



Subject:	Supporting business start-up and growth in Belfast
Date:	12 May 2021
Reporting Officer:	John Greer, Director of Economic Development
Contact Officer:	Cathy Keenan, Enterprise and Business Growth Manager

<b>Restricted Reports</b>	
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"/>

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

<b>1.0</b>	<b>Purpose of Report or Summary of main Issues</b>
1.1	Members will be aware that the council has had statutory responsibility for a range of business support activities since 2015, principally focusing on business start and support for key target groups. The council also provides a wider range of support services to businesses, working closely with Invest NI and other partners to focus activities in line with the ambitions set out in the Belfast Agenda, particularly around job creation, new business starts and business growth.

<p>1.2</p> <p>1.3</p> <p>1.4</p>	<p>Since the transfer of functions, officers have been working to improve the effectiveness of the support provided to achieve the substantial shift that will be required to meet the targets set out in the Enterprise Framework. The framework aims to increase the number of new businesses and make existing businesses more productive and competitive.</p> <p>The current collaborative programme to support business start-up – the Northern Ireland Business Start Up Programme (Go for It) – is scheduled to run until 2023. Given the lead-in times required to inform any future intervention and secure support across partner councils, Belfast City Council took the lead in undertaking research to inform the future measure and model required to deliver business start-up support across the region.</p> <p>This report sets out some of the key findings from the research by the team from the Enterprise Research Centre and the programme of work to be completed by the Enterprise and Business Growth team to begin to address some of the recommendations.</p>
<p><b>2.0</b></p>	<p><b>Recommendations</b></p>
<p>2.1</p>	<p>The Members of the Committee are asked to recommend that, in accordance with the Council decision of 4th May, the Chief Executive exercise her delegated authority to:</p> <ul style="list-style-type: none"> <li>• Note the recommendations and proposed way forward set out in the future provision of business start-up support research;</li> <li>• Agree to council officers working in partnership with the 10 other councils, DfE and Invest NI to address the recommendations in relation to future business start-up measures and delivery models; and</li> <li>• Consider and approve the following allocations from the existing 2020/2021 Enterprise and Business Growth budget: <ul style="list-style-type: none"> <li>○ £90,000 to support the delivery of services to support the Social Enterprise and Cooperative Sector.</li> <li>○ £31,109 to support the delivery of a regional collaborative project which supports digital transformation in existing business over an 18 month period</li> <li>○ £65,000 to support the delivery of the Way to Scale initiative in partnership with Catalyst Inc and Invest NI which will commence in September 2021</li> <li>○ £10,000 to support the development of a Fintech strategy in partnership with Fintech NI.</li> </ul> </li> </ul>
<p><b>3.0</b></p>	<p><b>Main report</b></p>
<p>3.1</p>	<p>Members will be aware that the Council has developed and delivered a range of interventions to address the challenges around low levels of business start-up, innovation,</p>

	<p>competitiveness and productivity, in addition to putting in place support to enable businesses to overcome the more recent challenges associated with Covid 19 and the UK's exit from the EU. The programme of work delivered by the Enterprise and Business Growth team contributes towards the commitments identified under the Growing the Economy theme within the Belfast Agenda, the priorities set out in the recovery plan and our ongoing commitment to supporting inclusive economic growth.</p>
3.2	<p>The aim of this report is to set out some of the key findings from the research undertaken on behalf of the team by the Enterprise Research Centre. The research identifies a number of priority interventions required to meet local and regional ambitions and targets and sets out proposed activity to be undertaken by the Enterprise and Business Growth team to begin to address some of the recommendations.</p>
3.3	<p>Aligned to this research, the report also seeks to set out some new areas of work to be delivered in the 2021/22 financial year. These proposals have also been shaped and informed by the City Deal proposals, including the investment in digital connectivity, infrastructure, and innovation. They include enhanced support for new and alternative business models (including social enterprises and cooperatives), support for companies to transform their business using new digital technologies, and interventions to increase the number of "scaling" businesses.</p>
3.4	<p><u>Future business start-up support</u></p> <p>Members will be aware that, as part of the transfer of functions and Local Government Reform, responsibility for business start-up and support for under-represented groups in terms of enterprise support transferred to councils. Since the transfer of functions in 2015, we have been working with other councils across the region as well as local delivery partners to put in place a range of support which is aimed at engaging new entrepreneurs and supporting them to develop the skills and capabilities to start their own business.</p>
3.5	<p>Our Enterprise Framework sets a vision for the city as a great place to start and grow a business. Its vision is 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'.</p>
3.6	<p>Levels of entrepreneurial activity are a vital sign of a successful economy and research shows that successful cities are those that have a dynamic business base, supporting</p>

