

# **EAST AYRSHIRE COUNCIL**

**CABINET – 2 APRIL 2008**

## **REORGANISATION OF SCOTTISH ENTERPRISE NETWORK TRANSFER OF BUSINESS GATEWAY TO LOCAL AUTHORITIES**

**Report by Depute Chief Executive/ Executive Director of Corporate Support**

### **1 PURPOSE OF REPORT**

- 1.1** To report on proposed changes to the delivery of the Business Gateway service and to seek Cabinet approval that North Ayrshire Council should undertake the role of lead authority, acting on behalf of the 3 Ayrshire Councils in the transfer of the Business Gateway contract.

### **2 INTRODUCTION : BUSINESS GATEWAY**

- 2.1** The provision of business start-up and business growth services, through the Business Gateway, has been the responsibility of the Local Enterprise Companies. Scottish Enterprise Ayrshire dealt with this responsibility on the basis of appointing an external contractor, which was Alba Smart Thinking Ltd, a subsidiary company of Glasgow Opportunities. This local arrangement ran until September 2007.
- 2.2** The provision of a consistent range of business support services, provided by Business Gateway across the country, is a priority of the Scottish Government and following a national tendering exercise, the contract for Ayrshire was awarded to Alba Smart Thinking Ltd. The contract runs from October 2007 to September 2012, with a provision for review after 3 years. The total value of the contract over the 5 year period is in excess of £3 million.

### **3 PROPOSED DELIVERY CHANGES**

- 3.1** On 26 September 2007, the Cabinet Secretary for Finance and Sustainable Growth announced in Parliament that responsibility for local economic development, including Business Gateway, would pass to the local authorities from 1 April 2008.
- 3.2** Since September 2007, there have been continuing discussions between COSLA/SLAED (Scottish Local Authorities Economic Development Officers) and the Scottish Government on the details of the transfer.
- 3.3** It has been agreed at this national level that where a Business Gateway contract covers more than one local authority area, then the Councils in that area should agree on a lead authority to which the contract between Scottish Enterprise and the appointed contractor should be assigned.

- 3.4** North Ayrshire Council has confirmed that they would be willing to act as lead authority, subject to clarification of legal and financial issues. There would, of course, be appropriate governance arrangements put in place through a Service Level Agreement.
- 3.5** Staff employed by Scottish Enterprise who are directly engaged in managing the Business Gateway contracts would transfer, under TUPE provisions, to the appropriate lead local authority. In the case of Ayrshire, there is only one member of staff at Scottish Enterprise Ayrshire who is directly and wholly dedicated to the management of the Business Gateway contract and therefore, this member of staff should transfer to North Ayrshire Council and act on behalf of all of the 3 Councils, as required.

#### **4 CURRENT POSITION WITH TRANSFER NEGOTIATIONS**

- 4.1** As at the date of writing of this report (26 March 2008), there is no formal agreement through COSLA on the detail of the agreement for the transfer of the Business Gateway to the local authorities. However, it is anticipated that this may be concluded before the end of March and a verbal update will be given to the Cabinet.
- 4.2** A common format of Service Level Agreement is also being prepared centrally and will be issued through COSLA to local authorities.
- 4.3** On the staffing issue, the member of staff at Scottish Enterprise Ayrshire who currently manages the Business Gateway contract has now secured alternative employment within the Scottish Enterprise network. The important issue is to ensure that the full financial allocation to support this post is transferred with the contract, to allow the appropriate recruitment of staff required to undertake the management of the Business Gateway contract.

#### **5 LEGAL IMPLICATIONS**

- 5.1** The Solicitor to the Council has examined the contractual documentation between Scottish Enterprise Ayrshire and the appointed contractor – Alba Smart Thinking Ltd – and has confirmed that this contract which would be assigned to the local authorities “appears to represent relatively limited risk to the Council, as it is comprehensive and detailed in its nature, suited to public sector activity and its terms are favourable”.
- 5.2** A Service Level Agreement between East Ayrshire Council and North Ayrshire Council will be concluded as soon as possible, in consultation with the Solicitor to the Council.

#### **6 POLICY IMPLICATIONS**

- 6.1** Support to business delivered through the Business Gateway contributes towards the achievement of the objectives of the East Ayrshire Community Plan : Improving Opportunities Theme.

## **7 FINANCIAL AND PERSONNEL IMPLICATIONS**

**7.1** There are no current financial or personnel implications for East Ayrshire Council.

## **8 RECOMMENDATION**

**8.1** That the Cabinet approves the proposals that :

- (1) North Ayrshire Council acts as “lead authority” on behalf of East Ayrshire Council for the transfer of the Business Gateway contract with Alba Smart Thinking Limited; and
- (2) A Service Level Agreement to protect the interests of this Council is concluded between East Ayrshire Council and North Ayrshire Council in respect of the Business Gateway contract.

**ELIZABETH MORTON**

**Depute Chief Executive / Executive Director of Corporate Support**

26 March 2008/AN/jrs

### **BACKGROUND PAPERS**

**Nil**

**For further information please contact JOHN SPOONER, Business Development and Tourism Manager at Council Headquarters on (57) 6143.**

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