



Report of the Chief Officer (Executive Support)

Executive Board

Date: 24th January 2007

Subject: Narrowing the gap – Engaging the private sector

Electoral Wards Affected:

All

Specific Implications For:

Equality and Diversity

Community Cohesion

Narrowing the Gap

Eligible for Call In

Not Eligible for Call In

(Details contained in the report)

EXECUTIVE SUMMARY

The Narrowing the Gap Group has identified the potential and need to generate additional private sector resources to support the narrowing the gap agenda in the city. Members of the group have expressed a wish to develop a pilot initiative which secures both cash and in kind support from Leeds businesses which can then be channeled into addressing priority themes and geographical areas in the city, working with District Partnerships.

Following a soft market testing exercise, officers and members of the Narrowing the Gap Group consider that a proposal from Leeds Ahead and Leeds Community Foundation will meet the objectives of the council.

It is based on a financial commitment from the council of £100,000 over 2 years, with the intention of securing a minimum of £400,000 in extra private sector resources. The council would have representation on the management / development committees of both organisations, and funds would be distributed on the basis of priorities identified by District Partnerships.

A contract for implementation would be drawn up and managed by Executive Support.

Executive Board is asked to approve this proposal, approve the allocation of funding to meet the costs of the scheme and authorise the Chief Officer (Executive Support) to enter into a contract with Leeds Ahead and Leeds Community Foundation to deliver this service.

1.0 Purpose of this report

- 1.1 This report seeks approval for a project to generate additional private sector resources both financial and in kind, to support the 'narrowing the gap' corporate priority.
- 1.2 It outlines the development of this proposal, suggests a delivery mechanism and requests that funding be approved for implementation of the project in the sum of £100,000 over 2 years, to run from March 2007.

2.0 Background information

- 2.1 The Executive Member for Narrowing the Gap portfolio was created in June 2005. Cllr. Harris subsequently took over the lead role in June 2006 and has established a coordination group to drive this work forward.
- 2.2 One of the main themes being explored by the group is 'Engaging the private sector', led by Cllr. Harris. The purpose of this activity is to explore new opportunities to secure additional resources, in cash and in kind, from the private sector to assist in the delivery of objectives outlined in the Leeds Regeneration Plan and the District Partnership Action Plans.
- 2.3 As part of work to develop this theme, meetings have been held with representatives from Leeds Ahead and Leeds Community Foundation – two organisations with existing similar and complementary roles in the city.

3.0 Engaging the private sector – in context

- 3.1 Members have expressed a desire to secure additional financial support from the private sector for delivering the narrowing the gap agenda. A number of ways in which the private sector can and does support this type of activity in the city are outlined below:
 - **As a partner on specific initiatives** – e.g. in specific regeneration / land / development initiatives (e.g. Housing PFI, EASEL, Corporate Contact Centre) or on specific joint initiatives (e.g. business sponsorship for Marketing Leeds).
 - **Business representation issues** – reflecting the views of business e.g. in District Partnerships or in special purpose organisations such as business forums / associations.
 - **Developing a 'good neighbour role' in the community** – e.g. Elite in West Leeds working in partnership on particular issues e.g. skills and recruitment.
 - **In kind resources and support** for community and voluntary sector projects through initiatives such as Leeds Cares including mentoring, activity days, specific assistance e.g. accounting, legal, planning and architectural advice
 - **Financial contributions** – e.g. sponsorship, making one off donations, establishing a charitable arm etc.
- 3.2 The work of the group has been concerned with the scope to 'up the game' on the last two such areas – securing additional practical in kind support, and additional cash funding to implement specific initiatives.

