

North Lanarkshire Council Report

Enterprise & Growth Committee

approval noting

Ref SL/YW

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Business Gateway Contract Extension

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Executive Summary

The purpose of this report is to provide Committee with an update on performance of the Council's Business Gateway Service, and to advise Committee of the extension of the current contract for a further 12-month period.

Recommendations

It is recommended that Committee:

- (1) Notes the content of this report.

Supporting Documents

Council business plan to 2020 Improve economic opportunities and outcomes
Improve relationships with communities and the third sector

1. Background

- 1.1 Business Gateway is a publically funded service that provides free business support and impartial advice for start-up and existing businesses based in Scotland. The overarching aim of the Business Gateway is to support business growth with a view to delivering employment and economic growth in the Scottish economy.
- 1.1 In Lanarkshire, North Lanarkshire Council (as lead Local Authority) manage the delivery of the Business Gateway service across North Lanarkshire and South Lanarkshire. The Business Gateway service is outsourced and delivered by a third party contractor. The current contractor is Lanarkshire Enterprise Services Limited (LESL). In March 2017, following a competitive procurement process LESL were awarded the current contract for the provision of the Business Gateway services in Lanarkshire. The contract is for an initial 25 month period to 31st March 2019. There is then an option to extend the contract for a further two periods of twelve months and eleven months respectively.
- 1.2 Funding for the provision of the contract is fully provided by the Scottish Government through the Council's Revenue Support Grant (RSG). In addition, following the successful bid in 2014, business growth services available to Small to Medium Enterprises (SMEs) through Business Gateway Lanarkshire is also supplemented by European Regional Development Funding (ERDF). Following Committee approval in September 2018 the Enterprise Development Team are working on a bid to extend this ERDF funding for a further 4 years.
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2. Report

- 2.1 The current contract with LESL for the delivery of the Business Gateway Service in Lanarkshire is nearing the end of the initial 25 month period. At the Business Gateway Steering Group on the 21st November 2018, the Steering Group agreed to extend the contract for a further 12 month period to March 2020. The position shall then be re-assessed again late 2019 and an informed decision shall be made as to whether the contract is extended for the final 11 months until the 28th of February 2021.
- 2.2 The decision to extend the contract was taken in consideration of the contract performance to October 2018. The Performance for the 13 months to March 2018 and 6 months to September 2019 are summarised below.

Performance for the 13 months to 31st March 2018

- a) A total of 1090 new businesses were created meeting the 13 month target set.
- b) Each business has the support of a dedicated Business Gateway Advisor who operates as a single point of contact for Business Gateway services. Where needed, Advisors can offer to carry out a Business Development Review (BDRs) on any business they support. BDRs help businesses to identify, structure and progress their growth plans. BDRs were slightly behind the 13 month annual target with 184 (92%) newly created businesses and 290 (87%) businesses who are already trading receiving a BDR. The performance in these lines improved as we progressed throughout year as staffing was re-aligned to improve the performance.

- c) A total of 209 new businesses were supported through Business Gateway who have high growth potential (i.e. businesses registered for VAT or employing staff). This was 105% of the target set for the 13 month period.
- d) The SMART Accelerator is a programme that runs in cohorts of up to 12 entrepreneurs to help them quickly scale their business through a unique blend of business growth support. Three SMART accelerator programmes operated during the period.
- e) The Expert Help Programme provides businesses up to 3 days of fully funded consultancy support to provide additional specialist skills which are not available within some smaller businesses, such as marketing or finance. There was a high demand from businesses for Expert Help with the 13 month target exceeded by 11%. The service delivered 467 days of expert help to 205 businesses.
- f) In addition, a total of 1,116 Small to Medium Enterprises (SMEs) received support from a Business Gateway Advisor of less than 7 hours.

Performance for the 7 months to 31st October 2018

- a) A total of 604 new businesses were created with support from Business Gateway which was 104% of the pro-rata target for the 6-month period.
- b) Business Development Reviews (BDRs) were slightly behind the pro-rata target with BDRs delivered to 87 newly created businesses achieving 88% of target and BDRs were delivered to 152 businesses who are already trading achieving 79% of pro-rata target.
- c) A total of 84 new businesses with high growth potential received support which was 85% of the target for the period.
- d) One SMART Accelerator programme was delivered during the period.
- e) The Expert Help Programme has delivered 138 days of support.
- f) In addition, a total of 646 Small to Medium Enterprises (SMEs) received support from a Business Gateway Advisor of less than 7 hours.
- g) Outcomes will be measured at the end of the 12-month period.

2.3 As outlined above, the contract is performing well and validates the decision to extend the current contract for a further 12-month period. The provision of support to start-up businesses ahead of the agreed targets for the region and the service also continues to provide ongoing, valuable, quality support to existing Lanarkshire businesses with growth aspirations. Both North Lanarkshire Council and South Lanarkshire Council will continue to monitor the performance of LESL to ensure the targets agreed in the contract are delivered. In addition, work is underway to validate the outcomes delivered by the service which include new jobs created, higher value jobs, increase in sales, export sales, access to finance and new products/processes introduced.

2.4 The quality of the service delivered by Business Gateway is measured at a national level. As at 30 June 2018, the service continued to exceed its key quality assurance targets:

Service	Target	North Lanarkshire	South Lanarkshire
Overall satisfaction	80%	90%	87%
Service delivered met expectations	75%	88%	83%

Benefit the business will gain from service received	75%	85%	87%
Would recommend Business Gateway	75%	90%	88%

- 2.5 The total value of the current contract, over the four year period is £5,528,821. Funding for the provision of the contract is fully provided by the Scottish Government through the Council's Revenue Support Grant (RSG). In addition, following the successful bid in 2014, business growth services available to SMEs through Lanarkshire Business Gateway is also supplemented by ERDF funding. North Lanarkshire Council, also on behalf of South Lanarkshire Council, is submitting an application to the Scottish Government to extend the current ERDF programme of business growth support and activities up to March 2023. The total additional funding being sought from ERDF is £1,475,673.
- 2.6 North Lanarkshire Council's Legal and Procurement teams have been engaged to ensure the correct procedure is followed to extend to contract past the 25 month break period.

3. Equality and Diversity

3.1 Fairer Scotland

We monitor the impact of equalities and socio-economic disadvantage as part of the Business Gateway contract.

3.2 Equality Impact Assessment

None has been undertaken for the purposes of this report.

4. Implications

4.1 Financial Impact

There is no financial impact to the Council; the provision of the contract is fully provided by the Scottish Government through the Council's Revenue Support Grant (RSG). In addition, following the successful bid in 2014, business growth services available to SMEs through Lanarkshire Business Gateway is also supplemented by ERDF funding.

4.2 HR/Policy/Legislative Impact

There are no HR/Policy or legislative impacts recognised.

4.3 Environmental Impact

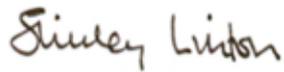
There are no negative environmental impacts recognised. As a result of some of the types of support given through the Business Gateway Service; it is expected that the service has a positive environmental impact.

4.4 Risk Impact

Risks related to the Business Gateway Service are closely monitored and all business support delivered by the contractor is agreed by the Council prior to funds being remitted for the provision of the service.

5. Measures of success

- 5.1 North Lanarkshire Council and the Business Gateway Service continue to play a leading role in supporting local SME's and aiding their growth and prosperity. Through the service, growth indicators such as increases in turnover, exports, jobs and innovative products and services are recorded and measured.
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