LEAD MEMBER FOR ECONOMY

DECISIONS to be made by the Lead Member for Economy,
Councillor Rupert Simmons

MONDAY, 14 SEPTEMBER 2020 AT 11.00 AM

REMOTELY VIA TEAMS

++ Please note, the Lead Member will not be present in person, but will be taking the decisions remotely ++

AGENDA

1 Decisions made by the Lead Cabinet Member on 11 December 2019 *(Pages 3 - 4)*

2 Disclosure of Interests

Disclosure by all Members present of personal interests in matters on the agenda, the nature of any interest and whether the Members regard the interest as prejudicial under the terms of the Code of Conduct.

3 Urgent items
Notification of any items which the Lead Member considers urgent and proposes to take at the appropriate part of the agenda.

4 Supporting ambitious businesses to recover and grow: developments in the Scale Up East Sussex programme in light of Covid 19 *(Pages 5 - 24)*
Report by the Director of Communities, Economy and Transport

5 Any urgent items previously notified under agenda item 3

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4 September 2020

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LEAD MEMBER FOR ECONOMY

DECISIONS made by the Lead Member for Economy, Councillor Rupert Simmons, on 11 December 2019 at County Hall, Lewes

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1 DECISIONS MADE BY THE LEAD CABINET MEMBER ON 5 MARCH 2019

1.1 The Lead Member approved as a correct record the minutes of the meeting held on 5 March 2019.

2 REPORTS

2.1 Reports referred to in the minutes below are contained in the minute book.

3 BUSINESS SUPPORT SERVICES IN EAST SUSSEX

3.1 The Lead Member considered a report by the Director of Communities, Economy and Transport, together with the exempt information contained in a later agenda item.

DECISIONS

3.2 The Lead Member RESOLVED to (1) agree the continuation of Growth Hub services in East Sussex;

(2) agree the close down of the current commissioned outsourced model and the transfer of provision of the Growth Hub to East Sussex County Council for the period April 2020 to March 2021;

(3) ensure a review is undertaken of the service provision delivered by East Sussex County Council by November 2020 to enable Lead Member to assess progress and effectiveness and determine future delivery; and

(4) agree the delegation of authority to the Director of Communities, Economy and Transport to take all actions necessary to give effect to recommendations (1) and (2).

Reasons

3.3 Maintaining the status quo and commissioning future Business East Sussex Growth Hub services in the way that has been done in the past is no longer an option. It is clear that the most sustainable option at this time that is affordable, and provides flexibility and continuing credibility is to bring the Growth Hub in-house from April 2020 until further review is necessary.

4 EXCLUSION OF PUBLIC AND PRESS

4.1 It was RESOLVED to exclude the public and press for the remaining agenda items on the grounds that if the public and press were present there would be disclosure to them of exempt information as specified in paragraph 3 of Part 1 of the Local Government Act 1972 (as amended), namely information relating to the financial or business affairs of any particular person (including the authority holding that information).

5 BUSINESS SUPPORT SERVICES IN EAST SUSSEX

5.1 The Lead Member considered a report which contained exempt information in support of an earlier agenda item.

5.2 RESOLVED to note the information contained in the report.

Report to:	**Lead Member for Economy**
Date of meeting:	**14 September 2020**
By:	**Director of Communities, Economy and Transport**
Title:	**Supporting ambitious businesses to recover and grow: developments in the Scale Up East Sussex programme in light of Covid 19**
Purpose:	**To update the Lead Member about external funding secured to support high growth ambitious companies in East Sussex and how this will be used to progress and adapt the Scale Up East Sussex Programme in light of the Covid 19 pandemic.**

RECOMMENDATIONS: **Lead Member is recommended to:**

(1) Note progress of the Scale Up East Sussex pilot projects and the independent evaluation of the programme; and

(2) Endorse the County Council's proposal for an adapted programme offer to support ambitious businesses through recovery in light of Covid 19.

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1 Background Information

1.1 The Scale Up East Sussex pilots were commissioned in 2019 in response to growing evidence that demonstrates the importance of 'scale up' businesses for the economy, and the value in supporting ambitious businesses that have the potential to become high growth 'scale up' business. The department of Business Energy and Industrial Strategy (BEIS) have also responded to this research by emphasising the importance of Growth Hubs (the one stop shop for business support services) supporting high growth potential businesses.

1.2 In response to this research and direction from BEIS, the Scale Up East Sussex Pilots were commissioned with Lead Member endorsement and ran from March through to November 2019, contributing to the County Council priorities "driving sustainable economic growth" and "making the best use of resources".

1.3 Scale Up East Sussex created three cohorts of businesses who received a combination of bespoke 1:1 support, peer support at regular meetings with other ambitious business owners, and group masterclasses all over a period of several months. This model for support was based on the Babson college model and other successful programmes run across the country.

1.4 The aim of the pilots was to understand how we could best use this scale up model to support East Sussex businesses with high growth potential. The intention of piloting three projects was to test three variations of programmes, ensure this approach worked for East Sussex, and inform future support offers.

1.5 The different pilot approaches, each costing £25,000, were:

1. A geographically based pilot focussing on the Newhaven Enterprise Zone area and working closely with the Enterprise Zone board. This was delivered by Digital Islands
2. A sector based pilot focussing on the Construction and Built Environment sector. This was delivered by 'always possible'
3. An open pilot that can work with businesses in any sector and any geography. This was delivered by Oxford Innovation

1.6 EBS Consulting independently evaluated the three approaches, and their report is appended for information. More detail on this is given in section 2 below, but it is clear from the evaluation that businesses involved in the pilot recognised the approach was very successful and provided tangible benefits to their business.

2 Scale Up East Sussex: evaluation outcome

2.1 The evaluation report from EBS consulting (see Appendix A) was produced in December 2019 i.e. before the covid-19 pandemic.

2.2 The key outcomes of the programme include:

- 24 high growth potential East Sussex businesses supported over a 9 month period
- 30+ hours of support delivered per business, via 1:1 bespoke support, masterclasses, and facilitated peer groups
- All 3 peer groups showed significant increases in business confidence among participants to grow their businesses in the future
- Each pilot approach (open, sectoral, and geographical) worked equally well with each delivery partner working collaboratively with ESCC contract managers
- 22 out of the 24 businesses were very satisfied or satisfied with the support received and 90% would recommend to a friend or colleague.

