



Subject:	Social Enterprise and Co-operative Support
Date:	15th January, 2020
Reporting Officer:	John Greer, Director of Economic Development
Contact Officer:	Cathy Keenan, Economic Development Manager (Local Economic Development)

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	<p>The purpose of this report is to provide the Committee with an update on a range of issues discussed at the meeting of the City Growth and Regeneration Committee on 11th September, 2019. The specific request included:</p> <ul style="list-style-type: none">• an update on the motion on Small and Medium Enterprises which had been referred to the Committee by the Council on 4th July 2016;• exploring the feasibility of establishing in the next financial year a co-operative development fund for Belfast;• providing details of the work of the Centre for Local Economic Strategies (CLES) around regeneration and community development, of officers' work with CLES to date and how

	<p>the Council's membership of CLES could add value to the Council's work in this area; and</p> <ul style="list-style-type: none"> • providing information on the Council's engagement with Preston City Council and with the city of Cleveland, Ohio, which had each developed successful co-operative initiatives, and learning from these initiatives.
2.0	Recommendations
2.1	<p>The Committee is requested to:</p> <ul style="list-style-type: none"> • note the progress to date to support the social enterprise and cooperative sector; • agree the proposed activities to take forward the key issues raised at the meeting on 11th September 2019; and • approve an additional allocation of £15,000 to enhance the support available to support the growth of the co-operative sector in Belfast, building upon the existing delivery. It is recommended also that the budget to support the social enterprise and co-operative sector is uplifted in the next financial year, which will be brought to Committee for approval in March 2020.
3.0	Main Report
3.1	<p>As Members will be aware, the commitments within the Belfast Agenda are based on a fundamental principle of enabling inclusive economic growth. To deliver on this commitment, the Council has developed a Draft Inclusive Growth Strategy, currently out to public consultation, which aims to ensure that the success of the city reaches every citizen. The consultation closes on 24th January and an updated and final Inclusive Growth Strategy will be presented to the Strategic Policy and Resources Committee following this.</p>
3.2	<p>In order to deliver on this commitment, there is a need to focus on a review of internal processes and practices, as well as considering how we directly support and influence other stakeholders to support our inclusive growth commitments. Key levers at the Council's disposal to deliver on this strategy include its procurement, human resources, planning and wider decision-powers through which inclusive growth can be embedded as part of service delivery. We can develop targeted employability and skills interventions, utilise the planning system to generate developer contributions and support the growth of key sectors including social enterprises and co-operatives. Recognising that inclusive growth is not the job of a few but of the many, a key area of focus within the draft strategy involves working with others</p>

(including the private sector, anchor institutions, wider public sector and community and voluntary sector) to create an inclusive city, through the establishment of an inclusive growth city charter.

3.3 Members will be aware that the economy in Belfast is dominated by micro and small businesses. More than 95% of businesses in the city employ 50 people or less. Since 2015, the Council has had statutory responsibility for a range of functions relating to business start-up and growth and our Economic Development team leads on the delivery of support services to increase the number of new businesses and to help existing businesses to grow, become more competitive and employ more people. From a wider Council perspective, there are also opportunities to explore how we can help local businesses to provide services to the Council through our procurement opportunities and supply chain development, and we can also provide support to skill up employees and make businesses more productive.

3.4 At the Council meeting on 4 July 2016, former Councillor McVeigh raised a notice of motion regarding support for small businesses, which was referred to the City Growth and Regeneration Committee. The notice of motion included four key points:

- creating a substantial citywide investment fund to incentivise start-up and growth for example, through low interest loans;
- engaging 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;
- engaging 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; and
- appointing 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 expertise of SME creation and expansion.

3.5 The motion was responded to at the meeting of the City Growth and Regeneration Committee on 10th August 2016, the recommendations within the report were agreed, an update is included in Appendix 1. Since the introduction of the motion, there have been significant changes to the operating environment in this area of work in Northern Ireland. With the transfer of start-up, social enterprise and business growth functions to councils in

2015, officers have been working to enhance the offer to new starts and existing businesses. The commitments within the Belfast Agenda to supporting 4,000 new business starts by 2021 and creating 15,000 new jobs mean that we have developed close working partnerships across the public, private and community/voluntary sector to ensure delivery of these ambitions. Progress against each of the individual points within the notice of motion is detailed in Appendix 1. However, as a snapshot, members are advised that the work of the Council in this financial year in the areas of business start-up and growth will help support the promotion and creation of more than 820 jobs and more than 350 new business starts. The development of the Enterprise Framework means that there is now a shared and agreed approach to supporting business start-up and growth. This includes a commitment to share resources and undertake research to ensure that the interventions supported continue to make a positive impact on the businesses and individuals engaged.

