

EAST RENFREWSHIRE COUNCILCABINET15 September 2016Report by Director of EnvironmentBUSINESS GATEWAY SERVICES CONTRACT**PURPOSE OF REPORT**

1. The purpose of this report is to update the Cabinet in relation to the existing Business Gateway contract and to seek approval to progress new arrangements for the future delivery of Business Gateway services.

RECOMMENDATIONS

2. The Cabinet is asked to:
- (a) approve the terms of this report, in particular that Business Gateway Service will be delivered separately by each of the 3 local authorities (East Renfrewshire, Renfrewshire and Inverclyde Councils) from 1st October 2016;
 - (b) note that services will continue for the short to medium term to be provided seamlessly from October 2016;
 - (c) note that there will be flexibility to respond to any changes emerging from ongoing discussions at the national and City Region levels; and
 - (d) delegate to the Director of Environment, in consultation with the Chief Officer (Legal and Procurement), to finalise negotiations with Inverclyde and Renfrewshire Councils on the development of a Service Level Agreement, the final distribution of budgets, any TUPE matters and to progress arrangements to deliver future Business Gateway services as appropriate.

BACKGROUND

3. In September 2012, the Cabinet considered a report on the delivery of Business Gateway and agreed that Renfrewshire Council should manage the delivery of the Business Gateway contract across the wider Renfrewshire area incorporating East Renfrewshire and Inverclyde Councils. The contract for the delivery of Business Gateway services was subsequently awarded to Lanarkshire Enterprise Services Limited from October 2012.

4. In recent years, a number of Councils have moved towards an in-house delivery model for Business Gateway, where Council staff provide businesses with advice, with the option of having some specialist services outsourced under contract.

5. In May 2016, an option appraisal report was finalised by consultants EKOS. This followed a decision by Renfrewshire Council's Economy and Jobs Policy Board (acting as Lead Authority) to consider the most appropriate short-medium term delivery model for the future Business Gateway services in East Renfrewshire, Renfrewshire and Inverclyde Councils. The appraisal was commissioned against a background of wider informal discussions on the future delivery of enterprise services including Business Gateway. The options reviewed by the appraisal were therefore to consider options for service delivery over only the short to medium term.

REPORT

6. Business Gateway services provide on behalf of the Scottish Government information and support to individuals setting up a new business and to growing existing business. Business Gateway is a national brand and is delivered at a local level across Scotland alongside a range of complementary Council delivered services which also support business start-up and growth.

Business Gateway Delivery Models across Scotland

7. Whilst each local authority in Scotland has its own Business Gateway service, Scotland is structured into 19 Business Gateway areas, 8 of which comprise small groups of neighbouring authorities. In each of these 8 areas, there is a lead Council which acts as the lead contracting partner, receives the funding from the Scottish Government, distributes and reports performance measures into the National Business Gateway unit hosted at COSLA.

8. In terms of service delivery, there is a patchwork of different structures across Scotland, with some Council's outsourcing delivery and others delivering in house. Some also operate a hybrid approach with third parties delivering some but not all aspects of the service. There is no consensus on which approach works best. Different approaches suit different Council's taking account of local circumstances, contractor and stakeholder relationships, track records and the resources available.

Research and Options Appraisal

9. As advised earlier in this report, a research and option appraisal exercise was commissioned to allow Renfrewshire, East Renfrewshire and Inverclyde Council's to consider the most appropriate model for the future delivery of Business Gateway including maintaining the status quo, bringing delivery in house or a hybrid where some elements of service could be outsourced.

10. The brief also identified a requirement to assess the costs and benefits of the different options and consider the most appropriate and best value use of resources, not just focusing on the lowest initial costs but also the actual returns, and make a recommendation for future delivery.

11. It was evident from the outset that each of the three local authorities had different aspirations in relation to delivery models and against this background the report recommended that a single uniform approach would not be feasible. Instead it recommended a split or hybrid approach which addressed each Council's aspirations should be put in place.

12. Inverclyde and Renfrewshire Council's had expressed their preference to have the majority of services delivered directly by their own employees, whereas East Renfrewshire's position was that we should continue to contract out the Service (or elements of the service) to specialist organisations and this view was reflected in the options appraisal report. Given the difference of position in relation to future delivery models, it has taken until now to reach agreement with the other 2 Councils in relation to the way forward and arrangements for the disaggregation of budgets.