2.3 The bespoke nature of the support means that outcomes and impacts for business varied depending on business need (see pages 7-8 for full details of Appendix A) but some of these impacts include: improved business planning for growth; succession planning; moving from a 'technical' to a management and leadership role; digital modernisation; collaborations and sharing of resources amongst participants; and improved confidence and skills to bid for larger contracts. Such intensive support is not available through mainstream business support and so the decision that East Sussex County Council took to invest in the pilots has been well received as well as filling a gap in business support provision that has real impact.

2.4 The evaluation also provided some key recommendations that we will incorporate into a future programme:

- Intervention and peer groups should be run over a longer period of time (one year) with up to 6 months necessary for recruitment
- Future programmes should seek to capture impact data over three years to measure impact on turnover over a longer period
- The programme should be aligned to the Business East Sussex (BES) Growth Hub, both to meet the expectations of BEIS, but also to ensure ongoing account management for businesses completing the programme

2.5 The pilots have demonstrated that the scale up offer and approach can strengthen and support ambitious East Sussex businesses, and a programme targeted at this group of SMEs provides an important addition to the East Sussex business support ecosystem.

3 Responding and adapting for Covid-19

3.1 Since the conclusion of the programmes, the South East Local Enterprise Partnership (SELEP) has been granted the use of underspent South East England Development Agency (SEEDA) legacy European Regional Development Fund (ERDF) funding for use in East Sussex and Kent. This information was presented to the SELEP Strategic Board on 12 June 2020 and the proposal that the funding should be used to provide programmes in both areas based on the successful 'Scale Up' work undertaken in both East Sussex and Kent was subsequently agreed by electronic procedure (30 June).

3.2 Given the impact of the current Covid-19 pandemic, it was agreed that these programmes would need to be adapted to respond to the specific economic circumstances facing businesses at this time. The allocation for East Sussex is £116,800.

3.3 As of April this year, following Lead Member approval, the ongoing sustainability of the BES Growth Hub was ensured by bringing delivery of the service in-house, allowing for an adaptive delivery model. During the Covid-19 pandemic, the Business East Sussex Growth Hub has achieved the following:

- directly supported over 250 businesses during the pandemic, providing advice, diagnostic and brokerage over the phone and via email
- Supported 60 businesses through collaborative events and workshops with partners
- Using online channels and regular newsletter to reach many more businesses
- Secured an additional £30,000 of funding, strengthening frontline capacity and increasing the marketing of services to reach as many businesses as possible
- Working with SELEP partners to deliver the recently announced small grants programme for specialist advice, new equipment, and technology (available to SMEs, with specific funding available for those in the visitor economy)

3.4 The Growth Hub acts as a 'one stop shop' for businesses, but currently does not have the capacity to work more intensively with ambitious businesses. The SELEP SEEDA/ERDF legacy funding provides an opportunity for a more intensive support programme to add to the Growth Hub offer. The Covid-19 pandemic is an ongoing and significant challenge for East Sussex businesses, and the new programme will be adapted to respond to the current economic climate. The type of ambitious businesses with scale up potential will now need a programme to help them with their business recovery that can support them to 'pivot' their business and get back on a path to high growth.

3.5 The cohort model with a blend of masterclasses, peer to peer support, and bespoke 1:1 support has been shown to work well in East Sussex and has a significant evidence base nationally. The benefit of the model is its flexibility to adapt and respond to business need and provide the bespoke support necessary to each business. Therefore, we intend to keep this combination of support while ensuring the programme content and focus will support businesses with recovery and adaptation.

3.6 The programme will support business owners to 'pivot', diversify or adapt their products, services, or operations. By doing this, the programme will continue to support businesses to increase their productivity, protect and create jobs and build a strategy for recovery and growth. We will actively encourage beneficiaries to take advantage of other offers such as East Sussex Invest (which encourages applications for new capital equipment) and South East Business Boost (SEBB) grants. We will also ensure that support is given to beneficiaries wishing to move premises by referring them into the ESCC commissioned Locate Inward Investment service. In addition, referrals will be made to support available from partner organisations such as the Sussex Chamber of Commerce, the Universities of Brighton and Sussex, the Alliance of Chambers in East Sussex and the Federation of Small Businesses.

3.7 In supporting businesses towards recovery and growth the programme will deliver on Ambition 1 of the East Sussex Economy Recovery Plan "Support businesses to recover, grow and ensure increased investment in the local economy" (action 6) and Ambition 2 "Retain our skills infrastructure, support employment and build workforce resilience" (action 6), as well as contributing to the County Council priorities "driving sustainable economic growth" and "making the best use of resources".

3.8 We intend to use the £116,800 ERDF legacy monies to commission the programme to support 32-36 businesses in three cohorts of 10-12 businesses. As each approach in the Scale Up East Sussex pilots worked well, we intend to keep the majority of programmes open to the wide range of high growth potential businesses across the county. When procuring, we will allow potential delivery partners to propose whether they would like to market one cohort to a particular group, with the other two being kept open to all eligible businesses.

3.9 Recruitment for the first cohort will commence in January 2021 with all delivery finishing by March 2023.

3.10 We will work with the provider to move away from the language of 'scale up', to a more recovery-focussed branding, that is aligned with the BES Growth Hub.

4 Conclusion and Reasons for Recommendations

4.1 The Scale Up East Sussex Pilots have provided us with a strong evidence base that this programme is beneficial and necessary to support ambitious businesses across the county.

4.2 The SEEDA/ERDF legacy funded programme will support the County Council priorities “driving sustainable economic growth” and “making the best use of resources” as well as actions contained in the East Sussex Economy Recovery Plan. It will complement and strengthen the business support programmes that East Sussex County Council offers and will be an active referral mechanism into the business support programmes offered by a wide range of partner organisations.

4.3 The economic landscape has shifted significantly since conducting the pilots. There is a need to support ambitious businesses who may now find themselves needing to pivot, diversify, or adapt their operations. The SEEDA/ERDF legacy funding provides an opportunity to help ambitious businesses rethink their strategy and get their business through recovery, and back onto a growth trajectory.

