Bristol's Strategic Investment Framework for the South West of England ERDF Priority Three - Urban Enterprise Competitiveness Programme

August 2008

Our city
ambitious together

BRISTOL CITY COUNCIL

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Section 1 - Summary

This document identifies Bristol's Strategic Investment Framework (SIF) for Urban Enterprise in the city, and proposes an ambitious programme for long-term investment. It offers an analysis of economic exclusion and barriers to enterprise creation that blight areas and communities of what is otherwise a highly successful and innovative economy.

Our overall objective is to:

"Develop a supportive culture of entrepreneurship and enterprise for competitive businesses in all of Bristol's communities."

The SIF has three key aims:

1. To establish and further develop an enterprise culture within Bristol's deprived communities and to promote and support enterprise creation and sustainability.
2. To develop a resource base which will provide a sustainable income stream for future support.
3. To provide a framework for strategic investment by partners to deliver the above.

Our Bristol SIF identifies the Delivery Actions that will achieve these aims, based around the Programme's five strands:

Our programme is the result of extensive research, consultation and analysis by and with Bristol stakeholders over an extended period.

Through delivering our SIF, we will make a significant contribution to achieving the city's shared vision, priorities and aspirations for the future, expressed in our Community Strategy and Bristol City Council's Corporate Plan 2008, particularly:

Our City, Ambitious Together

- A regional capital, an international city with a dynamic economy that creates and sustains employment opportunities for Bristol's residents.
- Sharing in our city's prosperity - making a real and significant difference to the lives of those who experience disadvantage. Delivering regeneration that brings housing, skills and jobs.
- Our city together - building cohesion within our communities and tackling inequality.
- Our green city - ensuring our city develops in a sustainable way, tackling climate change, maximising recycling and reducing waste.

We therefore have a clear focus on tackling deprivation, raising aspiration and addressing inequalities. This SIF outlines a programme of measures aimed at addressing deep-rooted and persistent issues of economic exclusion, together with low levels of enterprise creation - issues that have not yet been effectively tackled through smaller scale, area-based and time limited investments.

Previous initiatives to promote enterprise in deprived areas in Bristol are summarised in section 4. These initiatives have been successful in some parts of the city and there has also been some success in targeting disadvantaged groups. However the previous smaller scale, time limited investments have had a limited impact on sustainable business development and growth and the creation of a culture of enterprise in deprived areas. The SIF aims to establish a longer term, client centred approach to business support and development that will continue beyond the life of the programme. This will be achieved through the commissioning process and the allocation of resources in line with the SIF to take forward the five strands of delivery.

We will reduce existing barriers to business creation in our priority neighbourhoods, stimulate enterprise creation and provide excluded groups and individuals with supported pathways to business. Our SIF sets out a programme of demand stimulation, ongoing support and mentoring, engagement with schools and young people, and targeted access to support, including access to finance.

Bristol's SIF also reflects the Lisbon, Gothenburg and BSSP agenda, complements ERDF Priority Axes 1 and 2 and will engage effectively with regional ESF.

Building on our local experience, and ensuring added value to the core BL offer, in a context where other sources of mainstream support for business development have virtually closed down, our programme is designed to offer long-term and sustainable solutions: providing the means to deliver added value enterprise stimulation and pre-IDB support services beyond the life of the ERDF Urban Enterprise horizon.

The following sections identify the scale and scope of the problems faced by Bristol's deprived communities in developing an enterprise culture and provides our framework through which these issues will be addressed.

Section 2 – Policy and strategic context and rationale

Policy Context

Introduction

The Bristol Strategic Investment Framework aims to support the delivery of Priority Axis 3 (Urban Enterprise) as set out in the Operational Programme 2007-13 of the South West Competitiveness Employment Programme

The Bristol Strategic Investment Framework is aligned with a range of policies and programmes at European, national and regional levels. It will also support the Bristol Community Strategy and the delivery of the Bristol Local Area Agreement. The European Social Fund Programme in the West of England will provide additional resources to complement delivery of the SIF.

Details of the links to policies, programmes and support for delivery are set out below:

The Lisbon and Gothenburg Agenda

The European Union Lisbon Strategy, established in 2000 and re-launched in 2005, aims to create a competitive knowledge based economy capable of sustainable economic growth with more and better jobs and greater social cohesion.

In 2001 the Gothenburg European Council added an environmental dimension to the Lisbon Strategy. It agreed a sustainable development strategy and a commitment to economic and social renewal.

In line with the Lisbon and Gothenburg Strategies the 2006 European Regional Development Fund (ERDF) Regulation made various provisions for promoting economic competitiveness of which the most relevant to the SIF is Priority 5 of the ERDF Regulation, relating to the promotion of sustainable urban development. The Lisbon and Gothenburg Agendas have been integrated throughout the SIF.

South West Regional Economic Strategy

The SIF will promote the following strategic objectives in the in the Regional Economic Strategy (RES):

RES Strategic Objective 1: Successful and Competitive Businesses

The SIF will support the following delivery activities identified under Regional Priority 1B: Encourage New Enterprise:

- Support new social and community enterprises.
- Promote enterprise in deprived areas.
- Encourage wider participation in enterprise.

Strategic Objective 2: Strong and Inclusive Communities.

The SIF will support the delivery of good practice and innovative approaches to support for areas with the greatest concentration of multiple deprivation.

The Regional Spatial Strategy (RSS)

The Regional Spatial Strategy (RSS) highlights the following issues with regard to addressing deprivation and disadvantage:

Para 9.1.4: Much of the potential for potential for sustained economic growth is concentrated in the regions cities and larger towns. The challenge is to ensure that growth strategies for these places achieve wider benefits, including linking successful areas with less successful areas. Developing local solutions to ensure that local needs can be met locally as far as possible.

Para 9.2.2: There are distinct spatial patterns in terms of clustering of multiple deprivation, with the populations of these clusters varying greatly. The challenges in each area will be different and so a range of resources may be required. For example in Bristol there is large population affected by the issues associated with urban deprivation including high crime levels, relatively poor standards of educational attainment, skills and training and income deprivation.

These issues in Bristol are dealt with in greater statistical detail in section 2 and are illustrated in the maps in the appendix.

DBERR: National Enterprise Strategy

In March 2008 The Department for Business and Regulatory Reform published a paper entitled "Enterprise: Unlocking the UK's Talent". Chapter 7 refers to the bringing the benefits of enterprise to deprived parts of the country and those groups of the population heavily represented in those areas. The new policy proposals include:

- The Working Neighbourhoods Fund to tackle worklessness and low levels of skills and enterprise.
- The local government performance framework will provide opportunities to embed enterprise as a priority at the local level.
- An expansion of Selective Finance for Investment (SFI) in deprived areas.
- Funding for research into economic growth at various spatial levels.

The West of England Economic Strategy

Strategic objective 1 of The West of England Economic Strategy is to "establish and maintain comprehensive and co-ordinated business advice and support services across the sub-region that facilitate business establishment, survival and growth, and improving competitiveness and productivity, in ways consistent with securing a sustainable environment, supporting the implementation of the spatial strategy and reducing social inequalities."

Bristol's Sustainable Community Strategy

Bristol's Sustainable Community Strategy is currently under review. As a precursor to the revised strategy partners have agreed and Bristol City Council has endorsed a strategic statement for the city. The Sustainable Community Strategy has an overarching aim to grow and strengthen the city's prosperity over the next twenty years, including through unlocking the potential of the city's deprived communities to contribute to sustainable economic growth and shared prosperity.

The Statement identifies three key challenges:

- To ensure Bristol is a successful city
- To work to ensure that everyone can share in that success
- To make that success sustainable

Four priority focus areas will address these challenges:

- A Prosperous and Ambitious city

- A Learning City
- A Safe and Healthy City
- A city of thriving neighbourhoods

The SIF will directly contribute to addressing these challenges, specifically under the theme of a prosperous and ambitious city

Bristol Economic Strategy

The draft Bristol Economic Strategy includes a strategic objective to "focus efforts to address worklessness and support job creation, including promotion of social enterprises, in those areas with the highest levels of out of work benefit claimants, to contribute towards tackling disadvantage and promote diversity as a driver of economic growth" with proposed actions to establish a 'hub' enterprise centre and 'enterprise champions' in deprived areas.

Bristol's Local Area Agreement 2008 –11

Bristol's Local Area Agreement 2008 –11 includes the following targets:

(i) A reduction of working age people claiming out of work benefits in the worst performing neighbourhoods from the baseline of 32.3% to 30.3% in 2010/11

(ii) A target of 300 people living in Bristol who have been claiming incapacity benefit helped by identified and specified projects into sustained employment of at least 16 hours per week for 13 consecutive weeks or more by 2009/10.

The South West Competitiveness and Employment Programme 2007 – 2013

The South West Competitiveness and Employment Programme 2007 – 2013 states that the ERDF will be used to complement investment by the European Social Fund (ESF) to reduce worklessness in the most deprived communities and increase access to employment.

ESF Framework for the South West

Priority 1 of the ESF Framework for the South West aims to is extend employment opportunities through tackling barriers to work faced by disadvantaged groups. There are likely to be close links between this ESF Priority 1 and support for Urban Enterprise. ESF support will be targeted at those distant from the labour market, seeking to make individuals more employment ready, with improved basis skills. This is likely to increase the pool of potential residents able to take up self employment and enterprise opportunities.

The European Social fund Programme 2007 – 2013 for the West of England

The European Social fund Programme 2007 – 2013 for the West of England has been developed by a partnership of the Department for Work and Pensions, the LSC and Bristol City Council.

The West of England ESF programme will provide substantial resources for the development of the skills required for enterprise and self employment advice is included as a specific element within the Working Communities programme. It is anticipated that the overall programme will be a major source of referral of the client group to sources of more intensive support for enterprise.

Strategic context
Introduction

Bristol is a highly productive city and an economic powerhouse for the region. In 2005 Bristol's contribution to the economy (Gross Value Added - GVA) was over £23,000 per head, compared to an average of around £18,000 for England and under £17,000 for the SW region. However, not all areas and communities of our city are sharing in this success. There are substantial communities and locations that exhibit severe economic and social deprivation that do not participate fully in economic and enterprise activity.

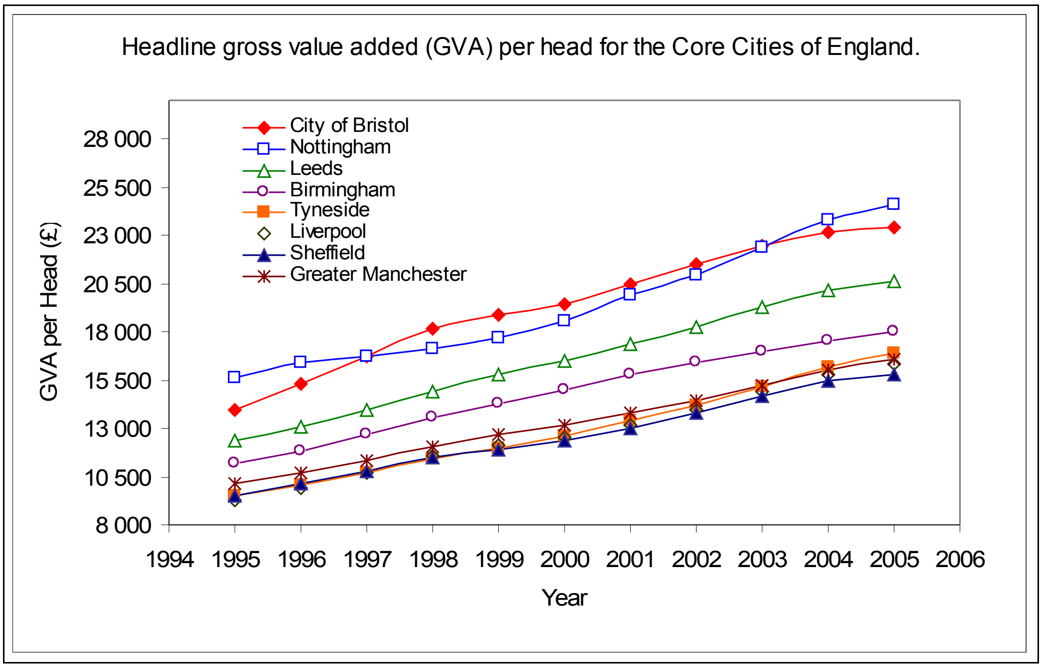
The Bristol Strategic Investment Framework's (SIF) draws on the city's economic strengths to find new ways to encourage potential entrepreneurs in disadvantaged communities and support their growth, enabling them to make an increasing contribution to the economic competitiveness of their communities, Bristol and the South West region. This chapter provides the context in which the SIF has been developed in terms of:

- The city and regional economy
- The target communities and locations
- The challenges and opportunities that these present for the SIF

Economic Context: Productivity and Growth

Since the early 1990's Bristol has been in the top two English regional cities for productivity and has seen rapid growth in its economy, built on strong modern, knowledge-based industries and sectoral diversity. This is illustrated below:

Graph 1: GVA per Head for the Bristol and the other English Core Cities.



