

When Belfast Succeeds, Northern Ireland Succeeds:

The case for a City Region Growth Deal

Introduction

Belfast is at a crossroads.

It is one of the UK and Ireland's great capital cities. Our city is teeming with history and culture. Our population is growing again, and we are now one of Europe's youngest cities. We are on a journey of regeneration and revival; our beautiful city centre, now revitalised by world-class hotels, bars and restaurants, is a daily reminder of how far we have come.

Our credentials as a leading knowledge economy city, through our emerging technology and creative industries, make Belfast a premium offer for potential investors. We have almost one-third of Northern Ireland's workforce and we drive its productivity. Our two airports, along with Belfast Harbour, propel the growth in our tourist industry, which extends throughout Northern Ireland, and through the Harbour passes almost three-quarters of Northern Ireland's seaborne trade.

Belfast's success is Northern Ireland's success.

Nonetheless, just as Belfast's success is Northern Ireland's success, our challenges are also Northern Ireland's challenges. Our significant infrastructure deficit, which means we lag behind many other UK cities, acts as a perpetual obstruction stifling our potential. Our fiscal gap with the UK Exchequer, created by higher-than-average public expenditure but lower-than-average tax receipts, needs to be tackled. These are structural and historic problems affecting all of Northern Ireland which will only be solved in partnership.

Our capital has travelled an enormous distance. Our potential, and our ambition, to continue this journey is limitless. But we face a myriad of risks today.

Belfast can be a source of stability for the UK Government, the Irish Government and the prospective Northern Ireland Executive during political uncertainty. As the UK leaves the European Union and the efforts to restore devolved government in Northern Ireland continue, Belfast can offer strength and confidence for potential investors, and drive inclusive economic growth and innovation to realise the opportunities and mitigate the challenges that lie ahead.

Belfast's success is inextricably intertwined with Northern Ireland's success, the island of Ireland's success and the UK's success. It is for that reason that we believe the City Deal circle should be squared. Belfast is the only regional capital, and Northern Ireland the only constituent part, of the UK without a City Deal.

This document is the headline case for a *Belfast City Region Growth Deal*.

Why Belfast, and why now?

I. Belfast is the only UK regional capital city, and Northern Ireland is the only constituent part of the UK, without a City/Growth Deal.

City Deals, sometimes known as city region or growth deals, are a partnership between all levels of government, the private sector and civic society. They are an innovative tool to coordinate and integrate a city region economic approach, bringing together all the key participants in the regional economy to unlock transformative capital investment. They are structured in a variety of ways in order that the unique requirements of the city and the surrounding areas are met, often targeting investment in infrastructure, educational assets, specific regeneration areas and job creation schemes.

Across Britain, multiple City Deals have been agreed, including in Cardiff, and a deal in Edinburgh is imminent. However, the political and economic backdrop in Northern Ireland, dominated by the dual-uncertainties of the UK's withdrawal from the EU and the current absence of devolved government, makes the symbiotic benefit of a deal for both Northern Ireland and the UK, compelling.

In Cardiff, the local partners expect the *Cardiff Capital Region City Deal*, which amounts to £1.2 billion in infrastructure related investment, to deliver up to 25,000 new jobs and lever in an additional £4 billion of private sector investment. The Edinburgh and South East Scotland City Region Deal is aiming to secure £1 billion of funding, with an estimated £3.2 billion of private sector investment.

Like our partner capitals in other parts of the United Kingdom, we believe Belfast will experience a similarly transformative impact if it is given a *Belfast City Region Growth Deal*.

II. When Belfast succeeds, Northern Ireland succeeds

Belfast is more than Northern Ireland's largest city. It is more than Northern Ireland's capital city, and more than its engine of economic activity. We are one of the leading capital cities in the UK and Ireland, making a significant economic, social and cultural contribution across these islands.

The Belfast City Region is an economic driver and enabler for the rest of Northern Ireland, generating almost £35,000 GVA per capita. As well as hosting almost one-third of Northern Ireland's workforce, Belfast has the highest business start-up rate in Northern Ireland (although, at 11%, it is worryingly lower than comparable UK regional cities such as Birmingham [20%], Manchester [19%], Leeds or Bristol [both 15%]). Our two airports, carrying over seven million passengers a year, and Belfast Harbour, with another 1.4 million, propel the growth in our tourist industry, which sees well over one million visits every year to Belfast, with many extending to other parts of Northern Ireland. The 23 million tonnes of goods handled at Belfast Harbour equate to 70% of Northern Ireland's seaborne trade.

We have genuine core strengths and enormous potential. We have thriving financial, professional, and digital services sectors, and are internationally renowned for our creative and software development industries. Our higher education research and innovation is a huge success, and we provide a pipeline of over 5,000 graduates every year. Belfast is a leading knowledge economy city.

Despite our credentials, though, Belfast's growth rate lags behind equivalent European cities, and is projected to slide further with slower growth than our near neighbours, including Edinburgh and Dublin. Infrastructure

connectivity is a block to progress; journey times between Belfast and Dublin are the longest per mile in Europe. Seven of the 10 most deprived wards in Northern Ireland are here in Belfast. Collectively addressing deficits of this type will deliver stronger, more inclusive, more resilient economic outcomes as a prerequisite to finding sustainable solutions to the social challenges we face.

