

WEST DUNBARTONSHIRE COUNCIL

Report by Executive Director of Housing, Environmental and Economic Development

Housing, Environment and Economic Development Committee:
7 March 2012

Subject: Business Gateway Service Delivery

1. Purpose

- 1.1** The purpose of this report is to seek approval from the Committee for the new proposed delivery model for the Business Gateway service from 1 October 2012 - 30 September 2017.

2. Background

- 2.1** Business Gateway contracts were originally designed and procured by Scottish Enterprise in 2007 based on local enterprise company areas for a five year period (October 2007 - September 2012). The Business Gateway contract for the Dunbartonshire area was won and is delivered by Business Development Advisers Ltd (BDA Ltd).
- 2.2** The Business Gateway Dunbartonshire contract area currently includes West Dunbartonshire Council area, East Dunbartonshire Council (EDC) area and the Helensburgh and Lomond District of Argyll & Bute Council area.
- 2.3** West Dunbartonshire Council has been the lead local authority responsible for the management of the Business Gateway service for the Dunbartonshire area since its transfer from Scottish Enterprise in April 2008.
- 2.4** The Business Gateway service model aims to support new start and existing businesses through the provision of information, advice and skills workshops. A segmentation approach is applied to focus resources on businesses that demonstrate growth potential.
- 2.5** Overall the performance of the Dunbartonshire Business Gateway service has been good. WDC has 41% of the population in the area covered by the contract but has achieved the following results in the period 2008-11:-
- 710 start-ups assisted in WDC equating to 46% (1530 in total);
 - 121 start-ups assisted to achieve VAT registration in WDC equating to 60% (203 in total);
 - 19 businesses referred to Scottish Enterprise Growth Pipeline from WDC equating to 26% (72 in total); and
 - 4 businesses referred to Scottish Enterprise Account Management from WDC equating to 40% (10 in total).

3. Main Issues

- 3.1** The Business Gateway service has been the subject of a national evaluation conducted by Ekosgen published in June 2011. The overarching conclusion from the report was that there was no need for wholesale change as the Business Gateway service was delivering business benefits and that the transfer of Business Gateway services to local authorities had been achieved relatively smoothly.
- 3.2** The evaluation report highlighted that the Business Gateway service post September 2012 should maximise the impact of the service for customers and the economy and should offer value for money, relevant and appropriate to customer need. It reinforced a need for local flexibilities and for the service to be able to adjust to market conditions.
- 3.3** The commissioning arrangements for the Business Gateway service post September 2012 have been the subject of a recent inquiry conducted by the Economy, Energy and Tourism Committee at Holyrood. This inquiry sought the opinions of Business gateway users, providers and other stakeholders in order to make recommendations on the Business Gateway contract renewal process. The recommendations are summarised below:-
- the need for a core minimum standard service with local flexibility;
 - more consultation with service users;
 - Business Gateway structures need to be streamlined and simplified;
 - additional services such as aftercare, assistance for business survival and increased engagement of business should add to the core service;
 - the service should be more outcome rather than output focused; and
 - Councils should determine the best model of delivering Business Gateway services in their area, whilst ensuring best value for money and integration of business support with other relevant Council services.
- 3.4** West Dunbartonshire Council will remain lead local authority responsible for the management of the Business Gateway services for both the West Dunbartonshire Council area and the East Dunbartonshire Council area. As agreed through the Business Gateway Scotland Board and the Scottish Government the responsibility for the management of the Helensburgh & Lomond District of Argyll & Bute will transfer to Argyll & Bute Council to allow better alignment of service provision across the Council boundaries. Negotiations regarding the budget allocation to be transferred will be necessary.
- 3.5** An option appraisal has been completed to consider the service delivery models available to continue the Business Gateway service post September 2012. The options considered are listed below:
- (i) Re-tender for West Dunbartonshire Council and East Dunbartonshire Council area;

(ii) Re-tender as a shared service delivery model over a wider geographical area; and

(iii) In-house delivery or Arms Length External Organisation.