4.4 The proposal as set out here has been given initial approval by SELEP, who will be required to sign off a grant agreement to draw down the ERDF legacy funding. Lead Member endorsement of the proposal will give SELEP assurance that our proposal is in line with East Sussex County Council strategic priorities and will be supported by the Council going forward.

RUPERT CLUBB
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LOCAL MEMBERS
All.

BACKGROUND DOCUMENTS
Lead Member for Economy Report, Scale Up East Sussex 5 March 2019

EBS | consulting
economic development & tourism consultants

East Sussex Scale-Up Pilot Programme

Evaluation Report

26th December 2019

Scale Up East Sussex

East Sussex County Council

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1. Introduction to the programme

1.1 A new East Sussex Scale-Up Programme was developed by East Sussex County Council (ESCC) to market test three different business scale-up support approaches. The aim was for each of the three pilot projects to support a small number of businesses that had the potential to scale-up. The specification for the ESSC Programme and the targeting of businesses were based on the 'Scalerator' programme developed by Professor Daniel Isenberg and Babson College. This approach was based on the learnings from the course delivered by Professor Isenberg called 'Driving Economic Growth Through Scale Up Ecosystems', which was organised by the Scale Up Institute.

1.2 The Babson Programmes are based on the idea that 'more and more companies growing more and more rapidly' delivers economic growth and can 'scale up' an area by creating larger companies with greater economic value and therefore employment and tax revenue'. The target companies of the 'Scalerator' programme are companies that have the 'potential' to scale, as this is where the economic impact can be found, and this is how you can achieve 'more and more companies growing more and more rapidly'.

1.3 In East Sussex, the economy has a small number of large companies compared to neighbouring areas, and once removing public and third sector organisations, East Sussex only has had a dozen or so scaling companies over the past few years.

1.4 The rationale of the ESCC programme aiming at pre-scale was that companies that are already scaling don't need support, or can afford to and will buy higher quality support than the public sector can provide to continue their growth trajectory.

1.5 Therefore, this research, coupled with the economic profile of East Sussex, suggested that the greatest economic impact could be achieved if the East Sussex Scale-Up Programme could help small companies to scale, creating more larger companies locally and the increased turnover and employment that comes with them and that growth.

1.6 Thus, the target market for the Programme was established small companies that had been trading for at least five years and were already employing at least five people. These companies were not or had not recently been scale-up or gazelle companies as defined by the OECD. A key objective of running this pilot Programme was to discover what works best when supporting companies to scale.

1.7 The elements of the 'Scalerator' programme (workshops, peer to peer groups and one to one mentoring) formed the basis of the East Sussex Scale-Up Programme.

1.8 These pilot ESCC Programmes were delivered by three delivery bodies that successfully tendered for them through a competitive tendering process – 'Digital Islands,' 'always possible' and 'Oxford Innovation' – and were monitored and evaluated by EBS Consulting. It is anticipated that the learning and lessons from the pilot programmes will play a key role in informing future development and delivery of business support programmes in East Sussex, including the future of the Business East Sussex Growth Hub.

1.9 The evaluation process assessed each aspect of the pilot projects, including business recruitment and selection, delivering the programmes and programme legacy. A key aspect of the evaluation was to engage with all those involved in the Programme (ESCC and delivery bodies in addition to the business beneficiaries).

1.10 Particular emphasis of the evaluation included the following:

1. An assessment of the comparative benefits of each of the three pilot approaches, including lessons learned that could be taken forward into shaping future services.

2. A comparison with similar programmes (e.g. ScaleUp Ashford, Coast to Capital Escalator Programme) and assessment of how well the scale-up approach works within the East Sussex economy.

3. The development of proposals and suggestions for the future shape of Scale Up-focused business support through the Business East Sussex Growth Hub.

1.11 To undertake a robust, impartial and comparative evaluation of the East Sussex Scale-Up Programme required the following:

- Each of the three pilot projects had to keep consistent data sets and metrics at the project outset and completion to enable quantitative comparison with each other. For each business participant, it was important at the start of the programme, to record their business aims, objectives and aspirations and their baseline business performance positions (turnover, employment, etc.) against which to measure impacts at the end of the programme.
- As participants on all three pilot support programmes were asked about a range of issues, including the performance of the pilot delivery body, their customer journey and the impact the support they received had on their business performance, these interviews needed to be conducted on a consistent and impartial basis by an external body, thus the appointment of EBS Consulting.
- Clear, evidence-based recommendations needed to emerge from the evaluation. Key themes include increasing the impacts of support programmes, improving programme delivery efficiencies and increasing business targeting and marketing effectiveness.

1.12 This end of programme assessment was undertaken in November 2019 and highlights the activities and outcomes of each of the three pilots, gives examples of comparable scale-up programmes, both at a local and national level, and presents key lessons learnt from the programme. It also proposes a series of recommendations on potential future ESCC scale-up support activities.

2. Programme assessment process

Assessment activities

2.1 EBS Consulting was commissioned to monitor and evaluate the delivery of the three pilot scale-up programmes. In doing so, we undertook the following activities:

- Held telephone interviews with the project leads (Matt Hindhaugh from Oxford Innovation, Sarah and Richard Freeman from 'always possible' and Gavin McWhirter from Digital Islands). They were interviewed at both the project mid-point and on completion;
- Reviewed and analysed the monthly progress reports (January – September 2019) that the consultants provide to ESCC;
- Reviewed the proposals that the three consultants submitted to secure the pilot programme contracts in relation to the services delivered;
- Held workshops with the three consultants and ESCC to discuss the programme at its mid-point on 2nd July and at its conclusion on 28th November 2019;
- Reviewed the data and information gathered by the consultants on the businesses recruited to their programme;
- Interviewed all 24 businesses that completed the pilot projects after their conclusion;
- Undertook a 'best practice' analysis of scale-up programmes throughout the country, including holding interviews with the managers of the Coast to Capital Escalator Programme and the Scale Up Ashford project; and
- Attended the Scale-Up Annual 2019 Conference.

