



**Report to:** Development Committee

**Subject:** Consultation response – draft Northern Ireland Executive Economic Strategy: “Priorities for sustainable growth”

**Date:** 7 February 2012

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<b>1</b>	<b>Relevant Background Information</b>
1.1	The Northern Ireland Executive’s draft economic strategy “Priorities for Sustainable Growth” was launched for consultation in November 2011. The closing date for submissions to the consultation is 22 February 2012.
1.2	The draft strategy identifies the twin goals of rebuilding and rebalancing the economy. It contains a long-term vision to 2030 to create “an economy characterised by a sustainable and growing private sector, where a greater number of firms compete in global markets and there is growing employment and prosperity.”
1.3	The draft economic strategy has been developed by a sub-committee of the Executive, chaired by the Minister for Enterprise, Trade and Investment. It is based on analysis of global best practice on issues such as stimulating innovation and R&D (research and development); investment in skills and employability, connections to the global economy, developing economic infrastructure and encouraging business growth.

<b>2</b>	<b>Key Issues</b>
2.1	The draft strategy builds on Northern Ireland Executive’s Economic Strategy: Consultation on Priorities for Sustainable Growth and Prosperity in February 2011. This underlined the need for export-led growth as the best means of increasing employment and wealth in Northern Ireland and the improving the overall competitiveness.
2.2	The draft strategy includes a framework for economic growth, built around the rebuilding and rebalancing themes. It includes a range of short, medium and long-term priorities for growth within which specific activities are identified. The rebuilding theme focuses on increasing private sector productivity while the rebuilding theme is based on creating employment in export focused sectors.

2.3	<p>The key priorities under the rebalancing theme are:</p> <ul style="list-style-type: none"> <li>- Stimulating innovation and creativity</li> <li>- Improving employability and the level, relevance and use of skills</li> <li>- Competing in the global economy</li> <li>- Encouraging business growth</li> <li>- Developing economic infrastructure</li> </ul>
2.4	<p>The key priorities under the rebuilding theme are:</p> <ul style="list-style-type: none"> <li>- Improving employment opportunities and employability</li> <li>- Promoting employment</li> </ul>
2.5	<p>The draft Belfast City Council response to the document is attached as Appendix 1. It includes a range of general comments on the draft strategy as well as a number of specific points around the issues of business growth; investment and infrastructure; skills development and management and governance.</p>
2.6	<p>Some of the major issues outlined in the draft response include:</p> <ul style="list-style-type: none"> <li>- A broad welcome for the draft strategy and a request that the Council's investment programme is supported by the Northern Ireland Executive and specifically incorporated within the economic strategy</li> <li>- A request that recognition is given to Belfast's role as the regional driver and that an appropriate interface is put in place across government to coordinate policy and address the challenges presented in delivering key strategic projects, particularly the University of Ulster</li> <li>- A welcome for the acknowledgement that Belfast and Derry/Londonderry have a specific role to play in the economic competitiveness of the region and a proposal to support a new urban development programme as part of the next wave of EU funding programmes (2014-2020)</li> <li>- The need to consider the future supply of appropriate office accommodation for large scale investments and a request to urgently review this and to consider how future supply might be incentivised in the current climate</li> <li>- The need to explore alternative forms of finance for major capital schemes and a request for the Executive to put in place the necessary regulatory requirements to allow councils to explore these options</li> <li>- A proposal to establish a ministerial working group to look at town and city centre regeneration issues, as has happened in the Welsh Assembly and Scottish Parliament</li> <li>- Identification of the opportunities presented by the renewables sector and the need for a targeted strategy for its future development. This might include the establishment of an Enterprise Zone for renewables in the Belfast Harbour/North Foreshore area of the city</li> <li>- Support for the commitment to explore the implementation of social clauses for government capital schemes, urging a dialogue across government to agree a framework for their management and monitoring.</li> <li>- A request that the capital schemes identified in the investment programme as well as the wider programme of public and investment initiatives are given</li> </ul>

	urgent attention by the relevant government departments and agencies, and that efforts are focused on expediting their progress through the necessary administrative and statutory approvals processes.
2.7	The draft economic strategy has been issued for consultation alongside the Programme for Government (2011-2015) and the Investment Strategy (2011-2021). The closing date for responses to these documents is also 22 February. Draft Belfast City Council responses to these are to be presented to the Strategic Policy and Resources Committee in February. The Programme for Government's number one priority is "growing a sustainable economy and investing in the future" while the Investment Strategy focuses on "supporting economic recovery and growth" so there is a clear alignment between all three documents.

<b>3</b>	<b>Resource Implications</b>
3.1	No specific resource implications attached to this report.

<b>4</b>	<b>Equality and Good Relations Considerations</b>
4.1	All documents will be subject to EQIA.

<b>5</b>	<b>Recommendations</b>
5.1	Members are asked to: <ul style="list-style-type: none"> <li>- Note the consultations on the draft Programme for Government, Investment Strategy and Economic Strategy</li> <li>- Note the attached draft response to the draft Economic Strategy and agree that it should be submitted to the Northern Ireland Executive, subject to any comments and amendments required.</li> </ul>

<b>6</b>	<b>Decision Tracking</b>
	There is no decision tracking attached to this report.

