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| Subject: | Start-up and Social Enterprise Support |
| Date: | 09 December 2015 |
| Reporting Officer: | Donal Durkan, Director of Development |
| Contact Officer: | Colin McCabrey, Economic Development Manager |

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| 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"/> |

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| 1.0 | Purpose of Report |
| 1.1 | <p>The purpose of the report is to:</p> <ul style="list-style-type: none">– Update Members on the transfer of local economic development functions from DETI/Invest NI to the Council under Local Government Reform (LGR)– Provide an overview of the proposed way forward for the delivery of business start and social entrepreneurship support |
| 2.0 | Recommendations |
| 2.1 | <p>It is recommended that Members:</p> <ul style="list-style-type: none">– Note the work undertaken to date to develop a regional business start programme and secure ERDF funding for this programme– Approve the recommendation to extend the delivery of the Regional Start Initiative until October 2016, or until the new regional business start programme is operational, whichever is earlier– Note the work undertaken to develop a pipeline of support from start up through to business growth, incorporating specialist support for social entrepreneurship– Approve the proposal to develop a programme of activity for social enterprises start-up |

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| | support, to be met through the transferring budget. |
| 3.0 | Main report |
| 3.1 | <p><u>Transfer of functions update</u></p> <p>As Members will be aware a number of economic development functions transferred from DETI/INI to councils in April 2015. These included:</p> <ul style="list-style-type: none"> – Enterprise awareness (with a particular focus on under-represented groups and targets of areas of disadvantage) – Start a business activity (referred to as Go For It programme) – Social enterprise (referred to as the Social Entrepreneurship Programme - SEP) – Youth enterprise. |
| 3.2 | <p>As a result of this transfer, councils are now responsible for the associated job creation targets identified by the Northern Ireland Executive. For the current financial year this equates to a target of 325 jobs promoted for the Belfast City Council area. The primary mechanism for the council to achieve these targets is through the Go For It programme. There are currently no additional targets for councils in relation to social entrepreneurship and enterprise awareness. The budget transferred to council to deliver the associated functions and targets is £411,984 in the current financial year. This allocation will be used in its entirety for the delivery of the transferring functions.</p> |
| 3.3 | <p>To allow for a period of transition, it was agreed that Invest NI would develop a Service Level Agreement (SLA) with all councils to continue the delivery of the Go for It and Social Entrepreneurship Programmes (SEP) until the conclusion of their contracts. Since April 2015, there have been over 330 business plans created and 264 jobs promoted in Belfast through the Go for It programme.</p> |
| 3.4 | <p>Whilst there was no opportunity to extend the SEP beyond its contract end date of July 2015, there has been a level of flexibility with the Go For It programme, with potential for an extension until October 2016. Currently the contract has been extended until March 2016, pending a decision from councils as to the content and format of a regional business start programme to replace this initiative.</p> |
| 3.5 | <p>The eleven councils recently commissioned an appraisal and business case to inform future business start support. The recommended approach was the creation of a single regional contract building upon the existing Go for It programme with some enhancements</p> |

