



Subject:	Small Business Support Activity for 2017/18
Date:	12 April 2017
Reporting Officer:	Donal Durkan, Director of Development
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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
1.1	The purpose of this report is to outline the proposed direction of travel for Council-led Small Business Support activity, focusing on actions to be delivered in the 2017/18 financial year. It sets out the thematic work areas which have been framed by the NI Programme for Government, the Industrial Strategy for NI and The Belfast Agenda. The work programme significantly contributes to the Council's priorities of Growing the Economy, Working and Learning, City Development and Living Here. To ensure that activity can commence as soon as possible, this report also seeks delegated authority for approval of tenders to support early delivery.

1.2	This report should be read in conjunction with the Employability and Skills year two Action Plan report, also tabled to this Committee. Members should note that the Starting a Business work stream delivers against Aim 4 of the Employability and Skills Framework 'to develop a culture of entrepreneurship at all levels'.
2.0	Recommendations
2.1	<p>The Committee is asked to:</p> <ul style="list-style-type: none"> - Note the work programme for 2017/18 as detailed within the report - Approve the budgets referenced against activity in Section 3 of the report (references 3.5–3.9). A summary of the budgets is attached as Appendix 1. - Give delegated authority to the Director of Development to proceed with procurement to deliver the scope of services set out in this report, subject to engagement with the Central Procurement Service and Legal Services.
3.0	Main report
3.1	<p><u>Key Issues</u></p> <p>Officers have been prioritising programmes and activity for 2017/18 financial year to deliver against key performance indicators identified in the Programme for Government (PfG), the draft Industrial Strategy for Northern Ireland and the Belfast Agenda. Primarily, these indicators relate to Jobs and Business Productivity. Members will be aware that the draft Belfast Agenda four year stretch goals to 2021 aim to:</p> <ul style="list-style-type: none"> – Create 15,000 new jobs; – Attract £1 billion private sector Foreign Direct Investment; – Support 4,000 small business start-ups; – Double the economic value of out-of-state tourism; and – Welcome 1.5 million overnight tourist stays per year.
3.2	<p>The Council delivers a range of business support activities focused on Starting a Business, Growing a Business and Investing in Belfast. In 2016/17, this work helped deliver the following:</p> <ul style="list-style-type: none"> - 584 new businesses established - 900 new jobs created (from start-ups and business growth) - 2200 people supported through our business support activity - 20 social enterprises established. <p>Priority activity for 2017/18 under these three themes will include:</p>

3.3	<p><u>Starting a Business</u></p> <p>The Industrial Strategy for Northern Ireland includes a commitment to driving inclusive, sustainable growth. It contains the ambition to be a more enterprising region with a culture of new business development. It aims to grow private sector output by 35%, creating 80,000 new jobs by 2030. Within the same time period it aims to put Northern Ireland in the top three most competitive small advanced economies increasing the annual spend of R&D to £1.5bn. Belfast accounts for 20% of the overall population, but 31% of all jobs in Northern Ireland. Its success will therefore be critical to achieving these ambitions.</p>
3.4	<p>The proportion of people who think they have the skills to start a business is lower than other UK regions although research also suggests that businesses remain in existence for longer than many other parts of the UK. Fear of failure is also significantly higher and starting a business is not viewed as a good career choice by more Northern Ireland residents than in most other parts of the UK.</p>
3.5	<p>In 2016/2017, Belfast City Council supported 584 start-ups, supporting around 650 jobs. In 2017/2018 we aim to increase this figure to 697 start-ups. It is proposed that this will be achieved via the <u>additional</u> support activities for 2017/2018 noted below.</p> <ul style="list-style-type: none"> – <u>Investment in additional enterprise outreach activity:</u> Officers have developed a programme of enterprise outreach and engagement activity to target under-represented groups across the City who that facing specific barriers in starting a business. A budget of £85,000 has been set aside for this work. – <u>Development of an enterprise framework for Belfast:</u> Officers recently met with local enterprise development stakeholders (12 organisations represented) to consider how the challenging business start-up targets set out in the Belfast Agenda could be achieved. The framework will consider where Belfast needs to aim, if it is going to benchmark itself against cities that have a vibrant start-up scene. It will also consider the “mix” of businesses that is likely to emerge (sectors etc.) and will outline the support structures required to bring these forward so that the speed of development is increased and the business productivity is improved. The costs associated with the development of the framework are £20,000. – <u>Financial incentivisation and cashflow management:</u> from our engagement with new-start businesses and young companies, one of the challenges that they constantly

