

Development Committee

Tuesday, 10th January, 2012

MEETING OF DEVELOPMENT COMMITTEE

Members present: Councillor Stalford (Chairman);
Aldermen Ekin, Humphrey and Stoker;
Councillors Austin, Hartley, Hendron, Keenan,
Kelly, Kingston, Kyle, Mallon, Maskey, McVeigh,
Mac Giolla Mhín, Ó Muilleoir, Reynolds, Robinson,
Spence and Webb.

In attendance: Mr. J. McGrillen, Director of Development;
Ms. C. Taggart, Community Services Manager; and
Mr. B. Flynn, Democratic Services Officer.

Minutes

The minutes of the meeting of 13th December were taken as read and signed as correct. It was reported that those minutes had been adopted by the Council at its meeting on 4th January.

Financial Estimates and District Rate 2012/2013

(Mr. R. Cregan, Director of Finance and Resources, attended in connection with this item.)

The Committee considered a report, which had been prepared by the Director of Finance and Resources, in respect of the estimates of revenue expenditure for the financial year 2012/2013. A copy of that section of the report, in so far as it applied specifically to the Development Committee, is set out hereunder:

“Development Committee

A spending limit of £19,581,534 is recommended for the department in 2012/13 which represents a decrease of £134k or 0.68% on last year. The main items of expenditure are outlined in Appendix 1.

The main budgetary intentions of the Department of the next year are set out below:

| | £ |
|------------------------------|-------------------|
| Community Services | 5,519,610 |
| City Events and Venues | 4,181,548 |
| Economic Initiatives Section | 6,088,958 |
| Directorate | <u>3,791,418</u> |
| | |
| Total Net Expenditure | 19,581,534 |

The cash reduction in running departmental net expenditure has been achieved through the generation of £259k of savings as part of for the efficiency programme. This has enabled the department to absorb additional superannuation costs of £59k and the net loss of external income of £79k and still deliver a reduction in overall net expenditure of £134k. The department will also undertake an increased number of events during 2012/13 which will be funded from the reserve set aside in 2011/12.

Community Services

The amount provided for in the 2012/13 Community Services budget estimate has decreased by £45k and is based on a continuation of activity at a similar level to the previous years, with some re-focusing required in line with the newly developed service strategy and related structure. It is also based on a consistent level of anticipated income from DSD through the regional Community Support Programme.

City Events and Venues

The City Events and Venues Unit has increased its net budget by £54k. The unit will continue to deliver the annual programme of events including the European Pipe Band Championships. Other projects will also be delivered during 2012/13 including the World Irish Dancing Championships (£200k) which operates from the 30 March 2012 to 8 April 2012. In addition, the Titanic Belfast 2012 Festival programme and activities connected to the Olympic events are budgeted at £2.2m. The Council's contribution to these projects will be £1.1m, including £600k funded from reserves set aside in 2011/12. The balance funding will be provided by NITB.

During the year 2012/13 both the Waterfront and Ulster Halls will continue to provide world class entertainment and conference facilities that will help promote the cultural and economic regeneration of Belfast and so contribute to the economic benefit of not only the City but the region as a whole.

Economic Initiatives

The net expenditure for Economic Initiatives has reduced by £53k as a result of additional income from St Georges Market and the Continental Market respectively. Whilst the Economic Development estimate is in line with the previous year the programme of work will be substantially refocused to reflect the actions falling out of the Investment Programme 2012 - 2015.

Directorate

The Directorate budget has reduced by £90k mainly as a result of the efficiency programme. The units within directorate are currently the subject of an ongoing structural review.

Within the European Unit the Open Cities project has come to a close and this budget has been removed from the estimates. The department has also undertaken a review of projects and have decided not to continue with some activities resulting in a reduction of £11k in the European Unit.

Recommendations

The Committee is requested to note the contents of the report and agree cash limits for the Development Committee for 2012/13 of £19,581,534.”

The Director of Finance and Resources outlined the factors which had been taken into account in the preparation of the estimates and highlighted the savings identified which had contributed to a decrease in the Department's expenditure of 0.68% from the previous year's figure. He informed the Members that, on 6th January, the Strategic Policy and Resources Committee had agreed that the cash limit for the Development Committee should be set at £19,581,534. The Directors of Development and Finance and Resources then answered a number of questions which were put to them by the Members.

Following further discussion, the Committee agreed that its cash limit for the financial year 2012/2013 be set at £19,581,534 and approved the allocation of resources as set out hereunder:

DEVELOPMENT COMMITTEE

MAIN ITEMS OF ESTIMATED EXPENDITURE 2012/13

| | Net Expenditure 2011/12 £ | Net Expenditure 2012/13 £ |
|--|------------------------------------|------------------------------------|
| <u>Community Services</u> | 5,564,620 | 5,519,610 |
| <u>City Events and Venues</u> | 4,127,505 | 4,181,548 |
| Waterfront/Ulster Halls | 2,424,990 | 2,478,059 |
| City Events | 1,702,515 | 1,703,489 |
| <u>Economic Initiatives Section</u> | 6,142,166 | 6,088,958 |
| Tourism, Culture and Arts | 4,091,640 | 4,102,291 |
| Economic Development | 1,127,305 | 1,133,013 |
| Planning and Transport | 880,672 | 875,284 |
| Markets | 42,549 | -21,630 |
| <u>Directorate</u> | 3,881,039 | 3,791,418 |
| Development Directorate | 1,865,188 | 1,811,185 |
| City Development | 877,574 | 876,746 |
| Policy & Research | 535,838 | 509,951 |
| SNAP | 356,032 | 357,688 |
| European Unit | 246,407 | 235,848 |
| TOTAL | 19,715,330 | 19,581,534 |

Future City Events Programme

Arising from discussion on the estimates of expenditure for 2012/2013, a Member requested that a report be submitted to a future meeting outlining the costs which might be incurred in the City bidding to host the Fleadh Cheoil na hÉireann in 2015, together with an outline of the potential costs involved in the hosting of an additional City-wide cultural event in future years.

