



Item No:

**Belfast City Council**

<b>Report to:</b>	Strategic Policy and Resources Committee
<b>Subject:</b>	City Investment – Physical Infrastructure Projects
<b>Date:</b>	22 October 2010
<b>Reporting Officer:</b>	Gerry Millar, Director of Property and Projects, Ext: 6217
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<b>1.0</b>	<b><u>Relevant Background Information</u></b>
1.1	There is no doubt that the current economic climate and budgetary pressures (squeeze) facing the entire public sector within Northern Ireland will have an adverse impact upon the future level of investment within the City. It should be noted that central government departments are anticipating cuts of 8% in flat cash term over the next CSR period, which will amount to around 20% in real terms. The biggest cut however is anticipated in capital expenditure with reductions of up to 40% being anticipated over the period. This will undoubtedly affect the level of public investment in the city.
1.2	City investment is important in terms of the City tax base (i.e. rates), the Council's principal source of income. Investing in necessary infrastructure also provides a platform for growing the City's economic competitiveness, while the rates growth allows enhancement of public service delivery and further improvements to quality of life.
1.3	Despite the recent economic downturn, the Council has continued to invest in the development of the City including, for example, the recent refurbishments of the City Hall and Ulster Hall as part of its capital programme, and continued investment in new and improved facilities and services (e.g. leisure, community development, community safety, waste and recycling, parks and open spaces, supporting good relations etc.). The Council has also developed a City Investment Fund to support major projects that will leave a lasting legacy for future generations.
<b>2.0</b>	<b><u>Key Issues</u></b>
2.1	Belfast has benefited substantially from the amount of private and public investment in the city over the past 5 years. However the present recession, coupled with the cut in public expenditure, poses a real threat to continued investment. In these circumstances real civic leadership is now required from the Council to engage with Government and work with individual departments in a mutual endeavour to support further investment in the economic, social and environmental wellbeing of the city.
2.2	The commitment of the Council in investing in the continued development of the City was highlighted with a recent notice of motion moved at Council by Councillor Rodway on 5 <sup>th</sup> October, - <i>"This Council acknowledges that the United Kingdom is facing the most severe economic downturn for many decades and that, in such times, there is an obligation on the Council to retain its vision of strategic, equitable and sustainable development of the City. To this end, the Council recognises that adequate funding needs to be made available in the medium to long term and accordingly agrees to plan for year upon year increases in the Council reserves"</i> . It was agreed that the Notice of Motion would be passed to the Council's Strategic Policy and Resources Committee.

2.3	Two important levers which underpin the Council's continued investment within the City is its Capital Programme and City Investment Fund.
	<p><b>1) Capital Programme</b></p> <ul style="list-style-type: none"> <li>▪ Funded through rates based loans, this is a rolling programme of capital investment which either improves/replaces existing facilities/assets/infrastructure (e.g. parks improvements; leisure; civic buildings) or provides new facilities/investment property (e.g. Gasworks, leisure provision, pitch provision etc).</li> <li>▪ While there are growing affordability pressures on the capital programme and an ongoing need to secure greater efficiencies, it is important to strike a balance by taking a long-term strategic approach and continue to invest in the development of our City and important Council facilities. Major issues such as safety, healthy lifestyles, culture, sport, the environment can all be usefully supported via the capital programme.</li> </ul> <p><b>2) City Investment Fund</b></p> <ul style="list-style-type: none"> <li>▪ The establishment of the City Investment Fund (CIF) is a clear demonstration of the Council's commitment to action and its wish to contribute to the vibrancy, prosperity, competitiveness and attractiveness of the City. It seeks to support the development of major iconic capital projects and lever (pump-prime) additional public and private sector investment into the City.</li> <li>▪ The CIF is currently financed, up to a ceiling of £30m, through an annual % rate contribution and capital receipts obtained through the realisation of surplus assets.</li> <li>▪ To date, the Council has committed £16million (approx.) under the CIF, profiled up until 2012-2013, to four iconic projects including Connswater Community Greenway; Titanic Signature Project; Lyric theatre and the Mac which will have major impacts on communities, tourism, culture and the economy.</li> <li>▪ The CIF investment has levered in access of £160million of public and private sector investment in the City.</li> <li>▪ Members' engagement will continue over the coming months to further explore and identify other potential CIF projects and to secure political consensus on project priorities.</li> </ul>
2.3	<p><b>City-Wide Projects</b></p> <p>Members previously authorised officers to have discussions with other public service providers (including Government Departments and the Strategic Investment Board) to discuss the potential of creating a joint framework for city investment and to deliver key strategic projects for the city (e.g. provision of rapid transit system; stadium; tourism &amp; cultural infrastructure; further regeneration of the City Centre; investment in gateways etc). Through working in partnership with key stakeholders, the Council seeks to establish a common understanding of the needs of the City and a shared commitment to investing in 'Place'.</p>
2.4	<p>It is becoming clear that a City Investment Framework that resonates with the new Investment Strategy for Northern Ireland (ISNI II) would help to support investment into the City. Furthermore, a greater shared understanding of the planned investment activities by government departments and the Council would be a step forward and enable potential opportunities for collaborative solutions with added benefit to emerge.</p>
2.5	<p>Work on the Framework, and discussions within the political process have now reached the stage where it is important that the Council now engages at a political level with the Ministers of relevant Departments. The Committee has already expressed its wish to meet with relevant</p>

