

Report of	Meeting	Date
Corporate Director (Business) (Introduced by the Executive Member for Business)	Executive Cabinet	13 November 2008

BUSINESS START UP AND SUPPORT PROJECT

PURPOSE OF REPORT

- To provide an update on the existing provision of support to new business start ups in Chorley, and to recommend the way forward for new provision in light of the new Business Start Up and Support contract, commencing April 2009, to be issued by the Northwest Regional Development Agency (NWDA).

RECOMMENDATION(S)

- It is recommended that the update on the existing provision of support to new business start ups be noted, and in relation to the new Business Start Up and Support Contract, that:
 - delivery Option "B" (paragraph 12) is noted.
 - the Central Lancashire grouping, with Chorley as Accountable Body (stated in paragraph 13) is endorsed.
 - the performance reward grant from the Economic Development Block of the Local Area Agreement (referred to in paragraph 14) is endorsed as the preferred option for co-financing.
 - Given the current economic climate and likely recession, to endorse targeted support to those in a worklessness situation, under threat of redundancy and ex-offenders.

EXECUTIVE SUMMARY OF REPORT

- Chorley Council currently works in partnership with Business Venture Group, the local enterprise agency, to provide a seamless new business start up and support service in Chorley to all clients. The partnership does this by bringing together a number of projects including a sub-contractual arrangement with A4e (who won the 2007 – 2009 NWDA contract) to support women, ethnic minority communities and those with a disability. The North West Regional Development Agency, as part of its Regional Economic Strategy (RES) continues to drive forward its Business Simplification Programme (BSSP). Work is currently underway to determine arrangements and the procurement process has started for Business Start Up and Support post March 2009. The delivery options, accountable body arrangements, co-financing and client groupings for the new contract are considered in this report.

REASONS FOR RECOMMENDATION(S)

(If the recommendations are accepted)

- The promotion of entrepreneurship and the creation of new business start ups and survival are crucial to creating a vibrant local economy. The recommended approach to delivering the new Business Start Up and Support project will maximise the opportunities for Chorley and its Central Lancashire sub-region, and in particular in light of the economic downturn and likely recession.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

5. None

CORPORATE PRIORITIES

6. This report relates to the following Strategic Objectives:

Put Chorley at the heart of regional economic development in the Central Lancashire sub-region	✓	Develop local solutions to climate change.	
Improving equality of opportunity and life chances		Develop the Character and feel of Chorley as a good place to live	
Involving people in their communities		Ensure Chorley Borough Council is a performing organization	

BACKGROUND

7. Our Corporate Strategy aims to put Chorley at the heart of regional economic development in the Central Lancashire sub-region. The creation of new business start ups and their survival is important to creating a vibrant local economy for Chorley. Supporting entrepreneurship, new business start ups and micro businesses are integral to delivering our Economic Regeneration Strategy.

BUSINESS START UP AND SUPPORT PROJECT

8. Chorley Council currently works in partnership with Business Venture Group, the local enterprise agency, to provide a seamless new business start up and support service in Chorley to all clients. The partnership does this by bringing together a number of projects as follows:

- (i) A sub-contractual arrangement with A4e (who won the 2007 – 2009 NWDA contract) to support women, ethnic minority communities and those with a disability.
- (ii) A modest contribution of £11,000 to support additional start ups. In effect, this Service Level Agreement has supported white males who would otherwise receive the very basic call centre Business Link service.

Targets for new business creation in 2007/08 were exceeded which demonstrates the entrepreneurial spirit existing at that time in Chorley.

2007/08 Performance		
Measure	Target	Actual
New businesses established	53	74
Sustained for 12 months	82%	81%
Sustained for 24 months	76%	79%

- (iii) A one-off 'bonus' payment of £6,000 for 2008/09 was provided via the Economic Development Block of the Local Area Agreement in order to contribute to stretched targets for new business start ups, thereby ensuring the draw down of performance reward money.
- (iv) Resulting from a competitive bidding round proposed by Chorley Council, a further one-off 'bonus' payment of £15,000, again to contribute to stretched targets, to pilot an outreach service to deprived Super Output Areas, through an Enterprise Facilitator, to encourage entrepreneurship and promote self-employment as an option. This project is based on a successful pilot in Blackpool, funded by the local

Economic Growth Initiative. The Enterprise Facilitator operates across the Chorley, South Ribble and Preston economic sub-region.

- (v) Following a gap identified by our equality and diversity audit, an award of £10,000 from the Local Strategic Partnership to pilot targeted outreach support to clients in rural areas.

9. The North West Regional Development Agency, as part of its Regional Economic Strategy (RES) continues to drive forward its Business Simplification Programme (BSSP). Work is currently underway to determine arrangements and the procurement process has started for Business Start Up and Support post March 2009. The contract will initially be for a three year period with the possibility of a two year extension.
10. The NWDA has derived a very complex funding formula with the following factors weighted to determine Local Authorities shares of the project funding:

Existing Funding: The funding model takes account of existing funding to target enterprise related activities. Weighting of funding applied as follows:

- Local Enterprise Growth Initiative (LEGI) 40%
- Working Neighbourhoods Fund (WNF) 20%
- Local Authority Business Growth Initiative (LABGI) 0%

Net Enterprise Gap: The value (£) of the Local Authority Enterprise Gap vs the North West Enterprise Gap. This is determined by how much enterprise activity related funding the Local Authority is already in receipt of and the shortfall the Local Authority has in VAT stock per 10,000 adults and self-employment rates per % working age population.

