



Subject:	Supporting businesses and skills development work: refocusing activities as a result of COVID-19
Date:	10 June 2020
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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"/>
Some time 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 or Summary of main Issues
1.1	The purpose of this report is to update members on refocused activity in the field of our support for small businesses as well as the employability and skills programme of work.
2.0	Recommendations
2.1	The Committee is asked to: <ul style="list-style-type: none">Note and agree the range of economic development and employability activities to be developed and delivered in the coming months, taking account of the impact of COVID-19 on the plans originally agreed by the Committee in March 2020.
3.0	Main report

3.1	<p>At the May meeting of the City Growth and Regeneration Committee, members were advised of a range of issues and activities impacting on the work of the Economic Development and City Regeneration teams. The significant economic impact of the pandemic has necessitated some refocusing of our work to support business start-ups and small businesses given the closure of many businesses and the precarious financial position in which many of our small companies currently find themselves. We have also had to reconsider our proposed employability and skills work due to a drop-off in demand from employers and significant new on-flows into the labour market of those individuals that have lost their jobs. This approach is in keeping with the Response-Recovery-Rebuilding approach previously agreed.</p>
3.2	<p>Given the recent announcements around the pending changes to the furlough scheme, it is likely that the claimant count will continue to grow in the short-term. The challenge is therefore to try to move the “newly unemployed” back into the labour market as soon as possible while ensuring that there continues to be a focus on the long-term unemployed and economically inactive in order to support inclusive growth. However this can only happen once the demand from employers starts to grow and the picture on future economic growth is unclear at this point. As the pandemic has continued, the forecasts have generally become more pessimistic around the ability of the local economy to “bounce back” quickly. In its revised assessments at the end of May 2020, Ulster University’s Economic Policy Centre (UUEPC) suggests that economic output will not recover to 2019 levels until at least 2022.</p>
3.3	<p>Additional analysis from the updated UUEPC work includes:</p> <ul style="list-style-type: none">• Contraction in economic output for 2020 likely to be in the region of 12.7% (up from 9.6% in UUEPC’s original forecasts in April 2020). At a local council level, the reduction in Belfast is expected to be around 10.6% - slightly below the regional average• Estimated 249,000 jobs impacted by redundancies or employees placed on furlough (also up from previous estimate of 235,000). This is almost half of all private sector employment in the region. The figure for Belfast is estimated at almost 70,000 jobs (just under 30% of all jobs in the city)• If the trend for Universal Credit claims continues through to the summer, it is likely that the unemployment rate could hit 12% by that time (from a previous low earlier this year of under 3%)• No sectors have escaped the effects of the pandemic but some have fared better than others even in the short term. A recent business survey undertaken by the Office for National Statistics (ONS) for the period 20 April to 3 May among businesses still

trading (79% of the total respondents) noted that 53% of hospitality firms and 40% of construction businesses have reduced working hours compared to just 14% of firms in ICT; while more than half of all firms in the construction (59%), transport (54%), administrative services (53%) and water and waste management (52%) sectors have laid off staff. In other sectors, trends are complex: in manufacturing 9% of firms have recruited staff (likely to related to food production), while 39% have let staff go. Similarly, in retail, 10% of companies have increased their workforce (likely to be in essential retail and also delivery services) while 45% have reduced their payroll.

3.4 Given these changes in the broader economic climate and in the labour market, officers have been revising some of the planned activity to support new start-ups and existing small businesses as well as our employability and skills support. This work has not only been about re-focusing some areas of activity but also reviewing how the activity is delivered, given the inability to undertake any face-to-face engagement. Emerging areas of work in order to take account of the economic changes include:

3.5 Business start-up and growth:

- In January this year, we commenced delivery of our enterprise pathway programme. This provided additional support for those people who were unemployed/economically inactive and who wanted to start a new business. Work on this programme has continued throughout this period, with delivery taking place online where possible. We have also continued delivery on the “Go for It” start-up support programme – the regional programme available to all those interested in starting a business. Given the data above regarding new claimants, we anticipate a possible surge in demand for start-up support – either from “necessity entrepreneurs” (those starting a business because they cannot find a job elsewhere) or those who have been unexpectedly made redundant and who decide to start their own business. As a result, we have re-packaged our Go for It support, providing additional mentor time as well as a small financial contribution (up to £1,500) in recognition of how these new businesses may have to pivot their original business plan or invest in new equipment or technologies. We are also engaging with the Department for Communities to explore how we can pull together the Universal Credit support with the other start-up resources to help those who wish to become self-employed, thereby removing some of the risk associated with the decision to start a new business

