



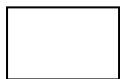
Report of the Head of Scrutiny and Member Development

Scrutiny Board (City Development)

Date: 16th October 2007

Subject: Sharing the Success - Leeds Local Enterprise Growth Initiative (LEGI)

Electoral Wards Affected:



Ward Members consulted
(referred to in report)

Specific Implications For:

Equality and Diversity

Community Cohesion

Narrowing the Gap

Executive Summary

The successful Local Enterprise Growth Initiative bid has resulted in £15.6m for the City over a 3 year period to encourage enterprise in disadvantaged communities in Leeds. The budget for 2007/08 is fully committed and over half the budget for the following 2 years has already been allocated. This is important given the limited time in which to spend significant sums of money.

Projects already up and running include the Chapeltown Catalyst Centre, enterprise ambassadors in schools, a loan fund administered by the Leeds Credit Union to support start-up businesses, a dedicated business advisor working with Construction Leeds and a local Investor Development officer appointed to encourage business investment in the LEGI areas.

1 Introduction

- 1.1 This report provides a summary of progress in delivering “Sharing the Success”, the Leeds Local Enterprise Growth Initiative (LEGI).

2 Background

- 2.1 In December 2006, Leeds City Council was awarded £15.6m over the period January 2007 to March 2010 as one of 10 successful bidders to Round 2 of the national LEGI programme. The funding is for a three year programme of interventions aiming to raise the prosperity of the most deprived neighbourhoods of Leeds through promoting enterprise, supporting local businesses and encouraging further investment. A further 7 years funding may be available, subject to the outcome of the government’s Comprehensive Spending Review 2007.
- 2.2 The funding is provided through the Local Area Agreement (LAA) as a ring-fenced fund from Department of Communities and Local Government (CLG), delivering the outputs and workstreams identified in our bid. Monitoring and reporting on LEGI is through the LAA processes.
- 2.3 Private sector involvement in our programme was a key element in the success of the bid. This is being delivered through the LEGI Programme Board, which is chaired by Leeds Chamber of Commerce. The Board provides strategic support to the programme and reviews project proposals to ensure that they are consistent with the needs of both local communities and the business community.
- 2.4 “Sharing the Success” is focussed geographically on those Super Output Areas (SOAs) in Leeds which are in the 3% most deprived SOAs nationally¹. There are 31 target SOAs, located in Chapeltown, Little London, Harehills, Gipton, Seacroft, Halton Moor, Richmond Hill, Osmondthorpe, Beeston, Belle Isle, Middleton and Bramley. A map showing the location of the target areas and the wider “sphere of influence” is included as Appendix A to this report.
- 2.5 Some of the barriers to enterprise we identified in the research and consultations that shaped the bid include:
- **Lack of self belief and confidence about enterprise.** Our consultations showed that many people in our LEGI areas are nowhere near being enterprise ready.
 - **Lack of affordable workspace.** Space for new and small businesses in Leeds is more expensive than in other comparable cities. This holds back established businesses and is a disincentive to new businesses setting up in LEGI areas.
 - **Poor image.** Some of our LEGI neighbourhoods suffer from very poor public image, both within and outside the city. These areas have seen little or no private sector investment over a sustained period of time.
 - **Financial barriers.** Include low personal incomes and high levels of debt. People are reluctant to try out business ventures and risk losing benefits. Consultations showed that some people find it difficult to access business grants and loans.

¹ There are 32,482 SOAs in England, 476 of which are in Leeds. Each SOA is of equal size, approximately 1,500 people on average. Division of wards into SOAs allows for a more accurate pinpointing of areas of severe deprivation.

- **Access to existing business support.** Mainstream business support is not reaching enough of our target communities, only 2% of those receiving support in 2004/05 were from LEGI areas.

3 Key Themes Of The Leeds LEGI Programme

3.1 The Leeds LEGI Round 2 bid was produced through a consultative process, drawing on existing research into enterprise, deprivation and worklessness in Leeds. A series of consultation meetings were held with private sector, public sector and VCFS partners. The bid team included representatives of all three sectors. The final bid document was endorsed by the Executive Board on 18th October 2006, and the delivery programme was endorsed by Executive Board on 16th March 2007.

