

**Agenda Item No:** 9.7 **Report No:** 129/17  
**Report Title:** Business Support Package for Lewes District  
**Report To:** Cabinet **Date:** 27 September 2017  
**Cabinet Member:** Cllr Andy Smith  
**Ward(s) Affected:** All  
**Report By:** Nazeya Hussain – Director of Regeneration and Planning  
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## **1. Purpose of Report:**

The purpose of this report is to review the achievements of the Local Enterprise & Apprenticeship Platform (LEAP) business start-up programme and set out options for LDC's continuing contribution to the business support landscape which are:

- a) The LEAP business start-up programme
- b) Local and tailored business support
- c) Greater Brighton Commercial Property Database
- d) European Regional Development Fund (ERDF)

## **2. Officers Recommendation(s):**

- 1** To support the continuation of the business start-up programme under the LEAP brand.
- 2** To support the expansion of the Council's business support service to enable residents and businesses to access local and tailored business support and advice all year round.
- 3** To continue the promotion of commercial property in the Lewes District on the Greater Brighton Commercial Property Search database.
- 4** To authorise the Director of Regeneration and Planning to appoint Edeal to continue the delivery of the LEAP business start-up programme for up to three years; and, in order to achieve this, to waive Contract Procedure

Rule 6 in respect of this contract for the reason set out in Reason 1 (Section 3), below..

- 5 To allocate a total of £103,642 from the New Homes Bonus grant from the Government over a three year period as funding for the continuation and expansion of local business support and inclusion on the commercial property database.
- 6 Officers to explore the option of working with the University of Chichester on their ERDF bid to match fund and deliver business support in the Lewes District.

### **3. Reasons for Recommendations**

- 1 As noted in paragraph 4.6, a full procurement process was followed in 2015, which resulted in the appointment of Edeal to deliver the LEAP business start-up programme. Since this appointment, levels of positive feedback have increased and there has also been an increased level of demand for the LEAP programme.
- 2 There is sufficient funding to continue the LEAP business start-up programme as a standalone entity for one more year. There is, however, an opportunity to maximise LDC's investment and the level of business support in the area by working with the University of Chichester on their ERDF bid. By agreeing future budgets now we can demonstrate our commitment and improve the chances of securing European funding.
- 3 The LEAP business start-up programme has obtained a good level of brand awareness around business support, which helps to demonstrate the added value that LEAP offers within the local employment and skills landscape. Withdrawing LEAP's support for local activities would lose that awareness and reverse the positive work LDC has done on enterprise.
- 4 Local and tailored business support services for residents and business in the Lewes District are limited compared to other geographical areas restricting economic growth.
- 5 The Greater Brighton Commercial Property Database is recognised as a key mechanism to generate inward investment.

## **Information**

### **4. LEAP**

- 4.1 Supporting and growing smart and sustainable enterprises is widely recognised as a critical driver of economic prosperity. Local interventions that improve business performance, encourage innovation and retain key businesses, support sub-regional, regional and national strategic economic priorities.

- 4.2** 85.7% of businesses (units) in the Lewes District are micro employing 0-9 individuals, and 12.3% are small employing 10-49. The total proportion of micro and small businesses in the District is marginally higher than East Sussex, the South East and nationally.
- 4.3** The main sources of business support for enterprises and residents in the Lewes District are:
- 4.3.1 Growth Hubs: Business East Sussex and Business Navigator Growth Hub – online and verbal business support signposting services
  - 4.3.2 Locate East Sussex – The county's commercial property and inward investment service including advice on funding
  - 4.3.3 LEAP – see 4.4.
- 4.4** With Cabinet approval and LDC finance, LEAP was launched by the Council in February 2013 to raise awareness of apprenticeships and provide free training and support for business start-ups. The resourcing of the apprenticeships element of the programme was transferred to Sussex Downs College at the end of 2014.
- 4.5** The LEAP business start-up programme is usually run once per year. Applications open for up to 30 local residents with a business idea who attend a 1-day introductory workshop. From here, up to 15 shortlisted candidates attend a series of additional training workshops and 1:1 mentoring, culminating in a pitch to a judging panel (comprised of local business representatives and the Leader of LDC) for the chance to win a cash prize to help start their business. The winning idea is announced at the Lewes District Business Awards where LEAP sponsors the 'Entrepreneur of the Year' award.
- 4.6** The programme was originally delivered by Lets do Business Group on behalf of LDC, but following a competitive tender process in 2016, the delivery partner changed to become Edeal (Eastbourne & District Enterprise Agency Ltd).