Request for Deputation

The Director reported that a request had been received from the Land of Giants organisation to provide a presentation regarding its plans for its festival which would form part of the City's Cultural Olympiad celebrations.

A Member expressed concern that the Council had agreed to reallocate the budget for the 2012 Lord Mayor's Carnival as part of the Land of Giants Festival. The point was made that the Lord Mayor's Carnival had over a long period diminished in importance and it would be prudent for the Council to re-examine the future role of the Carnival with a view to making it more reflective of all cultures of the City and central to the Council's calendar of events.

After discussion, during which it was agreed that the Land of Giants organisation would be invited to make a presentation to the Committee at its meeting on 7th February, it was noted that a report would be submitted to a future meeting which would outline a range of options for the future holding of the Lord Mayor's Carnival.

St. Gallen Monastery in Switzerland

Arising from discussion in the foregoing matter, a Member reminded the Committee that 2012 marked the 1400th anniversary of the founding of the St. Gallen Monastery in Switzerland by the Bangor monk St. Gall. He requested that a report be submitted to a future meeting outlining a range of options for the marking by the City of the anniversary in 2012.

The Director undertook to submit a report in this regard to a future meeting of the Committee.

The Beat Initiative - Proposed Study Visit

With the permission of the Chairman, a Member reported that he had been requested to extend an invitation to the Committee to undertake a study visit to the headquarters of the Beat Initiative project in Belfast. He suggested that such a visit would enable Members to view at first hand the positive work which was carried out by the organisation in delivering its extensive carnival programme, as well as provide an opportunity to be briefed on the extent of outreach work undertaken by that organisation with various communities throughout the City.

The Committee agreed to undertake a study visit to the headquarters of the Beat Initiative on a date to be agreed in conjunction with the Chairman.

Memorandum of Understanding - Gaeltacht Quarter

Arising from discussion in the foregoing matter, a Member referred to a range of 'best practice' visits which had been undertaken by the Members of the Strategic Policy and Resources Committee to Irish medium initiatives during October and November, 2011. He requested that a report be submitted to a future meeting updating the Committee in respect of a Memorandum of Understanding on the development of the City's Gaeltacht Quarter.

The Committee agreed to this course of action and the Director undertook to submit a report to a future meeting of the Committee.

**Northern Ireland Hotels' Federation –
Establishment of Convention Centre**

The Committee was reminded that, at its meeting on 13th December, it had agreed to receive a deputation from the Northern Ireland Hotels' Federation to discuss a range of issues relating to the development of a major convention centre in the City. It was reported that Ms. J. Gault, Mr. J. McGinn and Mr. M. Walker, representing the Federation, were in attendance and they were admitted to the meeting and welcomed by the Chairman.

Ms. Gault provided an overview of the work of the Federation and information on the current levels of hotel occupancy throughout the City, which, she pointed out, had been affected adversely by the economic decline. Whilst the levels of leisure tourism had remained robust despite the recession, Ms. Gault pointed out that business tourism, which encompassed the period from Sunday to Thursday, had witnessed a marked decline. She added that the reduction in the levels of business tourism was a cause of major concern for hoteliers across the City and stated that the establishment of a major convention centre, which could cater for between 500 and 2,000 delegates, would help alleviate the downturn in trade.

Ms. Gault suggested, given the absence of suitable facilities, that Belfast was unable to compete with cities such as Cardiff, Dublin and Glasgow for the lucrative convention market. She pointed out that the establishment of such a facility would provide a measurable boost to the local economy and provide additional employment. She referred to the Council's plans to extend the Waterfront Hall to incorporate a convention centre and indicated that the Federation would strongly support such an initiative as an interim solution. However, on a longer basis, she stated that a custom-built major convention centre would provide Belfast with the ability to compete with other cities on an equal basis. Mr. McGinn and Mr. Walker then provided a range of figures in relation to the costs and potential benefits which the establishment of a convention centre would bring to the City over a short and long-term period.

During discussion, a number of Members expressed support for the concept of the establishment of major convention facilities in the City. Further Members stated that it would be prudent for the Council to make a significant investment to extend the facilities available at the Waterfront Hall in order to enhance the overall tourist package offered by the City. The point was made, given the potential benefits a dedicated convention centre would bring to the hotel and tourist industries, that there existed an onus on the private sector to allocate significant resources towards such a development.

The Director then outlined the levels of funding which would be required for the development of a convention centre at the Waterfront Hall; the projected income which could be generated by such a development and an outline of the funding, from both the public and private sectors, which could be accessed to assist the Council in such a project.

After discussion, the Committee agreed to note the information which had been provided and noted further that a special meeting of the Committee, to receive a presentation from RSM McClure Waters on the potential development of a convention centre at the Waterfront Hall, would be held at 5.15 p.m. on Monday, 6th February.

