

North Tyneside Council

Report to Cabinet

Date: 31 July 2023

Title: The Business Factory (UKSPF) – North of Tyne Combined Authority
Acceptance of Grant

Portfolio(s): Economic Development	Cabinet Member(s): Councillor Carl Johnson
------------------------------------	--

Report from Service

Area: Regeneration and Economic Development

Responsible Officer: John Sparkes, Director of Regeneration and Economic Development (Tel: (0191) 643 6091)

Wards affected: All

PART 1

1.1 Executive Summary:

The purpose of this report is to seek approval from Cabinet to accept grant funding of £699,648 from the North of Tyne Combined Authority to deliver “The Business Factory” project. Funding has been secured from UK Shared Prosperity Fund (UKSPF) to support residents and businesses in the Borough looking to start up a new business or grow an existing business, with the aim of increasing the number of businesses, availability of jobs and levels of productivity within North Tyneside.

1.2 Recommendation(s):

It is recommended that Cabinet:

- (1) Authorise the Director of Regeneration and Economic Development to accept the £699,648 grant funding from the North of Tyne Combined Authority in relation to The Business Factory;

- (2) Authorise the Director of Regeneration and Economic Development in consultation with the Director of Resources and the Head of Law to enter into the Grant Funding Agreement and any other documentation as required to facilitate recommendation (1);
- (3) Authorise the Director of Regeneration and Economic Development in consultation with the Director of Resources and the Head of Law, to undertake any necessary procurements to support the project delivery set out paragraph 1.1 above and to award a contract to the bidder who submits the most advantageous tender in accordance with UK public procurement legislation.

1.3 Forward Plan:

Twenty eight days notice of this report has been given and it first appeared on the Forward Plan that was published on 30th June 2023.

1.4 Council Plan and Policy Framework

This report relates to the following priority in the 2021-25 Our North Tyneside Plan:

A thriving North Tyneside

The project will contribute to this theme by:

- Increasing the number of businesses starting up and support their survival.
- Increasing the number of jobs in North Tyneside.
- Supporting the growth and resilience of established businesses.

The objectives are underpinned by an ambition to make sure economic growth is inclusive and that the benefits of any growth can be accessed and felt by all residents and businesses across the Borough. As well as strong links to the Health and Wellbeing Strategy, Equally Well, to ensure the project contributes to improving socio economic factors linked to positive health and wellbeing outcomes.

This will be achieved through:

- Targeting those wards that are the furthest away from economic activity, with a target of engaging a minimum of 60 residents from underrepresented communities. The project will have a large emphasis

on reducing inequalities and supporting greater access to opportunity to improve life chances.

- Providing access to information and materials in a variety of ways and across a number of venues including:
 - The Business Factory website which will ensure access to information is inclusive. As well as linking the website to the Authority's digital inclusion strategy which focuses on making sure that residents are equipped with digital skills.
 - On the ground activity will be available in community centres and Customer First Centres across the Borough to make sure that they are accessible and reaching into communities.
- Working with residents and businesses accessing the service to support the promotion of good employer practice aligned to the Good Work Pledge.
- Working with the Authority's Skills and Employability team and wider partners to link work opportunities to local residents.
- There is a workstream within the project that focuses on supporting social enterprise to build capacity within communities and increase social value.
- Ensuring the link between Community Partnerships is strengthened via more integrated working.
- Working closely alongside Working Well Hubs established in communities to support residents into employment/business. This will also strengthen closer working with the skills and employment team to ensure maximum impact.
- Working towards the objectives as outlined in the North Tyneside Equally Well Strategy which outlines how socio-economic factors play a role in the health and wellbeing of residents and how the Authority and partners can help improve the health and wellbeing of local communities.

1.5 Information:

Background

The Authority has been delivering business support within the Borough for over 10 years. Most recently via the European Regional Development Fund (ERDF) funded "Made in North Tyneside - Enterprise Ready (MINT)" project that started in 2019 and ended delivery on 30th June 2023. This was preceded by the "Raising Enterprise" project delivered between 2013 and 2019.

The MINT project was delivered by TEDCO Business Support and focused on providing fully funded local start up support to residents and new businesses in North Tyneside, including 1:1 advice, a suite of workshops and access to consultants. The support was delivered under the Authority's brand "The Business Factory" which has always been owned and managed by the Authority.