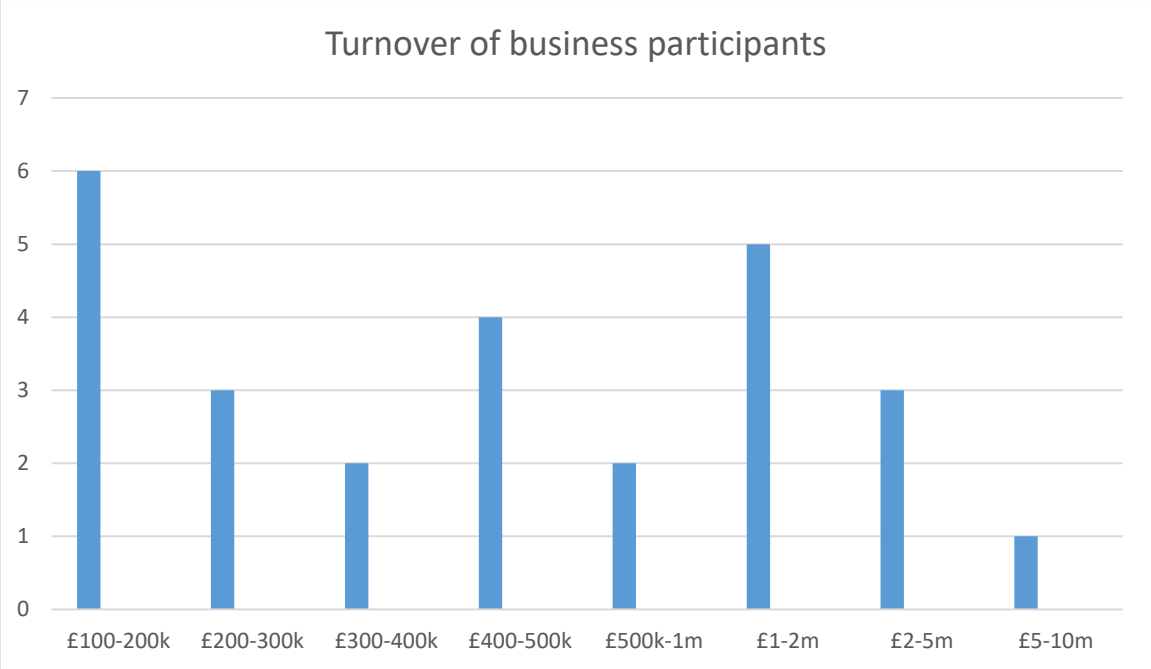
2.2 We have presented a summary of the findings of these activities in section 3 and further detail in the remainder of the report.

Characteristics of participants

2.3 Overall, the three consultants were successful in recruiting the target number of businesses (26) to the pilot programmes despite a number of challenges highlighted below. Two of the participants withdrew during the programmes, primarily due to changed ownership and increased work pressure issues. Although this total of 26 businesses makes for a fairly small number of businesses to analyse in statistical terms, it is helpful to understand their characteristics in terms of turnover and employment levels. These factors are summarised in the diagrams below.

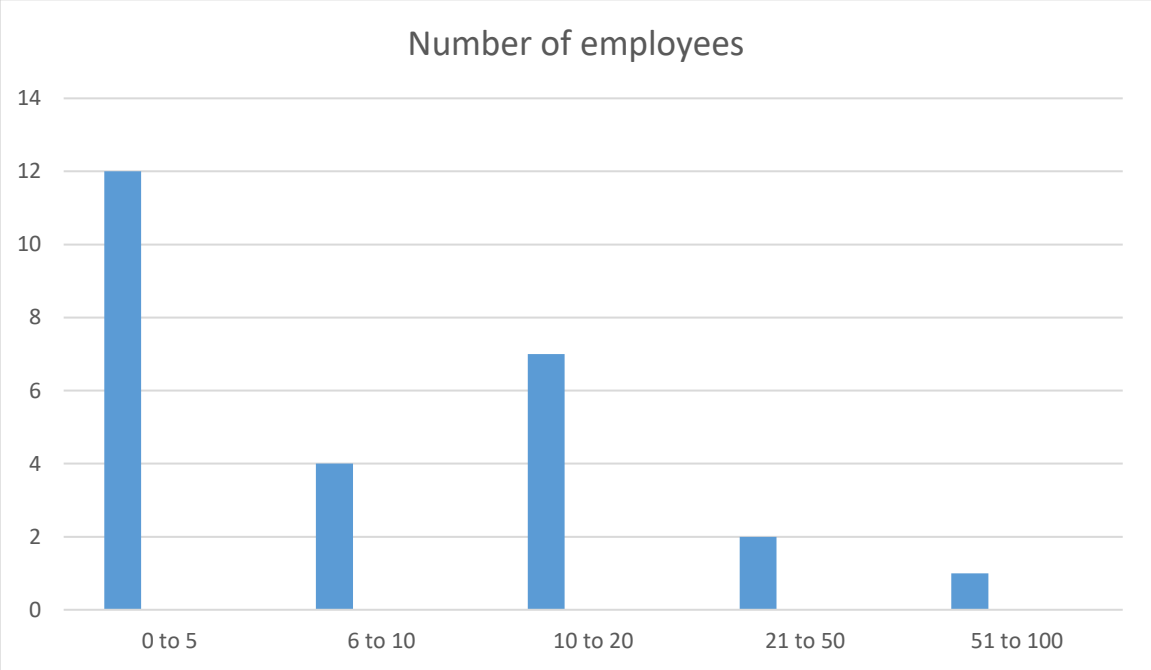
Turnover

2.4 The current annual turnover of participants varied hugely from £120,000 to £10 million. The chart below summarises the turnover ranges of these businesses.



Employment

2.5 As can be seen from the chart below, almost half the businesses participating in the scale-up pilot projects had 5 or fewer employees when they joined the programme. Only 3 businesses had more than 20 employees at the outset.



3. East Sussex scale-up pilot programme success

3.1 Our assessment of the East Sussex scale-up pilot programme was that it was a significant success. All three pilot approaches yielded considerable benefits for all business participants and the three unique approaches to supporting potential high growth businesses all worked well.

