



ECONOMY REGENERATION & DEVELOPMENT COMMITTEE

Thursday, 4 March 2021

REPORT TITLE:	BUSINESS SUPPORT SERVICES: COMMISSIONING INTENTIONS
REPORT OF:	DIRECTOR OF REGENERATION AND PLACE

REPORT SUMMARY

This paper summarises progress of Wirral Council's Business Support Service (BSS) commission which runs to May 2021. It asks Committee to endorse the extension of the current contract to September 2021 to align procurement timescales with the complementary Third Sector Infrastructure service and seeks authority to undertake market procurement for a reprioritised Business Support Service in 2021.

The report provides an overview of the emerging business support services specification, which is being developed in line with Wirral's strategic priorities and seeks authority for the Director of Regeneration and Place, in consultation with the Chair and Spokespersons, to sign off the support specification, commence market procurement and select a supplier.

This matter affects all wards.

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

EXEMPT INFORMATION

Appendix One of this report contains exempt information as defined in part 1 of Schedule 12A of the Local Government Act 1972. It is in the public interest to exclude the press and public under Paragraph 3 'Information relating to the financial or business affairs of any particular person (including the authority holding the information)'.

RECOMMENDATIONS

That Economy Regeneration and Development Committee request that Policy and Resources Committee approve the following recommendations:

1. To endorse an extension of the Business Support Services contract to 30 September 2021.

2. To authorise the Director of Regeneration and Place, in consultation with the Chair and Spokespersons of the Economy and Regeneration and Development Committee to:
 - a. Approve the final Business Support Services specification for delivery of a new service from October 2021 to October 2024, with an option to extend by one year to October 2025 based on satisfactory performance.
 - b. Commence procurement and select the most economically advantageous supplier(s) to deliver the commissioned services.
 - c. Conclude the final contract award.

SUPPORTING INFORMATION

1.0 REASON/S FOR RECOMMENDATION/S

- 1.1 Frontline business growth support for Wirral businesses is key to delivery of Wirral's economic recovery, its significant programme of regeneration and future growth.
- 1.2 The current business support services commission has exceeded its contracted objectives.
- 1.3 To embed local priorities that include community wealth building, regeneration programmes and the Wirral Plan 2020-25 into our future business support services.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 Closure of service: Provision of frontline business growth support remains critical to the economic recovery, regeneration and growth ambitions for the borough.
- 2.2 Recommissioning based on the current service specification: This would fail to take into consideration changes in our economy that include Brexit and Covid-19, external developments in business support provision and/or the strategic priorities of the Council.

3.0 BACKGROUND INFORMATION

- 3.1 The Wirral Plan 2025 sets out a vision for a 'prosperous, inclusive economy where local people can get good jobs and achieve their aspirations'. It promises that we will 'support inclusive economic growth and increase community wealth'. Businesses of all sectors, drawn from myriad sectors and operating varied models, will be crucial partners in the delivery of the Wirral Plan 2020-2025.
- 3.2 The global Covid-19 pandemic has placed our economy under unprecedented duress. The Stronger Economy Plan for Wirral states that supporting businesses to enable economic resilience and growth will be crucial in ensuring a shorter, shallower downturn and a quicker, steeper, and sustainable return to growth.
- 3.3 **Current Business Support Services Contract:**
 - 3.3.1 In October 2016 Cabinet agreed to rationalise, redesign, and outsource the in-house provision of frontline support for local businesses via a competitive commissioning process. A three-year contract was subsequently awarded on 01 June 2017 to Wirral Chamber of Commerce (Wirral Chamber), including a 5% annual price reduction and an option to extend for a further year subject to satisfactory performance. This contract was extended in 2020 for one year, to the end of May 2021.
 - 3.3.2 Frontline business support services procured through this contract are obligated to be open for free universal access; however, suppliers are entitled to commercialise specific elements of activity (e.g., through a charging policy, sponsorship, or

membership fees) to enable management of the annual contract price saving requirement. The activities covered by the contract are as follows:

Contracted Activities with Free Universal Access:

- Core business growth support
- Entrepreneurship/business start-up support
- Inward investor 'soft landing'

Contracted Activities in Scope for Commercialisation:

- Sector network development (forums)
- Workforce development
- Place shaping: Love Liscard activities

3.3.3 Additionally, the service provides Wirral Council with business sector intelligence, data and information to enable better informed decision-making and strategy development.