- 3.3 One of the key drivers for this activity is also the necessity of addressing the funding issues currently facing the voluntary and community sector in Leeds, given the end of Single Regeneration Budget programmes, the forthcoming end of Objective 2 (and reduction on funding available in the region under the 'Competitiveness and Employment' strand of the new structural funds) and the likely continued oversubscription of NRF.
- 3.4 Additional cash and in kind contributions from the private sector are therefore a potential mechanism to address some of these funding issues.
- 3.5 Initial analysis of current efforts to engage the private sector suggests that there are a number of pitfalls with an approach based on direct contact by the council:
- **Some requests for financial support are poorly presented and unfocused** – the experience of national schemes and evidence suggests that efforts to engage with business are more likely to succeed where they are professionally presented, and where clear business benefits can be identified.
 - **The same organisations tend to be targeted again and again** – the evidence suggests that businesses do not respond well to multiple requests from a wide variety of sources – they prefer to take decisions on a relatively limited number of priorities. Unfocused and multiple requests are therefore less likely to be successful.
 - **Lack of appropriate skills and expertise** - public sector agencies are not always best placed to enter into effective communications with private sector partners on sponsorship issues, and can lack the skills to be successful in an increasingly competitive market.
 - **Probity** – local authorities clearly need to be mindful of the potential risks in becoming closely associated with private sector organisations, and the potential risks this might incur in terms of reputation and probity.
 - **Additionality** – the potential for the private sector to give more generously, if they see their contribution as being towards something that is additional to statutory provision.
- 3.6 Together, these factors can mean that efforts to secure private sector financial support are less successful than they might be, and that a new approach might prove more successful.

4.0 **A new approach?**

- 4.1 Members have clearly indicated their desire to take this agenda forward, and that new mechanisms may be needed to both raise the profile of this work, and to develop a specific initiative to engage the private sector more effectively on the narrowing the gap agenda. In considering options, members have received a joint presentation from Leeds Ahead and Leeds Community Foundation – two existing Leeds based charities currently working with Leeds businesses on similar issues. The Narrowing the Gap Group is particularly interested in the extent to which working with specialist organisations such as Leeds Ahead and Leeds Community Foundation enables access to existing expertise and contacts which would otherwise not be available – both organisations are business led organisations, and have succeeded in engaging businesses which would otherwise not have been involved.

- 4.2 Specifically, Members have expressed a desire to develop a specific project, with financial support from the council, to generate additional resources from the private sector.
- 4.3 Discussions to date have focused on the scope for such a service to be delivered by Leeds Ahead and Leeds Community Foundation, in recognition of their expertise in this area. At this stage it is envisaged that such an initiative would have a focus on:
- Addressing worklessness as the key priority to continue to address in addressing the narrowing the gap agenda;
 - Working through District Partnerships to deliver initiatives. The project would be required to work with District Partnerships to identify key priority geographical areas, and to ensure an effective link with current and future action plans. This would provide opportunities for District Partnerships to identify priority areas not currently targeted by mainstream or external funding streams.

5.0 Costs and funding issues

- 5.1 At this stage, the proposal is for a financial contribution from the council of £100,000 over 2 financial years, with a split of £25,000 in 2006/07 and a further £75,000 in 2007/08, and if members support this proposal this will be reflected in the budget papers to be considered by Executive Board and Council in February. There would be an expectation that this would generate at least an additional £400,000 of private sector funding i.e. a leverage ratio of 4:1.

6.0 Procurement / commissioning

- 6.1 The development of the project to this stage was undertaken on the basis that Leeds Ahead and Leeds Community Foundation are highly likely to provide a unique service in the city, and are the only organisations with the expertise and capacity to deliver this type of project.
- 6.2 However, following advice from Corporate Procurement Unit, a soft market testing exercise was undertaken to assess whether there are other organisations in the city that could perform a similar service. This was undertaken via an invitation to submit an Expression of Interest which was circulated in the Voluntary Action Leeds December newsletter.
- 6.3 This market testing exercise produced only one proposal, that from Leeds Ahead and Leeds Community Foundation. A summary of their approach is attached at Annex A. Background information on the two organisations is also included at Annex B.
- 6.4 In taking any work forward, a contract will be developed which will be managed through Executive Support, and progress will be reported to the Narrowing the Gap Group on a regular basis. The proposal from Leeds Ahead / Leeds Community Foundation also envisages a role for an elected member and, potentially, a senior officer in supporting the delivery of the project and ensures a focus on narrowing the gap priorities, in consultation with District Partnerships.

7.0 Implications for council policy and governance

- 7.1 Narrowing the gap is a key corporate plan objective, and lies at the heart of the council's regeneration plan. Engaging the private sector in this agenda, and exploiting the growth in the city's economy potentially enables the council both to deliver more on this agenda in general, and to better focus its own resources into other target areas / communities.

8.0 Legal and resource implications

- 8.1 No resources have currently been allocated to fund this proposal. Paragraph 5.0 outlines costs and funding issues.
- 8.2 Should the council enter into a contractual agreement with Leeds Ahead and Leeds Community Foundation to commission services, this will clearly need to be subject to a formal funding agreement / contract. This would include key outcomes and targets and an effective and transparent monitoring process.