3.2 The programme was run over a short period of time and therefore did not allow for the measurement of any significant increases in business performance measures such as turnover or employment growth. That can only be measured over the longer term, ideally a three year period.

3.3 Its main objective was to provide bespoke support to businesses to give them the skills, advice and confidence to help facilitate and realise their high growth potential.

3.4 Our evaluation of the scale-up pilot projects demonstrated that they had all been particularly successful in this respect. The main improvements to the businesses that participated in the programme can be summarised as follows:

- They developed new and improved strategic marketing abilities to help them engage in new export and domestic markets and re-focus marketing activities and approaches to develop new target markets.

- Business planning was one of the key areas that the participants wanted support with. By the end of the programme virtually all participants had a greater understanding of the various business functions of their company and had developed and were working towards the implementation of a 'Growth Plan' to help facilitate the growth of their business.

- The development of leadership and management skills was important to many of the businesses that took part in the pilot projects. Specifically, support and advice with management delegation, succession planning and moving from a 'technical' to a management and leadership role were key benefits to programme participants.

- Digital modernisation of business processes was a significant outcome for a number of businesses. In particular, gaining skills and experience in modifying operational practices and the introduction of new technologies were very important to more traditional businesses.

- A direct benefit from the programme was that the development of peer groups resulted in joint collaborations and sharing of resources amongst participants.

- Support in developing new pricing strategies directly helped improve the profitability of some of the business participants.

- Many businesses had HR and recruitment issues. The programme improved their abilities in this respect, in particular helping to develop and implement business expansion plans and, for some family run businesses, helping them develop a succession plan. Support and advice with management delegation and team building were also valuable additions to the business participants.

- Many of the businesses, in particular in the built environment and construction sector, had not previously engaged to any great extent in networking with other businesses.

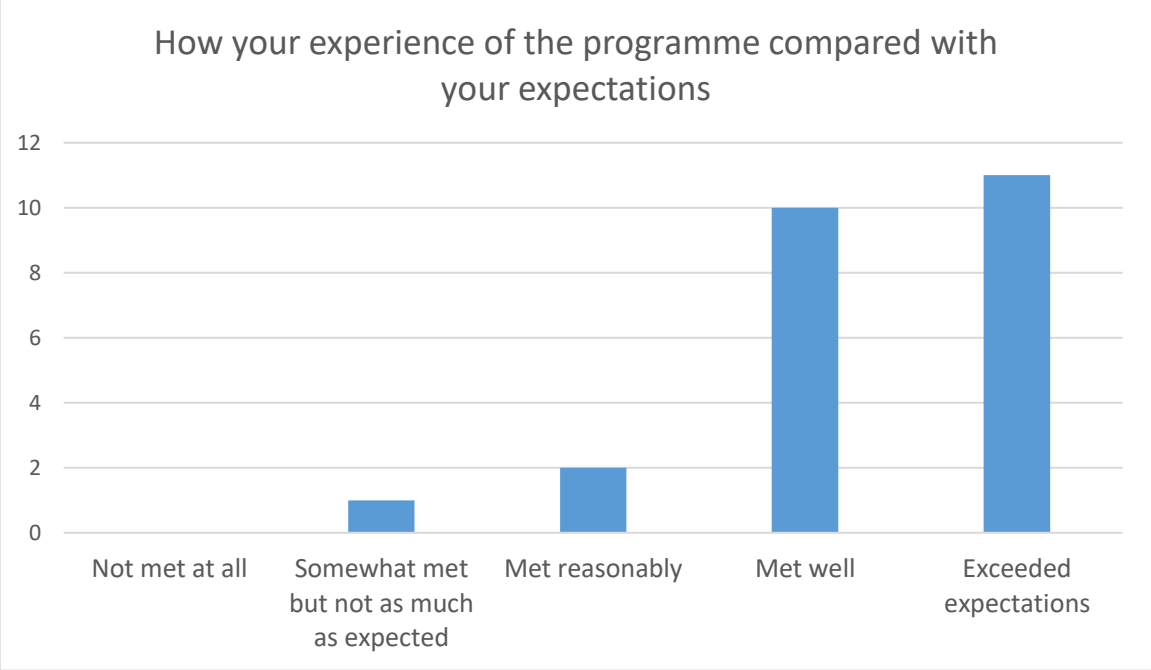
The programme demonstrated the impact this could have and by the end of the pilot projects most businesses had included this as a key component of their business activity.

- A specific benefit to a number of businesses that participated in the pilot projects was receiving advice on bidding for work, in particular giving them confidence and skills to bid for larger contracts. During the programme a number of businesses actually secured larger contracts.

- Introducing new workflow management processes and improving operational efficiencies efficiency of resource outputs helped improve company profitability.

3.5 Our interviews with the business participants demonstrated that the three pilot projects were all very well received. Each pilot project involved undertaking an in-depth diagnostic analysis of the support needs of each business and developing bespoke support programmes for them comprising three main, inter-related components – workshops, mentoring and peer groups.

