



Subject:	Support for business start-up and small businesses
Date:	10 August 2016
Reporting Officer:	Donal Durkan, Director of Development
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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"/>

1.0	Purpose of Report
1.1	At the Council meeting on 4 th July Councillor McVeigh raised a Notice of Motion regarding support for small businesses which, in accordance with Standing Order 13(f), was referred, without discussion, to the City Growth and Regeneration Committee. A copy is attached at Appendix 1 .
1.2	The purpose of this report is to: <ul style="list-style-type: none">– provide an overview of the support provided by the Council to new and existing businesses;– outline a number of emerging pieces of work, aligned to the Belfast Agenda, which aim to address the city’s deficit in business start-up rates and foster business growth by providing support to small businesses to help them become more productive and competitive; and– assist Members in considering the Notice of Motion.

2.0	Recommendations
2.1	<p>The Committee is asked to:</p> <ul style="list-style-type: none"> – Note the suite of support currently available from Council to support entrepreneurs and small businesses across the city and the plans to develop this activity further in order to address the start-up deficit and business competitiveness challenges for local companies – Consider the Notice of Motion raised by Councillor McVeigh at the July Council meeting and proposed actions to progress the key issues – Agree the proposed activities to take forward the key issues raised in the Notice of Motion (as set out in 3.19-3.30) and to receive further updates on progress at future meetings of the City Growth & Regeneration Committee
3.0	Main report
3.1	<p>Members will be aware that the Belfast Agenda comprises four inter-related priority themes which will form the focus of work to help the city achieve its long term ambition for 2030 to improve the economic, social and environmental wellbeing of the city. Growing the Belfast economy, creating more and better jobs and improving skills and employability in the city have been identified as key priorities by stakeholders and residents in the development of the Belfast Agenda.</p>
3.2	<p>The ‘Business and Economy’ priority theme provides the focus for programmes of work that include the City’s role as the regional magnet for inward investment; the need to secure long term economic growth; the importance of our city centre not only for the city but for the entire region; the issue of skills and employability; the need to continue to build on the potential of tourism. This approach aims to support inclusive economic growth and social regeneration in the city. A key element of the programme focuses on indigenous business start-up and growth, including the development of the social economy.</p>
3.3	<p>Addressing the challenge</p> <p>By way of context,</p> <ul style="list-style-type: none"> – NI business start-up rates are below both UK and Republic of Ireland. – At a regional level, business start-up rates in Belfast rank 9th out of the 11 Council areas – There are more than 10,000 businesses in Belfast (around 9,000 of which are

	<p>VAT registered). More than 80% of these are micro businesses (less than 10 employees) and around 95% have 50 employees or less.</p> <ul style="list-style-type: none"> – Current business start-up rates in Belfast are estimated at around 900 each year. A number of years ago, there were more business “deaths” than “births” – leading to a depleted stock of indigenous companies. However the figure has now stabilised and, in the last three years, the business stock has been growing.
3.4	<p>Members will be aware that, on 1 April 2015, Councils assumed statutory responsibility for a range of business start-up and growth functions. This meant that the budget attached to a number of programmes and activities previously run by Invest NI was transferred to the 11 Councils. Belfast City Council attracted £411,000 per annum of that funding to support activity to encourage enterprise. Recognising the challenge of low business start-up rates in the city, these resources are being used, along with Council funding and possibly EU funds, to develop a range of new initiatives to help address the current deficit in business start-up rates.</p>
3.5	<p>The funding will also support indigenous businesses to become more competitive. Productivity levels in Northern Ireland constantly lag below other parts of UK and Europe. While some of this can be attributed to high levels of public sector investment in the region, there is a need to encourage local businesses to explore new markets, develop new products and invest in new ways of working in order to increase their productivity, which, in turn, will have a positive impact on regional statistics.</p>
3.6	<p>Overview of support currently provided by the Council (see Appendix 2)</p> <p>The majority of the direct support to businesses is provided through the Development Department but the Council also interacts with and supports businesses across a range of operational areas including food health, licensing, building control and planning.</p>
3.7	<p>There is a range of business support available through the Council, from pre-enterprise (thinking about starting a business) through to support for start up and support once operational, depending on growth needs (export development, marketing support etc.). The table below provides an overview of current support from Council to businesses to enhance competitiveness and sustainability. Further</p>

details of these programmes is included within **Appendix 2**.

