



<b>Subject:</b>	Regional Economic Development Functions – Communications & Operational Management Plan
<b>Date:</b>	12 August 2015
<b>Reporting Officer:</b>	Lisa Toland, Head of Economic Initiatives and International 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 the report is to:</p> <ul style="list-style-type: none"><li>– Update Members on the transfer of local economic development functions from DETI/Invest NI to the Council under Local Government Reform (LGR), in particular the future Business Start Initiative</li><li>– Provide an overview of the proposed way forward for the delivery of local entrepreneurship and business growth programmes across the city</li><li>– Outline the range of initiatives eligible for European Regional Development Fund (ERDF) under the Investment for Growth and Jobs Programme 2014 – 2020 with the potential to draw in up to 80% match funding from EU and Invest NI.</li></ul>
<b>2.0</b>	<b>Recommendations</b>
2.1	<p>Members are asked to:</p> <ul style="list-style-type: none"><li>– Note the update on the transfer of economic development functions and the work undertaken to develop a regionally-consistent business start initiative for future delivery</li></ul>

	<ul style="list-style-type: none"> <li>– Approve the recommendation to work in partnership with other councils to deliver a regional business start programme and commence procurement of the new programme in order to ensure seamless service delivery for local start-ups</li> <li>– Note the pipeline of projects being developed to create a continuum of support from start up through to business growth, incorporating tailored and sector-specific support</li> <li>– Approve the submission of ERDF applications for planned projects.</li> </ul>
<p><b>3.0</b></p>	<p><b>Key issues</b></p>
<p><b>3.1</b></p> <p><b>3.2</b></p> <p><b>3.3</b></p> <p><b>3.4</b></p>	<p>As a result of Local Government Reform (LGR), a number of economic development functions transferred from DETI/Invest NI to councils. The functions transferring aim to accelerate and sustain scalable local economic growth. They include:</p> <ul style="list-style-type: none"> <li>– Enterprise awareness (with a particular focus on under-represented groups and targeting areas of disadvantage)</li> <li>– Start a business activity (currently referred to as the Go For It Programme)</li> <li>– Social enterprise (referred to as Social Entrepreneurship Programme (SEP),</li> <li>– Youth enterprise</li> </ul> <p>The amount of budget transferred to Belfast City Council for delivery of these functions in the current financial year is £411,984. This allocation will be used in its entirety for the delivery of the transferring functions. Due to transfer of responsibility, councils are now responsible for the associated job creation targets identified by the NI Executive. For the 15/16 financial year a target of 325 jobs promoted applies to Belfast City Council for these specific programmes. However, it is understood that Belfast City Council will want a much greater emphasis placed on job creation than solely through these programmes. The same applies to promotion of good enterprise and small business start up.</p> <p>As Members will be aware, as an interim measure and to maintain a level of provision, it was agreed to continue the existing support measures in place through Invest NI until the conclusion of their contracts, in 22<sup>nd</sup> October 2015 (Go For It Programme) and 4 July (SEP). Service Level Agreements have been developed with Invest NI to enable the delivery of these contracts from April 2015 until their conclusion.</p> <p>In March 2015, Belfast City Council, on behalf of the 11 local authorities, commissioned an appraisal and business case to inform future delivery of business start-up support post-October 2015. The purpose of this work was to identify the optimal approach for</p>

	<p>future business start support, taking account of the need to improve the currently low levels of business start across the region – and in Belfast in particular. It has been agreed that each council will inform and develop their own local approach to the other transferring functions referenced in 3.1 with the exception of start a business activity (please refer to section 3.9 for BCC proposed activity in these areas).</p>
3.5	<p>The appraisal considered a range of potential approaches and concluded that the optimal approach for councils and businesses would be to run a single regional contract, building on the existing level of provision provided through the current Go For It Programme through additional workshops and 1-2-1 mentoring. The recommended option also identifies the need for centralised resources for marketing purposes, management of the regional contract and development of a Client Relationship Management (CRM) system to facilitate participant tracking and performance management.</p>
3.6	<p>Lisburn &amp; Castlereagh City Council has agreed to lead the procurement of the new regional programme on behalf of the 11 local councils. The cost of the preferred option, over a three year period will be dependent on competitive procurement and eligibility of ERDF and Invest NI match-funding. It is anticipated that the future service will be delivered on a cost neutral basis within the parameters of the council's local economic development revenue budget including the transferring budget of £411,984 to deliver the transferring functions. The economic appraisal has also forecast that the programme has the potential to exceed the Programme for Government targets.</p>
3.7	<p>While the aspiration is that there will be a minimal gap in provision between the end of the existing SLA (October 2015) and the beginning of the new, regional contract, officers are working on contingency plans with Invest NI. This may include an extension of the current SLA.</p>
3.8	<p><u>Pipeline of Support</u></p> <p>While the transferring functions focus on business start-up, the council has always provided a range of support initiatives for pre start-up and post start-up businesses to help improve business competitiveness and productivity and help companies explore new markets.</p>
3.9	<p>In conjunction with the transfer of functions, officers have been designing a new pipeline of support incorporating early-stage entrepreneurial activity (pre-enterprise), high growth</p>