	<p>productivity through increased innovation, competition and job creation. However, across official measures, Northern Ireland's start-up activity lags the UK and the other 11 regions. Belfast's rates as among the lowest in NI.</p>
3.7	<p>The prevailing poorer performance in Northern Ireland indicates a clear need for the councils and their key enterprise partners to relook at how we currently measure and provide business start-up support and identify how we can fundamentally change existing support to put in place provision that create a step change in performance.</p>
3.8	<p>These issues have also recently been highlighted in research conducted by FSB and UU which suggests that current approaches are not achieving the desired outcomes to increase the rate of business start-ups. Within their recent Economic Recovery Action Plan, DfE have also acknowledged the need to work in conjunction with DfC and the councils to set targets for business start-up support.</p>
3.9	<p>The research led by Belfast City Council proposes an alternative approach for Northern Ireland and Belfast to measure and articulate business start progress, providing indicative targets for business start delivery based on the region's ambitions, resources and learning from comparable successful regions. The findings will enable us to make recommendations to DfE/DfC on the most appropriate measure for reporting on business start-up performance which is based on a model of delivery that sets out to achieve our ambitions as a council.</p>
3.10	<p>The report recommends a more focused approach to support, establishing a series of targets relating to business start-up and survival. The approach will include:</p> <ul style="list-style-type: none"><li>• Strong, multi-layered campaign to drive a broader spectrum of individuals towards the start-up support – with support in place to reflect their needs</li><li>• Change in the focus of the support to enhance business survival rates</li><li>• Tailored support to increase the number of scaling businesses.</li></ul>
3.11	<p>Based on these recommendations, officers have engaged with each of the other councils across the region to explore the appetite for a consistent approach across all areas. We will now commence engagement with DfE on the findings of the research particularly in relation to revising metrics for business start-up support – a commitment that has been included in their Economic Recovery Action Plan. In partnership with the other councils, we will also work to develop an engagement plan which will be used to demonstrate the benefits of changing the approach, recognising the statutory responsibilities of council aligned with work</p>

that is already being delivered by our partners. In parallel, work will be undertaken to develop a business case for investment and costed options for the new approach, to ensure that there is provision in place once the current programme ends in March 2023.

3.12 Developing new business models: support for social enterprise and co-operatives

Members will be aware that, over the last number of years, the council has significantly increased its support for organisations exploring new or alternative business models, including social enterprises and co-operatives. Currently, interested individuals or organisations are able to access a range of support including idea generation sessions, skills development workshops, 1-2-1 mentoring best practice visits and networking sessions.

3.13 Within the last year, through this support we delivered an enhanced programme of activity which engaged 325 individuals in awareness events and webinars and recruited 45 participants providing them with 1-2-1 mentoring to support the development of new social enterprises and cooperatives. To date, this has resulted in the creation of 41 new jobs. We put in place additional support in response to the specific needs of organisations recognising that the set-up of a co-operative is often a lengthier and more complicated journey. This included a series of webinars which engaged 93 individuals in addition to support for developing legal documents for 4 new co-ops, providing 20 days of additional mentoring to 6 co-operatives and recorded and published one podcast focussed on cooperative development.

3.14 One of the early challenges that both co-ops and social enterprises faced in the early part of last year was that many of them were not eligible for the mainstream government support. To overcome this, we established a support fund through which we were able to provide support more than £100,000 financial assistance to 47 organisations across the city.

3.15 Within this financial year, we will continue to raise awareness of social enterprises and cooperatives as viable business models and will extend our support services to assist more businesses in the sector to start up and overcome the ongoing challenges of Covid 19. We will work to engage a minimum of 300 individuals and organisations through our awareness activities and aim to support a minimum of 45 organisations to establish a social enterprise or cooperative. We have been working with the sector and representative bodies including SENI, Cooperative Alternatives and Trademark to identify how we can enhance our support, in addition to looking to other cities to identify what has worked well. As a result of this engagement, we propose enhancing our existing provision, to include the following:

