally Competitive
- Create more Employment Opportunities

Five specific long-term targets have been agreed by the Hartlepool Partnership that sets out a framework to measure that the vision is being delivered, these are:

1. Increase the number of business start-ups measured by VAT registrations by 50% by 2012;

2. Reduce the gap between the Hartlepool and Great Britain Employment Rate to 3 percentage points by 2012;
3. Reduce the gap between the Hartlepool and Great Britain Unemployment Rate to 1 percentage point by 2012;
4. Reduce long-term unemployment from 33.8% to 25% by 2012; and
5. Reduce youth unemployment rate from 30.7% to 29% by 2012.

The enterprising future for Hartlepool runs as a core stream through all the town's strategic and tactical policy documents. This in itself is a reflection of the significant political emphasis that is placed upon achieving a robust and sustainable business platform for the town from which will come more employment opportunities, more businesses starting up and growing and a louder clamour from inward investors – to organically evolve the town to a magnetised position where businesses are dynamically attracted to Hartlepool because it creates a real competitive advantage to them through new market opportunities, synergistic clustering and the right balance of skills and premises wrapped up in a committed package of support from the relevant stakeholders. Success would be deemed to be achieved when the private sector took its own line of least resistance to establish itself in the town because of those cumulative business reasons rather than some temporal interventionist strategy that could be neither sustained nor endured.

The most important strengthening factor to Hartlepool's strategic approach to enterprise is that the private sector is an equal partner in setting the direction of the town's future economic activities. Hartlepool, being so physically small and socially and economically intimate, has a very real and constructive history of partnership working – be that with the private or voluntary and community sectors. Indeed, the town is renowned for this state of affairs across the Tees Valley and beyond. This close relationship between the public and private sector manifests itself in a number of different ways from the positively vigorous nature of the communication between the sectors to an engagement that goes beyond talking to doing. Jointly sharing the economic sectors pain and success has been an operational reality in Hartlepool for many years. This is where the town's strength comes from and why it is confident the LEGI programme will deliver for the people it seeks to serve.

(d) Describe your partnership arrangements in relation to the development, governance and implementation of the proposals.
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Governance arrangements to be included here.
 NRF success – GONE audit good.

(e) Please outline how you would ensure your proposals will develop a more comprehensive knowledge base that will enable current and future enterprise growth projects and policies to take full advantage of lessons learned, and to replicate what works.

Each Lead Partner will be required to collect and publish robust data in relation to the impact that activities have made on enterprise in Hartlepool. Data will be collected in a number of forms including:

- Registers confirming young people have undertaken enterprise training, with an evaluation of that training.
- Registers confirming teaching staff have undertaken CPD in enterprise, with feedback information.
- Signed statements from owners confirming date of business commencing trading.
- SBS data on new VAT registrations.
- Copies of Action Plans detailing information, advice and guidance given to local people relating to enterprise.
- Confirmation of new Community Interest Company's commencing trading.
- Confirmation of grants, venture capital and loans approved to individual companies.

- Record of the financial performance of businesses assisted.
- SBS data on VAT de-registrations.
- Evidence of assistance given to individual businesses
- Evidence of business enquiries made.
- Minutes of Capital Grant Panel meetings
- Minutes of Business Associations / Knowledge Transfer Networks

- Statement from new business confirming trading in Hartlepool
- Annual Population Survey for Employment Rate
- Job Seeker Allowance Claimant Count
- Names and Addresses of Volunteers given enterprise advice and assistance
- Statement from Employer or Bank that Volunteer has commenced employment.
- Statement from business that jobs have been created as a result of LEGI intervention, collected during monitoring visit.
- As above for safeguarded jobs
- Detailed management information relating to employment of NRF residents.
- Accumulated totals of private investment made with grant assistance.
- Confirmation from developers that new workspace has been created.
- Record of payments made for premises improvement projects.

Consultants will be employed to collate and analyse the full range of information collected by Lead Partners and Beneficiaries. The Consultants role will also be to report its findings to a working group of key stakeholders.

