

**Report to:** Cabinet

**Date:** 14 September 2023

**Title:** Business support for Lewes District

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

**Cabinet member:** Councillor Zoe Nicholson, Leader of the Council and Cabinet member for finance, assets and community wealth building

**Ward(s):** All

**Purpose of report:**

- (1) To provide an update on the achievements of the Local Enterprise and Apprenticeship Platform (LEAP) business start-up and the general business support programmes funded by Lewes District Council.
- (2) To secure further funding for the Council's continuing contribution to the business support landscape.

**Decision type:** Non-key decision

**Officer recommendation(s):**

- (1) To continue to fund a business start-up programme to support local pre-start and early-stage enterprises with specialist provision built-in to a) help entrepreneurs understand what a socially productive business is, and b) support those wanting to pursue a social enterprise model.
- (2) To approve a new budget of up to £105,000 for a 3-year period from April 2024, and invite suppliers to tender for the contract. The award will be subject to adoption of the final 24/25 budget and Medium Term Financial Strategy.
- (3) To approve the renaming of the 'LEAP business start-up programme' to 'Lewes District start-up programme'.

**Reasons for recommendations:**

- (1) There is continued demand for specialist and intensive start-up support.
- (2) With the current contract coming to an end, it is an opportunity to revisit the design and frequency of the start-up programme to ensure it aligns with local Community Wealth Building (CWB) plural ownership priorities and to maximise value for money for the Council and outcomes.

**(3) Renaming the programme will reduce associated marketing resources and risks with the LEAP brand and confusion on the omission of apprenticeship support.**

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## **1 Introduction**

1.1 The Local Enterprise and Apprenticeship Platform (LEAP) Programme was launched in 2013 funded by Lewes District Council (LDC), originally delivered by [Let's Do Business Group](#) (LDBG), to raise awareness of apprenticeships (element transferred to East Sussex College in 2014) and to deliver a free business start-up programme. Run once a year, applications open for up to 30 local residents with a business idea to attend a one-day start-up workshop. From here, 15 shortlisted candidates attend a series of topical workshops and one-to-one mentoring with a business expert matched to their idea to guide them towards writing a robust business plan. The 5 best business plans are pitched to a judging panel for the chance to win a cash prize of £2,500 to help start their business. The runner-up receives £500.

1.2 Since 2016, [Edeal](#) (Eastbourne and District Enterprise Agency Ltd) has delivered the LEAP business start-up programme for LDC via a services contract. In 2018 and 2021 it was also awarded a 3-years grants to expand its services (at a subsidised rate to LDC) into the Lewes District area to deliver free additional one day business start-up workshops and to provide new and established businesses access to free one-to-one mentoring with a business expert. In 2021, the targets of this grants agreement were adapted to incorporate two new short programmes, a) start-up support for social enterprises, and b) leadership and management training for local businesses.

### **1.3 Outcomes**

Since 2016, the LEAP business start-up programme has supported 151 (171 including 2023 programme) local people by providing training to start a new business and 115 (133 including 2023 programme) proceeded onto the full programme. Not including this year's programme, 52 registered their business, either as a limited company or as a sole trader 6 months after the programme had finished.

1.4 Between April 2018 and March 2023 under the grant agreement mentioned in 1.2, there have been:

- 155 one-to-one business mentoring sessions.
- 104 one-to-one social media training sessions.
- 65 one-to-one specialist consultations in the form of a 'Business Review'.

- 14 additional one day business start-up workshops with a total of 69 attendees. Workshop numbers and attendees were expected to be higher, but funding was redirected to one-to-one advice where demand was higher in 2020 and 2021.
- 2 start-up workshops with mentoring support for social enterprises, 1 delivered by Josh Babarinde OBE and the second by [Louise Graham](#) who has experience in running and mentoring social and commercial enterprises. These programmes supported a total of 14 attendees.
- 2 leadership and management workshops with mentoring support for local businesses assisting a total of 9 attendees.

1.5 It should be noted that clients can take advantage of more than one support strand e.g. an entrepreneur can attend a business start-up workshop and have one-to-one mentoring.

1.6 In 2020, Edeal entered a partnership agreement with the University of Chichester on their Business Hothouse programme funded by the European Regional Development Fund (ERDF) to deliver additional business support (increased capacity on the LEAP business start-up programme, a new leadership and management programme and specialist business coaching) in the District using LDC's funding as match funding. It withdrew in 2021 due to the impact of Covid-19 on business confidence and the monitoring requirements of the ERDF which undermined Edeal's financial stability as a small not-for-profit agency. This reduced the additional outcomes LDC was expecting as a result of the match funding opportunity, but the local authority made savings on programme costs as the LEAP business start-up programme over a 3-year period was co-funded, and the key targets between Edeal and LDC were still met.