3.3.4 The budget for commissioning this service was agreed at £1,300,000 for the first 3 Years (01.06.17 to 31.05.20) with an additional £391,000 for the +1 facility (01.06.20 to 31.05.21).

3.3.5 As the specification for services effectively enabled the supplier to operate as the Council's frontline service for business engagement, the commission also included a flexible facility for any Council Service to buy suitably aligned additional activity/outputs up to a limit of a 20% increase in value. An Official Journal of the European Union (OJEU) notice was therefore posted for the maximum possible contract value of £2,029,200, based upon all possible future variations and extensions of the contract.

3.4 **Outputs to date:**

3.4.1 Performance of the contract is measured against key performance indicators. Performance to the end of Quarter 3 2020/21 is outlined in Table 1 below; note that contractual targets were reviewed and revised at Year 2 end to maintain stretch in areas of overperformance. With a further three months of reported performance remaining in the current contract, delivery is on target to either achieve or overperform in all output areas except Liscard Shopping Centre footfall.

3.4.2 **Table 1: Wirral Business Support Service Cumulative Contract Performance to December 2020***

Ref	Output	Performance against target
1	Enterprises Engaged	Exceeding performance
2a	Businesses Supported <12 hrs	Exceeding performance
2b	Businesses Assisted >12hrs	Exceeding performance
3a	Potential Entrepreneurs supported to be enterprise ready	Exceeding performance
3b	Potential Entrepreneurs assisted to be enterprise ready	Exceeding performance
3c	New Enterprises Created: Direct	Exceeding performance

3d	New Enterprises Sustained	Exceeding performance
3e	New Enterprises Created: Indirect	Exceeding performance
4a	Jobs Created (FTE): Direct	Good
4b	Jobs Created/ Safeguarded (FTE): Indirect	Exceeding performance
5	Business Sector Intelligence Reports	Exceeding performance
6	Local Centre Improvements	Below target
7	Income Targets	Good

*Output definitions and detailed performance metrics are contained in Appendix One (exempt from publication).

3.5 **Commission Value:**

- 3.5.1 The approved permanent annual budget for business support services is £396,000 per annum, based on a fully benchmarked viable cost per output for the current contract and savings made to date. The original tender was designed with a requirement for increased savings to be made year on year through income generation to offset costs of delivery.
- 3.5.2 Maintaining an annual £396,000 budget envelope for future years would enable restructuring the new commission to take account of the conditions for the supplier market, allow some flexibility to increase/redesign outcomes and/or service activities, and reflect any changing demand/priority requirements in line with our large-scale recovery, regeneration and growth ambitions.

3.6 **Link with Third Sector Infrastructure (TSI) contract:**

- 3.6.1 Wirral Council's Public Health team commissions an infrastructure organisation to act as the conduit between the community, voluntary and faith (CVF) sector and the council. This contract is valued at £137,000 per annum and has been delivered by Community Action Wirral (CAW) which now operates in partnership with Wirral Chamber.
- 3.6.2 In response to changing demands and focus on the CVF sector, necessitated by covid-19, the shifting financial landscape in the public sector and by our evolving organisational priorities linked to community wealth building, a new way of working with the sector is required (see para. 3.7.7 - 3.7.8).
- 3.6.3 The TSI contract tenure extends to September 2021 and this represents an opportunity to jointly commission a reprofiled third sector support and Business Support Services contract. To bring forward a new service that meets our shared ambitions for business and CVF sectors, the commissioning timescales will be brought into alignment to commence in September 2021.
- 3.6.4 Public Health, following the review of TSI support, may decide to add to our BSS commission, specifically to provide bespoke business support services for the third sector.

3.6.5 Legal and procurement advice states that we can extend provision of the current BSS on the condition that the cost of extending remains within 10% of the total commission value (i.e., £202,290) and within the Public Contracts Regulations threshold of £189,000. This can be achieved within current budgets by extending to the end of September 2021, at a cost of £129,941.

3.6.6 Committee is asked to endorse the decision to extend the delivery of the current BSS contract to bring commissioning in line with the TSI contract.

3.7 **Commissioning a new service:**

3.7.1 A new BSS must reflect the current context in which businesses operate to provide demand-led, evidence-based, and impactful support. This includes recognising and responding to the challenges and opportunities emanating from the global Covid-19 pandemic; Brexit and new trade regimes; changes in the market for business support, and; new and emerging local priorities that include community wealth building, regeneration programmes and the Wirral Plan 2020-25.