<b>7</b>	<b>Key to Abbreviations</b>
	EQIA – Equality impact assessment

<b>8</b>	<b>Documents attached</b>
	Appendix 1 - Economic strategy, draft Belfast City Council response.

**Economic strategy – priorities for sustainable growth and prosperity – draft Belfast City Council response**

<b>Executive summary – key issues</b>	
<b>1.1</b>	Belfast City Council welcomes the opportunity to respond to the consultation on the draft economic strategy for Northern Ireland “Priorities for sustainable growth and prosperity”. As the region’s capital city, Belfast is the driver of the regional economy. It is home to over 200,000 jobs, provides employment for 108,000 commuters, is the major location for Foreign Direct Investment and is home to the majority of the region’s creative industries and professional and financial services. Its success is critical to the success of the wider region.
<b>1.2</b>	Belfast City Council recently launched its “Belfast Investment Programme”. This includes a capital investment of £150million for the period 2012-2015 aimed at putting in place the economic infrastructure necessary to support the Belfast economy. This will be accompanied by a range of programmes to encourage business start-up and growth within the city. It will also focus on employability and skills development.
<b>1.3</b>	The investment programme is closely aligned to the draft strategy and the Council would ask that it is supported by the Northern Ireland Executive and specifically incorporated within the economic strategy.
<b>1.4</b>	Belfast City Council recognises the ambition set out within the action plan associated with the strategy. It also recognises, however, the challenges in delivering the projects identified. We support the creation of the proposed coordination unit but would go further to suggest that the Executive should create an interdepartmental delivery group specifically for Belfast, given the importance of the delivery of projects within the city to the economic wellbeing of the wider region.
<b>1.5</b>	Belfast City Council regards the planned relocation of the University of Ulster into the city centre as being one of the biggest economic development opportunities which the city is likely to see in a generation. Whilst the university is not due to open until 2018, we believe that it is imperative that the project is reflected within the economic strategy and that a cross departmental steering group is established to drive the project and maximise the economic and regenerative potential which it presents.
<b>1.6</b>	Belfast City Council welcomes the acknowledgement that Belfast and Derry have a specific role to play in the economic competitiveness of the region. It is globally accepted that cities are the economic engines upon which regions depend. We believe that this must be recognised in the new EU funding programmes for 2014-2020 through the inclusion of a specific urban development programme.
<b>1.7</b>	The Programme for Government contains the ambition of creating 25,000 new jobs over the next four years. The ability to achieve these targets will be

	<p>dependent on attracting foreign direct investment which will require grade A accommodation with large floorplates. There is a limited supply of suitable accommodation in Belfast and this has the potential to limit Invest NI's ability to attract further investment within its targeted sectors. Belfast City Council believes that the Executive should commit to an urgent revision of future demand for grade A office accommodation and consider how future supply might be incentivised in the current climate.</p>
<b>1.8</b>	<p>We acknowledge that the tools available to support economic growth through Regional Aid are under threat at present and have responded strongly to the consultation on this to argue for the ongoing availability of this type of assistance. However, we acknowledge that it will be important to look at alternative forms of finance for major capital schemes. We have carried out some exploratory work on a range of financial instruments such as TIFs (Tax Incremental Financing schemes), LABVs (Local Asset-backed Vehicles) and joint ventures with the private sector. We would welcome further dialogue with government on these issues and consider that the Northern Ireland Executive should put in place the necessary regulatory requirements to allow councils to explore these options as a way forward in the current era of funding restraint within the public sector. We would also welcome a discussion on how EU funding mechanisms such as JEREMIE and JESSICA could be levered in this context.</p>
<b>1.9</b>	<p>The recent report by Mary Portas into the review of the high street included a number of recommendations including actions to make high streets more accessible, attractive and safe; encouraging mixed-use city centres and addressing the short-term challenge of vacancy levels faced by most cities. We consider that vibrant town and city centres are critical to achieving the objectives set out in the economic strategy and to attracting inward investment, tourism and talent to a city. We believe that the Northern Ireland Executive should follow the lead set by the Scottish Parliament and Welsh Assembly in establishing a ministerial working group to address this issue and that there should be greater collaborative working across departments and other agencies to ensure that the broad spectrum of issues are addressed in a holistic manner and that the vibrancy of town and city centres is consolidated and enhanced.</p>
<b>1.10</b>	<p>We acknowledge and agree with the focus on a number of key sectors for the region's future economic competitiveness and support the work of MATRIX. We consider that there is significant potential within the renewables sector and feel that this requires a targeted strategy for the future development of the sector. There is an imperative to seize the opportunities to ensure that we can steal a lead and establish the city and wider region as a global centre of excellence in this growing sector. We have considerable assets which provide a stable basis from which to develop the sector and would encourage the Northern Ireland Executive to explore the opportunity to create an Enterprise Zone for renewables in the Belfast Harbour/North Foreshore area of Belfast.</p>
<b>1.11</b>	<p>We welcome the commitment to explore the implementation of social clauses for government capital schemes. We have had some experience of these through the Titanic Quarter and consider that there have been many lessons learned which should be disseminated across government. Consideration needs to be given to the content of the clauses as well as their management</p>