Bristol maintains this position and continues to grow. Predictions within the Regional Spatial Strategy drafts indicate that the city's economy and its population to continue to show strong growth in the coming years. However, the rate of growth of GVA per head in the city has been slowing, in part this reflects national economic trends and mirrors changes in the other Core Cities.

As the economic situation tightens internationally and nationally, strategies are needed to limit the negative impact on the region and the city. New and small businesses can be vulnerable to a downturn, whilst also playing a positive role in providing creative local alternatives to shrinking larger national and international organisations and their branches. For these reasons, support to new and small businesses in a period of economic downturn can be a valuable investment in a local and regional economy.

Developing the enterprise base and competitiveness of new and small enterprises in Bristol at a time of economic uncertainty will be a key role for the Bristol SIF.

Working Age Population Growth

Since 2004 the city's population has grown rapidly, due mainly to in-migration from the new EU countries. By 2006 there were an additional 12,000 people in the city, most of these are of working age. In part the slowing rate of GVA per head reflects this significant expansion through in-migration, which dilutes productivity per head.

Whilst the working age population has been growing at around 3% per year, the unemployment rate has stayed fairly constant at around 4.8%[1] in recent years, as has the estimated number of jobs in the city at around 235,000. This suggests that in-migrants or those they may be displacing from the job market are either working, self-employed or are not showing in the unemployment figures because they are managing to survive without claiming benefits (or are not eligible for them).

Some of this economic activity will be in the 'informal' economy and has a limited impact on economic growth. Investment in enhancing this entrepreneurial potential and bringing it into the mainstream would be invaluable and provides a challenge for the SIF.

Addressing the negative impact of in-migration on the labour market within existing disadvantaged communities in the city and overcoming barriers to employment and entrepreneurship is a key objective. The challenge this presents for the SIF is to engage both in-migrants and existing disadvantaged communities effectively in contributing to increasing the economic productivity of the region.

The Growth Agenda

Continued rapid expansion of the regional population is expected in the next few years and is a key challenge highlighted in the Regional Economic Strategy 2006-15.[2] Recent planning forecasts predict continued population, housing and employment growth. Between 2006 and 2026 Bristol's population is expected to grow by 53,800 (13.3%).

The draft Regional Spatial Strategy (RSS) estimates that Bristol could need to provide up to 37,500 net dwellings over the same time period (over 30% of the sub-regional total) and - based on GVA growth of 2.8% to 3.2% per year - between 74,000 and 92,000 new jobs in its Travel to Work Area (TTWA).

Partners across Bristol and the sub-region recognise the impacts and challenges in delivering this growth and are committed to doing so in a way that is sustainable and inclusive. Spatial planning to ensure sufficient employment space, as part of a sustainable mix of uses, is currently underway and Bristol is a partner in a multi-national, EU-wide project (URBACT-LUMASEC) to share best practice and identify new solutions. At the sub regional level the West of England Strategic Partnership is discussing how these themes can be included within the Multi Area Agreement currently under development. The challenge to the SIF will be to contribute effectively to the economic, sustainability and inclusion opportunities that this growth offers and that SIF client enterprises can contribute fully to the wider growth agenda.

[1] ONS Model Based estimates (2007)
[2] Regional Economic Strategy 2006-15 (2006) SWRA/SWRDA

Economic Activity Rate

Over the last five years, Bristol has seen a decrease in the rate of economic activity. This worsening position in respect of its local labour market is in contrast with the previous five years, and leaves it lagging behind the rate for the South West region. Between 2001 and 2006, the economic activity rate in Bristol fell from 81.7% to 78.9%.[3] At the same time Incapacity Benefit (IB) Claimant rates have risen.

Many IB claimants are often not engaged in the job market because mainstream employment does not suit their circumstances. Alternative models of employment through self employment, enterprise and community enterprise will provide opportunities for IB claimants to (re)engage in economic activity.

Disabled people, including those with mental and physical disabilities, whether claiming IB or not, are a clear target group. The SW Regional Competitiveness and Employment Operational Programme (OP) identifies that 18% of the working age population is classified as disabled and 14% have a disability that impacts on their ability to work; the OP identifies Bristol as having only 53% of disabled people economically active, well below the 61% regional average and the national figure of 55%.

Targeting disabled people for enterprise support is in line with the UK Enterprise Strategy (2008), although problems in this group are entrenched and hard to address, as Bristol's experience through the Integrated Employment and Enterprise Initiative (IEEI) has shown. This group will need specialist and potentially longer term support to develop their enterprise activity than other groups.

Industrial Sector Structure

Business growth has been dominated by the service sector, with a decline in manufacturing. Bristol is well represented in the knowledge intensive and creative industries that are key to the region's ability to deliver on the Lisbon agenda. Investment in these industries through the SIF and other measures will therefore secure the desired regional contribution to enhanced competitiveness.

The service sector is more dominant in Bristol's economy (83% of Bristol's jobs) than it is regionally (75%) and for England (77%), or for the other core cities (average of 81%). This reflects the urban concentration of business and financial services and the decline in the manufacturing sector.

Four specific industrial sectors in Bristol have become important as sources of new employment and innovation in Bristol in recent years. These are the knowledge intensive industries, creative industries, environmental industries and social enterprise. The SIF will provide support for these growth industries across all of the five delivery strands

Knowledge Intensive Industries

Bristol has notable strength in both knowledge-intensive. It ranks top among the English Core Cities with almost a quarter of its jobs (24%) in knowledge-intensive industries (including IT, electronics, aerospace, business and finance)

The city has seen significant growth in this sector in the ten years to 2005, with an increase of almost 30% in knowledge-based industry employment[4]. This represents an opportunity for the

[3] Source – NOMIS, labour force survey, quarterly: four quarter averages

[4] State of the Cities Database, DCLG (2005) *and Bristol Economic Assessment, Bristol City Council (2007)

future and provides a basis for enterprise development in key growth sectors of Bristol's economy and that of the wider region.

The Bristol SIF will therefore contribute to the Regional Economic Strategy's aim of developing sustainable economic activity that addresses social, economic and environmental objectives (RES, 2006). The RES reflects the UK commitment to the Lisbon agenda, to become a competitive and dynamic economy, led by knowledge-based industries. Bristol is well placed to deliver a significant contribution to regional and national objectives given the already strong knowledge-based local and regional economy and infrastructure, including two superb local universities.

Creative Industries

The creative industries such as architecture, design, media and the arts currently provide 7% of employment in Bristol. Creative industries is an exceptionally fast growing sector in the local economy with a growth in employment of over 40% since 2005.

Environmental Industries

Strategies at all levels, from the EU through to the local level, reflect the need for sustainable economic activity and for increasingly environmentally sound practice. The context for the growth in this sector in the city is strong and supportive. The mix of high technology and knowledge based industries, combined with active universities and a renowned third sector environmental presence, provides a strong knowledge base on which to build.

At the city level, work is underway to increase the growth in the environmental technology sector, with a major national conference hosted in Bristol in June 2008, under the aegis of Bristol's collaborative network to support the sector (BETS).

Business Formation and Survival

Bristol is in the top rank of the English Core Cities for business formation and growth. In the decade to 2005 the city's population of VAT registered businesses (approximate turnover of £60k p.a.) grew by around 13.5% and now stands at around 17,400 enterprises[5]. Of these, nearly two thirds (11,250) are micro businesses, with five or fewer employees.

Bristol's business population has been growing faster than those of other comparable urban areas or of the SW region (12.6%). This growth rate was however, below the national level (14.8%).

The most recent figures available show that for the three-year period to 2008 the number of business units (including those below the VAT threshold) in Bristol continued to grow, increasing by nearly 830 (5%). The micro business sector grew slightly more slowly with 450 new business units representing a 4% increase[6].

The business formation rate (per 1,000 of working age population per annum) in Bristol is also good for a large urban centre (at 14.8), and higher than most of the core cities. The formation rate is lower than the regional average (16.8)[7], partly reflecting the contrast between the urban

[5] Beta Model (January 2007) The Beta Model Business Populations Specialists (NB: this is a good proxy, commercial telephone directory numbers).
[6] Beta Model, Ibid
[7] 32 Source NOMIS – Labour Force Survey and Annual Business Inquiry.

and rural economies as well as suggesting potential for further growth with the right support through the SIF.

However business densities in Bristol's deprived wards are declining[8]. This is partly through in-migration, as described previously, but also through a lack of enterprise creation and low levels of entrepreneurship in these areas; the citywide figures above mask this disparity.

In Bristol in 2007-8 the survival rates for new businesses, based on those still trading after one year, matched those of England as a whole at 89%. This is the highest survival rate amongst the core cities (jointly with Newcastle). This contrasts with Liverpool, where only 47% survived the year[9].

However, surviving the first year does not guarantee long-term success. Six years after formation only 41% of new businesses formed in Bristol are still surviving. In Bristol young businesses have a worse chance of succeeding than in England on average, which has a survival rate of 47% at the 6 year point, as shown in Table 1, below:

Table 1: Survival Rates for New Businesses over Time

Years after formation	**Survival Rates of New Businesses (% surviving, rounded)**	
	England	Bristol
1	89	89
2	72	68
6	47	41

The comparative urban figures illustrate the relative strength and entrepreneurial dynamism of the city of Bristol, overall, in relation to business formation. Investment made through the SIF will benefit from this strong context.

The weakness identified here is the relatively low medium term survival rates of new businesses and indicates that there is considerable potential to make a difference through the SIF with investment in support that is longer term than one or two years.

This informs the proposals for enterprise support which are developed across the strands, but particularly in Strand 4, which proposes a medium to long-term partnership approach with client enterprises that is scaleable to the needs and ambitions of the clients.

Business Density

Bristol is in the top two Core Cities for business density (with only Manchester's density being higher), measured by the number of business units per 1,000 people of working age. Bristol's business density is the same as the national average at 67.8 (2005) but below that of the region (71.7).

Bristol's business density has declined in recent years, reflecting a combination of factors such as slowing formation rates and dilution through increases in the working age population through in-migration. This points to the importance of ensuring that all sections of the working age population are able to contribute effectively to enterprise activity in the city, to maintain local and regional competitiveness.

[8] Beta model, op cit
[9] An Economic Assessment of Bristol (2007), Bristol City Council

Entrepreneurship

A recent report[10] looking at the prospects for entrepreneurship in England's Core Cities identified Bristol as the most enterprising of the cities (see Table 2, below). The Index is based on 21 indicators of regional entrepreneurship developed in the 1980's, including earnings, social groupings, sector employment and business formation. The report does not claim to predict potential entrepreneurship in absolute terms but does demonstrate the comparative advantage that Bristol has in developing enterprising cultures.

[10] : Some Indicators of Likely Entrepreneurship in England's Eight "Core Cities." Dr John Ball, Senior Lecturer, Swansea Business School 2006

Table 2: Core City Index of Likely Entrepreneurship (Source: Ball, J. 2006)

Core City	Average Score (rounded)	Position
Bristol	18	1
Leeds	16	2
Manchester	12	3
Sheffield	11	4
Newcastle Upon Tyne	11	5
Liverpool	10	6
Birmingham	9	7
Nottingham	9	8

Business Location and Deprivation

Business density is lower in the deprived areas of Bristol, as is the density of knowledge-based industries. Moreover start up rates are lower in deprived areas, a finding replicated at national level and illustrated in a recent Bank of England report which found strong links between multiple deprivation and low business start ups. The maps in the appendix show the Index of Multiple Deprivation scores for the city and highlights the deprived neighbourhoods that are our priorities for the SIF.

Maps 2 and 3 show that the northern and southern priority neighbourhoods in the city exhibit very low levels of business density generally and of knowledge-based industries. These areas therefore provide relatively low levels of local opportunity for residents and limited business networking and local supply chain opportunities.

The pattern is different for the eastern and central priority areas, as these overlap with the city's central business district. However many local residents are unable to access the jobs available due to a mismatch between skills required and those held in the population. As with the Northern and Southern areas, this area of the city has concentrations of residents who face barriers to engaging in enterprise.