The Business Factory, also delivers 'Business Factory Online,' an online resource where residents and businesses can access support tools. This includes fact sheets, business planning tools, diagnostic tools, videos, and tutorials. This offer will continue to be delivered under the new proposals.

The Business Factory is managed by the Business and Enterprise team, under Inclusive Economic Growth and as part of the wider Regeneration and Economic Development Directorate (RED.)

As ERDF funding has now come to an end, officers have been seeking alternative funding sources to deliver business support within the Borough and have successfully secured funding from North of Tyne Combined Authority's, UKSPF.

The Government launched the UKSPF in April 2022 with funding intended to support activity and interventions previously supported by European Funding and with the primary goal to build pride in place and increase life chances across the UK via activity across three key themes:

- Community and Place
- Supporting Local Business
- People and Skills

On behalf of North Tyneside, Newcastle and Northumberland, the North of Tyne Combined Authority (NTCA) submitted a Delivery Plan totaling £47.1m across the key themes with circa £19m attributed to the 'Business Support' theme. The plan has been codesigned with the three Local Authorities and stakeholders and it will provide a whole suite of business support for the Authority to refer businesses into. UKSPF provides considerably less funding than what was available from European Funding so delivery needs to be redesigned and reallocated to reflect the reduction.

As part of this Delivery Plan NTCA has allocated to the three North of Tyne Local Authorities £750k each to deliver local support and the remaining amount will be allocated using a 'Dynamic Purchasing System.' This system is a

commissioning tool that invites delivery agencies to become part of a supplier framework that can be used by the three Local Authorities and NTCA to deliver activity under the UKSPF programme. This system has been designed to provide a more flexible and efficient way of procuring suppliers whilst at the same time complying with UK procurement legislation.

Project delivery will be procured using either the Dynamic Purchasing System where appropriate or directly by the Authority, if required, in line with the Authority's procurement policy and procedure.

As part of the £750k allocation, North Tyneside Council, the Authority will deliver support under the brand of the "Business Factory" to a value of £699,648. The remaining £50,532 allocated to the Authority will be used to continue the service delivered through the Business and Intellectual Property Centre at North Shields Customer First Centre in partnership with Newcastle City Council and Northumberland County Council.

Delivery

The proposed programme of support will provide a refreshed and revitalised Business Factory website and offer a new approach to business support. This is built around self-guided learning and offers a complementary programme of on the ground activity in line with the following framework:

- **WELCOME** – Introducing businesses to The Business Factory Online; providing a guided tour of the online materials and functionality, peer to peer networking and Q and A sessions.
- **INSPIRE** – Inspiring residents to startup businesses through exciting events to promote entrepreneurial skills.
- **EXPLORE** – Providing short and targeted sector specific start up programmes.
- **DEVELOP** – Delivering thematic workshops for established businesses.
- **GROW** – Offer of consultancy and mentor support to achieve specific growth outcomes for established businesses.

Appendix 1 illustrates the customer journey within the operational framework linked to output delivery.

The project will focus on collaboration and play a key role in pulling together all business support activity accessible to residents and businesses in the Borough. This will make sure that North Tyneside is getting the most out of business support programmes being delivered by partners operating across

wider North East geography. It will also ensure that activity is clearly aligned to complementary delivery programmes within the Authority. This includes establishing strong relationships with the successful and developing Working Well Hubs to provide targeted and accessible support to those hardest to reach with the aim of improving inequalities. All activity commissioned under the project will be closely aligned to the objectives of the Working Well Hubs.

In addition, a key principle of the project is to ensure activity is inclusive, flexible, and defined by ongoing dialogue with businesses linked to the developing Business Engagement Strategy.

Outputs and Outcomes

Over the next 18 months the project is projected to deliver the following outputs and outcomes:

- 900 potential entrepreneurs assisted to be enterprise ready.
- 495 organisations receiving non-financial support.
- 108 new businesses created.
- 100 number of early-stage firms which increase their revenue following support.
- 16 jobs created.
- Positive impact on the growth of key sectors across the Borough.
- Increase the number of unemployed or disadvantaged residents exploring self-employment.
- Increase the number of North Tyneside business growing and achieving their intended goal.
- Increase in number of jobs in the Borough / number of people employed in the Borough as a result of the programme.
- Improve the start-up & growing business survival rates in the borough.
- Increase revenue for early-stage and growing firms as a direct impact of the support.

