

Report to: Cabinet

Date: 24 September 2020

Title: Business support for Lewes District

Report of: Ian Fitzpatrick, Deputy Chief Executive and Director of Regeneration and Planning

Cabinet member: Cllr James MacCleary, Leader of the Council

Ward(s): All

Purpose of report: To review the achievements of the Local Enterprise & Apprenticeship Platform (LEAP) business start-up and the general business support programmes and to secure further funding for LDC's continuing contribution to the business support landscape.

Decision type: Non-key decision

Officer recommendation(s):

- (1) To support the continuation of the business start-up and the general business support programmes under the LEAP brand.
- (2) To authorise the Director of Regeneration and Planning to appoint Edeal to continue the delivery of the LEAP business support programmes for up to three years; and, in order to achieve this, to waive Contract Procedure Rule 10 in respect of this contract for the reason set out in Reason 2 (Section 2.2), below.
- (3) To allocate a total of £102,500 over a three-year period as funding for the continuation of local business support.

Reasons for recommendations:

- (1) As noted in paragraph 1.2, 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.
- (2) the proposed funding dovetails with the work already being done through the Business Hothouse described in paragraph 1.10 which Edeal is also working on and would deliver additional value for money if resources were pooled in this way.
- (3) As well documented in paragraphs 1.11 – 1.17, this proposal outlines the importance of business support,

especially at a time to help local economies recover from Covid-19. Furthermore, it indicates how the programmes directly link to the Corporate Plan - in particular to the priority on Community Wealth Building, and other council policies. Withdrawing LEAP's support would a) mean 654 businesses over the 3-year period would have to seek support elsewhere which is limited, b) run the risk of adversely impacting the local economy, and c) negatively affect the reputation of LDC, especially as the programme has become an established brand.

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1 Introduction

- 1.1 The Local Enterprise & Apprenticeship Platform (LEAP) Programme was first launched in 2013. The original aims of the Programme were to raise awareness of apprenticeships and to provide a free comprehensive training and support package for business start-ups.
- 1.2 The programme was originally delivered by Let's do Business Group on behalf of LDC, but following a competitive tender process in 2015, the delivery partner changed to become Edeal (Eastbourne & District Enterprise Agency Ltd) from 2016.
- 1.3 The resourcing of the apprenticeships element of the programme was also transferred to East Sussex College Group, formerly known as Sussex Downs College, at the end of 2014. This was due to a perception of duplication of activity, making it difficult to highlight the added value of this element of the programme.
- 1.4 In 2017, Cabinet agreed to continue to support and fund for the annual LEAP Business Start-up Programme for a further 3 years, and to expand the business support provision to enable residents and businesses to access local and tailored business support and advice all year round, and in particular for those missing out on the short window application period for the Start-up Programme. The delivery partner remained unchanged.
- 1.5 Cabinet also agreed to support the promotion of commercial property in the Lewes District on the Greater Brighton Commercial Property Search database, and for Officers to work with the University of Chichester on their European Regional Development Fund (ERDF) bid to deliver additional business support in the District using LDC's investment to match the ERDF funding. After a long process, the University's ERDF bid was successful and the Business Hothouse programme commenced in early 2020. LDC's funding for business support is being match funded by the ERDF grant for 2020/21 and subject to securing

further finance, for 2021/2022 and 2022/2023. 270 businesses from the Lewes District will benefit from this additional investment.

1.6 **Short overview of the business support programmes**

- 1.7 LEAP Business Start-up programme – the programme is run once a 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. The 5 best business plans are pitched to a judging panel (comprised of local business representatives and the Leader of LDC) for the chance to win a cash prize of £2,500 to help start their business. The winning idea was previously announced at the Lewes District Business Awards where LEAP sponsored the ‘Entrepreneur of the Year’ award. From 2019, Edeal organise their own similar event and invite past and present programme participants. The LEAP Entrepreneur of the Year award is now recognised as a prestigious award that provides new business start-ups with additional publicity to support their enterprises.
- 1.8 LEAP general business support service – Every enterprise as well as residents with a business idea in the District has access to free business support from Edeal. This includes 1-2-1 counselling sessions with a qualified business advisor on a range of subject matters specific to need, Business Reviews for established businesses, business start-up workshops, 1-2-1 social media training and networking for local supply chain opportunities and learning and development.
- 1.9 Greater Brighton Commercial Property Search database – LDC collaborated with Brighton & Hove City Council and West Sussex County Council on a website database of commercial property in the Greater Brighton area. It provided a platform to direct enquirers to consider the Lewes District as an affordable business location compared to Brighton. Visitors were encouraged to contact commercial agents direct for enquiries on available premises and sites. It has since been superseded by further developments on Greater Brighton’s inward investment programme and the website was deactivated in August 2020.
- 1.10 The Business Hothouse – The programme offers free support to start-ups and established businesses in the Coast-to-Capital area including the Lewes District until September 2022. It is run by a consortium of expert delivery partners including Edeal, and is funded through the ERDF and Local Authorities in the Coast-to-Capital area. There is a vast amount of support on offer but LDC’s funding for the general business support service is being match funded to deliver:
1. An annual LEAP Leadership & Management programme – A similar format to the Business Start-up Programme but for business leaders to create and implement an action plan to improve management. Participants have a chance to win £1,000.
 2. An annual mini LEAP Business Start-up Programme.
 3. Specialist business coaching – Up to 12 hours of 1-2-1 support on a range of subjects.
 4. Until the end of 2022, the LEAP Business Start-up programme also