3.6 The preferred option of both partner Local Authorities would be option 1 for West Dunbartonshire Council to remain the Lead Local Authority and re-tender the Business Gateway service provision for WDC and EDC Council areas. The reasons for this include:-

- previous experience of successfully managing the contract;
- high level of integration with existing Council business support services;
- maintain local control, flexibility and value for money; and
- incorporate best practice elements of 'Fit for Growth' programme into local services element of new contract

3.7 Option 2 to re-tender over a wider geographical area was explored. It was felt that this would result in loss of Lead Local Authority status and budgetary control. This would lead to a lack of flexibility in local service provision.

3.8 Option 3 to deliver the Business Gateway service in-house or through an arms length organisation was discounted due to the contract value and TUPE implications. The constraints of the contract value and the supplier's current delivery model, utilising self employed advisers would make it difficult for the Council to provide the service in-house.

3.9 It has been agreed nationally that the new contract will be awarded for a five year period (2012-2017). The timeline for the procurement of the contract is:

OJEU Tender Alert/PQQ	March 2012
Invitation to Tender	April 2012
ITT Deadline for Responses	June 2012
Contract Award	July 2012
Contract Start date	October 2012

3.10 The full tender specification for the new contract is currently being developed in consultation with our partners in East Dunbartonshire Council and will include the following elements:-

- Start-up advisory service;
- Growth advisory services; and
- Local services.

4. People Implications

- 4.1** There would be no direct personnel implications for the Council. Should a new bidder be successful, staff currently employed to deliver Business Gateway services would transfer to the successful contractor on their existing terms and conditions of employment as provided for in the Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE).

5. Financial Implications

- 5.1** Scottish Government provides funding of approximately £506,000 per annum to West Dunbartonshire Council as lead local authority as part of their revenue block grant allocation to fund the delivery of the Dunbartonshire Business Gateway service.
- 5.2** West Dunbartonshire Council as lead local authority receives additional funding from the Scottish Government to support the management of the contract.

6. Risk Analysis

- 6.1** Failure to obtain approval for the new Business Gateway service delivery model may affect the ability to meet the timescales required through OJEU. This would have a detrimental effect on the continuity of business support across the Dunbartonshire area.

7. Equalities Impact Assessment (EIA)

- 7.1** This report does not seek to develop or implement a new policy and therefore an impact assessment is not required.

8. Strategic Assessment

- 8.1** The proposed new service delivery model for Business Gateway is consistent with the aims and objectives of the Economic Development Strategy. The tender specification will provide details of the service provision required to contribute to the headline targets for the economic growth of the local area over the period 2011-2016. This is in line with the Social and Economic Regeneration strategic priority identified by the Council for 2011/12.

9. Conclusions and Recommendations

- 9.1** This report has highlighted the work undertaken at a national level and in Dunbartonshire, regarding the future delivery of the Business Gateway contract. It reinforces the importance of this activity at a time when the formation and growth of enterprise is a key national priority in tackling the economic downturn. It also recognises that the national model of delivery must be maintained in a manner which is sensitive to the needs of the Dunbartonshire area.

9.2 The report recommends that the Council should continue to pursue the arrangements for commissioning Dunbartonshire Business Gateway services, including finalisation of the service specification and preparing for tender of the contract.

9.3 The Committee is therefore asked to:

- (i) approve Option 1 as the new Business Gateway service delivery model for the Dunbartonshire area;
- (ii) agree that delegated authority be given to the Executive Director of Housing, Environmental and Economic Development to commence the procurement process for the new Business Gateway contract effective from 1 October 2012 - 30 September 2017; and
- (iii) agree that delegated authority be given to the Executive Director of Housing, Environmental and Economic Development to negotiate and agree appropriate disaggregation of Business Gateway budget for Helensburgh & Lomond District with Argyll & Bute Council.

Elaine Melrose

Executive Director of Housing, Environmental and Economic Development

Date: 20 February 2012

Person to Contact: Michael McGuinness - Economic Development Manager, Garshake Road, Dumbarton, G82 3PU, telephone: 01389 737415, e-mail: michael.mcguinness@west-dunbarton.gov.uk.

Appendices: None

Background Papers: Business Gateway Service Delivery Option Appraisal

Wards Affected: All