

<p>COUNCILLOR PHIL DAVIES</p> <p>LEADER OF THE COUNCIL CABINET MEMBER FOR STRATEGIC ECONOMIC DEVELOPMENT, FINANCE & DEVOLUTION</p>	<p>CABINET MEMBER BRIEFING REPORT FOR DELEGATED DECISION</p> <p>WIRRAL BUSINESS SUPPORT SERVICE 10/2016</p>
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REPORT SUMMARY

This report proposes a new approach to delivery of the Council’s Business Support service and seeks authority to commence a competitive procurement process to select a supplier, and delegate authority to the Executive Director for Strategy (designate) to finalise the contract award.

The Business Support service has been redesigned using the guiding principles of the Wirral Plan and supports the aspirations of ensuring a responsive, flexible front line service which can operate at pace and complement the changing business support landscape; specifically addressing:

- **PLEDGE 11: THRIVING SMALL BUSINESSES**
Growth Plan – ‘We are committed to creating the best possible environment for business growth and to be as business friendly as possible. Our aim is to realise Wirral’s vast economic potential by further strengthening our competitiveness, encouraging entrepreneurship, expanding our business base and unlocking private sector growth.’
- **PLEDGE 12: VIBRANT TOURISM ECONOMY**
Growth Plan – ‘There are opportunities to build on Wirral’s strong visitor offer to grow the sector still further and to make the Borough a place even more people enjoy visiting. This sector has clear potential to contribute to economic growth through investment and jobs’

This matter affects all Wards within the Borough.

This is a key decision which requests delegated authority for use of Council resources which exceed £500,000.

Appendix 1 of this report contains commercially sensitive information regarding future competitive tendering processes, the disclosure of which is not considered to be appropriate. Accordingly Appendix 1 is deemed to be exempt from disclosure under paragraph 3, Part 1 of schedule 12A of the Local Government Act 1972 (as amended).

RECOMMENDATION/S

The Cabinet Member for Strategic Economic Development, Finance & Devolution is requested to:

- Consider the case for a new approach to delivering business support and authorise officers to progress the timeline as detailed in the report;
- Authorise the Executive Director for Strategy (designate) to commence procurement and select a supplier(s) to deliver the commissioned services;
- Authorise the Executive Director for Strategy (designate) to conclude the final contract award, including any relevant TUPE arrangements, subject to the outcome of full staff consultation.
- Authorise the Executive Director for Strategy (designate) to respond to changes to financial allocations for additional activity as outlined in paragraph 4.4 of this report.

SUPPORTING INFORMATION

1.0 REASON/S FOR RECOMMENDATION/S

- 1.1 A business case has been presented which reviews the options for reshaping the Council's Business Support Service. The key driver for redesigning the service is to realise pledge outcomes at pace, however the proposed new model does seek to reduce operating costs over time. As a minimum, the new delivery model will be cost neutral to the Council and provide a flexible, responsive Business Support Service for businesses and local organisations that ensures delivery of key Growth Plan Pledges at pace.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 A number of options for delivery of business support services have been considered as part of the business case including:
- Option 1: Do Nothing
 - Option 2: Revision of the terms of the existing Collaboration Agreement
 - Option 3: Commissioning the Market to Deliver on Outcomes
 - Option 4: Commissioning a Joint Venture/Partnership
- 2.2 Each option has been reviewed against risks, advantages, disadvantages and financial benefits resulting in Option 3 presenting the preferred option.

3.0 BACKGROUND INFORMATION

- 3.1 The Wirral Plan sets out a vision for the Borough where employers want to invest, businesses thrive and residents are able to access skills and jobs. The corresponding Growth Plan Business Pledges laid out in delivery of these aims are:
Pledge 8 – Greater Job Opportunities in Wirral
Pledge 9 – Workforce Skills Match Business Needs
Pledge 10 – Increase Inward Investment
Pledge 11 – Thriving Small Businesses
Pledge 12 – Vibrant Tourism Economy
- 3.2 The Council currently directly delivers a mix of strategic and operational activity across a number of Directorate Services in pursuit of the Growth Plan Business Pledge outcomes. The service budgets combined and reshaped will realise a new delivery model for the Business Support Service; these budgets are in respect of the: Investment Strategy, Tourism and Invest Wirral Teams.

