



# Belfast Region

# City Deal

Our ambitious proposition

May 2018

Draft for discussion

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# 1 Executive Summary

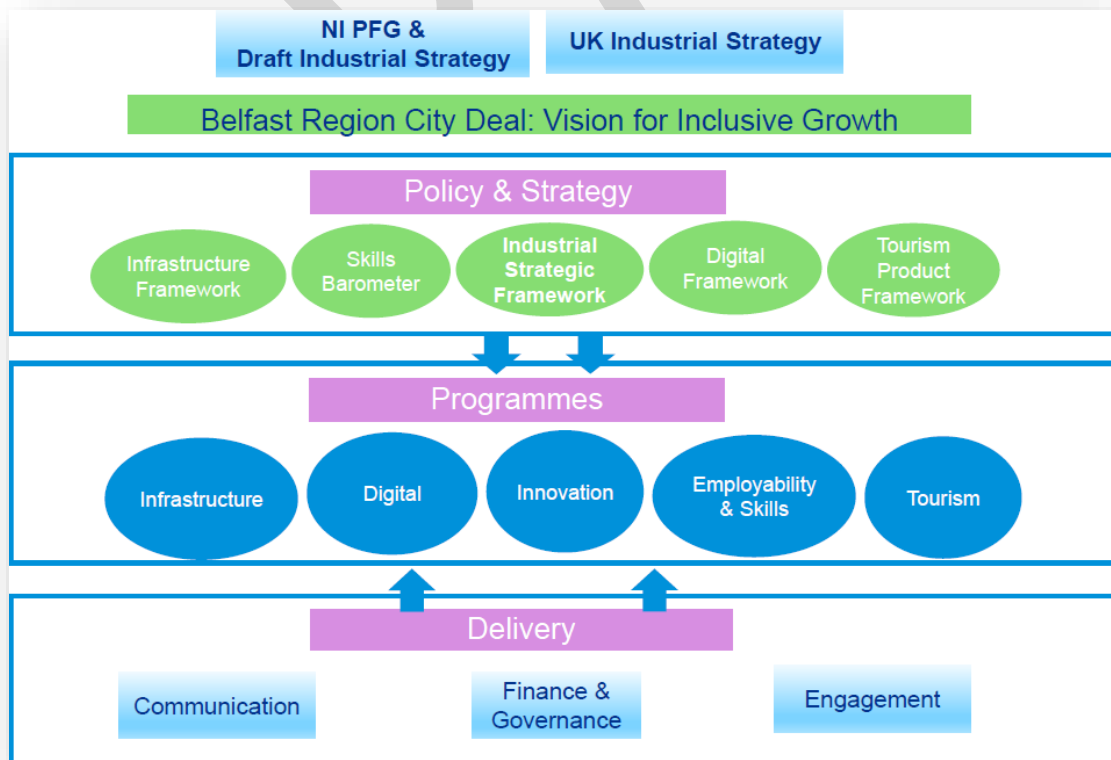
## 1.1 A Vision for the Belfast Region

City Regions, with their economies of scale, scope and connectedness, bring people and markets together in a single, productive space. The Belfast Region partners recognise that to realise the potential of the Belfast Region a new approach to industrial development is required that aligns strategies and investments with the Region’s strengths and global opportunities. We have therefore been working intensely and collaboratively to both establish a vision for the Belfast Region’s economy and develop the strategies and programmes of investment that are necessary to deliver sustainable, inclusive growth across the Region.

***The Belfast Region City Deal partners have a vision of inclusive economic growth that delivers more and better jobs, a positive impact on the most deprived communities and a balanced spread of benefits across the region.***

This vision of creating ‘more and better jobs’ across all of the region’s growth sectors is supported by an Industrial Framework that seeks to support the delivery of the UK and NI industrial strategies in the Belfast Region and by strategic analysis of the Region’s needs and potential in relation to innovation, infrastructure, digital, tourism and skills.

### BELFAST REGION CITY DEAL FRAMEWORK



The Belfast Region partners have moved quickly to build on these policy and analysis frameworks to design the proposed Investment Programme in collaboration with government departments, universities and colleges and private sector partners.

At the core of the Investment Programme is a proposal to transform the Belfast Region's **innovation and digital** capabilities. This will involve creating **global centres of innovation excellence** in our **priority growth sectors** and leveraging their capability through new partnership structures and enhanced digital connectivity and data analytics capability to extend their impact across the Belfast Region's economy. The aim is that the Belfast Region will become an interconnected, innovation hub in which researchers and businesses are able to work together to test, develop and apply new technology and undertake analysis to both improve performance and productivity and, critically, to bring to market new products and services. This investment will be combined with plans for regeneration of key economic sites to support investment and inclusion across the region. For the innovation hub to realise its potential, investment is also required in both digital infrastructure and in innovation, technology and digital skills.

