



Subject:	Belfast City Council Investment Company (OECD Report 2008)
Date:	9 May 2018
Reporting Officer:	John Greer, Director of Economic Development
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Restricted Reports	
Is this report restricted?	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
If Yes, when will the report become unrestricted?	
After Committee Decision	<input type="checkbox"/>
After Council Decision	<input type="checkbox"/>
Sometime in the future	<input type="checkbox"/>
Never	<input type="checkbox"/>

Call-in	
Is the decision eligible for Call-in?	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>

1.0	Purpose of Report or Summary of Main Issues
1.1	At the request of Councillor Attwood at the Council Meeting on 9 April, the Council agreed that a report be submitted to a future meeting of the Committee in relation to the recommendations outlined in the OECD Report published in 2008, in particular, to examine the potential for the Council to have its own Investment Company and the possibility of re-energising the 'Friends of Belfast' network.
1.2	At City Growth and Regeneration Committee on 7 March 2018, Members noted and approved the development of a Belfast City Council Investment Service titled, "Belfast: City for

	<p>Investment”. The objective of the service is to streamline and improve the Council interface with investors in order to enhance their experience of doing business in Belfast. This is initially a co-ordination service across the Council offering guidance and support to investors by providing a ‘soft landing’ property service, welcome service (including access to Council networks), planning advice, sector specific support (including tailored skills academies), access to suppliers and Council’s help with international and export opportunities. This service will be co-ordinated by the Economic Development Team as a two year pilot. The learning from the pilot will inform any future governance, finance and / or staff resource implications which would be brought back to Committee for consideration.</p> <p>This report sets out the background to both of the above related pieces of work and asks the committee to consider whether it wishes to take the OECD recommendations further at this stage in light of the later OCO report.</p>
<p>2.0</p>	<p>Recommendations</p>
<p>2.1</p>	<p>The Committee is asked to:</p> <ul style="list-style-type: none"> - Note the content of the report outlining the OECD LEED Programme report dated 2008 which framed the vision for a Belfast Investment Development Agency at that time as well as an overview of the Friends of Belfast Network. - Note the recent Committee decision for a two year pilot to explore mechanisms to improve Council interface with investors through the “Belfast: City for Investment” Service and agree to use the learning to inform the future Council approach to supporting investment. - Consider, in light of the OECD recommendations, whether the committee wishes any further work to be carried out in advance of the outcome of the pilot service and in light of the conclusions of the OCO report. - Consider whether any further structures are needed in respect of friends of Belfast in light of current sister city relationships.
<p>3.0</p>	<p>Main Report</p>
<p>3.1</p>	<p>Background: OECD LEED Programme Report</p> <p>The OECD LEED Programme, Local Economic Strategy Series, Review of Belfast was completed in mid 2008. At that time the study presented an opportunity for a greater sub-national differentiation via a Belfast Investment Agency. It recommended that cities and regions should re-engineer their offer and assets for an internationally open knowledge</p>

driven economy; including fostering the skills of their labour pool, the productivity of their infrastructure, the attractiveness of their business environment and quality of life.

3.2 This report pre-dated much of the debate around devolution of powers to local level. Members will be aware that this agenda has driven government policy in many countries – and many UK cities have secured “devolution deals” giving them additional authority to shape and deliver services in their local area. The emerging City Deal work recognises the functional economic area (FUA) of the Belfast City Region. It is based on the principle that the sub-regional area (led by the respective Councils) is best placed to determine and manage the key economic investments to secure inclusive economic growth.

3.3 The OECD Report profiled the importance of Development Companies, focusing on their ability to ‘add real value to the implementation of economic development strategies’ because they can:

- Aggregate otherwise disparate economic development efforts within one body that can generate real expertise and track record of delivery
- Increase the pace of the city’s response to investors/developers
- Find appropriate means to share costs and risks between those promoting developments and investments
- Unlock otherwise under-used assets, for example in real estate or infrastructure
- Devise new sources and instruments for investment, perhaps in partnership with private financiers
- Improve the investment-readiness of key city projects, developing the propositions to make them more attractive to external investment.

3.4 The report recommended the need to form a new delivery vehicle that could bring together the required delivery agents and thus seek to overcome the highly fragmented and confused position that existed at that time. However, a central question within the review was whether it was appropriate to set up such a vehicle at the time or whether it would be better to wait until the recommendations from the Review of Public Administration and other related activities had been implemented. The proposed name was Belfast Investment Development Agency (BIDA) (refer to the governance structure detailed in Appendix 1). The proposed service areas were:

- Planning, Sites, and Strategic Infrastructure
- Investment Facilitation and Securing the Funding of Major Projects
- Knowledge Economy (Including Skills, Enterprise, HE and Innovation)

- Economic Inclusion
- Promotion
- City Centre Management.

