Subject: Update on Growing the Economy

Date: 7th August, 2019

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 Restricted Reports

Is this report restricted? Yes [ ] No [x]

If Yes, when will the report become unrestricted?

  After Committee Decision [ ]
  After Council Decision [ ]
  Sometime in the future [ ]
  Never [ ]

Call-in

Is the decision eligible for Call-in? Yes [x] No [ ]

1.0 Purpose of Report/Summary of Main Issues

1.1 The purpose of this report is to provide an update on progress against a series of commitments set out under the Growing the Economy pillar of the Belfast Agenda and to secure approval to proceed with a number of initiatives within this work programme. The update is in line with the activity approved at this Committee on 6th March 2019.

2.0 Recommendations

2.1 The Committee is requested to:
i.  note the Council’s performance and contribution to delivering against Belfast Agenda ambitions to grow the Belfast economy, focusing on the current support for Business Start-up, Growth and Investment;

ii. approve the allocation of £55,000 from the existing 2019/2020 Economic Development budget to support the delivery of the Scale Up initiative, in partnership with Catalyst Inc and Invest NI, which will commence in October 2019. This funding was approved as part of the “Growing the Economy” delivery plan that was agreed by this Committee at the meeting on 6 March 2019;

iii. approve the allocation of £50,000 from the existing 2019/2020 Economic Development budget to support the delivery of the social enterprise action plan. This funding was approved as part of the “Growing the Economy” delivery plan that was agreed by this Committee at the meeting on 6 March 2019; and

iv. note the application submitted to join the NESTA Upsteam Collaborative network, to develop new and innovative approaches to tackle educational attainment challenges.

3.0 Main Report

3.1 Members will be aware that the Council and its partners made a series of commitments as part of the Belfast Agenda to support inclusive economic growth in the city. This work focuses on creating jobs by encouraging more new businesses to start up, driving additional investment to support growth in indigenous companies and attracting more Foreign Direct Investment.

3.2 The Council has a key role in ensuring that these ambitions are met. It has statutory responsibility for business start-up and also supports small local companies that have the ambition to grow. Through its assets and influence, the Council also encourages other developments to come forward which will support the creation of new jobs by enhancing skills, providing appropriate workspace and accommodation and encouraging new investment in digital infrastructure.

3.3 At its meeting on 6th March 2019, the City Growth and Regeneration Committee approved the delivery of the Growing the Economy work plan for the 2019/20 financial year. Since April, officers have been working on a range of activities to address the challenges around
low levels of start-up, innovation, business competitiveness and productivity. Whilst work is ongoing to deliver the 2019/20 work plan, the key achievements to date include;

- **Enterprise Awareness:** 72 females have been engaged through our female enterprise support, and we are currently in the process of working with the Department for Communities (DfC) to launch a new self-employment initiative in the Autumn, focusing on those who are unemployed or economically inactive.

- **Start a Business:** 180 individuals have been engaged in the “Go for It” programme which has supported the development of 62 new jobs to date. We have also launched a new initiative to extend the range of support available to new starts by providing additional mentoring and access to financial and other incentives.

- **Social Enterprise and Cooperatives:** we have provided support for 10 social enterprises and cooperatives, supporting the creation of 20 jobs to date. This month we will launch a new more enhanced programme of support to grow and develop the social enterprise and cooperative sector in Belfast.

- **Innovation Factory:** we continue to deliver services through the Innovation Factory which has supported the creation of 115 jobs and houses 41 small businesses.

- **Business growth mentoring:** 50 existing businesses have accessed mentoring to support their strategic growth and development this year to date.

- **Investment:** the council’s “City Investment Service” was established as an 18 month pilot in mid-2018. Since then, the team has worked with 69 businesses and the cumulative investment from these businesses has been more than £90million.

Recognising the importance of a partnership approach to achieve the growth ambitions in the field of enterprise support, officers have recently developed an enterprise framework that was agreed at the December 2018 meeting of the City Growth and Regeneration Committee. This sets a vision for the city as a great place to start and grow a business. It outlines recommended steps to be taken for Belfast to be “recognised for its diverse community of entrepreneurs, who benefit from a comprehensive, planned and coherent system of enterprise support, which fulfils their needs at all stages of the business growth life-cycle”.

Aligned to these thematic priorities, officers have been working to further develop the range of support offered by the council to achieve the ambitions of the framework. Details of these activities are set out below.
Support for new start-ups

Currently, the main vehicle for providing support to new business starts in the Go for It programme. This programme is delivered on a regional basis and provides individuals with access to one to one mentoring advice to develop a business plan. While we recognise that the current programme has many benefits, there are issues with the nature of support provided and its ability to meet the needs of the new businesses that are engaging with the service – as well as the ambitions set out in the enterprise framework.

The Go for It programme will run until 2021 and all councils are currently considering the merits of moving forward with a similar programme or reviewing the current provision and taking a much more radical approach – that may or may involve a NI-wide programme. At a Belfast level, officers are undertaking research work to inform the approach that would most closely meet the needs of the businesses that we are engaging with – helping them to start up and providing them with the appropriate support to meet their growth ambitions. The outworking of this research will help inform our future investment approach. It is proposed that more detail on this work will be brought back to a future meeting of the Committee for information and endorsement. The work will also be used to inform our future estimates process.

