



Subject:	Business Start Up: future resourcing and proposed interim approach
Date:	10 August 2022
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Restricted Reports	
Is this report restricted?	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
If Yes, when will the report become unrestricted?	
After Committee Decision	<input type="checkbox"/>
After Council Decision	<input type="checkbox"/>
Some time in the future	<input type="checkbox"/>
Never	<input type="checkbox"/>

Call-in	
Is the decision eligible for Call-in?	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>

1.0	Purpose of Report or Summary of Main Issues
1.1	The purpose of this report is to update members on the future funding landscape for economic development activity, with a specific focus on the Shared Prosperity Fund (SPF).
1.2	The report also sets out a proposed interim approach supporting to business start-up, pending confirmation of funding from a range of external sources to deliver a new model of support. In addition, it details a proposed intervention to encourage more growth-focused and scaling businesses, building on a successful partnership model.

2.0	Recommendations
2.1	<p>The Committee is asked to:</p> <ul style="list-style-type: none"> • Note and endorse the interim approach to business start-up support from April 2023 • Note and endorse the proposal to invest in the Way to Scale programme up to a maximum of £40,000 • Note the update on Shared Prosperity Fund, including challenges and opportunities presented for the council and other local partners.
3.0	Main Report
3.1	<p><u>Business Start-Up support</u></p> <p>At the April 2022 meeting of the City Growth and Regeneration Committee, members were advised of the work that was under way to revamp the approach to business start-up post-2023. All 11 councils jointly commissioned an outline business case which presents future options to enhance the quality of the support provided to businesses, in line with our ambitions as set out in the Belfast Agenda. The report noted that there was still a significant programme of work to do to seek the additional financial resources required to deliver this new programme of activity and to ensure that it can be operational once the current programme concludes in March 2023. Members were advised that a report setting out further detail on the proposed approach as well as the financial and operational implications will be presented at a future meeting of this committee.</p>
3.2	<p>The end of March 2023 marks something of a perfect storm. It is the final date for expenditure of EU funding (ERDF and ESF). It is also a break point in the current delivery contract for the Go for It programme. Other important context points include the ongoing Review of Invest NI (referenced elsewhere in the reports) and the lack of clarity over their future areas of focus, including the level and nature of support that they allocate to new and growing local businesses. Finally, while the EU replacement funding – Shared Prosperity Fund – is technically operating from April 2022, the Investment Plan that must be developed to identify priority interventions is not likely to be completed until October 2022, with resources only being released after that point. While there have been positive engagements with the team at the Department of Levelling Up, Housing and Communities (DLUHC) regarding the prospect of accessing resources through the Shared Prosperity Fund, there is no guarantee that the level of resources required to support delivery will materialise.</p>
3.3	<p>The implications for councils at this point is that they are being forced to explore a number of scenarios to ensure that there is no break in the delivery of support to new start businesses</p>

(this has been a statutory responsibility of councils since 2015). One scenario includes extending the current delivery contract on the Go for It programme on a short-term basis, until there is greater clarity on the financial position to support a new programme and until the commissioning process for delivery of the enhanced programme is completed. The current contract has a break clause at the end of March 2023. However the existing contractor must be advised of the intention to extend the contract by 30 September 2022. Councils have therefore been engaging to seek to agree a way forward given the current financial uncertainties.

3.4 The Northern Ireland Business Start Up Programme (NIBSUP) – also called Go for It – has been delivered since September 2017. NIBSUP is currently funded by the European Regional Development Fund (ERDF), Invest NI and 11 Councils. Councils have contributed 20% of costs while ERDF and Invest NI resources have made up the remaining 80% contribution.

3.5 Each Council has a dedicated statutory job creation target (325 for Belfast). The statutory legislation currently measures this through the number of business plans generated via Go for It (although this will change in the future). Given the statutory nature of the target, it is essential that there is a mechanism in place to support delivery. Due to the lack of clarity on SPF and other resources, it is proposed that Belfast City Council aligns with the other 10 councils to extend the current contract provision for a maximum of one year. In parallel, work will continue to progress the enhanced approach to business start-up and growth support set out to this Committee in April 2022, with the ambition of phasing the new interventions in as resources are firmed up. Discussions are ongoing on the precise nature of the programme content, particularly the marketing budget which is likely to be scaled back from previous allocations. The increased budget requirement from Council resources will require a prioritisation of funding in line with Committee priorities and this will be factored into the estimates process in the coming months.

3.6 Business growth and scaling support

One of the key challenges identified through the enterprise framework is the need to encourage more businesses to scale and grow to turnover £3m+. This is also reflected in the 10X Economy vision which identifies the need to drive up the rate of new business starts and create an environment that actively supports entrepreneurs to turn their ideas into viable businesses.