#### 1.7 Good news stories and feedback from the LEAP business start-up programme

With the exception of one, the runners-up and winners of the LEAP business start-up programme are still operating. Some are listed below to demonstrate the diversity of the types of ideas and businesses supported through LDC's investment:

- [Dolly Fixtures](#) (Lewes) - Makes quirky furniture from mannequins. She has exhibited her creations in Amsterdam, at Grand Designs Live and at the Visual Merchandising and Display Show at the Business Design Centre in London.
- [Fitzroy House](#) (Lewes) - Performance space and community arts centre in Lewes.
- [The Patchwork Cat](#) (Newhaven) - Fabric and haberdashery shop with café and classroom for adults and children with learning disabilities. Since opening the business has grown and employed staff.
- [Solseed Landscapes](#) (Lewes) - Ecological, environmental, edible and permaculture-led landscape designer.
- [7000 Trees](#) (Lewes) - Eco-minded production company specialising in sound, video, photography and graphic design.
- [Return Ware](#) (Burgess Hill) - A reusable takeaway container service with a mission to eliminate single use food packaging through reuse. Through

Edeal's signposting, Return Ware has worked with LoCASE to grow her business and access further funding.

- [Chalk Productions](#) (Lewes) – Founded by an award-winning BBC Producer/Director, Chalk Productions makes documentaries and factual entertainment with social purpose for international broadcasters. Projects include a 3-part documentary about the life of Alison Lapper a British artist born with phocomelia.
- [Resus Rangers](#) (Newhaven) – A programme designed for children aged 3 to 11 years old to learn first aid in a fun, interactive and child-centred way. The team has grown to four and the business won the Sussex Business Awards Start-up of the Year category in 2022.
- [The Paint Club](#) (Ringmer) – Not a finalist but their online and in person classes and events have expanded across the South, the Midlands and North Wales. Since their first event, they have hosted and organised hundreds of painting parties for hen parties, birthdays, and team events for some of the world's leading companies.

1.8 Candidates who responded to Edeal's survey in 2021 and 2022 said they would recommend the LEAP business start-up programme. Some written feedback:

- *"I had no idea that this sort of support was available for new business entrepreneurs - I am so glad I saw the advert! I am finding it such an important experience. It's giving me so much more confidence in what I am doing and real hope that I may be able to make it happen. I am grateful to have the guidance from knowledgeable and passionate mentors and I feel really supported in what I am doing. It's also really good to meet other people on the workshops who understand what I am going through and are facing the same challenges as they get their businesses underway."*
- *"LEAP has been fantastic, I genuinely feel that without this assistance I would be in a different situation. LEAP has helped me understand every aspect of the business and I feel confident to move forward with this very exciting venture."*

## 2 Proposal

2.1 The proposal is to continue to fund a business start-up programme, as identified in the Community Wealth Building Strategy, to support locally owned and socially minded enterprises, but with adaptations to better align with local priorities on plural ownership and to maximise value for money for the Council and outcomes.

2.2 It is recommended that the Council invites business support providers to tender for a 3-year contract starting on 1 April 2024 for the value of up to £105,000 (up to £35,000 per financial year), a continuation of LDC's current financial commitment to deliver the programme.

2.3 The chosen provider may choose to work closely with key community infrastructure organisations who share the same plural ownership values as the Council to enable as many local people as possible to benefit from this opportunity and to better coordinate and grow support for socially minded

businesses. These organisations include 3VA, Sussex Community Development Association, Action in Rural Sussex, East Sussex Voluntary, Community and Social Enterprise (VCSE) sector Alliance and business and employment support providers in the Lewes District The UK Shared Prosperity Fund (UKSPF) Investment Plan.

- 2.4 It is also recommended to rename the programme to 'Lewes District start-up programme' to reduce associated marketing resources and risks with the LEAP brand and confusion on the omission of apprenticeship support.

### **3 Outcome expected and performance management.**

- 3.1 Key outcomes will include a) number of new social enterprises, b) number of new businesses and their adopted business legal structures, and the c) overall delegate numbers, but promoting various models of enterprise ownership that enable wealth created by users, workers and local communities to be held by them, and supporting all entrepreneurs to consider their social and environmental impacts would be of importance too.
- 3.2 Through the procurement process, suppliers will be asked to quantify how their delivery model would achieve the outcomes in 3.1.
- 3.3 A legal agreement between the chosen provider and the Council will outline the targets and how they will be monitored and evaluated. The frequency and duration of each programme and its milestones will dictate the regularity, but the Council would expect prescheduled meetings and updates, monitoring reports and an annual monitoring and evaluation report and meeting to review and discuss the achievements to date. The annual meeting will also be an opportunity to discuss and make any necessary changes to enhance the project based on client qualitative feedback to ensure the project continues to achieve the expected benefits and has the greatest impact possible.

