Draft Response from Belfast City Council to the Northern Ireland Assembly Committee for the Economy's Call for Evidence on the Regional Balance Bill

Submitted by: Belfast City Council
via email to: committee.economy@niassembly.gov.uk
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Dear Committee Chair and Members,

Belfast City Council welcomes the opportunity to respond to the Committee for the Economy's Call for Evidence on the Regional Balance Bill. We recognise the legitimate ambition to reduce geographic disparities in economic performance and living standards across Northern Ireland. However, the Council has concerns that the proposed legislation, as currently framed, risks detracting from Belfast's essential role as the largest population centre and the region's primary economic driver, as set out in the Regional Development Strategy. The Council would also welcome clarification how in tackling geographic disparities, which is reasonable and appropriate in some policy areas, sits alongside the need for government plans to prioritise tackling objective need, as defined by deprivation indicators.

Belfast and the Belfast Region's economic competitors are not other parts of Northern Ireland; but rather other UK, Irish and European Cities and City Regions of a similar size. Any statutory framework that potentially reduces the focus on Belfast's continued growth risks undermining the very engine that generates opportunity, revenue and prosperity for the wider region. When Belfast succeeds, surrounding areas benefit through supply chains, commuting patterns, higher-value employment, and increased public resources available for redistribution.

The council notes that the Bill Sponsor is aware of concerns about the impact on Belfast as an economic driver and the possible neglect of the region's capital city, should government become more focused on 'left behind' places. While it is suggested that the legislation is seeking to drive greater regional balance and lift opportunity and standards of living overall, Belfast City Council would emphasise that there is strong evidence of objective need to tackle lower living standards within the city, with people living in many parts of the city not adequately benefitting from economic growth. Belfast suffers from significant disadvantage: 6 of the top 10 most deprived wards in NI are in Belfast while the top 15 most deprived wards for the Education, Skills and Training domain are all in Belfast.

The Council's agenda and approach to economic growth focuses not only on stimulating economic growth and creating jobs but also in ensuring inclusive growth and as many people as possible having access to those jobs. Creating a strong, competitive economy requires growing the business base and sustainable jobs, increasing skill levels and improving infrastructure and connectivity in its widest sense, from connecting communities to opportunities as well as the region's external and internal connectivity. While there has to be a focus on improving high value skills and job creation to boost productivity, it is also essential to increase lower-level skills and jobs to address economic inactivity levels, ensuring that those furthest from the labour market are supported through inclusive pathways to employment. Sectors such as healthcare and retail are the largest urban employers. Together with leisure and tourism, these are important growth sectors for the region and Belfast and provide such pathways to address high levels of inactivity and unemployment.

We would welcome clarity regarding how the proposed Regional Balance Strategic Framework would interact with the existing Northern Ireland Regional Development Strategy 2035 (RDS) which has a statutory basis prepared under the Strategic Planning (Northern Ireland) Order 1999 and the wider body of planning legislation.

We note that Part 3 of the legislation as introduced defines “regional disparities” to include “regional distributions of public capital expenditure”. It is important that regionally significant investments by the NI Executive within Belfast which aim to support strong, sustainable growth for the benefit of all parts of Northern Ireland and strengthen Belfast as the regional economic driver are not constrained by such provisions.

We set out five key points for the Committee’s consideration:

1. **The Belfast economy has performed well over recent years**

   Belfast has delivered strong growth in recent years in jobs, productivity, foreign direct investment and high-value sectors such as financial and professional services, technology, advanced manufacturing and the creative industries.

   - 32,638 net additional jobs since 2013 – more than 1 in 4 jobs created in Northern Ireland over that period;
   - £18.5bn of GVA in 2025, ⅓ of the Northern Ireland economy (£36.8 bn for the Belfast city region, ⅔ of the NI economy);
   - 243,062 jobs in the city, representing 30% of all NI jobs respectively; and
   - 12,100 active enterprises in the city and 41,890 enterprises in the Belfast region. 1 in every 7 NI businesses are based in Belfast and 1 in 2 in the Belfast region;
   - Belfast is a globally competitive location with well-established strengths in key growth sectors:
     - Number 1 inward investment globally location for US FDI cyber security projects (FDI Markets 2020)
     - Number 1 location globally for FinTech inward investment (FDI Markets 2023)
     - Number 1 location in Europe for new software development projects (FDI Markets 2023)

   This performance is the product of investment in growing sectors, infrastructure, skills and place-making but it should be noted that this positive economic performance reflects progress from a lower-base than many other similar sized Uk and European cities and continuing infrastructure and competitiveness challenges.