3.2 The programme is organised around three main themes:

Theme 1: *Engaging People* - to help individuals become more entrepreneurial in deprived areas in order to ensure that enterprise, in all its forms, becomes a realistic, rather than an exceptional option for the future.

Theme 2: *Engaging Business* - to assist businesses in our deprived neighbourhoods to prosper by tackling head-on the barriers to their growth and helping them make the most of opportunities.

Theme 3: *Engaging Investors* - to ensure that our LEGI target neighbourhoods become a credible option for investment and to ensure present investment remains.

The bid proposed a series of interventions under each theme. These have formed the basis of project commissioning. Appendix B lists the interventions outlined in the bid and the projects that have been commissioned.

Twenty projects have begun, including the Chapeltown catalyst centre, two pilot centres in Seacroft and Beeston, specialist business advice for the construction sector through Construction Leeds, an enterprise loan fund run by Leeds City Credit Union, a series of "Enterprise Island" challenges in Chapeltown, Seacroft and Beeston, and a local investment development project working with local businesses to help them use the help available through the LEGI programme..

3.3 Overall targets for the programme are as follows:

- Create of 550 new businesses
- Support 650 existing businesses to survive and grow
- Encourage 75 existing businesses to relocate to LEGI target areas
- Create 1,100 new jobs, 800 of which will be taken by residents of our target areas

3.4 The central feature of our programme is the Catalyst Centre - a local enterprise centre, providing a package of workspace, business support and networking to support the birth and growth of successful businesses. We are proposing to develop up to five Catalyst Centres with LEGI support, with the ambition that the model, if successful, is rolled out to other areas of the city. Each Catalyst Centre will provide a physical presence for enterprise learning and development in our deprived communities. Centres will be designed and run by networks of entrepreneurs and will be owned by not-for-profit Development Trusts. The first Catalyst Centre opened in Chapeltown at the end of August. Plans for three further centres in Harehills, Beeston and Seacroft

are well-advanced, and options for the fifth centre, in West Leeds, are currently being explored.

4 Priorities For Commissioning

4.1 As part of the LAA, the LEGI programme is subject to strict rules on budgetary carry-forward and on capital and revenue spend. The overall budgets are as follows:

	2006/07	2007/08	2008/09	2009/10	Total
Revenue	130,000	3,520,000	3,690,000	3,560,000	10,900,000
Capital	450,000	1,250,000	1,500,000	1,500,000	4,700,000
Total Available	580,000	4,770,000	5,190,000	5,060,000	15,600,000

4.2 Opening the Catalyst Centres has been the key priority for early commissioning, and this has necessitated converting £1.3m of the 2007/08 revenue budget to additional capital. The budget for 2007/08 is now fully committed. In the two coming years there is a total of £1.7m revenue and £2.8m capital yet to allocate.

4.3 A commissioning round was held earlier this year which resulted in 22 full bids and 125 expressions of interest for a total of approximately £75m of projects, over 17 times the available budget.

4.4 As a result, the LEGI Programme Board has considered its priorities for investing the remaining funds, mindful of the themes and targets set out in the bid, and has agreed the following:

- revenue support for the five Catalyst Centres
- the employment of Enterprise Prospectors
- developing a toolkit of Enterprise Awareness and outreach products
- revenue support for a sector academy
- capital investment in a West Leeds enterprise centre
- capital investment in Belle Isle/Middleton
- capital investment in the network of Development Trusts which underlie much of the programme.

