



Subject:	Draft Enterprise Framework for Belfast
Date:	5th December, 2018
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Restricted Reports	
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"/>
Sometime in the future	<input type="checkbox"/>
Never	<input type="checkbox"/>

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

1.0	Purpose of Report/Summary of Main Issues
1.1	The purpose of this report is to provide an update to Members on the Enterprise Framework for Belfast.
1.2	Members will be aware that the Council has been working with partners to develop an agreed approach to investment in enterprise support in the city to focus on increasing the number of business start-ups and making existing businesses more productive and competitive. The work is supported by more than 30 partners active in the delivery of enterprise and business support activity across Belfast including Catalyst Inc., Prince's Trust, the Enterprise Agency network, the universities and Belfast Metropolitan College.

1.3	This report sets out some of the key information to be included as part of the presentation by the team from Steer Economic Development – the expert team that has been working with officers on the development of the framework.
2.0	Recommendations
	<p>The Committee is requested to:</p> <ul style="list-style-type: none"> • approve the ambition and priorities for Belfast through the Enterprise Framework; • agree to Council officers working in partnership with the Enterprise and Business Growth working group (EBGWG) to agree next steps and key actions to realise the ambition of the framework and; • consider and approve the allocation of £50,000 from the existing 2018/2019 Economic Development budget to support the delivery of the Scale Up initiative in partnership with Catalyst Inc and Invest NI which will commence in January 2019.
3.0	Main Report
3.1	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.
3.2	<p>In 2017, the Council convened an Enterprise and Business Growth Working Group to support the achievement of the economic priorities set out in the Belfast Agenda, and work collectively towards addressing Belfast’s ‘Enterprise Economy’ challenges around business start-up and growth. These include:</p> <ul style="list-style-type: none"> • Low business start-up rates: the 2016 Global Entrepreneurship Monitor (GEM) reported that the levels of total entrepreneurial activity in Northern Ireland were 6.3%, significantly lower than in England (9.2%) and the UK average (8.8%) • High levels of business deaths: Since 2008, there has been a tendency for business deaths to outnumber the creation of new firms • Rebalance the economy: Belfast is too reliant on the public sector. Approximately 1/3 of employment in the city is within this sector • Employment opportunities: the long-term unemployment rate has fallen, albeit very slightly, over the period between 2014 and 2017 and is currently at 45.2%. However, this is still almost double that of the UK, where the rate is currently 25.3%

Business Survival Rates: Belfast's start up rate per 10,000 populations is the highest in the region, which averages at 24.4% this, is significantly lower than the UK average of 45.7%.

However, the three-year survival rate of businesses in Belfast sits at 55.3%, higher than the UK average of 54.4%. Belfast is also the best place for businesses to reach £1m turnover in their first three years in the UK. The figures beyond that indicate that firms in Belfast are less likely to scale to £3m turnover than companies based on other parts of the UK.

3.3 Taking account of its statutory remit in this area, the Council has brought together the key enterprise partners to explore opportunities for a more collaborative approach to addressing these challenges and making Belfast a great place to start and grow a business. Partners agreed to develop an enterprise framework around which they could focus activity and investment.

3.4 The objectives of the framework – agreed by the Enterprise and Business Growth Working Group – were to:

- Set the ambition for Belfast by establishing targets to enable Belfast to achieve rates of entrepreneurship and business start activity comparative to other relevant cities
- Identify initiatives, programmes and/or projects to be delivered through a partnership approach to achieve the ambitions/targets set
- Inform future investment decisions for Belfast City Council and the Enterprise and business growth working group partners
- Consider the appropriate management and governance arrangements to deliver against the framework.

3.5 Steer Economic Development was commissioned to develop the Enterprise Framework for Belfast in Spring 2018. Their work to date has involved:

- A review of the existing activity to support enterprise
- A series of targeted consultations with local stakeholders from the public and private sector
- Workshops with 29 stakeholders to test and refine the emerging framework thinking
- Research to establish key metrics to implement, monitor and evaluate progress performance.

3.6 Some of the more developed findings have now been shared with the Enterprise and Business Growth Working Group. There is consensus among the group on the ambition and

the priorities that the framework identifies and also recognition that a significant amount of work needs to take place to realise this. This will also require a cultural change to the current funding-led approach, where the metrics focus on participants engaged rather than more qualitative outcomes that would align with the Belfast Agenda ambitions.

3.7 The draft Enterprise Framework includes a vision which sets out the ambition for the city as a great place to start and grow a business. It also outlines the steps to be taken 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”*.

3.8 This vision is supported by four thematic priorities which include:

- enable a vibrant and productive business base;
- nurture a strong entrepreneurial culture, recognising enterprise as a viable career option;
- nurture a strong entrepreneurial culture, recognising enterprise as a route out of economic inactivity; and
- be characterised by clear leadership, co-ordination and communication

3.9 Success will be measured through the following metrics:

- Business Birth Rates
- Business Survival Rates at 3 and 5 years
- Levels of entrepreneurial activity.