Future Renewing the Routes Programme

The Committee considered the undernoted report:

“1. Relevant Background Information

1.1 In November 2011 a “Future Renewing the Routes Programme 2011-2016” paper was presented to Committee. Members asked at the time for the paper to be deferred to allow for further engagement at Party level. There were two main strands inherit within the report; (1) the future renewing the routes programme and (2) the potential for a parallel neighbourhood programme.

1.2 Future renewing the routes programme

Given the availability of a finite resource the paper presented an initial analysis of the arterial routes to members through a red, amber, green status report and following on from this the potential short to medium and long-term target areas.

1.3 This was based on a previous Committee agreed methodology that surveyed each individual arterial route looking specifically at land status; occupancy rates; building condition; shop front conditions; social and economic deprivation.

1.4 Further considerations (detailed later in this report) and discussion with elected members at party level were required before any final decisions on target areas were presented to Committee for consideration.

1.5 Potential neighbourhood programme

The previous report provided members with an initial map that identified some potential neighbourhood areas. The map was not exhaustive but provided for members initial information and comment.

- 1.6 It would be the intention that members consider a future neighbourhood programme which would run parallel to that of the renewing the routes programme discussed above. It is important that this potential programme is in line with the Council's overall place shaping agenda; development of a city resourcing plan and discussion on local or neighbourhood funds. With this in mind it would be the intention to include this work as part of this wider agenda and report back to Committee once these issues have been programmed corporately.
- 1.7 This purpose of this report is twofold; firstly, to seek member's agreement on the broad parameters of a potential renewing the routes programme and secondly, to update members on a specific request from the Department of Social Development (DSD) to work with them on a joint initiative in Woodstock Link.

2. Key Issues

2.1 Renewing the Routes broad parameters programme

Following initial discussions with members there were a number of key considerations that were identified as important influences for ongoing work:

1. Members were broadly supportive of a four year programme to allow for a more planned approach across the city on a north, south, east and west geographical split each target area receiving an allocation of £150,000 per annum;
2. A programme based on target two areas per annum.
3. That consideration be given (where possible) to prioritising areas that have not received assistance in the past;
4. Flexibility in the programme to be responsive to the potential for small scale environment improvements arising from individual or trader/community associations within their respective area, with a separate allocation subject to Committee approval;
5. To guide the identification of areas for member consideration officers should consider a number of strategic issues including a) whether a renewing the routes type project would have a significant impact; b) whether there are complementary regeneration activities planned for the area and c) whether the area has a natural community focus.

2.2 Taking account of these influences members are asked to consider and approve the following parameters for the development of a Renewing the Routes programme:

- 1. A four year plan based on an allocation of £300,000 per annum (two routes with £150,000 allocated to each);**
- 2. A city wide approach (north, south, east and west geographical split) with two areas to be targeted per annum;**
- 3. An additional £40,000 to be allocated to provide the flexibility to respond to individual requests from trader groups/community associations for smaller scale targeted environmental works. Potential projects to be brought before Committee for approval and any unallocated resources to be utilised to supplement the main programme in that year;**
- 4. Moving forward from the initial survey of arterial route areas four strategic considerations, are applied survey results to aid prioritisation:-**
 - a) whether a renewing the routes type project would have any impact in the area;**
 - b) the potential impact of any complementary regeneration activities planned for the area;**
 - c) the extent to which areas have benefitted from previous support or local regeneration funding; and**
 - d) whether the area forms a natural community/ commercial focus.**
- 5. Final recommendations for a four year programme, following assessment alongside the above parameters, are brought before a subsequent Committee for consideration.**

2.3 Request from DSD to work with the Department at Woodstock Link

Following public realm improvements carried out by the Department of Social Development at Woodstock Link, the Department has formally requested the Council to assist with the implementation of a commercial improvement programme to the adjacent properties.

2.4 The Department has confirmed that all costs associated with the commercial improvement programme will be covered by their DSD budgets and permission is being sought from Committee for staff assistance in the development and delivery of the potential complementary commercial regeneration project.

3. Resource Implications

3.1 The budgets for the Renewing the Routes programme have been included as part of the estimates process.

3.2 There are no additional resource implications arising from the proposed assistance to DSD in the development of a commercial improvement project for Woodstock Link.

4. Equality and Good Relations Considerations

There are no Equality and Good Relations considerations attached to this report.

5. Recommendations

Committee are asked:

1. To approve the broad parameters for the further prioritisation and development of the Renewing the Routes programme as detailed in paragraph 2.2 of this report;
2. To approve the support for the development of a commercial improvement programme at Woodstock Link to be funded exclusively by the Department of Social Development; and
3. To agree that a subsequent report be brought back to Committee for consideration detailing the basis for a four year Renewing the Routes programme with specific target areas across the city identified on a north, south, east and west basis.”

After discussion, the Committee agreed to adopt the recommendations.

