

ITEM No ...8.....

REPORT TO: CITY DEVELOPMENT COMMITTEE - 7 MARCH 2022

REPORT ON: BUSINESS GATEWAY TAYSIDE: PERFORMANCE AND GOVERNANCE UPDATE

REPORT BY: EXECUTIVE DIRECTOR OF CITY DEVELOPMENT

REPORT NO: 47-2022

1 PURPOSE OF REPORT

1.1 To provide an update on performance of the Business Gateway Tayside service against the backdrop of the COVID-19 pandemic and seek approval for revised governance arrangements.

2 RECOMMENDATION

2.1 It is recommended that the Committee:

- a notes the excellent performance against targets of the service delivered despite the challenging operating environment;
- b approves plans for revised governance arrangements in line with those set out in this report;
- c remits the Executive Directors of City Development and Corporate Services to develop and conclude a Memorandum of Understanding (MoU) with Member Councils that will underpin the revised governance arrangements; and
- d remits the Executive Directors of City Development and Corporate Services to develop a revised service specification and commence procurement of a new contract for delivery from 2023/2024 forward subject to approval by Committee of the preferred bidder.

3 FINANCIAL IMPLICATIONS

3.1 The Business Gateway service will continue to be delivered through a local government settlement allocation (currently £1.362 million per annum) which covers the costs of delivery and management fees to the lead authority. The revised governance structure will enable effective monitoring and oversight of this expenditure.

4 BACKGROUND

4.1 As of the 1 April 2008 Local Authorities became responsible for running the local Business Gateway Contracts with responsibility transferring to local government from Scottish Enterprise. They are managed by Lead Local Authorities in lowland Scotland working on behalf of local partnerships. In Tayside, the contract is managed by Dundee City Council on behalf of the three Tayside Councils

4.2 Reference is made to Article VII of the minute of the meeting of the City Development Committee of 9 March 2020 at which members agreed a Company Growth and Development Plan. Dundee City Council's main customer facing business support is delivered via Business Gateway Tayside. The Business Gateway provides a range of services, including enquiry-handling/referrals, business information, business start-up advice and services to existing businesses.

4.3 Business Gateway Tayside is one of the longest established examples of regional collaboration in the delivery of Economic Development services and has a strong performance track record that compares well against other delivery arrangements in place across the rest of Scotland.

- 4.4 At the national level, the future delivery of Business Gateway services is under review. This review is expected to conclude by end of the 2021/2022 financial year and will set the context for future delivery of Business Gateway services at the local level.
- 4.5 The current contract for delivery of Business Gateway Services in Tayside is delivered by Elevator and is due to complete on 31 March 2022. In light of the ongoing national review of Business Gateway services a VEAT (Voluntary Ex Ante Transparency) Notice was published on Public Contracts Scotland in December 2021 advising of the intention to extend the current contract by one year from 1 April 2022. Once the findings of the national review are concluded a full procurement exercise will be undertaken with a view to letting a new longer-term contract from April 2023 forwards that takes cognisance of any changes to the national specification for Business Gateway services.
- 4.6 The COVID-19 pandemic has created unprecedented challenges for many businesses with those that are public facing experiencing greatest difficulties. Many businesses have relied for survival on state intervention in the shape of COVID-19 support grants/loans. The conclusion of a Brexit deal provides businesses with greater certainty but has required new rules and additional bureaucracy for existing and aspiring exporters.
- 4.7 Dundee City Council, as lead authority for Business Gateway Tayside, has worked with Elevator to adjust services to respond to the needs of businesses during the pandemic with the launch of a COVID-19 Survive and Thrive Programme in 2020/2021 followed by a new Business Boost Programme in 2021/2022. This has dovetailed with the direct financial support that Councils were able to provide in the form of Scottish Government COVID-19 support grants. Over the course of the pandemic over £55 million has been awarded to Dundee businesses alone in schemes administered by Council Officers.
- 4.8 The transfer of Business Gateway to local government occurred 13 years ago and there has been considerable change during this period in terms of the underpinning landscape. In particular, the regional approach to economic development has evolved with the Tay Cities Deal and the publication of a Regional Economic Strategy 2019-2039. Given the evolving landscape and the increased commitment to regional collaboration it is appropriate that steps are made to strengthen the governance arrangements for Business Gateway Tayside.

