

**Report to:** Cabinet

**Date:** 5 December 2018

**Title:** Economic Development

**Report of:** Ian Fitzpatrick – Director of Regeneration & Planning

**Cabinet member:** Cllr Andy Smith – Leader of the Council and Cabinet Member for Regeneration and Business

**Ward(s):** All

**Purpose of report:** To provide an update to Cabinet on regeneration and economic development activity across the Lewes District; and to seek approval to progress the matters identified.

**Decision type:** Non-key

**Officer recommendation(s):** (1) To note the progress made in the provision of economic development across Lewes District, including the expanding range of business support offered by the Council, the success of existing initiatives and the range of funding submissions submitted on behalf of the Council.

(2) To note the response of Coast to Capital LEP and South East LEP to the Government’s LEP review, and to delegate authority to the Director of Regeneration & Planning, in consultation with the Chief Executive and the Leader of the Council to agree future LEP membership for the Council.

**Reasons for recommendations:**

1. To ensure that the provision of economic development and regeneration activity across the district is maintained.
2. To ensure that the Council continues to be appropriately represented strategically at a regional level.

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## **1 Introduction**

1.1 Economic development is a critical part of delivering the Council’s strategic

objectives. It covers a wide range of activities ranging from business support and advice to large-scale regeneration projects such as the Newhaven Enterprise Zone. It also covers working closely with strategic partners to support delivery of new investment in jobs, skills and training opportunities for local communities.

- 1.2 Lewes District is an outstanding location for business and enterprise with a diverse community of over 4,800 businesses employing more than 35,000 people from a wide catchment area. Economic development and regeneration activities help to sustain our existing economic base as well as creating the conditions for further growth. This fits strongly within the Growth and Prosperity theme within the Council's Corporate Plan.
- 1.3 The Council's economic development and regeneration activity fits well with the Government's Industrial Strategy – Building a Britain Fit for the Future. A White Paper was published<sup>1</sup> in June 2018 and sets out Government ambitions to help businesses create better, higher-paying jobs in every part of the UK with investment in the skills, industries and infrastructure of the future. The Industrial Strategy sets out five foundations of productivity that align with Government's vision for a transformed economy:
  - Ideas: the world's most innovative economy
  - People: good jobs and greater earning power for all
  - Infrastructure: a major upgrade to the UK's infrastructure
  - Business Environment: the best place to start and grow a business
  - Places: prosperous communities across the UK.
- 1.4 Government has proposed that local industrial strategies (LIS) will form the bedrock of the implementation of the Industrial Strategy. At the time of writing no formal detail has been published, although we expect that LIS will bring together a strong, well-informed evidence base about local economies and outline a long-term set of priorities that capitalise on existing opportunities in the economy, address weaknesses and resolve an area's needs. Officers expect that the responsibility for LIS will lie with Local Enterprise Partnerships (eg. South East LEP / Coast to Capital LEP) and / or City Regions (eg. Greater Brighton).

## **2 Proposal**

### **Business Support and LEAP**

- 2.1 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 can support sub-regional, regional and national strategic economic priorities.
- 2.2 The range of interventions available varies. In Lewes district, the Council runs the LEAP programme which offers free business start-up training to aspiring entrepreneurs and, increasingly, a package of business support measures to support all businesses locally.

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<sup>1</sup> <https://www.gov.uk/government/publications/industrial-strategy-building-a-britain-fit-for-the-future>

- 2.3 Since 2013, LEAP has supported 106 local people by providing training with a view to starting a new business. The 2018 programme was successful with the winner, Sara Williams, now having opened her business – The Patchwork Cat – within Newhaven town centre.
- 2.4 Following Cabinet approval in September 2017, LEAP expanded to offer a range of business support services to all businesses within Lewes district. Since April 2018, any business has been eligible for one-to-one business mentoring and advice, social media training and an enhanced range of networking events and opportunities.
- 2.5 A range of marketing initiatives have been introduced to promote the service, including working closely with the Growth Hub services of both SELEP and Coast to Capital LEP to maximise uptake. A monitoring update will be provided to Cabinet at the end of year 1 of the service.