support for key sectors, including social enterprise and interventions for existing businesses. The aim of this work is to create a continuous pipeline of support to facilitate the growth of local businesses at each stage of their life cycle. This support will take account of the wider range of support mechanisms available to local businesses and will seek to avoid duplication of effort. The pipeline is likely to involve the following elements:

- **Pre-enterprise Programmes:** a range of initiatives aimed at promoting self employment as a viable career choice. These programmes will particularly target areas of deprivation and under-represented groups and have a combined target of 1,200 individuals engaged over 3 years
- **Business Growth Programme:** offering a combination of 1-2-1 support, bespoke procurement-focused workshops and opportunities for peer learning, this programme will support up to 400 businesses across a three year period
- **High Growth Programme:** supporting new and existing businesses with significant opportunities for growth in terms of employment and/or export potential, this programme will offer specialist mentoring, product development and market development support. The programme will support 120 businesses over a three year period, with a particular focus on key growth sectors (including creative and digital industries, green technology, social enterprise and hospitality sectors).
- **Procurement Advancement Programme:** this initiative aims to support up to 120 companies over a three year period to access sales opportunities arising from the public sector. Support to be provided will include 1-2-1 mentoring, skill development workshops and meet the buyer events.

3.10

The Economic Development Unit has previously been able to draw down ERDF match funding for many of its activities, through the fund's Local Economic Development (LED) measure. It is expected that the new ERDF Investment for Growth and Jobs Programme 2014-2020 will open for applications in the coming weeks. Through this funding, eligible projects can access up to 80% of match funding from ERDF and Invest NI.

3.11

A key challenge of the new programme is its ambitious job creation targets, as eligible projects must demonstrate how they will deliver 1 new job per £1,000 of project costs. Taking into consideration the challenging job creation targets to be achieved for eligible projects, officers have been reviewing planned activity to identify which projects could be most eligible for ERDF funding. The pipeline of projects identified above is being developed with the view to submitting an ERDF application for match funding, where eligible.

3.12	<p><u>Financial Implications</u></p> <p>The anticipated cost for the regional business start-up programme will be dependent on competitive procurement and eligibility of ERDF and Invest NI (INI) match-funding. It is anticipated that these elements of the service will be delivered this year on a cost neutral basis within the parameters of the council's local economic development revenue budget including the transferring budget of £411,984 to deliver the new functions. The economic appraisal has also forecast that the programme will exceed the Programme for Government targets. However, a full review of the Council's role in supporting business start up and growth will be carried out during this year and the Council may well need to increase or realign budget allocations to further support these activities, given the current under performance of the City when it comes to business start up and survival.</p>
3.13	<p>In addition, the pipeline of projects outlined in 3.9 has a combined cost of £955,000 based upon a three year delivery period, with an annual cost of approximately £320,000. Subject to a successful ERDF application, and to leveraging the maximum available match funding resources, the cost of delivering these initiatives for the council would be approximately £65,000 per annum or £191,000 over a three year delivery period. Match funding resources for these projects have been accounted for in the current Economic Development budget.</p>
3.14	<p><u>Equality and Good Relations Implications</u></p> <p>Each of the programmes referenced above will be equality screened. The initiatives will be designed and delivered to remove barriers to participation, in particular by persons from under-represented groups or living in areas of deprivation.</p>
4.0	<p><b>Appendices – Documents Attached</b></p>
4.1	<p>None</p>