Council Support for Small Businesses - Microfinance Work

The Committee considered the undernoted report:

“1 Relevant Background Information

- 1.1 **Businesses – and small businesses in particular – have indicated that they are struggling to access finance or that the terms of their original credit agreements with their lending institutions have been significantly altered, meaning that access to credit is increasingly difficult.**
- 1.2 **This has had an impact on economic growth, with successive growth forecasts being downgraded and the Chancellor proposing a revised package of support to stimulate growth, as part of his Autumn statement. A central pillar of this package is a range of “credit easing” schemes including a loan fund of up to £20billion.**
- 1.3 **Elected Members have identified the shortage of investment finance as a key inhibitor to growth and have asked officers to investigate the potential for a micro finance initiative to stimulate business start up and growth.**

2 Key Issues

- 2.1 **Traditionally, the Council’s business support programmes consist of a range of direct support interventions (workshops; 1-2-1 mentoring; mystery shopping exercises etc.). These are sometimes supplemented by a small grant element (up to £500) to be used towards an agreed development action, as identified by their mentor. Given feedback from companies, we are also exploring the potential for product development support – i.e. accessing R&D or specific innovation support to allow a company to test out a new product, moving it through from concept stage. This is likely to involve slightly larger amounts of money (up to £4,000) but, again, will be issued on agreement of specific actions to be undertaken.**
- 2.2 **Currently, the Council does not provide loan finance for companies. There is a range of financing options available to companies, ranging from bank lending to venture capital. All of these are predicated on a strong business case being presented and this, itself, is subject to significantly more scrutiny than may have been the case in the past. We are currently undertaking a “Business of Finance” programme – involving 12 local businesses and social enterprises. This programme aims to help participating businesses:**

- Understand more clearly the financial position of their business through an assessment of their current financial health.
 - Master financial tools to improve the financial performance of the business in the short to medium term.
 - Learn how to develop and implement an improved ongoing approach to financial management within the business.
 - Master financial analysis to support business decision making.
 - Understand the requirements of external funders and being better positioned to access external funding.
- 2.3 In recognition of the difficulties experienced by those wishing to start up a business, Invest NI has re-introduced the grant element to the mainstream start up programme – the Enterprise Development Programme (EDP). This is available only for specific target groups, namely those living in Neighbourhood Renewal Areas (£1,000 grant available) and those not in employment, education or training (NEETs) (£1,500 grant available). For both groups, the grant amount is only paid out once the company is established.
- 2.4 Invest NI also announced a new Growth Loan Fund at the end of November 2011. Under this fund, £50million will be made available to support business growth – particularly for small businesses. Loans will be made to businesses that can demonstrate sales and profitability growth, or strong growth potential. Businesses that currently export and wish to further expand sales in international markets will be a key target of the Fund, as they have the potential to contribute most to Northern Ireland’s economic growth. The Fund will provide loans, primarily unsecured in nature, of between £50,000 and £500,000 to businesses in the manufacturing or tradable services sectors.
- 2.5 In early December 2011, Invest NI announced that they will launch a new £5m loan fund aimed at assisting micro-businesses. Under this scheme, loans of up to £5,000 will be made available to eligible companies. The scheme is expected to be launched in spring 2012.
- 2.6 These schemes are part of Invest NI’s Access to Capital strategy. As part of this work, they are seeking to create a “continuum of support” meaning that depending on the stage of the development of the business, some business support mechanism is in place to enable viable projects to draw down support to underpin their growth plans.

- 2.7 The European Commission announced in 2010 that it intended to launch a micro credit initiative called “Progress”. It suggested that the loans would be likely to average around €8,000 and would be provided primarily to those in the service sector. As yet, no operator has been identified for this scheme in Northern Ireland.
- 2.8 The social economy has a relatively strong and well-developed financing infrastructure, largely managed by UCIT Ulster Community Investment Trust (UCIT) and Unltd. Both organisations provide financial assistance to social economy businesses (UCIT) and individuals (Unltd), alongside business mentoring and business development support.
- 2.9 As part of the work involved in developing the Investment Package, Members asked that further work be carried out to consider the potential of Council involvement in a micro-finance initiative. Based on previous experience of these schemes across the world, there are a number of issues which would be important for the Council to consider before agreeing to become engaged in such an initiative. These include:
- Need to consider the legality of Council as a lender (see details of guidance from legal services below)
 - Need to consider whether a separate body would be required to administer and manage the scheme – if so, how would this be appointed? (also see guidance from legal services)
 - There is a significant level of risk associated with loans of this nature – is the Council prepared to take the risk?
 - Research suggests that a loan on its own is not sufficient – need to consider how it could be packaged together with other support (mentoring etc.)
 - Need to consider what we expect to achieve from the investment – more start ups?; more start-ups in disadvantaged areas?; more growth of existing businesses? The specifics of the scheme will dictate how it runs and will have an impact on investment/return ratios etc.

- 2.10** Advice from Legal Services suggests that, whilst a council is empowered to incur expenditure with the purpose of promoting the economic development of its district, the legislation does not make any reference to the potential for providing loan funding as an eligible activity. However, whilst a council may be precluded from giving loans, it would not be precluded from giving funds to an appropriate organisation that could administer a loan scheme. Therefore, in terms of administration and other legal complexities around contracts and recovery, an arms length arrangement would be the best vehicle, if the Council wanted to progress with such a scheme.

3 Resource Implications

3.1 Financial

No specific financial implications at this stage.

4 Recommendations

4.1 Members are asked to:

- Note the issues around the provision of micro finance support
- Note the range of existing loan and investment support
- Consider whether any additional engagement from Belfast City Council is required in this field.”