3.10 Some of the key actions required to enable Belfast to achieve these targets include;

- Review of the Enterprise and Business Growth Working Group governance structure aligned to the recommendations of the framework and the governance procedures of the Growing the Economy theme in the Belfast Agenda
- Development of a shared brand, communication strategy and potential MIS (management information system) that incorporates partner services and better supports entrepreneurs to navigate their journey through the enterprise landscape
- Establishment of an incentive scheme which removes barriers to enable potential entrepreneurs to explore entrepreneurship as a viable option
- Establishment of a Belfast based programme that works with entrepreneurs, SME's and investors to facilitate access to market funds.

3.11	<p>While the Council now has statutory responsibility for the business start element of enterprise, it still has a relatively modest budget for this work, which is currently supplemented by EU funding resources. A key consideration for the long-term strategy will be to look at the level of resourcing required – across all parties – to achieve the targets set, focusing on both the social inclusion angle (enterprise as a response to economic inactivity) and the productivity challenge (supporting the development and growth of competitive, export-focused businesses).</p>
3.12	<p>The framework notes that this is a long-term challenge that will need to remain an area of focus for some time if things are to change. It proposes a series of short-term interventions (to 2021) alongside longer-term plans (to 2035). The Framework does not address specific interventions required to support the development and growth of the social enterprise sector. The main aim is to address the structural issues across the enterprise sector in Belfast, to reduce fragmentation and encourage a more collaborative and coordinated approach to delivery.</p>
3.13	<p>Subject to agreement of the framework by the Council, officers will re-engage with the Enterprise and Business Growth Working Group to agree the programme of work and resource allocations required to improve performance.</p>
3.14	<p>One of the key challenges identified through the enterprise framework is the need to encourage more businesses to scale and grow to turnover of more than £3million. In May 2018, in partnership with Catalyst Inc. and Invest NI, Belfast City Council provided support to 10 high- growth start-ups to participate in a Belfast Mass Challenge Programme. Mass Challenge is a global incubator, based in Belfast's sister city of Boston. It has a global reputation and has supported more than 1,500 start-up businesses, creating in excess of 80,000 jobs between them. The aim of Mass Challenge was to identify and accelerate the top start-ups in Belfast, connecting them to the global market and Mass Challenge's global network. Following an application process, 10 successful startups participated in an intensive multiday bootcamp in Boston in May 2018. Over the week long bootcamp the businesses made over 100 network introductions, and 50 one to one mentoring sessions. 100% of the programme feedback has been positive with participants commenting that the support has benefited their Go to Market strategy for the US, supported the development of their US networks and enabled them to access US investment opportunities. A full evaluation is underway to establish the economic impact of the support.</p>

3.15	<p>Building on the learning from the Mass Challenge experience, officers have been working with Catalyst Inc and Invest NI to consider how we can extend the support available to eligible businesses and continue the momentum of the MassChallenge Initiative. Catalyst Inc. have now taken this learning and have developed a proposal for a “Scale Up” initiative. This will provide practical support to 10 businesses to encourage CEO transformation, business modelling and sales strategy support for those businesses with the ambition to scale. The programme will encompass three core elements, namely:</p> <ul style="list-style-type: none"> • 1 week Boston Residential at Massachusetts Institute of Technology’s Entrepreneurship Development Programme • Interim peer-to-peer workshops with Catalyst Inc designed to maximise peer learning and address real-time business challenges • 1 week Boston residential at MassChallenge which focuses on go to market strategies and tactics
3.16	<p>The programme will be delivered in partnership with Catalyst Inc and Invest Northern Ireland. The overall cost of the programme will be £211,000. Given the alignment with the ambitions set out in the enterprise framework it is recommended that this is supported with funding of £50,000 to maximise the take-up by Belfast-based businesses, this equates to 23% of the overall programme cost. Invest NI, Catalyst Inc and the participating companies will cover the cost of the remainder (INI 30%, Catalyst Inc 24%, Participants 23%).</p> <p><u>Financial and Resource Implications</u></p>
3.17	<p>The development of the Enterprise Framework for Belfast has been resourced from the 2018/19 Economic Development budget. The financial implications of any new areas of investment will be factored into the budget estimates for 2019/20 and into the medium-term financial planning process.</p>
3.18	<p>The Scale Up initiative will be resourced from the 2018/19 Economic Development budget previously agreed by this Committee.</p> <p><u>Equality or Good Relations Implications/Rural Needs Assessment</u></p>
3.19	<p>The proposed Enterprise Framework for Belfast will undergo the process of equality screening ensuring the framework gives consideration to equality and good relation impacts. A rural needs assessment will also be undertaken.</p>
4.0	<p>Documents Attached</p>
	<p>None</p>