3.7.2 The Council has commissioned Mickledore to review the business support provision undertaken by Wirral Council within the context of the wider Liverpool City Region and national business support activity. This exercise will map business support services, which have expanded in recent years, to identify areas of potential duplication, gaps in provision and provide a set of specification recommendations.

3.7.3 Emerging findings which may inform the specification include:

- Less requirement for generic support services because of expanded LCR Growth Platform commissioned activity.
- Initiatives to support larger organisations to localise their supply chains and skills.
- High-value sector development work in existing and emerging priority sectors.
- Enhanced services for newly established businesses to ensure that they are embedded in the local economy and achieve greater survival rates.
- A short term offer that supports recovery aspects of Covid-19.
- Brexit transition support for at least the next 12 months.

3.7.4 Wirral Council has committed to ensure that 'Community Wealth Building is intrinsic to everything the council does and will be embedded into all our activity going forward'. The Business Support Services commission provides an opportunity to support the delivery of both the Community Wealth Building Strategy and Inclusive growth strand of the Wirral Plan 2025.

3.7.5 The Wirral Plan 2025 and Community Wealth Building Strategy 2020-2025 have objectives which are directly related to the BSS. These relate to 'creating jobs and supporting businesses' and 'maximising the ability of local enterprise as a driver of economic regeneration and community wealth building'.

3.7.6 The Wirral Community Wealth Building Strategy sets out the ways in which progress can be measured and Business Support Services in Wirral can be shaped to deliver the following relevant outputs:

- Number of new businesses created.

- Number of businesses successfully winning public sector contracts.
- Increase in the number of community land trusts.
- Funds raised through crowdfunding.
- Number of new apprenticeships starts.
- Decrease in the number of employees on zero-hour contracts.

3.7.7 The Centre for Local Economic Strategies (CLES) has been appointed to support the embedding of community wealth building within a sustainable economic recovery in Wirral. Their emerging Action Plan will support BSS commissioning by:

1. Reviewing existing contracts and contract monitoring for BSS and TSI support programmes.
2. Assessing the impact of Covid-19 on the third sector and aspirations to work differently.
3. Developing outline proposals for a Community Wealth Building (CWB) Hub, which explores the potential for a repurposing of the local business support landscape with increased connectivity to the voluntary, community and social enterprise infrastructure support bodies.
4. Making clear recommendations on how the Council's front-line business and CVF support contracts may need to be refocused to develop a strong local eco-system to support community wealth building.

3.7.8 Emerging findings which may inform the specification include:

- Ensuring that local wealth is harnessed to increase investment in local communities.
- Ensuring that residents can access secure and quality employment with progression opportunities and good terms and conditions.
- Supporting key sectors to grow and develop in ways that ensure local businesses and residents are prepared, supported and enabled to access local opportunities.
- Bringing together knowledge and understanding of the VCSE sector and the areas where entrepreneurial activity and energy can be supported to flourish.
- Leveraging support and funding from external providers.
- Harnessing the power of anchor institutions to understand their commissioning intentions and how these can be met from the local economy.

3.8 Procurement timescales:

3.8.1 In summary, the headline timescales are as follows:

January 2021 to April 2021	Consultation/Engagement and specification development
March 2021	ER&D Committee decision for commissioning intentions
March 2021	P&R Committee decision for commissioning intentions
April to June 2021	Procurement process
July 2021	Committee endorsement of appointment
July 2021 to September 2021	Mobilisation period
September 2021	Contract start

4.0 FINANCIAL IMPLICATIONS

- 4.1 Funding for the procurement and delivery of this contract is contained within the existing departmental budgets.
- 4.2 It is recommended that the BSS commission includes a flexible facility for any council service to buy, from their own budgets, suitably aligned additional activity/outputs from the successful contractor up to a limit of a 20% increase in contract value. This creates a maximum possible contract value of £1,900,800, based upon all possible future variations and extensions of the contract.
- 4.3 Legal and procurement advice states that we can extend provision of the current BSS to September 2021 on the condition that the cost of extending remains within 10% of the total commission value (i.e., £202,290) and within the Public Contracts Regulations threshold of £189,000. This can be achieved within current budgets by extending to the end of September 2021, at a cost of £155,655.