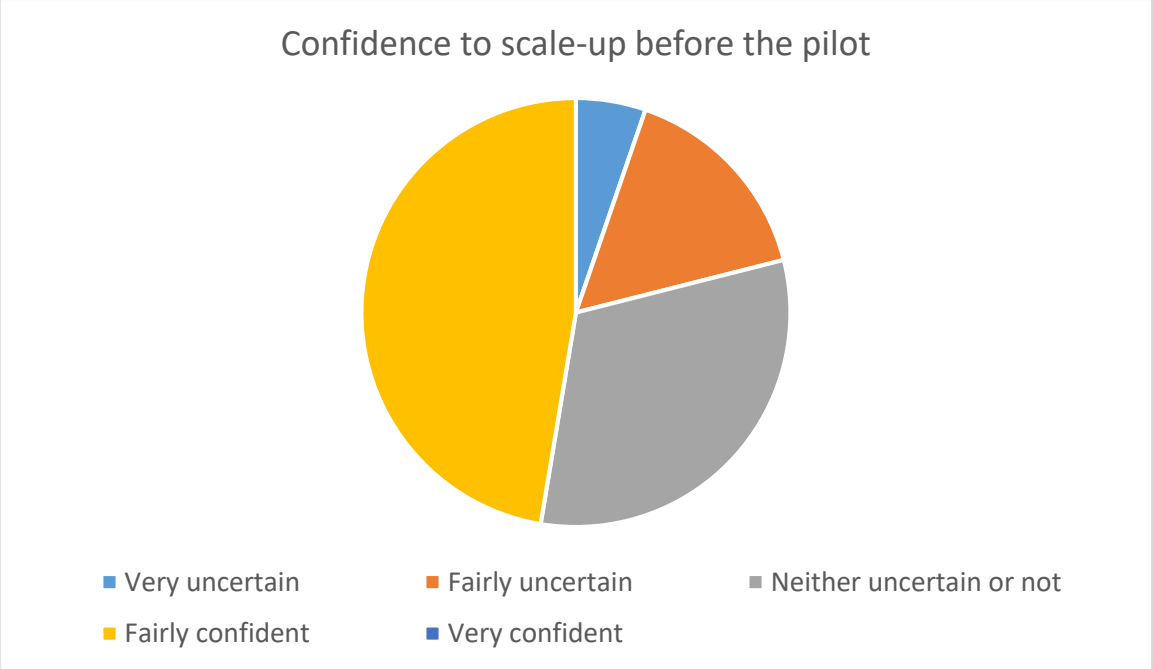
3.6 This combination worked very well and the feedback from participants showed that their experiences of the pilot projects, in relation to their expectations, were mostly *met well or exceeded.*



3.7 Similarly, overall satisfaction with the services and support received was very high. Of the 24 participants that completed the pilot programme, 11 were *very satisfied,* 11 were *satisfied* and 2 were neither satisfied or unsatisfied.

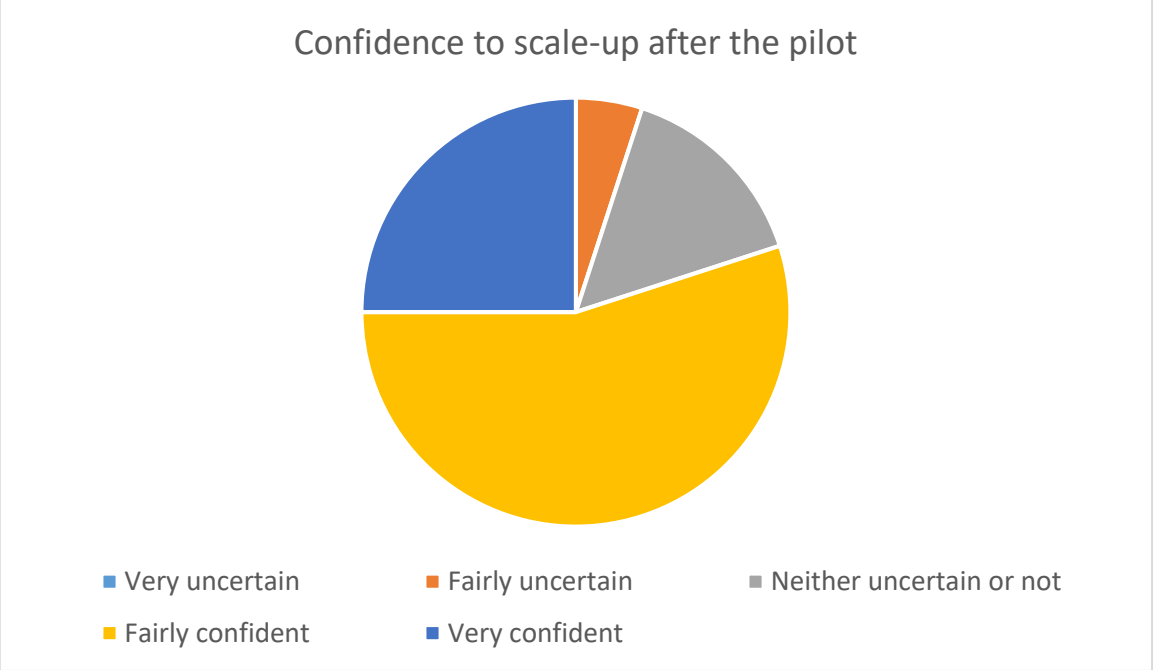
3.8 Almost 90% of the participants were *very likely* to recommend the programme to a friend or colleague.

3.9 Whilst it was not possible to quantify the impacts of the pilot programmes on the business participants in terms of employment and turnover growth due to the short time period over which the project operated (and the time-lag it takes for changes in business performance to materialise), we did measure their confidence to scale up, both before they started the programme and once they completed it. This showed a significant increase in confidence as can be seen from the charts below.



3.10 At the outset of the pilot projects, just over half of the business participants were at least fairly confident in their abilities to scale up their business. Only 5 participants were very confident.

3.11 On completion of the programmes, over 80% of the participants were now at least fairly confident in their abilities to scale up their business, with 9 participants now being very confident.



4. Key findings summary

4.1 This section of the reports highlights the lessons learnt from the three East Sussex Pilot Scale Up Programmes, the annual Scale Up Institute Review 2018 and 2019, the BEIS Growth Hubs Best Practice report of Scale-Up case studies (December 2018) and the two local case study programmes.

Business growth barriers and support requirements

4.2 The main areas of support required to overcome barriers to scaling up appear to be general business planning and strategy development and sales and marketing.

4.3 At a national level, research has identified that the most important scale-up factors are access to talent and access to domestic markets. Interestingly, there appear to be few support programmes aimed at helping businesses overcome these barriers.

4.4 It was also significant that 40% of businesses nationally felt that they do not have the right funding in place to support the growth of their business.

Measuring impacts

4.5 An issue in relation to demonstrating success, as identified in the Scale Up Institute 2018 survey, is that most programmes have not provided detailed evidence to show the actual impacts of their activities.

4.6 It is clear from discussions with the three pilot leads in the ESCC Scale-Up Programme that they feel it was not really be possible to measure quantifiable impacts of their support activities within the project timeframe, such as employment and turnover growth. It was easier to identify qualitative benefits such as business confidence, strategy/growth plan development, improving skills levels, etc.