comes under the Business Hothouse as LDC's investment for this programme is being match funded by 50%. This provided an opportunity to slightly increase the annual budget and to reduce the Council's annual financial contribution – Previously an annual budget of up to £30,000. This has been increased to £35,000 for 2020/21 and 2021/22 and 2022/23 subject to funding.

1.11 Importance of local business support

1.12 Business leaders and future entrepreneurs may have great ideas and be an expert in their specialist area but it does not mean they know how to run or grow a successful business. As evidenced in paragraph 1.24, business support is essential to ensure that enterprises are given the best chance of survival and to grow to increase local employment opportunities and community wealth.

1.13 86.2% of businesses (units) in the Lewes District are micro and 11.6% are small – see table below. This implies that a large proportion of businesses are not part of large corporations with specialist departments.

	Micro (0 to 9) %	Small (10 to 49) %	Medium-sized (50 to 249) %	Large (250+) %
England	84.8	12.3	2.6	0.4
South East	85.6	11.7	2.4	0.3
East Sussex	86.2	11.5	2	0.2
Lewes	86.2	11.6	2	0.2

Source: East Sussex in Figures

1.14 As a result of Covid-19, we are faced with economic challenges, and protecting people's jobs, incomes and businesses is at the heart of the Government's recovery strategy. Despite significant ambitions and investment, their support will not cover everyone's situation and local needs. The business support in this proposal will address part of this gap and also help businesses navigate the government schemes and access specialist support and advice to help them survive and adapt during these difficult trading times. Without this intervention, local businesses could close impacting the LA's income from business rates.

1.15 Most businesses have been negatively impacted by Covid-19 and remain uncertain about future trading due to reduced demand and cashflow, possible future lockdowns and a new trading relationship with the EU from January 2021. On top of this, businesses have had to react to new guidance, new priorities and new challenges. (Sources: British Chambers of Commerce and South East Local Enterprise Partnership).

1.16 The Office for Budget Responsibility (OBR) [Fiscal Sustainability Report](#) issued in July 2020, sets out three medium-term scenarios for the economy and public finances. The table below summarises the key economic scenario variables.

	Percentage change on a year earlier, unless otherwise stated					
	Scenario period					
	2019	2020	2021	2022	2023	2024
Central scenario						
Gross domestic product (GDP)	1.4	-12.4	8.7	4.5	2.1	1.9
CPI inflation	1.8	0.7	1.3	1.9	2.0	2.0
Employment (million)	32.8	31.3	30.9	32.2	32.6	33.0
Unemployment (million)	1.3	3.0	3.5	2.4	2.1	1.9
Unemployment rate (per cent)	3.8	8.8	10.1	6.9	5.9	5.3
Upside scenario						
Gross domestic product (GDP)	1.4	-10.6	14.5	1.9	1.3	1.4
CPI inflation	1.8	0.7	1.3	1.9	2.0	2.0
Employment (million)	32.8	31.6	32.5	33.2	33.3	33.4
Unemployment (million)	1.3	2.7	1.9	1.4	1.4	1.4
Unemployment rate (per cent)	3.8	7.9	5.6	4.0	4.0	4.1
Downside scenario						
Gross domestic product (GDP)	1.4	-14.3	4.6	5.4	3.3	2.5
CPI inflation	1.8	0.7	1.3	1.9	2.0	2.0
Employment (million)	32.8	31.2	30.4	31.7	32.3	32.6
Unemployment (million)	1.3	3.1	4.0	2.8	2.4	2.2
Unemployment rate (per cent)	3.8	9.1	11.6	8.1	6.9	6.3

