

# Report

<b>To:</b>	<b>Community and Enterprise Resources Committee</b>
<b>Date:</b>	<b>24 November 2020</b>
<b>Report by:</b>	<b>Executive Director (Community and Enterprise Resources)</b>

<b>Subject:</b>	<b>Lanarkshire Business Gateway Update - Contract for the Provision of Business Gateway Service from 1 March 2021</b>
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## 1. Purpose of Report

1.1. The purpose of the report is to:-

- ♦ provide an update on the outcome of the procurement of the Lanarkshire Business Gateway contract from 1 March 2021 undertaken by lead authority, North Lanarkshire Council

## 2. Recommendation(s)

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

- (1) that the outcome of the procurement of the Lanarkshire Business Gateway contract from 1 March 2021, undertaken by lead authority, North Lanarkshire Council, on behalf of both Lanarkshire authorities, as set out in Section 4, be noted; and
- (2) that the award of the Contract to Enterprise North East Trust Limited trading as "Elevator" for a maximum value of £5,600,000, being the tender evaluated as providing the most economically advantageous tender in terms of both cost and quality, be noted.

## 3. Background

3.1 On 31 March 2020, the Community and Enterprise Committee noted the progress and performance of the current Business Gateway contract. The Committee also approved the proposed delivery model and recommendation to proceed with a tender for a new contract for the next phase of Business Gateway services from March 2021.

3.2 Business Gateway (BG) is a publicly funded service that provides free business support and advice for start-up and existing businesses. The service is nationally branded and delivered locally across Scotland. Following changes to the delivery of local economic regeneration agreed in 2007, the delivery of the Business Gateway service was transferred from Scottish Enterprise to Local Government on 1 April 2008 in order to align more closely with local priorities and local authority economic development services. North Lanarkshire Council is the lead authority and manages the contract for Lanarkshire Business Gateway on behalf of both North and South Lanarkshire Councils.

- 3.3 The Lanarkshire Business Gateway Service delivers business advisory services and workshops to both start-up and existing businesses across Lanarkshire on behalf of North and South Lanarkshire Councils. Services delivered via the Contract will provide support to pre-start, start-up, existing businesses and businesses with ambitious growth potential as well as providing a valuable mechanism of recovery for businesses impacted by the Covid-19 pandemic.
- 3.4 Both Councils are committed to increasing the entrepreneurial culture within Lanarkshire, supporting business competitiveness, employment opportunities and inclusive growth. The Business Gateway Service has a focus on Small to Medium Enterprises (SMEs).
- 3.5 South Lanarkshire Council chair the Business Gateway Steering Group which will oversee the strategic direction and performance of the service and that the arrangement will continue over the new contract period. The steering group consists of two elected members and senior officers from both Councils. They are supported by operational staff who have responsibility for contract management. The group is chaired by Councillor Collette Stevenson and meets on a quarterly basis or as business requires.
- 3.6 At a national level, the Business Gateway National Unit (BGNU) based within COSLA, provide the local services with marketing, branding, PR, and quality assurance support. A national Board is also in place to oversee BGNU strategy and operational delivery and ensure national targets are being met. Councillor Collette Stevenson is also on this national Board representing the Lanarkshire area.
- 3.7 As noted above, the Community and Enterprise Resources Committee, on 31 March 2020, approved the proposal to proceed with a tender for a new contract from 1 March 2021 under the procurement procedures and standing orders of North Lanarkshire Council as lead authority. It is noted that officers from South Lanarkshire Council are involved in the preparation of tender documents and assessment of submitted bids, which is in turn reported to the Steering Group. The Steering Group in turn make a recommendation to North Lanarkshire Council. However, it is highlighted that the authority to conclude a new contract rests with North Lanarkshire Council and approval the responsibility of their Enterprise and Growth Committee which considered and approved the contract award on the 5 November 2020. This is the same process that has been followed for the previous 2 BG contracts reported to Committee in 2012 and 2017. As such this report to Committee is for noting.

#### **4. Contract Procurement and Award**

- 4.1 In accordance with North Lanarkshire Council's procurement procedures, a user intelligence group (UIG) of technical representatives from both Councils and procurement representative from North Lanarkshire Council's Corporate Procurement Team was formed to lead the process. This group proceeded to review technical specifications, discuss trading processes, market conditions and trends, ways to maximise community benefits and sustainability and to agree the procurement strategy that would deliver maximum benefit for both Councils via the Contract.
- 4.2 The initial estimated value of the Contract dictated that the contract award procedure be undertaken in accordance with the Public Contracts (Scotland) Regulations 2015. The contract opportunity was published in the OJEU and on the Public Contracts Scotland website with the Open Procurement procedure adopted.