Clear USP

4.7 The term ‘scale-up’ is misunderstood and confusing to businesses. It is also clearly the current ‘buzzword’ in government and economic development and it seems that there is a “business support fatigue” in that everyone is searching for scale-up businesses to work with.

4.8 The view from the ESCC pilot programme is that the focus should be on helping businesses identify and find solutions to the barriers to their growth. There is no point using the ‘scale-up’ jargon – it is better to talk about issues such as business confidence, leadership, innovation and use these as specific messages to generate interest.

4.9 The research also highlighted it can help to have a programme ‘Champion’ with business credibility to lead the initiative.

Target market

4.10 BEIS and the Scale Up Institute use specific, fairly rigid definitions and tend to focus primarily on providing support to what they define as ‘scale-up businesses’. In East Sussex, the pilot programmes adopted the 'Scalerator' approach, in that the focus should be on companies that have the 'potential' to scale (i.e. ‘pre-scale-up’ businesses). All 3 ESCC pilots believed there are many more prospective high growth (‘pre-scale’) businesses out there, but identifying and reaching them is the key challenge.

4.11 It was interesting to read in the ScaleUp Institute Annual report 2019 that the South East Business Boost programme is regarded as a ‘scale-up’ initiative when in reality that programme is targeting a much wider business market than scale-ups (under the current definition).

4.12 For specific sectoral approaches, the ESCC pilot identified that it is important to have credibility with the sector and understand the issues facing it to recruit businesses to the sectoral programme. In this respect the background sectoral research and "professional eavesdropping" that 'always possible' undertook greatly helped overcome cynicism from businesses in this sector about seeking support.

4.13 The Scale Up Institute and the two comparator pilot projects summarised above highlighted that having a nominal monthly contribution fee (e.g. of £50 per business) helps cover costs as well as demonstrating commitment to the programme.

Building on success

4.14 It may be easier to recruit businesses after the initial pilot project has produced results and case studies. Business 'ambassadors' that can promote the scheme to other businesses via business networks may help recruitment.

4.15 Similarly, now that the programme has a track record of success it may be easier to convince key local stakeholders in East Sussex to engage more. Many of these organisations are showing apathy towards the programme which resulted in the lack of referrals from them.

4.16 Also, and perhaps more importantly, once the programme has become established and developed a USP, it should be easier to engage with professional service organisations (banks, accountants, solicitors, etc.) and for them to have the confidence to refer clients into the programme.

Recruitment

4.17 Despite the challenges of recruiting businesses to the pilot projects, all three consultants managed to successfully achieve the desired number of participants to their programme. This took much longer than anticipated, which delayed the start of the programmes slightly.

4.18 These recruitment delays were partly caused by the lack of referrals of prospects from stakeholder organisations – there appeared to be an element of "business support apathy" within the business community – "many stakeholders were not really engaged".

4.19 A further challenge was the reported business support 'weariness', particularly amongst high growth potential businesses who feel they are being targeted by numerous business support initiatives, which did not help the recruitment process. The project has also suffered from competitive activity in the form of a national scale-up programme that is being offered by Innovate UK and actively promoted in the region by EEN.

4.20 It does seem that the most effective ways to recruit businesses are referrals from someone already working with the business who recommends the programme to them. Also, getting into the business community and engaging with individuals and organisations (e.g. Chamber of Commerce) who are active in the business community can help develop appropriate business connections.

4.21 The Scale Up Institute 2018 Review endorsed this approach, highlighting that experience has shown that initial recruitment is best targeted at scale-ups that have an existing relationship with the provider and then using those businesses and others in local networks to help refer other scale-ups.

4.22 The Scale Up Institute 2018 also highlighted that different skill sets are required for recruiting businesses from those providing support and mentoring. Their survey also highlighted that businesses want a named single point of contact as a local relationship manager to simplify and ease their route through to national government and private sector initiatives designed to facilitate growth.

Diagnostic

4.23 The tailored, in-depth diagnostic delivered through the Health Check and Growthmapper processes worked very well, helping to un-pick issues and concerns facing the businesses that they had not initially recognised. This 'deep-dive' approach gained real commitment from the participants to the programme and helped set the agenda for the delivery of the support programme.

Workshops

4.24 In meetings and workshops, innovative communication techniques such as having a graphic coordinator to record the meeting have worked well. It is important that meetings are kept private with no observers or others sitting in and that discussions remain confidential.

4.25 Everyone agrees that the quality of the facilitator at workshops is key to success and keeping the workshops and networking events informal leads to a more open and shared discussion.

4.26 There was also a general consensus that workshops could be more effective if they were held over a full rather than half day.

4.27 Also, a number of participants wanted online resources and a 'toolkit' to supplement the learnings from the workshops and help apply them to their business.

4.28 It was also suggested that workshop (or masterclass) topics could be driven by the peer group sessions rather from the initial diagnostic process. That said, the leadership, strategy, sales & marketing and finance topics proved very popular.

4.29 The Scale Up Institute research identified that it can be hard to keep finding subjects which are relevant for all participants so some larger programmes are divided into different streams to allow selection of relevant topics by attendees.

4.30 Their research also highlighted that there are substantial support provision gaps in scale-up programmes in general throughout the country in addressing the two main growth barriers of access to talent and access to markets.

Mentors

4.31 Analysing participant satisfaction, it was evident that the input of the mentors was a very valued aspect of the pilots. The pilots did demonstrate, however, that significant time is required for the recruitment of mentors which took considerably longer than anticipated. A number of businesses also suggested they would have liked to have been more involved in the selection of their mentor.

4.32 The flexibility of approach adopted in the mentor-business relationships also worked very well. Some businesses wanted 1 to 1 detailed sessions with their mentors, others preferred more of a telephone/on-line relationship.

4.33 It was also highlighted that rather than schedule 1 to 1 meetings with mentors as regular events (e.g. monthly), it would be better to have them delivered on an ad-hoc, flexible basis when the business was ready to receive them.

4.34 The pilots also demonstrated the added-value of mentors networking and adopting a group approach. They shared information and worked collaboratively to the benefit of the programme.

Peer to Peer groups

4.35 The 3 pilot projects' Peer to Peer groups worked very well, being the most popular and praised aspect of the programme amongst participants. It seemed to work best if a business member chairs the

discussion in Peer to Peer group meetings, reflecting the aim to be a peer-to-peer network run by potential scale-ups, for potential scale-ups.