	<p>and monitoring. This needs to be done in the context of difficult market conditions for private sector employers and needs to include innovative approaches, for example, to help apprentices complete their apprenticeship across a number of schemes. Although the current focus is on capital schemes, we welcome proposals to extend social clauses to all government contracts. We acknowledge that consideration is currently being given by the Department for Environment (DoE) to allowing councils to take account of non-commercial clauses in awarding contracts and are open to considering how this can be done in the context of our capital programme and wider partnership projects.</p>
<b>1.12</b>	<p>The planned capital investment set out in Belfast City Council's investment programme and in the Executive's economic strategy, Programme for Government and Investment Strategy includes a number of major schemes which have the potential to stimulate economic growth in the city and wider region. We would ask that these projects are given urgent attention by the relevant government departments and agencies and that efforts are focused on expediting their progress through the necessary administrative and statutory approvals processes.</p>

<b>Specific comments</b>	
<b>Management and governance</b>	
<b>2.1</b>	We welcome the commitment to an implementation plan with regular reporting through the Executive Sub-Committee. This will support coordination across government and ensure alignment with agreed priorities. We would suggest that these updates need to happen on a regular basis, in order to allow for flexibility and to be able to respond to challenges as they emerge.
<b>2.2</b>	We support the creation of the “coordinating unit” (1.19 of strategy) and would be keen to work closely with those involved in this. We consider, in particular, that additional intelligence is required on new growth sectors and their requirements to allow us to focus our strategy and determine what work we should prioritise in order to ensure maximum economic impact.
<b>2.3</b>	However, it is important to acknowledge that there are other public, private and community organisations involved in regeneration and economic development activity and it will be essential to lever the resources presented by their investment to make the step change required.
<b>2.4</b>	Belfast City Council had embraced its leadership role in its Investment Programme for the period 2012-2015. Central to the delivery of this programme is a commitment of more than £150million towards capital projects and £50million for revenue proposals to make Belfast a better place in which to live, work and invest. This document is premised on the need for partnership in delivery and its priority schemes will help deliver on some of the priorities identified in this draft strategy.
<b>2.5</b>	In light of this and of the significance of Belfast in relation to the wider economic competitiveness of the region, we would encourage the Northern Ireland Executive to consider the potential for establishing an interdepartmental working group for Belfast. The purpose of this group would be to address cross-cutting issues impacting on key economic challenges and specific projects in the city in order to flag up potential difficulties, support holistic development and encourage greater coordination across government and its partners.
<b>2.6</b>	Our investment package recognises that there are a number of “game changer” investments in the city in the coming years, and commits to maximising the impact of these for the citizens and the wider population. One such investment is the relocation to Belfast city centre of the University of Ulster. This represents a once in a lifetime opportunity to create a new community which will support greater population density in the city; encourage greater university-business collaboration; generate new business opportunities for local companies and support additional investment in the city. However projects of this scale require significant planning to ensure that they develop in a coordinated, holistic and sustainable manner and that the economic potential of the development is maximised.
<b>2.7</b>	We would encourage the Northern Ireland Executive and its department to consider its management and governance role in such schemes in order to support their progress where feasible, while ensuring compliance with all

	<p>relevant regulatory issues. Belfast City Council is willing to work in a coordinating capacity in such projects and we have some successful examples of assuming this role. Our work on the Titanic Quarter sets in place a framework for discussion around the key challenges affecting the site and impacting on those living adjacent to the location, as well as those businesses already based there. The Memorandum of Understanding with the developer has enabled us address accessibility issues; identify and develop bespoke employability initiatives and create a comprehensive community engagement strategy. Such an approach is indicative of the multi-faceted nature of these key projects and illustrates the need for significant partnership working, in a structured manner.</p>
<b>2.8</b>	<p>The draft Programme for Government indicates a commitment to implementation of the Reform of Public Administration (RPA) in the region. Local government will need to play a key partnership role in the successful reform of public sector service delivery in Northern Ireland. This is just one of a number of vital measures which will directly involve the local government sector and will be required in order to address the challenging economic climate in Northern Ireland over the next few years. Belfast City Council is committed to collaborating with partner organisations to help maximise the economic potential of the city.</p>
<b>2.9</b>	<p>The council already has productive working relationships with all government bodies and agencies and we would advocate for ongoing liaison at a senior level in order to progress key projects and to ensure maximum return on investment.</p>
<b>2.10</b>	<p>We note the reference in the draft strategy to “related strategies” (5.14). On paper, all of these strategies appear to align. However, in practice, we consider that the reality is sometimes different. These are a number of reasons for this - different priorities; areas of focus; funding mechanisms etc. The high level targets and indicators established in this strategy should guide all other governmental initiatives and should dictate operating mechanisms and management structures, taking account of existing provision. This should lead to greater synergy, with organisations committed to the same, high-level objectives and thereby avoiding duplication and gaps in provision.</p>
<b>2.11</b>	<p>Previous governmental discussions have introduced the potential for new ways of working that may create a new dynamic between the public and private sectors. These include Business Improvement Districts, which were the subject of a Department for Social Development (DSD) consultation last year. Belfast City Council is supportive of the key principles behind the legislation, namely the need for partnership between the public and private sector; the need for BIDs to be business-led; the need for BIDs to target specific issues and to deliver specific, measurable benefits. However we accept that, in practice, significant engagement between DSD, Land and Property Services and the councils will be necessary to address the practicalities of the challenges presented and to create a workable solution for all parties.</p>
<b>2.12</b>	<p>We note the acknowledgement that Belfast and Derry have a specific role to play in the region’s future economic competitiveness and are supportive of greater collaboration between the two localities. There is an opportunity to confirm this role through the new EU funding programmes from 2015, by supporting the creation of a specific urban initiative. This would provide a framework for a coordinated programme of economic development and social cohesion support which could underpin both the rebuilding and the rebalancing priorities identified in this draft strategy.</p>