3.7	<p>A key component of this strategy is to encourage more companies to scale up and achieve high growth, in turn creating more employment opportunities for all and inspiring more companies to realise these growth ambitions. Following the success of the recent Way to Scale Initiative in partnership with Catalyst Inc and Invest NI, officers have been working to develop further interventions to complement Belfast City Council's core Enterprise and Business Growth Support and Employability and Skills Programmes. Way to Scale provides support across a number of areas including internationalisation, access to finance, business modelling and sales strategy support for those businesses with the ambition to scale.</p>
3.8	<p>Through last year's programme, 40 businesses accessed support through a series of workshops and events with leading entrepreneurs from MIT in Boston. A further 9 companies progressed on to the Entrepreneurship Development Programme at MIT in Boston, and a one week residential in Boston to develop market strategies and build network support to realise the growth ambitions of their businesses.</p>
3.9	<p>Early feedback from the Way to Scale Initiative has demonstrated transformational results for the participating businesses. It is guided by REAP initiative (Regional Entrepreneurship Acceleration Programme) which is also developed by MIT and helps regions to develop and shape their business support ecosystem to accelerate the number of growth-focused businesses. The emerging ambition for the Northern Ireland team is to create more and better IDEs (Innovation Driven Enterprises) and the current focus is on reviewing the enterprise support system to ensure that this can happen and to measure impact.</p>
3.10	<p>Building on the feedback from last year, it is proposed to support the Way to Scale programme for 2023 to support a new cohort of companies participate. The programme will be delivered in partnership with Catalyst Inc. and Invest Northern Ireland. The overall cost of the programme will be £180,000. Given the alignment with the ambitions set out in the enterprise framework, it is recommended that this is supported with Council funding of £40,000 to maximise the take-up by Belfast-based businesses. Invest NI, Catalyst Inc and the participating companies will cover the remainder of the costs.</p>
3.11	<p><u>Update on Shared Prosperity Fund</u></p> <p>In April 2022, the funding prospectus for the Shared Prosperity Fund (SPF) was released. It confirms that the three investment priorities and associated objectives are:</p> <p>1. Communities and place</p>

- Strengthening our social fabric and fostering a sense of local pride and belonging, through investment in activities that enhance physical, cultural and social ties and access to amenities, such as community infrastructure and local green space, and community-led projects
- Building resilient, healthy and safe neighbourhoods, through investment in quality places that people want to live, work, play and learn in, through targeted improvements to the built and natural environment and innovative approaches to crime prevention.

2. Supporting local business

- Creating jobs and boosting community cohesion, through investments that build on existing industries and institutions, and range from support for starting businesses to visible improvements to local retail, hospitality and leisure sector facilities
- Promoting networking and collaboration, through interventions that bring together businesses and partners within and across sectors to share knowledge, expertise and resources, and stimulate innovation and growth
- Increasing private sector investment in growth-enhancing activities, through targeted support for small and medium-sized businesses to undertake new-to-firm innovation, adopt productivity-enhancing, energy efficient and low carbon technologies and techniques, and start or grow their exports.

3. People and skills

- Boosting core skills and supporting adults to progress in work, by targeting adults with no or low-level qualifications and skills in maths, and upskilling the working population, yielding personal and societal economic impact, and by encouraging innovative approaches to reducing adult learning barriers
- Reducing levels of economic inactivity through investment in bespoke intensive life and employment support tailored to local need. Investment should facilitate the join-up of mainstream provision and local services within an area for participants, through the use of one-to-one support, improving employment outcomes for specific cohorts who face labour market barriers
- Supporting people furthest from the labour market to overcome barriers to work by providing cohesive, locally tailored support including access to skills
- Supporting local areas to fund gaps in local skills provision to support people to progress in work, and supplement local adult skills provision.

3.12	<p>It details a series of 52 “eligible interventions” for Northern Ireland. These include things like:</p> <ul style="list-style-type: none"> • Funding for improvements to town centres and high streets • Support for local arts, cultural, heritage and creative activities • Support for active travel enhancements and measures to improve connectivity in the local area • Increasing investment in research and development at the local level • Research and development grants supporting the development of innovative products and services, with a particular focus on low carbon goods and environmental services, and climate resilience • Strengthening local entrepreneurial ecosystems and supporting businesses at all stages of their development to start, sustain, grow and innovate, including through local networks. • Support for growing the local social economy, including community businesses, cooperatives and social enterprises • Supporting economically inactive people to overcome barriers to work by providing cohesive, locally tailored support including access to basic skills • Interventions to increase levels of digital inclusion, with a focus on essential digital skills • Green skills courses targeted around ensuring we have the skilled workforce to achieve the government's net zero and wider environmental ambitions, with a particular focus on vulnerable or low-income groups who will be disproportionately affected by climate change.
3.13	<p>The Prospectus confirms that: “The UK Government will take a role in convening partners from across Northern Ireland to develop the UKSPF Investment Plan, considering the investment interventions across the three investment priorities...We will refine the plan in consultation with stakeholders in a way that reflects the needs of Northern Ireland’s economy and society”.</p>
3.14	<p>The first meeting of the Partnership Group that will have responsibility for shaping the Investment Plan took place in early July. It involved representatives from the VCSE sector, business bodies, tertiary education representatives and local government representatives (two SOLACE representatives have been invited to attend). At this point, there are no representatives from the Northern Ireland Executive Departments but it is expected that these will be in place for future meetings. The group is chaired by Sue Gray from the Cabinet Office. It is expected that the Investment Plan will be shaped over the coming three months</p>