- 1.17 Unemployment will rise and the programmes outlined in this proposal will provide a much needed platform for local residents to access support to start a successful business. Locally:
- The unemployment rate in the Lewes District at the end of 2019 was 3.7. If this rose at the same rate nationally under the central scenario (an increase of 138%), the unemployment rate in the area will rise to 8.6% by the end of 2020, an increase of 2,508 local residents looking for work (Source: East Sussex in Figures).
 - Alternative labour market data sources provide a richer picture, and highlight geographical variations within an area. Between June 2019 and June 2020, there was a 199% increase in benefit claimants who are looking for work in the District. The claimant rate for the District in June 2020 was 5.4 (3,200 claimants) compared to 6.3 for England. However, the claimant rate in Newhaven was 8.5 (Source: East Sussex in Figures).
 - Up to June 30, 30.1% (17,700) of working age residents in the District have been supported by the government employment schemes (Source: East Sussex in Figures).

1.18 Wider business support context

1.19 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.

1.20 The main sources of business support for enterprises and residents in the Lewes District are [Business East Sussex \(BES\)](#), [Locate East Sussex \(LES\)](#) and LEAP. BES and LES signpost clients to LEAP as their services do not provide

intensive support for start-ups and established businesses. The Business Start-up and Leadership and Management programmes are also unique in the local area.

1.21 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. It is a critical part of LDC’s economic development and regeneration offer.

1.22 **Outcomes of LDC’s investment in business support**

1.23 LEAP Business Start-up Programme

Since 2016, the Programme has supported 114 local people by providing training to start a new business; 80 proceeded onto the full programme. Not including this year’s programme, 32 have registered their business, either as a limited company or as a Sole Trader. The data implies that 37% of those who attended the start-up workshop are still operating, and 51% of those who attended the whole programme. This is a significant success rate, with some estimates suggesting that 80% of new businesses fail within the first eighteen months. These statistics demonstrate the vital need for mentoring and tailored support to increase an enterprises chance of survival.

1.24 With the exception of one, the runner-up’s and winners of the programme are still operating and are listed below. The record also demonstrates the diversity of the types of ideas and businesses supported through the LDC investment:

- Dolly Fixtures - makes quirky furniture from mannequins
- Treatment Tents - pop-up spas at any location
- Fitzroy House - performance Space & Community Arts Centre
- The Patchwork Cat (Ltd Company) - fabric and haberdashery shop with café and classroom for adults and children with learning disabilities
- Solseed Landscapes - design and installation of edible landscapes
- Home Care Business Support - business consultancy for care providers
- Cara Martha (ART) - creates and sells large abstract paintings to transform spaces

The breadth of business idea is shown above, but also some of these entrepreneurs have contributed to wider regeneration activity. For example, The Patchwork Cat has opened in Newhaven Square, supporting LDC’s efforts to regenerate the town centre through generating new and valuable footfall to support the high street.

1.25 All of the businesses in paragraph 1.24 are well known locally and some, including other Programme participants, have received national attention. LEAP candidate [Sarah Alam appeared on the Channel 4 show ‘Buy it Now’](#) giving Britain’s inventors and entrepreneurs the chance to sell their products in front of potential customers and buyers of major retailers. She pitched her pink puff nail varnish holder and managed to sell £25,978 worth of stock.

1.26 Edeal has been able to adapt the delivery of this year's programme virtually and have met the milestone targets despite the current situation. 6 business plans (desired outcome of 5) were judged in August 2020. The annual awards event has been postponed to next year.

1.27 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 e.g. Adur and Worthing Councils, Arun District Council, Chichester District Council, Horsham District Council and Mid-Sussex District Council.

1.28 LEAP general business support service

Between April 2018 to March 2020:

- 43 businesses have had a 1-2-1 business counselling session.
- 39 businesses have had a social media training session.
- 31 businesses have had a specialist consultation in the form of a 'Business Review'.
- There have been 9 business start-up workshops with a total of 49 attendees.

1.29 Feedback from clients has been positive. A snapshot is provided below:

- "The trainer was highly professional, able to see what support I needed very quickly and communicated this in a kind, clear and highly practical way. She clarified exactly what I needed to do next and also gave me the confidence to do this. She was brilliant, and I am so pleased that this service is available for us."
- Very informative, answered lots of questions and triggered lots of new ideas."
- "The trainer explained all the many, very complex aspects of social media in a concise and logical way, specific to my current needs. She also told me about current trends and specific insights into the food industry. I had no idea social media was so involved."

