

Business Support Approach

KPIs	2007-8 performance			2008-9 performance		
	Contractual target	Actual	% achievement	Contractual target	Actual	% achievement
Penetration	30,000	26,364	87.9	32,548	34,344	105.5
Customer satisfaction	90%	84%	93.3	90%	91.5%	101.6
Businesses Created	3,873	3,827	98.8	4000	4384	109.6
Businesses supported	15,467	11,654	75.3	18,000	20,061	111.4

Source:- [Second Interim Evaluation of Business and Enterprise North East, WM Enterprise](#)

KPIs	2009-10 performance			2010-11 performance		
	Contractual target	Actual	% achievement	Contractual target	Actual	% achievement
Penetration	32,555	33,275	102.2	29,250	31,812	108.8
Customer satisfaction	90%	90.4%	100.4	n/a*	n/a*	n/a*
Businesses Created	4000	4231	105.8	3627	4224	116.5
Businesses supported	19,508	19,751	101.25	17,493	19,059	108.9

*customer satisfaction survey was discontinued in 2010-11 because of budget constraints

Source:- Business Support Team monitoring

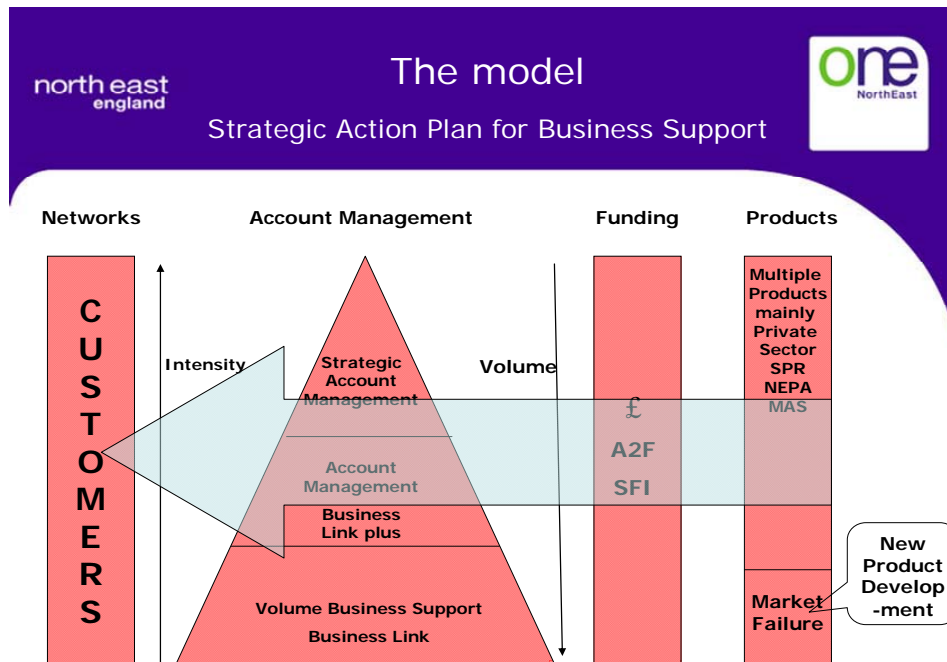
Background and Context

In 2003 One NorthEast instigated the regional Business Support Review. One NorthEast and partners through a series of consultations had agreed that the current regional business support offer was complicated, confusing and wasteful and there was a need for a radical overhaul.

Within One NorthEast the strategy team had been working on the development of the **Strategic Action Plan for Business and Enterprise 2006 (SAP)**¹. The SAP identified clearly what type of support would be offered for different businesses in the region. The support services on offer were to include an Information, Diagnostic and Brokerage service (IDB), and a single client management service with three tiers of support, strategic account management, account management and general support. (see figure 1 below).

¹ SAP Final Version 280306

Figure 1: IDB model described in SAP:

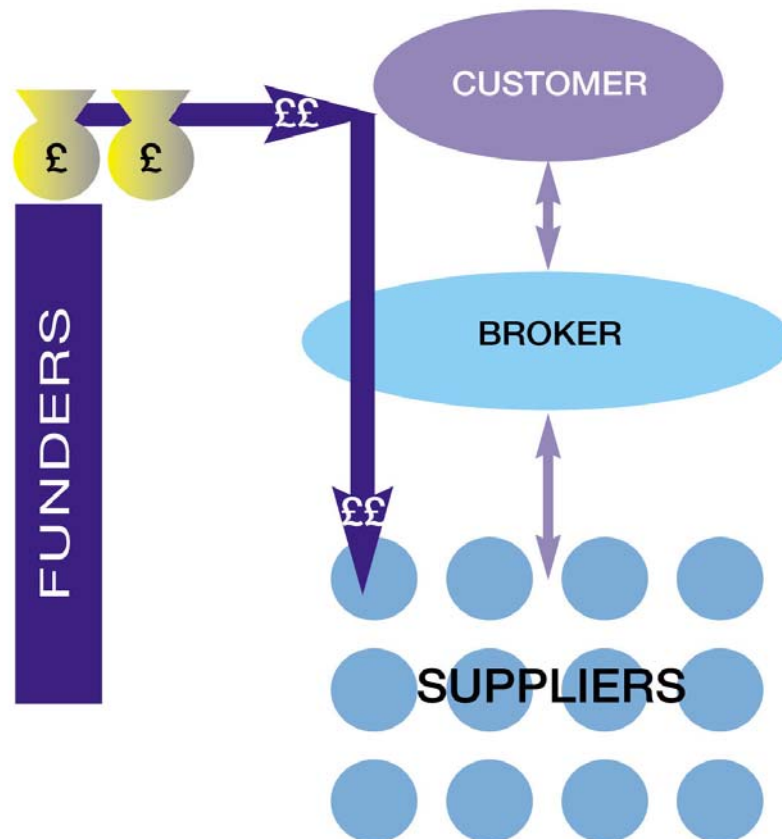


The SAP also clearly outlined the need for a shift away from a grant dependent culture. The idea of developing an Investment Bureau was the start of this cultural shift for the region, away from being grant dependent to one where public sector support was perceived as a business investment. The Investment Bureau was a radical new development for the region and the potential benefits to business were considerable. It was envisaged that the Investment Bureau would offer its services to other stakeholders and funding streams. The SAP refers to one of the main objectives for One NorthEast as being to persuade other partners and stakeholders to also channel funding through the Investment Bureau.

In this new model, illustrated in a **presentation**² prepared at the time, investment monies would be awarded to customers (businesses and start-ups) who had used the IDB service to ascertain the type of external support they would need (consultancy, training etc) and to select an appropriate supplier (see figure 2 below).

² ied presentation 111006

Figure 2: Investment funding flows in the IDB model



At this time the region had four sub-regional business links (Business Link Tyne and Wear, Business Link Tees Valley, Business Link County Durham and Business Link Northumberland). There was a certain level of collaboration to operate on a regional level amongst the four when it came to marketing and promotion e.g. a single regional telephone number, a single brand, coordinated marketing campaigns and joint start up events and enterprise shows. In addition to the marketing campaigns, Business Link Tyne and Wear had been working very closely with the Learning and Skills Council to operate as the key route to market for many of the skills products and services. These collaborative approaches had proven effective and had demonstrated that there was scope for a fully regional Business Link service.

On the 1st of April 2005, the responsibility for the Business Link contract moved from the Small Business Service (SBS) to the Regional Development Agencies. SBS was dissolved as an executive agency of the Department of Trade and Industry. The final decision to have a regional Business Link service was not dictated by the DTI,

but there were compelling reasons why it should be a regional service. These included the need to achieve greater demonstrable economic impact, greater efficiencies, greater consistency, to improve co-ordination and address the proliferation of business support as highlighted in the recommendations from the business support review and the SAP. It was agreed very early on that a single regional Business Link offer was required and One North East set to developing the **tender specification**³ for this.

The tender specification was for the Business Link service, which would be operating the IDB model, the establishment of the Investment Bureau later known as the North East England Investment Centre (NEEIC) and the North East England Service Provider Register (NEESPR).

Unlike other regional services, the North East service would operate a fully integrated brokerage service which would include the skills brokerage services. This was a real innovation for the North East region and was made possible because of the close relationships between One North East and the Learning and Skills Council and the work that had already taken place at a sub regional level. From a tendering perspective however this would prove to be complicated and this is touched on in the next section.

As Business Link was a national service there were some constraints, but as One North East and other business support partners had been heavily involved in the business support review they were able to exert some national influence on the shaping of the service. The tender specification was heavily influenced by both the SAP, the business support review and the national specification for a Business Link. It was decided that the design of the tender specification be written to allow where appropriate, several other projects to be included in the RDA's contract with Business Link service provider. This was to prove extremely useful in the years to come, and it meant that One North East was to be able to fairly effectively accommodate a diverse range of national policy initiatives as well as deliver its own projects to be delivered through the Business Link contract. It also meant that other

³ Final Regional Brokerage Specification 151205

fundlers could use this facility to avoid the need to procure separate provision and to benefit from the resulting economies of scale. At its peak, the Business Link contract had 21 projects included as part of it, with activities as diverse as rural enterprise to innovation vouchers. This became all the more important with the BSSP agenda and ONE found it was an excellent instrument to operate BSSP with.