### **4 Consultation**

- 4.1 Consultation occurs through continued dialogue and reporting mechanisms with the current provider including case studies and feedback from programme participants. This approach will remain in place.
- 4.2 LDC Officers are 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.
- 4.3 During the term of the new agreement and in parallel to other relatable actions in the Community Wealth Building Strategy Action Plan including plans for a social enterprise incubator in Newhaven, the Council could use this time to a) build on the findings of The South East Local Enterprise Partnership's (SELEP) ['Social Enterprise - A Prospectus'](#) report to gain a better understanding on the local social enterprise community and what the sector needs to grow, b) identify interventions to support existing locally owned businesses to grow and develop with greater social and environmental purpose, and c) research other programmes elsewhere for best practice and ideas to help adapt future support.

## **5 Corporate plan and council policies.**

- 5.1 Supporting business start-ups and through the LEAP programme is identified as a Council priority in the Corporate Plan 'The Re-imagining Lewes District Corporate Plan 2020- 2024' under 'Building Community Wealth - A sustainable economy that enables a fairer place to live and work'.
- 5.2 The LEAP business support programme to support new social enterprises is an action in the Council's Community Wealth Building Strategy under 'plural ownership of the economy'.
- 5.3 This proposal supports LDC's planning policy key strategic objectives under core policy 4 'Encouraging Economic Development and Regeneration', by providing support and advice to stimulate the economy and encourage local start-ups.
- 5.4 'The Lewes District Council Sustainability Policy', December 2018, identifies LEAP as a method for the Council 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.
- 5.5 Supporting start-ups is an ongoing national, regional and sub-regional priority and is identified as a long-term priority for Business East Sussex.

## **6 Business case and alternative option(s) considered.**

### **6.1 Problems/opportunities**

There is demand for start-up support:

- Continued interest in business start-up workshops and programmes, as quantified in 1.3 and 1.4.
- The [Business East Sussex Growth Hub](#) has reported an increase in the number of enquiries from pre-start and start-up companies looking for support, information or funding as more people consider starting a business to boost their income.
- There could be an increase in the demand for start-up support as business support funded from the ERDF is ending.
- There were 405 new business registrations in the Lewes District in 2021 (Source: East Sussex in Figures).
- There is evidence that the District has an entrepreneurial spirit with 12.6% of the working age population (compared to 9.5% for England) indicating their economic status as self-employed (Census, 2021).
- The Enterprise Nation UK [Start-up Appetite Report](#), 2021, highlighted that a fifth of UK adults say they want to start a business but need more support. This rises to more than a third (34%) amongst 18–34-year-olds. It is widely understood that new start businesses are more likely to survive and thrive if they are given support at an early stage to help their business planning and strategy.

## 6.2 Duplication

- Avoiding duplication is important to ensure value for money for the Council and to minimise confusion for local residents and businesses.
- The Business East Sussex Growth Hub is the main point of contact for any entrepreneur or business in East Sussex seeking advice and support, and LDC has provided £30,000 funding to Business East Sussex (BES) for 23/24 for a minimum of one year to plug a central government funding gap. BES is forging closer links to the Department for Business and Trade and [Business and IP Centre Sussex](#) (BIPC Sussex) and plans to map and make public a guide to business support for local businesses which will help to identify gaps and duplications in provision.
- Locally there is BIPC Sussex, a free hub for entrepreneurs, inventors, and small businesses to network, attend workshops on a wide range of subject matters, book one-to-one expert advice sessions and access a wealth of free information - business databases, market research reports, company data and information on intellectual property. Note that the BIPC Sussex does not have a physical presence in the Lewes District – residents would need to travel to Brighton, Eastbourne, Hastings or Crawley or access their services online.
- These services could be seen as a duplication of the support provided through the grant agreement. It is also possible that the redesign of the business start-up programme could see an increase in the number of start-up workshops.

6.3 The South East Local Enterprise Partnership's (SELEP) '[Social Enterprise - A Prospectus](#)' reports that a) there is economic and social growth potential in supporting pre-start and established social enterprises, b) there is a need for a better understanding of the unique aspects of social enterprises amongst mainstream business support providers, and c) social enterprises value specialist support the most, working with organisations that have the knowledge and expertise in working with social enterprises. Momentum and funding to take forward the business support calls to action in the Prospectus have stalled.