<b>Infrastructure and investment</b>	
<b>3.1</b>	We acknowledge the investment in economic infrastructure in recent years by the Northern Ireland Executive, particularly in the context of public spending constraints which are likely to be in place for the foreseeable future.
<b>3.2</b>	We would encourage the Northern Ireland Executive to maintain its commitment to key infrastructure schemes included in the draft strategy and the Investment Strategy for Northern Ireland, not only for their direct impact on the economic development of the area but also on employment levels in the construction sector, which has been particularly badly affected by the downturn.
<b>3.3</b>	We welcome the acknowledgement that major urban centres provide the catalyst for growth across a regional economy (point 5.65 of the draft strategy). Research suggests that strong regional economies are predicated on an analysis of differentiation and specialisation, establishing clusters and focusing investment in agreed areas where impact can be greatest and where assets are strongest. Belfast – as the capital city – is the investment and business hub of the region and has a disproportionately large impact on economic development across Northern Ireland. Focusing investment on key assets is arguably even more important in a post-debt era where there is simply insufficient critical mass and demand to allow all areas to compete and attract the same range of economic activities.
<b>3.4</b>	Belfast plays a significant role in the Northern Ireland economy: almost 55% of those working in Belfast live outside the city boundaries; the city is home to one-third of all Northern Ireland service sector jobs, half of all the region's hi-tech manufacturing jobs, 3 in 5 computer and related service jobs and two-thirds of creative media and arts jobs; it is the transport hub for the region; a gateway for tourism and the focal point of specialist health services and unique cultural and entertainment offerings <sup>1</sup> . It is home to two universities and one Further Education College and will, by 2018, provide the location for an expanded University of Ulster campus within the city centre. This critical mass of investment and potential investment provides a solid foundation for additional focused support to underpin regional growth.
<b>3.5</b>	Recent reports from property agents indicate a potential long-term supply issue for Grade A office accommodation. This could possible impact negatively on the proposals contained within this draft strategy to increase the volume of FDI and indigenous business growth in targeted sectors across the region as a means of rebalancing the economy. We would welcome an open discussion with government on how this may be addressed.
<b>3.6</b>	The current available stock of Grade A and B office space on the market in Belfast totals 1,009,854 sq ft (Grade A -440,883 sq ft and Grade B - 568,971 sq ft) with 2million sq ft of approved schemes in the pipeline. Assuming indicative requirements of approximately 200,000 sq ft (annual take-up historically averaged approximately 300,000 sq ft), there is a current 5 year supply available, with an additional 10 year supply with planning permission. However if the stated requirements of 200,000 sq ft is for Grade A only, this

<sup>1</sup> Oxford Economics (2009), *Belfast flow of people, skills, spending and investment*

	reduces the current supply to 2 years (or 1 ½ years if the annual take-up increased to 300,000 sq ft).
<b>3.7</b>	Local agents have indicated that, following the recent lettings, supply has reduced further and there may be a shortage of Grade A space available in Belfast. The fundamental concern is the <i>type</i> of office space available and Lisney reported that much of the available office product in Belfast does not show corporate ambition for NI plc <sup>2</sup> . The availability of larger floorplates is also an issue. In Belfast, a majority of the buildings around the city centre are older Grade B and C office blocks and are unlikely to be occupied again. Clearly, the era of speculative development has long since ceased. However it is considered that the future implications of current provision levels and the condition of available buildings require an in-depth assessment of potential demand and supply for new office space in the city which will impact on all agencies seeking to promote investment in Belfast.
<b>3.8</b>	We acknowledge that the tools available to support economic growth through Regional Aid are under threat at present and have responded strongly to the consultation on this to argue for the ongoing availability of this type of assistance. However, we acknowledge that it will be important to look at alternative forms of finance for major capital schemes. We have carried out some exploratory work on a range of financial instruments such as TIFs (Tax Incremental Financing schemes), LABVs (Local Asset-backed Vehicles) and joint ventures with the private sector. We would welcome further dialogue with government on these issues and would encourage the Northern Ireland Executive to put in place the necessary regulatory requirements to allow councils to explore these options as a way forward in the current era of funding restraint within the public sector. We would also welcome a discussion on how EU funding mechanisms such as JEREMIE and JESSICA could be levered in this context.
<b>3.9</b>	We recognise the impact of recent investments in the telecommunications and broadband infrastructure in the region and note the positive message that this presents to potential investors. We are currently exploring the potential for ultra-fast broadband in the city, alongside an extensive wireless network, as a means of transforming the business environment and enhancing social cohesion and access to public information for residents. We would like to work closely with our colleagues in DETI – given their experience of the previous broadband scheme – and with the private sector contractors to leverage maximum impact from the investment and address specific challenges at the development stage of this project. An application for support to DCMS is to be presented in February 2012 and we are hopeful of drawing down a significant amount of resources to secure the implementation of this scheme.
<b>3.10</b>	We see significant potential for businesses in this initiative and are considering the opportunity for a targeted capacity building initiative to ensure that companies are aware of the opportunities presented by the investment and are supported to make changes to their operating systems to capitalise on these.
<b>3.11</b>	We welcome the commitment within the draft strategy to reform the planning system and consider that this is essential in order to bring forward potential

