

Report of City Development

Report to Chief Officer for Economy & Regeneration

Date: 26th April, 2017

Subject: Digital Enterprise – Procurement of External Business Support partner to deliver the Digital Knowledge Exchange Service.

Contract ID: DN249982

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number: : Appendix 1 Tender Evaluation Matrix	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

Summary of main issues

The Council is the lead authority on the Digital Enterprise business support programme. As part of the programme, a Digital Knowledge Exchange service (DKEs) is being procured to complement the Digital Growth Voucher scheme. The DKEs will offer eligible SMEs (Small to Medium sized businesses) across the Leeds city region access to expertise and advice around the use of digital technologies to help them scale up and achieve digital maturity.

The new contract will commence in June 2017 for a period of 22 months, ending at the end of March 2019 (with the potential of a 6 month extension) and is valued at £617,272.61 in total.

Funding for the DKEs will come from grant funding from the European Regional Development Fund (“ERDF”) which is matched, in part, by funding from the nine local authorities within Leeds city region (including Leeds City Council) and the West Yorkshire Combined Authority.

A full OJEU Open tender process has been used for the procurement of the DKES, as the value of the contract exceeds the current EU threshold for goods and Services (£164,176).

Following a full appraisal of the tenders by an Appraisal Panel, a selection has been made and the process has now reached the Award stage. The Panel’s recommendation is to award the contract to their preferred tenderer Business & Enterprise Commercial Ltd (**BE Group**).

The Council's Procurement Unit has overseen the entire process and has provided advice and guidance throughout.

Recommendations

The Chief Officer for Economy & Regeneration is requested to;-

- Support the recommendations made by the Appraisal Panel and under CPR 18.1 approve the appointment award of the preferred bidder BE Group for the DKEs on behalf of the Council and its local authority partners.
- Authorise entry into all necessary contractual arrangements with the preferred tenderer BE Group to deliver the DKEs to the value of £617,272.61.

1 Purpose of this report

- 1.1 The purpose of this report is to seek approval from the Chief Officer for Economy & Regeneration to award a contract, under CPR 18.1, to Business & Enterprise Commercial Limited (trading as BE Group), for the provision of the Digital Knowledge Exchange service. The contract will commence in June 2017 (subject to all vetting and reference checking being completed to the Authority's satisfaction) and will terminate at the end of March 2019 and is valued at £617,272.61.
- 1.2 This report is intended to inform the Chief Officer for Economy & Regeneration of the competitive process that has been followed to procure an external organisation to deliver the DKEs on behalf of Leeds City Council and its partner Authorities involved in the Digital Enterprise programme.

2 Background information

The Digital Enterprise programme aims to help small to medium sized businesses to grow with the help of digital technology. The vision and aspiration is to support small firms to achieve digital maturity as they scale up and grow. The programme will target businesses that are looking to scale up with the help of the most appropriate digital solutions for their needs. It is firmly believed that businesses can achieve higher levels of productivity, competitiveness and innovation through the better use of digital technology.

The Digital Knowledge Exchange is a key component of the Digital Enterprise business support programme and will complement its Growth Voucher scheme. The service will target growing eligible small to medium sized businesses in the Leeds city region, offering entrepreneurs and managers access to knowledge, expertise and advice on deploying digital technology solutions to help them develop their business. The service will operate between June 2017 and March 2019.

As a result of the participating in the DKEs, businesses will be much more aware of how to use digital technology and ICT solutions to grow their business and will be more confident about making an investment in the most appropriate digital

solution/s that support their development goals and aspirations towards economic growth.

3 Main issues

3.1 Details of the procurement process

As the total contract value for the DKEs exceeds the current EU threshold for goods and Services (£164,176) a full OJEU Open tender procurement process exercise has been carried out.

An OJEU contract notice was published using Simap in March 2017, followed by the publication of the full tender using Yortender.

The deadline for the return of tenders was the 19th of April, 2017. Two organisations responded to the tender within the deadline.

A quality threshold of 60% was set for each of the scored selection criteria questions in the ITT.

The Appraisal Panel met on the 25th of April 2017 to review/appraise each tender. The Panel consisted of the following personnel;-

- **Phil Cole** – Head of Funding Programmes & Business Support - Leeds City Council
- **Muz Mumtaz** – Economic Development Programme Leader/Programme Manager for Digital Enterprise - Leeds City Council.
- **Jamie Appleton** - Enterprise and Communications Manager – Wakefield Council
- **Richard Brook** – Digital Growth Advisor – Leeds City Council/Digital Enterprise.

Rachael Grimes from the Council's Procurement section was also in attendance at the Appraisal Panel meeting, providing advice and guidance to the Panel.