3.5 The OECD Study was visionary but did not take the form of an economic appraisal and therefore did not include costed assumptions.

3.6 Friends of Belfast Network

The Friends of Belfast (FOB) Network comprised groupings of key influencers in a number of US cities – all of whom had an interest in supporting Belfast. The network members provided access to contacts and pro-bono support in developing business leads and connections to support the city’s development.

3.7 The FOB Network was established in the late 1990s. It originally focused on Boston and was then expanded to New York, Pittsburgh and Denver. At this time, the investment landscape was totally different from the current infrastructure. FDI was delivered by the Industrial Development Board (IDB). Levels of investment were significantly below the figures delivered by Invest NI today. The target sectors were largely agri-food and manufacturing – neither of which had (or have) a significant presence in Belfast.

3.8 As the network evolved, ‘Head Friends’ in each location were identified and they acted as “go to” points for activity in the priority cities. However, the model changed over time to being a “paid-for” service and this limited the flexibility and changed the nature of the service. With the development of Invest NI and its expanding international office network (now comprising 23 locations) it was increasingly difficult to justify the added value of the Council intervention in light of the enhanced Invest NI resourcing in this field.

3.9 While the Friends of Belfast model was not extended, the current Sister City linkages borrow significantly from the learning gained from the Friends of Belfast Network. Each of the Sister Cities has a lead contact who acts as the liaison point for the Belfast City Council lead. The contact also agrees an annual action plan with the Council, in line with our mutually-agreed areas of focus. Targets for the year are established and regularly reviewed with the lead contacts. Each of the individuals acting as lead contact point in the relevant cities is a well-networked individual and provides the Council and its partners with access to relevant contacts in the fields of economic development, education, culture and investment.

<p>3.10</p> <p>3.11</p> <p>3.12</p> <p>3.13</p>	<p>Belfast's Current Investment Performance</p> <p>Statistical analysis completed as part of an OCO review (refer to 3.13) evidenced that Belfast is performing well at investment attraction:</p> <ul style="list-style-type: none"> - Belfast receives a significant share of FDI projects per 100,000 residents, when compared with other UK cities. Belfast ranks 2nd with a yearly average of 6.8 projects per 100,000 local residents; - Since 2003, Belfast has secured over 240 projects and an estimated 22,000 new jobs (before expansion of those same projects is included). <p>In addition, in the 2017 FDI Intelligence Survey Results, Belfast ranked as follows:</p> <ul style="list-style-type: none"> - Top 10 overall in small cities – 8th - Top 10 in small cities for FDI strategy – 10th - Top 10 in small cities for business friendliness – 4th <p>Invest NI's total planned investment figures for 2017 (dated May 2017) projected total investment to NI from GB and FDI at £1,728.3m, promoting 18,076 jobs. Jobs promoted defines jobs projected based on funding offers made by Invest NI, this is different to actual jobs realised. Key sources of investment are North America, USA and Canada. Data received from FDI Intelligence identified key FDI growth sectors in Belfast for 2017 as Software and IT Services (7,650 jobs), Business Services (2,126 jobs), Financial Services (1,916 jobs) and Real Estate (1,133 jobs). A crude assessment of these figures estimates that 70% of NI's investment attraction is being secured in Belfast.</p> <p>Council role in supporting investment</p> <p>The issue of what role the Council should play in attracting and managing FDI has been looked at a number of times. In 2017, following the transfer of additional powers and in the context of growing ambitions for the Council to take a lead role in city development, a further review was undertaken. In October 2017, OCO and Webb Advisory concluded a report which assessed and recommended how the Council could establish a menu of city support and investment advice within the existing strategy and policy context. It included mapping related services delivered by Belfast City Council and partners, extensive consultations and benchmarks across 12 other cities. The OCO study was all encompassing, focusing on a client-centred approach for business start, business growth, investment (indigenous and FDI) and employability and skills.</p> <p>Given the positive performance of Invest NI outlined above and the fact that a significant</p>
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3.14	<p>proportion of the investment is based in Belfast, the OCO work recommended the two year pilot of the “Belfast: City for Investment” approach. This recognised the fact that the Council is delivering a lot already that needs ‘packaged up’ as an investor service. This includes the core Economic Development Team services, City Deal, International Relations Framework, City Centre Team and the £19m property fund, Innovation Factory landing space, Resilient Cities, the Employability and Skills Framework, Smart Cities Framework and ongoing collaboration with the City’s enterprise and business growth stakeholders (as the statutory partner with responsibility for business start-up). It also acknowledged the important role of the Lord Mayor and the “Civic Office” in attracting investment.</p>
3.15	<p>The key recommendation in the OCO report was for a flexible, responsive service that matches investor needs with Council remit. It recommended a dedicated single point of contact for indigenous and inward investors in relation to all business strands such as enterprise, investment, employability and skills, start-ups, growth, and innovation. In parallel with delivery and development of the “Belfast: City for Investment” Service, Officers are working cross-departmentally to develop an investor proposition which may include Fast Track Planning, Simplified Planning Zones (subject to Committee approval), access to Vu City and Growth Mapper systems, Energy Support, alternative Clean Tech solutions for sites, benefits of locating in UK, R&D tax credits, access to networks and contacts in Universities and Centres of Excellence dependant on the sector.</p>
3.16	<p>The development of the “Belfast: City for Investment” Service does not preclude the Council undertaking investment attraction initiatives such as MIPIM. Lead prospecting for investment from cities such as Dublin and London will continue as part of the Council’s core service offer to local businesses.</p>
3.17	<p>The OCO report did consider the option of a fully fledged independent Investment Agency but discounted it for a number of reasons, including:</p> <ul style="list-style-type: none"> - Perceived duplication of effort between Invest NI and Council and potential to confuse the investor market. The Council has now developed an agreement between Invest NI and Council for dealing with investor enquiries between both organisations; - Availability of Skills, and experience to deliver investment promotion directly at a city level; - Align support offer with Council’s regeneration and sectoral priorities. This should align support to opportunities presented by sector (e.g. Retail), spatial (e.g. North Foreshore), and international (e.g. Sister Cities) and promote collaboration, given the potential scale