Job distribution across the city

In 2006 the economy of Bristol supported nearly 230,000 employee jobs[11]. The distribution of these jobs across the city is very uneven, representing many fewer local opportunities for many people in the most deprived areas. Just 25% of employee jobs are in south Bristol (i.e. the 12 wards south of the river), whilst the area accounts for 34% of the city's population and 32% of its working age population.

This relative dearth of local jobs in the south reflects both the spatial structure of the city (with the central business district located on the north bank and limited transport routes from north to south) and historical losses of large manufacturing industries based in the south when the tobacco and chocolate factories closed over 20 years ago.

[11] Annual Business Inquiry, 2008, NOMIS, O.N. S.

These factors have contributed to deprivation in large areas where people are suffering significant economic and social deprivation including generational worklessness, low aspiration, low levels of educational attainment and limited local opportunities.

Skills and Learning

Bristol has a well-qualified workforce, in comparison with national and regional averages and in contrast to the other core cities. However, a sizeable proportion of local residents lack any qualifications, with the last five years seeing this group entrenching at a time when other cities have seen very significant improvements.

In 2000, the proportion of Bristol's working age, economically active population without qualifications was 9.4%. This was below the national average of 11.9% and lower than other core cities by between 1.8 and 10 percentage points. By 2005 this figure in Bristol had increased to 9.9%, marginally above the national rate of 9.8%, and above those of Newcastle, Leeds and Sheffield.

As an example Filwood ward is one of the worst affected areas. It consists of 8 Local Super Output Areas (LSOA). All of these are within the top 10% most deprived LSOAs in England for the Education, Skills and Training domain, and five are within the top 1%. One of these five, Throgmorton Road, actually ranks 24 of all 32,482 LSOAs nationally for this domain, while another, Illminster Avenue West, ranks 32.

Of the eight core cities, six have seen reductions in the proportion of residents without qualifications; only Bristol and Liverpool have deteriorated. Addressing poor skills, education and training must be a priority for the city, in conjunction with other strategies including the ESF programme for the West of England, if the full potential of local people is to be achieved.

Entrepreneurial potential in deprived neighbourhoods and communities

The level of entrepreneurial potential in Bristol is also demonstrated by the success of initiatives currently working to support enterprise development and self employment and by by those who have become active and successful entrepreneurs in their chosen field in spite of the significant disadvantage they face.

Bristol's Integrated Employment and Enterprise Initiative (IEEI), a strategic partnership programme running over the last two years, has targeted improving enterprise support in the three most disadvantaged clusters of wards in the city. The achievements of the IEEI illustrate that there is entrepreneurial potential in the city's most deprived communities but that further support is needed to fulfil the city's aspirations.

IEEI targets have been met or exceeded in the number of people who have been engaged by the programme (over 1,750) and successfully entered employment (143). Of those gaining jobs, around 65% were from disadvantaged groups. In addition, 42 new businesses have started up. There has been less success in supporting Incapacity Benefit claimants into employment, reflecting the severity of the barriers many still face.

Deprivation levels in the city

Bristol contains some of the most deeply deprived neighbourhoods in the region and in the country. Over 115,000 people in Bristol face significant economic, social and environmental disadvantage. The Index of Multiple Deprivation (IMD, 2007) shows that over a quarter of Bristol's residents live in the 20% most deprived LSOAs of the country. Over 50% of these live in the worst 10% of areas nationally. Our SIF focuses investment in these areas and their most disadvantaged residents.

There are three clusters of priority neighbourhoods in Bristol facing the most severe deprivation. These areas (Northern, Central and Eastern, and Southern Bristol clusters) are shown in Map 1, alongside their position in the Index of Multiple Deprivation. The spread and severity of deprivation and need in the city is clearly illustrated.

In some of the deprived areas the local economic opportunities are severely limited, with lower business densities and entrenched worklessness. In all of them there are large proportions of the population who will also have to tackle other factors of deprivation and disadvantage. Black, Asian and Minority Ethnic (BAME) groups, young people and IB Claimants, alongside other unemployed people, are recognised by the UK Enterprise Strategy as being of particular significance in the challenge of increasing enterprise, as they hold 'locked potential'.

The table below shows the number of Bristol's areas that are in the worst 10% nationally (LSOAs) for each issue measured. The LSOAs were originally drawn (2004) to include a mean of approximately 1,500 people. In many cases population density has since increased to raise these numbers especially in the city's central and eastern cluster. Nevertheless a rough approximation of 1,500 people per LSOA allows an illustration of the relative scale of the problems faced in the city:

Table 3: Local areas (LSOAs) suffering severe deprivation (Index of Deprivation 2007)

Issue	**Number of Bristol LSOAs in worst 10% nationally.**	**Proportion of Bristol LSOAs in worst 10% nationally.***	**Number of Bristol LSOAs in worst 20% nationally.**	**Proportion of Bristol LSOAs in worst 20% nationally.***
Multiple Deprivation	39	16%	71	28%
Income Deprivation	31	12%	59	23%
Employment Deprivation	25	10%	55	22%
Health Deprivation and Disability	26	10%	68	27%
Education, Skills and Training Deprivation	61	24%	88	35%
Barriers to Housing and Services	11	4%	56	22%
Crime	98	39%	158	63%
Living Environment	13	5%	50	20%
Income Deprivation Affecting Children	39	16%	68	27%
Income Deprivation Affecting Older People	30	12%	59	23%

The proportions given are percentages of total number of L-SOAs (252) in Bristol..

Education skills and training is amongst the most severe of the issues, with most of the disadvantaged areas in the city suffering badly in this respect.

Problems with these skills issues contribute to the employment and income deprivation that affects the lives of the most vulnerable including young people and older people. This is a significant challenge for enterprise development and support in the coming years.

Section 3 – Targeting

The section provides background information to inform and guide the Bristol SIF towards the target groups identified in the cross cutting themes of the ERDF Operational Programme

SME Employers in Deprived Areas

SME employers in deprived areas face different and sometimes greater obstacles that those elsewhere [12]. SME employers in deprived areas are:

- Considerably less likely to have been based in residential premises at start up (21% compared to 34% overall)
- Slightly less likely to have sought external finance (20% compared with 23% overall)
- Less likely to make use of computers and the internet (12% compared to 18% overall)
- Less likely to have sought advice at the time of start-up (40% had sought no advice compared to 35% overall). Where advice had been sought it was more likely to have been sought informally from family and friends

These findings suggest the SMEs in deprived areas will benefit from improved access to workspace, finance, technology and advice.

Black, Asian and Minority Ethnic Communities

The UK Enterprise Strategy highlights that the majority of BAME groups[13] have lower rates of self-employment than the population as a whole. The self-employment rate in these groups is on average nearly 3% lower than in the whole population at 7.1%. Encouragingly, this self-employment rate has increased between 2005 and 2007 and is growing faster than it is in the white populations. In Bristol it is estimated that 32% of people within the BAME groups are interested in self-employment but only 7% (close to the national average) are in self-employment.

Bristol's Central and Eastern cluster of deprived neighbourhoods is home to a large proportion of the city's ethnic minority population. Between a quarter and a third of the people living in these wards are Black, Asian or from other Ethnic Minorities: in Easton the figure is 25%, Ashley 26% and Lawrence Hill 32% (Census 2001). Lawrence Hill also has the most deprived areas in Bristol based on the IMD (2007) and exemplified by 33% of working age people facing unemployment deprivation[14].

People with Disabilities and Incapacity

Nationally there is a strong correlation between disability and living in deprived areas, as reflected by claiming incapacity benefits. In Bristol in 2001 over 11% of the population below 65 years of age had a long-term limiting illness[15]. They were disproportionately likely to be living in deprived communities, accounting for almost one in five people under 65 in Lawrence Hill and

[12] The Annual Survey of Small Business's Opinions 2006 – 2007 commissioned by the Department for Business, Enterprise and Regulatory Reform.

[13]2 Ethnic minority groups with relatively low self employment are 'White and Black Caribbean', White and Black African', 'White and Asian', 'Other Mixed', 'Bangladeshi', 'Other Asian', 'Black Caribbean', 'Black African', 'Other Black' and 'Other'. The ethnic groups in which self employment is not under-represented are 'Indian', 'Pakistani', 'Chinese', White' and 'Other White'. Source: Enterprise: Unlocking the UK's talent (2007).

[14]3 Bristol City Council Analysis of Index of Multiple Deprivation, 2007.

[15] Census of Population 2001.

around one in six in the priority areas of Hartcliffe and Filwood (in south Bristol) and in Henbury (north Bristol).

More recent figures on the numbers of people being supported by Incapacity Benefit show that locally these rose significantly in the five years to 2006, as economic activity rates have declined. The UK Enterprise Strategy views entrepreneurial activity through self-employment as a viable economic option for many people with disabilities, based on research by the University of Swansea[16].

The 2001 Census shows that in Bristol (as well as nationally) the levels of self-employment are lower for those people who have a limiting long-term illness (LLTI) than those who don't. LLTI is a reasonable proxy for disability, and in Bristol of those people (aged 16-74) who have a LLTI 3.5% are self-employed, compared to 7.6% of people without a LLTI. The total number of people with a limiting long-term illness who were self-employed at the time of the 2001 Census in Bristol was 1583.

In 2002 the Small Business Service published a report entitled “Barriers to Self Employment for Disabled People” .The report made the following recommendations:

- Welfare to work programmes for disabled people need to address pre- existing disadvantages, in the form of low educational attainment and low self esteem.
- The in work support currently available through the benefits system needs to be more widely promoted and publicised.
- The possibility of adapting housing benefit to take account of fluctuating income from self-employment should be investigated.
- A national scheme for start up grants and loans, overseen by experienced business advisers with disability awareness training, is needed.

Local success in supporting incapacity benefit claimants into work has so far been elusive with the Integrated Employment and Enterprise Initiative for example having far more success in work with other disadvantaged groups. This, therefore, is one area where resources can make a real difference, building on success from elsewhere.

Young People

Young people are another target group recognised by the UK Enterprise Strategy as a focus for enhanced enterprise support[17]. Entrepreneurship amongst young people (16-24 years old) has increased in recent years nationally, with almost 18% of this age group thinking of starting a business. In the UK as whole, the actual self-employment rates of this age group are around 7% (Labour Market Trends 2003).

The government has a focus on developing awareness, aspiration and motivation for enterprise around young people.[18] In Bristol there are economic issues that are limiting young people’s potential to develop and to be enterprising. There are also positive examples of success in unlocking this enterprise talent in a sustainable way.

[16] Jones, M.K. and Latreille, P.L. (2006) Disability and self employment evidence from the UK LFS’ School of Business and Economics, University of Wales, Swansea.
Barriers Employment and Enterprise Survey in the Bristol Employment Action Plan 2006
[17] Enterprise: Unlocking the UK’s talent, 2008.
[18] Enterprise: Unlocking the UK’s talent (2008)

One in six areas of Bristol are in the most deprived 10% of areas nationally for income deprivation affecting children[19]. Many young people are living in households with generational worklessness and related low aspirations and expectations.

Poor educational attainment compounds these problems. In Bristol there are over 100,000 people living in areas that are in the worst 10% in the country for deprivation in education, skills and training (Index of Multiple Deprivation 2007).

In 2007, only 46% of Bristol's pupils achieved 5 A*-C GCSEs in any subjects. Figures for pupils who are from BAME communities are even lower, with only 38% achieving this level, and, of all the pupils living in the deprived areas of the city, only 35% achieved this compared to 52% in the less deprived areas[20].

Women

The UK Enterprise Strategy recognises the potential of women as entrepreneurs. Currently there are fewer female entrepreneurs in the UK than in the US. Here, women currently lead only 14% of businesses employing people. However, there has been a rise in this number suggesting that there is potential to tap. The government is committing £12.5 million for a capital fund for women-led businesses.[21]

In Bristol self-employment rates amongst women, at 4.3%[22], are slightly lower than nationally (5.0%) and significantly lower than in the region as a whole (6.7%). However they have risen slightly over the period 2004-6 (up from 4.1%). This follows the regional and national trend for growing female entrepreneurship, although with a slower rate of growth than in the South West region. The positive regional context and the upward trend suggest potential for growth in entrepreneurship for this group locally, given appropriate investment.

The social enterprise sector appears particularly attractive to women and the UK Enterprise Strategy acknowledges the importance of this in identifying ways to encourage women into enterprise. The Strategy cites cultural differences as one of the key factors in this. Within Bristol the social enterprise sector is strong and dynamic and has benefited from structural investment through the C3 programme in recent years. The city is therefore well equipped to increase enterprise activity within this group.

