



**Report of City Development**

**Report to Chief Officer – Economic Development**

**Date: 23<sup>rd</sup> July, 2019**

**Subject: Procurement of The Digital Knowledge Exchange service**

Are specific electoral wards affected? If yes, name(s) of ward(s):	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Has consultation been carried out?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Will the decision be open for call-in?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, access to information procedure rule number: Appendix number:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

**Summary**

**1. Main issues**

- The Council is the lead authority in the delivery of the Digital Enterprise business support programme – which operates across the Leeds city region. The programme has had a very successful first phase (2016 to 2019) meeting all its main outputs and targets and receiving very good feedback from businesses participating in it.
- The Council submitted an application for funding to extend the Digital Enterprise programme for a further 3 years (until August 2022), which was approved in March 2019 – securing £6 million of funding.
- As with the first phase of the programme, a Digital Knowledge Exchange service (DKE) will be a key component of the extension, offering eligible SMEs (Small to Medium sized Enterprises) access to expertise and advice around the use of digital technologies to help them scale up and achieve digital transformation.
- The Digital Knowledge Exchange is a specialist business support provision, which will be procured, through the Council’s procurement service. The contract for the current provision of this service expired in June 2019.
- The new contract for the DKE would commence in October/November 2019 for a period of 32 months, ending in June 2019 (with the potential of a 3-month extension, subject to funding and only if required).

- The approximate value of the contract will be around £700,000, divided into lots (to separate services) and will follow a full OJEU procurement process.
- The new service will be partly funded by monies secured under the bid from the European Regional Development Fund (“ERDF”) matched by other sources (West Yorkshire Combined Authority and the Business Rates Pool).

## **2. Best Council Plan Implications** (click [here](#) for the latest version of the Best Council Plan)

The Digital Enterprise programme aligns closely with the Best Council Plan priorities including:

- “tackling poverty, helping everyone benefit from the economy to their full potential” by upskilling entrepreneurs and staff of SMEs to boost their overall productivity and range of skills.
- Promoting inclusive growth by helping to support growth and investment in the local economy by supporting small businesses to grow and prosper by improving skills and knowledge of business owners and their staff.
- “improving the city’s transport and digital infrastructure and tackling climate change” by helping SMEs invest in enhanced digital infrastructure to ensure greater flexibility and mobile working for staff/employees and reducing the need for travel to business locations.

## **3. Resource Implications**

- There is no direct cash/capital contribution from Leeds city council for this contract. All funding is derived from external sources, as mentioned above (ERDF/EU, WYCA and Business Rates pool).

## **Recommendations**

The Chief Officer for Economic Development is recommended to provide permission to commence the procurement of a contractor to deliver the Digital Knowledge Exchange on behalf of the Digital Enterprise programme.

## **1. Purpose of this report**

The purpose of this report is to request the approval of the Chief Officer for Economic Development, to commence a competitive procurement exercise to commission a service provider to deliver the Digital Knowledge Exchange service, on behalf of 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 transformation 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. Evidence from studies on business performance confirms that businesses can achieve higher levels of productivity, competitiveness and innovation through the better use of digital technology.

The Digital Knowledge Exchange has been a key component of the Digital Enterprise programme and has complemented other strands of support (funding to SMEs for digital investments projects). The DKE has targeted growing 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 and grow their business.

As a result of participating in the DKE, many businesses have become much more aware and confident about using digital technology solutions and ICT to boost their efficiency and resilience. The advice and expertise gained by SMEs has helped them make more informed and optimal investment choices about the most appropriate digital solution/s that are likely to support their business strategy and development goals.

## **3. Main issues**

The proposed value of the contract for the Digital Knowledge Exchange will be approximately £700,000, which under both the Council's Contract Procedure Rules and UK/EU procurement regulations, requires a full OJEU (Office Journal of the European Union) procurement process to be undertaken.

The procurement will be an open tender, inviting providers to respond to the tender specification via the Council's chosen procurement platforms – Yortender and Contract Finder.

The procurement process would commence in early August, once the Key Decision has been published and executed. The timescale for the whole procurement process is likely to be between 8 to 10 weeks, including 4 weeks for suppliers to respond and submit their tender documentation. This timescale also includes the appraisal of responses, selection of a suitable supplier and the awarding of the contract (allowing for a 'standstill' period).

