



Subject: UKSPF Dynamic Purchasing System Lot 6 (Revenue Grant Support)
– NBSL
Report of: Chris Walker, Project Manager
Portfolio: **Investment and Resources**

Report Summary

The purpose of this report is to approve a UK Shared Prosperity Fund (UKSPF) funding award to Northumberland Business Services Limited (NBSL) to deliver a programme of revenue grant support, primarily to SMEs, in line with the UKSPF Investment Plan approved by Government and the Implementation Plan approved by NTCA Technical Officer Group and Investment Panel.

In September 2022, Cabinet delegated responsibility to the Chief Executive in consultation with the Director of Finance and relevant Cabinet Members to approve the commissioning approach and subsequent grant agreements and/or contracts associated with the Shared Prosperity Fund (minute 34 Resolution 5).

Subsequently, North of Tyne Combined Authority established a Dynamic Purchasing System for the delivery of Local Business Support Services within the North East area. The DPS is divided into six categories (each referred to as a **Lot**) as described in NTCA's Invitation to Participate in the DPS. This project (**Revenue Grant Support**) is issued under **Lot 6** of the DPS.

This paper sets out the decisions relating to a requirement subsequently commissioned through this DPS, specifically:

- A contract to deliver **Revenue Grant Support** across the North of Tyne. This requirement was issued under **Lot 6** of the DPS. A single provider has been chosen with total funding amounting to £494,248 UKSPF funding. The revenue funding represents a management fee (paid monthly to the supplier) of £94,248 and total revenue grant payments to businesses of £400,000.

Recommendations

The Chief Executive, in consultation with the Director of Finance, the Mayor and relevant Cabinet Member (s) and in accordance with the scheme of delegation, is recommended to approve the following funding award, and authorise entry into required agreements to facilitate approvals, as set out in this report:

A total of £494,248 of UKSPF funding to be awarded to Northumberland Business Services Limited (NBSL) for the delivery of the Revenue Grant Support project set out in the summary.

To authorise the Chief Finance Officer and Monitoring Officer to prepare the necessary documentation and enter into contract with the lead applicant (NBSL).

1. Background Information, Proposals and Timetable for Implementation

The UK Shared Prosperity Fund (UKSPF) will invest in economic growth and regeneration in the regions of the United Kingdom (UK), replacing the previous European Structural and Investment Funds (ESIF). All current European funded programmes will end in 2023.

To help realise their Levelling Up aims, Government has set out that the UKSPF should invest to achieve the following missions:

- boost productivity, pay, jobs and living standards.
- spread opportunities and improve public services.

- restore a sense of community, local pride and belonging.
- empower local leaders and communities.

The UKSPF has three investment priorities: Communities and Place, Supporting Local Business, and People and Skills.

- **Activity within this report relates to the Supporting Local Business investment priority of UKSPF.** The UKSPF Investment Plan for the North of Tyne area sets out 3 programmes of activity relating to the Supporting Local Business theme. UKSPF's supporting local business investment priority enables places to fund interventions that support local businesses to thrive. Through delivery of this contract, the supplier will be creating jobs and boosting community cohesion, through investments that build on existing industries and institutions, and range from support for starting businesses to visible improvements to local retail, hospitality and leisure sector facilities.

It should be noted that, in response to early consultation and market engagement in development of the UKSPF Investment Plan, where it was recognised that there were opportunities to drive greater value for money through cross authority collaboration, some UKSPF Lead Accountable Bodies in the region have undertaken a collaborative commissioning exercise where there are similar requirements and objectives. In this instance, North of Tyne Combined Authority has undertaken a sole procurement for revenue grant support, as a result the commissioned projects will be delivered only in the NTCA area.

The following project, delivered by NBSL, is recommended for approval for UKSPF funding by the Chief Executive following consultation with all the relevant parties set out in the delegation from Cabinet in September 2022.

1.1 UKSPF Revenue Grant Support (DPS Lot 6) – NBSL

North of Tyne Combined Authority established a Dynamic Purchasing System for the delivery of Local Business Support Services within the North-East area.

NTCA issued an ITT which invited bids for the delivery of revenue grant support across the area, specifically provision of revenue grants towards projects enabling SMEs to access specialist expertise to support delivery of business growth-projects, alongside fully funded business masterclasses covering a broad range of topics for SMEs with growth ambitions, based in locations North of Tyne.

This contract is issued under Lot 6 of the DPS. The successful bidder, Northumberland Business Services Limited (NBSL) was selected following the assessment process published in the Invitation to Tender and will enter into a contract with NTCA (£494,248).