In considering the above-mentioned report, which provided an overview of the Council’s legal ability to provide short-term loans to small businesses, a number of Members referred to a range of schemes which had been introduced recently by, amongst others, Invest NI to provide financial support to encourage economic growth within the small business and microfinance sector. The Director suggested that, since a wide range of bodies and agencies had measures in place to support microfinance initiatives, there was, perhaps, little to be gained by the Council in involving itself in this area. Accordingly, a Member pointed out that the Council could consider providing additional support to those ‘Not in Education, Employment or Training’ (NEETS) and new business start-ups in Neighbourhood Renewal Areas.

Accordingly, the Committee agreed to defer consideration of the report to enable further information to be provided on the Council’s future involvement in such initiatives.

**Assembly Committee for Enterprise, Trade and Investment –
Innovation, Research and Development**

The Committee considered the undernoted report and associated Council response in relation to the above-mentioned consultation:

“1 Relevant Background Information

- 1.1 The Northern Ireland Assembly Committee for Enterprise, Trade and Investment recently announced an inquiry into developing the Northern Ireland Economy through innovation, Research and Development with a submission date of 16th December, 2011.
- 1.2 The inquiry has been established in order to identify the barriers faced by organisations in availing support for innovation, research and development.
- 1.3 Members will be aware that Belfast City Council plays a key role in the development and support of the local business community and as such would welcome the opportunity to participate in the inquiry and its response.

2 Key Issues

- 2.1 The recent Treasury consultation on rebalancing the Northern Ireland economy noted Northern Ireland’s traditionally low level of Business Expenditure on Research and Development (BERD). Over the last 5 years this has averaged just 0.69% of Gross Value Added (GVA) compared to the UK average 1.23%.
- 2.2 Additionally, it is estimated that the majority of BERD (57%) is undertaken by only 10 businesses.
- 2.3 The Committee is interested in collecting the views on what barriers exist to engagement in innovation and R&D and what opportunities exist to increase the level of involvement?

This inquiry aims to:

- Examine the current policies, programmes and opportunities
- Available to support innovation, research and development at international, EU, UK, cross-border, Northern Ireland and Local Government levels;

- Examine the current policies, procedures and practices being deployed to assist organisations to avail of these opportunities;
 - Compare the assistance provided in Northern Ireland with that provided at regional level in England, in the other devolved administrations, in the Republic of Ireland and in other EU member states;
 - Assess the appropriateness of current policies, procedures and practices in assisting organisations to avail of opportunities for innovation, research & development;
 - Identify actions to be taken by the UK Government, Northern Ireland Executive, DETI, other NI departments, InterTradelreland, universities, businesses and business support organisations and local councils; and
 - Report to the Assembly with full findings, conclusions and recommendations on how policies, procedures and practices can be improved in order to maximise opportunities to support innovation, research and development for the benefit of the Northern Ireland economy.
 - Report to the Assembly with full findings, conclusions and recommendations for improvements in: policies and delivery mechanisms; and collaboration among all key stakeholders, to further develop and enhance the potential of the creative industries in Northern Ireland.
- 2.4 The Council has provided a number of mechanisms to encourage local small businesses to engage in R&D, Knowledge Transfer and Innovation and to embed a sustainable approach to engagement with the research base within the local micro-business sector through support under the sustainable competitiveness Programme for Northern Ireland.
- 3 Equality and Good Relations Considerations
- 3.1 There are no specific Equality and Good Relations Considerations attached to this report.
- 4 Recommendations
- 4.1 Members are asked to:
- Note the Committee for Enterprise, Trade and Investment inquiry into developing the Northern Ireland Economy
 - Endorse the Council response to the inquiry.”

COUNCIL RESPONSE

- 1. *What opportunities are you aware of at EU, UK, cross-border, Northern Ireland and local government levels for business and academia to become involved in research and development?***

A variety of opportunities exist for engagement in R&D:

Invest NI provide a wide range of support mechanisms to encourage local businesses and research institutes to engage in R&D. The main mechanism is the grant for R&D which incorporates three main funding types, namely proof of market, proof of concept and support for prototyping. Invest NI also administer schemes such as Innovation Vouchers and Knowledge Transfer Partnerships which enable local businesses to engage with academic and research institutes for the development of project ideas.

At a higher level, Invest NI have been involved in the implementation of large scale R&D programmes, specifically the development of the Peace II funded Research & Technological Development Centres of Excellence within larger businesses and universities in Northern Ireland and the subsequent competence Centres Programme aimed at the development of strategically significant R&D infrastructure.

Local Authorities have implemented a number of schemes under the various European Structural Funds aimed at providing early stage R&D support to micro-businesses. This type of support is principally aimed at encouraging businesses to engage in R&D for the first time and provides direct mentoring support for the participant businesses.

Examples of this include:

**Lisburn City Council's Innovation Networks Programme
Craigavon Borough Council's You Can Develop It Programme
Belfast City Council's Stepping Stones Programme**

Finally there are a range of European wide projects that are available for local businesses including the 7th Framework Programme and the Competitiveness & Innovation Programme.

2. How appropriate are the available opportunities for developing the Northern Ireland economy?

We feel that the bulk of opportunities and attention are focused on larger businesses and inward investors and this is to the detriment of the majority of businesses in Northern Ireland. The figures appear to support this with 10 companies accounting for almost 60% of all Business Expenditure on R&D locally, a figure which is increasing year on year. Also almost 70% of R&D expenditure is accounted for by externally owned businesses. The 7th Framework Programme (FP7) is a striking example of this. NI underperforms considerably in relation to drawdown under FP7 however, the complexity and difficulties inherent in accessing this programme have created considerable barriers for NI based SMEs to access it. In the Republic of Ireland, a substantial support structure exists in order to facilitate business access to FP7 with support for bid writing and partner sourcing for example. Little similar support exists in Northern Ireland and an 80% unsuccessful rate of applications has resulted.

