



<b>Subject:</b>	Proposed ERDF- funded business start and business growth activity
<b>Date:</b>	12 October 2016
<b>Reporting Officer:</b>	Donal Durkan, Director of Development
<b>Contact Officer:</b>	Colin McCabrey, Economic Development Manager

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

<b>1.0</b>	<b>Purpose of Report</b>
1.1	<p>The purpose of this report is to provide Members with an update concerning advancement of three projects. They are:</p> <ul style="list-style-type: none"><li>• A Regional Business Start Initiative, named locally as the Go for It Programme;</li><li>• A Belfast-specific programme for higher growth potential start-up businesses;</li><li>• A Belfast-specific business growth programme for established businesses to increase their competitiveness and growth.</li></ul>
<b>2.0</b>	<b>Recommendations</b>
2.1	<p>The Committee is asked to:</p> <ul style="list-style-type: none"><li>– Note progress in advancing a Regional Business Start Programme (Go for It), a Belfast specific programme for higher-growth potential start-up businesses and a Belfast specific business growth programme for established businesses;</li><li>– Note the funding status of each of the above programmes under European Regional Development Fund (ERDF) Investment for Growth and Jobs Programme 2014 – 2023 and Invest NI; and</li><li>– Note the proposals for business start provision from the end of the existing contract (22</li></ul>

	October 2016) until the start of the new regional programme, expected to be 1 April 2017.
<b>3.0</b>	<b>Main report</b>
3.1	The purpose of the Programme for Government Outcomes Framework is to improve wellbeing for all by tackling disadvantage and driving economic growth. It contains outcomes which are reflective of the Council's ambition for Growing the Economy, set out in the Belfast Agenda. Such outcomes include our ambition to be an innovative, creative society where people can fulfil their potential and that we have more people working in better jobs.
3.2	In April 2015, Councils assumed statutory responsibility for a range of business start and entrepreneurship support activities.
3.3	<p>Since the transfer of functions, officers have been exploring opportunities for securing external resources to support the ambitions set out in the Belfast Agenda for 'Growing the Economy' and re-focusing our own resources in order to meet the needs of our local businesses. This has included:</p> <ul style="list-style-type: none"> <li>• Simplifying our messaging about the type of support that is available at each stage of the business lifecycle (Starting your Business; Growing your Business and Investing in Belfast)</li> <li>• Working with partners to ensure that there are no major gaps in provision of support to our target businesses</li> <li>• Improving signposting for businesses to ensure that they get the help they need when they need it</li> <li>• Looking at how we can better package the support that we provide to businesses across the wide range of Council services (including Building Control, Waste Management, Street Cleansing, City Centre Development etc)</li> <li>• Exploring potential incentives to encourage additional business start (including financial incentives and packaging business accommodation and business support services)</li> <li>• Exploring opportunities for greater alignment between the Council's investment in business growth initiatives and its support for employability and skills issues – ensuring that local companies have access to the skills and talent that they need to grow their business and improve their competitiveness.</li> </ul>

3.4	<p>Work is currently underway to agree with partners the priority actions to move forward on the Belfast Agenda's 'Growing the Economy' theme. Given that the Council has statutory responsibility in this field, it is likely that this will form a significant part of the actions on which the Council will lead, bringing in other partners as appropriate.</p>
3.5	<p>In recognition of the pressures on Council resources, Officers have identified the opportunity to secure up to 80% match funding for eligible activities under the European Regional Development Fund (ERDF) through the Investment for Growth and Jobs (IGJ) Programme 2014-2023.</p>
3.6	<p><u>Advancing a Regional Business Start Programme (Go for It) to support Growing the Economy</u></p> <p>Members will recall that, as a result of Local Government Reform (LGR), a number of economic development functions transferred from the former DETI/Invest NI to local authorities. These functions included support for business start-up as well as targeted support for under-represented groups (youth, females) and social enterprise support.</p>
3.7	<p>Given that this is now a statutory function of local authorities, the associated job targets have been set out in the Local Government (Performance Indicators and Standards) Order (Northern Ireland) 2015 and local authorities are accountable for the delivery of these targets. This Order contains an indicator regarding "the number of jobs promoted through business start-up activity". The annual Belfast target for this is 325 jobs defined as completion of 325 business plans.</p>
3.8	<p>Councils have a collective "in principle" agreement to move forward with a regional Business Start programme in order to ensure consistency of provision in all areas. A business case for the new programme was developed and this has been submitted to Invest NI on behalf of the 11 local authorities. Invest NI is in the process of undertaking an economic appraisal in order to determine the viability of providing ERDF and Invest NI financial support to deliver the new programme. The only outcome measured in the ERDF programme is "jobs created" at a cost of £1,000 per job. Up to 80% match funding is available for eligible activity via ERDF (60%) and Invest NI (20%) with Councils required to provide the remaining 20% match funding.</p>
3.9	<p>Pending an Invest NI decision on the new programme, councils agreed to extend the contract on the existing programme to support business start (which is delivered by a range</p>