The SIF will build on the potential for Bristol's third sector to encourage target groups into enterprise and to develop a wider enterprise culture, particularly focusing on this through SIF Strand 2.

Bristol intends to become a pilot area under a central government initiative challenging childhood poverty, the SIF will support this by enabling women to consider enterprise routes as personal options for the future. Similarly carers can be supported into appropriate enterprise development opportunities. While neither of these are exclusively targeting women as targets, women are likely to be beneficiaries of such activities.

Older People

The 2006 population estimates for Bristol indicate that the population of males aged 45-64 and females aged 45 -59 is a total of 75,544, representing 27% of the total population of the city. However there is no clear evidence for a concentration of these age groups in deprived areas.[23]

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[19] Bristol City Council Analysis of Index of Multiple Deprivation (IMD) 2007.

[20] State of the Neighbourhoods Education Results, 2008, Bristol City Council.

[21] Enterprise: Unlocking the UK's talent (2008)

[22] Annual Population survey 2006

[23] ONS Experimental Statistics 2006

There are no local statistics available for rates of enterprise or self – employment amongst older people in Bristol but the city it is likely to follow the national trend of around 19% of people aged 50 and over being self employed, compared with about 14% of people aged 25 – 49.[24]

The majority of SME owners fall in age categories 35 to 44 (25%), 45 to 54 (31%) and 55 to 64 (26%), but businesses that are exhibiting growth tend to have younger owners. For instance 31% of SME owners aged 35 – 44 are growing their businesses compared with only 20% of SMEs with owners aged 55 –64. [25]

Para 2.31 in "Enterprise: Unlocking the UK's Talent March 2008" published by the Department for Business and Regulatory Reform states that:

"research indicates that age is a significant factor affecting attitudes to enterprise and whether capable individuals start or grow a business……..this is a challenge for the UK if we are to remain competitive with an aging population".

The Government's policy is to work with key partners to develop a promotional campaign to encourage older people to be active in enterprise e.g. Enterprise Insight, PRIME (Prince's Initiative for Mature Entrepreneurs). The Bristol SIF will facilitate and encourage joint working with these organisations and local business agencies and provide support to older people linked to specific issues such as business growth and business succession.

Current and future initiatives that support targeting and delivery

Section 4 (Learning from Previous Initiatives) sets out the work undertaken in previous programmes to promote enterprise in disadvantaged areas and communities

The following paragraphs summarise a wide range of existing and future programmes and initiatives currently under development that will support client referral and the targeting of resources from the SIF to priority areas and communities.

Bristol Local Area Agreement and Pathways to Work

A programme to provide support for engagement with work for incapacity benefit claimants forms part of the Bristol Local Area Agreement. The West of England Pathways to Work target for Bristol is approximately 2000 incapacity benefit claimants supported over the life of the programme.

West at Work

West at Work focuses on making sure that the local workforce will have the skills to meet the needs of nine key development sites across the West of England. The partnership also actively engages with employers concentrating on the priority sectors that support the employment needs of the key sites.

In Bristol the West at Work programme has been focussed recruitment to the construction industry and the retail and hospitality sectors linked to the Cabot Circus development. In future the programme will be linked to new development sites such as Hengrove Park.

Parents Returning to Work

Bristol city Council's Children and Young People's Services Team have submitted an expression of interest for support to lone parents who are returning to work under the "Child Poverty Pilot" programme.

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[24] (Labour Force Survey, Office for National Statistics 2005).

[25] (Source: Annual Survey of Small Business Opinions 2006 –2007, Department for Business and Regulatory Reform 2006 – 2007).

Integrated Employment and Enterprise Initiative (IEEI)

The IEEI project has developed a networking and referral service involving approximately 170 community and voluntary sector organisations, training providers and enterprise support organisations in Bristol. This is supported by a web site (www. ways2work.org.uk) and a client management system.

Community Service Volunteers (CSV)

CSV are contracted to deliver the New Deal for Self Employment by Job Centre Plus in Bristol

Bristol City Council Service Teams

The Learning Communities Team deliver a “First Steps to Learning” course based on enterprise. This is undertaken jointly with BRAVE (Bristol and Avon Enterprise Agency)

Bristol City Council’s customer service points are possible sources of information about enterprise. The Council’s Neighbourhood and Housing Services Team and Housing Benefits Team both undertake outreach work and will be possible sources of referral to enterprise support agencies. Facilities such meeting and training rooms are available.

City of Bristol College

The City of Bristol College provide an NVQ level three course in small business management 3 and a wide range of short and other courses relevant for the skills development needs of SIF client enterprises.

Section 4 – Learning from previous initiatives

Bristol has extensive experience in developing and successfully delivering large-scale programmes aimed at tackling deprivation, promoting social and economic inclusion, and supporting enterprise.

Previous initiatives to promote enterprise in deprived areas in Bristol have been successful in some parts of the city and there has also been some success in targeting disadvantaged groups. However the previous smaller scale, time limited investments have had a limited impact on sustainable business development and growth and the creation of a culture of enterprise in deprived areas. The SIF aims to establish a longer term, client centred approach to business support and development that will continue beyond the life of the programme. This will be achieved through the commissioning process and the allocation of resources in line with the SIF to take forward the five strands of delivery.

The following identifies some exemplar projects that have informed development of this SIF and that will provide context as delivery is commissioned.

Workspace Development and Management

As an innovative community the social economy in Bristol has experience in a range of workspace, incubation, wrap-around support services and other types of development and provision. Examples with a successful track record of serving the city's disadvantaged areas over at least 10 years include[26]:

- **Easton Business Centre** and **The Coach House** (St. Pauls) operated by East Bristol Enterprise Ltd and BRAVE respectively – these centres provide high quality, affordable business units, on a flexible 'easy in- easy out' basis, and support a mix of start up, growing and mature enterprises with 'wrap-around' business advice and support services.

  Over 2006-08 these established providers have collaborated with more recent entrants to workspace provision such as **Bristol East Side Traders, Knowle West Media Project and Southmead Development Trust** to deliver the '**Space**' incubation support programme operating in various centres city-wide and targeting other businesses outside these centres or home-based too ('virtual' incubation). This programme won the 2007 UKBI Newcomer Business Incubator of the Year Award.

- The Gatehouse Centre workspace provision, with a range of associated enterprise stimulation and support activities – providing a highly successful local anchor for business development for more than a decade.

- **The Vassall Centre** (Fishponds) operated by The Vassall Centre Trust provides award winning, barrier free working environment enabling full business participation by disabled people.

Bristol Means Business, ERDF Objective 2 Project, 2005

The Bristol Means Business Project delivered enterprise support in the Objective 2 area through a consortium of 15 local enterprise agencies.

The evaluation of the Bristol Means Business ERDF Objective 2 Project 2005 identified the benefits and successes arising from the programme. These included:

[26] Ffi see: http://www.ukbi.co.uk/index.asp?PID=590; http://www.hartwood.org.uk; http://www.vassallcentre.org

- Improved customer journeys through better referral mechanisms.
- Improved quality of business support.
- Development of website marketing.
- Provision of support beyond “the standard offer”.
- Opportunity for firms to develop a personal relationship with an advisor.
- Provision of assistance with practicalities such as application forms and specific business issues such as bookkeeping.

The evaluation also describes some of the barriers to enterprise development in the city. These included:

- A lack of awareness of business support services.
- A shortage of specialist support.
- Constraints on assisting retail businesses within funding guidelines.

The evaluation report recommended:

- More outreach work taking services out to deprived communities with mobile advice centre and targeted events
- Innovative support for start up businesses including mentoring

Mainstreaming Enterprise Support

Following a consultation exercise in the Bristol Neighbourhood Management Areas a report published in 2006 entitled “Mainstreaming Enterprise Support” identified the following as strengths:

- Successful targeting of the BME and refugee communities
- The Broadmead Local Supply Initiative
- Outreach work in Knowle West
- Start up advice in Southmead and Lawrence Weston
- The council’s provision of economic intelligence and assistance with property searches

Enterprising People

The Bristol Means Business project was followed by another business support product branded as “Enterprising People”. This was also funded by the ERDF Objective 2 programme. The project aimed to tackle the inequalities in enterprise support between the Objective 2 areas and their more affluent neighbours.

The project started in October 2005 and the active phase of the project ended in September 2006. It was delivered by a consortium of five business support agencies. The project met or exceeded all of the target outputs. These included the number of SMEs assisted, support given to disadvantaged groups, take up of ICT, and improvements in environmental management in the client group.

Enterprising People - Outreach Work

The evaluation report for the Enterprising People project highlighted the importance of outreach work to promote enterprise in deprived areas. The following examples are cited as significant strengths in the report:

- Outreach events held in each of the wards in the Objective 2 area
- One member of the team was based in Filwood for one day a week.
- A “Thinking About Business” course was delivered by a Somali speaking member of the team
- A course for Somali women was delivered with provision for childcare

Recommendations and Comments from the Evaluation of Enterprising People

In terms of operational and management processes of the project, the following recommendations and comments were made:

- A Project Manager must be in post
- An integrated team with a common approach should be established
- A significant investment is required to fully integrate partner databases for ongoing use rather than project-based short-term use
- Longer term funding should be provided to enable partners to synchronise key processes such as quality, financial management and support services.

The Social Economy Bristol Development Fund

- This fund (or bursary) was set up in 2002 by Bristol City Council as a component of the Social Economy Bristol Development Programme. The aim was to promote the growth of social enterprises by improving the range and quality of support at critical growth stages by enabling clients to access expertise not available within the local infrastructure. It led to the strengthening and development of the third sector in Bristol. The bursary was managed by an independent foundation with the relevant experience and capacity.
  The fund was successful at generating significant financial leverage, with at least £4.1m having been brought in as a result of the work undertaken

Recommendations from the Evaluation of the SEBDF[27]

- The opportunity exists to integrate the operation of the fund with the proposed delivery of business support to social enterprises over the next three years.
- A targeted Fund, drawing on a wider network of financial contributors, could support the City Council’s priorities, particularly by supporting smaller social economy organisations that are seeking to develop their enterprise capability and confidence in order to tackle issues in disadvantaged neighbourhood communities.
- The Fund should be seen as part of suite of measures to provide support to the development social enterprise within the City. These measures should provide support to the sector as a whole whilst ensuring that applications to the Fund are only made by those organisations that are stable and committed to transformation of attitude, culture and practice.

[27] SEBDF report CNR May 2007 available from BCC Economic Regeneration Team

Promoting a Competitive, Confident and Credible Third Sector- C3

The 3 year EU Equal-funded C3 aimed to help strengthen the economic and social impact made by third sector (social) enterprises: bringing mainstream approaches to business improvement and growth to improve their strategic and operational orientation and the transactions that affect their performance.

The C3 approach allows social enterprises to challenge their own organisational, policies, behaviour and systems, confronting uncomfortable issues. Clients then drew up an action plan to capitalise on their strengths and deal with their weaknesses, with regular progress reviews. They can also provide core information required to pass most quality assurance, procurement and investment assessments.

Supporting resources such as leadership and customers support training, expert advice for groups and individuals, online information, action learning sets, benchmarking, and other programmes were then available to support the improvement and growth of client enterprises.

C3 Mainstreaming and Evaluation [28]

As a delivery programme C3 benefited from a strong project management methodology of partnership working. The collaborative but performance driven approach to developing, implementing and mainstreaming challenging and innovative ideas was valued by partners, beneficiaries and audiences, and reflected the performance orientated culture that C3 was focussed on. As an action research project C3 links economic behaviour with learning, development policy and practice. The project delivered more integrated triple bottom line approach where wider socio-economic benefits are considered alongside performance and value for money evaluations and encouraged social enterprises to compete with the private sector.

An approach that builds on learning from C3 is potentially applicable to all enterprises, including micro enterprises, start ups and SMEs. Tt resembles BSSP products in the growth and improvement fields. As a "business improvement programme" C3 learning can contribute to support wider enterprise development within Bristol's disadvantaged communities.