Target Groups: The Borough's share of groups to be targeted; Women, Ethnic Minority Community and Disabled.

Index of Multiple Deprivation (IMD): Each Local Authority is considered in terms of its overall ranking in the 2007 IMD domain and in terms of the % of Super Output Areas (SOAs) within the Local Authority area which are in the lowest 15%.

The following weightings are applied:

- Net Enterprise Gap 50%
- Presence of Target Groups 30%
- Deprivation 20%

Provisional and indicative allocations for Lancashire are contained in Appendix 1. The rounded allocation for Chorley is £34,100. Negotiations are continuing with the NWDA with a view to maximising Chorley's allocation.

11. The Local Delivery element of the contract aims to ensure specialist and intensive Business Start Up and Support to target groups and areas. The NWDA is keen to ensure support is tailored and delivered to meet local needs and is seeking to achieve a more simplified delivery structure in each locality.
12. There are two specified delivery options – "A" and "B". Delivery Option A is the same as the current contract whereby specification will be agreed at regional, sub-regional and local levels with regional procurement and project management. Of the two delivery options, discussions indicate Delivery Option "B" as the preferred option. This option has greater flexibility such as:
 - A number of obvious groupings of Local Authorities based on acknowledged economic footprints and geography with an accountable body for each group.

- Co-financing and the pooling of resources.
- Targeting of local groups and priorities.
- Greater influence in local procurement process.

13. All non-Lancashire partners recognise the importance placed on increasing business start ups to the Lancashire economy, imperative that the best positive groupings need to be achieved to maximise funding allocated. The table below shows the groups currently proposed.

Grouping	Local Authorities	Accountable Body
Central Lancashire	Chorley, South Ribble, Preston, Lancashire County Council.	Chorley
Blackpool and the Fylde Coast	Blackpool, Wyre, Fylde	Blackpool
Pennine Lancashire	Burnley, Hyndburn, Pendle, Blackburn with Darwen, Rossendale, Ribble Valley.	Blackburn with Darwen
West Lancashire	West Lancashire, Lancashire County Council	West Lancashire
Lancaster	Lancaster, Lancashire County Council	Lancaster

Chorley is within the Central Lancashire economic sub-region, along with Preston and South Ribble, supported by Lancashire County Council. Chorley Council is the proposed Accountable Body on the understanding that all associated costs are paid for by additional funding from the NWDA. Accountable Body status will allow Chorley to have greater influence in the local procurement process and the commission of services. It will also ensure close monitoring and control of benefits and expenditure to maximise business start up and support in Chorley in relation to the Central Lancashire sub-region.

14. There are a number of options (i) to (iii) in considering co-financing with the NWDA contract.

- (i) Use £11,000 mainstream. Using £11,000 would not leave any 'reserve' to support clients, such as white males, which fall outside the priority groups of the NWDA contract.
- (ii) Use co-finance from South Ribble or Preston Council contributions. To allow other authorities to contribute, and not ourselves, would not promote the spirit of partnership working.
- (iii) Use performance reward grant for achieving stretched targets for new business start ups from the Economic Development Block of Local Area Agreement (referred to in paragraph 8(iii)).

Option (iii) is preferred as it will allow for the mainstream funding to be kept free to support non priority groupings.

Once final NWDA and performance reward allocations have been determined, all Central Lancashire resources will be 'pooled'. However, to ensure that no one local authority is disadvantaged (that is, receives less than allocated), minimum floor targets for new business start ups will be established for each borough.

15. In addition to the RES target groups of women, ethnic minority communities and people with disabilities, given the current economic climate and likely recession it is recommended that those in a worklessness situation, under threat of redundancy and ex-

offenders are also support through the new contract. Over the coming weeks Chorley Council will be liaising with the NWDA on target groups and percentage allocations.

IMPLICATIONS OF REPORT

16. This report has implications in the following areas and the relevant Corporate Directors' comments are included:

Finance	✓	Customer Services	
Human Resources		Equality and Diversity	
Legal		No significant implications in this area	

COMMENTS OF THE ASSISTANT CHIEF EXECUTIVE (BUSINESS TRANSFORMATION)

17. At this stage there are no financial implications associated with the report. The Council's role as accountable body will be an important one. Whilst it will give us greater transparency, and to some extent influence, we will need to ensure that proper governance arrangements are in place. The report highlights that we will and should only take on this role if the right level of financial support is available to ensure the correct administrative and fiscal arrangements are put in place and supported.

JANE MEEK
CORPORATE DIRECTOR (BUSINESS)

There are no background papers to this report.

Report Author	Ext	Date	Doc ID
Cath Burns	5305	October 2008	***

Business Start-Up: Lancashire provisional and indicative allocations for Year 1

Lancashire	£s per head of working age population	Rounded Allocation (£)
Blackburn with Darwen	1.77	147,000
Blackpool	0.88	72,600
Burnley	2.85	155,600
Chorley	0.55	34,100
Fylde	0.63	27,000
Hyndburn	1.89	93,200
Lancaster	1.12	94,900
Pendle	2.01	107,300
Preston	2.18	180,900
Ribble Valley	1.05	33,400
Rosendale	2.09	84,500
South Ribble	1.77	113,400
West Lancashire	0.92	60,600
Wyre	0.97	57,800
Sub-regional total		1,262,300