## **5 LEAP – Achievements**

- 5.1** Since 2013, LEAP has supported 67 local people by providing training to start a new business; with a further 24 on this year's programme. Around two-thirds (45 of 67) of these have now registered their business, either as a limited company or as a Sole Trader. This is a significant success rate, with some estimates suggesting that 80% of new businesses fail within the first eighteen months. Receiving a strong foundation in how to run a business from the outset of a business idea is vital to increase an enterprises chance of survival.
- 5.2** Demand for this service has increased and the new provider is receiving high levels of satisfaction from delegates and officers.

- 5.3** 2017 LEAP 'Entrepreneur of the Year' award went to Treatment Tents who specialise in providing pop-up spas at festivals. Other business ideas LDC has supported are: retail outlets specialising in haberdashery and baby essentials, business coaching, health and safety consultancy and quirky furniture created from mannequins.
- 5.4** The LEAP brand is now recognised locally as a support tool for business start-ups with strong levels of word-of-mouth referrals each year, and the success of the programme has led to its replication in other areas.

## **6 Wider Business Support Context**

- 6.1** It is important to note that LEAP sits within the wider business support context within the Lewes District and plays a valuable supporting role in delivering such services locally.
- 6.2** As noted in paragraph 4.5, LEAP plays a key role in the successful Lewes District Business Awards. The LEAP Entrepreneur of the Year award is now recognised as a prestigious category that provides new business start-ups with additional publicity to support their enterprises.
- 6.3** Furthermore, LEAP has a strong strategic fit with ongoing projects such as the Newhaven Enterprise Zone, which is dedicated to attracting new commercial investment and space for businesses to grow, as well as providing potential new demand for small business workspace – such as that provided within the Newhaven Enterprise Centre.

## **7 Further Business Support Options**

- 7.1** There is sufficient funding to continue the LEAP business start-up programme as a standalone entity for one more year. There is, however, an opportunity to maximise LDC's investment and the level of business support in the area by working with the University of Chichester on their ERDF bid. By agreeing future budgets now we can demonstrate our commitment and improve the chances of securing European funding – see section 9.
- 7.2** This also presents an opportunity to revisit the business support landscape in the Lewes District. LDC could enhance the local provision by providing tailored and local business support for all residents and enterprises (see paragraph 7.3), and annually renewing LDC's presence on a commercial property database (paragraph 7.4).
- 7.3** At present, any enterprise or resident who requires local business support and at no cost are directed to a Growth Hub or Locate East Sussex (the LEAP business start-up programme has a small annual window for application) but the services on offer are limited compared to other geographical areas. For example, Eastbourne Borough Council funds Edeal's services at an annual cost of £15,000 to keep fees free at point of delivery for local start-ups and established businesses. Services include business start-up workshops, one on one business advice counselling and social media training. A similar service in the Lewes

District could also generate referrals for the LEAP business start-up programme releasing marketing pressure and costs to attract applicants.

- 7.4** LDC may also make an annual contribution for commercial property in the Lewes District to be listed on the online Greater Brighton Commercial Property Search database. This provides a platform to direct enquirers to consider the Lewes District as an affordable business location compared to Brighton. Newhaven in particular plays an important role in the Greater Brighton economy and has the largest amount of commercial space on offer in that area, linked to delivery of the Enterprise Zone. An increase in new businesses in the District would positively impact LDC's business rates income. The annual contribution to appear on the Greater Brighton Commercial Property Search database is £1,200.

