

REPORT TO: Executive Board Sub Committee

DATE: 10 April, 2008

REPORTING OFFICER: Strategic Director Environment

SUBJECT: Procurement of goods and services by the Astmoor and Halebank Industrial Estate Business Improvement Districts (BIDs)

WARDS: Castlefields and Ditton

1.0 PURPOSE OF THE REPORT

1.1 This report summarises the business case for delegating the waiving of Procurement Standing Orders to the BID Executive Committees for the duration of the respective BIDs with regards to the purchase of goods and services by the Astmoor and Halebank Business Improvement Districts (BIDs).

2.0 RECOMMENDATION: That

(1) For the purposes of Procurement Standing Order (SO) 1.6 and in light of the devolved decision-making arrangements for the BID areas the Executive Committees for the Astmoor and Halebank BID areas be authorised to award contracts on the basis of the most economically advantageous tender or quotation (not necessarily the lowest) and that SOs 2.2-2.6 and SO 2.11(a)(iii) and SO 2.11(b)(iv) and SOs 2.12 and 2.13 and SOs 3.6 and 3.7 be waived accordingly.

3.0 SUPPORTING INFORMATION

Establishment of Business Improvement Districts

3.1 Businesses on Astmoor and Halebank Industrial Estate voted in favour of creating a Business Improvement District (BID) in the recent BID Ballots, which was announced on 7th December 2007. The 'yes' vote means that the BID business plans for each estate and all the additional services must be delivered from 1st April 2008 – 31st March 2013.

3.2 In accordance with the BID business plans (approved by the Council through delegated authority arrangements authorised by the Executive Board on 20th September 2007 and businesses in the BID ballots) the Council will undertake the role of BID Body for the initial 5-year period of the BIDs.

- 3.3 At the start of each financial year from 1st April 2008 until 31st March 2013, all businesses and property owners in the BID areas will be charged a BID Levy, a local increase on the Business Rates bill ring-fenced to fund additional services within the BID area.
- 3.4 The contribution from the private sector towards the Astmoor BID will be £746,635 and £232,200 from the Halebank BID. This amounts to a total **private sector contribution of £978,835**. This represents a significant contribution towards the economic regeneration of the borough that will not only benefit resident businesses and the two estates, but will also help to retain jobs and attract investment.
- 3.5 By voting in favour of establishing BIDs, businesses and property owners also voted that Halton Borough Council's Economic Regeneration Department act as the BID Body, the accountable body for the two BIDs. The Economic Regeneration Department will be responsible for managing the BIDs and ensuring that the funds collected by the Council are spent in line with the BID business plan.

Governance, Management, and Delivery of the BIDs

- 3.6 The Economic Regeneration Department will act as the BID Body, on behalf of the Astmoor and Halebank Business Steering Groups and BID Executive Committees. The key responsibilities will be:
- To manage the receipt of income from businesses through a BID Levy and ensure that this is spent in line with the business plans.
 - Produce claims accounting for project expenditure and reporting on the delivery of the BID against key performance indicators and milestones.
 - Provide secretariat support for the Business Steering Groups and the Executive Committees.
 - Produce an audited statement of expenditure, detailing income received from the BID and the expenditure defrayed against this income.
 - Present progress reports at Business Steering Group and BID Executive Committee meetings.
 - Employ an estate manager.
- 3.7 The BIDs will be governed through the established Astmoor and Halebank Business Steering Groups. However, in order to ensure appropriate governance, a constitution for the Groups will be established. To date, the Business Steering Groups have been open to any company that wishes to join. Under the Business Improvement Districts, every company that is located within the BID areas and, therefore, contributes towards the cost of the BIDs, will become a member of the relevant Steering Group. Each company will be able to appoint a representative, who will then have voting rights at the Business Steering Group meetings including the Annual General Meeting.

3.8 Members of the Business Steering Groups will be responsible for:

- Overseeing the BID and ensuring it delivers its services and improvements as identified within the business plans.
- Ensuring the finances raised from the BID are used on items of expenditure as identified within the BID business plans.
- Electing a chair and treasurer at the annual general meeting who will lead the BID Executive Committee.
- Electing on an annual basis up to four further BID Executive Members, who will join the BID Executive Committee to oversee the delivery of BID.
- Appointing auditors to audit the accounts of the BID.
- Approving the financial regulations for approval of expenditure under the BID.

3.9 The BID Executive Committees will be responsible for:

- Guiding and directing the BID Body (Economic Regeneration Department) in the delivery of the BID.
- Ensuring that the BID Body is held accountable for expenditure of BID monies.
- Approving eligible expenditure in line with the delegated powers detailed within the financial regulations that have been approved by the members of the Business Steering Groups.
- Monitoring and reporting to members of the Business Steering Group on the achievement of key performance indicators and expenditure.

3.10 The Business Steering Groups will meet a minimum of three times a year. The Groups will also hold one annual general meeting, which may form part of a general steering group meeting. For the Business Steering Group meetings to be quorate at least seven businesses must be present. The Business Steering Groups will also invite selected public and private sector representatives. Only members of the Steering Groups will have a vote on any proposals tabled at Business Steering Group meetings.

3.11 The BID Executive Committee will meet once every two months. For the BID Executive Committee to be quorate, at least three elected members of the BID Executive Committee must be present. Only elected members of the BID Executive Committee will have a vote on any proposals tabled at the executive meeting. The BID Executive Committee will only have the rights to approve proposals tabled that are within the delegated powers detailed within the financial regulations that have been approved by the members of the respective Business Steering Groups. The BID Body (Economic Regeneration Department) will also be invited to attend each Executive Committee meeting in a reporting and advisory capacity.