	Ministers on a systematic basis (eg those Ministers with responsibility for DoE, DSD, DRD, DCAL and DARD) to discuss the current economic challenges facing the City, potential risks to future infrastructure investment and to explore how delivery can be progressed. <b>Appendix 1</b> outlines the immediate issues Members may wish to discuss with particular Ministers.
2.6	Derry/Londonderry and Ilex has recently produced a draft Regeneration Plan and has sought professional advice on examining potential funding options to support the implementation of the Plan.
2.7	In line with a Committee's previous decision, preliminary discussions have been initiated with Derry City Council and ILEX to examine their approach to city development and to jointly consider potential opportunities for alternative forms of funding models such as Accelerated Development Zones (ADZ) (whereby a local authority is allowed to ring-fence future business rate growth within a designated area to pay for borrowings to fund enabling infrastructure in that area).
2.8	It is also understood, that work is currently underway to develop a strategic framework/strategy and resources plan for the regeneration of the Maze/Long Kesh site.
2.9	It is clear that there is going to be much less money available in Northern Ireland as a whole and it will be important that Belfast seeks to maximise the level of investment in the City. In progressing the development of a City Investment Framework and given the competing pressures from Derry/Londonderry/Ilex and Maze/Long Kesh, it will be important that we are clear on the focus and unique selling proposition of the city. There can only be one creative media centre, one financial services hub, possibly a few agreed Accelerated Development Zones (ADZs). It will be important that Belfast elected Members meet with their counterparts at Ministerial level on a range of issues, immediate, medium and longer term.
2.10	Place Shaping is a key civic leadership issue and Members may wish to consider the establishment of a cross-party Members' Working Group to drive these important issues forward. It is suggested that this Group comprise the Chairs of the relevant Committees or their nominees, together with one other Member of each of the political groups represented on the Council. This Group could then seek a series of meetings with Government Ministers on the City Investment Framework and related issues. <b>Appendix 1</b> outlines some of the issues Members may wish to raise.
2.11	To further inform its thinking on a City Investment Framework, the Committee may wish to receive a full briefing on the experiences of other good practice exemplar cities such as Manchester, which has made substantial progress in recent years (now seen as the 2 <sup>nd</sup> Core City in the UK ahead of cities such as Birmingham and Liverpool) and Edinburgh, which is also making good progress in this area. Members may also wish to consider the potential benefits of a cross-party delegation undertaking a site visit to Manchester and/or Edinburgh to explore experiences and lessons learnt.
2.12	<b><u>EUROPEAN FUNDING</u></b> Officers are continuing to explore other options regarding potential European funding including a Jessica. It is understood that the ERDF is underspent by £22m which in theory is ringfenced for local economic development monies, but in the absence of fully thought through plans forthcoming from councils, a Jessica may be a better use of the funds.
2.13	Other possibilities include monies (i.e. under the European Recovery Fund) for green energy projects and the North Foreshore is a key potential beneficiary from such funds. The new Members' Steering Group for the North Foreshore will be fully appraised of these options at its first meeting.

2.14	<p><b><u>PEACE III</u></b></p> <p>Work is also underway to explore opportunities for potential capital funding under the Peace III Priority 2.1 'Creating Shared Public Spaces'. While the Council had made a number of submissions to the first call for bids, only the Girdwood submission had been deferred to enable further consideration to be given to the deliverability of the project. The Council will need to make a decision by around January 2011 if it would intend to progress or not, otherwise the tight delivery timetable for the project may not be possible.</p>
2.15	<p>A second call for Peace III projects is reopening in November 2011 and is dealt with in a separate report on the Committee's Agenda.</p>
2.16	<p>In addition, officers have also acted on the suggestions made by Members on consideration of the delay in the RPA process, that the Council should now actively consider how it might strengthen its relationship with key government departments. Discussions are ongoing between Council and Departmental officials to explore the potential to initiate a number of voluntary integrated area based pilots. A separate report on this work is included on the Committee agenda for discussion.</p>

### **3.0 Resource Implications**

There are no Human Resources or financial implications contained within this report.

### **4.0 Recommendations**

Members are asked to note the contents of this report and:

- i) agree that the Council push forward with the development of a City Investment Framework;
- ii) agree to continue to explore the potential linkages with the regeneration proposals for ILEX/Derry/Londonderry and Maze/Long Kesh and work with Government Departments/agencies to try to get a consolidated approach to the limited investment opportunities which exist;
- iii) consider the proposed establishment of a cross-party Members' Working Group to progress consideration and engagement in respect to City Investment, and to arrange a series of meetings with Government Ministers to progress the issues outlined in the Appendix; and
- iv) consider a best practice visit to Edinburgh and/or Manchester, to look at emerging urban regeneration funding models.

### **5.0 Documents Attached**

**Appendix 1:** List of potential issues to discuss with Departmental Ministers