reference is access to finance and cash flow. We also understand that, particularly in the early days of a business, access to finance can be critical. Banks are often averse to lending at this point, particularly if a company or an individual has no trading history. We are currently exploring a financial incentivisation scheme for new start businesses. This would work alongside mainstream support and is likely to be focused on individuals from specific target groups (e.g. NEETS), particular geographical areas (e.g. Neighbourhood Renewal Areas) or business sectors. We are currently carrying our due diligence work on this funding model to ensure that there is no deadweight (i.e. that it acts as an incentive as opposed to supporting those that would already set up anyway). Likewise, it needs to add value to other financial supports available and should not distort the market. At this point, we have set aside £100,000 for this incentivisation scheme in the financial year 2017/18.

- A Pilot City Business Start-up Project: In addition to the mainstream regional business start-up programme (“Go for It”) Derry City and Strabane District Council and Belfast City Council aim to pilot a longer-term intervention aimed at City based start-ups. This programme will target key City Centre based business start-up sectors across both Cities such as Fashion, Tourism, Markets, Food and Retail. It will reduce risks associated with start-up by providing sector specific mentoring, incentivised start-up such as access to a commercial kitchen for food businesses or unit rental voucher schemes for areas of the City with high vacancy rates for retail. This will be a one year learning pilot and the impact will be assessed for consideration of future ERDF funding for a potential future three year programme. We have set aside £100,000 for this programme in the current financial year and this will be matched by £100,000 from Derry City and Strabane District Council.
- Targeted support programme for high potential start-ups: this Committee previously approved support for a new High-Growth Start-Up programme aimed at new (0-2 year old) businesses in the City that have the potential to grow, employ staff and consider opportunities to export (Venture for Success). This programme is currently being procured and will be in place by Summer 2017. The programme will focus on businesses operating in a number of key sectors that have the greatest potential in terms of higher level salaries, alignment to FDI and potential to be supported by research excellence at the Universities. These include:
 - Creative and Digital Industries
 - Financial and Professional Services

- Advanced Engineering
- Clean Technology
- ICT and Electronics
- Life and Health Sciences.

- Delivery of mainstream start-up programme “Go for It”: the Council is continuing to deliver the Regional Business Start-Up Programme (Go For It) via the interim contract with Oxford Innovation for Business Start-up and Growth Services. This is being delivered successfully in partnership with the Local Enterprise Agency Network until such times as the new regional programme is procured (estimated to be June 2017). Officers have liaised with each of the Local Enterprise Agencies delivering this programme and they are in agreement to continue with the interim approach until such times as a new regional programme can proceed. Belfast City Council is nearing completion of a Management Information System which has been developed for Councils to collectively monitor business start-up activity across NI under the programme. This programme and associated budget were previously approved by the Committee.
- Officers are currently supporting private sector businesses in the Tech start-up sector who independently wish to set up a collective forum to help support and shape future support provision in this area. There are no budgets associated with this activity. Officers are facilitating events and providing in-kind support through their time to get the projects off the ground.
- Other key services such as graduate business start-up and social enterprise/co-operative start-up will continue throughout 2017/2018. 50 students will be engaged in enterprise awareness activity under the graduate start-up programme. Additional support will be given to 30 of the 50 graduate entrepreneurs to further develop their businesses, resulting in the creation of 10 new jobs. The Social Enterprise and Co-operatives programme will engage 50 individuals/organisations in social enterprise/co-operative awareness activities and provide 30 individuals or organisations with support to establish a Social Enterprise or Co-operative resulting in the creation of 32 new jobs.

