



Subject:	Sub-regional Economic Growth – key issues and proposed approach
Date:	4 December 2024
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Restricted Reports

Is this report restricted? Yes No

Please indicate the description, as listed in Schedule 6, of the exempt information by virtue of which the council has deemed this report restricted.

Insert number

1. Information relating to any individual
2. Information likely to reveal the identity of an individual
3. Information relating to the financial or business affairs of any particular person (including the council holding that information)
4. Information in connection with any labour relations matter
5. Information in relation to which a claim to legal professional privilege could be maintained
6. Information showing that the council proposes to (a) to give a notice imposing restrictions on a person; or (b) to make an order or direction
7. Information on any action in relation to the prevention, investigation or prosecution of crime

If Yes, when will the report become unrestricted?

After Committee Decision	<input type="checkbox"/>
After Council Decision	<input type="checkbox"/>
Sometime in the future	<input type="checkbox"/>
Never	<input type="checkbox"/>

Call-in

Is the decision eligible for Call-in? Yes No

1.0	Purpose of Report/Summary of Main Issues
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1.1	The purpose of this report is to update the Committee on the Department for the Economy's (DfE) recently published sub-regional economic plan and to set out proposed approaches to some of the key elements of work within the plan, including the establishment of a Local Economic Partnership (LEP).
2.0	Recommendation
2.1	<p>The Committee is asked to:</p> <ul style="list-style-type: none"> • Note the update on the Department for the Economy's Sub-Regional Economic Plan • Note the draft funding formula and the potential implications for Belfast City Council • Consider and endorse the proposals for the partnership structure and note emerging priority actions.
3.0	Main Report
3.1	At the 6 November 2024 meeting of the City Growth and Regeneration Committee, members were advised that the Department for Economy had recently produced a "sub-regional economic plan". They agreed to receive a further update at the next committee meeting as to how some of the key proposals in this plan might be taken forward in Belfast.
3.2	The Ministerial ambition behind the sub-regional plan is "through local partnerships, central government, Invest NI, Councils and our network of education providers and civic society, we will work together to identify the main barriers to economic development, and the interventions that will unlock the area's potential".
3.3	The plan focuses on recognising and tackling regional imbalance across each of the council areas. It sets out a series of indicators and ranks each council area from 1 to 11 in terms of how they sit against each of these. Metrics include labour productivity; median wages, greenhouse emissions and sub-regional employment rate. While Belfast ranks top in the first three, it ranks 10 out of 11 for sub-regional employment rate.
3.4	Following the publication of the plan, DfE officials have been working on guidance and financial allocations for the Local Economic Partnerships and these have been circulated as draft for discussion with each of the council areas.
3.5	<p><u>Local Economic Partnerships – proposed funding formula</u></p> <p>CMT will be aware that one of the central pillars of the sub-regional economic plan is the proposed establishment of Local Economic Partnerships (LEPs) in each council area. These</p>

partnerships will be able to access funding from the Department – an indicative three-year budget of £45million has been identified but it is understood that this funding has not yet been secured. DfE officials have recently shared the guidance and a series of options around the funding formula for the partnerships. The funding formulas focus on two key metrics, namely productivity – as measured by output per job – and peripherality. There is also a variable allocation for “base” costs (i.e. staff overheads). Based on the draft formulas presented, Belfast City Council would access an annual budget of either £865,000 or £956,000 for LEP activity.

3.6 Officers were asked to provide commentary on the draft formulas by mid-November. We did so, but noted that, given the significant impact on Belfast, we would want to share the proposals with elected members for their consideration and review. With regard to the productivity metric, we noted that we understood why this might be considered as an appropriate metric to some extent. However we also noted that it overlooks the fact that Belfast is a significant net employment generator of high value roles. Almost half of those that work in Belfast do not live in the city and Belfast City Council residents account for only 53% of total workplace employment in Belfast. The largest drag on regional productivity is its persistently high levels of economic inactivity. While this is an issue that affects all parts of the region, it is more visible in Belfast – and particularly within parts of north and west Belfast that are also marked by high levels of deprivation. The sub-regional plan acknowledged this fact by including the sub-regional employment rate as part of the LGD rankings (and Belfast was ranked 10 out of 11 here). However there does not appear to be any consideration given to this in any of the proposed formulas. Officers have shared their views that this is a significant oversight and asked that it be considered as a factor in any final formula.