Aim

Re-design the Council's business support activity to ensure a responsive, flexible front line service which can operate at pace, deliver pledge outcomes, and complement the changing business support landscape.

Objectives

The key objectives are:

- The creation of a new model for front-line delivery of business support services, which provides new activity to meet Pledge outcomes and strengthens the provision of flexible, responsive, business growth activities.

- To provide a simplified point of access for indigenous businesses and local organisations which both complements and enables parallel commercial provision to develop over time.
- To seek savings and efficiencies where possible.
- To commence the new delivery model by April 2017.

3.3 The strategic functions of the Investment Strategy and Tourism teams will remain as is; any remodelling of this wider strategic function and associated budget savings are out of scope for this business case and will be facilitated as part of the New Operating Model arrangements and/or the wider Transformation Programme under the facilitation of the Commissioner for Growth (designate).

3.4 Outcomes

We consider that the new delivery model will contribute to Growth Plan Business pledge targets:

- Increase of Gross Value Added per head of population from a baseline of £13,589 to £14,687 by 2020.
- Securing £250m of private sector investment into Wirral by 2020.
- Delivery of a net increase of 250 new, additional businesses into Wirral by 2020.

3.5.0 CASE FOR CHANGE

3.6 Current Model

For businesses, the Council currently takes a dual role for strategy and in-house delivery of business support (Investment Strategy & Invest Wirral Teams); and tourism (Tourism Team). Previously, the Council has had direct access to significant Government and European external resources and has managed significant business growth performance to date with 2.8% over-performance on 2015/16 GVA targets (target £13,213, achieved £13,589) and 74% over-performance on 2015/16 investment value targets (target £25,000,000, achieved £43,450,331).

3.7 There are a number of reasons why the service requires reshaping. Previous direct government grant fund sources have ceased (eg: Regional Growth Fund); access to continuing direct external resources is not guaranteed and we need a service which is responsive to the challenges and opportunities over the next few years. The political landscape in which our service has delivered activity previously is also changing and through the Growth and Devolution Deals with Government, we have signed up to a Combined Authority approach to Economic Development which delivers key aspects of direct business support via externally funded consultancy services.

3.8 The current Council model is a complex mix of strategic and operational responsibilities spread across a number of Council service teams, namely Invest Wirral, Investment Strategy, and Tourism. The Invest Wirral Team currently operate under a Collaboration Agreement with Wirral Chamber of Commerce with the potential for increasingly complex, confusing and time consuming line management arrangements within the framework of the Council's New Operating Model.

3.9 Business Growth is not a statutory service for local authorities, however is key to the economic success of our borough and pivotal to the Growth Plan. For local businesses – one of the key drivers of our growth – we also have a changing balance of provision from public to increased private sector delivery capacity which we aim to encourage

for the long term sustainability in the face of reducing public sector budgets. The new Council Business Support service needs to ensure a responsive, flexible front line service is in place now, but rebalanced over time to adapt to the changing landscape.

- 3.10 Pledge 8 of our Growth Plan is to create/safeguard 5,000 jobs, Pledge 11 is to achieve 250 net new businesses and Pledge 12 is to increase revenue for Wirral's Visitor Economy by 2020. This will require a focused and flexible business support for our key growth sectors; investment in enterprise start-ups; and the ability to deliver creative, responsive initiatives to support our local centres, all of which the new delivery model seeks to achieve, creating the right environment for business growth which in turn supplies financial returns to the Council by way of Business Rate Receipts.
- 3.11 The strategic case for change is endorsed by Members (*Min.90, Cabinet 25.01.16*), documented by acceptance of the Wirral Growth Plan which pledged to re-design the current in-house model. It also reflects the views of the business community, ensuring that activity meets the principle of creating a service that partners and local businesses believe the Council is easy to do business with.