Exploring the Feasibility of Establishing a Co-operative Development Fund for Belfast

- 3.6 As Members will be aware, officers have undertaken research to understand what specific support is required from co-operatives and social enterprises and to inform the support provided by the Council. At the Special City Growth and Regeneration Committee meeting on 27th November, Members received a presentation, which outlined the support in place currently to support the growth of the sector and the future plans to enhance this provision. The breadth of the Council support has recently been externally validated as Belfast City Council won the “Council of the Year” award at the Social Enterprise NI Awards.
- 3.7 The focus of the Council resources is on raising awareness of the social enterprise and co-operative sectors in the city, ensuring that specialist one-to-one mentoring support is in place to help new starts and growing businesses and helping businesses to explore and develop solutions to social issues through sustainable business concepts.
- 3.8 The concept of a co-operative fund to further enhance the Council’s support has been raised on a number of occasions. To establish whether there is a need for such a fund in Belfast, officers have undertaken research across other cities that have implemented co-operative development initiatives in order to review their effectiveness and we have also engaged with the sector and co-operative partners locally. These have included Preston and Cleveland as well as Edinburgh and Glasgow. This research has identified that Glasgow is the only city that has operated a dedicated co-operative and enterprise fund. This fund enabled local co-operatives and social enterprises to apply for funding up to £25k to help them with their operational needs, skills, marketing, business development, governance, finance controls,

service development and new markets. The delivery of this support is met with a budget of £500k per annum and a co-operative development unit based in the Council.

3.9 This approach has worked well in Glasgow, however, it has been enhanced by a range of other activities, such as the use of Council assets to support co-operative development, in addition to capacity building support and consistent messaging to promote the sector. Recent research undertaken by Glasgow identified that the issue for co-operatives was not in accessing finance, but in fact managing the day-to-day finances of the businesses, in addition to sales, marketing and HR support. The research has recommended that while there is good feedback on the Glasgow's fund, the Council can add more value with this type of softer support.

3.10 The approach that Belfast City Council has taken is to package together business advice and financial support to ensure that co-operatives get a wrap-around support service that takes account of their business growth needs while providing access to small amounts of finance to address any growth challenges. Taking account of members' ambitions to enhance the level of support, it is proposed that an additional budget of £15,000 is added to the current programme delivery. This will enable existing support to be enhanced and will cover a number of elements that are not currently eligible for support, such as the registration fee that co-operatives have to pay (can be up to £600).

3.11 With regard to funding support, the Committee has recently approved a crowd funding pilot with Crowdfunder UK. This pilot will provide support for developing and running a crowdfunding campaign for up to 10 social enterprises or co-operatives in the city. Belfast City Council will offer match funding of up to £5,000 for each of the organisations that deliver a successful campaign and meet the required eligibility criteria. As set out in Appendix 1, there is also significant support available through both UCIT and UNLTD and they work closely with the Council and its delivery partners to ensure that those requiring access to financial support can access it in the most effective manner.

3.12 In addition to this, the finalisation of the Inclusive Growth Strategy and a cross organisational approach and corporate focus to inclusive growth will lead to further improvements in the Council's approach to the social enterprise and co-operative sector.

Details of the work of the Centre for Local Economic Strategies (CLES) around regeneration and community development, outlining officers' work with CLES to date and how the Council's membership of CLES could add value to the Council's work in this area

3.13	<p>Belfast City Council is a member of the Centre for Local Economic Strategies (CLES). Officers have worked with the team at CLES on a number of issues, particularly relating to access to procurement, maximising local spend and measuring impact of local economic interventions.</p>
3.14	<p>One of the most significant areas of engagement between Belfast City Council and CLES has been in the development of the Local Multiplier Model (LM3). The principle of this model is to measure and track the scale and impact of Council spend in a local area, taking account of spend on both goods and services (through procurement) and also on salaries and wages. This methodology is also used in a number of other local authorities (including Preston, Manchester and Salford) and this allows for comparisons and learning across a range of comparator cities. Belfast City Council has been using the LM3 model for the last four years to track the impact of our spend in the local area. Officers have also used the findings to target activity on certain categories in which Belfast-based businesses are currently under-represented.</p>
3.15	<p>CLES has also worked with the councils listed above to develop their respective approaches to enable inclusive economic growth and community wealth building. Recently representatives from Preston City Council visited Belfast to share their experiences and their methodology drew on the work that they had developed with CLES. We will continue to learn and work with CLES to develop our approach. Council officers can now run the LM3 model independently but the links with CLES will enable us to learn from other cities and benchmark our performance with these progressive cities. We have also engaged CLES to support with the development of Council's Employability and Skills framework and in the work that we are doing with Anchor Institutions.</p> <p><u>Information on the Council's engagement with Preston City Council and with the city of Cleveland, Ohio, which had each developed successful co-operative initiatives and learning from these initiatives</u></p>
3.16	<p>Belfast City Council recently hosted a visit to the city by representatives from Preston City Council, working in conjunction with our local partner Development Trusts NI (DTNI). Preston's approach is based on a principle of community wealth-building focusing on how income can be held and recirculated within a local economy. This is achieved through a number of approaches including:</p>