We also feel that unnecessary restrictions on some of the Programmes also have a negative impact on the uptake of these opportunities – i.e. one of the eligibility criteria for Innovation Vouchers is that businesses should hold a current, valid Company Registration Number. The inter-departmental business register identifies in excess of 70,000 enterprises in Northern Ireland, just over half of which are live companies registered. No clear rationale behind implementing this restriction appears to exist.

There is a perception that the existing support comes with a heavy price tag both in terms of the potential risk to the applicant businesses but also in terms of the bureaucratic structures they need to navigate in order to avail of the support.

Finally, we feel that a disproportionate amount of funding for R&D in Northern Ireland is allocated to universities with little success achieved in transferring the results of R&D undertaken into the business sector.

3. What support is available to assist organisations to access opportunities for research and development?

Support is available across a number of levels including at individual Local Authority level, region wide, cross border and European:

Some Local Authorities have introduced smaller scale schemes to introduce their business clients, predominantly micro-businesses, to the ideas and concepts around R&D and innovation. These projects have been framed with the aim of establishing sustainable relationships between the local research communities within Universities and Colleges and the business base.

The establishment of a team of innovation advisers within Invest NI is a welcome development and can assist to demystify the process of engagement with R&D, particularly for first time participants. Obviously this is a finite resource and if NI is to significantly increase the levels of take up of R&D and the subsequent levels of expenditure on R&D, some consideration should be given to enhancing the availability of innovation advisers.

InterTradelreland have introduced a number of initiatives aimed at stimulating cross border knowledge transfer and R&D including Fusion, Innova and the All Island Innovation Programme comprising of a series of workshops, seminars and masterclasses.

Invest NI have also established an R&D liaison executive based in Brussels to enable local businesses to take advantage of opportunities through European funding for R&D.

The availability of tax incentives for R&D such as R&D tax credits is another important support mechanism available to businesses to support the undertaking of R&D.

4. How beneficial is the available support in assisting organisations?

We feel that the support for accessing R&D opportunities is largely skewed in favour of larger businesses and the research community, particularly within Northern Ireland's universities and further education colleges. Larger organisations, by their nature, are more likely to be able to plan more strategically, with smaller businesses more constrained by the availability of resources and the need to plan on a shorter term basis with an impetus on shorter payback periods, which is not always appropriate for R&D investments.

Belfast City Council's recent 3rd annual survey of Belfast businesses has indicated that those businesses with less than 10 employees are more likely than their larger counterparts to require support for innovation, product development and research & development. We feel this is a reflection of the previous responses that indicate that larger businesses are more likely to engage in R&D due to the more ready availability of resources, both financial and human.

While the UK R&D tax credit is recognised as internationally competitive, in terms of its attractiveness to potential new investors, there is conflicting evidence on the success of tax incentives for R&D, particularly with regard to SMEs. The current structure is confusing, although the 2011 Budget has announced steps to address this confusion, with UK investment in R&D continuously declining as a proportion of GDP since the introduction of the R&D tax credit scheme. This is in sharp contrast to the experiences of countries such as the US, Germany, France and Japan where the introduction of increased fiscal incentives has led to increases in the investment in R&D as a proportion of GDP.

As mentioned above, we feel that the introduction of innovation advisers within Invest NI has been a particularly welcome development but that this mechanism could be enhanced in order to improve its impact.

5. *What are the main barriers faced by organisations in accessing opportunities to be involved in research and development?*

Barriers faced by organisations, predominantly SMES include:

- Perception of R&D as a large business activity;
- Over complication of the support mechanisms and associated literature;
- Lack of awareness of existing opportunities;
- Excessive bureaucratic process; and
- Availability of resources both financial and human for project development and subsequent implementation

6. *What can government do at UK, cross-border, Northern Ireland and local level to assist organisations and to improve opportunities for research and development?*

New support mechanisms should be aimed predominantly at ensuring that micro and small businesses have the capacity and capability to engage in the R&D process.

From our research, we have identified the need for flexibility in funding and direct financial support as being key to enhanced expenditure on R&D and innovation. The current structures are over complicated and excessively bureaucratic and lead times for applications can mean that critical competitive advantages are lost. We believe that simplification of the existing support structures, particularly the tax incentives, could lead to enhanced investment in R&D.

We believe that there is significant potential to learn from best practice in other regions, notably the Republic of Ireland, and their approach to encouraging investment in R&D and innovation. The establishment of a new National Support Network for R&D in the Republic of Ireland has been welcomed as an extremely beneficial development with Enterprise Ireland having the capacity and capability of providing financial assistance to support co-ordination, travel and proposal preparation under FP7 .

The identification and promotion of R&D role models, mentors and advisers, particularly within the SME sector, could assist smaller businesses to address some of the psychological barriers to investment, particularly around the perception of R&D as a larger business activity.

7. What additional or alternative policies or actions could be considered to assist organisations to become involved in research and development?

We believe that the improvement of business awareness of opportunities is crucial to improving the levels of involvement by businesses in R&D and Innovation. This could be achieved through a series of funding clinics, seminars and workshops and an enhanced engagement programme with businesses at all levels.

