

# Agenda Item 11

**REPORT TO:** Cabinet Member Regeneration  
30<sup>th</sup> September 2009

**SUBJECT:** ERDF 4.1 Business Start Up Project – An Update

**WARDS AFFECTED:** All

**REPORT OF:** Andy Wallis, Planning & Economic Regeneration Director

**CONTACT OFFICER:** Mo Kundi– 3447

**EXEMPT/  
CONFIDENTIAL:** No

**PURPOSE/SUMMARY:**

To provide Members with an update on the response received from the Regional Development Agency on issues relating ERDF 4.1 Business Start Up project.

**REASON WHY DECISION REQUIRED:**

To comply with standard portfolio reporting procedures.

**RECOMMENDATION(S):**

It is recommended that Cabinet Members:-

1. Note the content of the report, and
2. Request regular progress reports.

**KEY DECISION:** No

**FORWARD PLAN:** No

**IMPLEMENTATION DATE:** Immediately following the call in period for the minutes of these meetings.

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**ALTERNATIVE OPTIONS:** Not applicable

**IMPLICATIONS:**

**Budget/Policy Framework:** N/A

**Financial:** There are no financial implications for the Council.

	2008/ 09 £	2009/10£	2010/11 £	2011/12 £
<b><u>CAPITAL EXPENDITURE</u></b>				
Gross Increase in Capital Expenditure				
Funded by:				
Sefton Capital Resources (LTP)				
Specific Capital Resources				
<b><u>REVENUE IMPLICATIONS</u></b>				
Gross Increase in Revenue Expenditure				
Funded by:				
Sefton funded Resources (Working Neighbourhood Fund)				
Funded from External Resources				
Does the External Funding have an expiry date? Y/N	When?			
How will the service be funded post expiry?				

**Legal:** N/A

**Risk Assessment:** N/A

**Asset Management:** N/A

**CONSULTATION UNDERTAKEN/VIEWS**  
FD 148 – THE FINANCE DIRECTOR HAS BEEN CONSULTED AND HAS NO

COMMENTS ON THIS REPORT.  
LEGAL

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## CORPORATE OBJECTIVE MONITORING:

<u>Corporate Objective</u>		<u>Positive Impact</u>	<u>Neutral Impact</u>	<u>Negative Impact</u>
1	Creating a Learning Community		/	
2	Creating Safe Communities		/	
3	Jobs and Prosperity		/	
4	Improving Health and Well-Being		/	
5	Environmental Sustainability		/	
6	Creating Inclusive Communities		/	
7	Improving the Quality of Council Services and Strengthening local Democracy		/	
8	Children and Young People		/	

### **LIST OF BACKGROUND PAPERS RELIED UPON IN THE PREPARATION OF THIS REPORT**

Report to Cabinet Member (Regen) 8<sup>th</sup> July 2009, and the Cabinet on 9<sup>th</sup> July 2009 entitled 'ERDF 4.1 Business Start Up Project'

## **1.0 Introduction**

- 1.1 The Cabinet Member for Regeneration and the Cabinet at their meeting on 8<sup>th</sup> July and 9<sup>th</sup> July 2009 respectively considered a report entitled 'ERDF 4.1 Business Start Up Project'. The report provided background information on the development of Business Start Up project and the arrangements for its delivery through the co-financing route involving the ERDF element of the North West Operational Programme, and the Agency's money.
- 1.2 Whilst Members welcomed Agency's allocation of £1.5 million to Sefton area to provide business start up support to targets identified in the Regional Economic Strategy (RES), Members were however disappointed that Sefton's role and involvement had been significantly reduced in the later stages of the negotiations with the Agency. Members resolved that the Planning and Economic Regeneration Director be requested to write to the Chief Executive of the Regional Development Agency to express the concerns of the Cabinet Member.

## **2.0 Agency's Response**

- 2.1 The Agency has responded by stating that 'the first year funding allocation to Sefton from the Agency's and the ERDF is £318,500, and the proposed cash funding from Sefton of £15,000 pa (under 5%) was not considered to be sufficient to have a grant funding agreement with Sefton'. Sefton's suggestion of using the cost of the salaries of the two business advisers employed by Sefton Council as part of Sefton's cash co-funding was turned down by the Agency as these advisers were linked to the StepClever Programme, and would not generate additional outputs for the start up project.
- 2.2 Notwithstanding the above, the Agency did give an undertaking that it would be prepared to consider novating their contract to Sefton Council in future years if Sefton was able to provide increased amounts of cash co-funding from their Area Based Grant.
- 2.3 Copies of letter sent to the Agency, and the Agency's response is attached as Annex A and B respectively.

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## Annex A

### **Regeneration Directorate**

4<sup>th</sup> Floor Magdalen House  
30 Trinity Road  
Bootle  
Merseyside  
L20 3NJ

Mr. Steve Broomhead  
Northwest Regional Development Agency  
PO Box 37  
Renaissance House  
Centre Park  
Warrington  
Cheshire  
WA1 1XB

Date: 23<sup>rd</sup> July 2009  
Our Ref: ARM/PJH  
Your Ref:

**Please contact: Alan R Moore**  
**Contact Number: 0151 934 4191**  
**Fax No: 0151 934 4220**  
e-mail: alan.moore@dev-environmental.sefton.gov.uk

Dear Mr. Broomhead,

### **Re: ERDF 4.1 Business Start Up – Sefton**

The Cabinet Member for Regeneration at its meeting on 8<sup>th</sup> July 2009 considered a report on the background to the lengthy negotiations that have taken place between Sefton Council and the NWDA in relation to the above project.

