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**Democratic Services Section
Chief Executive's Department
Belfast City Council
City Hall
Belfast
BT1 5GS**

9th January, 2017

MEETING OF CITY GROWTH AND REGENERATION COMMITTEE

Dear Alderman/Councillor,

In addition to those matters previously notified to you, the following item(s) will also be considered at the meeting to be held at 5.15 pm on Wednesday, 11th January, 2017.

Yours faithfully,

SUZANNE WYLIE

Chief Executive

AGENDA:

- 6** (a) Support for Small and Medium Sized Enterprises (Pages 1 - 10)

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Subject:	Initial proposals for accelerating small business growth, job creation and investment in line with the Belfast Agenda
Date:	11 January 2017
Reporting Officer:	Donal Durkan, Director of Development
Contact Officer:	Lisa Toland, Head of Economic Initiatives and International Development

Is this report restricted?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
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 present the proposed direction of travel regarding the Council's support for Business Start-Up, Business Growth, Job Creation, Skills Development and Investment in order to meet the ambitions set out in the Belfast Agenda.
1.2	The Belfast Agenda has recently been issued for consultation, with ambitious targets to grow the Belfast economy through supporting small businesses, attracting investment, creating jobs and developing skills. Whilst Belfast City Council has been involved in the development and delivery of support services to small businesses for almost 20 years, a significant step-change is now required in the services and programmes provided within the Development Department. The transfer of enterprise powers, alongside the Community Planning powers, provides a clear opportunity for the Council to take a much more significant leadership role in this regard.
1.3	This report sets out the current thinking on significantly enhancing the small business and investment services and aligning this with the planned employability and skills programmes.

1.4	It should be noted that further reports will be brought back to Committee as specific business propositions are developed. However it is vital that there is additional investment in 2017/18 under the Belfast Agenda budget line to enable this preparatory and developmental work to be undertaken.
2.0	Recommendations
2.1	<p>The Committee is asked to:</p> <ul style="list-style-type: none"> • Note and approve the direction of travel for Council support for business Start, business growth, job creation, skills development and Investment, as set out in 3.10-3.18 • Agree to receive update reports setting out full details of the new programme activity at a future meeting of the Committee • Agree that a tender exercise can be undertaken at this point for a Small Business Procurement Support Programme to begin in 2017/2018.
3.0	Main report
3.1	<p><u>Belfast Agenda Targets</u></p> <p>Members will be aware that inclusive economic growth is a central theme of the Belfast Agenda. Over the next five years the draft Belfast Agenda commits the Council to lead on:</p> <ul style="list-style-type: none"> • The creation of 15,000 new jobs; • Support for 4,000 small business start-ups; and • Attracting £1 billion of private sector Foreign Direct Investment.
3.2	<p><u>Current Challenges</u></p> <p><i>Low Business Start-up rates.</i> Members will be aware that the business start-up rate in the City lags significantly behind other locations across Northern Ireland and is also lower than other comparator cities in UK and Ireland. The recent Centre for Cities Outlook Report indicated that Business Start-up rates in Belfast were the lowest of all 63 cities considered as part of the analysis, at less than 30 people per 10,000 of population starting a business in the city. This compares to 100 in London and 56 in Bristol.</p>
3.3	<p><i>Low Productivity Levels.</i> The secondary challenge is that the productivity levels in Belfast are much lower than other cities. This has an impact on wage levels and overall city competitiveness. The deficit can be illustrated by looking at levels of innovation in the</p>

	<p>economy, as measured by the number of patents filed. In the Centre for Cities Outlook, Belfast ranks 60 out of the 63 cities in terms of patents filed by businesses. In Belfast, the figure is 1.1 patent filed per head of population. This can be set against a figure of 102 patents per head of population for Cambridge, 20 in Aberdeen and 8 in Bristol.</p>
3.4	<p>Not enough people with high enough skills. One of the major contributory factors to a lower productivity rate is the skills levels in the City. While Belfast performs relatively well in terms of higher level skills, it ranks 62 out of the 63 cities in terms of residents who have no formal qualifications. This not only impacts on productivity levels but also creates additional social challenges within the city. Forecasts suggest that only 1 in 6 of new jobs to be created will be open to those with no or low skills levels. This presents a significant risk for those residents who currently have no or low skills in terms of their ability to access employment opportunities in the future.</p>
3.5	<p>Need to continue focus on FDI. Whilst Belfast has over the last 7 or 8 years, performed very well in terms of inward investment (ranking second behind London in UK terms), it is vital that this success is built upon and that the proposition is developed further for a post Brexit situation, to ensure that Belfast can compete successfully with other similar cities.</p>
3.6	<p>Therefore the broader challenges in terms of business start, business growth, Investment and skills development are:</p> <ul style="list-style-type: none"> • The need to grow the overall number of businesses starting up in the city • The need to make those businesses more viable, productive and competitive • The need to ensure that businesses have access to the talent pipeline and expertise and that they need to help them reach their potential • The need to maintain and improve the profile of the city as a dynamic, cost competitive investment location. • The need for implementation of a Belfast skills development strategy, linked to the Belfast Works programme
3.7	<p>In developing linked programmes of work to address these challenges, the aim will be to make indigenous businesses themselves more competitive, attract more business to the City and hence create more jobs, skills pipelines and also increase the rates base.</p>

