

WYRE FOREST DISTRICT COUNCIL

**CABINET**  
**24<sup>th</sup> July 2008**

**Local Authority Business Growth Incentive (LABGI) –**  
**Allocation of Uncommitted Grant**

<b>OPEN</b>	
<b>SUSTAINABLE COMMUNITY STRATEGY THEME</b>	<b>Economic Success Shared by All</b>
<b>CORPORATE PLAN AIM</b>	<b>A Vibrant Local Economy</b>
<b>CABINET MEMBER</b>	<b>Cllr Stephen Clee</b>
<b>HEAD OF SERVICE</b>	<b>Head of Planning, Health &amp; Environment</b>
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<b>APPENDICES</b>	<b>None</b>

**1. PURPOSE OF REPORT**

- 1.1 To report to Members the 2008 Provisional Local Authority Business Growth Incentive (LABGI) Grant and to agree its future expenditure.

**2. RECOMMENDATION**

**The Cabinet is asked to DECIDE:**

- 2.1 **To agree the allocation of the uncommitted LABGI Grant as set out in paragraph 4.4 below.**

**3. BACKGROUND**

- 3.1 The Local Authority Business Growth Incentives scheme (LABGI) is designed to give local authorities an incentive to encourage local economic and business growth. The increase in a local authority's business rateable value, as measured through a number of Valuation Office Agency rateable value "change codes" (described below), is used as a proxy for business growth. The original scheme, first announced by the Chancellor in the 2002 Pre-Budget Report, runs for three years (2005-06 to 2007-08).
- 3.2 The LABGI scheme allows local authorities to individually retain some of the business rate revenues that are associated with growing the business rate tax base at a local level and is seen by the Government as an important part of its economic policy and approach to local government.

The scheme creates incentives for local government to maximise economic growth in a manner that most suits the local electorate.

**4. PROPOSALS**

- 4.1 In year 1 of the LABGI programme (2005/06), Wyre Forest District Council did not receive any allocation. In year 2 of the programme (2006/07), the Council received a total of just under £187,000, of which £150,000 was transferred to general reserves and the remainder was used for general economic development purposes. On 26th June 2008, the year 3 allocations were announced (2007/08) and the Council received a total of £130,348.
- 4.2 Some commitments on the anticipated LAGBI allocation for 2007/08 were made at budget time, including funding years 2 and 3 of the Kidderminster Town Centre Manager Appointment, leaving a total of £98,100 uncommitted LAGBI grant.
- 4.3 Members will recall that the three year budget for general economic purposes of £40,000 per annum is currently in its final year and that an additional £45,000 was allocated in the 2008/09 budget for regeneration purposes including £20,000 specifically for incentivising the occupation of empty shops in Kidderminster town centre. Members will also be aware of the ambitious regeneration programme heralded by the development of the Regeneration Prospectus and the need to continue the development of this initiative, together with district wide initiatives such as the Rural Regeneration Strategy which is proposed later this year.
- 4.4 It is therefore proposed that the uncommitted LABGI grant be allocated for regeneration and economic development purposes on the following basis:
- £40,000 for the remainder of 2008/09
  - £38,000 for 2009/10
  - £20,000 for 2010/11

It is anticipated that this will supplement future budget allocations for the general economic development and regeneration functions and is not intended to replace those future allocations.

**5. FINANCIAL IMPLICATIONS**

- 5.1 The financial implications arising from this report are set out in the main body of the report.

**6. LEGAL & POLICY IMPLICATIONS**

- 6.1 The 2008/09 year 3 LABGI grant was confirmed on 26<sup>th</sup> June 2008, the purpose of which is to provide support towards expenditure lawfully incurred or to be incurred by a local authority. It is therefore for the Council to determine how it wishes to spend this grant award.

**7. RISK MANAGEMENT**

- 7.1 The current budget allocations for general economic development activity and regeneration only go as far as the current financial year. Cabinet will need to consider future allocation at the appropriate budget setting time but, in the meantime, the allocation of the LABGI monies as proposed gives continuity to the economic development and regeneration programme and allows the current programme of work to be considered for the next financial years.

**8. CONCLUSION**

- 8.1 The allocation of the uncommitted LABGI grant as indicated above will ensure that the Council can continue to deliver a regeneration programme which will need to be supplemented by budgetary allocations in future years to contribute to general economic development activity and regeneration within the district.

**9. CONSULTEES**

- 9.1 Head of Financial Services  
Group Accountant  
Leader of the Council

**10. BACKGROUND PAPERS**

- 10.1 26<sup>th</sup> June 2008 LABGI Grant Determination letter.

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