State of Development (Start-up/ growth)	Pre-enterprise	Business Start-Up	Business Growth Support (Generic)	Business Growth Support (Sector Specific)
Council Support Activity	"Start by Doing": city-wide programme open to 400 participants with the objective of signposting 200 to start-up activity	"Go for it" programme: mainstream start-up programme to be delivered across all of Northern Ireland. Target of around 400 business starts annually in Belfast through this programme.	Business Growth Programme: multi-sector support programme for businesses in the early stages of development (including social enterprises). Indicative participant numbers each year: 135. Indicative new job creation target: around 70 each year	High Growth Sectors: support programme for 40 companies at early stage of development, focusing on job creation and new market development.
			Procurement Support Initiative: 30 businesses (including social enterprises) > Helping companies to secure new business opportunities arising from public sector tendering.	Social enterprise: support available for up to 50 new/ existing businesses, including intensive 1-2-1 mentoring support for up to 30 participants
	Belfast Enterprise Academy: 25 participants annually, target of 10 participants to take part in business start-up support on completion		Innovation Factory £9million investment opening by September 2016. Accommodation space for up to 382 employees: capable of housing more than 100 small businesses. Tenants will also receive intensive business support to help them grow. Exploring innovative ways of packaging business space and business support e.g. free access for hot-desking space for time limited period for some new starts.	Creative and Digital Industries: currently supporting 50 companies across two programmes aimed at early stage and more advanced businesses. Focus on creating new business and growing markets for existing businesses.
			Link to employability Support: exploring opportunities to provide work placements and employment within small companies for individuals on our employability programmes	Retail: targeted support for neighbourhood-based retail groups (representing over 600 local businesses) as well as support for city centre retail groups through Belfast One, BCCM etc.
		BEN (Belfast Entrepreneurs' Network): monthly events on a range of topics of interest. Attendance by +30 micro businesses and those interested in starting a business		
Annual Participant Targets	425 participants, of whom 210 to take part on start-up support	Targets of around 400 business starts in Belfast each year (subject to final appraisal to Invest NI)	Working with up to 300 businesses annually through targeted support interventions and more than 400 businesses annually attend BEN and other business events	Targeted intervention to support around 140 companies in key growth sectors. Also supporting more than 600 traders through local business associations outside of the city centre

3.8

Specific issues to support small businesses

Taking account of the current support provided and plans to develop this, moving forward on the specific proposals in the Notice of Motion will require input and engagement with a range of partners. These issues are likely to form key elements

of the engagement and commitments contained within the emerging Belfast Agenda and the ambitions to grow the economy. The proposed way forward for each of the specific issues is outlined below.

3.9

1. Create a substantial citywide investment fund to incentivise start up and growth, for example, through low interest loans. The Council will engage with the Executive and Invest NI to see if the central government will match fund this initiative

A range of options is currently available to new and small businesses seeking finance to start or grow their business and there is an opportunity to promote and sign-post this support. This includes low interest loans promoted by professional bodies such as NI Chamber of Commerce, Enterprise NI and Federation of Small Business (FSB) through their banking relationships. Raising awareness of the opportunities is facilitated through local economic development stakeholders such as Invest NI, The Prince's Trust, Business in the Community, Belfast City Council and Enterprise Agencies.

3.10

To take this proposal forward, it is recommended that Council Officers **engage with Invest NI to consider the viability of this proposal and the potential parameters for such an initiative.** This might include:

- Consideration of future indigenous growth sectors for potential financial support, bearing in mind the longer-term sustainability of businesses and the more limited local pool of demand for some sectors and services
- Consideration of tiered levels of financial support to businesses based on growth potential, linking to priorities in the Programme for Government (PfG) (e.g. export activity)
- Consideration of governance mechanisms and potential displacement as a consequence of public interventions
- Potential to link start-up and business support programme participants more directly with financial institutions to help build relationships.