- promoting a more diverse blend of ownership models within a local economy, encouraging the creation and growth of small business, social enterprises and co-operatives;
- increasing flows of investment within local economies by harnessing the wealth that exists locally. For example, Preston are utilising local authority pension funds to redirect investment from global schemes into local, commercially viable investment projects;
- supporting fair employment by working with anchor institutions and large to explore approaches such as targeted recruitment from lower income areas, commitment to pay the living wage and building progression routes; and
- adopting progressive approaches to procurement delivering social value and promoting inclusive procurement practices such as building capacity for smaller organisations and social economy enterprises.

3.17 The key activities delivered through the Preston approach include;

- an anchor institution strategy, which has large placed-based institutions in Preston and Lancashire with a combined spend of nearly £1 billion per annum increasing spending to local suppliers to benefit the community;
- a £100m place-based investment by their local government pension fund in student flats, hotel and office space. Through their City Deal, they want to explore a potential Lancashire Wealth Fund;
- the expansion of worker-owned co-operative businesses through an innovative partnership with Mondragon Co-operative Corporation, University of Central Lancashire and Preston Co-operative Development Network. This work is currently in its infancy;
- working with the Living Wage Foundation to make Preston one of the UK's first Living Wage Places;
- exploring municipal ownership of a major city centre development; and
- using their planning policies to encourage locally-based suppliers and labour on both public and private sector developments in the wider Preston economy.

3.18 The approach adopted by Preston is similar to that of Cleveland, Ohio. Cleveland's initiative exists due to the unique partnership between the public sector, North-East Ohio's philanthropic community and University Circle's anchor institutions. This partnership leveraged the joint 3 billion USD of annual purchasing power of these anchor institutions in

order to help catalyse and build community-based businesses that create jobs and ultimately drive economic stability for local low-wealth communities.

3.19 Preston City Council emphasised that it has been a long process to develop their current model, **taking almost eight years**. They consider that the secret to their success has been in pulling together the support and activities that are already taking place in order to achieve impact on a significant scale, as well as taking a partnership approach to this work. The BCC Inclusive Growth Strategy will also take this approach – seeking to work with partners and at scale to maximise impact.

3.20 While the work that Preston are undertaking is very impressive, it is clear that Belfast City Council is already engaging in or exploring the majority of the elements of Preston’s approach. The ongoing implementation of the inclusive growth strategy and the development and shaping of the Council’s ambitions year-on-year will ensure that Belfast City Council develops a strong and inclusive economy. At its meeting on the 17th December the Strategic, Policy and Resources Committee agreed the Revenue Estimates and District Rate for 2020/21. This included a budget of £611,500 to support inclusive growth. Specific proposals will be brought back to the Committee relating to how this budget will be utilised.

Financial and Resource Implications

3.21 The activities outlined within this report will be resourced from the 2019/20 Economic Development budget agreed by this Committee on 6 March 2019. The additional work to support the co-operatives and social enterprises will require an additional budget of £15,000. We also recommend that the budget to support the social enterprise and co-operative sector is uplifted in the next financial year, this will be brought to Committee for approval in March 2020.

Equality or Good Relations Implications/Rural Needs Assessment

3.22 Each of the proposed projects referenced in this report is informed by statistical research, stakeholder engagement and complementary policies and strategies. The unit is currently undertaking a process of equality screening on the overall work programme, this will ensure consideration is given to equality and good relation impacts throughout the delivery of each project.

4.0	Documents Attached
	Appendix 1 – Details of progress against the July 2016 motion to support small businesses Appendix 2 - Headline Inclusive Growth Commitments