2. Tendering for Regional Business Support and Skills Brokerage Services

In the Autumn of 2005, a joint tendering process began by One North East and the Learning and Skills Council for the Regional Business Support services and the Regional Skills Brokerage services (Train to Gain). The tendering process was one of competitive dialogue, which allowed both tenderer and bidders to help shape the delivery of the service. Undertaking this complex dialogue process jointly with the Learning and Skills Council was ambitious. Each organisation had different requirements in terms of timescales and content and reported to different national departments. The joint dialogue process did slow things down but it was to ultimately prove a very beneficial process.

In January 2006 several expressions of interest were received. Eight organisations were invited to submit an **Outline Proposal (ISOP)**⁴. As can be seen from the tender documentation the scope of the service was very broad and ranged from individuals wishing to set up a business through to mid-corporates, businesses employing over 1000 people needing business support. The performance of the previous sub regional Business Links had been high with overall customer satisfaction at 90%, and propensity to use again and to recommend in the nineties too. It was expected that these levels would be maintained at the very least by the regional service.

The ISOP also covered the Investment Bureau and the regional service provider register. The tender asked bidders to specify how they would run the Investment Bureau and the specification was made intentionally broad to enable a very wide range of public funds to be channelled through it. This chimed with the earlier thinking in the SAP, and was to create a vehicle that enabled the Agency to be in an excellent position to very effectively handle, a range of new business support funds

⁴ ISOP

that came on stream over the year. The North East England Service Provider Register (NEESPR) was developed and maintained by One North East but it was the intention to pass on responsibility for this to the successful bidder.

Three full bids were submitted, two of which went forward to the dialogue stage. One North East entered the dialogue process with two organisations and made the decision in early 2006 to award the contract to a consortium of Business Link Tyne and Wear, Business Link Northumberland, Business Link Tees Valley and the North East Chamber of Commerce. Initially known as the Coalition of Ambition, this consortium formed a new company, Business Link North East, to delivery the contract. The company subsequently changed its name to Business & Enterprise North East as it began to diversify its business base and more recently it has become part of the Business & Enterprise Group.

On reflection the competitive dialogue process had been a very useful way of working closely with bidders to jointly design a service. It was hoped that the dialogue process would enable the capture of some of the innovation and creativity out there in the supplier market, and to a certain extent this did happen, but the dialogue process does require a great deal of investment from the bidder and this would have put off many private sector investors, limiting the number of potential deliverers of government business support services.

Transition Year 2007/2008

During the transition years 2007 to 2008 the sub regional Business Links were wound down. Three of the sub regional Business Links that had formed the Coalition of Ambition were acquired by the new regional Business Link North East and a process of staff harmonisation began. Staff in scope were transferred from A4e (which had run the sub-regional Business Link service in County Durham but was not part of the consortium bid) and several of the regional Enterprise Agencies. The new Business Link Chief Executive was appointed and a new Board was recruited, including observers representing One North East, the Learning and Skills Council and the North East Chamber of Commerce. In the summer of 2007 the newly formed Business Link North East undertook a big restructuring and redundancy programme and the shape of the newly formed Business Link North

East emerged. The team that led the transition had also been heavily involved through out the bidding process. In hindsight this had been extremely valuable in understanding what had to be delivered.

The process of merging the four sub regional Business Links, was allowed to take place over a lengthier period of time and again this was something that in hindsight proved useful. It enabled the regional Business Link to understand in greater detail what functions, processes, systems and services worked well in the sub regions and therefore keep these on, building the regional service on the foundations of what there was before.

Managing the Business Link Contracts

The Business Link contract was awarded in the form of a grant, rather than commercial contract and thus was exempt from VAT. Under the terms of this funding agreement the Business Link provider was required to generate sufficient financial reserves to discharge its liabilities upon termination, including the liabilities it inherited from the previous Business Link providers. The funding agreement prohibited the distribution of any profits and required the Business Link provider to submit full financial accounts to One North East every month and to provide two observer positions for One North East representatives on its Board.