5 BUSINESS GATEWAY TAYSIDE PERFORMANCE

- 5.1 Business Gateway Tayside provides support from start-up stage through early-stage growth to supporting those businesses with more ambitious expansion plans. They also engage actively with other agencies, as appropriate, to maximise the support available from across the wider business support eco-system. The current service contract commenced in April 2017 and Table 1 below demonstrates that performance has been consistently strong against targets over the first 4 years of the contract:

Table 1: Business Gateway Tayside Service Performance 2017-2021

Year	Business Start Ups		High Value/ Early Stage Growth Service		Growth Advisory Service		COVID-19 Survive and Thrive		Start Up Workshops		Growth Workshops	
	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual
2017/18	720	779	100	100	75	98	-	-	110	136	22	23
2018/19	720	742	100	100	75	95	-	-	110	118	22	31
2019/20	720	720	100	100	75	102	-	-	110	117	29	22
2020/21	500	745	50	50	42	42	210	210	50	62	12	23
Total	2660	2986	350	350	267	337	210	210	380	433	85	99

5.2 Despite the challenges faced during the pandemic, including the need to move to online support, the Business Gateway Service adapted and met, or surpassed, all targets in financial year 2020/2021 and made good progress towards meeting the annual targets for 2021/2022 over the first 9 months of the financial year.

5.3 Performance for financial year 2020/2021 is set out in Table 2 below:

- a Start Up targets were exceeded for starts and met for early-stage growth;
- b Growth Advisory Service target was met;
- c Start Up and Existing Business workshops targets were exceeded;
- d COVID-19 Survive and Thrive Programme Target was met;
- e there were also 6 networking events with 170 attendees and 6 Masterclass events held; and
- f advisers delivered 990 one-to-one Meet the Adviser sessions and clients benefitted from 81 days of Expert Help from specialists.

Table 2: Business Gateway Delivery, April 2020 – March 2021: Local Authority Breakdown

	Angus	Dundee	Perth & Kinross	Total	Annual Target
Business Start Ups	218	260	267	745	500
Early-Stage Growth	16	19	15	50	50
Start Up Workshops	22	24	16	62	50
Existing Business Workshops	6	7	10	23	12
Growth Advisory Service Referrals	10	14	18	42	42
COVID-19 Survive & Thrive Programme	43	84	83	210	210

- 5.4 Performance for financial year first 9 months of 2021/2022 is set out in Table 3 below:
- a after 9 months 94% of the annual target for starts was met and 80% of the annual target for early-stage growth;
 - b after 9 months the annual target for start-up workshops has been surpassed and almost met for existing business workshops; and
 - c 94% of the annual target for referrals to the Growth Advisory service has been met after 9 months.

Table 3: Business Gateway Delivery, April 2021 – December 2021: Local Authority Breakdown

	Angus	Dundee	Perth & Kinross	Year to Date	Annual Target
Business Start Ups	174	185	185	544	580
Early-Stage Growth	15	14	11	40	50
Start Up Workshops	20	16	16	52	50
Existing Business Workshops	2	6	2	10	12
Growth Advisory Service Referrals	9	18	20	47	50
Business Boost	26	41	47	114	154

- 5.5 The following community benefits targets within the Business Gateway contract were delivered by Elevator:
- a target to support 3 supplier development events - 1 delivered due to Covid-19 pandemic;
 - b target to provide 3 work experience placements - 3 delivered; and
 - c target to provide 6 enterprise awareness raising activities - 30 delivered*.

*Examples of enterprise awareness raising activities include:

- Enterprise awareness events for 6 schools across Tayside, (there were another 6 scheduled but cancelled due to the pandemic);
- Enterprise workshops for Dundee and Angus College students and supporting Developing Young Workforce Enterprise Awareness sessions.

6 FUTURE GOVERNANCE ARRANGEMENTS

- 6.1 The proposals below take cognisance of the need to update current arrangements to ensure strategic fit between Business Gateway delivery and the strategic priorities of the Tay Cities Region whilst recognising that the service is contractually delivered on behalf of three of the Tay Cities Councils as Fife have their own Business Gateway Service arrangements in place.