3.7 The peripherality measure is based on an OECD Regional Typology which classifies areas in two ways, namely “scale from large metropolitan area to remote area and scale from predominantly urban to predominantly rural including close to city or remote”. Using these two measures, DfE have created a “composite indicator of less/more peripheral than average”. The upshot of this is, in reality, the measure of peripherality radiates out from Belfast, meaning that it scores lowest on this factor. There are a number of concerns with this measure. Firstly, it was not one of the factors that was considered in the original sub-regional plan that was issued in early October. The second point is that it is at odds with NISRA’s own statistical classification and delineation of urban/rural areas and settlements in Northern Ireland – which identifies more than one urban centre. Having not been an original factor in the sub-regional economic plan, peripherality is now being proposed as the largest factor in the funding formula – with a proposal that it counts for either 40% or 45% of the funding formula.

3.8	<p><u>Potential approach to partnership</u></p> <p>The Department for the Economy has now provided high level guidance for councils relating to the establishment of the partnerships. With regard to the structure, this includes the following:</p> <ul style="list-style-type: none"> • Councils will determine what format the LEP will undertake to ensure flexibility and to meet local needs. This can be a new standalone body or integrated with an existing structure such as a Labour Market Partnership (LMP) or a Community Planning Partnership (CPP). Councils may merge LEPs to work across a neighbouring council area within an Invest NI region.
3.9	<p>Regarding membership of the partnership, the Department advises that this is for each council area to decide. However it notes that there are a number of mandatory partners including FE Representative(s), Local Enterprise Agency representative(s) and Local business representative(s)/Chamber of Commerce representative.</p>
3.10	<p>The indicative timelines in the plan are that the LEPs should be formed by the end of the calendar year and that projects to be funded should be finalised by end March 2025 with a view to delivery starting from April 2025.</p>
3.11	<p>Early indications from engagement across council areas is that most intend to use existing partnerships as a structure around which they will base their LEP. In reality, this means using either Labour Market Partnership (LMP) or Community Planning structures or, alternatively, establishing a new structure to take forward this work. In Belfast, options for existing structures include:</p> <ul style="list-style-type: none"> • Belfast Labour Market Partnership • Our Economy Board – Community Planning Partnership • Innovation City Belfast Board.
3.12	<p>Belfast Labour Market Partnership</p> <p>The Belfast Labour Market Partnership (BLMP) was established in 2020. It oversees the development of an annual Labour Market Action Plan and the associated resource allocation for priority activities. In addition to the Labour Market Action Plan, which is submitted to DfC to access funding, the BLMP has also agreed to bring forward a “development plan” which considers wider factors and project ideas that could impact on labour market challenges but which don’t currently have resources to support delivery or where further work is required. One example of this work was the research that the Partnership took forward on issues affecting migrant workers. This has led to the establishment of a new pilot programme for medics to enable them to access the requisite training for employment in the NHS.</p>

Current membership of the BLMP includes: DfC; BHSCT; Invest NI; CBI; FSB; BAPs; VCSE Panel; ICTU; Belfast Harbour; DfE; Belfast Chamber; BMC and the Advice Sector. The group meets six times a year and there is generally good attendance and participation from all members.

3.13 **Our Economy Board – Community Planning Partnership**

The “Our Economy” Board is responsible for taking forward the priority activity identified within the “Our Economy” theme of the Belfast Agenda. The Board’s first meeting since the Belfast Agenda refresh took place October 2024 and the next quarterly meeting is scheduled for January 2025. The membership includes all of the organisations currently involved in the BLMP (with the exception of ICTU and the Advice Sector). Additional representatives include: each of the Area Partnerships; Education Authority; Libraries NI; Social Enterprise NI; Tourism NI; UU and QUB.

3.14 One of the potential challenges with using this group as a conduit is managing the volume of representation (currently 28 members) and the challenges around securing decisions within the timeframe required by DfE.

3.15 **Innovation City Belfast**

Innovation City Belfast is a partnership that includes Belfast City Council, Belfast Harbour, BMC, Catalyst, Queen’s University Belfast and Ulster University, with Invest NI as an advisory partner. ICB seeks to harness key strengths and to grow the city’s proposition as a globally significant location to invest for innovation.

3.16 If we were to use any of the existing structures, we would be required to add representation from the Local Enterprise Agency (LEA) network as they are not currently represented on either. Our suggestion would be for one LEA member to represent the others in the network in Belfast (there are five LEAs in Belfast that are members of Enterprise NI – the umbrella body for the agencies).

