**Service Specification**

**UK SHARED PROSPERITY FUND (UKSPF) GENERAL BUSINESS SUPPORT SPECIFICATION**

**Background**

Basildon borough is the largest economy in Essex. From 2015 to 2018 the gross value added (GVA) grew consistently to an estimated output of £5.9 billion. Basildon is the key employment hub in Essex and the centre of economic activity in South Essex. In 2019, there were 87,000 people employed in the Basildon economy, across a range of sectors. This represents a rise of 4,000 jobs from 2015.

Most businesses in Basildon are very small, with the large majority employing fewer than 10 people, whilst the ten largest companies in Basildon account for 12.5% of total employment. Basildon’s working-age residents are most likely to work in high-skilled occupations – 41% are in professional or associate professional, technical and managerial jobs – however, “low-skilled” jobs (caring and leisure; sales and customer service; process and machine operatives; elementary occupations) account for 29% of the total.

Between 2014 and 2018, the number of active enterprises within the borough rose by 19%, reaching an estimated figure of 8,635. The growth rate was above the England rate (15%) and that for Essex (12%). More businesses start up in Basildon than anywhere else in Essex. Basildon is ranked 9th best urban conurbation in the country in terms of the number of business start-ups per 10,000 population, with 68.2 .

Whilst a number of the figures set out above might sound like they are fairly representative of many other parts of the country, what makes Basildon markedly different from other parts of the UK is the high proportion of private sector firms per head of population in Basildon. With 411 businesses per 10,000 residents, Centre for Cities ranks Basildon as the 9th urban conurbation in the country (out of 63 of the largest cities and towns) for the number of businesses per 10,000 residents and 10th in the country for the proportion of private sector jobs (with a private to public ratio of 3.3).

However, despite these positive statistics, there is also some evidence that would indicate that the recent economic picture has become somewhat more challenging for many businesses, with the impact of a series of unfortunate, and largely unconnected events all coming together to impact on the local economy.

Whilst recent available data for Essex lags national data, a few particular points are particularly worthy of note.

* **Insolvencies and Creditors Voluntary Liquidations.** National ONS data on the number of company insolvencies and Creditors Voluntary Liquidations (CVLs) indicates that the number of registered company insolvencies in the UK in March 2022 was 2,114, a figure that is more than double the number registered in the same month in the previous year (999 in March 2021), and 34% higher than the number registered three years previously (pre-pandemic; 1,582 in March 2019). In addition, in March 2022 there were 1,844 CVLs, more than double the number in March 2021 and 62% higher than March 2019. Whilst April 2022 Insolvency Service data on individual insolvencies by Parliamentary Constituency in England and Wales (2011 to 2021) only goes up to the end of December 2021, it does indicate that individual insolvencies in the three constituencies covering Basildon borough actually fell by 4.31% between 2020 and 2021, although CVLs increased by 2.88% over the same period.
* **Firm-level debt.** As far as firm-level debt is concerned, an October 2021 report by the Bank of England identified that a third of UK’s SMEs as highly indebted, with 33% of SMEs holding debt levels of more than 10 times their cash balances (versus 14%, before Covid-19).
* **Business Concerns.** National ONS ‘business insights and impact on the UK economy’ data (released on the 16 June 2022) and the Essex Chamber of Commerce ‘Quarterly Economic Survey’ data (March 2022) highlight some of the recent concerns of business:
	+ **Inflation and Rising Input Costs.** National ONS data indicates that input price inflation was the main concern reported by 26% of businesses. This issue is also borne out by Essex Chamber data, with inflation also being the top concern voiced by business, with the percentage of firms expecting their prices to increase reaching new highs at 42%. Industry leaders have observed increases throughout the supply chain including rising raw material costs and commodity prices, labour shortages, increasing shipping and HGV driver costs, national minimum wage increases and new types of taxation. Manufacturers and retailers/wholesalers are by far most likely to report raw materials as the driver of cost pressures, while professional services are likely to cite a blend of pressures.
	+ **Supply Chain Volatility.** National ONS data indicates that 19% of businesses currently trading reported that they were either unable to get the materials, goods or services they needed from within the UK, or had to change suppliers or find alternative solutions to do so (although this figure jumped to 33% for the construction sector);
	+ **Labour Shortages.** ONS data indicates 15% of businesses reported that they were experiencing a shortage of workers, with 46% reporting their employees were working increased hours because of these shortages. According to Essex Chamber data, the vast majority of firms attempting to recruit over the last three months faced difficulties, in the main securing semi/unskilled labour. In addition, around 33% of firms expect to see an increase in their workforce over the next three months, however many expressed caution.
	+ **Order Book.** Essex Chamber data also indicates that 46% of firms believe their turnover will increase in the next twelve months, however, only 33% believe their profitability will improve. Approx., 1 in 3 firms report their cash flow has decreased over the last three months with a large proportion of investment plans put on hold, whilst 65% of firms believe they are operating below capacity, awaiting to fulfil their order pipeline in uncertain market conditions.
	+ **Head Office Consolidation.** ONS data indicates that 23% of businesses reported that they were using, or intending to use, increased homeworking as a permanent business model, with 49% of these reporting that their main reason for doing so was to reduce their overheads. This last point also chimes with a PWC survey undertaken in March 2021, which identified that 50% of organisations surveyed thought their organisation will likely reduce the overall size of their real estate portfolio, and of these 33% believed that they will reduce it by more than 30%.