3.8	<p><u>What we already do</u></p> <ul style="list-style-type: none"> • <u>Starting a business</u>: current activities include a range of targeted outreach initiatives with key groups to encourage them to consider starting a business. This includes targeted support for social enterprises and for students starting a business • <u>Growing a business</u>: our current support in this area is focused on a number of key projects including the Innovation Factory, export development opportunities for local businesses through our international links and initiatives to help businesses to access opportunities from public procurement • <u>Investing in Belfast</u>: This involves a wide range of programmes working alongside Invest NI. In the last 18 months our activities have increased extensively with a new international relations framework and more business/investment focused relationships with China, Boston and Nashville, a programme of inward visits, new marketing plans and investment portfolios. • <u>Skills Development</u>: In the last 18 months a new Employability and Skills Framework has been developed which includes; the development of programmes to deliver skills development and employment opportunities for those furthest from the labour market; engagement with educational institutions to support higher level skills programmes in line with employer needs; and programmes to support upskilling for those seeking to progress in employment.
3.9	<p><u>What we are proposing to do:</u></p> <p>Meeting the targets outlined in the Belfast Agenda will require a significant uplift in the investment and resource commitment from the Council to ensure that, along with partner organisations, we develop a menu of the right support services and programmes.</p>
3.10	<p>A Small Business Support Service</p> <p>We propose to develop and market a comprehensive and coordinated “small business service” that will ensure that companies get access to the help they need, when they need it and that there is no duplication in provision across partner organisations.</p>
3.11	<p>In 2017/18 the development of such a service will involve:</p> <ul style="list-style-type: none"> • Exploring the viability of additional financial incentives for specific target groups in starting a business e.g. young people, residents in disadvantaged areas; • Developing a mentoring programme for small business starts, with access to expertise and helping to support business to business links;

- Collaboration with universities, Belfast Metropolitan College and Catalyst Inc. to develop a strong tech start programme. This will include looking at new models of flexible workspace provision alongside wrap-around support services in line with the business needs
- Developing large-scale enterprise education initiatives to embed the entrepreneurial culture at an early age and to promote positive role models who have started their own business. There will be a focus on new growth sectors and emerging areas.
- Expansion of Student Enterprise programmes, building on the award-winning Belfast Enterprise Academy, to help college and university students develop their business ideas alongside their academic studies
- Expansion of the core Business Start (Go for It) programme focusing on those businesses that have the greatest growth potential or that are in key growth sectors.
- Development of the Innovation Factory, with a target of creating almost 400 additional jobs by 2020 across over 100 new businesses as well as exploring opportunities for additional workspace provision, focused on key growth sectors e.g. creative and digital businesses.
- Developing a number of specific sector growth strategies. These will be based on existing specialisms and will include industries such as cyber security, financial technology and creative and digital. Key actions are likely to include generating additional international business opportunities through Sister City and wider global connections, targeted skills development initiatives in the key sectors, support for additional research and development, developing additional networking opportunities to encourage greater collaboration between local companies (and FDI businesses located here)
- Exploring potential accelerator projects and investment funds to support high growth businesses. We are currently working with Boston-based funds partners to look at the potential of running a similar programme in Belfast. We also intend to use the Resilient City global networks, which may also assist in the development of a small business commission for the city.
- Delivery of a 1-2-1 business mentoring programme for all companies interested in business growth. This will include support on issues such as marketing, doing business online, exploring export markets, managing cashflow and new product development
- Development of export development and international business opportunities,

focusing on Sister City connections.

- Helping companies to explore new business opportunities presented by public procurement. We have already delivered previous support programmes of this nature and the participating companies have accessed more than £1.5million in new business
- Exploring supply chain opportunities arising from new regeneration and development opportunities and ensuring that local businesses are aware of and positioned to take advantage of these opportunities.