6.4 With the exception of the support funded by LDC, there isn't and doesn't appear to be any future plans for any free local specialist support to help entrepreneurs consider or start-up a social enterprise in the District. As a CWB priority, this is an area where intervention is required.

### Solutions – cost and benefits

6.5 Option one - do nothing:

- This option would rely on the external business support landscape to support residents and businesses. The Council would need to a) influence and lobby government and providers to ensure services align to local needs and priorities, and b) provide accurate signposting to residents and businesses. There would be no financial commitment for the Council and no outcomes towards corporate priorities, although the Council is providing gap funding to BES.



- The high risks associated with this option concern not fulfilling plural ownership aspirations in the CWB strategy and potential reputational consequences in discontinuing a long-standing successful business start-up programme.

#### 6.6 Option two – renew current programmes:

- The Council is familiar with these programmes and their outputs, but the cost and benefits would need to be revisited to take into account the impact of inflation and rise in cost of living in delivering the current targets.

#### 6.7 Option three – start-up programme for local pre-start and early-stage enterprises with specialist provision built-in to a) help entrepreneurs understand what a socially productive business is, and b) support those wanting to pursue a social enterprise model:

- The cost and benefits of this solution are not yet fully known but through a procurement exercise that invites providers to design a programme that helps the Council achieve its CWB ambitions, the Council can select the best model based on factors including value for money, outcomes and sustainability.
- This option reduces duplication (6.2) and double counting (1.4).

#### 6.8 Recommended solution

Option three is the preferred solution to support local pre-start and early-stage enterprises in the district. It is the lower risk option, and it will maximise the value for money and outcomes for the Council.

### 7 **Financial appraisal**

#### 7.1 Analysis of scheme costs for 23/24 suggests a shortfall of £3,789 currently exists between budget allocated to fund this scheme (£36,950) and the cost required in this financial year.

However, it has been confirmed that following a review of the scheme and the budgets allocated to it, there is an anticipated reduction in the programme costs (£35,000 per annum) ensuring that the programme is now within the existing budget allocation.

#### 7.2 Further to 7.1, there is a shortfall of £3,789 as a surplus was not carried forward. This amount also needs to be included in a revenue growth bid for 24/25 in the Business Plan for Regeneration and Planning. Going forward, the programme and funding will run in parallel together over a financial year, rather than the current programme over a calendar year splitting payments over two financial years. The award will be subject to adoption of the final 24/25 budget and Medium Term Financial Strategy.



## **8 Legal implications**

- 8.1 A procurement exercise is necessary to establish the market available to meet this proposed new scheme. It is important to distinguish between a service requirement and a grant supporting work already being done in the area, which could amount to a subsidy under the Subsidy Control Act 2022. Legal services will continue to advise on this matter.

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## **9 Risk management implications**

- 9.1 The recommended solution, option three, is the lowest risk option and scores low for impacts and likelihoods across core risk categories - political, customer, reputation, financial, people, environment and sustainability and regulatory. Options one and two, but for different reasons and varying levels of impacts and likelihoods, impacts CWB strategic objectives and achievement of local policy/ manifesto commitments and have potential negative consequences to meet customers' requirements and expectations and risks that relate to the Council's image, credibility or reputation. For all three options, Council marketing is critical to inspire and help local entrepreneurs and businesses make informed decisions.

## **10 Equality analysis**

- 10.1 Equality Analyses have been undertaken for various aspects of this report and the proposals are not expected to trigger any additional impacts to protected groups. A separate analysis has identified that the protected characteristic of Age is more relevant. This is because business support will increase employment opportunities for people in the Lewes District area and therefore beneficially impact people of working age more than any other age demographic. 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 result of the recommendations in this proposal. We would however encourage the chosen provider to embed environmental sustainability into their practices to reduce their environmental impact and to signpost programme participants to zero carbon business support providers.
- 11.2 As in paragraph 5.4, the Lewes District Council Sustainability Policy, December 2018, explicitly identifies LEAP as a method for LDC to encourage sustainable economic growth.

## **12 Contribution to Community Wealth Building**

- 12.1 As part of the Council's commitment to CWB, the Council is keen to promote local social entrepreneurialism and community ownership models such as cooperatives and community interest companies and will do this by giving business advice that is tailored to these forms of ownership and by raising the profile of such approaches in the area. A business start-up programme is identified as an action in the Council's CWB Strategy to fulfil these aspirations. This is based on one of five key CWB principles, 'plural ownership of the economy', which involves developing and growing small enterprises, community organisations, co-operatives and municipal ownership as locally owned and socially minded enterprises are more likely to employ, buy and invest locally.

## **13 Appendices**

- 13.1 None

## **14 Background papers**

- 14.1 The background papers used in compiling this report were as follows:  
None