

REPORT TO: Executive Board Sub Committee
DATE: 18th June 2009
REPORTING OFFICER: Strategic Director Environment
SUBJECT: Regional Enterprise programme
WARD(S): Borough-wide

1. PURPOSE OF REPORT

- 1.1** This report seeks authority for Halton Borough Council to become the managing agent for the North West Development Agency Regional Enterprise Programme for the Halton area.

2. RECOMMENDED: That

- 2.1 Authority be given for Halton Borough Council to become the managing agent for the North West Development Agency Business Start Up programme within Halton.**

3. BACKGROUND

- 3.1** The North West Development Agency is presently commissioning a business start up programme for the North West. The total value of this is expected to be £35m and is made up of a combination of NWDA and European Resources. The programme will provide advice to people who wish to start up a business/become self-employed. It will help with the development of a business plan and will then provide ongoing support and advice in the first two years.
- 3.2** With previous programmes, the NWDA has commissioned providers to cover large geographic areas, some of which then went on to sub-contract activity to other companies. This could lead to multiple providers operating in areas. With this approach, it was very difficult to coordinate activity, it was almost impossible to bring together the NWDA and local authority provision into a coherent package and there was a high level of confusion.
- 3.3** The programme being commissioned now is very different and much more reflects local priorities and the local provision that exists already. In the Liverpool City region, the NWDA is seeking for each local authority to manage the programme for their area on behalf of the NWDA. It is also giving them the opportunity to commission their own

start up programmes through the NWDA contract through what it calls co-funding arrangements.

- 3.4 To date, the NWDA has advertised in accordance with European procurement rules for a North West business start up programme. All those providers that showed an interest have been issued a pre qualification questionnaire (PQQ) and those companies that passed the PQQ were invited to submit tenders to seek inclusion on a select list. The tenders have been assessed and a select list of successful providers now exists. Providers on that list had to specify where in the region they would be prepared to work and what specific groups they specialised in as well as a unit cost.
- 3.5 The final selection of who works in which area will be made through a final selection process. The first step is to prepare a specification that meets the needs of the local community. In essence this is turning what is a region wide programme into a borough scale project. This specification has to be done within the framework of what the NWDA has already done and would typically specify local targets for priority groups and/or wards.
- 3.6 There are two options for taking the final selection process forward. The NWDA is prepared to undertake the selection process and then novate the contract to each local authority. Alternatively, each local authority can carry out what the NWDA is calling its own mini-tendering exercise. It is a rule of this final selection process that providers cannot increase the unit cost already specified to the NWDA. However, providers may reduce the unit cost as they seek to gain work.

4. POLICY IMPLICATIONS

- 4.1 The development of a culture of enterprise and entrepreneurship is a key objective within the Community Strategy. The revised Local Area Agreement specifically identifies a target for business start up.

5. OTHER POLICY IMPLICATIONS

5.1 Financial Implications

The value of the NWDA contract is worth £180,000 a year for three years and the NWDA is seeking an option to extend the management arrangements for a further two years. In recognition of the additional costs associated with managing this programme each local authority is being given a 5% management fee. As part of the co-funding arrangements there is presently £100,000 of Working Neighbourhoods Funded business start up support that can be used.

6.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

6.1 Children and Young People in Halton

Research shows that people are more likely to consider starting up a business if they know someone who has done so already. As we seek to build a culture of enterprise in our young people through the work underway in schools through the Education Business Partnership, the increase in business starts that are expected as part of this programme should mean that more young people have that reference point of someone who has started a business.

6.2 Employment, Learning and Skills in Halton

The confusion that has existed around business start up services and who provides them has been of concern for some time. The council taking the responsibility for managing the programme will lead to an improvement. It will enable much more coordinated marketing of the services and should ensure no duplication of provision takes place.

6.3 A Healthy Halton

None known at this stage

6.4 A Safer Halton

None known at this stage

6.5 Halton's Urban Renewal

The development of more businesses within the borough will result in an increased demand for business space. New developments such as Turnstone Business Park and existing space such as the Heath Business and Technical Park will therefore benefit directly from this programme.

7. RISK ANALYSIS

7.1 Becoming a managing agent for the NWDA means that the council will operate under the agency's standard procedures including claims and monitoring. As part of the money is being financed by the European Regional Development Fund all documentation and claims will also be subject to EU scrutiny procedures.

7.2 Colleagues in Legal Services have examined the legal documentation and concluded that the agency has passed on all its obligations to its managing agents. As such, this type of contract issued by the Agency is not unusual and very similar to many others the authority has, in that there is a risk that poor performance could lead to clawback of NWDA and/or ERDF monies paid under the contract.

7.3 A Risk Assessment has been drawn up which identifies the potential risks and the corresponding control measures to ensure that any contractual obligations imposed are adequately resourced so that the Council can comply.

7.4 Staff resources are in place to effectively manage the contract to ensure the application of the necessary control measures and to monitor and

take action in the event of any potential variation from contract compliance. In these circumstances the level of risk is minimised.

8. EQUALITY AND DIVERSITY ISSUES

- 8.1 The NWDA programme has been developed with equality and diversity issues as a key element. The agency has identified a number of groups that have a low start up rate in the North West e.g. women, disabled, ex-offenders and these form the focus for the targets within each locality.

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