1.30 There was a slow start in enquiries for this new service but interest increased in the second year and additional income from the ERDF bid has meant Edeal have additional funding to allocate to marketing. They have also recruited a new member of staff to support the delivery of their expanded services. The impact of Covid-19 has also led to an increase in number of businesses seeking support and advice, and LEAP is a valuable part of the offer in the Lewes District.

1.31 The Business Hothouse

It is too early to report the outcomes of the provision being delivered by Edeal as the CRM system is being rolled out but for 2020/21, 90 enterprises will be supported. Also see paragraph 3.7.

2 Proposal

- 2.1 To support the continuation of the business support programmes under the LEAP brand (business start-up programme and the general business support programme) for a further 3 years and to invest £102,500 to match fund the ERDF funding for additional business support for the remaining duration of the ERDF bid between March 2021 to September 2022.
- 2.2 To appoint Edeal to deliver the LEAP business support programmes over a 3 year contract period as they are already working with LDC and the University of Chichester on the ERDF bid. Levels of positive feedback from clients continues to be high, they are local provider with strong community and strategic links, and they remain in contact with past clients to encourage them make use of the full services to strengthen business survival rates.

3 Outcome expected and performance management

- 3.1 Over a 3 year period, the annual LEAP Business Start-up programme will support up to 90 entrepreneurs, of which 45 will advance to the full programme and at least 18 will start-up a new enterprise.
- 3.2 Over a 3-year period, the LEAP general business support service will
- a) assist 294 businesses access 1-2-1 advice with a qualified business advisor, 1-2-1 social media training or a Business Review, and
 - b) fund 15 business start-up workshops.
- 3.3 The Business Hothouse programme will support a further:
- 60 businesses through the annual LEAP Leadership & Management programme.
 - 60 businesses through the annual mini LEAP Business Start-up programme.
 - 60 businesses access specialist business coaching.
- 3.4 In total, there would be provision to support (assuming an average attendance of 6 at each business start-up workshop) up to 654 businesses over the 3-year period but it should be noted that business and previous clients are encouraged to make use of the full services available and may use more than one support strand. The cost per business intervention equates to £298 but due to the ERDF funding, the cost to LDC is £176. An initial comparison reveals that the unit cost of delivering the programmes in this proposal are good value (unit costs of ERDF-funded Boost Business Lancashire programme and Gloucestershire Growth Hub).
- 3.5 Edeal submits quarterly reports to LDC for the LEAP programmes to monitor progress throughout the year. The project lead at Edeal for the LEAP Business Start-up programme also updates the Council at the projects key milestones.
- 3.6 It is expected that Edeal will meet future targets for the general business support programme as the service will be well established by April 2021 and additional funding from the ERDF bid has allowed them to do more marketing and recruit

new staff.

- 3.7 Monitoring for the Business Hothouse programme between the University of Chichester and Edeal is yet to be finalised but LDC will have access to this data. LDC is also a member of the Business Hot House Steering Group which includes Economic Development Officers/Managers from Lewes, West Sussex, Brighton and Surrey LAs, along with representation from Coast 2 Capital and Chambers of Commerce.

4 Consultation

- 4.1 Consultation occurs through continued dialogue and reporting mechanisms with Edeal and the University of Chichester including case studies and feedback from programme participants.
- 4.2 LDC Officers are also members of Business East Sussex, Team East Sussex and the Greater Brighton Economic Board. The Newhaven Enterprise Zone also sits within the Regeneration Team at LDC.

5 Corporate plan and council policies

- 5.1 This proposal underpins the delivery of the strategic aims in the Council's Corporate Plan 'Re-imagining Lewes District Corporate Plan 2020-2024' under 'Building Community Wealth - A sustainable economy that enables a fairer place to live and work'. The programmes support the creation of new businesses as well as existing businesses to survive and grow; creating and securing employment opportunities for local people.
- 5.2 In addition, this proposal supports LDC's planning policy key strategic objectives under core policy 4 - Encouraging Economic Development and Regeneration, by providing businesses the support and advice they need to stimulate the economy and to safeguard employment sites.
- 5.3 The Lewes District Council Sustainability Policy, December 2018, explicitly identifies LEAP as a method for LDC to encourage sustainable economic growth by providing advice and support to small businesses and the self-employed to help them develop and grow their ideas and enterprises.
- 5.4 This proposal links with East Sussex County Council's emerging East Sussex Covid-19 Economic Recovery Plan of which LDC is a strategic partner of. The programmes contribute to the delivery of Ambition 5 - 'Help local businesses adapt, recover and grow'.

6 Business case and alternative option(s) considered

- 6.1 The alternative options are to cease funding altogether, or to fund the standalone LEAP programmes which will both impact the match funding from the ERDF bid. Considering the points under paragraph 9.1, the risks of not implementing the recommendations in this report would have a greater negative impact on LDC and the local economy than by not proceeding.