Promoting improved linkages between the research community in Universities and Colleges and the business community and promoting lower risk R&D can be a useful mechanism in facilitating early stage R&D, particularly for first time engagers.

We believe that due to the small business dominance of the local economy, new and revised support structures should be developed in consideration of their particular needs and requirements.

8. How can business and academia work to support research and development opportunities?

The establishment and creation of small business R&D role models and case studies can assist to address some of the existing perceptions that R&D is the preserve of large businesses. We feel that larger businesses can play a significant role in the promotion of R&D, particularly within their supply chains through the promotion of supply chain innovation incentives and initiatives.

Section 3 Additional Information

Please provide any additional information which you believe will be of assistance to the Committee during the course of the Inquiry

We believe that there is a real opportunity to look at best practice in R&D and Innovation support, particularly the Republic of Ireland model of support with the involvement of Enterprise Ireland and all Regional colleges.

We also believe that there is an opportunity to take advantage of the establishment of new posts in the NI Executive office in Brussels in order to promote access to opportunities at a European level for local small businesses.

Finally, we feel that it will be important for the Northern Ireland Assembly, informed by business support practitioners, to play a role in shaping the new R&D support mechanisms emerging from Europe under the structural funds programme 2014-2020 and to ensure that support is tailored to the specific requirements of the business landscape in Northern Ireland and its predominantly small business composition.”

The Committee endorsed the foregoing comments as the Council's response to the consultation.

Development and Outreach Initiative

The Committee was reminded that the Council distributed a range of funding to culture and arts organisations. Due to the need for those organisations to plan their programmes, the Council endeavoured to award funding as early in the financial year as possible. Therefore, a call for funding under the Development and Outreach Programme would be opened in early February and would close in March. The initiative aimed to build capacity and boost cultural activity in communities with weak cultural infrastructure. Applications should be made on behalf of consortia of arts, heritage and community organisations and beneficiaries should be from within the top 50% of the most deprived areas in Belfast, according to the Multiple Deprivation Rankings for Northern Ireland, or have a disability. It was anticipated that approximately thirteen Partnerships would receive support and the maximum level of funding available per project would be £20,000. A total amount of £165,000 had been included in the budget for the Initiative.

The Committee agreed to the opening of the Development and Outreach Initiative in February, 2012.

Community Festivals Fund 2012-2013

The Committee considered the undernoted report:

“1 Relevant Background Information

- 1.1** Belfast City Council accepted the commission from the Department of Culture, Arts and Leisure (DCAL) to administer the Community Festivals Fund in the Belfast area. At the Development Committee in August 2008, Members agreed to delegate the authority to award grants under this fund to the Director of Development. In October 2008 Members agreed that the Fund be delivered on a quarterly basis. Delegated authority was granted to the Director for this Fund. Grants range from a minimum of £2,500 to a maximum amount of £10,000. The fund is 50 per cent funded through DCAL and 50 per cent through Council revenue.
- 1.2** Belfast City Council and DCAL both recognise that community festivals can contribute to social cohesion, the celebration of cultural identity and the strengthening of community relations. The fund was set up not just to fund festival events, but to help build capacity within the community and ensure that festivals are more sustainable. Festivals supported under this fund must ensure that the community has ownership of it and plays a strong part in the development and delivery of the festival.
- 1.3** The Community Festivals Fund has demonstrated strong value for money for the Council. In 2010/11 we funded 33 festivals, to a total of £142,700. £289,861 was requested, so demand as usual far outstripped supply. The average grant was £4,461. This support helped to fund audience numbers of 266,689 and participant numbers of 9,449. From a Belfast City Council investment of £79,000, this is a cost per head of 0.28p. This investment also helped to sustain 46 full time jobs, 33 part time jobs, 225 freelance posts, and 462 volunteer posts. In terms of distribution across the city, 51.5% of the Festivals took place in the North of the city; 18.25% in the West; 18.25% in the South; 9% in the East, and 3% across Northern Ireland.

1.4 In the current year the Community Festivals Fund has supported a wide range of Festivals across the city. Information about these can be found in Appendix 2. There has been a total distribution of funds of £147,200. £509,003 was requested across the 4 tranches, which was almost three and a half times the funds available, demonstrating once again that demand for this Fund is extremely high. Thirty eight festivals were funded and the average grant was £3873.68, a reduction from the average grant in the previous year. This is a reflection of the reduction in grant from DCAL – a drop of 7% from 2010/11. Further statistical information about the grants distributed in this current year will be presented to a future Committee; many of the grants within this financial year are currently still live or have not yet submitted final report information.

2 Key Issues

2.1 DCAL have indicated that the monies available for 2012/13 are likely to be around the same as this current year which is £73,600. DCAL's contribution to the Community Festivals Fund 2012/13 is subject to the outcome of the central government budget consultation. Confirmation of their subvention is expected by mid-March 2012. £73,600 is therefore included in the Department's budget estimates for 2012-13.

2.2 It is recommended that the Community Festivals Fund for 2012/13 opens on 3 February 2012 so that festival organisations can apply for funding for festivals taking place from April 2012. No funding will be formally approved prior to confirmation of an offer from DCAL and ratification of the 2012/13 budget estimates.