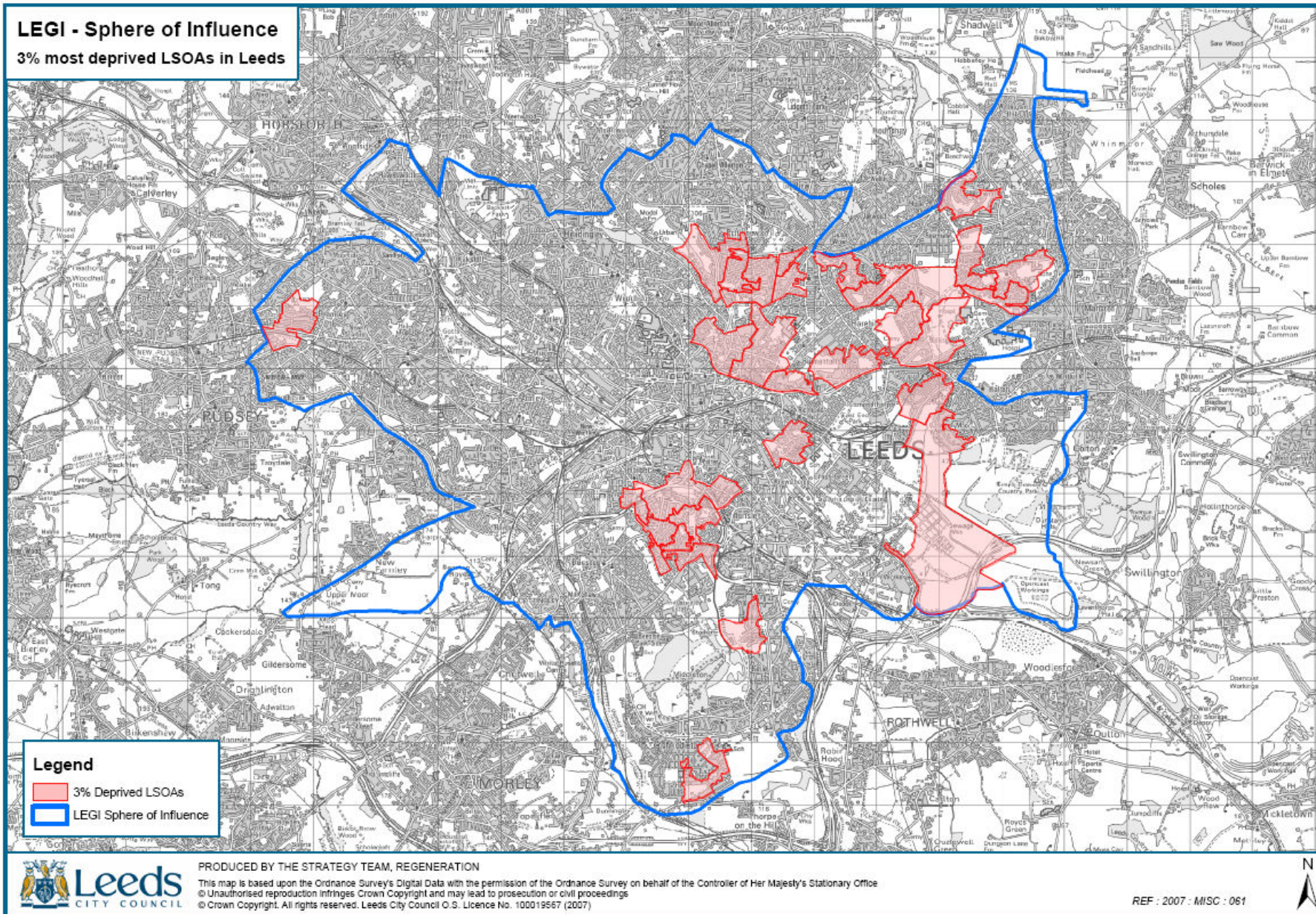
4.5 The possibility of alternative funding for project ideas submitted through the commissioning process but outside these agreed priorities is being explored, and in particular the new European funding programme.

5 Conclusions

5.1 The Leeds LEGI Programme is making excellent progress in implementing the successful bid. While the £15.6m secured for Leeds is a significant investment in enterprise in the City, proposals for projects have far exceeded the available budget. This will inevitably lead to some disappointment from applicants.

5.2 In focussing on the interventions outlined in the bid, the LEGI Programme Board are seeking to ensure that our contract with government is delivered. Should the Comprehensive Spending Review result in the programme being extended to the full ten years originally envisaged, this will maximise Leeds' chances of securing a further £24m over the period April 2010 to March 2017.

Appendix A: LEGI Target Area



APPENDIX B: LEGI Bid vs Actual Delivery

Theme 1: Engaging People: To help individuals become more entrepreneurial in deprived areas in order to ensure that enterprise, in all its forms, becomes a realistic, rather than an exceptional option for their future.