Assessment of Business Support in Bristol (Ancer Spa February 2007)

In February 2007 Bristol City Council commissioned consultancy firm Ancer Spa to produce an assessment of business support. The report confirmed many of the strengths identified in previous evaluations but also found the following gaps and weaknesses:

- Lack of a robust process for assessing the impact of services
- Weak links between demand for business support and supply
- Services are inconsistent, a universal service for businesses is required rather than cherry picking
- A deficiency in the provision of enterprise courses in schools, further education and higher education.
- A shortage of workspace and business incubators
- Insufficient basic skills training and finance for start ups
- Absence of targeted packages of support for particular groups and sectors

[28] "www.c3partnership.org.uk" and final evaluation report by Andrea Westall December 2007, ffi see contact BCC Economic Regeneration Team

- Inflexibility in terms of access to support for people in full time jobs, owners of businesses and carers
- A shortage of provision in mentoring and coaching support

Neighbourhood Renewal and Neighbourhood Management Programmes 2006-2008

In 2007 York Consulting was commissioned by Bristol City Council to evaluate the effectiveness of this programme. The neighbourhood renewal programme outcomes framework states that the aims of the programmes are to:

- decrease the number of benefit claimants;
- increase the number of small businesses

The Economic Wellbeing theme of the programme is divided into two projects:

(i) The Integrated Employment and Enterprise Initiative (IEEI) designed to encourage more integrated working between employment and enterprise agencies based in Neighbourhood Renewal Areas.

(ii) Single Interventions providing money for small, location specific interventions such as the Stapleton Road Action Plan. The programme was delivered in three geographic clusters.

Examples of funded projects in geographic clusters are:

- Northern cluster – project to provide 10 managed workspaces for new businesses to help reduce the business failure rate in the area.
- East and central cluster – a business and enterprise support initiative offers a "comprehensive package of measures, designed to provide a range of enterprise support initiatives".
- Southern Cluster – the Urban 2 project provides a range of employment, education and training activities to the unemployed. In the southern cluster, the IEEI monies were used to match fund against Urban 2 European money to continue an ongoing project.

The evaluation of the IEEI has not yet been completed.

Case Study: Knowle West Media Centre

The Knowle West Media Centre opened in April 2008. The centre offers a full range of media production services and a programme developed with young people and the community.

Two-year traineeships and six-week work experience placements are available and the centre also supports volunteer work, mentoring and the "Friends of the Knowle West Media Centre" scheme. The expanding portfolio of projects reaches out to the wider south west region and nationally.

Section 5 – Bristol SIF SWOT Analysis

Strengths	Weaknesses
• Experience of delivery in deprived areas by local enterprise agencies • Several local organisations have experience of managing and providing loan funds for SMEs in deprived areas and social enterprise • A well-developed and growing third sector • Experience of successful collaboration by local business support organisations in the delivery of projects in deprived areas • Excellent higher education provision with links to business support organisations • Experience of managing workspace projects	• Poor range of Schools and youth centre based provision • Range and quality of support available in funded support does not meet all development and growth needs • Links between CDFIs and banks are not well developed • High levels of deprivation in some wards • Services only offered to people who have already decided to try enterprise • Shortage of workspace and business start-up space • Links with Business Link at local level need to be improved • Support for clients often short term only • The environment and access to local business areas needs to be improved
Opportunities	**Threats**
• Population growth and new communities, develop culturally sensitive services • Improving techniques for accessing and supporting enterprise among young and older people, BAME disabled and new communities. • Further development of the social enterprise model including public procurement opportunities and consumer markets. • Further development of support for growth sectors – including use of FE and HE facilities and expertise. • Develop enterprise networks e.g. Women's Enterprise Networks, Bristol Environmental Technology sector, Social Enterprise Mark • Provision of customer journey focussed services linking in with BSSP. • Capitalise on resources and services already available by improving effective demand. • Improve capacity for enterprise stimulation and support by provision of advisors, coaches and mentors	• National providers delivering a standardised product will not meet local needs • Loss of capacity in local enterprise agencies • Poor access to IDB • Development prospects and impact of current economic climate • Loss of funding from area based regeneration programmes such as: Objective 2 ERDF; SRB; Neighbourhood renewal; New Deal for Communities these changes in public funding regimes could severely reduce the capacity enterprise support delivery 'on the ground' • Regional commissioning may squeeze out local providers with experience and expertise • Worsening economic situation and possible recession making life for vulnerable enterprises even more difficult

Section 6 – Delivery actions, cross cutting themes and options analysis

Overview

The SIF has three key aims:

4. To establish and further develop an enterprise culture within Bristol's deprived communities and to promote and support enterprise creation and sustainability.
5. To develop a resource base which will provide a sustainable income stream for future support.
6. To provide a framework for strategic investment by partners to deliver the above.

Our Bristol SIF identifies the Delivery Actions that will achieve these aims, based around the Programme's five strands:

Strand 1	Small scale infrastructure and facilities
Strand 2	Promoting and encouraging the creation of new enterprises/social enterprises within under-represented groups
Strand 3	Access to finance
Strand 4	Access to targeted business support services in the community
Strand 5	Enterprise opportunities from environmental improvements

Each is presented, in context, in the following sections.

Strand 1: Small scale infrastructure and facilities

The Bristol Situation

Strong and unmet demand for workspace has been identified, through:

1. Independent research, funded by BCC and SWRDA, undertaken by DTZ - 2007/08
2. West of England Small and Managed Work Space Strategy and Bristol Action Plan - 2005
3. Local Enterprise Growth Initiative Evidence Base - 2006
4. Successful private and public investment in workspace using external funding e.g. Objective 2 funded developments - 2001-7
5. The Digital City bid processes – 2006-7

The DTZ report found that:

- There is continuing need and demand for managed workspace in Bristol, particularly in priority areas and communities
- The market is not responding to this need and demand, although some more affluent areas are well served

- Some existing centres are at the limits of viability despite high occupancy rates, with some offering below market rents to tenants
- There is a lack of provision of some types of space, including workshop space
- Rents are highest in the city centre and decrease outwards

As the preceding sections have demonstrated, extremely low levels of entrepreneurship, enterprise creation and survival and business densities persist within Bristol's priority areas and excluded groups and communities. The latest IMD data shows that this situation is not improving and that focused, long-term efforts to create a 'culture of enterprise', combined with improved educational attainment, skills and training through ESF and other programmes, are needed.

Whilst the priority groups and areas have benefited from area based grants, the stop-start nature of time limited funding means that capacity to deliver and rapport with newly formed businesses ebbs and flows and hard won momentum is lost once funding ceases. A longer-term, sustainable model is vital if real change is to be effected.

The provision of managed workspace in priority areas is a proven means of stimulating an enterprise culture, encouraging and fostering business creation and acting as a base for wider enterprise outreach services in hard to reach communities. Centres also provide tangible evidence of intent and of partners' long-term commitment to addressing intractable issues of deprivation and low levels of entrepreneurship.

Bristol has a long-standing record of developing such centres and of acting with agencies and partners to deliver a number of successful centres and services. The 'Space Programme'- run by BRAVE and recently recognised by UKBI as an exemplar- is one such example of Bristol leading in this field.

For its part, Bristol City Council has also worked to ensure the provision of managed and affordable workspace throughout the City as part of its Small and Managed Workspace Strategy, working with developers and backed up by s106 agreements.

The Bristol LEGI bid also identified workspace as a key deliverable for priority communities in the city and the evidence base for this has been revisited and updated. This has validated the original identification of priority areas and workspace provision.

Strand1: The Bristol Approach

Developing our model requires an early assessment of the viability of a strategic approach to infrastructure in Bristol, building on the recommendations of the DTZ report, based on the establishment of either:

a) "Hub and spoke" model
b) A network of existing and, potentially new, 'spokes'

No such 'hub' exists in Bristol at present and further detailed business modelling to explore the viability and sustainability of the model (or identify alternatives that will generate the intended ongoing revenue stream for reinvestment), size, locations, rents and the potential for existing centres to act as 'spokes'. This work will be undertaken as an urgent priority.

The "Hub and Spoke" model will entail the establishment of a medium-sized (c3000 m^2 gross) 'hub' enterprise centre in a priority area where market failure is demonstrated, that requires no long-term subsidy, with wrap around services: e.g. pre-IDB, IDB, ESF funded work, Strands 2-5 and Priority Axes 1 and 2. The hub would be of sufficient size to generate a surplus for re-investment in enterprise creation, stimulation, outreach activities and possibly the spokes.

Alongside this Hub will be a network of ‘spokes’ comprising existing or new workspaces that are supplied with shared back office and business development services. Spokes could include school/public sector or community based facilities, as well as dedicated workspace. Spokes would need to demonstrate sustainability within the context of the overall model and participate fully as part of this wider network in order to benefit from SIF investment. This is the optimum model that we would wish to deliver.

It is recognised that, although a number of successful, similar schemes have been brought forward (Mansfield I-Centre, for example) it may not prove possible or viable to deliver.

As an alternative, the non hub-orientated approach will offer similar client orientated and back office support and programme linkages but without a central hub; however, this model would not generate the long-term legacy surplus for re-investment offered by the Hub.

The hub will not generate any surplus within the life of the Urban Enterprise Programme, however the bursary funds developed elsewhere in this SIF can be deployed to support client enterprises commissioning and accessing wrap-around services and affording rent support. By this mechanism the SIF will help create stronger effective demand for these key services, strengthening the supply side in parallel with the capital development programme.

Both models will only be progressed on the basis of demonstrably sustainable, viable business models. Included in their assessment will be their likely ability to provide a valuable return on investment to contribute to the future of Enterprise Support in post SIF years.

They will also enhance and link to the provision of enterprise support thorough other strands of the SIF such as the provision of space for environmental enterprises, incubator and growing businesses, ESF support and Priority Axes 1 and 2 of the regional programme.

The development of viability assessments and business models for this approach is an early delivery activity within Bristol’s SIF and both models will be explored in parallel.

In addition to any physical development and enhancement proposals is the opportunity to develop ‘virtual’ infrastructure, utilising wireless as well as broadband networks, drawing on the experience of ‘Connecting Bristol’. In particular, this will help disadvantaged enterprises access and participate in e-markets, including public sector procurement and online knowledge transfer, networking and learning opportunities.

Strand 1: Programme

2009	Business modelling and viability study for hub and spokes	£1m
2010	Construction Phase	£4m
2011	Construction Phase	£4m

2012 - 2013	Launch and develop full service provision	£1m

BCC will seek to deliver public match funding via s106 / developer contributions and this will be explored by BCC in the business-modelling phase. It is estimated that this could amount to £5.5m (in addition to any regional match funding) and this is included in the totals above.

Strand 2: Promoting and encouraging the creation of new enterprises/ social enterprises within under- represented groups

The Bristol Situation

Bristol's experience of developing enterprise and economic development initiatives within deprived communities is very extensive; the results of previous evaluations and the learning from previous initiatives has been set out in Section 4.

Bristol is recognised as leading city in the field of social enterprise and in supporting micro businesses and work undertaken in these areas has encouraged enterprising solutions amongst disadvantaged groups.

Previous projects and initiatives have delivered real benefits and given Bristol valuable experience and insights but these benefits have been off-set by the fragmented and time limited nature of provision that has only served some of the disadvantaged communities, for some of the time.

As with Strand 1 a longer-term, sustainable investment is required. This strand of the Bristol SIF will seek to promote and encourage enterprise creation within excluded groups as previously described in Section 3. This work will be closely aligned with, but distinct from, the mainstream IDB offer and Bristol's ESF programme, thereby maximising the benefits for enterprise development in the latter programme that targets similar client groups.

Additional resources for training included within Strand 2 will therefore be available from the European Social Fund Programme 2007 – 2013 for the West of England that has been developed by a partnership of the Department for Work and Pensions, the LSC and Bristol City Council.

The main elements of the ESF programme that are relevant to the SIF are:

- **The Working Communities programme**, aimed at increasing economic participation in neighbourhoods where there are high concentrations of workless people, by finding and engaging with disadvantaged working age adults to support and encourage activities that will move them closer to the labour market.
- **The Positive Futures for Parents programme**, aimed at engaging with unemployed and economically inactive parents to encourage them to consider moving into work and helping remove barriers preventing them from doing so.
- **The Career Changers programme** will provide training to NVQ levels 2 or 3 for people who have changed their jobs or who have outdated qualifications

The development of the skills required for enterprise and self-employment advice is included as a specific element within the Working Communities programme. It is anticipated that the overall ESF programme will be a major source of referral of the client group to sources of more intensive support for enterprise.

Strand 2: The Bristol Approach

The programme of activities under this strand is designed to provide supported progression for individuals from enterprise awareness through to start-up and beyond. The programme will deploy appropriate techniques and resources aimed at providing supported development of clients' enterprise awareness, aptitudes, capabilities and confidence.

A range of business related topics will be addressed such as product development, business performance, finance and marketing training, legal support, test trading, networking, investment readiness to viable and robust business start ups. At appropriate stages in the journey individuals will be encouraged to gain maximum advantage from IDB and “Solutions for Business” Products.