Support for Social Enterprises and Cooperatives

Over a three-year period, our tailored support to encourage the development of the social enterprise and cooperative sector has supported 93 participants creating 44 new social enterprises and cooperatives, generating 82 new jobs and securing over £820,000 in funding.

As part of our ongoing engagement with the social enterprise sector, we have identified ongoing challenges around access to finance to overcome barriers to starting and growing the business. Officers have been considering a range of options to address this issue. An increasingly significant funding options is the concept of crowdfunding. Working with CrowdFunder.co.uk, we have developed a pilot Belfast-specific crowdfunding proposition for the social enterprise and cooperative sector. This pilot will provide support for developing and running a crowdfunding campaign for up to 10 social enterprises or cooperatives in the city.

It is proposed that the Council supports this initiative by offering match funding of up to £5,000 for each of the organisations who deliver a successful campaign. This option encourages
organisations to develop and test the market, secure public buy-in and successfully attract £2,500, which will then be uplifted with funding from Belfast City Council. To access this funding, social enterprises and cooperatives will be in the early stages of developing the enterprise and will be required to go through a competitive process to access the Council funding. This approach ultimately supports the long-term sustainability of the enterprise. The total cost of the pilot will be £50,000 all of which will directly support the growth and development of the sector.

Members should be aware that, at the meeting of the Strategic Policy & Resources Committee on 12 April 2019, approval was given for the delivery of two pilot projects in partnership with NOW Group and USEL (Ulster Supported Employment and Learning). These pilot projects are aimed at supporting people with disabilities or health related conditions into work as well as helping new businesses including social enterprises to start up and grow. At the initial stage of development, the focus was on the hospitality sector; however as we have worked with both organisations, it is clear that there is scope to re-shape these activities to look at other sectors – and also incorporating retail outlets. This change of focus will not have any negative effect on the outputs associated with this project. Across the two pilots, up to 60 Belfast residents and up to 40 new start-ups will be supported.

Support to Scale and Grow

One of the key challenges identified through the enterprise framework is the need to encourage more businesses to scale and grow to turnover of more than £3million. Following the success of the Way to Scale Initiative in partnership with Catalyst Inc and Invest NI, officers have been working to develop the offering for businesses with growth ambitions and potential. Through last year’s programme, 10 businesses accessed support which included a series of workshops, access to the entrepreneurship development programme at MIT in Boston, and a one week residential in Boston to develop market strategies and build networks support to realise the growth ambitions of their businesses. Early feedback from the Way to Scale Initiative has demonstrated transformational results for the participating businesses. To date, participating businesses have reported generating equity funding offers up to £2m while others have seen significant increases in revenue forecasts and sales pipelines. A full evaluation of the programme is currently underway and the feedback will be used to inform future investments from the Council in this area of work.

Building on the learning from last year, the new programme of support has been enhanced to enable up to 60 businesses in the city to access support to encourage CEO transformation,
business modelling and sales strategy. 10 of these businesses will then be further supported through a core programme of activity. The programme will encompass four core elements, namely:

- Belfast bootcamp for up to 60 businesses with Bill Aulet from Massachusetts Institute of Technology’s (MIT) Entrepreneurship Development Programme, designed to change CEO behaviour and develop high growth strategy
- 1 week Boston Residential at Massachusetts Institute of Technology’s Entrepreneurship Development Programme
- Peer-to-peer workshop series with Catalyst Inc designed to maximise peer learning and address real-time business challenges
- Go to Market 1 week Boston residential which focuses on go to market strategies and tactics.

The programme will be delivered in partnership with Catalyst Inc and Invest Northern Ireland. The overall cost of the programme will be £184,750. Given the alignment with the ambitions set out in the enterprise framework, it is recommended that this is supported with Council funding of £55,000 to maximise the take-up by Belfast-based businesses. This equates to 29% of the overall programme cost. Invest NI, Catalyst Inc and the participating companies will cover the remainder of the costs.

**Involvement in good practice network on addressing educational underachievement**

Members may be aware of the work of NESTA, an innovation foundation that focuses on supporting the creation of collaborative networks to promote innovation and share good practice. Officers have recently responded to a call for participation in NESTA’s Upstream Collaborative network, the purpose of which will be to experiment with new models that work ‘upstream’ of social problems, to address the underlying causes of need and create the conditions from which good outcomes can emerge.

The suggested area of focus for Belfast is educational underachievement, recognising that educational performance is one of the key determinants of young people’s economic destiny and impacts hugely on their ability to secure positive employment outcomes. If successful, participation in this network will provide the Council with access to learning and resources as well as NESTA consultancy support. There may also be an opportunity to access up to £20k through to test new approaches.
| 3.16 | **Financial and Resource Implications**  
All new activity included in the report will be resourced from the 2019/20 Economic Development budget agreed by this Committee on 6th March 2019. |
| 3.17 | **Equality or Good Relations Implications/Rural Needs Assessment**  
Each of the proposed projects referenced in this report is informed by statistical research, stakeholder engagement and complementary policies and strategies. 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 each project. |
| 4.0 | **Documents attached**  
None |