Business case supporting the proposal to delegate the waiving of Procurement Standing Orders to the Executive Committees

- 3.12 Businesses and property owners have voted in favour of the governance, management, and delivery arrangements of the BIDs as detailed in paragraphs 3.6-3.11 (the devolved decision-making arrangements for the BID areas and the establishment of BID Executive Committees for the Astmoor and Halebank BID areas).
- 3.13 The BID Business Plans detailing the governance, management, and delivery arrangements of the BIDs have been approved by the Council through delegated authority arrangements authorised by the Executive Board on 20th September 2007.
- 3.14 Over the course of the 5 years, the respective BIDs will require the procurement of additional goods and services. An example of future expenditure being the procurement of security services for the benefit of companies in the BID areas (key holding, alarm response etc). The additional goods and services are to be purchased using the BID Levy (money collected from all businesses and property owners).
- 3.15 Individual businesses and property owners will want to influence and decide how the BID money is spent as it is essentially their money. Increasing the involvement of the business community in the regeneration of the BID areas and their participation in budgetary decision making is a positive step forward in sustaining these employment sites. The businesses may, however, want to use the principles of most economically advantageous and value for money, which may not necessarily be the lowest tender or quotation received.
- 3.16 Approval of this report recommendation by the Council's Executive Board will enable the BIDs to function with greater efficiency and flexibility, especially in circumstances where the BID Executive Committee does not want to accept the lowest tender or quotation received. Approval will allow the day-to-day management and operation of the BIDs to focus on implementing the BID business plans and delivering a quality range of services under the governance arrangements detailed in paragraphs 3.6-3.11. An example of this would be the removal of the need for the BID Body (Economic Regeneration Department) to produce a report for approval by the Council's Executive Board Sub, which will allow the BID Body to respond and implement key decisions more swiftly.
- 3.17 The Economic Regeneration Department (BID Body) will ensure that all expenditure is controlled within the overall BID budgets contained within the business plans for each area. The expenditure profiles of the budgets contain a 15% allocation of the total expenditure as a contingency fund. The budgets also generate a surplus from the income collected (£36,311 on Astmoor and £19,945 on Halebank) as an added control measure.

3.18 The BID Levy will be an annual bill sent to businesses and property owners for payment by 30th April each year. It is, therefore, anticipated that the majority of the money will be received by this date for the purchase of goods and services by the BID Body. **The BID Body will only spend money that has already been collected from the business community.**

Value for money and competition

3.19 All contracts will be subject to competitive tendering process or competitive quotations. Therefore, the market will always be tested prior to the award of contracts.

3.20 Quality is an intrinsic factor when assessing value for money. In the eyes of the businesses, the lowest tender or quotation, may not always be the most desirable when applying value for money principles.

3.21 For the duration of the BIDs, any new contracts that are valued at over £50,000 will be advertised on the Council's Procurement website to allow interested parties the opportunity to submit an expression of interest to the BID Body. The BID Body will seriously consider these expressions of interest prior to inviting tenders.

Transparency

3.22 Transparency will be achieved by ensuring a clear audit trail for the procurement of all goods and services.

3.23 All choices regarding the award of contracts will be documented and available for audit and inspection.

3.24 The BID accounts will be subject to an annual audit.

3.25 Details of expenditure and income will be reported to businesses and property owners within the BID areas through the formal accounting procedures. This information will be accessible, if required, under the Freedom of Information Act.

Propriety and Security

3.26 Integrity clauses will be built into the contract documents and only Officers with a need to know will have information about the contract.

Accountability

3.27 The accountability would remain with the BID Executive Committee taking the decision to award the contract.

3.28 The Officers supporting the award of the contracts will comply with the Public Contracts Regulations 2006.

4.0 POLICY IMPLICATIONS

4.1 The issues and priorities addressed through the implementation of the BID Business Plans are directly aligned to the Community Strategy:

A Safer Halton

- Reduce overall crime (in line with Halton's Crime and Disorder Reduction Partnership targets).
- The BID Business Plans provides a package of crime prevention initiatives that are designed to deter crime from the estates, including plans to either enhance existing CCTV security systems, or install new systems which will assist in designing out crime on the estates, which will be backed up by a response to incidents.

Halton's Urban Renewal

- Attract additional businesses to Astmoor and Halebank
- Increase the number of jobs in Halton
- BIDs will attract a significant private sector contribution (more than £1 million over 5 years) to contribute towards the economic regeneration of the borough.

Employment, learning and skills in Halton

- Increase employment rate
- The programme of work set out in the BIDs proposals, will assist with the ongoing challenge to retain existing and create new jobs
- Increase VAT registrations (new companies)

Children and Young People in Halton

There are no implications arising from this report.

A Healthy Halton

There are no implications arising from this report

5.0 OTHER IMPLICATIONS

There are no other implications arising from this report.

6.0 RISK ANALYSIS

The risks are minimised as competitive tendering procedures will be used to test the market and appraise tenders. The responsibility for the

decisions made will be the respective BID Executive Committees, who will be operating to obtain value for money for the BID on behalf of all businesses and property owners in the BID areas.

The governance, management and delivery mechanisms of the BIDs will ensure accountability and transparency.

7.0 EQUALITY AND DIVERSITY ISSUES

There are no equality or diversity issues arising from this report.