

Report

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Report to:	Enterprise Services Committee
Date of Meeting:	21 August 2012
Report by:	Executive Director (Community and Enterprise Resources)

Subject:	Business Gateway Contract Tender Update
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1. Purpose of Report

1.1. The purpose of the report is to:-

- ♦ provide an update on the tender process for the new Business Gateway services contract in Lanarkshire commencing 1 October 2012 including confirmation that the contract has been awarded to the successful tenderer by North Lanarkshire Council

2. Recommendation(s)

2.1. The Committee is asked to approve the following recommendation(s):-

- (1) that the award of the Business Gateway contract for a 3 year period from October 2012 (extendable for a further 2 years) by North Lanarkshire Council to Lanarkshire Enterprise Services Ltd be noted at a total value of £6.9m over 5 years.

3. Background

- 3.1. Business Gateway is a national brand under which the Scottish Local Authorities, Enterprise Agencies, Scottish Government and Business Gateway contractors work together to provide practical information and support to individuals starting up a new business or growing an existing business.
- 3.2. The Business Gateway contracts across Scotland were originally put in place by Scottish Enterprise covering a 3 year period with an option for a 2 year extension from 1 October 2007 to 30 September 2012. The contracts were let by the Local Enterprise Company (LEC) in September 2007, given they were the lead delivery agent in 2007, and this resulted in 12 contracts across Lowland Scotland covering 26 Local Authority areas.
- 3.3. Following decisions made on the delivery of local economic regeneration by the Scottish Government in September 2007, it was agreed that the management of the Business Gateway contracts would be transferred to local authorities from 1 April 2008. To facilitate this transfer, a Lead Authority had to be appointed to manage the contract, and North Lanarkshire Council has played this role for Lanarkshire's contract with Lanarkshire Enterprise Services Ltd. This was approved by the Executive Committee on 12 March 2008.
- 3.4. A Memorandum of Understanding (MOU) was agreed at that time between North and South Lanarkshire Councils covering the strategic and performance management of both Councils in this matter. South Lanarkshire Council has chaired the Business Gateway Steering Group.

- 3.5. The current Business Gateway Lanarkshire contract delivered by Lanarkshire Enterprise Services Limited is worth £7.25 million over 5 years. The Lanarkshire contract is a well regarded model throughout Scotland. The current contract is due to end on 30 September 2012.

4. Tender process and outcome

- 4.1. Following discussions with North Lanarkshire Council and consideration of options for future delivery vehicles, it was agreed that North Lanarkshire Council would tender the Lanarkshire Business Gateway services contract for a period of 3 years with the option to extend for a further two 1 year periods. The contract commences on 1 October 2012 and could run up to 30 September 2017. The maximum estimated contract value was £7.25 million over the 5-year period.
- 4.2. A Pre-Qualification Questionnaire (PQQ) was published on the Public Contracts Scotland website on 15 February 2012. Given the size of the contract, it was also published in the Official Journal of the European Union (OJEU).
- 4.3. Following the scoring of three returned PQQs, an Invitation to Tender was issued on 2 May 2012 to 2 successful organisations. The return date for the Invitation to Tender (ITT) was 12 noon on Tuesday 19 June 2012. One completed response was received.
- 4.4. A scoring panel from both North and South Lanarkshire Councils assessed the ITT and further clarification was then sought from the tenderer at an interview and by written procedure. This has now been received in full.
- 4.5. This process recommended that the contract be awarded to Lanarkshire Enterprise Services Limited. Under delegated authority, North Lanarkshire Council will notify the company of its success in winning the contract.
- 4.6. The Lanarkshire Business Gateway Steering Group will continue to be chaired by South Lanarkshire Council as outlined in the Memorandum of Understanding set out in 2008. Given the new contract being put in place, the Memorandum will be reviewed to ensure that it is fit for purpose.
- 4.7. The key activities to be delivered through the new contract are:-
- ◆ start-up services to assist pre start and start up businesses to grow. The contractor will be contracted to assist 1,200 volume start-ups and 250 high value start-ups per annum.
 - ◆ Business Growth Services to help businesses both on a one-to-one basis and through attending workshops and events to capitalise on their growth potential. The contractor will be expected to assist 200 businesses per annum through its growth advisory service with 33 companies becoming account managed by SE.
 - ◆ local services designed to be flexible and meet local needs of business including workshops (12 companies p.a), aftercare (250 companies p.a) and expert help (130 companies p.a).

5. Employee Implications

- 5.1. There are no employee implications arising from this report.

6. Financial Implications

- 6.1. The contract award will ensure that the contract is delivered at no cost to either council other than staff time in monitoring the activity and performance of the contract.

- 6.2 The contract award is £6.9m over 5 years. Funding for the Business Gateway contract is paid direct to North Lanarkshire Council's Revenue Support Grant from the Scottish Government and includes the cost of managing the contract.

7. Other Implications

- 7.1. Work will be undertaken with our Legal and Procurement teams to ensure adequate safeguards are in place for South Lanarkshire Council over the period of the new contract.
- 7.2. The risk involved in not pursuing this course of action is that necessary support to new and growing businesses will be reduced, which will impact adversely on the affected businesses and the local economy. It will equally have a detrimental effect on the Council's reputation as well as damaging existing successful partnership arrangements.
- 7.3. The aim of the contract is to create or build successful and sustainable businesses.

8. Equality Impact Assessment and Consultation Arrangements

- 8.1. This report does not introduce a new policy, function or strategy and therefore, no impact assessment is required.
- 8.2. Consultation will take place with officers in North Lanarkshire Council and appropriate partners in the Lanarkshire Economic Forum on the design and development of the local element of the future contract.

Colin McDowall

Executive Director (Community and Enterprise Resources)

19 July 2012

Link(s) to Council Objectives and Values

- ◆ Supporting the local economy by funding the right conditions for growth
- ◆ Improving skills and employability

Previous References

- ◆ Executive Committee 14 December 2011, Business Gateway contract renewal 1 October 2012
- ◆ Executive Committee 12 March 2008, Report on Transfer of the Business Gateway contract from Scottish Enterprise to South and North Lanarkshire Councils

List of Background Papers

- ◆ PQQ and ITT documents associated with the Business Gateway Contract process

Contact for Further Information

If you would like to inspect the background papers or want further information, please contact:-

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