<sup>2</sup> Lisney Belfast (September 2011), *Office update*

	development schemes, while adhering to all relevant regulatory and legislative stipulations. We welcome the proposed partial transfer of planning powers to local government and the ongoing review of current operations. Councils are already working with the Department of Environment to ensure an efficient transition and to explore the potential for input into the delivery and decision making.
<b>3.12</b>	Whilst this change is welcomed, there are concerns regarding the capacity of the system to deliver effective decision-making in the short-term and the implications this might have for current and proposed planning applications.
<b>3.13</b>	As with other cities, we are concerned at the impact of vacancies in the city centre and in our neighbourhoods and we would welcome a dialogue with all relevant partners to identify a sustainable solution to this challenge. From a Belfast City Council perspective, this has a direct impact on our rates intake and – by default – our ability to deliver services.
<b>3.14</b>	The recent report by Mary Portas into the review of the high streets made a number of recommendations including actions to make high streets accessible, attractive and safe and introducing measures to make it easier to change the uses of key properties to introduce a more balanced high street. We concur with many of the findings and would support a more coordinated approach to city and town regeneration across government to address the issues such as those identified in the report.
<b>3.15</b>	The draft strategy suggests that DoE’s new approach to urban planning will “help revitalise urban centres, making them more attractive places to live, work and invest”. We have some concerns that the current approach to urban regeneration is not focused or strategic and that there is no shared vision of the role of cities and urban areas in Northern Ireland. This is reflected in the recent plans to introduce a large retail levy which will have a disproportionate impact on Belfast and which risks adding to the considerable blight in the city centre.
<b>3.16</b>	We welcome the commitment to exploring more renewable energy sources, with gas, coal and oil accounting for 90% of power generation and spiralling costs having significant implications for all local residents and businesses. We are currently using methane gas generated from our former landfill site at North Foreshore to export electricity to the local grid for distribution. This is producing around 35000 megawatts per year at present. We are also exploring the potential for an anaerobic digestion point at this site which, if it progresses, will also allow renewable energy to be exported to the grid.

<b>Key economic sectors</b>	
<b>4.1</b>	<p>We support the analysis of the MATRIX panels regarding the key sectors that demonstrate the greatest potential for growth, namely:</p> <ul style="list-style-type: none"> <li>• Telecommunications and IT</li> <li>• Life and health sciences</li> <li>• Agrifood</li> <li>• Advance materials</li> <li>• Advanced engineering.</li> </ul>
<b>4.2</b>	<p>We note that MATRIX is currently conducting further analysis into the market opportunities presented by the sustainable energy sector and the green economy. We concur with the consideration that this is one sector in which we could potentially have significant competitive advantage and consider that Belfast has a key role to play in the future development of this sector. We suggest that it should be given greater focus within this strategy.</p>
<b>4.3</b>	<p>We note that the research for this strategy points out that “small economies focus on innovation policy in sectors where they have competitive advantage or historical strengths”. We consider that the fledgling renewables sector in the city represents a combination of the two. It utilises the natural resources of the harbour and the available surrounding land; is driven by the technologies and expertise developed in the city’s traditional manufacturing base and is supported by the significant research expertise of the two universities and the local Further Education college.</p>
<b>4.4</b>	<p>In order to ensure the optimal development of the sector, we would support further analysis to identify key market drivers; infrastructure requirements and skills needs to ensure that we can become world class players in this global market. As part of our investment package, we are proposing the development of a “green business park” at the city’s former landfill site at North Foreshore. This will provide an opportunity for clustering of secondary and tertiary companies to service the larger businesses in the adjacent area and beyond. We suggest that the Executive might explore the creation of an enterprise zone in this and the surrounding harbour area.</p>
<b>4.5</b>	<p>We agree that there is significant potential for the further development of the creative industries, as identified in the draft strategy. Recent infrastructural investments around the Titanic Quarter will help create a focal point for the further development of the film and television industry, capitalising on the success of recent projects such as “Game of Thrones.” The drive for greater local commissioning will create a demand for the development of additional content and this represents a significant business opportunities for local companies, many of whom are developing a track record in this field. We welcome the commitment to an investment of £4million in the Creative Industries Innovation Fund to underpin further development in this field.</p>
<b>4.6</b>	<p>We are working closely with our colleagues in Invest NI to explore the potential for establishing a digital hub in the city. This will create a focal point not only for the digital media businesses but also represents an opportunity to support greater social inclusion by providing access to communal facilities and services within the hub for the use of local communities. This project therefore supports both the “rebuilding” and the “rebalancing” themes of the draft strategy.</p>