The Cabinet Member was disappointed that contrary to earlier indications, Sefton Council would no longer be involved more directly with the delivery of the project. In particular, concern was expressed that direct contracting for service providers by the Agency would weaken local co-ordination, encourage a proliferation of suppliers and confuse businesses.

Initial discussions with Jo Bowen-Jones indicated that an additional cash contribution was required from participating organisations in order to co-fund the Business Start Up programme in their area. Organisations not providing an additional contribution would have delivery managed by an intermediary (A4E).

Sefton Council is committed to supporting local business. The Business Start-Up programmes currently operated by the Authority utilising Working Neighbourhoods Fund (WNF) and Stepclever (LEGI) funds can demonstrate this. We made clear to the Agency in a letter dated 14<sup>th</sup> April 2009 that the Council could both offer assistance (a) in kind through its existing enterprise resources, working to a similar standard to accredited suppliers, and (b) an additional £31,000 in 2009-11 from Sefton's Area Based Grant, to jointly purchase additional provision for specific people and places not supported through the Sefton Business Start-Up programmes.

However, the Agency declined this offer, without clear reasoning, and offered instead direct contracting by the Agency (through its project manager AFE). Representatives from A4E have offered assurances that Sefton Council officers will be able to take an active role in the selection of business start-up suppliers operating in Sefton and will be updated with take-up and outcomes data. However, this is unlikely to provide a well co-ordinated and integrated business start up activity in Sefton, which given the current economic downturn, is so essential to maintain business confidence.

The Council is happy to work in partnership with other agencies to ensure the best possible service for local entrepreneurs. We are close to concluding contractual negotiations that will allow the Request for Tenders to be issued. However, I am disappointed that the business support experience and programme management skills of the Economic Regeneration Department have not been better utilised.

I would be grateful if you could provide assurances that A4E will work in true partnership with officers from the Council to ensure the optimum number of business start-up opportunities for the residents of Sefton, and if an opportunity arises Sefton Council is given first consideration for delivering this project.

Yours sincerely,

.....  
Alan R Moore  
**Strategic Director and Deputy Chief Executive**

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**Annex B**



*Mo kundi.  
Hem a follow up report  
to begin Cabinet  
meeting, please.*



11 August 2009

**Mark Hughes**  
Executive Director  
Economic Development

Alan R Moore  
Strategic Director and Deputy Chief Executive  
Sefton Council  
Regeneration directorate  
4th Floor Magdalen House  
30 Trinity Road  
BOOTLE  
Merseyside L20 3NJ

Dear Mr Moore

## **ERDF 4.1 Business Start Up – Sefton**

Steven Broomhead has asked me to reply to your letter to him dated 27 July 2009.

We are currently progressing through a Request for Quotation process with Sefton Council and A4e as the Agency's appointed Regional Project Manager for the above programme. We share your concerns about avoiding a proliferation of suppliers in an area and part of our objective in closer working with local authorities on this project is your role in helping local co-ordination. Whether Sefton Council or A4e (Agency) issued the Request for Quotation the outcome of the process and selection of a provider through objective scoring should be the same. It is the intention that ideally one provider will be appointed at the end of this process who will work closely with Sefton Council officers and it is very much part of A4e's role to ensure that this happens on a regular basis.

The Agency is very aware that Sefton is committed to supporting local business and that business start up is high on your agenda. The first year funding allocation to Sefton from the Agency and ERDF is £318,500 and the proposed cash co-funding from Sefton of £15,500 pa (under 5%) was not considered to be sufficient to have a Grant Funding Agreement with Sefton. Following further discussion with Mark Long the Agency did agree that the cost of the salaries of the two business advisers employed by Sefton Council could be considered to be part of Sefton's cash co-funding as they could provide outputs to the programme. However, it has now been confirmed that these advisors will continue to be deployed and generate outputs for existing programmes e.g. LEGI and will not generate additional outputs for this start up programme and therefore could not be considered as co-funding.

Looking forward, the Agency would certainly be prepared to consider novating our contract to Sefton Council in future years if Sefton are able to provide increased amounts of cash co-funding from their Area Based Grant. In the meanwhile the Agency would again like to reassure you that Sefton Council officers are taking a very active role in the selection of the business start up provider(s) as they will have two officers scoring on the evaluation panel. The Agency will also be represented on the panel and A4e will be facilitating the process but not scoring. We intend that Sefton officers will have ongoing involvement with the co-ordination of business start up activity in Sefton and we will provide regular updates on the delivery of this project in your area.

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We look forward to working with Sefton on this important project and hope that in the future we can arrive at a co-funding arrangement when you will be able to play a more direct role in the projects management and delivery.

Yours sincerely

A handwritten signature in black ink, consisting of a large, stylized 'M' followed by a long, sweeping horizontal line that extends to the right.

Mark Hughes  
Executive Director - Economic Development Directorate

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