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| | <p>such as additional workshops and 1-2-1 mentoring. It may be possible to secure ERDF funding for this programme, and, if successful, this will lever up to 80% of match funding towards eligible costs associated with this programme. Councils are collectively developing a funding application to Invest NI to support this new programme; however it is expected that the decision on this funding will not be made until April 2016, at the earliest.</p> |
| 3.6 | <p>If the funding application is successful, a subsequent procurement exercise would need to be undertaken to appoint a delivery organisation for the new programme. The timescale for this means that a new council-led business start programme is unlikely to be operational until summer 2016, at the earliest. In the interim period, it is proposed that councils continue extending the current RSI contract until the new programme is operational. The benefit of this approach is that it will ensure continuity of service provision pending the implementation of the new programme.</p> |
| 3.7 | <p><u>Social Entrepreneurship</u></p> <p>The social economy sector is strong in Belfast and the city is home to over one third of all social enterprises across the region. Social enterprises contribute towards the overall economic performance of the city, as well as helping achieve wider social and environmental objectives. Social enterprises operate on a similar business model to private businesses; however the principal difference is how these organisations use their resources to address societal and/or environmental inequalities and challenges as opposed to an operating for a profit motive alone.</p> |
| 3.8 | <p>Whilst responsibility for social entrepreneurship has transferred to councils through LGR, the development of social economy policy and a number of key initiatives aimed at developing the sustainability and growth of the sector has been retained by the Department of Enterprise, Trade and Investment (DETI). Initiatives supported by DETI include support for Social Enterprise NI (SENI), the representative body for the sector.</p> |
| 3.9 | <p>DETI, in partnership with DSD and Invest NI, also manage a £4million pilot project, funded by the Northern Ireland Executive's Delivering Social Change Framework. Through this programme, 11 social enterprise hubs have been developed in the 9 Social Investment Fund (SIF) zones, of which 4 are located in Belfast. The hubs offer support for new and emerging social enterprises, providing locations where social economy businesses can operate on a 'test-trading' basis, with capacity building and training support also provided. The timeframe for the pilot project is 2 years and it is understood that funding for these projects is expected to conclude between April and June 2016, with no opportunity for</p> |

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| | <p>extension at this stage. There has been some work done to evaluate the impact of these links, but this information is relatively limited at this point.</p> |
| 3.10 | <p>Over the past number of years the Social Entrepreneurship Programme (SEP) has been the regional support initiative to support the creation of new social enterprises. The programme recognised the need to develop early stage social enterprises by building their start up capacity and their operating models. In the period 2012-2014, 98 groups from the Belfast area accessed support. Since the conclusion of the SEP in July 2015, start up support for social economy sector has been mainly provided through the social enterprise hubs project detailed above.</p> |
| 3.11 | <p>In recent years, a growing number of community and voluntary organisations have been transitioning or developing social enterprise trading arms. This situation is reflective of a changing funding environment where levels of grant funding are diminishing with a move towards service commissioning. This changing environment is driving increasing levels of demand for social enterprise start up support, with groups keen to explore whether this model can work for them.</p> |
| 3.12 | <p>To support the needs of the social economy sector, it is proposed that council efforts should focus on supporting new and emerging social enterprises within the city. This can be achieved through the development of a specialist support programme, specifically aimed at the pre-start and start-up stage of a social enterprise's life cycle. The proposed intervention will aim to stimulate levels of early stage social entrepreneurial activity through awareness raising events and will also provide tailored 1-2-1 support for new social entrepreneurs and transition groups – those moving from a funded model towards greater sustainability. The types of support available will include ideas generation, development of governance structures, business planning and social impact measurement. It is expected that up to 50 social entrepreneurs or groups will be supported through this activity through 1-2-1 and group based workshops/events each year.</p> |
| 3.13 | <p>Recognising that, once established, social enterprises operate as per normal commercial models, it is proposed that support for existing social enterprises will be delivered through mainstream economic development provision. However it is acknowledged that specific marketing and promotional activities will need to target this sector and encourage engagement.</p> |

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| 3.14 | <p><u>Financial & Resource Implications</u></p> <p>The cost associated with existing and future business start activity will be delivered within existing Economic Development unit activity and the transferring budget of £411,984.</p> <p>The proposed social entrepreneurship programme is expected to incur an annual cost of £50,000 per annum or £150,000 over a three year delivery period. Due to the timescales involved in procuring a delivery agent for this initiative it is intended this programme will not be operational until the 2016/17 financial year. The budget for this programme will be met through the transferring budget.</p> <p><u>Equality and Good Relations Implications</u></p> |
| 3.15 | <p>Each of the programmes referred 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 | Appendices – Documents Attached |
| 4.1 | None |