4.7	The tourism industry in Belfast has seen significant growth in recent years. The gross value of Belfast tourism was estimated at £480million in 2010 <sup>3</sup> – an increase in value of over 500% in 10 years. There is an aspiration that the current revenue figure can be doubled by 2020, capitalising on the stimulus presented by major events in the coming years (e.g. 2012 Titanic; 2013 World Police and Fire Games and 2015 Tall Ships).
4.8	There is significant work to do to ensure that these challenging targets are met and that investments are made in the quality of service delivery. Belfast City Council has established a Tourism Forum which brings together the sector's key stakeholders to ensure a coordinated and informed approach to the development of the sector. Although this is still in the early stages of development, it has been useful in ensuring policy and funding alignment to maximise the impact of investment and to ensure targeting of resources. We would encourage the relevant government departments to continue their engagement with this forum. The Forum is supporting a Council-led programme which will work with over 300 local tourism and hospitality providers over the coming three years to improve customer service, enhance product development and develop new markets.
4.9	The business tourism market represents a significant opportunity for growth in the coming years. The current facilities in the city are inadequate for many conferences of an international scale and the need for integrated conference and exhibition facilities has been identified. An application for support to extend the current provision at the Waterfront Hall has been made and it is hoped that this can be funded by central and local government. If this project is realised, it will be a significant contributor to the growth of this sector and will have an impact beyond its immediate location in terms of business and employment generated. We would urge the Northern Ireland Executive to ensure that this and the other major capital schemes identified in our investment programme are given urgent attention by the relevant government departments and agencies and that efforts are focused on expediting their progress through the necessary administrative and statutory approvals processes.
4.10	The recent MTV event and the upcoming Titanic celebrations as well as the City of Culture, World Police and Fire Games and Tall Ships demonstrate the importance of event tourism to economic growth in the city and wider region. The MTV event and associated Belfast Music Week generated £22million of spend in the local economy. With these other major events in the pipeline, it is important to develop a coordinated approach to their promotion and development, in order to maximise the return to the local economy.
4.11	A report by Oxford Economics for Belfast City Council in 2008 <sup>4</sup> suggested that there was an absence of a clear sectoral roadmap for the economic future of the region. We consider that this is still an important element in maximising economic growth: identifying key sectors where the region can compete globally and putting place the support services (skills, infrastructure) to allow these to be addressed.

<sup>3</sup> Belfast City Council (2011), *Belfast Tourism Monitor 2010*

<sup>4</sup> Oxford Economics (2008), *Belfast Skills Demand and Supply*

<b>Business development and growth</b>	
<b>5.1</b>	Belfast City Council is focused on increasing the rates base in the city. By this we mean growing both the resident and business populations. With regard to the latter, we will do so by investing in a range of capital and revenue schemes that create an environment in which businesses can set up and expand – both in terms of physical infrastructure and business support services.
<b>5.2</b>	As indicated in our response to the Northern Ireland Executive’s Economic Strategy: Consultation on Priorities for Sustainable Growth and Prosperity in February 2011, we are broadly supportive of the approach taken around the rebuilding and rebalancing themes. In light of the volatility of the economy at present, we suggest that constant evaluation of the impact of agreed initiatives will be critical to ensure that the strategy remains effective.
<b>5.3</b>	We already work closely with Invest NI and play a key role in “feeding through” potential client companies, as suggested by the Independent Review of Economic Policy. This is an important element of the “rebuilding” theme – helping companies improve their competency in innovation, R&D and exports with a view to enhancing their overall competitiveness and productivity. We acknowledge that there are other organisations and bodies working in this field and would be supportive of greater collaboration in order to reduce duplication and make the business support arena easier for the customer to navigate.
<b>5.4</b>	We are also engaged with DEL and OFMDFM to look at supporting measures which will help promote accessible employment opportunities, particularly in areas of economic disadvantage. As a Council, we have committed to creating a number of new employment and placement opportunities and we will work with our partner organisations to consider how these can be made available
<b>5.5</b>	We also consider that it will be important to target resources to enhance the volume and value of start ups. Recognising the importance of prioritising resources in this challenging climate, we accept that it may be appropriate to have access to a menu of targeted support, to be focused on those companies that demonstrate the most significant growth potential. The draft strategy acknowledges the challenge of creating more “high-flying” companies (strategy reference 5.41). While there are structural and historical reasons for this, we support initiatives to raise the ambition of new starts and invest in the infrastructure to allow this to happen.
<b>5.6</b>	An important part of creating this aspiration is to establish a positive image of entrepreneurship as a career choice. Many organisations are working at making this happen and there are many innovative practices in place across Northern Ireland. Belfast City Council is working with our Further and Higher Education partners in the city to support the Belfast Enterprise Academy – helping final year students understand the mechanics of operating a business and helping them progress their business idea. Start-up rates from the early stages of this programme are significant with almost one in two students starting up their own business on completion of their degree.