The Panel agreed scores by consensus against each quality criteria/Method Statement.

Outcome of the Evaluation

The Tender Evaluation Scoring Matrix with a consensus score is presented at the end of this report – see Appendix 1.

It is important to note that the proposal by Business Advice Direct Ltd failed to reach the minimum quality threshold. In accordance with the ITT instructions, the bidders who fail to achieve an individual quality threshold are eliminated from the process and not considered further. Therefore they were not taken through to the price evaluation.

The clear conclusion of the evaluation panel was the recommendation to award the contract to deliver the Digital Knowledge Exchange service to BE Group, who

scored the highest in terms of the combined price and quality criteria - (weighted 60% for quality and 40% for price).

4 Corporate Considerations

4.1 Consultation and Engagement

The project was approved by Executive Board on the 9th March 2016 as part of the Executive Board consultation process where the lead member (Cllr Richard Lewis) for economy and regeneration was briefed on the project.

The City Development Directorate group have been consulted about all ESIF funded projects taking place within the Directorate and have approved the delivery of the Digital Enterprise programme.

Information about the procurement for the DKEs has been widely circulated to partner local authorities and details published on the Digital Enterprise website, since March 2017 – see www.digitalenterprise.co.uk

4.2 Equality and Diversity / Cohesion and Integration

N/A

4.3 Council policies and City Priorities

The Digital Enterprise programme overall and the Digital Knowledge Exchange service, in particular, support the economic development aims and aspirations of Leeds city council and its partner Authorities within the Leeds city region, to support small to medium sized businesses achieve economic growth and development.

Many businesses based in the Leeds city region suffer from a lack of understanding on how digital technology can benefit them. They are, therefore, reluctant to make an investment in the solutions that could help them become more productive and efficient. Digital Enterprise aims to tackle these knowledge gaps by offering businesses access to knowledge and education on the different types of digital technology solutions available which can improve business performance.

The Digital Enterprise programme is also closely aligned to the Council's aim to support the development of the local digital supply sector, which has the potential to generate high quality employment and business growth opportunities for local communities and the economy.

This Digital Knowledge Exchange service will provide an opportunity for local suppliers of digital expertise to support the local small business sector share best practice, so that small firms can enhance their knowledge and exploitation of digital technology to achieve economic development.

4.4 Resources and value for money

A capital contribution of £69,250 was agreed for the overall Digital Enterprise programme by the City Development Directorate in 2016 towards the costs of Digital Growth Vouchers for eligible small businesses.

4.4.1 Capital Funding and Cash Flow.

-

4.4.2 Revenue Effects

-

4.5 Legal Implications, Access to Information and Call In

The approval of this report is deemed to be an Significant Operational Decision and as defined in the LCC constitution, will not be subject to call-in.

There are no legal implications, or access to information issues arising from the proposals included within this report.

4.6 Outputs

The Digital Enterprise programme is part funded by EU funding and has strict outputs which must be achieved otherwise funding will be clawed back.

The target number of total business assists for the overall programme is 1000, delivered as follows;-

Delivery method	Total number of Assists (12 hours)
Digital Growth Vouchers	600
Digital Knowledge Exchange service	400

The outputs to be delivered specifically under the DKEs contract which represent at least 400 business assists (12 hours of support) are outlined below.

Description of activity	Target	Impact/Outputs
<p>Workshops/masterclasses on relevant digital topics (to be agreed with the Programme Management team).</p> <p>Delivered across the Leeds city region area (dependent upon demand).</p>	<p>36 workshops/ masterclasses (4 and 6 hours each) on a range of digital topics at 2 or 3 levels (introductory and advanced) with up to a maximum of 20 attendees at each event.</p>	<p>Up to 2304 hours of support offered to up to 500 participants (4 and 6 hour workshops)</p>

<p>Digital Business conferences</p> <p>4 major events hosting up to 100 participants, delivered across the Leeds city region.</p> <p>Attendees to include digital technology partners and suppliers and business support partners.</p>	<p>4 Bite size sessions at each Conference on relevant digital topics (1 hour each) offered to a maximum of 15 attendees per session.</p>	<p>Up to 1200 of total support for firms attending conferences</p>
<p>Mentoring Support</p> <p>1 to 1 support available to selective business owners offering assistance and confidence boosting mentoring via a forum of digital champions (successful business owners that have deployed digital technologies in their business).</p>	<p>50 businesses offered mentoring (between 4-6 hours split over 2 or 3 sessions)</p>	<p>Up to 250 hours of mentoring support offered across all mentoring sessions.</p>
<p>Digital Audits</p> <p>Review of the digital assets of a participant, including a web, social media or digital marketing review.</p>	<p>500 Digital Audits offered (at 4 hours per session) to selective businesses.</p>	<p>2000 hours of direct support offered to selective participants.</p>
<p>Full Project Marketing</p> <p>Marketing of all aspects of the Digital Knowledge Exchange service and also marketing to support the Digital Growth Voucher scheme, including the development of case studies of successful participants.</p>	<p>3 Digital and social media marketing campaigns to promote the project to eligible SMEs across the programme area.</p> <p>Promotional events and attendance at business conferences to promote the scheme to local businesses across each local authority district area</p>	<p>Greater level of participation and engagement from SMEs across all eligible sectors from each district of the programme area and effective PR to support the corporate image of Digital Enterprise.</p>