Annual funding for the Business Link service totalled approximately £36 million on average, made up as follows:

Core funding - £6 million

Additional Single Programme funding - £20 million

ERDF - £10 million

One North East applied for ERDF funds to cover the first 18 months of the contract so as to ensure that sufficient total funds were available from the outset. Thereafter, Business & Enterprise North East became the ERDF applicant to reduce the risk to One North East.

The Business Link Contract was managed by the Business Support Team, comprising Simon Allen (Manager), Helen Hampson, John King, Emma Lowes, Gillian Moorhead and Jenny Taylor. This team was part of the wider Business

Enterprise and Skills Team, headed by Tim Pain, within the Business and Industry Directorate. The Business Support Team was assembled from people with the appropriate experience to ensure the successful development and delivery of the Business Link service. Their previous experience was as follows:

- Simon Allen – Business Link Operations Manager and was involved in the regional business support review
- Helen Hampson – member of Business Link information team and worked as a member of the regional Business Support Review team in One North East
- John King – Business Link Advisor Manager and former Skills Advisor
- Emma Lowes – member of the European Information Centre team in One North East with direct experience of handling business enquiries and experience of One North East systems and processes
- Gillian Moorhead – member of the SBS team which managed the previous Business Link contracts
- Jenny Taylor – ERDF business support programme manager at Government Office North East

The Business Support Team managed all aspects of contract management after the Business Link provider had been appointed. This included:

- Developing new projects to be channelled through the Business Link provider
- Monitoring projects delivered by the Business Link provider
- Verifying Key Performance Indicators and other outputs, results and impacts
- Reporting on performance and other matters to BIS⁵
- Representing One North East on national bodies, including the Business Link Management Group
- Checking and financial claims from the Business Link provider and approving payments
- Negotiating annual delivery plans ⁶ for the Business Link service and the Investment Centre

⁵ Business Link MIR Q4 0910]

⁶ BE-NE Delivery plan 2010-11

- Negotiating contract variations with the Business Link provider
- Commissioning and managing independent evaluations, mystery shopping surveys ⁷ and customer satisfaction surveys
- Agreeing remedial action with the Business Link provider as when required
- Dealing with complaints and issues arising from customers and partner organisations

The Business Link contract contributed significantly to delivering the Regional Economic Strategy. It was the main form of main stream business support provision on offer and contributed a large proportion of the Agency's outputs, including 90% of businesses created, 60% of business supported and 30% of jobs Created/safeguarded across the five years of the contract. The Business Support Team managed the strategic and day to day operational management of Business Link, including holding formal monthly contract review meetings with the Business Link provider, but the management of the contract involved staff from across the whole Agency. The Business Link Chief Executive held quarterly meetings with the One North East Chairman and Chief Executive, and with the Director of Business and Industry, and the Head of Business Enterprise and Skills held regular catch ups with members of the Business Link senior management team. Close working relationships were also established with other key staff in Business & Enterprise North East which helped to ensure the successful delivery of One North East's aims for the service.

The Business Support Team's experience of previous Business Link operations was particularly useful in the transition year in ensuring that the design and development of the Business Link Service was fit for purpose. As time went on, One North East became less involved in developing the services as the Business Link provider developed the capacity to undertake this work itself. Considerable innovation took place over the lifetime of the project, particularly in communicating with customers, with the exploitation of social networking and web technologies.

⁷ BL mystery shopping

The relationship between One North East and Business Enterprise North East was an unusual one and often far more complex than a clear provider, contractor relationship. Many have commented that the relationship bore more resemblance to a partnership. The management of the Business Link contract has been one where parameters have been set and Business & Enterprise North East has been allowed to work within those parameters. From Business & Enterprise North East's perspective the supporting and investing relationship with One North East has been the envy of many other regions. This is not to gloss over the day to day management issues and disagreements and frustrations there have been throughout the life of the contract amongst both sets of staff, but these were within a framework where the Agency often perceived Business & Enterprise North East to be part of the extended enterprise family rather than simply an external supplier.

Evaluation of the Business Link Service

An Independent evaluation produced by WM Enterprise and entitled **The Second Interim Evaluation of Business and Enterprise North East**⁸ is a longitudinal evaluation of the regional Business Link Service and provides a full analysis on the performance of the service. There have been considerable improvements in the service from 2007-8 to 2010-11 and in the latter years the Service overachieved most of its key performance indicators. The report states that the North East England Investment Centre (NEEIC) has grown to be a prolific provider of regional funds to businesses and individuals, spending £11,640,686 in 2008/9. The NEEIC operated as a place to deposit regional public sector funds by both the Regional Development Agency and the Learning and Skills Council which were aimed at supporting businesses start up and grow. Businesses and individuals had to apply for particular funds against the criteria set and if successful would enter into a contract with the Investment Centre. The NEEIC operated using the brokerage principles described in the SAP. The customer (the business or individual) made the decision of what supplier they would use, using the Business Link Supplier register, they then received the service or product and paid for it and claimed a proportion of the cost back from the NEEIC. The NEEIC became the default vehicle for lower value grant funds supporting businesses and start ups, and business support