	<p>and that it will be complete by October 2022. While there is a small core Partnership Group, DLUHC have committed to working with all the representatives on that group to support wider engagement on the plan. This will include political engagement – possibly organised through NILGA – as well as local area engagement involving a range of partners. DLUHC are open to all requests for local engagement and acknowledge the specific concerns of the VCSE sector, given the reliance on ESF funding by many of those organisations.</p>
3.15	<p>The Partnership Group is responsible for agreeing the overall “split” across the three priority areas as well as agreeing the route to market for each of the agreed areas of activity. This might include open calls for projects, small grant schemes or commissioning public bodies to implement specific interventions that they have responsibility for.</p>
3.16	<p>The SPF budget settlement for Northern Ireland will be £127million over the three-year period, starting April 2022 (although no expenditure can be approved until the Investment Plan is finalised). This settlement includes an allocation of around £20million for Multiply – a targeted intervention to improve numeracy skills among key groups. As such, the overall figure available for spend (excluding Multiply) is in the region of £100million over the three years.</p>
3.17	<p>There is an indicative annual budget settlement over the three-year period of the programme and this is set out as:</p> <ul style="list-style-type: none"> • 2022/23 - £19million • 2023/24 - £33million • 2024/25 - £74million.
3.18	<p>DLUHC have acknowledged that this may not be possible to allocate the £19million this year given the delays in the planning timeframes for this programme so they have committed to exploring whether there may be an opportunity to carry forward any unspent funds from this year into future years of the programme.</p>
3.19	<p>Some of the key areas for concern for Belfast City Council from the proposed approach include:</p> <ul style="list-style-type: none"> • Loss of income to the council for the work on business start-up and growth: at present, Belfast City Council accesses in the region of £500,000 annually through ERDF resources to support its start-up and growth activities – and has done so for the last 20+ years. The ERDF resources had also been used to lever match funding from

other sources such as Invest NI. The new approach to funding means that none of these resources are guaranteed so there is an immediate loss of income to councils for their work in these areas. The loss of income from ERDF will have a significant impact on the ability of the Enterprise and Business Growth team to deliver their support to new start-ups, social enterprise and co-operatives and growing businesses and to bring forward innovation interventions to support key growth sectors and help new businesses to access and benefit from new investments such as City Deal

- Impact on community-based training organisations: at present, funding allocations through ESF average around £25million annually across Northern Ireland – almost £15million of which is allocated to Belfast-based projects alone. Based on the figures above (average £33million per annum) and the breadth of potential activities that are likely to be covered under the three themes of the Investment Plan, it appears likely that there will be a significant reduction in income for those organisations. In terms of the outreach and engagement work that the council relies on to drive participants towards its Employment Academies, this is a concern. However it may also represent something of an opportunity to re-shape interventions and ensure that they are targeted at those in most need of support.

3.20 There may also be some opportunities with the new fund, namely:

- Broader spectrum of areas eligible for support – including activities to support Communities and Place – very much in keeping with council support for local regeneration
- Potential to use Labour Market Partnerships to focus the investment in local areas, in line with strategic assessments that can help prioritise areas where spend can deliver maximum effectiveness
- Potential to influence the programme design through the local government representatives – making spend more effective in local areas.

Finance and Resource Implications

3.21 The proposed approach to the Go for It support will be reported back to the Committee at a future date.

3.22 The Way to Scale programme was included as part of the Enterprise and Business Growth budget for 2022/23, as presented to this Committee on 6 April 2022. This budget was included as part of the estimates that were approved by this Committee on 12 January 2022.

3.23	<p><u>Equality or Good Relations Implications/Rural Needs Assessment</u></p> <p>The unit is currently undertaking a process of equality screening on the overall work programme. This will ensure consideration is given to equality and good relation impacts throughout the delivery of this project.</p>
4.0	Appendices – Documents attached
	None