2. **The city’s strong economic performance drives growth across the whole region**

Belfast functions as Northern Ireland's economic capital. Growth in the city generates demand for goods and services from the wider region, supports employment for residents of neighbouring councils who commute into the city, and contributes disproportionately to the regional rates base and tax revenues that fund public services across Northern Ireland. A successful Belfast expands the overall economic pie.

- Belfast is the region's key population centre: it has a population of 348,005, and the Belfast region (based on the TTW area) is home to a population of over 1.13 million people (around 60% of the total Northern Irelands population);
- The Council has a strong track record of working in partnership with the NI Executive to implement national and regional policies and programmes at a local level and delivering positive outcomes for local communities, including, for example, the Urban Villages programme, Labour Market Partnership, NIESS, supporting vulnerable individuals in need through Complex Lives initiative as well as securing the transformational Belfast City Region Deal (BRCD). The BRCD involves an integrated programme of investment that cuts across the responsibilities of local councils, the Northen Ireland Executive and UK Government and is expected to deliver 20,000 new jobs over the next decade.
- Belfast is a new job creator for all adjacent areas – particular those around the city. 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 the city. This is indicative of the City's role as an employment hub for NI, attracting a high proportion of in-commuters. Any approaches that simply focus on redistribution risk having a negative impact not only in Belfast but in all other parts of the region;
- Incomes in neighbouring council areas (Lisburn & Castlereagh, Ards & North Down, Antrim & Newtownabbey) are on average higher than for Belfast residents. Average earnings for residents in Lisburn & Castlereagh are 6% higher than Belfast citizens; Antrim & Newtownabbey residents have earnings 3.4% greater than Belfast.

3. **The city's economic performance does not automatically translate into improved living standards or economic benefit for all its residents**

Despite strong headline economic indicators, significant intra-city inequalities persist. Many residents, particularly in North and West Belfast and other disadvantaged neighbourhoods, do not yet fully share in the benefits of growth. Levels of economic inactivity, skills gaps and health inequalities remain stubbornly high in parts of the city. Any regional balance framework must therefore recognise that "Belfast" is not a homogeneous entity and that targeted action within the city is as important as action between regions.

- Average earnings of Belfast residents lag behind that of its workforce: those living outside of Belfast but working in the city earn on average £3,419 a year more than Belfast residents;
- While Belfast supports proportionately more higher-level jobs than other areas, it also has a disproportionate level of deprivation in many neighbourhoods: 6 of

the top 10 most deprived wards in NI are in Belfast while the top 15 most deprived wards for the Education, Skills and Training domain are all in Belfast;

- The employment rate in Belfast varies greatly by local area – and is significantly lower in areas of deprivation. The employment rate of those living in the most deprived areas of Belfast is 22 percentage points less than those living in the least deprived areas (55% v 77%);
- There is a significant gap in life expectancy between most and least deprived areas – this equates to 11 years for males and 8 years for females;
- A significant proportion (41.5%) of all Belfast residents have skills levels not higher than level 2 (5 GCSEs equivalent) – with 13.8% (approx. 1 in 7) of all working age residents having no formal qualifications. By contrast, the skills demand for the coming period shows that fewer than 1 in 10 jobs will require skills levels below level 2. This suggests that future growth in Belfast will continue to be serviced by those living outside the city; and
- Educational attainment shows that Belfast school leavers have the lowest educational attainment of any council area in NI – 66.4% achieve 5+ GCSEs including English and Maths, well below the NI average of 71.9%. Performance varies greatly based on socio-economic circumstances. School leavers entitled to free school meals living in the Castle DEA are the lowest attainers in the city (42.7%), whereas school leavers not entitled to free school meals living in the Ormiston DEA are more than twice as likely to (88.5%) to attain this level.

4. **Research consistently shows that cities drive productivity**

Extensive evidence from the UK and internationally demonstrates that large cities and city-regions are the primary engines of productivity growth. Agglomeration effects, dense labour markets, knowledge spillovers and specialised services concentrate in urban centres. Policies that artificially constrain the growth of the leading city in a region tend to reduce overall productivity and competitiveness rather than raise the performance of lagging areas. Northern Ireland's long-term prosperity depends on Belfast remaining competitive with peer Core Cities such as Manchester, Liverpool, Glasgow, Birmingham and Leeds.