<b>5.7</b>	The Northern Ireland Science Park has been critical in creating an innovation ecosystem through its workspace and support programmes. It is also leveraging significant social capital through member and partner organisations and this is helping create some critical mass in the system. We welcome the proposal to consider the establishment of an open innovation centre at the Science Park as a means of developing greater partnerships and collaboration to support an additional uptake in R&D.
<b>5.8</b>	Access to finance is a key issue impacting on business growth (2.13 of strategy) and this is borne out in a recent survey of companies in Belfast where almost half of companies surveyed (48%) indicated that they would need some support with managing business finance. We welcome the recent announcements by Invest NI regarding the initiatives under its Access to Capital strategy – particularly the micro business loan fund and the Invest NI growth fund – and would encourage speedy implementation of these in order to address the lack of provision at present.
<b>5.9</b>	We support the proposed focus on increasing exports as a means of promoting sustainable growth. However it is important to acknowledge that, given that the economy is dominated by micro-businesses, many local companies have difficulty in taking the leap from selling locally to selling into external markets. We are working closely with our partners in Invest NI to create a support framework for these businesses through our “Exploring Exporting” programme and this will help achieve the targets set out in the draft strategy around first time exporters.
<b>5.10</b>	We support the consideration given within the draft strategy to the social economy and agree that there is significant potential within the sector to move organisations from a reliance on public funding towards a sustainable business model. We already include a target of 20% of participants in our business growth programmes to be social economy businesses and ensure that the mentoring support is tailored to meet their specific operating requirements. As indicated in our Investment Programme, we are currently exploring the potential for a targeted pre-enterprise social economy programme which will complement Invest NI’s social economy programme and help 60 community-based organisations to explore the potential of becoming social economy enterprises.
<b>5.11</b>	With regard to the proposals around corporation tax, Belfast City Council supports further exploration of the potential for introduction of a variable rate of corporation tax. In our response to HM Treasury’s consultation on rebalancing the Northern Ireland economy in June 2011, we commented that “corporation tax could be effective if it was part of a basket of investments and incentives geared towards improving productivity and creating economic growth”. As such, we consider that it could represent an important offering to potential inward investors but acknowledge that this needs to be accompanied by further investment in skills development, innovation and R&D and infrastructure development. This approach is reflected in the draft strategy’s proposals around the reduction in corporation tax (page 71).
<b>5.12</b>	We welcome the commitment to explore the implementation of social clauses for government capital schemes. We have had some experience of these through the Titanic Quarter and consider that there have been many lessons learned which should be disseminated across government. Consideration



	needs to be given to the content of the clauses as well as their management and monitoring. This needs to be done in the context of difficult market conditions for private sector employers and needs to include innovative approaches, for example, to help apprentices complete their apprenticeship across a number of schemes. Although the current focus is on capital schemes, we welcome proposals to extend social clauses to all government contracts. We acknowledge that consideration is currently being given by the Department for Environment (DoE) to allowing councils to take account of non-commercial clauses in awarding contracts and are open to considering how this can be done in the context of our capital programme and wider partnership projects.
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### **Employability and skills development**

<b>6.1</b>	Belfast City Council agrees that in order to rebuild the economy, there is a need for a concerted focus on creating employment opportunities. As identified in the draft strategy, we recognise that these are likely to consist of a range of (sometimes) short-term interventions focused on job creation, improving employability and re-skilling/up-skilling.
<b>6.2</b>	As with other parts of the region, Belfast has experienced a significant increase in unemployment since 2008. In the decade to 2008, there were an estimated 30,000 new jobs created in the city – many of which were filled by those residing in adjacent council areas. A recent report by Oxford Economics suggests that Belfast’s residential employment rate has fallen back to 2006 levels and that it is unlikely to return to 2008 levels until 2017 <sup>5</sup> . This suggests a period of “jobless recovery” and underlines the need to innovative employment creation initiatives to avoid permanent detachment from being in employment and to ensure that skilled employees are retained in the labour market.
<b>6.3</b>	The strong alignment between disadvantage and access to employment is highlighted in Belfast with the highest concentrations of unemployment and low skills levels found in those parts of the city where relative deprivation levels are greatest. Oxford Economics’ report suggested that 12 electoral wards – all of which are in the top 20 most deprived wards in Northern Ireland – are still expected to have employment rates of less than 50% in 2015. This represents a significant drag on the overall economic performance of the city and is the greatest inhibitor to economic competitiveness. In addition, it is clear that particular groups – including young people – are being adversely impacted by the downturn in terms of their ability to find a job. It is important to consider a range of targeted interventions for such groups, in order to ensure that they do not become long-term unemployed because statistics suggest that the amount of time spend out of the labour market can have an adverse impact on your ability to find a job. Given the scale of this phenomenon, it is important that we apply creative thinking to find a solution which will make an impact on the growing number of NEETs. Dedicated resources have been made available in other parts of the UK to support new initiatives and we would encourage the Northern Ireland Executive to do likewise.
<b>6.4</b>	A study undertaken by Oxford Economics on behalf of Belfast City Council in 2008 found that over half of net new jobs in Belfast over next decade will