- We are also working with the Enterprise Research Centre at Aston Business School to re-model the start-up offer to take account of the economic forecasts and the changed and challenging environment for new starts. This work will be completed in September and will shape our interventions following this initial “response” phase, moving us towards the “recovery and rebuilding” phases in this area of work. This will also include exploring new areas of business opportunity in future growth areas including those linked to the work of emerging from the Belfast Climate Commission
- One area of significant growth in demand has been the digital support that we provide to businesses. To date, almost 100 local companies have availed of this support, including many of the hospitality businesses that have moved their business online in the short term, given that they are unlikely to be re-open fully until step 5 of the recovery plan announced by the Northern Ireland Executive on 12 May 2020. We will continue to offer this support to local companies and will also roll out a range of webinars throughout June 2020 to support businesses on issues such as “Making your website work” and “Using Facebooks Ads/Google Ads to reach new customers”. We plan to scale up this support, focusing in particular on the retail sector which has been very badly hit by the pandemic. This should support the work on re-opening the city which is being undertaken corporately at present.

3.6

Co-operative & Social enterprise support

- In the March 2020 report to this Committee, we identified the range of support available to social enterprises and cooperatives. The principal programme activity is being delivered in partnership with Work West, alongside Cooperative Alternatives. In recognition of the specific challenges that social enterprises and cooperatives have faced in accessing some of the Northern Ireland Executive incentives, we are proposing to provide an element of financial support to those organisations that engage with us through the programme. The model will be tapered, depending on the specific need. It is proposed that it will be limited to £2,500 of financial support to mitigate against the business challenges faced as a result of COVID-19. This financial support will replace the previous proposals around crowdfunding for the sector. Under this scheme, the council committed a total of £50,000 towards campaigns by 10 businesses. Two of these campaigns have been delivered and the rest are currently under way – although a number have been delayed due to COVID-19. The council funding will leverage a minimum of £50,000 from other sources to support each of the 10 organisations.

- Feedback from the sector is that, while useful at the time, this funding source is less relevant to them in the current situation and they would prefer the mentor support with some element of financial contribution to refocus the business in light of the current challenges.

3.7

Innovation Factory support

- As part of the corporate decision to grant council tenants a three month rent holiday, those businesses located at the Innovation Factory were able to benefit from this reduction in overheads. The Innovation Factory closed at the end of March, although some tenants (who were working on critical COVID-related work) were allowed limited access to the premises. Feedback from the operators of the centre suggests that, prior to closure, they were concerned that four businesses would leave, equating to a reduction in annual revenue in the region of £17,000. A further seven businesses requested urgent support with license fees and, if the payment holiday had not been provided, the feedback is that they would probably have exited. The cumulative impact of this would have been more than £56,000 over the year. Given the council decision, only one business did exit (ultimately resulting in a loss of £650 per month – a potential loss of £7,800 over a year)
- In working on the recovery planning activity with the Innovation Factory, we are pressing the operators to drive up the occupancy levels in the facility and therefore increase the income. We intend to package together the start-up programme support with the workspace facilities at the Innovation Factory, ensuring a more cohesive package of support for new-start businesses. The Innovation Factory operators will also refocus their business growth and business innovation support to address the resilience challenges that businesses are currently facing.

3.8

Employability and skills

- One of the most successful interventions for the council over the last two to three years has been the delivery of our employment academies. These academies had focused on helping the long-term unemployed and economically inactive back into work across a range of job roles and business sectors. Given the changing nature of demand, we are currently reviewing all of our academy delivery approaches. Some emerging areas of work include:
 - Continued demand for logistics with new academies and apprenticeships currently being explored. Employers are predicting long-term growth in this sector and are working with the council and partners to consider how this can

be serviced. There are also new job roles likely to emerge, including those related to any checks required through the Brexit deal

