

**Cabinet Response to Overview and Scrutiny Recommendations
Completed Action Plan**

Business Support Sub Group

In accordance with Section 21B of the Local Government Act 2000, Cabinet is required to provide a response to the recommendations of the Overview and Scrutiny Committee within 2 months. In providing this response Cabinet is asked to state whether or not it accepts each recommendation and the reasons for this decision. Cabinet must also indicate what action, if any, it proposes to take.

Overview and Scrutiny Recommendation	Officer Commentary	Cabinet Decision (Accept or reject)	Action to be taken (if any) and timescale for completion
<p>Recommendation 1 Cabinet requests the Council's Business and Enterprise Team to signpost SME's to the Growth Hub, record and analyse substantive interactions between the Council and SME's and review the Local Enterprise Partnership's (LEP) list of scale up businesses to identify any unknown businesses requiring support.</p>	<p>The Business and Enterprise Team signpost SMEs to the Growth Hub where appropriate but there are currently no arrangements to record or analyse substantive interactions with any local authorities. The LEP is considering a funding proposal to add this service to the Growth Hub from Autumn 2017.</p> <p>The LEP supplied a list of scale-up businesses in May 2017 and this is currently being reviewed for additional business support.</p>	<p>Accept</p>	<p>Senior Manager for Business and Enterprise to continue to work with the LEP through the Local Authority / LEP Network Group. Changes to operational procedures will be considered as they arise and the Senior Manager will report back to the Head of Business & Economic Development.</p> <p>Senior Manager for Business and Enterprise to contact all North Tyneside businesses on the LEP scale-up list offering the support of the Business and Enterprise Team by end July 2017.</p>
<p>Recommendation 2 Cabinet should seek to maintain the Council's investment in the provision of business support for start up businesses through programmes such as the work currently delivered through the Business Factory.</p>	<p>The approved budget for 2017/18 includes provision for the Business Factory services which are 50% funded by European Regional Development Funds (ERDF). The ERDF project is scheduled for completion in March 2019.</p>	<p>Accept</p>	<p>Noted</p>

<p>Recommendation 3 Cabinet, through its risk management processes, continue to monitor the likely impact of Brexit on European funding for business support and take appropriate action to mitigate against the risk of funding for business support programmes delivered in North Tyneside being withdrawn and not replaced by alternative funding from the UK Government.</p>	<p>There is an overarching corporate risk in respect of the impact from Brexit for North Tyneside. The risk was raised in November 2016, and as part of the Council's risk management process has been updated by risk owners (both the relevant member of SLT and Cabinet Member) and agreed by SLT on 28 March 2017 before being endorsed by Cabinet on 8 May 2017. The latest review will also be presented to Audit Committee on 24 May to provide assurance that the corporate risks within the Council are being managed effectively.</p> <p>The risk detail includes a number of controls to help mitigate the impact of this risk and potential loss of funding.</p> <p>The risk will continue to be managed along with all other corporate risks as part of the Council's normal risk management process.</p>	<p>Accept</p>	<p>Noted</p>
<p>Recommendation 4 The Elected Mayor and Cabinet Members, in conjunction with local Members of Parliament, the North East Local Enterprise Partnership and the local business community, take every opportunity to lobby the Government for continuing</p>	<p>The North East Combined Authority (NECA) Economic Directors Group has tasked the LA EU Engagement Group with producing a paper to consider post European funding mechanisms. It is anticipated that this will be a substantial piece of work to enable local government</p>	<p>Accept</p>	<p>Head of Business and Economic Development to report progress to the Elected Mayor and Cabinet Member for Economic Development by September 2017.</p>