In January 2023, Begbies Traynor also reported that the number of companies in critical financial distress[[1]](#footnote-1) jumped by 36% in the last three months of 2022. The number of county court judgments served against companies in the same period jumped by 52% compared with 2021. Collectively, this data points towards increasing levels of uncertainty in the economy, with the consequence that there is likely to be increased levels of demand for financial packaging advice and restructuring support for businesses struggling in difficult times.

In addition to the evidence of a growing number of firms in critical financial distress, our latest research suggests there are circa 75 firms in Basildon which could be described as 10% or 20% scale-ups (a criteria, which measures firms that have shown 10% or 20% growth in employee count or turnover per annum averaged over a three year period). Perhaps quite interestingly, the published Credit Ratings for these high-growth firms range from 23 to 99. Current evidence also indicates that there are a further 75 companies in Basildon which have achieved 5% - 10% turnover growth per annum averaged over a three year period (falling just short of the more traditional 10% or 20% scale-up criteria). A number of these ambitious, fast growing firms may benefit from additional financial packaging support to help them scale even further.

**Introduction**

In response to these issues, the [Basildon Borough UKSPF Investment Panel](https://basildon.gov.uk/article/9154/Basildon-for-Business-The-UK-Shared-Prosperity-Fund-UKSPF) allocated £17,224.00 towards business advisory support capacity between April 2023 – March 2025, in its UKSPF Investment Plan. In addition to allocating revenue funding of £59,800 in 2023/24 and £76,976 in 2024/25 to support additional Business Advisory Support, the project budget also included a £14,448 of capital funding in 2023/24 and £20,000 in 2024/25.

In light of this situation, Basildon Borough Council (BBC) are looking to procure a business support provider to deliver additional business support advisory services across two years – 2023/24 & 2024/25 for businesses and residents based within Basildon Borough.

This is a one-off project estimated to last two years (subject to the Council’s sole option to terminate in whole or part at the end of Year 1 on at least one months’ notice if the Council is not in receipt of or only partially receive the final year of UK Shared Prosperity Funding where there is a failure to meet outcomes and targets and no realistic plan to address underperformance).

The allocated revenue funding is intended to cover the costs of additional Business Advisory Support Capacity, any lead generation activities and travel expenses over the lifetime of the project and the capital funding is intended to support the cost of any equipment needed, together with a number of capital grants to businesses etc. Basildon Council would envisage working with the nominated supplier to agree the precise nature and structure of the grant award programme once the supplier has been appointed.

The provider will also be expected to generate sufficient leads to achieve the contractual targets set out within this service specification, although the Council may also be able to support with some marketing and promotion.

For example, in response to the situation described in the Background section of this Service Specification, Basildon Borough Council has been undertaking a pilot project to explore whether we could offer additional support to companies that we have identified as being ‘In Distress’ and those with ‘Scaleup Potential’, and we would envisage these companies being particularly good beneficiaries to target with the additional business advisory support capacity we put in place through this contract.

This project is funded by the UK Government through the UK Shared Prosperity Fund. The contractor will need to have regard to the UKSPF Prospectus and Additional Guidance <https://www.gov.uk/government/collections/uk-shared-prosperity-fund-additional-information> when delivering this project to ensure that Basildon Borough Council can comply with the reporting and performance management, monitoring and evaluation, assurance and risk and branding and publicity guidelines. Basildon Borough’s UKSPF Investment Plans can be found at <https://basildon.gov.uk/article/9154/Basildon-for-Business-The-UK-Shared-Prosperity-Fund-UKSPF>.