The bid from NBSL was one of three submissions. The successful bidder scored 100% and demonstrated that they will offer high quality services to support enterprises throughout the area. The assessment panel was content that the proposal met or exceeded all requirements set out in the ITT and offered good Value for Money.

It was demonstrated that NBSL has a successful track-record of delivering the regional North-East Business Support Fund (NEBSF) alongside Covid Recovery Grant and North of Tyne Innovation Recovery Grants (NTIRG). NBSL have a comprehensive understanding of business support needs of target beneficiaries in NTCA area including:

- Lack of access to finance.
- Inability/reluctance to access external expertise to support business growth.

The contract will allow NBSL to:

- Support SMEs in Northumberland, Newcastle and North Tyneside with growth potential and/or growth ambition to access external expertise to implement business growth and/or improvement plans.
- Prioritise SMEs operating in North-East LEP growth sectors and/or with potential to benefit from North-East LEP Scale-Up support.
- Signpost SMEs to relevant support programmes to meet their specific growth needs.

Using their extensive experience of delivering comparable programmes (average Customer Satisfaction rating 98.2%), NBSL's will offer up to 50% grant funding towards projects costing between £3,000-£8,000, providing grants awarded between £1,500-£4,000. The project will part fund costs of SMEs bringing in external expertise to deliver business development projects including Consultancy, Development and Mentoring.

The supplier's existing pipeline of latent demand from 237 SMEs (resulting from previous awareness/delivery of Grant programmes) plus targeted marketing/comms activity generating additional demand throughout programme delivery period (average 30 a month) will achieve at least 350 valid applications to allow for attrition.

In delivering revenue grants throughout the NTCA area, NBSL will provide 160 businesses with the grants needed to grow their business. A further 48 businesses will receive non-financial support assisting them to develop their business plan.

In the medium term, the project will support the creation of 50 new jobs in the NTCA region. It is anticipated that the revenue grants will safeguard a further 50 jobs.

The project will begin in April 2024, fully funded through UKSPF with a total funding value of £494,248.

1.2 Next Steps

A contract will be put in place with the supplier for the activity to be delivered in the North of Tyne area, and project will commence delivery.

2. Potential Impact on Objectives

- 2.1 All activity outlined in the report will contribute to the delivery of the outcomes of UKSPF Investment Plan which has been approved by Cabinet and by UK Government.

3. Key Risks

- 3.1 The risks associated with the delivery of the project outlined in the report are actively managed at several levels. Strategic risks associated with the delivery of the UKSPF programme are managed through the maintenance of a Risk Register and monitoring by the NTCA's UKSPF Programme Board. Risks at a project level are managed by the project sponsor and as a part of the regular claims and monitoring activity undertaken by the Programme Management Office. A risk register will need to be submitted by NBSL prior to commencement of the contract.

4. Financial and Other Resources Implications

- 4.1 As a result of this report £494,248 UKSPF funding will be awarded to NBSL. UKSPF Funding will be allocated to the appropriate investment priority and intervention within the UKSPF Investment Plan and monitored in delivery in the usual manner; funding will be defrayed against the following profile:

NTCA Funding	2022/23	2023/24	2024/25	Total
NTCA Investment Fund Capital				
NTCA UKSPF Capital				

NTCA Investment Fund Revenue				
NTCA UKSPF Revenue			£494,248	£494,248
Total NTCA			£494,248	£494,248

5. Legal Implications

5.1 The comments of the Monitoring Officer have been incorporated into the body of the report.

6. Equalities Implications

6.1 An Equalities Impact Assessment has been undertaken for UKSPF and the implications of this will be considered in the project mobilisation and delivery stage.

7. Inclusive Economy Implications

7.1 The project included in this paper contribute to the delivery of the inclusive economy objectives of the NTCA. The project has submitted detailed responses to the Inclusive Economy case within the proposals and have been appraised.

NBSL is recognised by NTCA as holding the Advanced Level Good Work Pledge with a company ethos of 'Small enough to care, big enough to deliver.' NBSL will will promote to Businesses engaged, the business benefits of the NTCA Good Work Pledge.

Social Values are embedded in NBSL ethos and drive their operations; NBSL strive to exceed expectations in all of their actions and are concerned about the impact of how they do business in the communities they serve. The supplier is a not-for-profit organisation, in 2023-24 investing over £350K of company resources to cover short-term gaps in public funding ensuring they retained capacity and capability of skilled local people to provide an element of continuity in business support.