## **8 Finance**

- 8.1** The annual running cost of the LEAP business start-up programme is approximately £30,000 excluding a limited amount of Officer time, with most aspects now dealt with directly by Edeal.
- 8.2** The original LEAP programme was funded with a one-off allocation of £150,000 from LDC (comprising of £100,000 from New Homes Bonus and £50,000 from S106 contributions) plus £83,000 of ESCC funding to support project delivery. Cabinet made a further allocation in 2014. The allocated funding was held in a reserve pending use, and £34,958 remains available.
- 8.3** An annual budget of £46,200 for three years would allow the continuation of the LEAP business start-up programme, the creation and delivery of a new local and tailored business support service and the renewal of the Greater Brighton Commercial Property Search database. The expanded business support landscape will increase business formation and in-turn business rates, and support the retention of established enterprises.
- 8.4** Table: Breakdown of Annual Expenditure

<b>Business Support</b>	<b>Cost</b>
LEAP business start-up programme	£30,000
Greater Brighton Commercial Property Search database	£1,200
Local business support	£15,000
<b>Total</b>	<b>£46,200</b>

- 8.5** The Finance team have advised that the Council currently holds £466,000 of unallocated New Homes Bonus grant from the Government

and that this could be used as a source of funding as was the case when the LEAP scheme was first introduced.

## **9 Finance – European Funding**

- 9.1** The University of Chichester is applying for ERDF monies to support SME's in the Coast to Capital Local Enterprise Partnership area over 3 years.
- 9.2** Edeal has confirmed with the University that they are interested in becoming a partner in any bids to deliver business support across the Lewes District.
- 9.3** As match funding is required, LDC's business support budget (including the LEAP programme) could be classified as match funding and used to maximise the investment of ERDF funds into the Lewes District area.
- 9.4** The University has received official confirmation that they are through to full application. Finance and outputs with Edeal and LDC will need to be agreed and outlined in the application. The deadline is 8 November.
- 9.5** The University anticipate a final decision in April/ May 2018. Delivery would start immediately for a three year period, and this could potentially support delivery of business support (including LEAP) over a longer time period.

## **10 Legal Implications**

- 10.1** The Council's Contract Procedure Rules provide that for those contracts where the estimated contract value exceeds £25,000 (as here), Officers should seek a minimum of 3 written quotes. However, Contract Procedure Rule 2.4.1(a) allows Cabinet to waive the requirement for 3 quotes for specific projects where it is satisfied there is good reason for doing so. Cabinet may therefore waive this requirement if it is satisfied that the reasons set out in Reason 1 (Section 3), above, justify such a waiver. CK 17/08/2017

## **11 Sustainability Implications**

- 11.1** A Sustainability Implications Questionnaire has been previously completed and there are no significant effects as a result of these recommendations.

## **12 Risk Management Implications**

- 12.1** A risk assessment has been completed.
- 12.2** The following risks will arise if the recommendations are not implemented. Proposals to mitigate these risks are also considered:

Risk	Likelihood	Impact	Mitigation
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Reputational damage for LDC	High	Medium/High	Need to carefully manage end of LEAP programme with appropriate press coverage.
Negative impact on future employment & skills initiatives	Medium	High	Ensure that all LEAP partners are aware of LDC decision-making and reasoning.
Uncertainty surrounding LEAP and next steps	High	High	Ensure that clear decisions made regarding the future of LEAP.
Limited local business support	High	High	All enquiries directed to Growth Hubs signposting service.
Potential reduction in inward investment enquiries impacting business rates income	High	Medium/High	Ensure that all LEAP partners are aware of LDC decision-making and reasoning.

**12.3** The following risks will arise if the recommendations are implemented  
Proposals to mitigate these risks are also considered:

Risk	Likelihood	Impact	Mitigation
Duplication / overlap with other entrepreneur training schemes	Low	Low	LEAP has established its brand and offers additional services to support wider delivery of the employment and skills agenda locally.
Lack of interest from aspiring entrepreneurs	Low	Low	LEAP's entrepreneur programme has been well received thus far and it is planned to continue marketing in a similar vein. The expanded business support service will also generate referrals.

**12.4** As shown, the risks of not implementing the recommendations contained within this report would have a greater negative impact on LDC than their successful implementation.

## **13 Equality Screening**

**13.1** The initiative was previously screened for equality implications by Peter Sharp on 6 August 2014 and again by Kerry Barrett on 15 August 2017. No adverse impacts were identified and a full equality analysis is not required.

## **14 Background Papers**

**14.1** LEAP – Employment and Skills Cabinet Report 20 November 2014