	<p>of Enterprise Agencies across Northern Ireland). This contract cannot be extended beyond 22 October 2016.</p>
3.10	<p>The business case presented to Invest NI on behalf of all of the councils will deliver 1,330 business plans and 819 jobs over 3.5 years in Belfast. Officers are continuing to work with Invest NI on a number of key points within the economic appraisal in order to ensure that the business support offer is attractive to interested individuals and meets their specific development needs. Members will be aware that the business start-up rate in Belfast is significantly below regional and national averages: Belfast is currently the lowest ranked city for business start-up in the annual Centre for Cities index.</p>
3.11	<p>In order to ensure that the EU match-funding element is available for the programme Councils met Invest NI's timescale of collectively agreeing the programme by 29<sup>th</sup> September 2016. The timeframe stipulated by Invest NI is to ensure that councils receive a Letter of Offer prior to the Autumn statement, scheduled for 23 November 2016. Current advice from Invest NI is that funding committed by this stage will be supported post-Brexit. Council Chief Executives – at their meeting on 23 September – endorsed the collaborative approach.</p>
3.12	<p>Upon receipt of the Letter of Offer, the procurement of the regional programme will be advanced by Lisburn and Castlereagh City Council. The indicative date for having a regional delivery partner in place is the start of the new financial year (1 April 2017).</p>
3.13	<p>For the interim period (22 October 2016 to 31 March 2017), councils are developing their own approaches to business start-up support. In Belfast, it is proposed that the interim solution will be to utilise the service contract for Innovation Factory. The contract allows for the establishment of “additional” or “optional” services in line with the main contract. This proposal is dependent on commercial negotiation with the operator, but early indications are that it may present opportunities for engagement of the local supply chain in the delivery activity. The need to ensure that there is service provision in place all across the City will be one of the key considerations in agreeing the interim solution, as well as a focus on quality and the need to ensure that we meet the business start targets agreed set out in the Local Government 2015 Order. This activity will be funded under the Transfer of Functions budget for promoting entrepreneurship.</p>
3.14	<p><u>A Belfast-specific programme for high growth potential start-up businesses</u>  Additionally but complementary to the Regional Business Start Programme (Go for It)</p>

	<p>Officers are advancing a higher growth potential business start programme / tier 2 programme which will be specific to Belfast. This project, which is still being articulated and appraised by Invest NI is designed to encourage the development of higher growth businesses (employment and export) with a particular focus on Belfast City Council's key sectors, including creative and digital industries, Green/Clean technology sector, technology/ ICT and tourism.</p>
3.15	<p>The programme fits within Council's pipeline of support from pre-enterprise support through to post start business growth support. The programme is designed to provide a greater level of specialist assistance to companies compared to the generic regional start initiative / Go for It replacement programme.</p>
3.16	<p>The output for this project is still under review and targets are dependent on the final agreed appraisal relating to the Regional Business Start Programme (Go for It). At a minimum it will create 630 jobs over 5 years in businesses at the start up stage (less than 2 years) where the business can demonstrate higher-growth potential. Once accepted onto the programme, participants will be able to access support up to two years post-start. This support will be aligned with the Council's other support and programmes.</p>
3.17	<p>An economic appraisal for this project is being completed by Invest NI. There is currently no guarantee of funding for this project.</p>
3.18	<p><u>A Belfast specific business growth programme for established businesses to increase their competitiveness and growth</u></p> <p>Belfast City Council is the first Council to be awarded a Letter of Offer for a project of this type. The Letter of Offer is subject to revision to provide a further 2 year period for delivery (currently 3 years). This programme will deliver support to existing businesses. The programme will deliver 336 jobs over 5 years.</p>
3.19	<p>Belfast City Council has a positive track record of delivering projects like this. Our previous ERDF funded programme, <i>Go for Growth</i> has been successful and this project will adopt the same process. This programme offers support to businesses irrespective of sector or scale of economic opportunity. Procurement for the advancement of this programme will be commencing soon upon acceptance of the Letter of Offer.</p> <p><u>Financial Implications</u></p> <p>The cost for business start-up activity will continue to be delivered from within existing</p>

3.20	<p>Economic Development budgets, inclusive of the budget associated with transferring functions. If successfully awarded Letters of Offer from Invest NI these projects could collectively benefit from approximately £1.2m.</p> <p><u>Equality and good relations implications</u></p> <p>Current and future business start-up programmes have been designed to help remove barriers to participation. Officers are currently assessing options to enhance the provision to be provided through the regional programme with the aim of adding further value and promoting equality of opportunity.</p>
3.21	
4.0	<b>Appendices – Documents Attached</b>
4.1	None