Investment Advice Service

3.12 We would propose to establish an Investment Advice Service which will:

- Develop and actively market the unique “City Proposition” for international investors and aim to improve the experience of new and existing investors in the City
- Work with Sister City and other key investment destinations to promote Belfast as an investment location for key sectors and to encourage investment in the City’s future infrastructure development
- Work with London and Dublin in particular to explore business opportunities post-Brexit and to develop the City’s business proposition to exploit the future growth and investment potential.

Skills Development and Employability

3.13 The Employability and Skills Framework adopted by the committee last year, following consultation, outlines the ambition to:

- Link to the Belfast Works Programme to develop skills and employment opportunities for those furthest from the labour market,
- Engage with educational institutions to support higher level skills programmes in line with employer needs and programmes to support upskilling for those seeking to progress in employment, with particular focus on key growth sectors.
- Develop and roll-out future phases of the Hospitality Employment Academy (HEA) and development of other similar programmes in other key growth sectors.
- Develop higher skills programmes in key sectors, e.g. cyber sector, to ensure the development of world-class research leadership as well as an increased graduate talent pool for business.

Leadership

3.14	<p>The Council has just set up a new Economic Think Tank for the City with key anchor institutions and Belfast Business. This will be developed further into a wider Economic Forum for the City to help advise the Council in stepping up these activities.</p>
3.15	<p>Research and Specific Support</p> <p>It is proposed that a number of research pieces are undertaken to inform the proposed new interventions and also to ensure that progress is tracked. These will include:</p> <ul style="list-style-type: none"> • Accessing ongoing policy support from the UU Economic Policy Centre: as a sponsor of the Centre, the Council is represented on the Advisory Board and has access to a wide range of research and analysis work that impacts on our key priority areas of work. These include economic inactivity, the impact of Welfare Reform and implications of Corporation Tax reductions • Research to help establish an enterprise framework for the city: this research will identify the quantum between current start-up levels and where the city needs to be in terms of volume of businesses. It will also look at how the productivity levels in the city can be improved by encouraging more high level start-ups. This will help the Council to fine-tune its own activity and will help influence investments by other partners, many of whom are also part of the Community Planning Partnership. It will shape the Business Start and Business Growth work • Research on barriers to starting a business: this research will help understand perceived barriers. This will be shared with partners involved in the delivery of Business Start support and will help shape future investment.
3.16	<p>One of the specific programmes for which the business case has already been developed is the programme to help companies access public procurement opportunities, including opportunities from Belfast City Council. This support has been ongoing for a number of years and participating companies have benefitted greatly from their involvement. Over the last three years, 71 local companies have taken part and they have secured new business to a value of more than £1.5million – an average win of almost £22,000 per participating company.</p>
3.17	<p>The current programme will end in March 2017. It is proposed that a tender for delivery of the new programme is issued with an option for the delivery of up to 4 programmes involving up to 100 participants, subject to budget availability on an ongoing basis. The final programme costs will not be available until the procurement process is completed but it is likely that the cost for each programme will be in the region of £50,000. The</p>

	<p>amount has been set aside in budget estimates for the coming financial year and is included in the medium-term financial plans.</p> <p><u>Inclusive Growth</u></p> <p>3.18 While this programme is driven by the economic objectives of the Belfast Agenda, the need to pursue an inclusive growth agenda is also clear throughout the Agenda. This commitment will help shape the specific interventions, ensuring that, where opportunities are created, specific efforts are made to consider how Belfast residents can avail of these opportunities</p> <p><u>Financial and resource implications</u></p> <p>3.19 It is clear that this programme of work is a significant step-up from the current provision. This will require additional investment from the Council as well as the ability to lever partnership funding from other public and private sector organisations. It will also take a number of years to build up the services and to demonstrate progress.</p> <p>3.20 As part of the rate setting process, some preliminary financial assessment has taken place around the delivery of priority areas for the Belfast Agenda. At this stage officers have recommended a total of £750,000 be included in the rate to enable these services to be developed in 2017/18 along with the Belfast Works Programme and the Smart Cities Framework.</p> <p>3.21 Funding for existing programmes which are supported by ERDF funding, including Go Social, Business Start and Business Growth programmes have been built into the departmental estimates.</p> <p>3.22 The Procurement Support Programme will cost £50,000 per programme approval is required to commission up to four programmes over a four year period, subject to satisfactory performance and budget availability. This cost is accounted for in the Development Department's estimates for 17/18.</p> <p><u>Equality and good relations implications</u></p> <p>3.23 Programmes have and will continue to be designed to help remove barriers to participation and promote equality of opportunity.</p>
4.0	Appendices – Documents attached

	None

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