**Our Requirements**

Basildon Council requires a specialist organisation to deliver free business support across Basildon Borough for a period of up to two years for the purpose of increasing the number of businesses accessing support services from within the Borough. This will include a series of targeted interventions to raise the profile of the available support, such as (as a minimum) workshops, webinars, targeted marketing campaigns and drop-in sessions.

Whilst the business support should reach as wide an audience as possible, we would envisage the services targeting three particular beneficiary groups in particular:

* **‘In Distress’ businesses:** targeting business sectors impacted as a result of the current economic climate
* **‘Scale-up’ businesses:** targeting businesses that might benefit from additional support to help them grow rapidly
* **‘High Growth Potential Start-up’ businesses:** particularly those that possess the potential to renew the industrial structure of the Basildon economy.

Systems should be implemented to monitor and measure success in this area. The provider will also need to ensure a proportional approach to ensure services are available across the geography, including hard to reach businesses in rural areas.

In line with the above beneficiaries, two main themes have been identified to provide business advisory support for years 2023/24 & 2024/25. These include:

* **General business support:** The general business support available through this specification should be designed to help support established businesses to safeguard their future and grow and to help high-growth potential start-up businesses accelerate their development path. The support will help businesses to plan, manage and access support that meets their needs - in order to safeguard any against any future disruption and to enable businesses to maximise opportunities to ensure that they not only survive but thrive. The support must provide fully funded structured 1-2-1 and 1-2-many support to individuals, targeted at businesses looking to start or grow. Support should cover subject matter relating to developing business ideas, creating business plans, business management, business growth, financing, responsiveness to key issues, business change and marketing. Pre/start up business advice should be included in the general support. General support should provide learning, advice, mentoring and networking via 1-2-1 sessions, webinars, events and training courses.
* **Financial Packaging support:** Debt and finance advice must consist of providing 1-2-1 financial and debt management support and advice to businesses, together with signposting to other financial support programmes (i.e., Angels@Essex, Innovate UK, Financial Conduct Authority regulated business loans etc.) to create and safeguard jobs across the Borough.

Ideally, we would envisage the above services being delivered by the same person/people, not necessarily different people. Whilst we recognise the supplier might chose to resource this contract through a part-time employed member of staff, or utilise a consultant to provide the proposed services, we would prefer for the contract to be delivered by named adviser(s) that was based in the locality on a fairly regular basis and became part of the fabric of the local business support landscape.

As a minimum Basildon Council would expect the following to be delivered:

* Minimum KPI’s as set out in in this service specification
* 1-2-1 business advice
* 1-2 many business advice (workshops, webinars, networking opportunities such as events/training courses etc.)

Basildon Council expects the contractor to use the business support programme to build a closer relationship between innovative businesses, their supply chain and the knowledge base. Marketing must be undertaken by the contractor with co-ordination support from Basildon Council.

The contractor must

* Have demonstrable knowledge, experience of working with businesses and links into Essex and its networks, Chamber of Commerce, Federation of Small Businesses etc.
* Understand the challenges that businesses face, particularly in the current financial climate and be able to develop and implement a delivery model to address these needs and challenges.
* Undertake a post-programme impact evaluation exercise to report on programme outcomes and to identify where future support is still required.
* Produce a final post-programme report detailing overall outputs achieved by the service and impact of the support provided.
* Ensure that all marketing, references and delivery of the programme include clear acknowledgement of this being funded by UK Shared Prosperity Funding.
* Consider how to improve the economic, social and environmental well-being of the area (in line with the Public Services (Social Value) Act 2012). In awarding this contract, we will consider such factors as are relevant and proportionate to the subject matter of this procurement and the need for Basildon Council to comply with its obligations in respect of the Act.
* Play a part in helping us to deliver improvements to the environmental wellbeing of the area, particularly with regards to carbon footprint reduction i.e. use of low emission vehicles/transport options and efficient work scheduling etc. Basildon Council has announced targets to be carbon neutral as far as practical by 2030, as well as supporting its communities to reduce the impacts of climate change across the area. It is therefore important to us that our
* The programme should aim to develop a workforce – of all ages and in all communities – able to contribute fully to Basildon’s economic opportunities. There is a net outflow of talent to London and other centres, which impacts on local recruitment, especially in a tight labour market. A contractor would be expected to hire local residents to provide services.

**Available budget and payment frequency**

The maximum available budget is £171,224.40, made up of £136,776 of revenue and £34,448 of capital. This is split as follows over the two years of delivery:

* Year 1 – 2023/24 – £59,800 of revenue in 2023/24 and £14,448 of capital funding in 2023/24
* Year 2 – 2024/25 - £76,976 of revenue in 2024/25 and £20,000 of capital funding in 2024/25.