Support focused on working with local people with enterprise and social enterprise aspirations

Strand 2 will assist in promoting and sustaining an enterprise culture in our target communities and areas, including the ‘hardest to reach’ groups referred to in Section 3. This will be undertaken with the support of local agencies, networks and facilities. We will seek to integrate support for enterprise with approaches derived from agencies and initiatives such as community self-help groups, education and youth provision, refugee support and disability groups.

Through the programme, target groups will be able to participate in group and individual sessions appropriate to their context and receive long term personalised support relevant to their individual circumstances. The programme will include:

- Presentations to introduce clients to business ideas and practice.
- Confidence building and aptitude development.
- Access to benefits guidance.
- Mentoring.
- Work shadowing.

Coaching and Support in the Pre-Start Phase

A key part of the programme will be the recruitment, training and support of Enterprise Coaches who will be key to the delivery of the programme. The coaches will work with enterprise support agencies and community organisations using a range of approaches to develop and nurture entrepreneurial behaviour. This will build on the experience of previous work such as BRAVE’s Somali Business Advisor, the Connexions Learning Champions and the C3 delivery partnership.

The Enterprise Coaches will support clients through personal action plans and in the early stages of the business planning and pre-start process. At an appropriate stage they will guide clients towards the take up of IDB and the ‘Solutions for Business’ suite of products.

Coaches will have access to a resource base that will ensure that they can deploy the best available resources and techniques as part of the “Local Community Business Coaching” product. A coach will be provided to prioritise the environmental enterprise development theme in support of Strand 5.

The Enterprise Coaches will be managed, supported and trained throughout the programme. Training will be accredited to the relevant industry standards (e.g. SFEDI) and they will be expected to obtain qualifications and undertake appropriate continuous professional development individually and as a team.

The training programme will include training undertaken by the Business Link branded advisers.

Clients’ action plans will cover all core areas of pre-start and start up enterprise development and relate to a ‘prospectus’ which will be flexibly delivered to support the clients’ best chance for success as viable and robust business start ups. Action plans will include access (on an individual or group basis) to opportunities within the SIF offer and outside it, such as FE courses, test trading, investor readiness and start up loans, mentoring, incubation premises, structured business formats, finance readiness, IDB and any other pertinent BSSP products.

This offer will be underpinned by an enterprise bursary scheme that will fund the personal development and specific skills and other needs (such as a potential contribution to capital/premises costs) identified in the clients' personal action plans as required to run a successful business, not as an entitlement but as identified as being necessary for successful business formation. The bursary funds will be managed by an external organisation with the specific expertise required to undertake this work.

Management and leadership training

Management and leadership training will be accessed via Enterprise Coaches on an individual and/or group basis e.g. action learning sets and individual action plans and through the Career Changers element of the ESF programme.

Promotion and advocacy actions with young people and other groups

The Bristol SIF will link with existing core curriculum and extra-curricular work with schools and young people building on existing work such as:

- Enterprise awareness in the Bristol Extended Schools programme and extra-curricula activities such as summer schools.
- The Princes Trust 'Make It Work' and 'Business Start Up' programme with schools.
- The ABLAZE and Young Enterprise work-related learning and enterprise schools in our disadvantaged areas.

The Enterprise Coaches will support this work with schools and will provide longer term support for enterprising young people, augmenting existing and planned capacity being provided through other sources.

The Enterprise Coaches will provide support for Enterprise Week and will promote the engagement of hard to reach groups with Enterprise Week.

Environmental Sustainability Advice and Support Packages

Advice and support will be available to:

- Ensure that energy and resource efficiency, waste minimisation and recycling is embedded in business operations and as part of business planning
- Encourage and maximise local and sustainable sourcing of materials and suppliers
- Assist with research and development of sustainability proofed features and benefits of products and services and market testing.

Measures proposed:

- Environmental Business Adviser. This will be additional to the limited environmental business adviser resource of around 0.5 FTE for the West of England sub –region proposed by Business Link under ' A Broader Deeper Service".
- Environmental Solutions Bursary – a priority theme of the SIF Bursary scheme, services may be delivered by specialist agencies.

Strand 2: Programme

Time Period	Action Measures	Indicative Budget
2009	5 Enterprise Coaches Enterprise Bursaries Environmental Advisor Environmental Bursaries Programme activities and resources Co-ordination and programme costs	£200,000 £200,000 £50,000 £50,000 £110,000 £120,000
2010	5 Enterprise Coaches Enterprise Bursaries Environmental Advisor Environmental Bursaries Programme activities and resources Co-ordination and programme costs	£250,000 £250,000 £50,000 £50,000 £100,000 £110,000
2011	Actions As above	Ditto
2012	Actions As above	Ditto
2013	5 Enterprise Coaches Enterprise Bursaries Environmental Advisor Environmental Bursaries Programme activities and resources Co-ordination and programme costs	£250,000 £250,000 £25,000 £25,000 £100,000 £110,000
Total		**£3,920,000**

Strand 3 - Access to finance

The Bristol Situation

Bristol has a well-established reputation as a centre of financial services, including the innovative development of specialist measures to introduce risk finance and capital investment to disadvantaged communities and the social economy. Local organisations involved with this include the Bristol Enterprise Development Fund, Avon and Bristol Co-op Finance/ICOF, the Bristol Credit Union, Under the Sky and Triodos Bank.

These sources of finance are fairly well used but there will be a shortage of funds for investment in the future following an increase in demand due to the SIF and other activities that promote entrepreneurship and business growth. Furthermore recent efforts to attract funding from mainstream financial institutions have been affected by current market conditions and discussions with partners have highlighted under provision of micro-credit in Bristol.

The Bristol Financial Inclusion Partnership has been established to co-ordinate advice and micro-credit and delivery networks citywide. The SIF will build on this innovative approach to ensure effective, targeted delivery.

The last major review of this market was undertaken by the University of Salford for Bristol City Council and WESP with RDA support within the INTER Programme. This identified the need for rationalisation and better integration at service and business level of a range of personal and business finance suppliers, with the potential to obtain efficiency savings, greater investment from the private sector and a better product range.

Activities under the INTER initiative have been followed up by support under Objective 2, building on the local Joseph Rowntree Foundation study on financial exclusion in the Barton Hill area of the city. This identified the need for links between personal finance and micro enterprise creation combined with improvements in financial products and management.

Research supporting BERR's Enterprise Strategy indicates that intermediation and activity to stimulate demand are required as precursors to accessing micro –credit and that social enterprises need specific support to ensure they make better use of the finance and other investment measures available to them. [29]

The council's Social Economy Bristol Development Project has looked in depth into the low take up of risk finance by social enterprises and has undertaken the following activities to improve the situation:

- Production of a directory of available finance
- Enhancing readiness for investment through improved business planning

Strand 3: The Bristol Approach

The Bristol SIF focuses on the linkage of suitable risk based finance to individuals within highly excluded communities and the development of a more effective investment base within the social enterprise sector.

[29] c.f. Investing in a Dynamic Social Economy http://www.socialeconomybristol.org.uk/reports.ihtml#3 and Loans Guide for Social Enterprises 3 editions latest Bristol City Council 2005

Typically clients for this strand will be in the informal economy, with few or no assets other than ambition, ideas, their personal energy and their personal networks. Often clients will need considerable support in developing their core business ideas and competences.

Small loans of up to £1,500 will be available to start ups with low capitalisation costs and poor collateral. Loans will be delivered in one-off amounts or in tranches to clients who demonstrate commitment, learning and improving investor readiness. This will form part of an “escalator” of finance, providing access to funds available through mainstream sources.

Peer lending is recognised as an effective approach for some market segments, providing personal development associated closely with business development and accessing risk finance products. At the micro level, lending assessment is as much against the character of the individual and relative progress, rather than the more formal risk management processes adopted by mainstream business lenders.

The Bristol approach will create a brokerage facility to bring suppliers of finance and clients together to develop the Bristol market. To support the better utilisation of existing mainstream and CDFI sources of finance, including equity and mezzanine finance, we propose to recruit a specialist Finance Broker who will work closely with the Enterprise Coaches and competitiveness advisors commissioned via the SIF, as well as financial institutions in the private and CDFI sectors.

The Finance Broker will work with partner organisations to facilitate investment friendly models for social enterprises including Community Interest Company development, helping them access loan, equity and intermediate mezzanine finance. The Finance Broker will also improve access to funds from other sources such as grant aid and will provide support to the other strands to ensure that success in business formation and improvement is sufficiently capitalised.

The RDA and South West Business Finance are currently developing regional arrangements for Access To Finance within Strand 3. The Bristol approach will complement regional arrangements, and Strands 2 and 4 in particular will generate effective demand for these regional based opportunities by SIF clients.

Strand 3: Programme

Time Period	**Action Measures**	**Indicative Budget**
2009	CIC Development and Finance Broker Activities supporting Finance Broker Micro – finance loans 50 p.a. average loan is £1000 Co-ordination and programme costs	£50,000 £20,000 £50,000 £10,000
2010	Actions As above	Ditto
2011	Actions As above	Ditto

2012	Actions As above	Ditto
2013	Actions As above	Ditto
Total		**£650,000**

Strand 4 - Access to targeted business support services in the community

The Bristol Situation

Businesses in Bristol have a shortfall in medium to long tem survival rates when compared to the national rate for business survival. The effect of this within disadvantaged communities can be very serious in terms of loss of assets, turnover, employment, skills, capacity and confidence. Strand 4 of the Bristol SIF therefore aims to improve the long-term performance and viability of businesses within the SIF priority areas.

The experience and knowledge gained from previous enterprise support projects in Bristol has highlighted the importance of getting beyond short-term issues in business support, and working with clients to develop competitive sustainable businesses that can attract and retain investment, customers, and employees and promote economic prosperity in local communities. Further work has been done in Bristol to develop a sector-based approach to business support, especially in environmental products and services and the creative industries.

Strand 4: The Bristol Approach

Businesses will obtain the long term support of Competitiveness Advisors who will help them develop, implement and review their own medium to long term business improvement and growth action plans. They will also help them identify new business opportunities and strengthen their long-term business performance. The Competitiveness Advisors will be the key people in the co-ordination and delivery of all services in Strand 4 of the SIF. Businesses will have access to competitiveness bursary funds through the Competitiveness Advisors to help support the specific requirements for the growth of the business.

Products commissioned through competitiveness bursaries could include specialised market research, training needs analysis, management and leadership training and high level business skills training. Bursaries will be available through the Competitiveness Advisors for personal development of individuals or the development of the business as whole.

Client enterprises for intensive long-term support will be selected on the basis of growth potential of the business itself, the ambition of the business owners and managers, and the growth potential of the business sector. The following specific services will be included:

- Support from Competitiveness Advisors
- Individual mentoring and action learning groups
- Brokering experienced managers onto the boards of growing businesses and social enterprises.
- Specific business skills training funded by bursaries; promotion of “train to gain”

Work under this strand will complement the core Business Link offer. It will conform to and enhance the products being developed under the ‘Solutions for Business” brand, especially “Expertise for Growth”.

Progression from strand 2 to strand 4 of the SIF, and through IDB, will be seamless and will use shared CRM databases and operations. Similarly referral to and support from axes 1 and 2 of the South West Competitiveness Programme and the wider “Solutions for Business” suite of products will flow from the work undertaken in this strand.

Promotional and Support resources and activities

Underpinning all the work undertaken within the SIF will be the production a range of promotion and information resources, including events, and printed and web based materials aimed at clients and service providers. These will be branded within the “Solutions for Business” guidelines where appropriate.

Ensuring that businesses and social enterprises operating within deprived communities can access business support services.

Strand 4 of the SIF will use the available intelligence and business databases held by the city council’s Economic Regeneration Team and partner organisations to target the promotion of business support services at businesses in deprived areas.

The bursary scheme will be available to pay for advice and expertise from local professionals. This will encourage the development of professional services such as accountancy and legal services in deprived areas, facilitate local business-to-business networking, and encourage the contribution of pro-bono work at local level to add value to the bursary scheme.

Delivery through locally based intermediary organisations

While the co-ordination and development of this element of the SIF will be part of the Business Link service it is anticipated that the Competitiveness Advisors will be placed in local business support organisations. These organisations will also be involved with delivery of Business Link IDB service and the Solutions for Business branded suite of products.

Assisting local businesses to access local procurement opportunities

Bristol City Council’s Economic Regeneration Team provides a Business Match service enabling businesses in the city to access local suppliers and customers through an online database and directory. The council also supports an online database and directory for the construction industry and electronic procurement facility for council contracts that is accessible to local companies. The use of such resources in the SIF area will be adapted to suit evolving conditions including public sector and business-to-business markets and will be promoted through the Competitiveness Advisors and the programme networks.