<sup>5</sup> Oxford Economics (2011), *The competitiveness of Belfast*

	<p>require graduate qualifications while less than 1 in 7 will require no qualifications<sup>6</sup>. A similar report undertaken at Northern Ireland level sought to forecast future skills needs up to the period 2020.<sup>7</sup> This report noted that, if Northern Ireland had equivalent UK concentrations in sectors, the following could be achieved:</p> <ul style="list-style-type: none"> <li>• 12,000 more people in employment with sub-degree, degree and post-graduate qualifications</li> <li>• 30,000 more managers and 20,000 more professionals</li> <li>• 4,000 more STEM degree holders</li> <li>• 7,000 more creative and arts degree holders in the workforce.</li> </ul>
<b>6.5</b>	<p>In our response to the Northern Ireland Executive's Economic Strategy: Consultation on Priorities for Sustainable Growth and Prosperity in February 2011, we suggested that the most significant challenge in driving the long-term vision of the Northern Ireland economy was addressing the skills mismatch. We noted that this was, in our view, fundamental to building a sustainable, innovative, dynamic economy. At present, there appears to be a disjoint between skills training undertaken and those required by industry and this is illustrated by the statistics presented above. The implications of not addressing this are borne out in the missed employment opportunities. This issue cannot be overlooked – particularly at a time when employment creation is so difficult to achieve. We would particularly urge additional collaboration between Department for Education and Department for Employment and Learning/Invest NI on this work.</p>
<b>6.6</b>	<p>In addition to the technical skills noted above, the draft strategy suggests that there is likely to be a need for additional skills such as high standards of literacy, numeracy and ICT as well as greater management and leadership competencies. This need will be magnified if the projected growth in FDI as a result of changes in the corporation tax regime is realised. This need is particularly acute in small businesses where investment in management and leadership training tends to fall behind investment in more technical skills. If local companies wish to develop supply chain linkages with international companies, it will be important for them to invest in this type of training and support activity. At present, the provision of personal development training and company development support is not aligned and is the responsibility of a number of organisations and government agencies. Greater collaboration will be required in order to ensure that this happens in more systematic manner.</p>
<b>6.7</b>	<p>We welcome the commitment to enhancing investment in STEM subjects and consider that this is fundamental to the ambitions to rebalancing the economy. These subjects are required for the growth areas in which there is the greatest potential for wealth creation and productivity growth – such as those identified by MATRIX.</p>
<b>6.8</b>	<p>There are still many people who lack the essential skills required to access even lower paid employment opportunities. This is a major contributor to the low levels of economy activity which represent such a drag on the city's competitiveness. We recognise the additional levels of investment in recent years to address this issue but would encourage a more concerted and targeted approach around this issue if we are to make any real impact. The</p>

<sup>6</sup> Oxford Economics (2008), *Belfast Skills Demand and Supply*

<sup>7</sup> DEL (2009), *Forecasting Future Skills Needs in Northern Ireland*

	<p>proposed welfare reform agenda is likely to mean that even more people will enter the labour market in the coming years and we need to have in place the training and supported employment activities to deal with these new additions.</p>
<b>6.9</b>	<p>In terms of the “rebuilding” priority, we consider that there is merit in looking at employment opportunities within lower value added sectors as a means to supporting access to the labour market for those individuals with low skills levels. If this is the case, there is the potential to look at a “skills escalator” approach whereby progression paths are created, thus creating a continual churn of new vacancies coupled with the incentive provided to those who do find work. This is particularly important where the financial impact of returning to work is – on paper – marginal. Regardless of the wider benefits of accessing employment, the incentive of an opportunity to earn more money is a useful “hook” to help people back into the labour market. It is important, however, to acknowledge that employers are having particular difficulty in affording to recruit staff at present so incentives such as the “Jobs Fund” are welcome in this regard.</p>
<b>6.10</b>	<p>We welcome the proposals to work on a city strategy for employability and have already commenced work on this with DEL. We consider that this will address some of the challenges identified in the strategy and will allow for greater coordination of delivery, without the need to invest significant additional resources. We also welcome the proposals for a single point of contact for employers. We consider that this resource should be able to provide access to the wide range of business support services available to local companies from all partners as there is significant confusion at present as to what is available. We acknowledge the challenge that this presents and would be happy to work with DEL and Invest NI to ensure that this operates successfully.</p>
<b>6.11</b>	<p>We consider that there is a need for better skills planning for the future growth industries identified in the strategy, so that we can not only attract but also retain and grow these businesses. We agree with the commitment that “more must be done to better anticipate and deliver the strategic skills and employability requirements and to respond to future economic challenges and opportunities” (strategy reference 5.33). We consider that the current approach is disjointed and are supportive of a more planned approach to skills supply and demand, including identifying the role that we can play in this regard.</p>