### **Local Enterprise Partnerships (LEP's)**

- 2.6 LEP's were established by the Coalition Government in 2011. They are business-led partnerships between local authorities and local private sector businesses. LEP's play a central role in determining local economic priorities and undertaking activities to support local authorities in driving economic growth and job creation, improve infrastructure and raise workforce skills within a given geography. There are 38 LEP's across England.
- 2.7 Over the last 7 years the role of LEP's has evolved, taking on more responsibilities and delivering Government economic growth ambitions measures such as the distribution of grant funding (eg. via the Local Growth Fund). LEP's are now firmly focused on delivering place-based outcomes within functional economic areas, and will shortly commence development of 'local industrial strategies' which will set out long-term economic visions for their geographies.
- 2.8 Lewes District Council is represented by two LEP's – Coast to Capital LEP (which stretches from Croydon to Brighton & Hove, east to Lewes district and including West Sussex to the west); and South East LEP (comprising East Sussex, Kent, Essex, Thames Gateway and Medway). The Council is one of just 33 overlapping geographies in England.
- 2.9 Government has recently<sup>2</sup> published a review of LEP's, which seeks to emphasise the role of LEP's in driving local growth, with a renewed focus on improving accountability, strengthening leadership and capability and providing clarity on geography. One of the key recommendations arising from this review is that LEP's have been asked to produce considered proposals on geographies that reflect functional economic areas and remove overlaps.

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<sup>2</sup> Strengthened Local Enterprise Partnerships, published July 2018.

- 2.10 As the Council is currently represented by two different LEP's, the Government's proposed removal of overlapping geographies has possible implications. However, it is clear that the functional economic area for the district looks both east and west (ie. across both LEP's). This is shown in commuting data shown in Appendix 1 to this report. As such, the Council's preference is to maintain the status quo of membership of both LEP's.
- 2.11 Moreover both LEP's play a key role in the Council's regeneration ambitions. The role of ESCC and SELEP in infrastructure investment that unlocks growth is vital, and we have a close working relationship with Coast to Capital in respect of the Newhaven Enterprise Zone (see below). SELEP has also strongly supported the Enterprise Zone.
- 2.12 At the time of writing, further information is awaited from Government. However, there is a risk that the Council will not be permitted to maintain the current status quo and Officers will keep Members updated as more information becomes available.

### **Newhaven Enterprise Centre**

- 2.13 Located on Denton Island, the Newhaven Enterprise Centre (NEC) was opened in November 2007 and was built with SRB funding via the now-defunct South East England Development Agency (SEEDA). It was subsequently extended in 2016 with the aid of a £1.9million bid to the Coastal Communities Fund led by the Council's Regeneration team.
- 2.14 NEC now provides almost 20,000ft<sup>2</sup> of managed business space across 60 furnished units. The units are let on flexible "easy in, easy out" terms that are ideal for new businesses, micro-businesses and SME's. The NEC is owned by the Council and managed by Basepoint Centres under an Operational Management Agreement that is due to expire in November 2019.
- 2.15 Occupancy levels at the NEC have remained consistently high since opening, typically above 90%. This strength of demand led to the successful Coastal Communities Fund bid that was completed in April 2016. Despite this additional space, occupancy levels have quickly recovered, with year-to-date figures for 2018/19 (to end October) reaching 85%. It is worth noting, however, that ongoing economic uncertainty means that occupancy levels are forecast to fall slightly over the coming months.
- 2.16 The NEC is a critical part of the Council's business support infrastructure. Officers are currently reviewing the options available for the future delivery of the facility and will provide a further update to Cabinet in the coming months.

### **Newhaven Enterprise Zone**

- 2.17 The Newhaven Enterprise Zone (EZ) officially commenced on 1 April 2017. It covers eight specific sites and is a designation that lasts for 25 years. It is a partnership between the Council and Coast to Capital LEP and supports the Council's regeneration and inward investment ambitions. Over the length of the programme, the EZ is forecast to:

- Support the creation of up to 55,000m<sup>2</sup> of new employment floorspace
- Support the refurbishment of up to 15,000m<sup>2</sup> of existing employment floorspace
- Support the creation and sustenance of up to 2,000 FTE jobs.