6.2 The contract could be shortened to 2 years rather than 3 to ensure there is funding to at least cover the ERDF period but the full learning from the Business Hothouse will not be available until after the programme finishes. This learning would provide valuable insight and data to shape LDC's contribution to business support provision from April 2024 onwards. Time would be needed to digest and consult on options.

7 Financial appraisal

7.1 The recommendation is to allocate a total of £102,500 over a three-year period from 2021/2022 to continue the LEAP business start-up programme and general support programme. An underspend in 2020/21 of £12,500 due to the ERDF bid will be carried forward. The match funding will end in September 2022 and the total annual running cost of the LEAP business start-up programme will return to LDC from 2023/24.

7.2 Table: Annual breakdown of total expenditure

Business Support	Cost
2021/22	
LEAP business start-up programme	£5,000
Local business support	£15,000
2022/23	
LEAP business start-up programme	£17,500
Local business support	£15,000
2023/24	
LEAP business start-up programme	£35,000
Local business support	£15,000
Total	£102,500

8 Legal implications

Legal Ref 009436-LDC-CEC

8.1 Services contracts exceeding £100,000 in estimated value should usually be advertised as an opportunity by public notice in accordance with Paragraph 10 of the council's Contract Procedure Rules (CPRs).

8.2 Under paragraph 2.1 of the CPRs, *"the Cabinet has power to waive any*

requirements within the Rules for specific projects, in which case its reasons for doing so shall be recorded in the Minutes of the Cabinet meeting”.

8.3 The reasons for the recommendation of this waiver are set out in the ‘**Reasons for recommendations**’ section and in paragraph 2.2 of this report.

8.4 In acknowledgement of the CPR requirements, it is advised that any further funding in relation to this project and related services should be made subject to an appropriate procurement exercise.

9 Risk management implications

9.1 The business support programmes outlined in this report underpins the delivery of the policy measures in the Council’s Corporate Plan under ‘A sustainable economy that enable’s a fairer place to live and work’. Failure to continue the programme will prevent the Council meeting its strategic and political objectives. Furthermore, ceasing funding will impact Edeal and its local supply chain, and the ERDF bid. By not following the course of action outlined in this report there is the risk of adversely impacting the local economy and negatively affecting the reputation of LDC, especially as the programme has become an established brand. It will open up the Council to criticism at a time when LA’s need to actively support their communities.

9.2 The following risks will arise if the recommendations are not implemented. Proposals to mitigate these risks are also considered:

Risk	Likelihood	Impact	Mitigation
Reputational damage for LDC	High	Medium/High	Need to carefully manage end of programmes 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 Hub signposting service.
Policy measures in the Corporate Plan not delivered	High	High	Need to outline alternative options and carefully manage end of programmes with appropriate press coverage.

9.3 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 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 and businesses	Low	Low	LEAP's entrepreneur programme has been well received thus far and it is planned to continue marketing in a similar vein. Interest and awareness is growing for the general business support programme.

10 Equality analysis

10.1 Previously, Equality Analyses have been undertaken for various aspects of this report, for which no additional impacts to protected groups have been identified. The proposals will continue to support the council to advance equality of opportunity for socioeconomic groups facing long-term unemployment, low skills and minimal employment prospects. This project will also positively affect relations amongst different socioeconomic groups, bringing them into closer interaction with one another and fostering greater mutual understanding.

11 Environmental sustainability implications

11.1 There are no significant environmental sustainability effects as a results of the recommendations in this proposal. We would however encourage Edeal to embed sustainability into their practices to reduce their environmental impact.

11.2 As in paragraph 5.3, the Lewes District Council Sustainability Policy, December 2018, explicitly identifies LEAP as a method for LDC to encourage sustainable economic growth.

12 Appendices

- None

13 Background papers

The background papers used in compiling this report were as follows:

- LEAP – Employment and Skills Cabinet Report 20 November 2014
<https://democracy.lewes-eastbourne.gov.uk/Data/Lewes%20District%20Council%20Cabinet/201411201430/Agenda/tcjimicO6NW9dUDaRvp96bvKkKISx.pdf>
- Business support package for Lewes District Cabinet report 17 September

2017 <https://democracy.lewes-eastbourne.gov.uk/Data/Lewes%20District%20Council%20Cabinet/201709271430/Agenda/iGTMFnim2bt4ss5k07Vqbh22bjML.pdf>

- Business support for Lewes District - LDC Equality and Fairness Analysis

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