Support will be via one/more of over 2000 providers on the NBSL register, the majority are SMEs with over 40% based in NTCA area. Buying locally and ethically is the supplier's default, including through this programme, where their partners and supply chain are locally rooted.

8. Climate Change Implications

8.1 The project included in this paper contributes to the delivery of the climate change objectives of the NTCA. The supplier adopts circular economy principles, including repair/reuse/recycle have both environmental and business benefits. Projects have submitted information within their proposals and have been appraised.

9. Consultation and Engagement

9.1 Significant consultation was undertaken in the development of the NTCA UKSPF Investment plan, which included several stakeholder events and the establishment of a strategic stakeholder group. Further engagement will be undertaken with external stakeholders, local residents and businesses as the proposals move into delivery.

10. Appendices

10.1 There is one appendix to this paper which sets out a summary of the proposal to be funded.

11. Background Papers

11.1 None

12. Contact Officers

12.1 Chris Walker, Project Manager
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13. Glossary

UKSPF	United Kingdom Shared Prosperity Fund
UK	United Kingdom
SME	Small and Medium Sized Enterprise
NTCA	North of Tyne Combined Authority
NoT	North of Tyne
NE	North East
NBSL	Northumberland Business Services Limited
CO2	Carbon Dioxide
MFA	Minimum Financial Assistance

14. Sign-off

1) Portfolio holder: Yes/No	2) Director of P&P/Head of Service: Yes/No	3) Director of Finance: Yes/No	4) Monitoring Officer: Yes/No
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Appendix 1: Project Summary Revenue Grant Support (DPS Lot 6 - UKSPF) – NBSL

Project Summary

NBSL is Ashington-based with 22 years of experience supporting North-East micro/small businesses to achieve their growth ambitions. They deliver a wide range of business start-up, growth, and skills programmes. In particular, NBSL has developed a market-leading expertise in successful delivery of targeted grant programmes across the North-East, providing a strong return on investment.

In the last 5 years. Their programmes have:

- Provided £3.5m of Grants to 992 NTCA businesses (average grant size depending on programme criteria).
- Secured the Creation of 322 NTCA jobs.
- Safeguarded 423 NTCA jobs.
- Generated £5.6m of private sector leverage.
- Provided fully funded Business-Growth workshops to 132 NTCA businesses.

Based on a successful track-record of delivering the regional North-East Business Support Fund (NEBSF) for 12yrs (3,765 business beneficiaries), alongside Covid Recovery Grant (600 business-beneficiaries) and North of Tyne Innovation Recovery Grants (NTIRG) (268 business-beneficiaries), NBSL have a comprehensive understanding of business support needs of target beneficiaries in NTCA area including:

- Lack of access to finance.
- Inability/reluctance to access external expertise to support business growth.

Importantly, market demand for NEBSF (comparable target-beneficiary profiles) underlines support needs as below:

Digital Marketing (website development, video/animation production etc)	53%
Marketing (production marketing-strategies, branding, collateral etc)	38%
Business Planning (growth-consultancy, financial-modelling etc)	32%
Product Development (design-consultancy, market research etc)	19%
Process Improvement (implementing quality management procedures, introducing efficient	8%
Systems Development (remodelling existing systems development CRMs, Email marketing	6%
HR Consultancy (succession planning, restructuring-support etc)	4%

Building on the successful NEBSF delivery model (*provision of revenue-grants towards Projects costing between £3k-£8k enabling SMEs to access specialist expertise to support delivery of business growth-projects, alongside fully-funded business masterclasses covering a broad range of topics for SMEs with growth ambitions, based in NTCA area and across wider North-East*), the following approach/method to deliver the new **North of Tyne Business Support Fund (NT-BSF: working title: to be agreed)** will support achievement of following stated project objectives:

- Support SMEs* in Northumberland, Newcastle and North Tyneside with growth potential and/or growth ambition to access external expertise to implement business growth and/or improvement plans.
- Prioritise SMEs operating in North-East LEP growth sectors and/or with potential to benefit from North-East LEP Scale-Up support
- Signpost SMEs to relevant support programmes to meet their specific growth needs.

* **NB:** Pre-Start businesses (which are elevated risk for achieving SME outputs) can also potentially access support. NBSL employ a team of Start-Up Business Advisers working with pre-starts/new businesses across Northumberland so understand the barriers faced. NBSL are also administering NEEAL Start-Up Grant (Capital-only), and NBSL will work with NTCA/NEEAL to agree/align strict criteria/flexibility for Pre-Start revenue-grant access and additionality to the Start-Up programme.