Timescales

Project Start Date – 1st July 2023

Refreshed Business Factory Launch Date – 1st October 2023

Project End Date – 31st March 2025

1.6 Decision options:

The following decision options are available for consideration by Cabinet:

Option 1

To approve the recommendation set out in paragraph 1.2 of this report.

Option 2

To approve and/or reject some or all of the recommendations set out in paragraph 1.2 of this report.

Option 1 is the recommended option.

1.7 Reasons for recommended option:

Option 1 is recommended for the following reasons:

Accepting this funding will enable the authority to establish The Business Factory support offer for North Tyneside.

1.8 Appendices:

Appendix 1 – Customer Journey

1.9 Contact officers:

John Sparkes, Director of Regeneration and Economic Development, tel. (0191) 643 6091)

Claire Emmerson, Senior Manager Financial Strategy and Planning, tel. (0191) 643 8109)

1.10 Background information:

The following background papers/information have been used in the compilation of this report and are available at the office of the author:

(1) Our North Tyneside Plan 2021-2025

<https://my.northtyneside.gov.uk/sites/default/files/web-page-related-files/ONT%20Plan%202021-25.pdf>

(2) Working Together – North of Tyne Combined Authority Corporate Plan

[Working Together: Our Corporate Plan 2022-2023 - NTCA \(northoftyne-ca.gov.uk\)](http://Working Together: Our Corporate Plan 2022-2023 - NTCA (northoftyne-ca.gov.uk))

PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING

2.1 Finance and other resources

As stated in paragraph 1.1 above, £699,648 of funding has been secured from the North of Tyne Combined Authority, UK Shared Prosperity Fund. Once the Grant Funding Agreement is signed work will begin on the activities set out in section 1.1 above.

Funding Source	2022/23	2023/24	2024/25	Total
NTCA UKSPF Revenue		£257,380	£442,268	£699,648
Total NTCA	£0	£257,380	£442,268	£699,648
Recipient's Funds Revenue				£0
Other Revenue Match (specify)	£0	£0	£0	£0
Total Match	£0	£0	£0	£0
Total Revenue	£0	£257,380	£442,268	£699,648
Project Total	£0	£257,380	£442,268	£699,648
Grant Rate %	0%	100%	100%	100.00%

2.2 Legal

The Authority will utilise the established Dynamic Purchasing System (DPS) to appoint organisations to deliver specific business support courses or activity or will use its own procurement arrangements accordingly.

The Grant Funding Agreement will be shared with the Authority's Legal Services before it is entered into. The Agreement is likely to contain clauses concerning compliance with Subsidy Control Act 2022 and provision for clawback in certain eventualities which the Authority must comply with. Irrespective of whether such provisions are contained in the Grant Fund Agreement, the Authority must comply with Subsidy Control legislation at all times as well as UK public procurement legislation.

2.3 Consultation/community engagement

2.3.1 Internal Consultation

Lead Cabinet Members have been briefed and finance, legal and procurement have provided advice on this project and the background to this report.

The project will be managed and delivered predominantly through the Regeneration and Economic Development (RED) team at North Tyneside Council, led by the Head of Inclusive Economic Growth.

2.3.2 External Consultation/Engagement

Consultation has taken place with businesses during the evaluation of the MINT project and during the Business Support demand study undertaken last summer. Further engagement will take place with businesses during the early stages of delivery.

2.4 Human rights

2.4.1 There are no Human Rights issues arising from this report.

2.5 Equalities and diversity

2.5.1 There are no direct equality and diversity issues arising from this report.

2.6 Risk management

2.6.1 A risk register has been developed as part of the business case development and will be reviewed and monitored monthly.

2.7 Crime and disorder

2.7.1 There are no crime and disorder issues arising from this report.

2.8 Environment and sustainability

2.8.1 The business support activity will include support to encourage businesses to reduce their carbon footprint including reducing emissions in line with the 2030 targets and Net Zero ambition.

PART 3 – SIGN OFF

- Chief Executive X
- Director(s) of Service X
- Mayor/Cabinet Member(s) X
- Chief Finance Officer X
- Monitoring Officer X
- Assistant Chief Executive X

Appendix 1 The Business Factory - Customer Journey