4.36 The Peer sessions were well regarded by all participants and it was suggested that their impact would be greater if they were a bit more structured and led from one session to another with 'homework' to do in-between.

4.37 It was also highlighted by the three pilot consultants that it can take a bit of time for the peer group to gel and develop trust and openness with each other.

4.38 The Scale Up Institute research highlighted that participants value the close relationship with peers as a major strength of the programmes and the dynamic of the group changes per cohort based on the participants - diversity in the group seems to make them more successful.

Programme legacy

4.39 Each of the consultants that delivered the pilots hope that the peer to peer networks they established will continue once their involvement comes to an end. However, other than these networks, there is no further form of on-going support for the business participants.

4.40 Virtually all of the participant reported that they would like the peer groups to continue and suggested that this will require some form of coordination, otherwise the groups are likely to peter out.

Cost of running pilots

4.41 Each of the three pilot programmes had a £25,000 budget. With the benefit of hindsight, this proved to be a bit low to cover the costs of the delivery bodies. It was suggested that £35,000-£50,000 would be more appropriate for such an intensive programme.

5. Initial recommendations

5.1 In proposing some recommendations on potential future scale-up activities for ESCC, it is worth highlighting why scale-ups are so important to the local economy. This is summarised in the diagram below, taken from the ScaleUp Institute Annual Review 2019.

5.2 Based on the findings of our research, we have proposed the following recommendations:

Recommendation 1

The three East Sussex pilot scale-up programmes demonstrated that providing intensive support to local businesses with high growth potential works well and has a significant economic impact on the businesses. All three approaches seemed to work equally well. The challenge in East Sussex, given the make-up of the local economy, is to find, access and recruit suitable 'scale-up' potential businesses. We therefore suggest that the standard terminology (scale-up) as used by BEIS and the ScaleUp Institute is dropped and should be replaced with another title such as businesses with *high growth potential and high growth ambition.*

Recommendation 2

Given the bespoke and specific support requirements of these types of business, they cannot simply be referred to generic business support programmes. Support programmes need to be designed for them, based on an intensive diagnostic of their business needs. The combination of workshops, mentors and peer groups proved to work very effectively and efficiently in the pilot projects and this approach should be continued.

Recommendation 3

Working in small groups of 12 businesses would appear to work best. This allows for an essential minimum number of 8-10 businesses at workshop and peer group sessions, given the non-attendance of some businesses due to a variety of work and life pressures.

Recommendation 4

Recruiting businesses took much longer than anticipated for all three pilot projects and our recommendation is that in planning future programmes it will be important to increase the programme budget to enable the allocation of a larger sum to effectively resource the recruitment process. We would also recommend that greater time is built in for this aspect of any future scale-up programme. It appeared from the pilots that the most effective form of recruitment was through referrals from someone already working with the business and most interest seemed to be from those businesses that have had a positive experience of receiving business support.

Recommendation 5

There is a need to provide support for longer and perhaps more intensively. Ideally, it would be an 18-month programme, with 6 months for the recruitment and mobilisation phase, then a year of support. The programme legacy needs to be designed into the project at the outset with appropriate resource allocations. These considerations will obviously impact on project cost.

Recommendation 6

In this respect, perhaps greater thought and planning needs to go into making the programme financially self-sustaining in the longer term. It could be, for example, that public money is used to set up and 'pump-prime' the programme but that delivery bodies should demonstrate a longer-term plan for the programme's sustainability. This could be through a transition where the participating businesses at some point start to pay for the support they receive, which, it could be argued, would demonstrate the most-true representation of the value of the support to them.

Recommendation 7

The pilots demonstrated the time-lag for the quantitative impacts (turnover and employment growth) of the three pilot programmes to materialise and be able to be measured. We would recommend that longer-term tracking and monitoring of the business participants involved is undertaken. The new BEIS Business Support Evaluation Framework 2019 suggests that three years of good administrative data should be collected as a minimum to understand short to medium-term impacts of support programmes.

Recommendation 8

There is a need to measure the strategic added value benefits that accrue to the programmes more effectively and on a quantitative basis where possible. It may be possible to set and monitor specific SAV targets following the initial diagnostic with the business and design of the support programme. Possible measures could include the following:

- Confidence to scale-up is a good measure of the impact and quality of the programme but this should be done on a more complex basis than a simple 5-point scale
- Joint collaborations and potential sharing of resources amongst participants could be recorded
- Increase in levels of interaction with other businesses and networking may also be a useful indicator
- Specific abilities gained from the workshops/masterclasses such as improved leadership skills, strategy development and sales and marketing activities could be recorded
- Changes to operational practices such as the earlier introduction of new technologies could be identified through regular discussions with the participant

Recommendation 9

In addition to the generic pilot support programme, operated by Oxford Innovation, the sector and specific geographic focus pilots worked very well. It would be helpful to undertake an analysis of other sectors and areas within East Sussex where such approaches may be possible. For example, it was suggested that the sector approach would work well in established and traditional sectors such as agriculture, retail and engineering.

Recommendation 10

As well as possibly managing and securing funding for subsequent scale-up programmes, ESCC should give consideration to the potential to signpost appropriate businesses to the many privately-run scale-up programmes. These may be operated on a national or regional basis. The starting point may be to undertake an audit of these forms of support available and to engage with these programmes to hopefully help increase local participation. Further collaboration with other areas that have developed scale-up programmes (e.g. C2C) should also be undertaken (learning from best practice, cross-border collaboration).

Recommendation 11

The best form of coordinating the above scale-up activity needs careful consideration. Our view is that this requires a specific and specialised resource, located within the Growth Hub but with a direct reporting line to ESCC. It may be that a 'Scale-up Coordinator' post is developed within ESCC and their remit could include helping to coordinate programme legacy considerations such as on-going support to peer groups, signposting to national and regional programmes, on-going research to 'find' potential scale-up programme candidates, liaison with neighbouring area programmes and on-going tracking and monitoring of programme impacts. Placing this role within the Growth Hub would ensure referrals between programmes, less duplication of services alongside having a dedicated role available.