2.18 Over the last eighteen months there have been some notable achievements for the EZ. These include the funding successes outlined below in Paragraphs 2.22 and 2.23. Alongside such funding, the business rates uplift due to the EZ has been significantly above forecast, which offers potentially positive future opportunities for the Council in the regeneration of Newhaven.

2.19 A new Strategic Framework for the EZ was launched at a well-received business engagement event held at the Rampion Operations & Maintenance Base at East Quay on 12 July. Subsequently, the EZ has launched a 'Community Fund' offering grants of up to £5,000 for local community organisations.

2.20 A full and detailed report on progress with the EZ will be brought to Cabinet later in 2019. This report will cover the Strategic Framework in more detail, as well as emerging proposals for a revised financial model reflecting the uplift in business rates that is forecast over the remainder of the EZ programme.

### **External Partnership Funding**

2.21 The Council's Regeneration team is responsible for bidding for a wide variety of funding to support delivery of the Council's economic development ambitions and strategic objectives.

2.22 Over the last eighteen months, there have been a number of funding successes including:

- £10 million from the Housing Infrastructure Fund towards the North Street Quarter development in Lewes
- £2 million of Local Growth Funding towards the cost of purchasing the Springman House site in Lewes (via Coast to Capital LEP)
- £1.5 million of Local Growth Funding to purchase the Railway Quay site within the Newhaven Enterprise Zone (via Coast to Capital LEP)

2.23 Alongside these successes, Officers have worked closely with partners to support external funding bids. This includes £1.6m secured by a private landowner for the Eastside South site within the Enterprise Zone and the £10m secured by East Sussex County Council to enable Phase 1a of the Newhaven Port Access Road.

2.24 In addition, Officers have recently submitted funding bids to the Local Growth Fund (via SELEP) and to the Coastal Communities Fund towards the development cost associated with the Newhaven Town Centre scheme. Decisions on these submissions are awaited.

2.25 These funding bids emphasise the continued importance of the Council's economic development and regeneration activities – supporting delivery of key objectives and generating additional income to help build resilience within the

Council.

### **3 Corporate Plan and Council Policies**

- 3.1 The LDC Corporate Plan to 2020 identifies a number of commitments, including 'Place'. Within this commitment are the objectives of *Growth & Prosperity* and *Delivering Sustainable New Housing & Infrastructure*. Lewes district is recognised as an outstanding location for business and enterprise and the Council recognises the importance of attracting inward investment and in enabling new and developing businesses.
- 3.2 The projects outlined in this paper clearly contribute to the Council's stated objectives of growth and prosperity and delivering economic regeneration. The LEAP project enables new business start-ups and supports existing businesses to develop and grow, whilst the Enterprise Zone is a critical component in delivering lasting change through sustainable and inclusive growth for the Newhaven community. The role of the LEP's is vital to the Council's strategic ambitions, particularly in terms of placing the district within a wider regional context to unlock new funding streams.

### **4 Business case and alternative option(s) considered**

- 4.1 This paper is an update on existing projects and programmes. Each individual project has previously been considered separately to identify any alternative options. There are not considered to be any specific financial considerations arising from this paper.

### **5 Financial appraisal**

- 5.1 There are no direct financial implications arising from the recommendations of this report. All staffing resources are met from within existing budgets.

### **6 Legal implications**

- 6.1 There are no legal implications arising directly out of this report.

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### **7 Risk management implications**

- 7.1 This paper seeks to keep Members informed on progress with key economic development and regeneration projects and programmes. Failure to report regularly would reduce transparency and governance on these initiatives.

### **8 Equality analysis**

- 8.1 Each individual project has its' own equality analysis that is updated as necessary. This paper provides an update on existing activities, and as such does not impact further on any particular group(s).

## **9 Appendices**

Appendix 1 – Briefing Note – Strengthened Local Enterprise Partnerships

## **10 Background papers**

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

- [Industrial Strategy – Building a Britain Fit for the Future](#)
- [Strengthened Local Enterprise Partnerships](#)