<p>investment to replace the European funded business support programmes following the withdrawal of the UK from the European Union.</p>	<p>partners to lobby Government in the most effective way that will take into consideration the papers that have already been produced by the LGA and the Industrial Alliance.</p>		
<p>Recommendation 5 Cabinet give consideration to ways in which the Council can enhance access to finance by micro and small businesses in North Tyneside, including the possible use of revolving funds and the promotion of crowd funding schemes.</p>	<p>The North East Jeremie Fund is scheduled to launch in early summer 2017 with £120m of additional loan and equity funds for businesses. A review of any gaps in this service should take place once the details of this fund have been confirmed.</p>	<p>Accept</p>	<p>Senior Manager for Business and Enterprise to conduct a review of financial support available to SMEs in North Tyneside and report the findings to the Head of Business and Economic Development and Cabinet Member for Economic Development by September 2017.</p>
<p>Recommendation 6 Cabinet ask officers to undertake an evaluation of the levels and nature of demand among SMEs for commercial property in North Tyneside to determine whether there is evidence of a significant shortfall in small and medium sized industrial units or office space.</p>	<p>An evaluation of the demand for commercial property has been commissioned and will report the findings by the end of June 2017.</p>	<p>Accept</p>	<p>Noted</p>
<p>Recommendation 7 If the evaluation shows substantial unmet demand, Cabinet give consideration to investing in the refurbishment of surplus property to provide more small incubator units and the provision of small and medium industrial units aimed at start up and growing businesses.</p>	<p>Cabinet approved an Industrial Estate Strategy for the Council's portfolio of industrial properties on 8th September 2014. This Strategy involved the disposal of identified industrial assets with the capital receipts raised being allocated to fund improvements to the Council's remaining industrial stock.</p> <p>The phase 1 refurbishment of the former Swan Hunter offices was</p>	<p>Accept</p>	<p>Senior Manager for Business and Enterprise and Head of Business and Economic Development to consider findings and report proposals to the Cabinet Member for Economic Development by the end of July 2017.</p>

	<p>completed in 2016 and launched as the Swans Centre for Innovation. This project was part of the regeneration of the Swans Enterprise Zone and brought two floors of additional incubator units to the market. Phase 1 is now fully let and the Business and Economic Development Team are undertaking feasibility studies to convert the remaining three floors of the building.</p> <p>An evaluation of the wider demand for commercial property has been commissioned and will report the findings by the end of June 2017.</p>		
<p>Recommendation 8 The Economic Prosperity Sub-Committee monitor the detailed proposals to emerge from the Government in relation to the 100% Business Rates Retention Scheme and consider undertaking an in-depth investigation to consider its impact on the future shape of business support services.</p>	<p>The detailed proposals for the Business Rates Retention Scheme have not yet been received by local authorities.</p>	Accept	Noted
<p>Recommendation 9 Cabinet ask the Heads of Finance and Business and Economic Development to consider the possibility of incorporating promotional material relating to the Business Factory and other</p>	<p>An A5 business support leaflet can be included without impacting on postal costs.</p>	Accept	Head of Business and Economic Development to liaise with Head of Finance to ensure an appropriate business support leaflet is included with the annual business rate bills for 2018/19. The business support leaflet must be finalised by the end of January

business support services with business rate bills.			2018.
<p>Recommendation 10 In reviewing the Council’s procurement strategy, Cabinet give further consideration to how trade with local small businesses might continue to be encouraged by measures such as:</p> <p>a) simplifying the processes through which companies are required to quote or tender for the supply of goods and services to the Council;</p> <p>b) providing further training and support for local businesses on how to quote or tender for the supply of goods and services to the Council; and</p> <p>c) reviewing and refining how social value is evaluated within procurement exercises so that the process derives economic benefits for the people and communities of North Tyneside</p>	<p>The 2013-17 Procurement Strategy set out a specific initiative to support local business, called “Supply North Tyneside”. As part of this initiative, we have examined what else could practically be done by the Council, its strategic business partner, Engie, and our other partners (Capita and Kier) to support local businesses and help them identify, bid for and win public sector contracts. The proportion of Council spend value with suppliers in the travel to work area (TTWA) has increased from 34% in 2011/12 to 54% in 2016/17. The number of suppliers in the TTWA has increased from 24% in 2011/12 to 43% in 2016/17. Kier and Capita have assisted the initiative by working with their supply chains to increase spend with local suppliers, and local spend information is reported into the Kier Strategic Partnering Board.</p> <p>A significant amount of time has been spent in helping local firms in the construction and social care areas understand opportunities and bid for Council work, as this is where the significant amount of our spend goes.</p>	Accept	<p>As previously mentioned, work will continue to support local businesses trading with the Council. The areas identified in the recommendations are subject to periodic review, but specific targets have been set in the 2017-20 Procurement Strategy improvement plan. It is anticipated the targets will be completed within the 2017/18 financial year, and include:</p> <ul style="list-style-type: none"> • Review of ‘Quick Quotes’ <ul style="list-style-type: none"> ○ Gather data on how NEPO’s Quick Quotes is operating in practice within North Tyneside, and evaluate how successful this initiative has been in encouraging local supply. ○ Assess what else, if anything, could be done to improve the effectiveness of Quick Quotes within North Tyneside. • A ‘one-stop’ document – supply opportunities with the Council, and with our partners <ul style="list-style-type: none"> ○ Develop a ‘one stop’ document to hold, in a single place, all the necessary detail and documentation that any supplier might need if they wanted to do business with