A *Belfast City Region Growth Deal* is the key to unlocking our potential and that of Northern Ireland - it is the accelerator for us to continue our journey towards an unprecedented level of innovation, investment and growth. It could enable partner financing and joint implementation vehicles to swiftly deliver hard and soft infrastructure vital for success – for example – new visitor attractions, research and innovation hubs, a skills academy, and business incubation spaces. Ring-fenced city investment as part of a *Belfast City Region Growth Deal* could enable high-growth transportation projects to proceed. Additionally, free port designation could be examined for Belfast Harbour, as a special economic development zone.

When Belfast succeeds, Northern Ireland, the island of Ireland, and the UK succeed.

III. Through a Belfast City Region Growth Deal, Belfast can be a source of strength and stability for the UK Government and the prospective Northern Ireland Executive.

Belfast is the natural partner for the UK Government and the prospective Northern Ireland Assembly as the UK plans to leave the European Union and the efforts to restore devolved government continue.

Belfast is unique amongst all other capital cities and regional centres in the United Kingdom and Ireland in that we face specific challenges in relation to Brexit *and* a temporary absence in devolved government. We can be a source of confidence and stability during these times. As Northern Ireland's capital city and economic driver, we are best placed to drive forward the inclusive economic growth and social good that cements our peace process and sell Northern Ireland to investors on the global stage.

The critical question is what mechanism and capacity exists to allow us to extract opportunities for inclusive economic growth and address the challenges that lie ahead. Our conclusion is that the *Belfast City Region Growth Deal* provides *the* mechanism to empower Belfast and Northern Ireland to extract those opportunities and tackle that uncertainty. It could also help re-frame the case for regional affordability in respect of Corporation Tax reduction and indeed, the solutions needed to mitigate the loss of important EU subsidies such as those under the Common Agricultural Policy.

A new innovative partnership between Belfast, including our private and civic sectors, the UK Government and prospective Northern Ireland Executive would be an economic game changer; the mechanism to empower Belfast to continue on its journey of inclusive growth and innovation which will maximise our future opportunity. A *Belfast City Region Growth Deal* would sit naturally as a partner, successor and further enabler of the Fresh Start Agreement (which provided funding to the Northern Ireland Executive rather than to Belfast), recognising our city's specific contribution to the economies of the United Kingdom and Ireland.

IV. A multi-city economic approach

Belfast is the economic driver of Northern Ireland. However, it is important to recognise the other regional economic hubs crucial to Northern Ireland's success. Derry-Londonderry is a strong hub in the west, balancing Belfast's strength in the east, and provides Northern Ireland with strong cross-border relationships, a growing university campus and a tourism and cultural hot-spot. Similarly, Newry, also a border city, sits on the crucial Belfast-Dublin corridor, which

offers strong growth potential as we seek to cement our social and cultural interdependencies in a renewed city-to-city relationship.

A *Belfast City Region Growth Deal* would provide the impetus to pursue a multi-city approach and extract maximum benefit for Belfast and wider Northern Ireland. An East-West/North-South strategy, with Belfast as the fulcrum for both, is a central feature of our case. Realising this ambition means that, just as Belfast is a prime candidate to receive Northern Ireland's first UK city deal, Derry-Londonderry has a similarly strong case to receive its second. Similarly, our unique all-island economy, as well as the social and cultural interdependencies, demands that Belfast's strategic vision encompasses the north-south corridor to Dublin, with Newry as a crucial economic gateway.

Northern Ireland as a region – with Belfast as its capital – urgently needs to identify how its geographical location as the only part of the UK with a land border with the EU can be turned into an advantage. With a *Belfast City Region Growth Deal*, we could successfully cultivate between Belfast and Dublin, and, Belfast and London, a financial services eco-system which would allow talent, innovation and services to flow seamlessly between the three cities.

A *Belfast City Region Growth Deal* is for Belfast, but it is also for Northern Ireland, for the island of Ireland, and for the UK.

What next?

A *Belfast City Region Growth Deal* would be truly game-changing. However, in building on what we believe is our compelling case, we understand that the UK Government and a future Northern Ireland Executive will need to see evidence of our vision and our ability to deliver extensive and sustainable economic and social outcomes. To help construct our case, we have commissioned an economic feasibility study which will report later this year. It will develop an outcomes-based analysis, detail the specific projects for targeted investment, and estimate the GVA of our deal as well as estimate the inclusive growth impact.

However, the success of a *Belfast City Region Growth Deal* cannot and will not be delivered by Belfast City Council alone. This will be an integrated venture involving Belfast City Council, other councils, the university sector, civic and business Belfast. This alliance of our City's best talent will offer a combination of experience and innovation, with the ability to ensure that Belfast and Northern Ireland's journey will be substantially accelerated as a result of the investment. We intend, with these partners, urgently to create a compelling case for a *Belfast City Region Growth Deal*, championed by everyone who wants to see our city and region succeed.

Belfast is ready. We are the only UK regional capital without a city deal. And we are ready make our case.

We have unique and urgent challenges, with a dual-uncertainty to navigate. But we are ready to make it work.

We have the opportunity to breathe new life into our east-west and north-south connections. And we are ready to take it.

Belfast is at a crossroads. But we are ready. When Belfast succeeds, Northern Ireland succeeds.