4.7 Risk Management

- 4.7.1 There are risks involved in taking part in this project and risks for the Council involved in taking on the role of lead authority. However, risk mitigation measures are in place through a Partnership Agreement between all local authority partners with oversight by the Programme Board for Digital Enterprise.

5 Conclusions

- 5.1 The investment in the Digital Enterprise programme by the Council and its partners is likely to lead to economic development benefits to the local economy by improving business competitiveness and productivity.

Businesses are increasingly dependent upon digital technology solutions to survive and expand. The Digital Knowledge Exchange service will be a key component in helping local businesses achieve digital maturity and to scale up, thus generating increased levels of investment and economic development benefits to the local economy.

The DKEs aims to help local SMEs to benefit through;-

- Improved productivity
- Boosting innovation and collaborative performance
- Boosting start up rates for businesses by improving the provision of support in the exploitation of technology to raise productivity and competitiveness.
- Environmental benefits by help firms to deploy their resources more efficiently and develop alternative models of working, encouraging homeworking, e-commerce, enhanced supply chain management, cloud computing and video conferencing etc.

6 Recommendation

The Chief Officer for Economy & Regeneration:

- Support the recommendations made by the Appraisal Panel and under CPR 18.1 approve the appointment award of the preferred bidder BE Group for the contract to deliver the Digital Knowledge Exchange service.
- Authorise entry into all necessary contractual arrangements with the preferred bidder BE Group to deliver the Digital Knowledge Exchange service to the value of £617,272.61.

Background documents

See below.

Appendix 1

Scheme ID: DN249982
Scheme Title: Digital Knowledge Exchange

Price Quality Split (Must total 1000)	Quality	Price
	600	400
	60%	40%

Calculate Quality

QUALITY	Weighting of Criteria	Minimum Score*	SUPPLIERS	
			Business Advice Direct Ltd	Business & Enterprise
Quality Criteria 1	50		25.00	40.00
Quality Criteria 2	50		30.00	40.00
Quality Criteria 3	50		20.00	40.00
Quality Criteria 4	50		25.00	35.00
Quality Criteria 5	50		25.00	40.00
Quality Criteria 6	50		20.00	40.00
Quality Criteria 7	50		25.00	40.00
Quality Criteria 8	40		28.00	32.00
Quality Criteria 9	40		24.00	32.00
Quality Criteria 10	40		24.00	32.00
Quality Criteria 11	70		42.00	42.00
Quality Criteria 12	60		24.00	48.00
Percentage score for quality only		60%	52%	77%
FINAL QUALITY SCORE i.e. actual quality score of marks available	600	360	312.00	461.00
Ranking for Quality			2	1
			Minimum quality score not achieved	

Ensure prices are evaluated using fixed costs, historical data, estimated volumes etc.

PRICE	Maximum Price*	Business Advice Direct Ltd	Business & Enterprise
1. Project Management Cost		£66,319.00	£66,953.29
2. Workshops/masterclasses		£121,626.00	£214,963.56
3. Digital Business Conferences		£113,932.00	£193,690.72
4. Mentoring Support Sessions/Events		£85,221.00	£49,170.04
5. Digital Audits		£196,195.00	£87,495.00
6. Video Case Studies		£13,583.00	£5,000.00
Total Cost of Proposal		£596,876.00	£617,272.61

Compliant Total Costs Only i.e. supplier has met all required price and quality thresholds	Not compliant	£617,272.61
Difference from lowest/best compliant price		£0
Percentage difference from the lowest/best price		0%
Actual points to be deducted		0.00
FINAL PRICE SCORE i.e. Max score available minus points to deduct (The maximum amount of points deducted cannot exceed the max score available)		400.00
Ranking for Price	Not applicable	1

Apply Maximum Price Restriction

FINAL SCORE	861.00	
OVERALL RANKING	1	
HIGHEST SCORING SUBMISSION:	Business & Enterprise	

* All minimum quality scores and maximum prices must have been stated in the tender documents, only insert figure if applicable

Validate