

Report

12

Report to:	Executive Committee
Date of Meeting:	14 December 2011
Report by:	Executive Director (Enterprise Resources)

Subject:	Business Gateway Contract Delivery from October 2012
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1. Purpose of Report

1.1. The purpose of the report is to:-

- ◆ request approval for the proposed tendering arrangements for the Business Gateway services contract in Lanarkshire commencing 1 October 2012
- ◆ provide an overview of the joint submission by North and South Lanarkshire Councils to the Business Gateway inquiry undertaken by the Scottish Parliament's Economy, Energy and Tourism Committee

2. Recommendation(s)

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

- (1) that the proposed tender arrangements for the Business gateway Contract Services Contract in Lanarkshire be approved; and
- (2) that the joint response by North and South Lanarkshire Councils to the Scottish Parliament's Economy, Energy and Tourism Committee enquiry into the renewal of the Business Gateway Contracts be noted.

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. It is a nationally recognised brand offering a first point of access for all forms of business support and an access point for other public sector services. Services include the following:

- Online advice and support through the Business Gateway website
- A programme of business skills workshops and events in local areas
- Access to business information via the Business Gateway Enquiry service
- One to one advice and support from business advisers at a local level

3.2. In addition to the local delivery of services, there is a national Business Gateway service which includes support staff based within COSLA, the Business Gateway website (www.bgateway.com), the Enquiry, Fulfilment and Referral Service (EFRS) and the provision of national marketing campaigns.

- 3.3. The Business Gateway contracts across Scotland were originally put in place by Scottish Enterprise covering a 3-year period from 1st October 2007, with an option for a 2 year extension to 30 September 2012. The contracts were let by the Local Enterprise Companies (LEC) in September 2007, given they were the lead delivery agents delivering these services at the time. This resulted in 12 contracts across Lowland Scotland covering 26 Local Authority areas. Following decisions 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 undertook this role partly due to the contractor being based in Coatbridge in North Lanarkshire. This arrangement was approved by the Executive Committee on 12 March 2008.
- 3.4. The Lanarkshire Business Gateway contract transferred on 1 April 2008 from Scottish Enterprise to North Lanarkshire Council as lead authority. A Memorandum of Understanding (MOU) was agreed at that time between North and South Lanarkshire Councils covering the strategic and performance management of the contract on behalf of both Councils.
- 3.5. The current Business Gateway Lanarkshire contract is delivered by Lanarkshire Enterprise Services Limited and is worth £7.23m over 5 years, and covers both North and South Lanarkshire Council areas. The Lanarkshire contract is a well regarded model throughout Scotland.

4. Business Gateway Contract post October 2012

- 4.1. The current contract is due to end on 30 September 2012. Detailed discussions are now underway at both a national and local level to scope the future of the Business Gateway model from 1 October 2012. A full evaluation was commissioned by the Business Gateway Operational Network who commissioned consultants, Ekosgen, to produce an independent evaluation entitled "A Business Gateway National Evaluation and Future Arrangements for the Delivery of Business Gateway." The report made a series of recommendations for the future delivery of Business Gateway services across Scotland. These included a recommendation to keep the current, successful delivery structure in place and continue to have 12 Business Gateway contracts managed by the 12 Lead Local Authorities in Lowland Scotland. It was also agreed that, ultimately, the new contracts will ensure a consistent national core service with a local flexible solution which will be focused on driving growth through the continuing downturn.
- 4.2. Ensuring flexibility and responsiveness within the Business Gateway model post October 2012 will be key to ensuring that the vital services provided to local businesses are retained and enhanced. At a local level, work has been underway to identify options for the future local delivery of the service, including the nature of local business support activity to augment the national core services and options for future delivery vehicles. Whilst North Lanarkshire Council has lead responsibility for managing the existing Business Gateway contract, South Lanarkshire Council has been engaged and consulted throughout the term of the contract, particularly through the Steering Group which it chairs, and also on current discussions on the future delivery of Business Gateway.

Parliamentary Inquiry

4.3. The Economy, Energy and Tourism Committee of the Scottish Parliament has undertaken a short, focussed Inquiry into the renewal of the Business Gateway contracts. The remit of the Inquiry was: "To seek views of Business Gateway service users and providers regarding its strengths and weaknesses and determine whether there are any recommendations the Committee wishes to make to feed into the Business Gateway contract renewal process". North and South Lanarkshire Councils submitted a joint written response to the call for evidence. This response is summarised below:

- Current Lanarkshire contract has performed well within constraints at outset
- Social enterprise assistance has been integrated well within the Lanarkshire contract
- Robust start up and growth business services required given economic climate
- Recommended 3 year contract with 2 year additional option
- Supportive of national core service contract moving forward, supplemented by local service designed locally to fit local needs.
- Additional flexibility required to respond to local economic circumstances

The main outcome of Inquiry has been wider and increased consultation with interested parties and stakeholders.

Proposed Tendering Arrangements

- 4.4. As part of this ongoing work, officers from North and South Lanarkshire Councils have undertaken an options appraisal of future delivery models for the contract. Following a comprehensive review and discussion with the Business Gateway Steering Group, the options appraisal has concluded that Business Gateway services in Lanarkshire after October 2012 should be competitively tendered.
- 4.5. It is proposed that North Lanarkshire Council continue in the role of lead authority, which they have undertaken since 2008, as the necessary systems and structures are already in place. As lead authority, North Lanarkshire Council would then legally procure the contract on behalf of both councils and continue to manage and monitor the contract once let. The Lead Authority and tendering proposals have already been reported to North Lanarkshire Council's Regeneration Committee on 2 November 2011 and were approved.
- 4.6. Subject to agreement by the Scottish Government, North Lanarkshire Council would then require to commence an OJEU tender process in February 2012 in order that a new contract will be in place and operational with effect from 1 October 2012. The current national recommendations are again for a 3-year contract with the option to extend for a further 2-year period.
- 4.7. It has been proposed that the current strategic management arrangements continue. 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 and continues to ensure that performance and strategic direction are managed in the best interests of South Lanarkshire in the current difficult economic conditions.

5. Employee Implications

- 5.1. There are no direct employee implications.

6. Financial Implications

- 6.1. The budget available for the new contract will be determined by the allocation awarded by the Scottish Government to North Lanarkshire Council for the Lanarkshire Business Gateway contract. The current expectation is that this amount will be similar to previous levels of Business Gateway funding, i.e. £1.45m p.a., although this position is not yet confirmed.
- 6.2. The contract award will ensure that it is delivered at no cost to either council other than staff time in monitoring the activity and procuring the contract which will continue to be met within existing resources.

7. Other Implications

- 7.1. The risks involved in not pursuing this course of action are that necessary support to new and growing local 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.

The next 12 months remain critical in taking forward the future delivery of Business Gateway services at both a local and national level whilst ensuring minimal disruption to services.

- 7.2. Moving forward, it is proposed that the Council work closely with our Legal and Procurement teams to ensure adequate safeguards are in place for South Lanarkshire Council and our area in terms of local performance over the period of the proposed contract.

8. Equality Impact Arrangements 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. Work will continue with officers in North Lanarkshire Council and appropriate partners in the Lanarkshire Economic Forum will be consulted in the design and development of the local element of the future contract.

Colin McDowall
Executive Director (Enterprise Resources)

21 November 2011

Link(s) to Council Values/ Improvement Themes/ Objectives

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

Previous References

- 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

- Scottish Parliament's Economy, Energy, and Tourism Committee Inquiry report on the Business Gateway.

Contact for Further Information

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

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