9.0 Conclusions

- 9.1 The opportunity of engaging the private sector in the narrowing the gap agenda has been identified by members as a priority for the council. There are a number of ways to take this forward, but the existence of Leeds Ahead and Leeds Community Foundation suggests that there may well be an opportunity to work with these organisations to establish a new initiative. Funding from the council for a pilot project could result in a 4:1 funding ratio, securing genuinely new funding to support the narrowing the gap corporate priority.

10.0 Recommendations

- 10.1 Executive Board is requested to:
1. Agree to fund this proposal to the sum of £100,000, with an initial £25,000 in 2006/07 and the remainder to be drawn from the 2007/08 budget;
 2. Authorise the Chief Officer (Executive Support) to enter into a contract with Leeds Ahead and Leeds Community Foundation to deliver this service.

Annex A

ENGAGING THE PRIVATE SECTOR

Outline Proposal for Leeds City Council

This document sets out a joint proposal to Leeds City Council by Leeds Ahead and Leeds Community Foundation in relation to a 2-year project that will be led by Leeds Ahead.

About Us

Leeds Ahead and Leeds Community Foundation are both independent not-for-profit organisations that engage the private sector in improving life in Leeds. Collectively, the organisations provide the business community in Leeds with a one-stop mechanism through which to bring business skill and cash resource to support the central themes of the Vision for Leeds: Going up a League and Narrowing the Gap.

We recognise in particular that narrowing the gap is fundamental to the continued growth of the local and the regional economy and that the two principal aims within the Vision for Leeds II are inextricably linked. The central aim of both organisations can therefore be summarised as engaging the private sector in **improving life in Leeds**. In order to achieve this, the resource leveraged by our organisations from the private sector will be directed at initiatives and groups that support the regeneration of the most deprived wards in the city.

Our Proposal

We believe that it will be easier for the council to have one central point of contact, so suggest that Leeds Ahead will take the lead on the 2-year project.

Leeds Ahead will work together with Leeds Community Foundation and other partners within the voluntary sector (such as Business in the Community) to deliver business engagement in improving life in Leeds.

Our efforts will be focused on working with District Partnerships, to identify and prioritise geographical and theme priorities.

We will, together and in conjunction with other partners as appropriate, procure the investment of time/skill and cash from business to a wide range of projects and initiatives. The Leeds Regeneration Plan will inform our work, enabling private sector resource to support the city's delivery against floor targets. Areas of our focus will include projects and initiatives that support:

- Education and young people
- Skills and worklessness
- Liveability
- Health
- Social cohesion
- Community safety

Leeds Ahead and the Leeds Community Foundation will use their extensive networks with public and voluntary sector partners, including departments with Leeds City Council, to identify relevant opportunities for support through their respective channels.

Once sufficient sums of money have been raised, the Leeds Community Foundation will launch and promote grant availability in line with the above objectives and will encourage written applications for funding. Decisions on which groups will receive funding will be taken by an independent grants panel that will be established.

Outputs

Over the two year period, we will engage at least 50 new businesses and will at least quadruple the value of Leeds City Council's investment in terms of cash and in-kind resource procured from business.

Monitoring and governance

Leeds Ahead and Leeds Community Foundation will track all support provided or invested by business under this project. Leeds Ahead will provide one combined written report each quarter on progress being made.

Leeds City Council will be invited to nominate one senior representative to take a seat on the Leeds Ahead Board so that Leeds City Council can be satisfied that narrowing the gap priorities are being targeted. The Leeds Ahead Board meets once every 2-3 months.

A Leeds City Council representative is also invited to sit on the Leeds Community Foundation's grants panel which will meet up to four times a year. A seat will also be offered on the Foundation's Development Committee, responsible for co-ordinating approaches to local businesses in the city, so that full advantage can be taken of the links that the Council already has with major Leeds-based businesses.

Finance

Leeds City Council will provide funding to Leeds Ahead in the sum of £100,000 for 2006/7 and 2007/8, the sums to be paid quarterly in advance. Leeds Ahead will make separate arrangements with Leeds Community Foundation in relation to its share in that funding.

Both Leeds Ahead and the Leeds Community Foundation will acknowledge the support of Leeds City Council as being a major sponsor of both initiatives on appropriate written materials, websites, at events etc.