3.17 **Establishment of a stand-alone LEP**

In addition to using existing partnerships, there is an option to establish a stand-alone LEP to develop a new action plan and oversee delivery in line with DfE’s funding agreement. As previously noted, DfE have confirmed that there are a number of mandatory representatives – namely the FE sector; the LEA network and local business representation. However other nominees are for the council to decide and may be dependent on priorities identified for the LEP. The feedback from most councils to date is that there are already too many partnerships in existence and that it can be difficult to secure representation given the draw on people’s

time. This is likely to be the case in Belfast as well. As noted above, the same organisations tend to be involved in most partnerships. Not only does this place pressure on resources. It also means that activities move forward in a stand-alone manner with limited opportunities for engagement outside of the remit of the specific partnership.

3.18 Reflecting on the points noted above, officers consider that the most appropriate, expedient and effective conduit to act as the local LEP is the Belfast Labour Market Partnership. It is our understanding that this approach is to be used in a number of councils. If this is agreed, officers will work with both DfE and DfC to consider how the partnerships can align most effectively and also to ensure that the governance requirements for both funders can be met. It may be appropriate to consider whether this is an approach that we take as an initial way forward – but that we keep it under review in order to ensure that it remains appropriate for the priority work areas agreed.

3.19 Potential priority work areas – initial considerations

Members will be aware that there has been significant engagement activity in recent times around future economic needs of the city. The most comprehensive of these was the work undertaken as part of the Belfast Agenda refresh. However there has also been significant work done on labour market issues through the annual strategic assessment undertaken by the BLMP. In addition, the business cases for respective capital schemes such as the City Deal projects are based on a strategic analysis of the local economy including challenges and opportunities. Given the volume of information available, it is considered that there is no need at this point to undertake a further detailed analysis. Instead, it is suggested that initial engagement is undertaken with partners to identify a small number of priority schemes, aligned with Belfast Agenda priorities, that can have a positive impact on the local economy, that meet the criteria set out by DfE and that can complement or add value to planned activity in order to ensure alignment and avoid duplication of effort.

3.20 Key considerations, taking account of the relatively limited amount of additional funding available, include the need to avoid diluting impact across too many priorities and seeking to maximise, sustain or extend the impact of successful programmes and interventions. At this stage, and in advance of engagement with the partnership some initial considerations for potential activities, include:

- Inclusive employment pathways to high value roles: through the council's employability and skills work, we have been able to develop targeted responses to meet employer needs across a range of sectors. In more recent years, we have explored opportunities to move up the value chain and create better paid roles with opportunities for career progression. There is currently engagement work underway with DfE to develop a new

	<p>“inclusive apprenticeship” approach and this would enable us to provide a seamless transfer from the employment academy into an apprenticeship. While these activities are working well at a small scale, there may be an opportunity to scale up much more significantly, with the potential to make an impact on our economic inactivity levels which have remained stubbornly high over decades</p> <ul style="list-style-type: none"> • Maximising the impact of City Deal investments for local SMEs: the original business case for the City Deal identified the potential to create 20,000 new and better jobs. As the projects begin to come forward, there are significant opportunities to consider how our local businesses can access the research expertise and facilities established through the City Deal funding – helping them develop new products and increase their employment numbers. This may include innovation and technology transfer activities; access to challenge programmes and funds and use of the specialist facilities and equipment • Enhancement of “Go Succeed” activities: Go Succeed is the core business support offer for those starting or growing a business. Over the last year, the service has been funded by the Shared Prosperity Fund (SPF). Following the recent budget statement, the government has announced a one-year extension of SPF – albeit with a 40% reduction in the overall budget. Officers are still working through the implications for Go Succeed but, as a collective, councils are considering whether there is an opportunity to use their LEP resources to “top up” any budget shortfall.
3.21	<p><u>Financial and Resource Implications</u></p> <p>No specific financial implications at this point. A number of options for the LEP funding formula have been circulated for discussion but these have not yet been finalised. All options include an element of staff resources to manage the programme of work.</p>
3.22	<p><u>Equality or Good Relations Implications/Rural Needs Assessment</u></p> <p>All activities to be undertaken will be subject to equality screening. This funding formula will be determined by the Department for the Economy.</p>
4.0	<p>Appendices - Documents Attached</p>
	<p>None</p>