of investments.

3.18

The size of the benchmark organisations varied quite significantly across the comparator cities, from 3 full time employees in Newcastle-Upon-Tyne to 200 in Berlin. It was not possible to ascertain annual budgets for all of the comparator cities but for those where information was available, large differences in the funding and size of the various organisations become apparent. In 2016, Berlin had a budget of £8.43 for each member of the city’s population. By comparison, Glasgow had a budget of 83 pence for each member of their population. Newcastle, Manchester and Liverpool ranged from £3.85 to £5.25 per resident.

3.19

Since the OECD report in 2008, there has been considerable organisational and strategic change. The work streams of the then proposed Belfast Investment Development Agency outlined in Appendix 1 are being delivered by new sections of Council such as City Centre Team, Smart Cities Team and Resilient Cities Commissioner. The “Belfast: City for Investment” approach focuses on pulling more services together to provide a seamless offer to potential investors.

Next Steps

3.20

Officers are currently liaising with 12 clients availing of support from the Council’s Investment Service. Enquiries are cross-sectoral, including retail, light industrial, and office accommodation. Larger developers are accessing support with marketing (e.g.Karcher launch on Boucher Road, creating 10 jobs), skills academies (e.g. new 2,500 sq ft restaurant investment), and property availability (e.g. NI Biotech Company). The “Belfast: City for Investment” Service will be intensively monitored to ensure that a meaningful, efficient (in terms of value for money) and effective (in terms of measurable economic impacts) service is developed in the longer-term. This will include consideration of any structural change to deliver the services.

3.21

Work with the Council’s Sister Cities (Boston, Nashville and Shenyang) as well as our wider international engagement is continuing to develop, and programmes for mutual development with the key cities have been agreed for the coming year. The key contacts in the cities also provide additional support to local organisations interested in building networks or contacts in these locations.

Financial & Resource Implications

- The initial “Belfast: City for Investment” Service will be resourced from Economic

3.22	<p>Development and Employability and Skills existing staff portfolio and 2018/19 budgets. This element of the service will be reviewed September 18 in order to consider strategic direction and financial and resource implications for 2019/20.</p> <ul style="list-style-type: none"> - Investment Attraction marketing will continue to be financed and resourced via the City Centre Development Team and EU & International Relations budgets and resources. <p><u>Equality or Good Relations Implications</u></p> <p>Each of the proposed projects referenced in this report is informed by statistical research, stakeholder engagement and complementary policies and strategies. New projects or service areas are equality screened and considerations given to equality and good relation impacts at the initial stages of project development. Officers will work closely with the Equality and Good Relations Team on this activity.</p>
4.0	Appendices – Documents Attached
	Appendix 1 – Belfast Investment and Development Agency Structure (OECD Report 2008)