

RIBBLE VALLEY BOROUGH COUNCIL

REPORT TO POLICY AND FINANCE COMMITTEE

DECISION

Agenda Item No.

meeting date: TUESDAY, 26 JANUARY 2010
title: PENNINE LANCASHIRE -INTENSIVE BUSINESS START UP PROGRAMME
– COLLABORATION AGREEMENT
submitted by: DIRECTOR OF DEVELOPMENT SERVICES
principal author: COLIN HIRST

1. PURPOSE

1.1 To confirm the Council's agreement to the Intensive Business Start Up Programme.

1.2 Relevance to the Council's ambitions and priorities:

- Council Ambitions – In addition to Ribble Valley Borough Council striving to meet its three ambitions, it also recognises the importance of securing a diverse, sustainable economic base for the Borough.
- Community Objectives – The issues highlighted in this report will contribute to objectives of a sustainable economy and thriving market towns.
- Corporate Priorities – Delivery of services to all.
- Other – To develop a programme of support for our businesses to help in dealing with the effect of the Credit Crunch.

2. BACKGROUND

2.1 The North West Development Agency has previously announced a new Business Start Up Programme (BSU Project) for the Region. It is intended that the programme will be additional to the support already offered by Business Link Northwest and will be a five-year programme running from 2009 to 2014.

2.2 Currently the Northwest has some 18% fewer businesses than the England average, resulting in a gap of 91,000 businesses. The purpose of the Business Start Up project will be to close this gap and increase GVA across the Region.

2.3 The Business Start Up Project will provide an intensive and specialist support service for people from target groups/areas considering setting up in business in the North West. To do this the NWDA has developed a new delivery approach focused on co-funding partnerships with Local Authorities, leading to the procurement of a Regional Project Management Partner, and a panel of start up providers to deliver the services from April 2009.

2.4 The focus of the Business Start Up Project is to provide intensive and specialist services and support for people from target groups/areas considering setting up in business, improve survival rates of businesses through targeted support for up to 36 months, and to contribute towards increased levels of enterprise activity.

2.5 The target client group for support are those people with a desire to start a business or that have started a business less than 3 years old – VAT registered or self employment.

2.6 A key client base will be those demographic groups which under-perform in terms of enterprise. These groups have been identified in relevant national and regional policies. The key groups are:

- women
- BME communities;
- people with disabilities;
- social enterprise;
- young people;
- older workers;
- lone parents; and
- offenders, ex-offenders, asylum seekers and refugees

2.7 Each Local Authority will be allocated a certain amount of funding through the project based on 3 criteria:

- Number of target groups in the Local Authority Area – This looks at the number of people in the target groups worked out as a % of the North West figures. This will when calculated provide a broad spread of budget to all areas.
- Net Enterprise Gap - This looks at the shortfall in business density in the area compared to the England Average and what funding is already available to the area for example Local Enterprise Growth Initiative (LEGI) or Working Neighbourhoods Fund (WNF). It is envisaged that areas not already in receipt of monies for enterprise already should be made a priority.
- Deprivation – This takes into account the % of Super Output Areas in each district in the lowest 15% nationally this is then weighted to Local Authority population.

2.8 Ribble Valley will receive a rural premium as the only Borough in Lancashire to be classed by Defra as a Rural-80 area with at least 80 percent of the population in rural settlements and larger market towns. This premium will provide additional support in rural areas where unique problems and barriers exist that are different to those found in urban areas. The project will be linked and add value to the work that will be carried out under the new Rural Development Programme for England which Ribble Valley is currently leading on, on behalf of Pennine Lancashire.

3. PROGRESS TO DATE

3.1 Members of Planning and Development Committee considered a report on this project late in 2008 when it was agreed to take part in the project and to commit £5000 from the regeneration budget to support a co funding arrangement. Since that time a detailed process of tendering and selecting a delivery partner has been undertaken. This has been led on behalf of Pennine Lancashire by a team from Blackburn with Darwen.

