

**Evidence base for third party sponsorship for fast growing digital, creative, science  
and technology companies**

**GREATERLONDONAUTHORITY**

## **1. EXECUTIVE SUMMARY**

- 1.1.** Start-ups/spin outs and other SMEs are a vital part of London's innovative knowledge economy. They are critical to the capital's and UK's continuing economic success.
- 1.2.** Anecdotal evidence suggests that the UK's visa system, in particular Tier 2, is challenging for certain types of spin outs/start-ups and other SMEs needing to recruit or retain skilled staff from outside of the European Union.
- 1.3.** This specification outlines the main requirements for a piece of mainly primary research with the purpose of testing this anecdotal evidence to establish:
  - 1.3.1.** How far this anecdotal evidence is representative of start-ups/ SMEs in London's knowledge economy.
  - 1.3.2.** The extent to which the current system of Tier 2 sponsorship restricts start-ups/ SME innovation and growth.
  - 1.3.3.** Evidence that a third party sponsorship model(s) could better support start-up/SME growth.
- 1.4.** The focus of the research will be on businesses in the science and technology sectors but the models should also have the potential to support fast growth SMEs.

## **2. BACKGROUND**

- 2.1.** London's economic success has, in part, relied on its ability to attract and retain skilled and talented individuals from around the world. This includes international students graduating or completing their doctoral studies from UK universities. The role of higher education in driving innovation and growth in London is critical, and will become more so in the future.<sup>1</sup> In two of London's maturing sectors, technology and science, the London Enterprise Panel has identified a supportive immigration

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<sup>1</sup> Economic Development Strategy's take on London's economy's future sectoral make up.

system as integral to their growth.<sup>2</sup> These sectors have a high prevalence of SMEs and, particularly in life sciences, the role of universities is central, not least because this research/knowledge intensive sector requires a highly educated skills base.

**2.2.** There are a number of routes available to London business and higher education institutions for recruiting or retaining skilled foreign nationals.<sup>3</sup> The main route is Tier 2 for skilled workers; Tier 1 also provides opportunities for those recognised as being exceptionally talented or having exceptional promise (academic, research, arts). Tier 2 is a sponsorship route: a foreign national is dependent on a registered sponsor (an employer) in order to enter, remain and work in the UK. Tier 1 does not require sponsorship and provides the individual with labour market freedom.

**2.3.** GLA (internal) analysis suggests that Tier 1 and Tier 2 have value for certain types of organisations, but not for all. Exceptional Talent/Promise is, by definition, restricted to a small number of internationally recognised leaders in their field; Tier 2 imposes costs and risks on to the employer as sponsor<sup>4</sup> and there is anecdotal evidence to suggest that smaller and/or younger enterprises, in particular, are unable (or reluctant) to bear these.

**2.4.** The GLA wishes, therefore, to commission a piece of research to establish:

**2.4.1.** How far the anecdotal evidence that Tier 2 imposes unreasonable risks and costs on spin outs/start-ups and SMEs in the science and technology sectors, but ensuring wider applicability to fast growth SMEs, is representative of these organisations in London.

**2.4.2.** The extent to which the current system of Tier 2 sponsorship restricts spin outs/start-ups and SMEs in the science and technology sectors, but ensuring wider applicability to fast growth SMEs, to innovate and grow.

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<sup>2</sup> *Jobs and Growth Plan for London* (April 2013) <https://lep.london/publication/jobs-and-growth-plan-london>

<sup>3</sup> Foreign national is a citizen of a country outside of the EEA and Switzerland.

<sup>4</sup> For example, there is a salary threshold of £18,000, sponsor registration fees of £550-£1400 per year and a 3 year visa costs £500.

**2.4.3.** Evidence that a third party sponsorship model(s) could better support spin outs/start-ups and SMEs in the science and technology sectors, but ensuring wider applicability to fast growth SMEs, innovate and grow.

**2.5.** The research should be able to inform and shape policy development to support start-ups/spin outs and other fast growth SMEs access the skilled talent needed for innovation and growth through investigating options for a third party model(s) to provide sponsorship support.

### **3. ORGANISATIONAL OVERVIEW**

#### **3.1 Greater London Authority**

The Greater London Authority (GLA) was established by the GLA Act 1999. The Authority consists of the Mayor of London and the London Assembly, and the functional bodies; Mayor's Office for Policing and Crime (MOPAC; overseeing the work of the Metropolitan Police Service - MPS); the London Fire and Emergency Planning Authority (LFEPA); Transport for London (TfL); and the London Legacy Development Corporation (LLDC). The main functions of the Authority are; to promote economic development and wealth creation in Greater London; promote social development in Greater London; and promote the improvement of the environment in Greater London.

