



To: Economy and Jobs Policy Board

On: 31 August 2016

Report by: Director of Development and Housing Services

Heading: Business Gateway Delivery

1. Summary

- 1.1 Renfrewshire Council manage the delivery of the Business Gateway contract across the wider Renfrewshire area (incorporating East Renfrewshire and Inverclyde). A steering group comprising of senior officers from each local authority is in place to oversee the delivery of the contract.
 - 1.2 Over the past two years a significant number of local authorities have moved to an in-house delivery model for Business Gateway and at the 2nd September 2015 Board it was agreed that the Director of Development and Housing Services undertake an options appraisal to consider the most appropriate delivery model for the future Business Gateway services and that the existing Business Gateway contract would continue for up to a further 1-year period to 30 September 2016.
 - 1.3 This report seeks to inform the Board of the recommendations of the appraisal and to outline the proposed model for the future delivery of the local Business Gateway services beyond the current contract.
-

2. Recommendations

It is recommended that the Board:

- 2.1 Note that a full options appraisal has taken place;
- 2.2 Agree to the recommendations of the report that the Business Gateway Service will be delivered separately and in-house by the 3 local authorities from 1st October 2016.

- 2.3 Authorise the Director of Development and Housing Services to finalise negotiations with the other 2 local authorities regarding the final split in budgets, any TUPE issues and to develop an appropriate service level agreement between the three authorities for the future delivery of the service.
 - 2.4 Bring back further reports to Board on the performance of Renfrewshire's ongoing Business Gateway Service.
-

3. Background

- 3.1 The Business Gateway service provides information and support to individuals setting up a new business or growing an existing business. Business Gateway is a national brand and is delivered at a local level across Scotland alongside a range of council services which also support business start up and growth.
 - 3.2 Renfrewshire Council manage the delivery of the Business Gateway contract across the wider Renfrewshire area (incorporating East Renfrewshire and Inverclyde). A steering group comprising of senior officers from each local authority is in place to oversee the delivery of the contract.
 - 3.3 The delivery of Business Gateway services in the Greater Renfrewshire and Inverclyde are is contracted out to Lanarkshire Enterprise Services Limited (LESL), based at Hillington Park. They won the contract through a tender process and commenced delivery on 1st October 2012, on a three-year contract, with options to renew for a further two individual years.
 - 3.4 Over the past two years a significant number of local authorities have moved to an in-house delivery model for Business Gateway (BG). Following the Economy and Jobs Policy Board of 2nd September Renfrewshire Council, acting as lead local authority on behalf of Renfrewshire, East Renfrewshire and Inverclyde Council commissioned a research study to identify the most appropriate and effective approach for delivering future Business Gateway (BG) services across the region.
-

4. Business Gateway Delivery Models across Scotland

- 4.1 While each local authority in Scotland has its own BG services, the service is structured into **19 BG areas**, eight of which comprise small groups of neighbouring authorities. In each of these eight areas, there is a Lead local Authority which acts as the lead contracting partner, receives the funding from the Scottish Government and distributes this across its partner authorities. The lead authority is also responsible for reporting performance measures into the BG National Unit.
- 4.2 In terms of service delivery, there is a patchwork of different structures across the country, with some authorities contracting delivery to third party providers and others delivering in house. Some also operate a more hybrid approach with third parties delivering some but not all aspects of the service. A table of current models is attached as Appendix 1.

- 4.3 Crucially, there is (to date) no consensus on which approach works best (is the most effective and efficient), and it is more likely that different approaches will suit different authorities depending on contractor and stakeholder relationships, track records and the resources within authorities.
- 4.4 While there is a mix of different approaches the trend in recent years has been for Local Authorities to bring delivery in-house, albeit there are some who strongly contend that external delivery is still the optimum approach.
-

5. Research and Options Appraisal

- 5.1 A research and options appraisal report was commissioned to support the 3 Councils in establishing the most appropriate model for the future delivery of the local BG services. The report was asked to consider:
- potential to achieve financial savings and other benefits; and
 - Opportunity to improve the future service delivery and outcomes.

- 5.2 The brief was to consider various options for delivering and achieving the future objectives of the local Business Gateway services which included:

- Status quo (ie continue to contract in full);
- Tender some elements of the programme; or
- Bring delivery in house

The brief also identified a range of tasks relating to the option appraisal, including:

- assess the costs and benefits of the different options – both quantifiable and non-quantifiable;
- identify all the pros and cons of the options - quantifying and valuing them wherever possible;
- consider any risks and sensitivities; and
- consider the most appropriate and best value use of resources, not just focussing on the lowest initial costs but also the actual returns, and make a recommendation for future delivery.

- 5.3 Early discussions with the individual Councils clearly suggested that a high level of distinctiveness was required to best address the specific nature of the 3 local economies and also the priorities of the individual Authorities. It became apparent early on that a single solution (one size fits all) may not be appropriate and that a more bespoke approach may offer a stronger fit.
- 5.4 The specific objectives of the research therefore evolved to take account of the priorities for each of the individual authorities.
-

6. Delivering Businesses Gateway in future Years – Preferred Model

- 6.1 The appraisal process assessed the various options for delivery against a set of criteria. The final report indicated that the in-house versus out-sourced model were unlikely to deliver significantly different outputs as there is no evidence that either model (in-house or out-sourced) delivers superior activity.
- 6.2 The option which offered the greatest potential for future savings and flexibility was the in-house option and this was the option preferred by the Steering group. For that reason for preferred option is to bring the contract in-house with each of the three local authorities operating their own local service and where there is potential to deliver savings in a number of ways:
- the internal delivery options would not include a contractors management fee or contribution to overheads;
 - there may be less need for internal contract management and reporting time requirements;
 - an internal approach is not tied to a formal contract and associated fee and offers more flexibility to individual LAs.