3.16	<ul style="list-style-type: none"> <li>• Organising Social Economy Belfast Week in August 2021: this will work with sector partners and organisations to raise awareness of the social enterprise and co-operative sector in the city, highlighting the positive impact of the sector and the support available. In addition to Social Economy Week, we will also work throughout the year to pilot interventions with young people with a focus of raising awareness of the sector with young people across the city and engaging them to help overcome issues within the areas they live.</li> <li>• Go Social Incentive Fund: this will be delivered as a pitching competition. It will be targeted at innovative businesses that require support, particular at the start-up and early development stages. The total available fund will be in the region of £60,000 and it is expected that a minimum of 6 organisations will be supported</li> <li>• Support to enhance the capacity of the sector aligned with the council's inclusive growth ambitions and draft social value policy. This element will include undertaking research across the sector to enable us to further tailor our support to help increase the number of social enterprises and co-operatives accessing public procurement opportunities.</li> </ul>
3.17	<p><u>Digital Transformation</u></p> <p>While the council has been providing support to businesses for some time to move them online and help them look at how new technologies can enhance their business, we witnessed unprecedented demand over the last year as businesses were forced to do more in this space. This digital engagement is unlikely to drop back as businesses re-open. Indeed, we see that there will be an increasing interest across all sectors, moving beyond digital marketing and online selling towards digital transformation. In light of the growing demand, the 11 councils recently submitted a joint bid to Invest NI to access funding to deliver a pilot initiative over an 18-month period, focusing on digital transformation support for SMEs. This programme offers more intensive support than the existing digital programme available through the council, focusing on supporting access to new digital technologies such as Immersive Tech, Artificial Intelligence and machine learning.</p>
3.18	<p>198 businesses across the region will access support through a range of specialist workshops, events, mentoring and aftercare over the period of the programme (18 in the Belfast City Council Area). The total cost of the intervention across the region is £1,241,542, which is being supported by match funding from ERDF/Invest NI of £899,320, therefore the remaining match funding required by each council is £31,109. The programme will be</p>

managed by Antrim and Newtownabbey Borough Council on behalf of the 11 councils, with support from each of the respective council areas through a collaborative agreement.

#### Scaling and Sector Growth

3.19 One of the key challenges identified through the enterprise framework and the future business start-up research 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 delivered over the last 3 years in partnership with Catalyst Inc and Invest NI, officers have been working to develop the offering for businesses with growth ambitions and potential.

3.20 Through the delivery of this work to date, 40 businesses have been engaged in a programme of support designed to change CEO behaviour and develop high growth strategy. Outcomes include projected turnover increase of £18 million; 193 new jobs created, and 411 jobs supported / sustained.

3.21 The 2021/22 programme will support up to 60 individuals to participate on a series of workshops that will help to transform their businesses. 10 of the 60 participants will progress through to participate in the full Way to Scale Programme. This will involve a one week 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; and a Go to Market residential in Boston which focuses on go to market strategies and tactics. It is proposed that this programme is supported with funding of £65,000 to maximise the take-up by Belfast-based businesses. This represents around 30% of the overall project costs – the other contributions will come from Invest NI, Catalyst Inc and the businesses themselves.

3.22 In addition to putting in place support to enable more businesses across the city to scale, we are also working to increase the number of businesses starting and developing in key growth sectors. One of the key growth sectors over the last number of years has been Fintech. In the course of the last year, we have been working in partnership with Fintech NI and Invest NI to identify opportunities to support the local Fintech ecosystem. A recent UK wide review of Fintech identified Northern Ireland as one of the top 10 Fintech clusters and recommended the development of a 3-year strategy to support the continued growth of the ecosystem here. The strategy will aim to identify the challenges and opportunities for scaling Fintech businesses here, including focusing on how partners can collaborate to support the growth and development of the sector.

3.23	<p>Due to the direct alignment with the work of the Enterprise and Business Growth team, Employability and Skills team, the Belfast Region City Deal, and the priorities of the Innovation and Inclusive Growth Commission, it is recommended that Belfast City Council contributes £10,000 to the strategy's development. Additional investment will come from other local authorities as well as Invest NI.</p>
3.24	<p><u>Financial &amp; Resource Implications</u></p> <p>The development of the research to inform the Future Provision of Business Start-up Support in Northern Ireland has been resourced from the 2020/21 financial budget for the Economic Development budget. The financial implications of any new areas of investment will be factored into the 2021/22 budget including:</p> <ul style="list-style-type: none"> <li>• £90,000 to support the Social Enterprise and Cooperative Sector</li> <li>• £31,109 to support the delivery of a regional digital transformation programme</li> <li>• £65,000 to support the delivery of the Way to Scale initiative in partnership with Catalyst Inc and Invest NI</li> <li>• £10,000 to support the development of a Fintech strategy in partnership with Fintech NI.</li> </ul>
3.25	<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 activity.</p>
<b>4.0</b>	<b>Appendices</b>
	N/A.