- 6.2 **Lead Authority:** Dundee City Council is the lead authority for the Business Gateway Tayside Service as agreed at the point of transfer of Business Gateway to local government in 2008. The role of lead authority involves a number of responsibilities that contribute to the sound governance, management and delivery of the service and these require to be more formally reflected in the revised governance arrangements. These functions are outlined in more detail at Appendix 1.
- 6.3 **Business Gateway Tayside Board:** it is proposed that the current Annual Conveners Meeting is replaced with a Business Gateway Tayside Board and this should meet twice per year instead of once as is currently the position. The main focus for the Board should be to provide strategic oversight and scrutiny of the Service. Conveners of the 3 Councils have agreed through their annual meeting that each authority should appoint one elected member each to attend. This may typically be their Convener for Economic Development but it should be at the discretion of each Council to determine appropriate representation. They should be accompanied and supported by the Head of Economic Development for the 3 Councils or a nominated alternative. The Board should be chaired on a rotational basis by the elected members of the respective Councils and be facilitated by the Business Gateway Tayside Contract Manager. Tenure in the chair should be for a period of one year to cover two meetings of the Board. The proposed remit is set out in more detail in Appendix 1.
- 6.4 **Business Gateway Officer Steering Group:** this should retain the features of the current Contract Management Group, meeting every two months. The main focus for the Steering Group should be to provide operational and performance oversight of the Service. Meetings should be chaired by a Manager or Head of Service from the lead authority and each local authority should have at least one representative present and a maximum of 2. In addition, the Business Gateway Contract Manager should attend and facilitate the business of the Steering Group. The proposed remit is set out in more detail in Appendix 1.
- 6.5 **Link to Tay Cities:** Business Gateway Tayside is the most visible and long-standing example of collaboration and joint delivery within regional Economic Development. It is therefore important that the Tay Cities Joint Committee, which has strategic responsibility for the regional strategy is aware of how this service contributes to the business support landscape in the Tay Cities Region. However, governance responsibility should sit with the Business Gateway Tayside Board. It is proposed that Heads of Economic Development will present reports to the Business Gateway Tayside Board updating them on performance of the contract and the contribution of the service to the regional business support landscape for their approval. It is further recommended that these reports and the minutes of the Business Gateway Tayside Board are submitted to the Joint Committee for noting to ensure that they are kept informed of developments in respect to delivery and performance of the Business Gateway Tayside Service.
- 6.6 **Memorandum of Understanding:** it is proposed that once Councils have approved the revised governance arrangements, the lead authority should engage with its legal team to prepare a revised memorandum of understanding to be signed by all 3 Councils.

7 POLICY IMPLICATIONS

- 7.1 This report has been subject to an assessment of any impacts on Equality and Diversity, Fairness and Poverty, Environment and Corporate Risk. There are no major issues.

8 CONSULTATIONS

- 8.1 The Council Management Team were consulted in the preparation of this report.

9 BACKGROUND PAPERS

9.1 None.

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24 February 2022

APPENDIX 1**REMIT OF PROPOSED GOVERNANCE STRUCTURE****Lead Authority**

- a Receive, hold, distribute and provide agreed stewardship of monies allocated for delivery and management of Business Gateway Services through the Scottish Government Local Government settlement.
- b Lead the design, specification and procurement of Business Gateway Tayside Services in consultation with partner Councils.
- c Contract and performance manage the delivery of Business Gateway Services in Tayside including quality monitoring and ensuring compliance with the Business Gateway programme rules.
- d Approve elements of contract delivery including client progression to higher levels of support and access to expert support and other value-added services.
- e Facilitate the Business Gateway Tayside governance arrangements including arranging meetings, setting agendas, preparing papers and taking minutes.
- f Chair Business Gateway Tayside Steering Group meetings.
- g Produce performance reports and budgetary information for Business Gateway Tayside Board, Steering Group and partner Council Committees.
- h Make payments due to the Contractor in terms of the Contract including review and scrutiny of submitted invoices.
- i Represent Business Gateway on national groups including Business Gateway Operational Network and periodic working groups.
- j Engage with Business Gateway National Unit and ensure that Business Gateway Tayside benefits from access to national services.
- k Represent the region's interests in respect to any reviews of the national specification for Business Gateway.
- l Seek opportunities to bid for and align additional funding to the core budget.
- m Seek to ensure that Business Gateway Tayside is effectively embedded within the regional business support environment and encourage alignment with Council Economic Development Services and wider partner provision.
- n Procure, manage and facilitate additional programmes that align with Business Gateway, e.g. Digital Boost.

Business Gateway Tayside Board

- a Provide strategic oversight and direction taking cognisance of the priorities set out in the regional economic strategy.
- b Review and scrutinise overall contract performance.
- c Review and scrutinise overall expenditure with a view to ensuring best value.
- d Authorise any major fundamental changes to the service delivery approach and model.
- e Review the national context for service delivery and consider best practice from other parts of Scotland or elsewhere.
- f Review the wider service delivery landscape and provide strategic oversight and challenge to efforts to ensure that this is effective and aligned.

Business Gateway Steering Group

- a Ensure that the Business Gateway service is responsive to needs of business in the region and is aligned to supporting sectoral growth opportunities.
- b Monitor contribution and alignment of the Business Gateway service to the wider business support landscape.
- c Ensure that the Business Gateway service is aligned with the wider Economic Development services within councils.
- d Ensure that Business Gateway Tayside is designed and delivered in alignment with the national strategy and specification for Business Gateway in Scotland whilst ensuring responsiveness to local needs and priorities.
- e Oversee and inform development of the Business Gateway Service specification.
- f Review and scrutinise detailed contract performance information and expenditure.
- g Agree annual service target and priorities where contract terms enable / require this.
- h Inform decisions regarding marketing and promotion of the services.
- i Provide general oversight to any future changes in contract management arrangements whilst recognising that it is for the lead authority to manage the recruitment and appointment of contract management personnel.