Growing a Business:

3.6

A recent Federation of Small Businesses (FSB) attitudinal survey identified a gap in support for businesses who are in between start-up and growth phase. The 5 main barriers to business

growth were recorded as cash flow/getting paid (48%); taxes (corporation/VAT) (45%), Competition (43%), Business Rates (42%) and cost of promotion and marketing (40%). 27% of respondents stated that there was a lack of suitable business support.

3.7

The latest Tech City Report 2017 details that Belfast has seen almost as impressive growth figures as London for the five year period 2011 – 2015. Belfast has seen a 37% increase in the number of Tech Businesses emerge compared to London's 42%. Access to high quality graduates, a strong digital tech community, low cost of living and desirable property prices make Belfast an attractive place to start and grow a digital tech company. It is important to note, however, that the growth in Belfast has been from a much lower base than in the case of London. To help maintain this momentum, the following additional support activities for 2017/2018 are proposed:

- Increasing access to public procurement opportunities: At a previous meeting of the City Growth and Regeneration Committee, Members approved a programme to help companies access the opportunities arising from public sector procurement. Intertradelreland have now offered to provide Belfast businesses with access to similar support through their existing support programme. This will include workshops on key procurement issues, input from procurement professionals in key public sector organisations (including Belfast City Council) and access to Meet the Buyer events. This will mean that we will still achieve the original targets as set out (30 participating companies each year) but the financial contribution will be significantly less than the £60,000 already approved by the Committee. This approach has been reviewed and approved by the Council's Legal Services and it is intended to enter into a Service Level Agreement with Intertradelreland for a period of 3 years for a core programme. The budget for procurement support in 2017/18 is £36,000. The remainder of the budget originally set aside for this work has been reallocated to export growth support (see below).
- Supporting exports and international trade activity: Officers are proposing to collaborate with NI Chamber of Commerce through membership and corporate sponsorship which will position the Council to positively engage with the private sector and avail of the mainstream support available to Chamber members. This will also provide links to the International Chamber of Commerce Network which will support the International Trade and Export Activity and may include engagement in NI Chamber events and missions. This partnership will also involve engagement with Invest NI to ensure that companies

can have access to their suite of programmes to help them develop their export potential. There will be an opportunity to consider how this tri-partite arrangement can make use of the World Trade Centre licence which the Council still has access to and which provides a link to more than 300 similar centres all across the world. Another strand to this work will be enabling businesses to access business opportunities created through linkages with Belfast's Sister Cities. The budget for this work is £86,000.

- Growth sector support: The Centre for Secure Information Technology (CSIT) who presented to a previous Committee meeting is continuing to develop a Cyber Security strategy for Northern Ireland. Officers will work closely with the sector and delivery partners, to contribute to the achievement of actions contained within the draft strategy. We are also working with Invest NI and other partners on action plans for other growth sectors and these will be presented to the Committee in the course of the coming year. These sectors will include Financial Technology (Fin Tech), Legal Services, Life & Health Sciences and Creative Industries. The combined budget for this work is £145,000.

- Creative and Tech Belfast development and profiling: The Output Belfast brand has developed considerably over the past three years. It has become synonymous with the City's interactive, convergence and music sectors. Officers propose to work more strategically with our public sector sponsors such as Invest NI, Tourism Ireland, Tourism NI and Generator NI and private promoters such as Digital DNA, BelTech, TechXplore and Audio Visual Arts Conference to collectively deliver a programme of activity throughout 2017/18. Activity under the banner of "Output Belfast" will include further development of our presence at SXSW in 2018 and will have the dual purpose of showcasing Belfast talent and providing capability support to business participants. Austin City Council has agreed to collaborate with Belfast City Council in showcasing joint tech business collaborations at SXSW in 2018 and we will invest in specialist support to prepare businesses to maximum advantage of the opportunities presented. Officers are also engaging with Generator NI (the Industry support body for music) to support an Output Belfast presence at MIDEM in Cannes and The Great Escape in Brighton throughout 2017 /18. These are key international events and they provide an opportunity to profile the City and its business and cultural assets in a way that reflects the emerging Place Positioning work. The budget for work is £110,000.