This report will measure the success of each intervention against its projected targets and impact on overall outcomes. This will establish whether the intervention is 1) Offering value for money; 2) producing the projected outputs; 3) still relevant to the needs of the town's economy. The report will also be available to a wider audience for the purposes of bench marking best practice across the country. We are confident we have the systems in place to ensure robust information is captured, managed and fed back into the system in an open learning loop for all stakeholders – it is something that has taken place through all of Hartlepool's delivery activities to date in our interventions in deprived areas. Additionally, we will look to publish "best practice" and other "learning outcomes" on "IGNITE", the electronic regional centre for excellence in the regeneration field, built and managed by the Regional Development Agency. This in turn will syndicate this information and content around the country and to other similar content management systems.

(f) Please provide a description of:

1. What would qualify as success for your local proposals
2. How success would be measured.
3. How often success would be measured.

(g) Please set out how your proposals would make a sustainable difference after funding from LEGL has come to an end.

Sustainability dialogue.

(h) Please set out how your proposals represent value for money.

Cost per outputs.

(i) Please provide details of annual indicators and outcomes expected to be delivered using LEGL funding. It should be made clear to which of the three LEGL outcomes the indicators and outcomes relate. Collaborative bids also need to indicate within which authority these would be delivered.

	Indicator (Sets out which indicators are to be used)	Year 1 (January 2007 – March 2008)	Year 2 (FY 2008 – 2009)	Year 3 (FY 2009 – 2010)	Forecast Outcomes and Indicators (Please indicate below the Financial Year in which these are expected to be achieved).
Increase total entrepreneurial activity among the population in deprived areas *					
Support the sustainable growth, and reduce the unnecessary failure, of locally owned businesses in deprived areas *					
Attract appropriate inward investment and franchising into deprived areas, making use of local labour resources *					

* Rows are split to show outcomes with and without LEGI

LAA info to go in here with LEGI and without LEGI and including outcomes.

5. Finance section

(a) Please provide headline costings (LEGI resources) for the first three years of your programme. Collaborative bids should also indicate a breakdown by authority. *For further information on funding payment options for collaborative bids, see the guidance document.*

		Revenue	Capital	Total
Year 1	Jan – Mar 2007			
	Apr 2007 – Mar 2008			
Year 2				
Year 1/2/3				£7.42m

Public procurement strategy to go in here.

(b) Projected outline costs for the remainder of your proposed programme.

Year (where applicable)	Revenue	Capital	Total
Year 4			
Year 5			
Year 6			
Year 7			
Year 8			
Year 9			
Year 10			

(c) How do these costs break down against the workstreams. Include detail of any management or administrative costs.

Workstream	Jan-Mar 2007		2007/08		2008/09		2009/10	
	LEGI	Other	LEGI	Other	LEGI	Other	LEGI	Other

Hartlepool receives 23% of regional allocation of ESF – good history.

(d) Please detail leverage from other sources of funding that will be applied the LEGI proposals

Info awaited.
 To do for each of the 16 projects
 CDFI eg.

(e) Please provide a basic sensitivity analysis for your proposals illustrating what could be delivered with reduced levels of funding.

Environmental sciences discipline.
 GONE providing more info.

6. Risk management

(a) Please describe the risk assessment process you have undertaken in developing the proposal? What will be the ongoing approach to managing risks during implementation?

GONE providing more info.
Green Book not to be used.
Corporate Risk strategy to be included here.

(b) What would be the top 5 key risks to the delivery of these proposals?

Risk	Probability	Impact	Mitigating Action

7. State Aid

Please provide details of your assessment of the state aid implications of your proposals and how you will ensure local proposals are fully compliant with EU state aid rules and procedures

See response to 1st round and additional info supplied.

8. Governance arrangements

(a) Who would be the named senior responsible owner (SRO) responsible for the delivery of these proposals?

Champion of programme/s?
CEO involvement
Lead individuals/partners on workstreams.
Structure/working groups – guiding and shaping

(b) Please describe the governance arrangements for implementation.

LSP + Economic Forum
Track record of NRF

(c) What internal resources will be assigned to the programme?

IT, admin, back office support. SRB
Single Prog
City Challenge
NRF