⁸ BL 2007 - 2010 Final Evaluation report

organisations in the region that were asking to set up a separate system with One North East or ERDF funds had to provide a justification as to why the NEEIC would not be appropriate for their offer. The NEEIC was, however, not regarded as suitable for higher value or more specialised grant funds, such as the Grant for R&D and the Grant for Business Investment (GBI), because these required more sophisticated application appraisal mechanisms. It therefore never became the sole vehicle for distributing grant funding.

The evaluation report also highlights that the NEEIC is an administratively streamlined way of getting most of the funding directly to businesses. The NEEIC operated at 5% of its total costs being used for management and administration compared with an average of 15-20% of other organisations managing similar funds. The NEEIC was essentially an automated, web-enabled, business support grant processing system. It was used to administer multiple funding streams, providing grants to businesses and start ups for a range of activities from training (funded by the European Social Fund and Single Programme) through to RDPE funded micro-enterprise development.

Whilst there had been visible improvements to the service during the period 2007/8 to 2008/9 that had been recognised by stakeholders, there were also service areas that were not quite working to the needs and expectations of stakeholders. One particular area was the start up model that BENE had adopted which had caused confusion among stakeholders and clients. An example was the change in 100% public funded business plans to the requirement of a 30% contribution. Other areas of dissatisfaction were with the North East England Service Provider Register (NEESPR) which they felt was not acting as an effective means of brokering the right provider to the client. Other areas for improvement referred to in the interim evaluation report were initial interaction for a new customer which appeared to be an onerous experience for some clients overly bureaucratic and numbers driven. All of these areas were subsequently the subjects of quality improvement plans which led to improved customer and stakeholder satisfaction in the second half of the contract term.

Closure and Wind down

On the 30th June 2010, six weeks after the new Coalition Government had been formed, Mark Prisk, the business and enterprise Minister announced the closure of the regional Business Link contracts. The contracts were to be closed by 25th November 2011. One North East's Business Link contract was due to end on 31st March 2012, so this Government decision meant terminating the contract four months early.

One North East's Business Support team have been working closely with Business & Enterprise North East to wind down the contract effectively and ensure as smooth a transition as is possible from the customer perspective.

The Business Link service will be succeeded by an enhanced website offer, (www.businesslink.gov.uk) and a Business Link telephone helpline, using the same telephone number as the old Business Link service (0845 6009006). The Business Link website and helpline are delivered by third party contractors to BIS – Serco currently delivers the website contract and Careline Services with the Business & Enterprise Group delivers the helpline. Other services will also be available as part of the BIS Business Improvement Programme, including Business Coaching for Growth and the Manufacturing Advisory Service (MAS), though there will be no direct replacement for the regional Business Link service.

Legacy

The Business Link provider is involved in delivering several new Government contracts relating to enterprise and business support, including the new Business Link helpline. This will ensure some continuity, e.g. the CRM system developed with One North East funds will be used to manage the new helpline.

Key Learning Points

Building on the experience of Business Link Tyne and Wear led to One North East and the Learning and Skills Council opting for a much more integrated service. For example skills brokerage with business support services meant that clients could access all their needs through one route to market.

When designing and developing new infrastructure, e.g. the Investment Centre, it was really useful to explore the option of broadening the scope to be much wider than the specific service itself. The tender specification identified 9 other funds that could be channelled through the Investment Centre but also stated that the list was not exhaustive.

Key Contacts to find out more are:-

Business Support Review and formation of a regional Business Link

Dorothy Kelly <http://uk.linkedin.com/pub/dorothy-kelly/19/997/5b0>
Tim Pain <http://uk.linkedin.com/pub/tim-pain/14/68b/952>
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Joint Tendering for Business Link Service

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Tim Pain <http://uk.linkedin.com/pub/tim-pain/14/68b/952>

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References

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2.	IED presentation 111006
3.	Final Regional Brokerage Specification 151205
4.	ISOP
5.	Business Link MIR Q4 0910
6.	BE-NE Delivery plan 2010-11
7.	BL mystery shopping
8.	BL 2007 - 2010 Final Evaluation report