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| Revenue payments will be made in quarterly monthly instalments in arrears of £14,950 for Year 1 (2023/24) and £19,994 for Year 2 (2024/25). The Payment Schedule will be as follows: |
|  | Year 1 – 2023/24 | Year 2 – 2024/25 |
| Q1 (April - June)  | £14,950 | £19,994 |
| Q2 (July - September)  | £14,950 | £19,994 |
| Q3 (October - December)  | £14,950 | £19,994 |
| Q4 (January – March)  | £14,950 | £19,994 |
| **Total**  | **£59,800** | **£76,976** |

As part of the contracting process, we will agree the capital grant payment arrangements, but would expect this to be linked to an initial one off payment for capital equipment needed by the supplier to undertake the assignment (laptops etc) and a suitable agreement to enable the supplier to provide a small number of capital grants to applicant businesses.

As far as the training workshops are concerned, we are willing to provide a venue for the delivery of such workshops if required.

**Appendix 1: Outputs**

We are looking for the supplier to provide the following outputs. In addition to these core outputs, we will also be asking the supplier to monitor the number of new businesses started, but we have opted to not make this a contractual target.

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| **Table 1 - Shared Prosperity Outcomes Main KPI - duration of contractThe overall KPI's that must be reached each contract year** |
| **Output** | **Overall - Yr. 1 total (44%) (2023/24)** | **Overall - Yr. 2 total (56%) (2024/25)** | **Overall total (100%)(23/24 & 24/25)** |
|  |
| Number of businesses receiving grants | 7 | 8 | 15 |  |
| Number of businesses receiving financial support other than grants  | 18 | 22 | 40 |  |
| Number of businesses receiving non-financial support | 48 | 62 | 110 |  |
| Jobs created | 8 | 12 | 20 |  |
| Jobs safeguarded | 8 | 12 | 20 |  |
| Number of potential entrepreneurs provided with assistance to be business ready | 16 | 24 | 40 |  |
| Training courses / Workshops | 3 | 3 | 6 |  |

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| **Table 2 - Shared Prosperity OutcomesAccumulative quarterly targets for 6 monthly reviews (breakdown of Table 1) Theses targets are across all districts** |
| **Output** | **Q1 (April - June)** | **Q2 (July - September)** | **Q3 (October - December)** | **Q4 (January - March** | **Overall - yr. 1 total (2023/24)** | **Overall - yr. 2 total (24/25)** |
| **Yr. 1(23/24)** | **Yr. 2(24/25)** | **Yr. 1(23/24)** | **Yr. 2(24/25)** | **Yr. 1(23/24)** | **Yr. 2(24/25)** | **Yr. 1(23/24)** | **Yr. 2(24/25)** |
| Number of businesses receiving grants | 1 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 7 | 8 |
| Number of businesses receiving financial support other than grants  | 5 | 6 | 5 | 6 | 5 | 6 | 5 | 6 | 18 | 22 |
| Number of businesses receiving non-financial support | 12 | 16 | 12 | 16 | 12 | 16 | 12 | 16 | 48 | 62 |
| Jobs created | 2 | 3 | 2 | 3 | 2 | 3 | 2 | 3 | 8 | 12 |
| Jobs safeguarded | 2 | 3 | 2 | 3 | 2 | 3 | 2 | 3 | 8 | 12 |
| Number of potential entrepreneurs provided with assistance to be business ready | 4 | 6 | 4 | 6 | 4 | 6 | 4 | 6 | 16 | 24 |
| Training courses / Workshops | 0 | 1 | 1 | 1 | 1 | 1 | 1 | 0 | 3 | 3 |

**Appendix 2: KPI Definitions**

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| **KPI** | **Definition** | **Verification** |
| **Number of organisations receiving grants** | Number of organisations receiving grants. Organisations here will either be:* The end beneficiary is the recipient of the award itself, for example, a local authority, higher education institute or an organisation representing specific sector who may be undertaking a feasibility study.
* An organisation that is an end beneficiary and does not fit into the above description nor can be classified under the business output indicators, for example, a charitable organisation.
* Grant means a cash payment by the project that is not repaid.
 | * Application Form
* Record of Payment to the Beneficiary Business
 |
| **Number of businesses receiving financial support other than grants**  | Number of enterprises having received financial support other than grants. * Enterprise means a sole trader, micro business, small and medium-sized enterprise, or large business. It also includes social enterprises where these engage in economic activity.
* Non-grant financial support means loans, risk finance, financial investment from the project that is repayable or confers equity in the enterprise.