13. It is now proposed that Business Gateway delivery is managed and delivered locally by each of the 3 local authorities from October 2016. The Business Gateway budget would be split based upon the previous 4 year's activity with Renfrewshire Council receiving 55%, East Renfrewshire 23% and Inverclyde 22% of the share of the current funding.

14. It is proposed that a Service Level Agreement be developed over the coming month to identify the financial support and targets for each area and to facilitate the financial drawdown from Renfrewshire Council. Advice is being sought from Legal Services and HR regarding any TUPE issues associated with the termination of the existing Business Gateway contract which expires on 30 September 2016.

Future Service Delivery Model

15. The EKOS options appraisal report indicated that the option which emerged as offering the greatest potential for flexibility was an individual local authority procured model. Progressing with such a procured model would allow East Renfrewshire Council to operate, manage and contract out elements of the service as deemed appropriate. The Environment Department is keen to have a more flexible approach towards supporting local businesses and that reflects the Council's priorities and that of the local business base – particularly in relation to the growth agenda which the existing contractor has found to be a challenging objective to date.

16. The Economic Development team within East Renfrewshire Council already has a wide range of business support on offer including staff expertise, grants, loans and employability and recruitment services.

17. The service is currently undergoing a review and potential restructure to best incorporate the requirements of delivering Business Gateway services to provide a seamless and effective service from October 2016. It is envisaged that the Economic Development team will outsource elements of Business Gateway where additional expertise is needed to enable the delivery of an expert, locally focused service including;

- Business start-up, self-employment and enterprise services operating from within the Business Zone in the Foundry but with the potential to relocate or co-locate to the proposed Greenlaw Business Incubation Centre in the future.
- Business growth and development services operating from within Economic Development out of the Spiersbridge offices.
- Support to key sectors within the area such as tourism, hospitality, sports and leisure, construction, higher value business services, low carbon and health and social care. This will be enhanced by local supply chain development in connection with the City Deal programme and the Council's other Strategic Development Opportunities.

18. It is proposed that any new contractual arrangement should only cover a short to medium term timescale. This is to allow the conclusion of ongoing discussions around future enterprise delivery which are taking place both within Scottish Government and at a regional level amongst Glasgow City Region City Deal partners.

19. This report therefore proposes a 2 stage contractual process where we quickly put in place transitional arrangements which will allow Business Gateway services to continue to be delivered seamlessly from 1 October 2016. Tender documents are currently being finalised. This is with a view to having flexibility in early 2017 with regard to service delivery options depending on the progress and outcome of ongoing national and regional discussions.

FINANCE AND EFFICIENCY

20. There are no other financial implications to the Council. The funding required to support the delivery of Business Gateway services in the future will be met from within existing and the redistributed Business Gateway budgets.

CONSULTATION

21. Procurement, HR and Legal Services have been consulted in relation to this report.

PARTNERSHIP WORKING

22. In relation to the future delivery of services, East Renfrewshire Council will continue to work in partnership with Inverclyde and Renfrewshire Council's and through the Business Gateway Board.

IMPLICATIONS OF THE PROPOSAL

23. There are no implications in relation to property, legal, IT, equalities or sustainability. Staffing implications are being addressed as part of the ongoing TUPE considerations.

CONCLUSIONS

24. Although there is still a level of detail to be worked through by the 3 Council's on some elements of implementation, the conclusion shared by the 3 Council's is that implementing an in-house managed arrangement separately for each Council will provide a service which makes better use of the resources available, integrates better with each Council's own services and can be tailored according to the particular emphasis each Council wishes to place on start-up and business growth support. For East Renfrewshire Council, this proposal provides an opportunity to take business support to a new level, with much closer integration with the "Invest in East Renfrewshire" programme of work.

25. In-house delivery means that the funds received from Scottish Government will be directly controlled by each Council with Renfrewshire Council continuing to fulfil a basic Lead Council function. All resources will be appropriately split between each Council.

RECOMMENDATIONS

26. The Cabinet is asked to:

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Director of Environment

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KEYWORDS

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