	<p>The Council has long had a commitment to pay suppliers promptly. In 2016/17, over 97% of the Council's suppliers were paid within 14 days. Ahead of legislative changes, the Authority also mandated changes to its terms and conditions meaning that prompt payment was also cascaded through the supply chain. Our partners have helped to ensure prompt payment to local businesses within our extended supply chain, and in particular Kier have changed their national terms and conditions to pay suppliers within 30 days. As there is a significant amount of work subcontracted locally, this is of great benefit to local suppliers.</p> <p>Other improvements have included; simplifying administrative requirements; reviewing financial thresholds at the time of every tender and making sure that these are appropriate to the size of the contract (so smaller businesses are not precluded by thresholds which are unaffordable); reviewing and reducing insurance levels where appropriate; and supplier training events.</p> <p>These initiatives will continue to be a key element of the new</p>		<p>the Authority. This will also include details of how to do business with other major partners, such as Kier North Tyneside and Capita, whose suppliers are in turn part of the extended supply chain of North Tyneside Council.</p> <ul style="list-style-type: none"> • Development Programme for Suppliers (SMEs and VCS) <ul style="list-style-type: none"> ○ Review and evaluate what is currently available via the Authority and NEPO. How is this training perceived by local businesses? Is it meeting their needs? What more or differently could be done? ○ Develop a structured programme of training, based on feedback received directly by Procurement team, and from the wider Procurement Community, and via Trade and VCS groups. ○ Request the Business and Enterprise team and promote the development programme through their engagement activity. • Procurement Engagement with Business Forums <ul style="list-style-type: none"> ○ Propose a regular 'procurement' update to
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	<p>Procurement Strategy (2017-20) and will build upon the work supporting local business completed so far. The Strategy will be supported by an improvement plan that sets out a programme of further development, and includes a number of targets that cover the recommendations made. The targets are not solely 'task and finish' items as the areas concerned are subject to continuous or periodic developmental review.</p> <p>A detailed review of the Council's approach to social value was commenced in the summer of 2016 and is nearing completion.</p> <p>Engagement on a proposed new Social Value policy is currently underway with the business community and our partners in the voluntary and community sector. Once engagement is concluded the revised Social Value policy will be included in the forthcoming Procurement Strategy 2017-20.</p>		<p>appropriate meetings between the Business and Enterprise team and the North Tyneside Business Forum. Using the expertise of the Business and Enterprise team utilise the meetings with North Tyneside Business forum as a conduit to reach the other trade bodies, such as Chamber of Trade groups; North East Chamber of Commerce and the Federation of Small Businesses.</p> <ul style="list-style-type: none"> ○ Evaluate how we engage and obtain feedback with suppliers and trade organisations – would establishment of market workshops help suppliers to understand our business and shape the market according to need? <ul style="list-style-type: none"> ● Local Supply – Travel to Work Area and SMEs <ul style="list-style-type: none"> ○ Continue to gather data on the volume and value of contracts won by suppliers in the 'Travel to Work Area' and analyse and evaluate the results – what is this telling us? ○ We will need to develop and refine our data on SMEs within our supply chain.
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<p>Recommendation 11 Cabinet to ask the Head of</p>	<p>A simple guide with contact details can be provided for staff outside of</p>	<p>Accept</p>	<p>Head of Business and Economic Development to review the business</p>

<p>Business and Economic Development to work with the Senior Leadership Team to ensure those officers who work to support business have a good understanding of what support is available.</p>	<p>the Business and Economic Development Service interacting with businesses.</p>		<p>support information available and working with SLT, ensure staff working with businesses have access to improved information through email and intranet by the end of September 2017.</p>
<p>Recommendation 12 Cabinet work with the North Tyneside Business Forum to develop and strengthen business to business networks and peer support in North Tyneside.</p>	<p>The Business Forum regularly provides a business representative at Cabinet and meets with the Elected Mayor and Cabinet Member to undertake an annual review. The Business Forum was also consulted on the development of the Procurement Strategy.</p> <p>The Business and Enterprise Team has recently launched the Aspire Programme where large established businesses work with new high growth businesses to share advice, knowledge and contacts.</p> <p>The Business Factory project officers worked in partnership with the Business Forum to develop a new range of consultancy services for SMEs.</p>	<p>Accept</p>	<p>Noted</p>