Intervention	Proposal	Action
<p>1.1 Enterprise in Education</p>	<p>To develop a package of support which includes eight Enterprise Ambassadors and a range of curriculum products that is focussed on the four clusters of schools covering our LEGI communities.</p>	<p>Education Leeds have employed six Enterprise Ambassadors (depending on the level of demand they will advertise for two additional posts in January 2008). The Ambassadors are currently developing detailed enterprise plans for the eight LEGI target high schools and their feeder primary schools. All target schools are signed up to the programme.</p> <p>As part of the phase two commissioning round, expressions of interest were invited from suppliers interested in being part of an 'Enterprise Toolkit'. A list of preferred suppliers has been created which includes a variety of enterprise recourses which the Ambassadors are using in the schools.</p> <p>In addition Leeds City Credit Union (LCCU) will roll out a successful pilot scheme which they have run in one Leeds school to the other LEGI target schools. The project teaches pupils about financial management and savings. Pupils then run a school Credit Union branch with the support of LCCU advisors.</p>
<p>1.2 Street Walkers</p>	<p>To employ a network of five streetwalkers who will be based out of the Catalyst Centres, their role will be to sell the idea of starting a business rather than just giving direct advice to those that are already sold on being an entrepreneur.</p>	<p>As part of the phase two commissioning round we are inviting four organisations who expressed an interest in employing the streetwalkers (since renamed 'business prospectors') to submit full applications which will be taken to the November board. This area of work remains a priority for the Leeds LEGI programme.</p>
<p>1.3 Business Plus (Enterprise Awareness)</p>	<p>To increase entrepreneurial activity in our LEGI areas by providing awareness raising events and intensive support for pre-starts.</p>	<p>Places for People successfully bid for part of this work in phase two. They are working with the existing network of housing association staff and community based networks to access social housing tenants in the Leeds LEGI areas. This model of delivery has been successful in Newcastle and Manchester since April 2004. They will employ four people to carry out the engagement and business advisory roles.</p> <p>We will be running another Enterprise Awareness event, the Enterprise Island Challenge. Three mini-challenges in Seacroft, Beeston and Chapeltown will take place in October.</p>

Intervention	Proposal	Action
1.4 Enterprise Rehearsal	According to our consultations, a key issue that prevents people from thinking about enterprise is that they will lose their benefits as soon as they enter into a business venture. The LEGI bid proposed to implement the Enterprise Rehearsal Programme to allow the unemployed to try out a business idea whilst remaining on benefit.	The West Yorkshire Enterprise Partnership are the project sponsor. This project will try to fill the gaps within Business Link's New Deal initiative which allows people to test a business idea for 26 weeks and still receive benefits. It reaches those not eligible for the New Deal programme and is supported by business advisers. Referrals for this will come via the job centres and other LEGI project - Leeds Credit Union and Places for People. A target of 110 new business start ups has been set.
1.5 Start up Space	To provide affordable and flexible space specifically for local people in the first six months of trading. The space should also encompass a supportive network of advice.	<p>The Camberwell Project is currently managing pilot catalyst centres in the East Leeds Family Learning Centre in Seacroft and Hillside School in Beeston. The catalyst centres (once ready) will not only be a physical space for new entrepreneurs it will allow them to network with each other and share knowledge/trade with each other. They will form part of a larger centre which will house other facilities for the community e.g. meeting or conference rooms, office space, cafes, crèches etc.</p> <p>The catalyst centres will have much lower rents than in normal incubation units and will allow easy-in, easy-out terms.</p> <p>There will be a network of five catalyst centres opening over the course of the Leeds LEGI programme in Beeston, Harehills, Chapelton, Seacroft and West Leeds.</p>
1.6 Access to start up finance	To help LEGI residents become more successful in accessing high street business start up loans. Also to provide a designated loan for LEGI start ups.	<p>Leeds City Credit Union have set up a £1m loan fund to provide help exclusively for start up businesses in disadvantaged areas. Loans up to £5,000 are offered at lower rates for individuals unable to access finance through traditional sources like banks etc.</p> <p>Unltd (a Millennium Commission project) have employed a dedicated development officer to focus on the Leeds LEGI area providing awards up to £5,000 for new start-up social enterprises. This officer also provides support and advice to other projects such as Leeds City Credit Union and the Business Enterprise Fund.</p>

Theme 2: To assist businesses in our deprived neighbourhoods to prosper by tackling head on the barriers to their growth and helping them exploit opportunities.

