

Business Growth and Innovation Service, (Economic Development, Paul Hadfield)

Synopsis of report:

To approve the procurement of the Business Growth and Innovation Service which will help start-ups, early-stage businesses, and micro businesses to grow, increase investment by businesses in research and development and support the sustainability of new and early-stage businesses. The service is part of the borough's Shared Prosperity Fund Investment Plan which will provide budget of £190,000 to deliver the service from April 2023 to March 2025.

Recommendation(s):

To approve the procurement of the Runnymede Business Growth and Innovation Service as part of a joint business support service with Spelthorne BC.

1. Context and background

- 1.1 In July 2022 CMC agreed the indicative projects and budgets that will form the basis of the Council's Investment Plan to the UK Shared Prosperity Fund (SPF) and unlock the Council's £1 million allocation.
- 1.2 The primary goal of the SPF is to build pride in place and increase life chances across the UK. There are three UKSPF investment priorities:
 - Communities and place.
 - Supporting local business.
 - People and skills.
- 1.3 The SPF projects which were presented to CMC in July included a proposal for the Runnymede Business Growth and Innovation Service which would address specific objectives set within the funding for Supporting Local Business as well as addressing the priorities set out in the Runnymede Economic Development Strategy for 2022 to 2026. This new service would help start-ups, early-stage businesses, and micro businesses to grow, increase investment by businesses in research and development and support the sustainability of new and early-stage businesses.
- 1.4 CMC agreed in July to delegate authority to the Chief Executive, in consultation with the Chairman and Vice-Chairman of the Committee to refine the SPF programme before submitting to the Department of Levelling Up, Housing and Communities. Ben Spencer MP was consulted on the proposals and several changes to the investment Plan were made to consolidate the programme. This resulted in an increase in the budget for the Business Growth and Innovation Service from 159K to £190K.
- 1.5 The Investment Strategy was submitted on the 30 August (see Appendix 1). We received confirmation from Department for Levelling Up, Housing and Communities (DLUHC) on 6 December 2022 that funding has been approved.

2 The business case for the business growth and innovation service

- 2.1 A Business Case for the Business Growth and Innovation Service was approved by CLT on 19 October (copy attached as Appendix 2).
- 2.2 The start-up rate in Runnymede is lower than the national average, and the growth rate for new businesses in the borough is 25% below those for the South East (28%) and Great Britain (34%). The Business Case explained that local business surveys in July 2021 and workshops with Runnymede businesses held in September 2021 identified a clear need for improved advice and support to help small businesses to grow.
- 2.3 The Runnymede Economic Development Strategy 2022-2026 identified an opportunity to accelerate business growth by focusing support to help scale up new, small and micro businesses, increase innovation, and support growth clusters in the tech sector, ie Cyber Security and Createch. The Business Growth and Innovation Service will respond to this opportunity by:
- Providing specialist advice, coaching, and mentoring (e.g. cybersecurity, creative/immersive technologies, low carbon) for new start-ups, and small and micro businesses with the potential to scale up;
 - Assisting businesses with expert development of growth plans.
 - Facilitating access to innovation and environmental finance and grants.
 - Brokering research and development partnerships with RHUL and the Local Enterprise Partnership's Growth Hub.
- 2.4 Spelthorne BC are proposing to develop a business support service as part of their SPF programme. Officers from the two council's discussed the potential to procure a single service which would cover both boroughs, bringing cost savings to the management and delivery of the service. It was felt that a scaled-up service would also attract more interest from specialist business support organizations.
- 2.5 Due to the value of the contract, the procurement must follow a Find-a-Tender Service (FTS) process to be compliant with the Public Contract Regulations 2015. The procurement process would be led by Spelthorne BC. There will be a core service delivered across the two boroughs, however the service in Runnymede will be specific to the borough's needs. Support in Runnymede will be focused on businesses that have been trading for a minimum of one year and/or incorporated and have the potential to scale up. A total of up to 20 businesses will benefit from innovation grants of up to £5000 per business. A grants panel and process for managing and awarding grants will be established to ensure they are accounted for and spent in line with the recommendations to support growth and innovation.

3 Policy framework implications

- 3.1 The SPF is designed to help deliver the Government's Levelling Up Agenda. The aim of the funding is that 'By 2030, pride in place, such as people's satisfaction with their town centre and engagement in local culture and community, will have risen in every area of the UK, with the gap between the top performing and other areas closing.'

- 3.2 SPF sets out interventions which are recommended for Supporting Business. The Business Growth and Innovation Service will address the following interventions:

E23: Strengthening local entrepreneurial ecosystems, and supporting businesses at all stages of their development to start, sustain, grow and innovate, including through local networks
E20: Research and development grants supporting the development of innovative products and services.

- 3.3 The Business Growth and Innovation Service will support Objective 2 of the Runnymede Economic Development Strategy 2022-2026 which aims to 'Maintain competitive advantage through business engagement, strengthening business networking and local supply chains'. The project responds to the recommendation that the council 'Improves access to business support and to work with Business Growth Advisors to ensure businesses are making the most of business services available through the EM3 LEP's Growth Service, Royal Holloway Enterprise Service and other business support'.