- 4.3 Based on the criteria and scoring methodology set out in the invitation to tender package, an evaluation of the tender responses was completed by members identified by the UIG. Selection stage responses were evaluated first and only tenderers that satisfied the selection stage criteria progressed to the award stage evaluation. One bidder was discounted at this stage as it did not satisfy the essential criteria, they failed to provide sufficient information to assess their financial standing and the examples provided to demonstrate their previous experience were not of the size, scale or nature for the requirements of this procurement. As part of the evaluation process Enterprise North East Trust Limited T/A Elevator and Lanarkshire Enterprise Services Limited were invited to attend presentations on 30 September 2020.
- 4.4 Following on from the above, and as noted in paragraph 3.7 North Lanarkshire Council, as the lead authority, have presented a recommendation to accept the tender submitted by Enterprise North East Trust Limited, (Elevator,) to their Enterprise and Growth Committee on 5 November 2020 which has been approved by the Committee members.
- 4.5 The tender has been evaluated as representing the most economically advantageous tender for this Contract. Appendix 1 sets out the scoring achieved by each tenderer.
- 4.6 North Lanarkshire Council officers, as lead authority, from their Planning and Regeneration service will be responsible for managing the Contract. This will be undertaken in accordance with North Lanarkshire Council's agreed approach to contract and supplier management. Regular progress and performance reports will be presented to the Steering Group on a quarterly basis.
- 4.7 The Contract is for an initial period of two years to commence on 1 March 2021. The Councils have reserved the right to extend the Contract for additional periods up to a maximum of a further two years in one-year increments.
- 4.8 The value of the Contract shall not exceed Five Million Six Hundred Thousand Pounds (£5,600,000) which includes a One Million Pounds (£1,000,000) 'contingency fund' which the Councils may use at their sole discretion to achieve additional ad hoc business support objectives as part of their flexible response to emerging economic challenges and opportunities. Proposals on such additional services will be presented to the Steering Group for approval.

## **5. Next Steps**

- 5.1 North Lanarkshire Council, as lead authority, will proceed to complete the procurement process. The bidders have been notified of the intention to award the contract to Enterprise North East Trust Limited, trading as "Elevator" and there follows a 10-day standstill period within which any legal challenge should be made. The procurement process has been undertaken with regard to the appropriate regulations and under advice from both authorities' legal and procurement professional advisers. There follows a mobilisation period during which the contractor will require to implement all necessary arrangements to deliver services including implementing procedures under TUPE for the transfer of employees from LESL (if appropriate).
- 5.2 Following North Lanarkshire Council's Committee on 5 November 2020, the timescale and milestones are as follows:
- ◆ Issue of 'standstill' letters 6 November
  - ◆ End of standstill period, 16 November
  - ◆ Contract award letter issued 20 November
  - ◆ Contractor undertakes transfer of service, TUPE consultations (if appropriate) and mobilises operations

- ◆ The new service and delivery model in place and operational from 1 March 2021.

5.3 As noted above, the contract is for an initial term of two years with the option to extend for further two one year periods. This will provide the opportunity and flexibility to respond to strategically important ongoing areas of work progressing over the next two years, including the following, which may impact future service delivery:

- ◆ Response to the Covid-19 pandemic and the rapidly changing situation in terms of localised and regional restrictions on economic activity, provision of Scottish Government support to businesses faced with restrictions and the requirements for ongoing provision of business advisory support.
- ◆ The Glasgow City Region Economic Strategy review: this includes actions around the provision of a unified support offer to businesses.
- ◆ Changes in the Scottish Enterprise business support model: a new strategic operating plan outlines a different approach to place-based activity and focus on creating high value jobs.
- ◆ Single Entry Point (SEP): online directory of available business support. This is now available for all businesses as a pilot at <https://findbusinesssupport.gov.scot/> and is a key output of the Enterprise and Skills Review. It is the intention that this will cover all public sector business support in the future. At present the SEP covers 200 products from 6 national agencies and includes core BG services.
- ◆ The Target Operating Model; development of the SEP identified that a further piece of work is required to explore how the wider business support environment needed to transform to remove duplication and simplify the services available.

## **6. Employee Implications**

6.1 There are no employee implications for the Council arising from this report.

## **7. Financial Implications**

7.1 The Business Gateway contract is fully funded by the Scottish Government.

7.2 The total value of the new contract, i.e. the tender price, is £5,528,821 which includes a £1,000,000 'contingency fund' as explained in section 4.8 above. Funding for the provision of the contract is provided by the Scottish Government and paid directly to North Lanarkshire Council through their Revenue Support Grant (RSG).

## **8. Climate Change, Sustainability and Environmental Implications**

8.1 There are no implications for climate change, sustainability or the environment in terms of the information contained in this report.

### **General/Other Implications for the Council**

9.1 Work will be undertaken with Legal and Procurement teams to ensure adequate safeguards are in place for South Lanarkshire Council as part of the new contract.

9.2 The current minute of agreement with North Lanarkshire Council expires at the end of this current contract in February 2021. To protect Business Gateway services, the level of funds in place, and South Lanarkshire Council's interests, a new memorandum of understanding will be required to cover the period of a new contract.

9.3 The risk involved in not pursuing this course of action is that the 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.

## **10. Equality Impact Assessment and Consultation Arrangements**

- 10.1. This report does not introduce a new policy, function or strategy and therefore, no impact assessment is required.
- 10.2. Elevator have demonstrated commitment to Fair Work practices within the Contract which is highlighted by them being an accredited Living Wage employer.
- 10.3. Consultation will continue to take place with officers in North Lanarkshire Council and appropriate partners on the implementation of the new service contract.

**Michael McGlynn**

**Executive Director (Community and Enterprise Resources)**

3 November 2020

### **Link(s) to Council Values/Ambitions/Objectives**

- ◆ Promote economic growth and tackle disadvantage
- ◆ Support the local economy by providing the right conditions for inclusive growth

### **Previous References**

- ◆ Community and Enterprise Resource Committee, 31 March 2020; Lanarkshire Business Gateway Contract Update and Future Delivery

### **Contact for Further Information**

Name	Stephen Keating
Designation	Economic Development Manager
Tel	01698 455191
E-mail	stephen.keating@southlanarkshire.gov.uk

## Appendix 1 – Summary of Tender Evaluation Process

Final Rank	Tenderer Name	Total Tender Score (%)	Recommended for Contract Award
1	Enterprise North East Trust Limited T/A Elevator	86.51%	Yes
2	Lanarkshire Enterprise Services Limited	78.70%	No