The in-house model would also offer more flexibility and allow the LA to move or realign resources towards developing priorities.

- 6.3 The three local authority areas are keen for much stronger local delivery, more need to reflect local priorities (which are different across the three LAs) and the ability to integrate all business development services. It is recognised though that this could involve some form of shared contracts in the future where this is seen to be economical.
- 6.4 It is proposed therefore that the Business Gateway delivery is managed and delivered locally by each of the 3 local authorities, for their own area, from 1st October 2016. The Business Gateway budget would be split according to previous 4 year's activity (Renfrewshire Council 55%, East Renfrewshire 23% and Inverclyde 22%) and each area would be responsible for delivering the same level of local services.
- 6.5 A Service Level Agreement should be developed over the coming month to identify the financial support and targets for each area, to allow the financial drawdown from Renfrewshire Council to the other areas and to outline the TUPE issues to be adopted by each Council. Advice on this is currently being provided by Legal Services.

7. In-House Delivery Model at Renfrewshire Council

- 7.1 The Economic Development team at Renfrewshire Council already has a wide range of business supports on offer – staff expertise, grants, loans, business incubator, etc.

- 7.2 The service is currently undertaking a review and potential restructure to best incorporate the requirements of delivering Business Gateway services to provide a seamless and effective service to local companies from 1st October 2016. It is likely that 2 distinct teams will be developed to incorporate:
1. Business start up, self employment and enterprise services (operating from InCube)
 2. Business growth and development services (operating from Renfrewshire House)
- 7.3 Additional staff will be required to support the delivery of the services and this will be met from the Business Gateway budget. Any additional staff posts will be temporary and, during the recruitment period, short term contracts will be used to fill any service gaps.
-

8. Conclusions

- 8.1 Although there are still levels of detail to be worked through on a range of the implementation aspects, the fundamental conclusion, shared by the officers in all three Councils, is that implementing an in-house delivery arrangement will provide a service arrangement that makes much 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.
- 8.2 For Renfrewshire, the proposal provides an opportunity to take business support to a new level, with much closer integration with the Invest in Renfrewshire programme.
- 8.3 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 Local Authority function. However, all resources will be split between each Council, which allows each Council to then decide how best to deploy resources to deliver the service in a manner that meets their own needs and priorities.
- 8.4 Proceeding with an in-house delivery arrangement relies on a minimum of two out of the three local authorities agreeing this at their appropriate Council Board. All boards are meeting within 2 weeks of each other during August / September 2016.
- 8.5 There are still opportunities to further consider a future city-region focus to some elements of Business Development / Enterprise activities through City Deal. This could bring potential benefits of scale and opportunities for businesses to network at a wider level.
-

Implications of the Report

1. **Financial** – The Business Gateway budget comes directly to Renfrewshire Council on behalf of all 3 local authorities. The SLA to be developed will indicate the basis of financial drawdown of that budget to each of the areas to deliver the local Business Gateway services.
2. **HR & Organisational Development** – 3 staff are expected to TUPE from the current contractor as a result of bringing the contract in-house. 2 staff will transfer to Renfrewshire Council and 1 to the other 2 areas.

A review of Business Development Services is underway to establish the best future model for delivery in Renfrewshire and to identify the future roles of the staff team. The current Business Gateway contract manager post will be considered as part of the review.

3. **Community Planning** –

Jobs and the Economy – Local businesses are supported to set up, grow and develop.

4. **Legal** – Support with TUPE is ongoing from legal and advice will be sought to develop the SLA.
5. **Property/Assets** – None
6. **Information Technology** – None.
7. **Equality & Human Rights**

The Recommendations contained within this report have been assessed in relation to their impact on equalities and human rights. No negative impacts on equality groups or potential for infringement of individuals' human rights have been identified arising from the recommendations contained in the report. If required following implementation, the actual impact of the recommendations and the mitigating actions will be reviewed and monitored, and the results of the assessment will be published on the Council's website.

8. **Health & Safety** - None
9. **Procurement** - some elements of the ongoing delivery are likely to be procured in the future for areas of specialist support.
10. **Risk** – While it is anticipated that the outcomes and results will be on par with the contracted service there is likely to be a period of up to 3 months where the new services are bedding in and delivery is slower. This also happens when contracts change and new providers get up to speed. Targets can be caught up in the year that follows.
11. **Privacy Impact** - None

APPENDIX 1:

Business Gateway Delivery Models

Lead Authority	Local Authorities	Delivery
Aberdeenshire	Aberdeen City	External contract
	Aberdeenshire	
Dundee	Angus	External contract
	Dundee City	
	Perth and Kinross	
Fife	Fife	ALEO
North Ayrshire	South Ayrshire	Recently brought in-house Largely internal
	East Ayrshire	
	North Ayrshire	
North Lanarkshire	South Lanarkshire	External contract
	North Lanarkshire	
Glasgow	Glasgow	Internal
Renfrewshire	Inverclyde	External contract currently – propose in-house model
	East Renfrewshire	
	Renfrewshire	
Falkirk	Clackmannan	One authority internal two external
	Stirling	
	Falkirk	
West Dunbartonshire	East Dunbartonshire	Largely internal
	West Dunbartonshire	
West Lothian	Edinburgh	Largely internal but some service delivered under contract
	East Lothian	
	Mid Lothian	
	West Lothian	
Highland	Highland	External contract
	Moray	
Scottish Borders	Scottish Borders	Internal
Dumfries & Galloway	Dumfries and Galloway	Internal
Argyll and Bute	Argyll and Bute	Internal
Orkney	Orkney	TBC
Shetland	Shetland	TBC
Outer Hebrides	Western Isles	TBC