5.0 LEGAL IMPLICATIONS

- 5.1 The proposed commissioning activity will be procured in accordance with Wirral Council's Contract Procedure Rules and the opportunity will be competitively tendered as per Public Contracts Regulations 2015.
- 5.2 The tender documents, including the terms and conditions of contract, will be developed with appropriate legal and procurement advice.

6.0 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS

- 6.1 Where functions are transferring from the current supplier to another, both the receiver and sender organisations have a statutory responsibility (where the Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE) applies) to inform and consult representatives of employees affected by transfer or potential transfer situations.
- 6.2 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 Risk of distorting competition through engagement with current contract providers: Our procurement and legal team are experienced in the management of market consultation with incumbent suppliers through procedures compliant with the parameters of Regulation 40 of the Public Contracts Regulations 2015, which exist to ensure that any discussions do not distort competition and violate principles of non-discrimination and transparency.
- 7.2 Specification does not meet strategic need: this risk is mitigated through thorough specification development work in partnership with CLES, Mickledore and business support/third sector stakeholders to ensure strategic fit with local priorities and existing provision.

- 7.3 There is a risk that there is a lack of market interest in delivering this service.
- 7.4 There is a risk of disruption to service provision during service redesign, recommissioning and commencement of new services. To mitigate against this and minimise disruption, adequate time to plan for, and implement the mobilisation of new services has been built into the procurement process between contract award and commencement.
- 7.5 The procurement process is subject to scrutiny and at risk of legal challenge. Regard is given to contract procedure rules and relevant legislation at all stages of the process, while legal and procurement advice and support is obtained to ensure compliance.

8.0 ENGAGEMENT/CONSULTATION

- 8.1 Wide-ranging consultation is underway with stakeholders that include local businesses, representative bodies, council officers, business support providers, Liverpool City Region Growth Platform representatives and third sector organisations. This consultation and engagement will inform the future service specification.
- 8.2 Engagement with current contract providers in their roles as representative bodies, will be a crucial element of the commissioning needs assessment and specification development. Our procurement and legal teams are experienced in the management of market consultation with incumbent suppliers through procedures compliant with the parameters of Regulation 40 of the Public Contracts Regulations 2015, which exist to ensure that any discussions do not distort competition and violate principles of non-discrimination and transparency.

9.0 EQUALITY IMPLICATIONS

- 9.1 Wirral Council has a legal requirement to make sure its policies, and the way it carries out its work, do not discriminate against anyone. An Equality Impact Assessment (EIA) is a tool to help council services identify steps they can take to ensure equality for anyone who might be affected by a particular policy, decision or activity.
- 9.2 The recommendations in this report aim to reduce inequalities by providing access to employment, training, skills and enterprise opportunities for all residents. The integrated commissioning of Business Support Services and Community, Voluntary and Faith support services aims to increase access to services by persons from protected groups.
- 9.3 The potential impact of the Business Support Service Contract has been reviewed with regard to equality and links to the existing EIA conducted for Wirral's Growth Plan, which can be found here: <https://www.wirral.gov.uk/communities-and-neighbourhoods/equality-impact-assessments>. No material changes to the EIA are required because of this report.

10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS

- 10.1 The Wirral Plan 2025 includes a set of goals and objectives to create a sustainable environment which urgently tackles the environment emergency
- 10.2 It is anticipated that the emerging community wealth building and local supply chain development aspects of our future BSS commission will support the transition to a low carbon economy.
- 10.3 The Energy & Environment Sector Network, delivered as part of the Wirral Business Support Services contract, is key to facilitating the exchange of best practise, information and knowledge transfer across the business community.
- 10.4 The content and/or recommendations contained within this report are therefore expected to reduce emissions of Greenhouse Gases.

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APPENDICES

Appendix 1 Business Support Service Performance to December 2020 (Exempt)

BACKGROUND PAPERS

Wirral CWB Hub – Emerging Findings, Centre for Local Economic Strategies, Feb 2021
 Stronger Economy Plan for Wirral
 Emerging findings email, Mickledore, Feb 2021

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Delegated Report Business Support Service	10.2016
Executive Member Decision Business Support Service	12.10.2016
Delegated Report Business Support Service Pensions Provision	11.2016
Executive Officer Decision Business Support Service Pensions Provision	30.11.2016
Delegated Report Business Support Service Award of Contract	01.2017
Executive Officer Decision Business Support Service Award of Contract	26.01.2017
Officer Decision Business Support Services Contract Extension	24.02.2020