3.12 Proposed New Model

- 3.13 The proposed new delivery model will create a simplified point of access for businesses and local organisations which both complements and enables parallel commercial provision to develop over time. A scoping analysis and market testing exercise has been undertaken resulting in the following shortlist of proposed activities for the new front-line service, complementing Liverpool City Region Growth Hub and commercial partner activity:
- Growth Sector Networking & Support: information resources; sector networks, new market development;
 - Prosperous Workforce and Entrepreneurship: workforce and new start-up support activity;
 - Business Sector Intelligence, Data and Information: business to business intelligence sharing and input to the Council's strategic hub function;
 - Handover account management/inward investment delivery functions;
 - Place Shaping Front-Line Support: town centre business regeneration and localised growth coordination on a responsive/pilot project basis;
 - Tourism: visitor economy sector networks and visitor economy growth tools.
- 3.14 The proposed new model is to commission the market to deliver an outcome focused business support service. This involves providing notice to cease the current Collaboration Agreement and procuring a supplier/s to enter into a Service Contract with the Council to deliver a bespoke Business Growth Service (all front-line service activity areas identified) with inclusion of income generation/savings targets.
- 3.15 The opportunity will be competitively tendered as per Public Contracts Regulations 2015. Initial market testing has shown that there is a local supplier base with the capacity, skills and market position to take this option forward.
- 3.16 The key driver for redesigning the service is to realise pledge outcomes at pace, however the proposed new model does seek to reduce operating costs over time. This is achieved through re-investment of the relevant internal service budgets and the provision of a gradual tapering profile within the commission based on a commercial

supplier's ability to generate and reinvest income (eg through sponsorship, executive training), and/or their potential to make savings (eg: reduced operating costs; remodelling resources over time).

- 3.17 A full timeline taking into account staffing, procurement and legal considerations is laid out in Appendix 1: Business Support Services Business Case. In summary, the headline timescales are as follows:

October 2016	Portfolio Holder Delegated Decision
October to December 2016	Procurement Process
September 2016 to April 2017	Communications/Consultation
September 2016 to March 2017	TUPE/Pensions Process
September 2016 to April 2017	Contractual Arrangements
April 2017	Contract Start/Transfer of Staff

4.0 FINANCIAL IMPLICATIONS

- 4.1 Full details of the financial case, including the proposed contract values are outlined in Appendix 1: Business Support Services Business Case. Appendix 1 contains commercially sensitive information regarding a future competitive tendering process, the disclosure of which is not considered to be appropriate. Accordingly Appendix 1 is deemed to be exempt from disclosure under paragraph 3, Part 1 of schedule 12A of the Local Government Act 1972 (as amended).
- 4.2 In headline terms, the new service is cost neutral to the Council. A forecasting exercise using current expenditure and inflation profiles forecasts existing service revenue budgets of Invest Wirral, Investment Strategy and Tourism for financial years 2017/18 to 2020/21 at a total £6.10m. The new service will be funded by combining and reshaping the existing budgets; using the same principles of expenditure and inflation profiles, the resultant revised total is forecast at £5.98m for the combined contract and in-house service revenue budgets.
- 4.3 This initial reshaping exercise to identify a delivery model for the Business Support Service is therefore projected to return a potential small revenue budget saving of £0.12m over four years, forecast annually as outlined in Table 1 below.

Table 1: Savings Profile

Financial Effects	This Year	This Year +1	This Year + 2	This Year +3	This Year +4	Totals
	2016/17	2017/18	2018/19	2019/20	2020/21	
Anticipated Revenue Budget Saving (£m)	0.000	-0.006	+0.018	+0.042	+0.067	+0.121

- 4.4 In addition to the proposed contract values for planned delivery of the commissioned Business Support Service (as laid out in Appendix 1: Business Support Services Business Case), further legal advice will be sought on the inclusion of flexibility within the tender specification/terms and conditions of contract which enables the option, where appropriate, to reserve the right to provide additional funds to a limit of 20% of

the total contract price for the supply of additional activity/volumes where such activity falls within the scope of services as described at Section 3.13. This builds sufficient flexibility into the contractual arrangements to enable the Council to respond to any future external funds secured by the Council, or additional Council funds identified, where this is deemed to accelerate and/or increase Wirral Plan Pledge outcome performance. This report seeks approval to authorise the Executive Director for Strategy (designate) to respond to such opportunities on a case by case basis.