- Interest in upskilling academies in social care sector: these provide skills support for existing employees to move to levels 3 or 5 in specific job areas. This has the advantage of increasing earnings levels for existing employees and creating new entry-level vacancies. We have already had 31 applications for 15 places on a new programme and are working with partners to lever resources to extend this work. Employers are currently struggling to cope with demand in the sector and it has been difficult to talk to them about long-term planning but this work is continuing and a revised plan of work is likely to come forward over the summer months
 - Exploring new economic growth areas e.g. retro-fitting homes/move towards more sustainable construction: we recognise the growing focus on supporting sustainable economic growth. Having developed a range of academies in the construction sector, we are now exploring new opportunities to look at “future-proofing” this offer by investing in “green construction” methods
 - There are a number of sectors – in particularly hospitality – where we consider that there is unlikely to be any demand for academies in this financial year. We will re-profile our interventions into those areas where we see that there will be demand in order to enhance the outcomes for participants engaging with us on these activities.
- Given the increase in numbers of those joining the unemployed over recent months, we recognise the challenges that this will create for the economically inactive. Employers may be more likely to employ those individuals that have recent experience of the labour market and that do not need the additional “lead-in” time or on-the-job support. We have identified the opportunity to introduce an “employer incentive” scheme as a means of encouraging employers to recruit LTU/economically inactive individuals. Approaches of this type have been implemented in the past and have had some success as part of an overall approach to economic recovery. In this case, the proposal would be to provide employers with a financial incentive for taking on the LTU/economically inactive. Employers would be provided with ongoing support and investment in skills training for their employees. The incentive would be time-bound and would be dependent on the employer making the case as to the likelihood of this developing into a permanent role in the future. If this project is to progress, we will need to secure support from both the Department for Communities

(DfC) and the Department for the Economy (DfE) and we have had some preliminary conversations on the matter

- One of the consistent issues that has been discussed with partners is the need for investment in a significant re-skilling programme – to include those individuals that have been furloughed. It is widely recognised that, in the short-term at least, there are a number of sectors that will not be able to sustain pre-COVID levels of employment. Once the furlough scheme is reduced or closes, these individuals are likely to face the prospect of becoming unemployed. In keeping with UUEPC and other analysis, one area likely to recover more quickly than others is the ICT/financial and professional services sector. This points to need for re-skilling in a range of digital skills. In Belfast, this will be supported by the planned City Deal investment which focuses on enhancing productivity and growth by investing in new infrastructure which will support the city's economic transition. It will be important to push ahead with the City Deal proposals and to engage with DfE on a significant digital re-skilling initiative across a range of business sectors. This will be a critical element of the work programme in the Summer months and will also align with the employability and skills work as part of City Deal
- The changing nature of unemployment as well as the evolving delivery models (move to online and blended training and engagement) mean that it is difficult to get a full picture of the support resources available to help people back into work as well as available jobs. A number of research papers have identified the value of online portals as a means of pulling together information on available jobs as well as all relevant support services. We have been engaging with Greater Manchester who have recently developed a portal called "Employ GM" and are working with partners to explore the value and merit of this in the local context.

3.9

Education: supporting inclusion

- One of the key projects in the March 2020 employability and skills work plan was the roll-out of the GCSE programme across the city. This was an intensive support initiative for those that risked not achieving at least a C grade in English and Maths. One of the key elements of the programme was an Easter School and this had to be cancelled as a result of COVID-19. We are currently re-shaping the programme to pick up those young people that may have missed out most significantly by not attending school. Proposals currently being developed include an intensive programme at Hallowe'en for Year 12 students and additional support for year 11

	<p>students that may have fallen back due to not being in school. We will also explore additional opportunities for targeting support, including focusing on reducing the attainment levels between those in receipt of free school meals and those who are not. This is an important element of the approach to inclusive development in the city</p> <p><u>Social Value Procurement</u></p> <p>3.10 Work is also well underway to develop frameworks to enable both Council and other partners to better support local businesses and local supply chains via social procurement and “buying local” initiatives. A further report will be brought back on this initiative.</p> <p><u>Financial and resource implications</u></p> <p>3.11 The resources for the activities identified above will be met within the budgets previously approved at the City Growth and Regeneration Committee on 6 March 2020.</p> <p><u>Equality or Good Relations Implications/Rural Needs Assessment</u></p> <p>3.12 Many of these activities are aimed at reducing inequalities.</p>
4.0	Appendices – Documents Attached
	None