Networking opportunities of aspiring entrepreneurs and local businesses

The Bristol SIF will:

- Provide bursary funds to support participation in networking and learning events e.g. the Bristol Enterprise Network, Knowledge West and the Business West Business Clubs.
- Promote more B2B trading networks within and beyond deprived areas. This will build upon both the Broadmead Local Supply Initiative programme of `meet the buyer’ events and Bristol City Council’s procurement strategy for engaging with SMEs and social enterprises.
- Establish and enhance peer networks for new entrepreneurs, growing neighbourhood businesses and businesses based in managed workspaces.
- Facilitate the engagement of businesses in deprived areas to the existing sector based initiatives in Bristol in environmental products and services, creative industries, aerospace, ICT and food.
- Facilitate and support business communications and networking on industrial estates in deprived areas to address issues such as security, environmental improvements, lighting and recycling.

- Establish and promote annual awards to celebrate enterprise success in disadvantaged communities. These could focus on young people, women, people with physical or mental disabilities, BAME communities and social entrepreneurs.

Environmental Sustainability Advice and Support Packages

Advice and support will be available to:

- Ensure that energy and resource efficiency, waste minimisation and recycling is embedded in business operations and as part of business planning for competitive clients
- Encourage and maximise local and sustainable sourcing of materials and suppliers
- Assist with research and development of sustainability proofed features and benefits of products and services and market testing.

Priority will be given to business sectors and SIF sub areas not well penetrated by mainstream environmental business support programmes brokered via Business Link.

Measures proposed:

- Appointment of Environmental Business Advisers. This will be additional to the limited environmental business adviser resource of around 0.5 FTE for the West of England sub –region proposed by Business Link under ‘ A Broader Deeper Service”. Their work will support the competitiveness of client enterprises.
- Environmental Solutions Bursary – a priority theme of the SIF Bursary scheme, services maybe delivered by specialist agencies.

Strand 4: Programme

Time Period	Action Measures	Indicative Budget
2009	5 Competitiveness Advisers Competitiveness Bursaries Environmental Advisors Environmental Bursaries Other Enterprise Support Activities Co-ordination and Programme costs	£200,000 £300,000 £100,000 £100,000 £100,000 £130,000
2010	5 Competitiveness Advisers Competitiveness Bursaries Environmental Advisors Environmental Bursary Other Enterprise Support Activities Co-ordination and Programme costs	£250,000 £350,000 £100,000 £100,000 £100,000 £110,000
2011	Actions As above	Ditto

2012	Actions As above	Ditto
2013	5 Competitiveness Advisers Bursaries Environmental Advisors Environmental Bursaries Other Enterprise Support Activities Co-ordination and Programme costs	£125,000 £350,000 £50,000 £50,000 £40,000 £110,000
Total		**£4,685,000**

Strand 5 - Enterprise opportunities from environmental improvements

The Bristol Situation

The environmental business sector in Bristol is already well developed and has strong potential for further growth backed by initiatives such as the Bristol Environmental Technology Sector (BETS) and Bristol Green Capital. However, there is a risk that this growth will continue to be focused mainly on established city centre business locations, the universities and industrial areas such as Avonmouth and will fail to deliver economic, social and environmental benefits to the deprived areas, unless specific measures are taken to encourage formation and expansion of enterprises based in or serving those areas.

There are urgent requirements driven by challenging regional and local targets for:

- Carbon emissions reduction.
- Waste minimisation and diversion from landfill.
- The scaling up of neighbourhood-based waste collection, recycling and reprocessing.
- Energy efficiency advice and installations.
- Micro-renewable energy generation and supply.
- Local food production targeting both domestic and commercial sectors.

In a large urban area such as Bristol it is considered that there are both mainstream and niche market opportunities especially for new and existing businesses in the city to set up or expand in these areas and activities and to create local networks of suppliers and end-users.

Social enterprises are especially well placed to develop and deliver new environmental goods and services in more deprived areas, capitalising on their close relationship to local communities, and constitutional objectives to promote sustainability and local well-being. There are already successful models of innovative social enterprises in and around Bristol involved in furniture and white goods recycling, eco-construction and local organic food production and distribution.

The downturn in the global economy and rapidly rising energy and raw materials costs in the UK are driving demand across the spectrum of commerce and industry for energy and resource efficiency advice and solutions. In Bristol there have been two national and regional environmental business advice programmes operating in recent years which are brokered to local businesses, especially in the manufacturing sectors, by Business Link and other local agencies.

Penetration of the potential SME market and effective demand for environmental advice has been very limited to date. Only an estimated 400[30] Bristol businesses (less than 1% of the business stock in the city) have taken up support over the period 2005-08. There is therefore the need and opportunity to encourage businesses to adopt better environmental practices and cost saving solutions, ensuring that expert support is marketed and readily accessible to micro, and young and growing businesses in the SIF areas in the local service as well as the manufacturing sectors.

[30] Envirowise and Envision programme monitoring data supplied to Bristol City Council – Aug 2008

Strand 5: The Bristol Approach

The guidelines for the South West Competitiveness and Employment Programme state that the aim of Priority 3 Strand 5 is to:

"Stimulate local people, business and social enterprises to develop commercial opportunities with regard to environmental opportunities such as energy efficiency, waste minimisation and renewable energy".

The Bristol SIF will seek to promote the best environmental sustainability practices within the local business sector measured against regional and national benchmarks and pursue the most long term sustainable model possible of local development which is compatible with economic viability and constraints across all strands of the programme.

The SIF will prioritise actions to stimulate both:

(i) Increased local production and supply of environmental goods and services of various kinds required by this growing market, where the potential and opportunities can be shown to exist, in the SIF target communities, *and*

(ii) The levels of demand from domestic and commercial customers - both within the SIF areas and outside - for those goods and services.

Under Strand 5 three measures will be resourced:

1. **Assistance for market research, proof of concept and feasibility studies** for start up or expansion of community interest companies, or other types of social or private enterprise developing new, economically viable environmental goods or services. Projects supported must be:

   (i) For the economic and environmental benefit of residents or businesses in one or more of the Bristol SIF areas *or*

   (ii) Serving wider regional or national markets but generating business / employment within the SIF area or for under-represented groups *and*

   (iii) Contribute directly to achievement of targets in the Bristol Climate Protection and Sustainable Energy Action Plan for carbon emissions reduction and the 'Rubbish to Resource' Waste Management Strategy for the West of England.

2. **Assistance for capital and revenue costs of start-up or expansion** of community interest companies or other types of social or private enterprise developing new economically viable environmental goods and services, and targeted according to criteria as in 1 above. Priority will be given to enterprises related to energy efficiency, renewable energy generation or supply, waste minimisation and re-processing, sustainable local food production and supply, and sustainable construction, especially in small companies oriented to the zero carbon homes sector.

   (i) Proportionate grants towards capital equipment, plant, fixtures and fittings and operating costs (start-ups).

   (ii) Supported access to loans for capital and revenue costs of expansion projects (existing businesses). .

3. **Promotional initiatives and events** to raise the profile and encourage the networking and growth of the environmental business sector based in or serving the SIF area and businesses in SIF area adopting best environmental practices. Promotional initiatives will include:

(i) "Green Capital Champions" for Bristol Green Capital Challenge

(ii) An Annual Green Business Awards

(iii) Online networking and events linking suppliers and customers for environmental goods and services within SIF areas,

(iv) Collaboration with local, regional and UK sector networks such as BETS, Regen SW, Resource Futures and the Low Carbon Innovation Exchange

These measures will be supported by activities from Strands 2 and 4

Complementary Resources from SIF and ESF Programmes

Resources for training will be available from the environmental technology element of South West England ESF Programme. This will provide businesses in the construction, electrical and waste management sectors with the knowledge and skills to move into environmental technologies for renewable energy, energy efficiency and recycling.

Strand 5: Programme

Time Period	Action Measures	Indicative Budget
2008-9	Market Research / Feasibility Studies Grant Scheme Financial Assistance for EGS Start-up or Expansion Projects – grants /loans Promotional initiatives and business networking support Programme Management Costs	£30,000 £50,000 £20,000 £35,000
2010	Actions As above	£135,000
2011	Actions As above	£135,000
2012	Actions As above	£135,000
2013	Actions As above	£135,000
Total		**£675,000**

Cross Cutting Themes

Introduction

Actions that specifically target disadvantaged social groups and groups under represented in enterprise formation city wide, as well as the disadvantaged neighbourhoods are explicitly outlined in all 5 strands of activity of the SIF and the targeting information in section 3.

The SIF actions aim to build on the diversity and potential for entrepreneurship in these communities. The strands also explicitly reflect the need to meet environmental and resource efficiency challenges and the enterprise opportunities that will arise from these challenges.

Equalities

Delivery will capitalise on the potential and resources within Bristol's diverse communities, for instance clients will be acquired though creative use of existing community based capacity – especially schools, community groups and local networks.

Commissioning processes with require contractors and key personnel to demonstrate their commitment and capacity to deliver an effective and appropriate service to all communities. Contractors will need to produce a written equalities policy statement.

The best available support, resources and material, including those available through IDB and "Solutions for Business" and other mainstream sources, will be delivered in accessible and culturally sensitive formats. [31]

Environmental Sustainability

Environmental sustainability is treated as both a challenge and as an opportunity; advice on environmentally sustainable performance is built into the offer for developing and improving sustainable enterprises within Strands 2 and 4 for developing new enterprises or expanding established enterprises.

The strategy to promote more environmentally sustainable and viable businesses and at the same time will expand the sector of environmental goods and services providers based in the SIF area and will cross cut all the strands of this SIF as set out below:

Strand	**Main Actions / Criteria**
1 Workspace	Development / refurbishment of workspace required to BREEAM excellent standard
2 Creation of New enterprises within under-represented groups	Environmental sustainability advice and support packages for start-ups, including 1 to 1 environmental analysis and access to bursary scheme
3 Access to Finance	Appraisal of applications for financial support will include scoring on environmental sustainability criteria and access to advice
4 Access to Targeted Business Support Services in the Community	Environmental sustainability advice and support packages for young and growing businesses, including 1 to 1 environmental analysis and access to the bursary scheme
5 Enterprise opportunities from environmental improvements	Financial support to establish or grow environmental social enterprises, promote sector growth and networking in target communities

Suppliers of services to SIF clients will also be expected to demonstrably meet the challenges of environmentally sustainable practice themselves and best practice standards.

Options Analysis

The following options were among those considered as the SIF was being developed:

Strand 1: The options for small-scale infrastructure and facilities were addressed in the report commissioned from DTZ, they will be further developed during the early stages of development

Strand 2: A variety of activities were considered at the consultation stage such as linking with schools, peer learning and targeting of business support. It was decided that most effective

[31] To help illustrate this an extract from Bristol City Council Equalities Policy (as signed up to by parties to the Bristol Partnership are attached in the appendix.

approach to take forward the broad range of work within strand 2 would be the combination of a team of Enterprise Coaches and bursary funding. .

Strand 3: Establishing a new venture capital or loan fund for SMEs was considered. This was rejected in favour of a micro - finance scheme following discussions with partner organisations and in the light of regional proposals for community finance.

Strand 4: The option of the inclusion of the Enterprise Coach model from Strand 2 in strand 4 was considered. This was rejected in favour of reducing business rate failure rate and promoting the growth of businesses in the SIF area through support from a team of Competitiveness Advisors who would also help develop a legacy of effective demand for and supply of a broader, deeper range of enterprise support services in the private and independent sectors.

Strand 5: Deleting strand 5 as separate strand for the environmental sector and including all work undertaken to improve environmental standards and promote the growth of the environmental sector within the other strands was considered. This was rejected following discussions with partners and because of the growing importance of the environmental sector in Bristol. However an element of business support for improvements in environmental management has been included in strand 2 and 4.

Complementarity with BSSP

Strand 1 will support and resource the development of 300 sq.m. of managed workspace. This will support the delivery of the BSSP products for Shared Business Support Environments and through local networking initiatives it will complement the BSSP products for Innovation Collaborations.

Strand 2 will provide additional resources for enterprise coaches, flexible enterprise bursaries, and environmental bursaries. These resources will support the delivery of the BSSP products for Business Creation, Local Community Business Coaching and Promoting Resource Efficiency. Resources for Strand 2 will also be available through the West of England ESF Programme and this will complement the Skills Solutions BSSP product.