Annex B – Background to Leeds Ahead and Leeds Community Foundation

Leeds Ahead <http://www.leedsahead.org.uk/>

Leeds Ahead is now an independent not-for-profit company with a specific brief of engaging the private sector in supporting the Narrowing the Gap agenda. The scheme was created, and has been led throughout, by Stephanie Burras, a former partner in national law firm Pinsent Masons. It is held in high regard by the Office of the Deputy Prime Minister and Stephanie has, herself, been appointed by the ODPM as one of a handful of national neighbourhood renewal advisors on private sector engagement.

It provides businesses of all sizes with the opportunity of becoming involved in actively supporting neighbourhood renewal in Leeds. Its focus is on linking business expertise, time, services and products into supporting the public and voluntary sector agencies and projects that are charged with delivering regeneration on the ground e.g. Family Learning Centres. Its remit extends to recruiting private sector support to District Partnerships and other leadership roles.

An initial pilot project in Harehills and Chapeltown, in East Leeds, and Beeston Hill & Holbeck in South Leeds, has delivered highly impressive results. Practical support to regeneration is focused on 5 themes where businesses can have the greatest impact: Education, Employment, Enterprise, Environment and Community.

Present partners in Leeds Ahead include Leeds City Council's Regeneration and Jobs and Skills teams, JobCentrePlus, the Groundwork Trust and Education Leeds, as well as a plethora of voluntary sector organisations. Leeds Ahead is heavily supported by the Leeds Initiative and further supported by Leeds Chamber, the Federation of Small Businesses and the Asian Business Development Network.

Leeds Ahead has recently been established as a not-for-profit company limited by guarantee and will report to a Board which includes Leeds Initiative. It has already attracted private sector support of £180,000 over the next 3 years and aims to become a fully sustainable social enterprise within 3 years. It has also secured £52,908 from the 2006/07 NRF programme.

An evaluation of the first full year of Leeds Ahead activity revealed that over 130 businesses had engaged in its programmes, with 37 community projects, 10 schools, 13 environmental projects and 3 Family Learning Centres being actively supported. Even in its development phase Leeds Ahead has leveraged between £3-£4 of in-kind business expertise and resource per £1 in cost to run the project. This support has been invested in the most disadvantaged communities, in Leeds.

Leeds Ahead have indicated that they would welcome member representation on their Board.

Leeds Community Foundation <http://www.leedscommunityfoundation.org.uk/>

Community Foundations are independent, non-profit organisations that promote and support local voluntary and community activities in defined geographical areas.

They have two key roles. One is to act as a "donor services agency", working with individuals and companies to establish and then manage charitable funds. The second is to act as the bridge with the local community and voluntary sector, ensuring that grants are used to address real needs, problems and issues. Their aim is to provide a permanent resource for local communities.

Following an initial report into the feasibility of establishing such an organisation in Leeds, the Leeds Community Foundation was formally registered both as a charity and a company limited by guarantee and a Board of Trustees / Directors was appointed. Successful applications for funding were made to Yorkshire Forward and the European Community European Regional Development Fund (ERDF).

The Leeds Community Foundation works with individuals, companies, grant-making trusts and other organisations. Donors can help by making donations, donating shares land or property, leaving a legacy or by initiatives such as payroll donations, providing sponsorship or joining a membership scheme or setting up a grant making trust.

Since its establishment in January 2005, the Foundation has distributed over £300,000 in grants (including £100k in private funds) to local groups. It has established a board of 8 trustees with voluntary sector and business representation and has begun to make approaches to key individuals and organisations, in Leeds. It has commissioned a report on the state of funding of the voluntary sector, in Leeds, and is actively looking to create new sources of additional financial support for local groups. Regular lunches and dinners are held with representatives from the private sector and a number of locally-based companies are currently considering proposals submitted by the Foundation

Leeds Community Foundation have also suggested that the Council may wish to nominate a member to be given a place on their Development Committee – the body within the organisation that deals with income generation and marketing.

Leeds Ahead and Leeds Community Foundation work closely together to provide a 'seamless' service – a range of opportunities for businesses whether they are able to make a financial contribution, or by providing time, expertise or other non-cash resources. As such they provide a potential mechanism for taking this agenda forward, subject to resourcing issues. Representatives from Leeds Ahead and Leeds Community Foundation will be present at the meeting to take these discussions further.