### **4 AIM AND OBJECTIVES**

**4.1 Aim:** To assess the value of a third party model(s) to spin outs/start-ups and SMEs in the science and technology sectors, but ensuring wider applicability to fast growth SMEs, to access the skills, knowledge and experience necessary for innovation and growth.

#### **4.2 SCOPE**

**4.2.1 Relevant Organisations:** the focus is on spin outs/start-ups and SMEs in science and technology sectors, but ensuring wider applicability to fast growth SMEs.

**4.2.2 Non-EU migrants:** nationals of countries outside of the European Economic Area and Switzerland who require leave to enter or remain in the UK through Tiers 1-5 of the points based system.

**4.2.3 3<sup>rd</sup> party:** an organisation other than relevant organisation which supports the business to navigate the UK immigration system. This may range from giving advice through to sharing some or all of the sponsor's duties.

#### **4.3 Objectives:**

- 4.3.1** To provide the GLA with evidence of the use (and non-use) of Tier 2 which is representative of London's spin outs/start-ups and SMEs in science and technology sectors, but ensuring wider applicability to fast growth SMEs.
- 4.3.2** To assess the extent to which the current system of Tier 2 sponsorship restricts innovation and growth within the relevant organisations including:
- 4.3.2.1** their position in and value to innovation and growth in London's economy
  - 4.3.2.2** the business opportunities, risks and costs of recruiting from outside the EU.
  - 4.3.2.3** assess the value of alternative contracting arrangements where Tier 2 is not accessible (e.g. skype with contractor, short term visa) to support innovation and growth.
- 4.3.3** To provide policy makers with evidence that a third party sponsorship model(s) could better support innovation and growth in spin outs/start-ups and SMEs in science and technology sectors, but ensuring wider applicability to fast growth SMEs.

#### **4. CONTRACT MANAGEMENT**

- 4.1.** The project manager is James Lee (Senior Policy Officer, Economic and Business Policy). Telephone: 020 7983 4659      Email: [james.lee@london.gov.uk](mailto:james.lee@london.gov.uk)
- 4.2.** The supplier will appoint a project manager through whom all enquiries pertaining to the project's delivery will be filtered and who will be responsible for reporting on progress against objectives and deliverables and who will manage risks.
- 4.3.** The project will be carried out in accordance with the GLA Group's responsible procurement policy.

#### **5. KEY DATES**

Tender opens	27 August 2015
Tender closes	16 September 2015
Bids evaluated	17-18 September 2015

Clarification session (if required)	w/b 21 September 2015
Contract awarded	w/b 21 September 2015
Project management meeting	w/b 28 September 2015
Interim report	Completed by 23 October 2015
GLA feedback on interim report	By 27 October 2015
Final report submitted	4 December 2015
Final meeting and report agreed	w/b 7 December 2015

## **6. TENDER PROCESS**

### **6.1. Tender format**

**6.1.1.** Bids can include a sub-contract partner to carry out a specific element of the project. It is important that you relate your previous experience to the challenges specific to this project and provide a sufficiently detailed discussion on how you will go about the work and the challenges you foresee.

**6.1.2.** The tenderers will, as part of responding to the specification, provide a project plan that sets out:

**6.1.2.1.** Methodology to carry out the project;

**6.1.2.2.** The details of the project team and individuals' expertise, the number of days each member will work on the project, their core responsibilities and their day rates

**6.1.3.** Submissions are limited to 1,500 words, excluding CVs and professional biographies.

## 6.2. Tender Evaluation

All responses to this tender will be reviewed against the specified criteria. Please ensure that, as a minimum, you provide relevant information in your proposal to show how you will meet the scope of requirements within this document. The timescale for evaluation is included in the key dates outline in section 5.

## 6.3. Criteria for Evaluation

The criteria and weighting for evaluation are as follows

	Weighting(s)
Quality of proposal <ul style="list-style-type: none"><li>• Demonstrate understanding of the requirements with an effective methodology to meet the project's requirements.</li></ul>	30%
Knowledge <ul style="list-style-type: none"><li>• Demonstrate an understanding of:<ul style="list-style-type: none"><li>• the UK immigration system, in particular the employment and student routes.</li><li>• London and the UK's life science sector</li><li>• London and national jobs and growth strategies</li></ul></li></ul>	10%
Technical capabilities and capacity <ul style="list-style-type: none"><li>• Evidence of relevant expertise experience, inclusive of CVs</li><li>• Evidence of undertaking similar work, including examples of innovative solutions and influencing policy and practice.</li></ul>	30%
Approach to management of risks and stakeholder relationship in the overall project management	10%
Cost	20%



## **6.4. Payment**

**6.4.1.** 25% on commissioning

**6.4.2.** 25% on acceptance of the draft report by the Greater London Authority.

**6.4.3.** 50% on acceptance of the final report by the Greater London Authority.