Strand 3 will provide resources for micro - loans for new start businesses and a Finance Broker. This will complement the BSSP products for Financial Awareness and Capability, Debt Finance, Capital Investment Grants, Innovation Finance and Risk Capital. The micro – loans will provide the first stage of a financial escalator for new start businesses.

Strand 4 will provide additional resources will be provided to support existing businesses for Competitiveness Advisors, flexible competitiveness bursaries, and environmental bursaries. These resources will support the delivery of a wide range of the BSSP suite of products with a strong focus on Business Expertise, Innovation Collaborations and Globalisation.

Strand 5 will provide additional resources for the development of the environmental sector with through support for market research, capital investment and networking. These resources will support the delivery of a wide range of the BSSP suite of products with a strong focus on Promoting Resource Efficiency, Business Expertise and Capital Investment Grants.

Strands 2 and 4 will adopt a long term approach to business support working with clients to improve overall business performance, develop business strategy and introduce new skills.

Section 7 – Outputs, results and impact

Table 4: Targets for Urban Enterprise Axis of Regional Competitiveness (ERDF) Programme:

Indicator	Strand 1	Strand 2	Strand 3	Strand 4	Strand 5	Total for 1-5	50% of Region
Outputs							
Number of individuals assisted in starting business	130	425			25	450	450
Number of businesses assisted to improve their performance				640		640	600
Number of social enterprises assisted	20	75		110		185	50
Square metres of new or upgraded floor space – non specialist	3000					3000	500
Square metres of new or upgraded floor space – specialist	Nil					Nil	500
Number of people assisted to get a job						320	320
No of SMEs assisted to improve their environmental performance		200		400		600	50
Results							
Number of businesses started		300			15	315	300
Number of businesses still trading one year after commencing trading		275				275	275
Number of businesses still trading three years after commending trading		200				200	200
Gross new jobs created		350		350	50	750	750
Gross jobs safeguarded	150			500		500	500
Gross increase in GVA		£7m		£7m	£1m	£15m	£15m

Indicator	Strand 1	Strand 2	Strand 3	Strand 4	Strand 5	Total for 1-5	50% of Region
Gross Safeguarded GVA				£30m		£30m	£30m

Impacts							
Net additional GVA		£3.9m		£3.9m	£0.5m	£8.3	£8.1
Net safeguarded GVA				£14.8m		£14.8	£14.8m
Net additional employment	100 FTEs in the contruction phase	190		190	25	405	405

Assumptions in Table 4

(i) The numbers of businesses assisted in strands 2, 4 and 5 per coach or per advisor are comparable with the number of businesses assisted per advisor in the Business Link Proposal for “A Broader Deeper Service”

(ii) At least 15% of businesses started or assisted will be social enterprises. The projected number of social enterprises is therefore higher than 50% of the regional target.

(iii) Additional resources have been allocated to strands 2 and 4 for improvements in environmental performance. The projected number of businesses assisted is therefore higher than 50% of the regional target.

(iv) Increase in GVA, safeguarded GVA, additional GVA and additional employment have allocated pro rata across the strands.

Strand 1

The additional investment in workspace in the Bristol SIF will provide 3000 m^2. of workspace compared with the “50% of the regional target” of 500 m^2. This will accommodate approximately 100-150 people depending on the mix of uses. Approximately 100 FTE jobs will be created during the construction phase. The income from the workspace will provide funds to invest in longer term support for enterprise beyond the life of the programme. This will include the development of managed workspace in deprived areas of the city

Strand 2

Each of the five Enterprise Coaches supports 20 individuals per year. The annual total is 100 individuals supported, the total for the programme is 500 individuals supported planning a new start businesses. 300 of these businesses survive for the first year or longer. Approximately 250 people get a micro – loan from strand 3.

The environmental advisor advises 40 new businesses per year. Total for the programme is 200.

Strand 3

The CIC Development and Finance Broker advises 40 businesses per year. Total for the programme is 200 businesses assisted but these are included in the targets for strands 2,3 and 5.

The micro – finance loans are aimed at the client group in strand 2. The total number of loans for the programme is 250. The Enterprise Coaches in strand 2 will provide support for the recipients of loans. Approximately 50% of the clients of the Enterprise Coaches will receive a micro – finance loan.

Strand 4

The five competitiveness advisers support 30 existing businesses per year. The annual total is 150 businesses assisted, the total for the programme is 750 businesses assisted

The two environmental advisors each advise 20 businesses per year. Total for the programme is 400.

Strand 5

Under Strand 5 financial assistance for start-up or expansion of community interest companies or other types of social or private enterprise will be available. The total financial assistance available is £250,000 over 5 years. It is estimated that approximately 15 businesses will be assisted with the creation of approximately 50 jobs assuming that the investment per job is an average of £5000.

Performance Management, Monitoring and Evaluation

To ensure impact within and beyond the South West Competitiveness and Employment Programme performance management should be 'systemic' - creating and maintaining an evidence base to ensure effective operational development. For instance a Balanced Score Card approach will be deployed alongside output monitoring using quantitative and qualitative metrics for

- Customer perception
- Quality standards
- Employee development
- Innovation, learning and growth
- Social responsibility

To support this we will monitor and evaluate on an ongoing basis using the Pivotal CRM system as used by Business Link enhanced and supplemented by other appropriate metrics to assist decision making within programme and operational management, ensuring that core operational and thematic objectives are met. These will also link in to the achievement of relevant LAA and MAA targets to ensure the programme contributes fully to the core economic development agenda as it develops in Bristol and the sub-region.

Section 8 – Finance

The following is an aggregation of the financial implications of the 5 strands of activity - it assumes that delivery commences 2008/09 with completion 2013. The budget for this programme includes public match funding at an intervention rate of 50%.

(Expenditure in £1,000s)

Item	2008/ 2009	2010	2011	2012	2013	Total
Strand 1	1,000	4,000	4,000	1,000		10,000
Strand 2	730	810	810	810	760	3,920
Strand 3	130	130	130	130	130	650
Strand 4	930	1,010	1,010	1,010	725	4,685
Strand 5	135	135	135	135	135	675
Total p/a	**2925**	**6085**	**6085**	**3,085**	**1750**	**19,930**

1. BCC will seek to deliver public match funding via s106 / developer contributions and this will be explored by BCC in the business-modelling phase. It is estimated that this could amount to £5.5m (in addition to any regional match funding) and this is included in the totals above. The potential for revenue investment of £200k p.a. over 5 years as match from previous BCC third sector support is also being explored.
2. £65k p.a. for local co-ordination of 1 FTE at grade BG13 (£35K p.a. plus on costs) with a budget for admin costs, meetings and events will be provided within the annual totals.
3. The actual method of funding activity and programme management and some infrastructure costs such as premises, information systems, resources, contract management by partners etc. will be determined by the design and outcome of the commissioning process. In this budget they amount to 7% of total cost, the rest is allocated to service delivery.
4. £3.5m of Strands 2 and 4 activities are to be financed through a bursary fund, this will support the development of clients through the support of the SIF team:
   (i) It will be accessed by individual enterprises or consortia of clients (when a common purpose has been identified) but always with the support of the key SIF workers, whose recommendation will be against an agreed personal or enterprise action plan. A manager or a panel will assess this at different levels of delegation within a protocol. This fund will be performance not entitlement based. The ‘distance travelled’, cash or time contribution of clients to their own development may be considered with this form of investment.

   (ii) Its mode of delivery could be differentiated to support specialist activities within the SIF e.g. environmental sustainability and business formation and growth. Such elements could be delivered by specialist agencies and through vouchers or other subventions to help targeting and cost effective delivery.

(iii) The costs of managing the bursary scheme are included within the overall cost of the scheme. The possibility of aligning the sheme (fully or partially) with a regional voucher scheme will be considered, but the most important objective will be the effectiveness and flexibility of the fund management to meet SIF and client objectives.

Section 9 – Governance and risk analysis

Governance

Governance arrangements should be situated and structured to ensure:

- **Effective** integration of the programme and services commissioned under the SIF with the Business Support Simplification process and the emerging portfolio of mainstream ‘Solutions for Business’ products.
- **Conformity** with ERDF structural funds and SWRDA regional financial / audit regulations and commissioning protocols and procedures. Further information and guidance is needed from GO-SW and SWRDA in order to ensure that all these parameters are understood and implemented appropriately to enable *either* regional *or* delegated local level commissioning and procurement of strands and activities under the SIF.
- **Clarity** about the respective roles, including performance monitoring, scrutiny and accountability of the programme, of the local authority (Bristol City Council), the Local Strategic Partnership (Bristol Partnership), and, if the outcomes and impact targets are to be integrated with new Multi Area Agreements (MAAs) going forward, the sub-regional partnership (West of England Partnership).

To date, development of the Bristol SIF has been steered by the City Council’s Executive Member for Sustainable Communities and Transport and a cross-sectoral Enterprise Working Group of the Economy Delivery Group of the Bristol Partnership. The structure of the Bristol Partnership and accountabilities of its members are currently being revised and new arrangements will be in place from September 2008. Local governance arrangements will reflect this revised structure.

It is important that local expertise is in place to support effective commissioning and appraisal and to scrutinise performance of the interventions, to ensure compliance with the SIF’s aims and objectives and alignment with other local economic priorities. A local commissioning / advisory group, consisting of SWRDA, BCC, Business Link and, where no conflict of interest exists, a local enterprise development representative, will be established to provide:

- Technical officer input to commissioning and appraisal processes;
- Partnership consideration/scrutiny of SIF performance;
- Officer support to co-ordinate.

Risk analysis

Key Risk	Probability/ Impact	Mitigation Plan	Probability/ Impact
Lack of funding, including match	Medium / High	Investigate all additional sources of finance; reduce scale / scope of programme and outputs to match available funds	Medium / High
Hub and Spoke model not viable or construction costs over-run or model does not provide sufficient surplus	Medium / High	Investigate other sources of finance; effective business planning prior to decision to proceed; reduce scale / scope of hub / spokes; deliver hub or spokes only; investigate other delivery models; implement effective accession plan for delivery post-programme levels; provide contingency to cover construction cost inflation; effective programming to avoid delays, including early identification of site(s); negotiate fixed cost / D&B construction contract or s106 agreements for build; effective project / programme management, inc. cost control / QS for build; do not proceed.	Medium / High
Programme governance / commissioning / annual operational plan does not meet local requirements	Low / High	Ensure adequate local input into commissioning / governance; re-negotiate regional top slicing; improve output / outcome monitoring arrangements; liaise with RDA/ERDF and other Urban Enterprise areas to improve subsequent commissioning; withhold local match pending agreement	Low / Medium
Regional core BSSP offer not effective or additionality not demonstrable or reduces need for Programmed services	Low / High	Ensure adequate local input into commissioning / governance; re-negotiate regional top slicing; improve output / outcome monitoring arrangements; liaise with RDA/ERDF and other Urban Enterprise areas to improve subsequent commissioning; withhold local match pending agreement; re-programme / re-profile to reflect actual need/ demand; ongoing monitoring to identify & address emerging issues at earliest possible stage; re-tender, re-commission as necessary.	Low / Medium
Poor delivery of programme does not deliver required outputs or expected penetration; Programme Slippage	Low / High	Ensure adequate local input into commissioning; ongoing output monitoring / reporting to identify emerging issues and address these; implement claw back clauses in contracts or terminate and re-tender; re-allocate resources within programme if relative costs are identified as issue; improve engagement of local partners to facilitate delivery. Effective programming including realistic project timings	Low / Medium
Lack of positive stakeholder engagement / ownership of programme	Medium / High	Implement revised Bristol Partnership structure. Increase local engagement activity and local accountability in commissioning; increase scale / scope / quality of communications and outreach activities; ensure stakeholders / governance is representative.	Low / Medium
Poor financial management	Low / Low	Ensure effective financial management arrangements, including contract management / reporting procedures locally	Low / Low
Limited take up of planned services / excessive demand for planned services	High	Delivery of SIF as intended. Re-programme / re-profile to reflect actual demand; ongoing monitoring to identify & address emerging issues at earliest possible stage; re-tender, re-commission as necessary; undertake research to tailor ongoing delivery to changing need / demand of target groups / areas, including survey with clients; effective & representative local governance arrangements	Medium / Low
Lack of local expertise / experience to inform delivery /	Low / Medium	Recruit additional expertise or re-allocate partners' staff resources to programme; procure consultancy services to provide short term capacity; implement local training / development to enhance capacity / capability	Low / Medium

Key Risk	Probability/ Impact	Mitigation Plan	Probability/ Impact
commissioning / contracting / monitoring arrangements			