3.2 The delivery partner selected is made up of a consortium of the enterprise agencies that have previously operated in the Pennine Lancashire area, who will now operate as a single body to deliver the services. It is expected that this will bring with the benefit of established networks and business advisors experienced in the range of issues faced by people wishing to start up business in the area.

3.3 A number of matters have been the subject of on going discussions in relation to the formal agreements necessary between the partner bodies namely each of the partner local authorities, Blackburn with Darwen as accountable body and the North West Development Agency as the principle funding body. This has now generated a final collaboration agreement that each authority is being asked to sign. A copy of the final draft has been placed in the Members Library on Level D.

- 3.4 The co-funding agreement relates to joint working with Lancashire County Developments Limited who has agreed to commit funding to the project on the basis that each authority is offering a co-funding contribution. The agreement sets out a basis for future working and is considered in itself to raise no issues for the authority in terms of its requirements.
- 3.5 The collaboration agreement has been prepared following detailed review. This now establishes the basis upon which we would commit to the project. Officers have sought clarification on the extent of liability that the agreement would give rise to so that members have the opportunity to consider this before agreeing that the council signs the necessary agreement.
- 3.6 The main issue to consider is the responsibilities, liability and indemnities set out in the agreement. The relevant extract is given below:

5. RESPONSIBILITIES LIABILITIES AND INDEMNITIES

5.1 *Each Party shall make its respective Contributions to the Project. The Contributions shall be paid (where they are financial) to the Accountable Body in accordance with reasonable instructions from the Accountable Body in order that the Accountable Body can fulfil its obligations pursuant to the Grant Funding Agreement.*

5.2 *Each Party confirms that it will act in good faith when complying with its respective obligations under this Agreement.*

5.3 *Each Party shall comply with requests for information from the Accountable Body and will use its best endeavours to provide reports, grant claims and audits within [10] Working Days of a request.*

5.4 *Each Party shall indemnify the Accountable Body in full against any cost, expense, liability, loss, claim or proceedings arising pursuant to the Grant Funding Agreement due to the acts, defaults or omissions of that Party including (but not limited to) any liability incurred by the Accountable Body in respect of an Event of Default in respect of that Party.*

5.5 *Each Party indemnifies the Accountable Body in respect of liability resulting from acts or omissions, including negligence of itself, its employees or its agents in relation to the Project.*

- 3.7 The main provisions are contained in Clauses 5.4 and 5.5 which provides for each Authority to indemnify the Accountable Body in the circumstances outlined in the Collaboration and Grant Funding agreement. This liability is not capped but will only arise if the loss etc can be attributable to the party concerned. In effect Ribble Valley will be liable for our own actions, if there are any costs/damages incurred by Blackburn with Darwen because of a default caused by Ribble Valley, then the council will be liable to cover those costs. This arises in the agreement as Blackburn are the Accountable Body and liable in the first instance to indemnify the NWDA for any breach of the terms of the GF agreement. Consequently they would need to ensure that any onward liability is transferred to those Authorities who are responsible for the breach in order to safeguard them financially.

4. RISK ASSESSMENT

- 4.1 The matters dealt with in this report have been assessed and may raise the following risks:
- Resources – Cost to support the project would be met within existing budgets.

We expect to benefit from the systems and experience already in existence through the Local Enterprise Growth Initiative (LEGI) which is an existing programme of business and enterprise support operating in Pennine Lancashire currently excluding Ribble Valley and Rossendale, which Blackburn with Darwen are currently accountable body for also. By signing the collaboration agreement we are confirming our acceptance of liability for our own actions. This would carry with it no additional risks over and above our requirement to carry out our functions in a proper manner.

- Technical Environment, Legal – None.
- Political – None.
- Reputation – The Council will have the opportunity to demonstrate support for the local economy and businesses within the borough as well as supporting partnership working across Pennine Lancashire.

5. **RECOMMENDED THAT COMMITTEE**

- 5.1 Confirm the Councils participation in the project and to authorise the Chief Executive to sign any necessary agreements.

DIRECTOR OF DEVELOPMENT SERVICES

For further information please ask for Colin Hirst, extension 4503.