Interaction/engagement with business, either light (min 2 hrs), medium (up to 6 hrs) or high intensity support (up to 12hrs). | * Interactions recorded on CRM/Excel Spreadsheet
* Type of intervention
* Support means Business advice, guidance, mentoring and training. This must involve some form of direct interaction with business/individual, in other words it cannot be broadcasted advice.
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| **Number of businesses receiving non-financial support** | Number of enterprises that have received non-financial support with the intention of improving performance.* Enterprise means a sole trader, micro business, small and medium-sized enterprise, or large business. It also includes social enterprises where these engage in economic activity.
* Non-financial support means business advice, guidance, mentoring and training. This must involve some form of direct interaction with members of the enterprises, in other words it cannot be broadcasted advice.
* Improved performance means reductions in costs or increases in turnover/profit.
* Support may be ongoing.
 | * Interactions recorded on CRM/Excel Spreadsheet
* Type of intervention
* Support means Business advice, guidance, mentoring and training. This must involve some form of direct interaction with business/individual, in other words it cannot be broadcasted advice.
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|  **New Business Created** | Business must be New (should not have existed in Basildon or with the employer before the intervention. Business should have a life expectancy of at least 26 wks.) | Intervention should clearly show that it contributed to the new business by detailing:* Business – name, address, post code, telephone number, ownership and number of employees.
* Self-assessment form signed by employer to confirm business created has been supported by the intervention. Including identification of intervention which led to business creation.
* Business description – product/service offered, sector.
* Business number
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| **jobs created** | Jobs must be New i.e. should not have existed in the Basildon area or with the employer before the intervention. Jobs must be Permanent – they should have a life expectancy of at least 26 wks. FTE - 30hrs or more per week as per EU definition | Intervention should clearly show that it contributed to the job(s) by detailing:* Business – name, address, post code, telephone number, ownership and number of employees.
* Job – job title, job description and salary band of the new or attracted job.
* Self-assessment form signed by employer to confirm jobs created have been supported by the intervention.
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| **Number of potential entrepreneurs provided with assistance to be business ready** | Number of entrepreneurs having been assisted to be enterprise ready.* Entrepreneurs mean individuals aged 16 and over currently in employment, unemployed or economically inactive with an interest in exploring creating their own business.
* Assistance means business advice, guidance, mentoring and training. This must involve some form of direct interaction with members of the entrepreneurs, in other words it cannot be broadcasted advice.
 | * Individual – name, address, post code, telephone number, email address, NI number
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| **jobs safeguarded** | A safeguarded job is a permanent and paid job that was at risk prior to support being provided, and which the support helped the business to retain. This includes sole traders and business owners. | Includes both part-time and full-time jobs, which should be recorded relative to full-time equivalent (FTE).* FTE should be based on the standard full-time hours of the employer.
* At risk is defined as being forecast to be lost within 6 months.
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| **training courses** | To cover issues related to start up/pre-start businesses, general support and financial advice. | * Topics
* Attendance numbers plus breakdown of business sector/location
* Feedback
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| **Appendix 3 Rectification Plan** The following rectification plan template will be used where the supplier identifies a default requiring rectification. |
| Details of the Default:  | *[Customer should explain the Default here, referencing clauses and/or schedules]*  |
| Deadline for receiving the Rectification Plan:  | *[add a reasonable date]*  |
| Signed by [Customer]:  | Date:  |
| **Supplier Rectification Plan**  |
| Cause of the Default  | *[Supplier should explain the cause of the Default here]*  |
| Steps to be taken to rectification:  | **Steps**  | **Timescale**  |
| 1.  | [date]  |
| 2.  | [date]  |
| 3.  | [date]  |
| 4.  | [date]  |
| Timescale for complete Rectification of Default  | [X] Working Days  |
| Steps taken to prevent recurrence of Default  | **Steps**  | **Timescale**  |
| 1.  | [date]  |
| 2.  | [date]  |
| 3.  | [date]  |
| 4.  | [date]  |
| Signed by the Supplier:  | Date:  |
| **Review of Rectification Plan** [Customer]  |
| Outcome of review  | [Plan Accepted] [Plan Rejected] [Revised Plan Requested]  |
| Reasons for Rejection (if applicable)  | [add reasons]  |
| Signed by [Customer]  | Date:  |

1. A firm is in critical financial distress if it has more than £5,000 in county court judgments or a winding up petition against it. [↑](#footnote-ref-1)