- In OECD countries, cities (which are home to 50% of total population) have contributed 60% of total employment creation and GDP growth in the past 15 years;
- OCO Global suggests that cities are magnets for FDI as they are home to 3 in 4 of all highly skilled jobs;
- Belfast and the wider region possess many of the assets that direct FDI decisions (The Productivity Institute) including its skilled workforce, universities and researchers, vibrant cultural scene, industry clusters and transport infrastructure;
- These assets are also critical in positioning the city as a base for fast-growing, globally focused businesses. We need to grow more innovation-focused businesses to drive our competitiveness. This also helps address a reliance on FDI – with local businesses more likely to "stick" to their home location – even when they go global;

- Regional productivity performance has been linked to investment in research and development (R&D) and other innovation activities. The Belfast Region City Deal presents a unique opportunity to develop clusters of high-growth industries and innovative businesses, providing agglomeration benefits and ‘knowledge spillover’ effects. Concentrating economic activity in a small city such as Belfast increases the productivity of that activity;
- The battle for investment is a global not a regional one: comparing ourselves only against adjacent districts is a zero-sum game. Whilst there has been much progress there continues to be significant areas for improvement in our productivity performance.

5. **Belfast has spent years playing catch-up – we must maintain that focus rather than take our eye off the ball**

   For much of the post-conflict period Belfast lagged behind other UK cities. Only through sustained focus on regeneration, jobs, education and skills, connectivity and investment attraction has the city begun to close the gap. Maintaining that momentum is essential if more of our citizens are to access good jobs and if the benefits of growth are to reach a wider range of communities within the city. Diverting policy attention or resources away from Belfast at this stage risks reversing hard-won gains and leaving both the city and the wider region less competitive.

   - Belfast hasn’t yet reached our potential – and the competition is strong. More than 41% of the working age population on the NI side of Dublin-Belfast economic corridor are skilled at level 2 and below: in ROI, this is 28%.
   - Belfast needs more new businesses – there were 29.7 business start-ups per 10,000 population in 2022 – at this time, the worst performance of all 63 urban areas in the UK (Core Cities).
   - We accept the argument around the need for targeted investment; we have that at a micro level within our city. We need to maintain a focus on a growth agenda – while putting in place targeted activities to support inclusive and more sustainable growth;
   - We believe that to raise productivity, future policy should aim to help places achieve their productivity potential, which will differ from area to area, rather than trying to get every council area to achieve the same level of productivity.
   - Investment decisions are taken on a global level: Belfast is not competing with its neighbouring towns and cities for investment – we are competing against other global cities. Belfast has a proven track record of working with partner Councils across NI. and government departments and agencies, in our collective and shared interests and are committed to improving economic performance and living standards across NI;
   - In terms of scale, Northern Ireland makes up a small share of the UK economy IS-7 (Industrial Strategy 7 key sectors) economy. However, Belfast makes up a large share relative to other local UK authorities. It is an underutilised national economic asset and makes a disproportionately large contribution to the regional economy. That contribution should be nurtured.
   - While Belfast and the wider Belfast City Region area performs better than other parts of Northern Ireland, it isn’t best in class when considered against other

UK city regions. There is room for significant improvement, with implications for the overall Northern Irish economy. Context is critical – and the competitive challenges are not from neighbouring towns and boroughs. They are from other UK, RoI and global cities.

Recommendations

While the Council supports the principle of reducing regional disparities, we urge the Committee to ensure that any approach to tacking such disparities:

- Explicitly recognises Belfast's role as Northern Ireland's economic driver and the importance of its continued competitiveness with other major cities;
- Avoids any presumption that growth in Belfast is inherently at the expense of other areas;
- Requires consideration of objective need and intra-city inequalities alongside inter-regional ones;
- Ensures that the definition of "regional disparities" or "due regard" duties do not constrain or create unnecessary barriers to investment, infrastructure or economic development decisions in Belfast that strengthen the city-region and NI as a whole; and
- Focuses on raising overall economic performance so that more resources are available to improve outcomes everywhere.
- Recognises that the beneficiaries of recent economic growth in Belfast are not necessarily Belfast residents. Furthermore, much of that growth supports other parts of the region: almost half of all the high skilled and well-paid jobs in Belfast are taken up by people who don't live in the city, ensuring that prosperity is shared across the region.

We recognise that some of the outcomes and areas of concern hinge on definitions of "economic performance and living standards between geographic regions" and how the Framework is designed and applied if the Bill becomes law. However, at this stage, we continue to be concerned about the potential for negatively impacting the long overdue improvement in the number and quality of jobs available in our city and our collective efforts to ensure that growth reaches people living within the city itself who have not as yet seen its benefits.

Belfast City Council remains committed to working with the NI Executive, other councils and partners agencies to help deliver a more prosperous and inclusive Northern Ireland. We would be happy to provide further evidence or meet with the Committee to discuss these points in more detail.