3.11

2. Engage with the Department for Finance and Land and Property Services on the potential to offer rates incentives, such as time limited rates holidays, to start ups or expanding SMEs

Members will be aware that LPS currently operates the Small Business Rates Relief (SBRR) Scheme which is currently under review. The Committee

	<p>approved the Council’s response to the consultation at their meeting in May 2016. The Council identified the value of a more targeted rates relief scheme in supporting regeneration – while encouraging business growth – and it recommended that officers continue to work with DoF colleagues to explore how this might develop.</p>
3.12	<p>Rates income is important in generating revenue to enable the Council to deliver its wider services. Work is currently underway to look at how technology can be used to reduce the amounts lost to the Council through issues such as non-collection of rates, which should help increase the overall income from business rates. One such project is the Small Business Research Initiative (SBRI) competition which the Council launched in June 2016, in partnership with the Department of Finance Land & Property Services (LPS) and Future Cities Catapult. The aim “is to encourage the development of timely, accurate, cost effective and equitable solutions which can be implemented to maximise business rate revenue for the city.” The competition closing date is 28 August 2016.</p>
3.13	<p>There are other ways to look at how rates or overheads can be waived, particularly in the early days of a business’s operation. One potential model is the one that is currently being explored at the Innovation Factory under the “Pioneer 10” programme highlighted above. This would provide a fee waiver for a time-limited period to selected businesses to help them mobilise. It is proposed that this is kept under review and that we work with the operators to review the impact of this pilot programme. It is further proposed to review collaborative workspace provision in the city, to identify the need for additional investment in this area with the view to create new subsidised workspace and/or to consider ways in which the Council could add value to existing provision by encouraging the acceleration of business growth through subsidised support services.</p>
3.14	<p>3. Engage a number of experts, e.g. dealing with legal/financial issues, who can be loaned to a start-up or expanding SME free of charge for a 12-month period. Again, the Council will engage with the Executive to see if they will match fund this particular initiative</p> <p>The Strategic Policy and Resources (SP&R) Committee meeting in June 2016, endorsed the Employability and Skills Framework and year one action plan. This includes a commitment to working with the current Social Investment Fund</p>

(SIF) projects across the city to identify the learning from some of their investments, including the placement programmes operating in the West Belfast SIF area where long-term unemployed individuals undertake a paid 12 month work placement within a business. There is Council Officer and Member representation on the assurance groups for these programmes and an external evaluation of the programme is currently underway. Officers are engaging with the evaluators to draw out the early lessons learned, particularly in terms of how this is helping small businesses. It is proposed that this learning, as well as wider development work on the Employability and Skills Framework, is used to inform a **the development of a potential scheme** of this type. Engagement with the Executive will take place to explore potential funding sources for the scheme.

3.15 **4. *Appoint a full-time Belfast Small Business/Social Economy Commissioner who will proactively work to help grow this crucial sector of our economy. This person must have extensive knowledge and direct experience of SME creation and expansion.***

Officers have been working with colleagues in Dublin City Council to understand the rationale, process and impact of appointing a Small Business Commissioner in 2014. The Dublin project had a number of objectives:

- Promoting Dublin as a great start-up city and attract new investors, talent, start-ups and media attention to Dublin.
- Strengthening Dublin's character as a great place to start and scale a business through data and metrics, and by building more purposeful collaborations between stakeholders across the city
- Helping start-ups to internationalise more effectively by strengthening connections to diaspora, leading international accelerators, funding sources and soft landing zones.

The Commissioner and her work is supported by Dublin City Council and Enterprise Ireland, with private funding from the Ryan Academy.

3.16 It is proposed that further work is undertaken to consider programme evaluations and how other cities have used a 'champion or figure-head' role to lead on small business development and growth issues. This type of role would provide a real focus and driver for change. Officers will also engage with Invest NI and other key partners (universities, Belfast Metropolitan College, Catalyst Inc) to ensure this would support their activity. This will also include consideration of the

<p>3.17</p>	<p>resource required to support the role and activity. It is proposed that, following this research phase, a report is brought to a future Committee meeting for information and agreement on the way forward.</p> <p><u>Financial Implications</u></p> <p>The approximate cost for providing the combined range of activities already in place is approximately £1.1 million annually. This is funded through the transferring budget from Invest NI (£411,000) along with Council resources and EU funds (decisions are still outstanding on a number of funding applications).</p> <p>Any new activities will be financially appraised and will be considered as part of future reports to the Committee and the rates setting process.</p> <p><u>Equality and good relations implications</u></p>
<p>3.18</p>	<p>Programmes have been designed to help remove barriers to participation and promote equality of opportunity. Future programmes and proposals will be developed in consultation with the Council’s Equality & Diversity Officer.</p>
<p>4.0</p>	<p>Appendices – Documents Attached</p> <p>Appendix 1 - Minute detailing Notice of Motion regarding support for small businesses</p> <p>Appendix 2 - Details of support currently provided by the Council</p>