Intervention	Proposal	Action
<p>2.1 Accommodation ladder</p>	<p>To develop business accommodation in the heart of our LEGI target communities specifically for small growing businesses. The accommodation will be run by a Development Trust to ensure investment in local areas is ploughed back into local communities.</p>	<p>The Camberwell Project is supporting consultancy services to Tiger11 - a development trust for Beeston and Holbeck in South Leeds. They are buying and refurbishing Hillside Primary School, a Grade 2 listed building on Beeston Road which will be a business and enterprise centre that holds a catalyst centre.</p> <p>Harehills Community Interest Company are converting a derelict building into a high quality location for business and enterprise that will regenerate the area and provide services for the benefit of the local community. The building will contain office space, conference facilities and a catalyst centre. LEGI projects will also be housed here e.g. loan funds scheme.</p> <p>We have funded a development worker from the Development Trust Association to support and advise the local Development Trusts in their capacity building process.</p>
<p>2.2 Intensive business support for City Growth Sectors</p>	<p>To provide intensive business support for small businesses found in sectors that the Leeds City Growth Strategy has identified as high growth - in particular construction and creative industries.</p>	<p>Construction Leeds have employed a dedicated business adviser to work in our LEGI areas to help start up construction businesses with their sector specific needs. The 'Building on Business' project is working to reduce unemployment through securing sustainable employment opportunities with the large construction companies in Leeds.</p> <p>Wyke BECC (Built Environment and Catalyst Centre) will be a single storey building on the site of the current East Leeds Family Learning Centre in Seacroft. It will house a catalyst centre, construction training facility and HQ for the EASEL project. The partners involved are Leeds City Council, EASEL Regeneration Programme, Leeds College of Building and the David Young Academy.</p> <p>We have offered Renew development funding to develop their proposal for a new creative academy. Renew have proposed the development of a new facility to incorporate recording studios, rehearsal rooms, flexible office space and onsite sector specific business support.</p>

Intervention	Proposal	Action
2.3 Increasing business support intensity	To add value and increase the impact of existing business support so it is more intense and concentrated in our LEGI target communities.	The West Yorkshire Enterprise Partnership have employed two business advisors to work specifically with residents and businesses in the LEGI target areas. Amongst other projects it is anticipated that the Business Prospectors will be one of the major routes of referral for this project.
2.4 Business Enterprise Fund	To provide expansion loans of over £5,000 for existing business in the target areas.	The Business Enterprise Fund have established a £400,000 loan fund aimed primarily at existing businesses unable to access high street lenders. Loans will range from £5,000 to £30,000. BEF will ensure that all businesses taking out a low cost loan with them will also have access to a business mentor who will work with them to develop their business management skills.
2.5 Private sector business brokerage	To harness the success of the wider business community and ensure the private sector is involved in bringing enterprise into the heart of our target areas.	Leeds LEGI has supported the expansion of Leeds Ahead, the business brokerage service for Leeds. They have appointed three senior business brokers with a further four junior posts yet to be recruited. The brokers are responsible for persuading the business community to get involved with a wide range of community based regeneration projects with Enterprise being one of their core workstreams.

Theme 3: To ensure that our LEGI target neighbourhoods become a credible option for investment and to ensure present investment remains.

Intervention	Proposal	Action
3.1 Promoting economic benefits of LEGI area	To be more pro active in promoting the economic benefits of our target areas to potential inward investors.	A new Marketing Officer has been recruited to co-ordinate the project and is now in post. They are currently building their knowledge of the LEGI Programme and working with the Programme Management Team to identify potential case studies of clients assisted through the various LEGI projects.
3.2 Investment prospectus	Marketing activity relating to business premises, company profiles and key economic data.	This is in the very early stages of being pulled together. Once complete it will provide a valuable tool in trying to secure investment in our target areas.
3.3 Local Investor Development Officers	To employ Local Investor Development Officers (LIDO) who will initiate and develop ongoing relationships with owners and managers of the businesses in the LEGI target areas.	The first LIDO commenced employment in mid-August and during the first month they have been familiarising themselves with the LEGI Programme, liaising with and building knowledge of the wider business support network, whilst at the same time starting to bring together the toolkit. They have also recently started visiting companies in the LEGI patch.