5.0 LEGAL

- 5.1 The proposed commissioning activity will be procured in accordance with Wirral Council's Contract Procedure Rules.
- 5.2 The tender documents, including the terms and conditions of contract, will be developed with appropriate legal advice, including reference to the appropriate TUPE Liabilities/Indemnities and Pensions Liabilities/Bond/Admitted Body Requirements.
- 5.3 Final contract terms on completion of the process, including TUPE considerations, will be brought back for Executive Director of Strategy (designate) delegated decision, accompanied by the appropriate legal advice.

6.0 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS

- 6.1 The Commissioner for Growth (designate) has approved the staff impact proposals, subject to planned consultation.
- 6.2 There are currently 19 staff members within the service teams Tourism, Investment Strategy and Invest Wirral. 7 officers from within these service teams have been identified as in scope for TUPE as part of the re-designed operational delivery model. No redundancies are planned as part of the budget planning assumptions; ultimately, the front-line service staff requirements will be determined by the Supplier as part of the competitive tendering exercise. The Council commits to engage the successful tenderer in pre-transfer consultation with TU/affected staff in partnership with the Council communication process should any specific 'measures' or redundancy proposals arise. A full transfer plan will be requested from the successful supplier at award notification stage to enable this and sufficient time has been built in to the timeline at pre-transfer/contracting stage.
- 6.3 Staff Requirements for development of the project:
 - HR support 1 x Officer in support of TUPE processes: 7 months September 2016 – March 2017
 - Trade Union support for consultation process: September 2016 to February 2017.
 - Procurement Support 1 x Officer in support of procurement processes: 4 months September – December 2016
 - Legal Support 1 x Officer in support of contracting processes: T&Cs September to October 2016; Contracting December 2016 to April 2017
 - Transformation Programme Office: key internal communication messages, facilitating internal/external ongoing support requirements.

- 6.4 Staff Requirements for implementation of the project once live:
- 1 x Contract Manager – relevant skills capacity will be sourced within the strategic function in the short term in anticipation of resource demand identified within the wider transformation programme overseeing the move to the Council's new operating model.
 - 1 x Officer Contact with responsibility for handling supplier input of Business Sector Intelligence, Data and Information – resourced within the strategic hub function.
- 6.5 No Council assets, ICT equipment or recharged services are proposed for supply/transfer as part of the commissioned model.

7.0 RELEVANT RISKS

- 7.1 A risk register is included at Appendix 1: Business Support Services Business Case which considers the commercial and management risks at the development and implementation stage.

8.0 ENGAGEMENT / CONSULTATION

- 8.1 Communications will be implemented, commencing in September 2016, adhering to the appropriate protocols for staff consultation. The project specific communications will include protocols for engagement and communication messages for service stakeholders i.e. businesses and local organisations in advance of contracting, and subsequent service contact procedures post contract award in conjunction with the new supplier.

9.0 EQUALITY IMPLICATIONS

- 9.1 Has the potential impact of your proposal(s) been reviewed with regard to equality?
 (a) Yes and impact review is attached – (insert appropriate hyperlink).
 Wirral Growth Plan: <https://www.wirral.gov.uk/communities-and-neighbourhoods/equality-impact-assessments/equality-impact-assessments-2014-0>

REPORT AUTHOR: **Alan Evans**
Commissioner for Growth (designate)
 telephone: (0151) 691 8319
 email: alanevans@wirral.gov.uk

APPENDICES **Exempt Appendix 1: Business Support Service Business Case**

REFERENCE MATERIAL

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Min.90, Cabinet (Growth Plan)	25.01.16