

**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.

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**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.

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LOCAL MEMBERS

All.

BACKGROUND DOCUMENTS

[Lead Member for Economy Report, Scale Up East Sussex 5 March 2019](#)