3.4 Development of new partnership work

- 3.5 The new service will develop new partnership working between the council, local stakeholders, and businesses. It will support a number of recent policy initiatives to help deepen and broaden the council's partnership work.
- 3.6 In July 2022 the Surrey Delivery Board recommended that boroughs should, where appropriate work together across boundaries in areas relating to economic development. Since then officers from a cluster of boroughs in North West Surrey, including Runnymede, Spelthorne, Elmbridge, Woking and Surrey Heath have been exploring opportunities to develop joint work to support businesses and economic growth. The development of a shared business support service with Spelthorne BC will strengthen this partnership working and could lead to further joint working.
- 3.7 In May 2022 the council and Royal Holloway University of London (RHUL) agreed a memorandum of understanding to support more collaborative working between the two organisations. RHUL are a key partner in the delivery of the new service which will be co-located in the university's enterprise centre and the service will refer relevant businesses to innovation and research support available from the university.

4 Resource implications/Value for Money (where applicable)

- 4.1 The council has been allocated £1,000,000 of SPF. This is spread over three years from 2022 to 2025. The majority of the funding (over 91%) has to be spent in 2024/25.
- 4.2 The budgets for this project are contained in exempt appendix 1.
- 4.3 The budget has been developed using the current market rate for delivering similar services. In particular, the costs for delivering Spelthorne's business support services in 2022/23.
- 4.4 A larger service covering two boroughs will provide cost savings arising from efficiencies in management. A joined-up communications and engagement strategy will be more efficient and have a greater impact.

- 4.5 Grants will be up to £5000 per eligible business. Criteria for allocating grants will ensure that funding supports business growth. A grants panel and process for managing and awarding grants will be established to ensure that grants are accounted for and spent on time and in line with the grant agreement.
- 4.6 There is a total of £20,000 to support the development of the Investment Plan. This will be utilized to cover management and development costs.
- 4.7 Performance targets will be to set with the provider to measure the number of new businesses starting up, levels of innovation, growth and jobs. The key minimum outputs for the service for the 24 month period are:

Total number of businesses supported	160
Number of businesses supported to grow	24
Number of new businesses started	10

- 4.8 The project has funding for 24 months ending in March 2025. An evaluation of the project will be completed at the end of 2024/25. If the project is successful, it is anticipated that a growth bid would be submitted to secure funding to continue this project after March 2025. Officers will also explore options to secure continuation funding from Surrey, RHUL and/or the LEP.

5 Legal implications

- 5.1 The proposal contained within this report is to procure jointly with Spelthorne Borough Council an external organisation to deliver this service. To facilitate this approach, it will be necessary for Runnymede to agree that Spelthorne undertake the procurement exercise which will be subject to the full suite of regulations governing public contracts as laid out in the Public Contract Regulations 2015.
- 5.2 It is proposed that Spelthorne Borough Council will undertake the practical aspect of the procurement exercise i.e. advertising the opportunity, responding to any queries bidders may have, undertaking the evaluation of bids (with input from Runnymede) and entering into the contract on behalf of both authorities. It is permissible for two or more local authorities to seek to procure a service which is delivered to them all. In such cases it is more efficient if one of the local authorities takes the lead on the procurement exercise rather than all trying to run a procurement at the same time. To facilitate this approach, it will be necessary for Runnymede to agree that Spelthorne undertake the procurement exercise which will be subject to the rules regarding procurements which Spelthorne have adopted.
- 5.3 The total value of the contact will exceed the £100K threshold, therefore a tender process will be undertaken in line with the Public Contract Regulations 2015.
- 5.4 Once the contract is in place there will be regular contract management meetings with the provider and performance will be measured against the outputs set out in the table at paragraph 4.7 above. The contract will include terms to address poor performance, which could include the ability to terminate the contract. The drafting of the contract will need to be carefully considered to ensure that Runnymede has the ability to terminate delivery of certain services under the contract if performance targets are not met.

5.5 Any contractor bidding for this type of contract will do so on the basis that the fee being paid by both local authorities will cover its running costs. If one of the local authorities terminates part of the contract due to poor performance that may cause problems from the contractor because their costs might not be covered in full from what is left of the contract.

6 Equality implications

- 6.1 The Council has a Public Sector Duty under the Equalities Act 2020 to have due regard to the need to:
- a. Eliminate unlawful discrimination, harassment, or victimisation.
 - b. Advance equality of opportunity between persons who share a Protected Characteristic and persons who do not share it;
 - c. Foster good relations between those who share a relevant protected characteristic and persons who do not share those characteristics.
- 6.2 An equalities impact assessment was completed for the Economic Development Strategy in April 2022. This included an assessment of the work covered by the service.

7 Environmental/Sustainability/Biodiversity implications

- 7.1 The service will support the council's Climate Change Strategy by encouraging businesses to adopt low-carbon business practices and supporting businesses in the green sector.

8 Timetable for Implementation

Approval by CMC	December 2022
Procurement of Business Growth Service	January to March 2023
Start of new Business Growth Service services	April 2023
Completion and evaluation of services	March 2025

9 Conclusions

- 9.1 The service will help deliver the council's priority to support business growth particularly amongst small businesses in the tech sector. The service helps to deliver the borough's Shared Prosperity Fund and is the sole project which delivers against the Business Support priority (one of three priorities for the SPF).