A quality threshold of 60% will be set for each of the selection criteria questions in the ITT i.e. 40% for the price submitted by respondents.

An Appraisal Panel will oversee the process and will include senior managers from the Council's Economic Development and Business Support department.

## **4. Corporate considerations**

## **4.1 Consultation and engagement**

The decision to deliver the Digital Enterprise programme was approved by the Executive Board on the 20<sup>th</sup> March 2019 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.

An interim evaluation of the Digital Enterprise programme was completed in January 2019, which surveyed beneficiaries on the impact of the programme. A Full evaluation is underway and is due to complete in August 2019.

Information about the procurement for the DKE will be widely circulated to partner local authorities with details published on the Digital Enterprise website and social media channels, with the aim of generating interest / raise awareness about the opportunity.

## **4.2 Equality and diversity / cohesion and integration**

The chosen contractor will be obligated to follow Council policies on equality and diversity, recruiting staff that represent the community of businesses operating across the Leeds city region.

The Digital Enterprise programme supports the clear ambitions set out in the Leeds Inclusive Growth Strategy and best Council Plan; directly supporting two of the council objectives to increase growth and investment to enable businesses to improve their skills.

The project also directly contributes to one of the Best Council KPIs; to increase the number of new business start-ups and scale-ups in Leeds. By supporting local businesses to improve their competitiveness and helping to remove key barriers to future growth, the project also supports the growth of the city's business rate base, a potentially important future source of income to sustain council services.

## **4.3 Council policies and the Best Council Plan**

Digital Enterprise directly supports the Council's objectives – including to help SMEs increase growth and investment in skills.

The programme also directly contributes to one of the Best Council KPIs; to increase the number of new business start-ups and scale-ups in Leeds. By supporting local businesses to improve their competitiveness and helping to remove key barriers to future growth, the project also supports the growth of the city's business rate base, a potentially important future source of income to sustain council services.

### Climate Emergency

The Digital Knowledge Exchange service will support the Council's decision to declare a Climate Emergency, by offering services to businesses which have low or zero impact upon the climate. This will include the increased provision of webinars of digital topics and themes, allowing business owners to access knowledge and expertise remotely, rather than travelling in to attend an event or conference on the chosen subject matter.

Similarly, workshops and masterclasses will be delivered in multiple locations across the city region, close to where our business clients are located, helping them to reduce their business mileage/journeys to attend events.

The DKE will also promote digital technologies that help clients minimise their impact upon the climate, including cloud/remote computing - reducing the need for businesses to maintain hardware and data storage onsite and smart monitoring systems to maximise productivity and economic efficiency and thus reducing energy consumption.

#### **4.4 Resources, procurement and value for money**

As indicated above, there are no direct resource implications to Leeds City Council regarding the procurement of this contract, as all monies will be from external funding secured by Digital Enterprise.

The value of the contract will be approximately £700,000 and will be divided in to smaller lots, to encourage small local suppliers to bid for the opportunity.

The procurement will be an open and competitive tender, widely advertised to encourage a good response from suppliers - helping ensure a range of prices and proposals on service delivery are generated, thus supporting value for money in the commissioning of services.

#### **4.5 Legal implications, access to information, and call-in**

This is a Key Decision and may be subject to Call-In due to the value of the procurement contract being proposed.

#### **4.6 Risk management**

A risk log/register is maintained by the Digital Enterprise Programme Management team.

### **5. Conclusions**

Following the successful delivery of the Digital Knowledge Exchange, in the first phase of the Digital Enterprise programme, it is considered imperative for the next phase of the programme to include a similar level of provision for businesses (particularly bearing in mind the strong positive feedback received from SMEs and the added value provided).

This will ensure that the Digital Enterprise programme offers a comprehensive business support service to local businesses – providing both funding support and digital knowledge provision and advice - thus ensuring that the second phase is as successful and impactful as the first.

### **6. Recommendations**

The Chief Officer for Economic Development is recommended to authorise the commencement of the procurement process to seek and commission a suitable sub-contractor to deliver the Digital Knowledge Exchange in the next phase of the programme. With a contract value of approximately £700,000, the procurement will need to be a full OJEU compliant process.

### **7. Background documents<sup>1</sup>**

DDA to support this report.

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<sup>1</sup> The background documents listed in this section are available to download from the council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.