2.3 It is also recommended that the Community Festivals Fund reduce its deadlines from four to two, and that the grant is split evenly between the two tranches. The main reasons we wish to make this change are:

- Community Festivals Fund is run through local councils throughout Northern Ireland; most have one funding deadline per year. We are the only council to run four deadlines.
- Having four deadlines can be very inconvenient for festival organisations. We have already received feedback that a longer lead-in time would allow festivals to plan and budget more effectively.

- Having four deadlines is very time consuming for the Council, which reduces the time that we can spend helping to develop Festivals through advice, training and support. Having more time for development would help us to help festivals increase their capacity, which is the primary aim of Community Festivals Fund.
- Monies have not been evenly split between 4 Tranches, meaning that the fourth Tranche had less money to distribute to Festivals taking place between January–March, which some Festivals felt was unfair.

Current application dates 2011/12

Applications to the Community Festival Fund have been open four times a year (4 'Tranches'). The four dates for applications in 2011–12 were:

| <u>Applications open</u> | <u>Closing date</u> | <u>Eligible Festival Dates</u> |
|--------------------------|---------------------|--------------------------------|
| 2 March | 23 March | April–June 2011 |
| 28 March | 22 April | July–September 2011 |
| 24 May | 1 July | October–December 2011 |
| 20 September | 14 October | January–March 2012 |

Proposed application dates 2012/13

We propose changing the application dates in 2012/13 to have 2 'Tranches' with dates as follows:

| <u>Applications open</u> | <u>Closing date</u> | <u>Eligible festival dates</u> |
|--------------------------|---------------------|--------------------------------|
| 3 February 2012 | 24 February 2012 | April – September 2012 |
| 20 June 2012 | 10 August 2012 | October - March 2013 |

An Equality Screening process is taking place and so far there is 100% support for the amount of deadlines per year to be reduced from four to two. Members of the Festivals Forum were consulted at a recent Forum meeting and are generally supportive of the change. DCAL have confirmed that they are happy for us to proceed with the administrative change.

3 Recommendations

3.1 It is recommended that Members:

- 1. note the contents of this report and agree to reduce the deadlines from 4 to 2 per year pending a positive equality screening outcome;**
- 2. agree to open applications to Community Festivals Fund 2011–2012; and**
- 3. grant retrospective approval to funds distributed within this current financial year.**

During discussion, a Member requested, given that representatives of many community groups would be on holiday during the July period, that the timetable for the completion of applications for festivals planned between October, 2012 and March, 2013 would commence on 20th June, 2012 and not 20th July as stated within the report. He suggested that such an extension would enable applications to be completed and submitted prior to the commencement of the holiday period.

A further Member referred to the figures outlined within the report which indicated that there existed a disparity across the various areas of the City in respect of the number of applications submitted for assistance. He requested that the Department undertake to become more proactive in assisting groups from under-represented areas to complete and submit applications for funding in order to address any perceived imbalance.

After discussion, the Committee agreed to adopt the recommendations, subject to the amendment that the opening date for the completion of applications for festivals planned between October, 2012 and March, 2013 would commence on 20th June, 2012. In addition, the Director undertook to investigate the feasibility of providing additional support in the completion of application forms as outlined in the foregoing paragraph.

Ligoniel Community Centre Licence Agreement

The Community Development Manager informed the Committee that the Belfast Health and Social Care Trust had requested that Glenbrook Surestart be permitted exclusive use the minor hall and store at Ligoniel Community Centre from Monday till Friday between 9.00 a.m. and 1.00 p.m., for a period of three years commencing in February 2012. She pointed out that Glenbrook Surestart was a Government-funded initiative which worked with parents and children to promote the physical, intellectual, social and emotional development of pre-school children. She informed the Members that a formal Licence Agreement would be required and that income to the Council would be in the region of £40 per week. Accordingly, she recommended that the Committee accede to the request from the Belfast Health and Social Care Trust, subject to the completion of the Licence Agreement to be prepared by the Assistant Chief Executive/Town Solicitor.

The Committee adopted the recommendation.

Belfast Waterfront Hall - Extension of Contracts

Provision of Catering, Bars and Restaurant Services

The Director reminded the Committee that, at its meeting on 15th February, 2011 it had agreed, with effect from 1st October, 2011 to extend, for a maximum of one year, the contract with Mount Charles Catering for the provision of catering, bars and restaurant services at the Waterfront Hall. He pointed out that, given the proposals for the establishment of a convention centre at the site, it was anticipated that significant redevelopment work would be undertaken at the Waterfront Hall commencing in 2013. Accordingly, the Director indicated that a full economic appraisal of the contract's specifications would be required to identify the extent and scope of the future catering contract at the location. He pointed out that it would not be feasible to put the contract out for tender prior to the completion of the economic appraisal and he requested the Committee's authority to extend, until 30th September, 2013 the contract with Mount Charles Catering. He added that advice from the Council's Legal Services and Procurement Units had indicated that there existed no legal impediment to the extension of the contract as outlined.

The Committee granted the authority sought.

Provision of Cleaning Services

The Director sought also the Committee's authority to extend, for a period of one year, the contract with Totalis for the provision of cleaning services at the Waterfront Hall. He explained that the current contract was due to expire on 31st July and, given the potential re-development of the building to incorporate a convention centre, an extension to the contract would enable a full economic appraisal to be carried out on the extent and scope of any future cleaning contract for the Hall. He added that advice from the Council's Legal Services and Procurement Units had indicated that there existed no legal impediment to the extension of the contract as outlined.

The Committee granted the authority sought.

Chairman