In delivering the support, NBSL has identified the following Client (Business) Journey Key Stages:

- a. **Online Application:** accessible online Application Form available via programme website. *Average time-to-complete- 15 minutes.* Support available for anyone struggling to complete (if eg: dyslexic, visually impaired). Word versions can be provided where necessary.
- b. **Technical Assessment of Application** against agreed Programme Requirements: SME status/ Geographical location/ Financial performance/ Growth Ambitions/ Subsidy Control Limits. Prioritisation given to NTCA Priority Sectors and those with Scale-Up potential. Impartial assessment. *Complete within 5 working days.*
 - If eligible, Minimal Financial Assistance (MFA) Notification Letter issued: Client-Business must sign before being referred to next stages.
 - If ineligible, Client will, where possible, be referred to alternative support.
- c. **Business Funding Adviser (BFA):** Undertakes appropriate diagnostic process with eligible businesses ensuring proposed project-activity is eligible. Clarifies business-need/expected business-impact. Provides impartial advice to Client (*NB: assumption this cannot be counted as additional non-financial support if support spec >3 hrs*).

Produces a Business Development Action Plan (BDAP). Assists Client re VFM-assessment of their provider quote(s). Develops Funding Compliance Documentation including start/end-dates. Submits for Contract approval/issue. If additional needs identified, personal introductions made to appropriate Delivery Organisations. *Complete within 3 working days if Client available.*

- d. **Funding Contract - Compliance Team:** verify Funding Compliance Documentation. Develop Funding Contract package. Issue for signature to Client via SignNow. Once signed, SME can commence project. *Complete within 2 working days if all in order.*
- e. **Project Delivery:** SME undertakes project delivery (variable-time-scale). NBSL conduct Client Mid-Point review, checking progress towards agreed Contract-End Date. One month prior to Project-completion, Compliance contact Client to remind them of steps/evidence required to claim their Grant. Once development work completed, Client pays Provider/Consultant.
- f. **Grant Claim**
 - Client submits their Grant Claim with required evidence.
 - Claim assessed/approved - *Complete within 3 working days.*
 - Grant paid. Client contribution/private sector investment levels captured for NTCA claims. *Paid within 30 days of submission of accurate Grant Claim.*
 - MFA Confirmation Letter issued (Client must sign before Grant is paid).
- g. **Client Evaluation:** issued to Client re satisfaction with NBSL process/ support delivered by their provider. *Issued 1-2 months after project completion.*
- h. **Impact Collection:** Jobs/Impacts collected from Client by Compliance Team *3-12 months after SME-project completion.*

NBSL's team has extensive experience and an excellent track- record of delivering grant programmes of a comparable size/scale for a broad number of funders. They have the full skills set required to deliver this programme and are able to begin delivery quickly with minimal lead-in time.

A volume-grant programme requires the correct mix of skills/flexibility if it is to be robust and effective, especially where there will be significant volumes of applications that still have to be effectively handled. Because of high awareness of NBSL/previous grant programmes, the supplier can hit the ground running and will provide a low-risk solution to achieving this contract and fulfilling the deliverables below.

Project Deliverables

Measure	Forecast by applicant
Outputs	
E24: Number of enterprises receiving grants (numerical value)	160
E24: Number of enterprises receiving non-financial support (numerical value)	48
Outcomes	
E24: Jobs created (numerical value)	50
E24: Jobs safeguarded (numerical value)	50
Additional: Private sector Investment	£400,000

Project Finances and Budget Implications

The table below shows the funding split across financial years.

NTCA Funding	2022/23	2023/24	2024/25	Total
NTCA Investment Fund Capital				
NTCA UKSPF Capital				
NTCA Investment Fund Revenue				
NTCA UKSPF Revenue			£494,248	£494,248
Total NTCA			£494,248	£494,248

Tender assessment and Contractual Conditions

The tender submission was rated overall Green by an appraisal completed by NTCA and North Tyneside Council's procurement department. Three bids were received – NBSL, UMi Commercial Ltd and Innovation Supernetwork (ISN).

Question	Weighting	Score available	NBSL	UMi	ISN	NBSL % Score award
Delivery Model	35%	10	10	10	8	35%
Project Management & Delivery Team	35%	10	10	10	10	35%
Social Value	10%	10	10	10	8	10%
Total Cost	20%	10	10	8	5	20%
Total Score	100%	40	40	38	31	100%

The following precedent conditions will be discharged prior to issue of the contract:

- A full breakdown of staffing arrangements with percentage of time allocated to this contract will be required
- A risk register is to be provided.