- Development of new business accelerator models: one of the current challenges for the

business base in Belfast is the need to increase the number of high growth businesses. These companies need dedicated and specific support to move them to the next level. We have explored some models, including an accelerator model developed in our Sister City, Boston. “Mass Challenge” is a no-equity accelerator which brings a cohort of businesses on a three to four months intensive programme. Participating companies receive support including office space, intensive training, world-class mentoring, access to in-kind benefits. In this model, they also compete for a share of more than \$2M in equity-free prizes globally. Mass Challenge currently has accelerators in UK, Boston, Israel, Mexico and Switzerland and are interested in exploring the NI marketplace. If it was to proceed, this accelerator would complement existing Council support activities, such as the Innovation Factory. It would also support the work of other activities, such as Start Planet, Propel and E-Spark. A budget of £60,000 has been set aside for this work, but it is likely to require additional investment from other sources.

- Provision of generic business growth support: The Committee has already agreed to support the Council’s generic business growth programme. This will be funded by ERDF and will provide targeted business mentoring to any business at the post-start stage with an ambition to grow, regardless of their sector. This support will provide a seamless transfer from the existing Start Up support programmes and the level of mentoring time available will be commensurate with the growth potential of the business. The budget for this piece of work is £46,000 net to Council and will benefit from £104,000 income from ERDF and Invest NI.
- Innovation Factory development: The Council will continue to work closely with the Innovation Factory operator to ensure that we remain on track to meet our occupancy and income targets. A report to the March Committee noted the key performance indicators for the year 2 business plan for the centre. By March 2018, the Innovation Factory is projected to have an average occupancy level of 24% and should be well on the way to achieving the job creation target of 187 jobs by 2020.

3.8

Investing in Belfast:

Members will be aware that the Council has been engaging much more significantly in international activity over the last number of years. The review of the International Relations Framework identified the need to focus on a number of themes in key locations. This included business opportunities: both from FDI and also trade development opportunities. Many of the trade and export development opportunities are set out in the “Growing a Business” section

<p>3.9</p> <p>3.10</p> <p>3.11</p>	<p>above.</p> <p>Members previously agreed that, in order to shape the Investor Support Service that the Council may develop in conjunction with other partners, a research piece should be commissioned to identify the optimal approach and structure of the service. OCO Global have now been appointed to undertake this commission. This work is scheduled to be completed by June 2017 and a report will be brought back to Committee on completion. It will set out the menu of support to be provided as part of the Council's Investor Support and Concierge Services. The budget for this work was already approved by this Committee. A budget of £90,000 has been set aside for delivery of support activities in 2017/18.</p> <p><u>Finance and Resource Implications</u></p> <p>Financial: The budgets for each of the individual support elements are set out in the body of the report 3.5 – 3.9. A summary of the proposed budgets is attached at Appendix 1. These are already contained within existing revenue estimates.</p> <ul style="list-style-type: none"> – Human Resources: Management are currently working with the Human Resources Team to ensure that there is access to the appropriate resources and skill sets to deliver the additional activity. <p><u>Equality or Good Relations Implications</u></p> <p>We are currently undertaking research to inform levels of under-represented groups in entrepreneurship and business start activity across Belfast. Marketing activity and support will be targeted to encourage increased participation by under-represented groups. Tailored support will be adopted where possible including interpretive services, translation services and specific support for persons with a disability as necessary.</p>
<p>4.0</p>	<p>Appendices – Documents Attached</p>
	<p>Appendix 1 – Proposed Small Business Support Activity and Budget for 2017/18</p>