The Belfast Region partners also recognise the need to **tackle barriers to inclusive growth** so that the growth benefits all the people of the region, including those in the most disadvantaged areas. Therefore, in addition to investment in **place-making** across the region, the Investment Programme will seek to ensure that transport **infrastructure** is strengthened to provide people with affordable access to the jobs that we are creating. The programme of capital investment will also be supported by an integrated employability and skills programme that delivers **skills for growth and skills for inclusion**.

The Belfast Region partners have identified the **tourism industry** as having a particular role in delivery of inclusive growth, due to its potential to create substantial jobs growth across the region. This will require investment in authentic tourism products that are capable of attracting international visitors. The tourism projects will be supported by an employability and skills programme to both attract and skill the workforce that will be required and by the enhanced digital and data analytics capability developed through the innovation and digital pillars.

The Belfast Region partners have made significant progress in less than six months in the development of its ambitious proposition for a Belfast Region City Deal. The next, and crucial, stage of the process will involve working with our partners across government and the private sector to establish and resource new governance and programme structures that will produce a finalised programme of investment that is affordable, deliverable and capable of achieving the Belfast Region's ambitions for inclusive growth.

The finalised programme will ensure that increases in economic output and jobs are maximised whilst also delivering a balanced programme of investment that includes capital investment in each of the partner councils. The programme will also reflect the need to ensure that deprived communities benefit from the planned investments.

## 2 Introduction

### 2.1 Purpose of the Paper

The purpose of this paper is to set out the ambitious proposition for the Belfast Region City Deal (BRCD).

In November 2017, the UK Chancellor, Philip Hammond announced that negotiations would open for a Belfast Region City Deal as part of the UK Government's "commitment to a comprehensive and ambitious set of city deals across Northern Ireland."

This paper aims to build on the Belfast Region's previous consultation with the UK Government and the Devolved Government Departments in Northern Ireland (NI) by providing an overview of the proposition for the BRCD, as well as how this proposition will be taken forward as a programme of investment targeted at inclusive economic growth. The economic geography of the city region is also outlined at appendix 1,

It should be noted that the proposition contained within this paper reflects the programme at a point in time. The Belfast Region understands that further dialogue with stakeholders is required along with development and prioritisation of a cohesive programme of investment.

This paper will form the basis of future discussions with key stakeholders in securing a Deal, including the UK Government and the NI Executive.

### 2.2 Objectives

Across the City Region there has been cross-party commitment to the objectives of;

**"more and better jobs; inclusive growth; improved skills and increased domestic business and foreign direct investment".**

The six Belfast Region Councils have agreed that these will be the overall objectives of the BRCD with a real focus on creating increased access to quality jobs for all. The Belfast Region also needs to be able to retain talent and ensure that our experienced talent with local roots come back to contribute to our growing economy.

#### **The Belfast Region's Commitment:**

- The Belfast Region Council partners have taken responsibility to work together collaboratively, including with the Northern Ireland Civil Service, in developing detailed proposals to share with the Northern Ireland Office and wider UK Government (this work is further outlined at Section 5 'Working Together');
- The Belfast Region believes that there is a need to do things differently in Northern Ireland and that 'self-help' will be key to making that change a reality;
- The Belfast Region recognises the need to both build an ecosystem which supports innovation and enterprise and to prioritise support for those sectors which have real competitive advantage;

**Belfast Region City Deal**

The Proposition

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- The Belfast Region is committed to developing an offer to the UK Government that will benefit all of Northern Ireland and will ensure a geographic spread of benefits within the Belfast Region; and
- The Belfast Region supports the development of other sub-regional deals within Northern Ireland and will work in partnership with other areas to secure other deals and to ensure that these deals connect with and complement the Belfast Region City Deal.

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## 3 The Belfast Region – Tackling Barriers to Growth and Increasing Competitive Advantage

### 3.1 Belfast Region Industrial Strategic Framework – the importance of city regions

The draft Programme for Government for NI aims to deliver the outcome “*we prosper through a strong, competitive, regionally balanced economy*”.

Both the UK Industrial Strategy and the draft NI Industrial Strategy recognise the fundamental importance of a coherent approach, across national, regional and local government and between the public and private sectors, to the development of an economy which can compete on a global stage.

Crucially, these strategies also recognise the importance of place-based or city region approaches, to deliver solutions that tackle the specific economic challenges of the region by focusing on strategies reflecting its local character and strengths.

The Belfast Region has come together and developed a draft strategic framework which supports the delivery of the UK and NI Industrial Strategies at a Belfast Region level. The Belfast Region Industrial Strategic Framework establishes a shared vision for sustainable and inclusive growth of the Belfast Region based on a robust analysis of the competitive strengths and the key economic challenges facing the Region.

### 3.2 Tackling Barriers to Growth: The Belfast Region Challenges

The Belfast Region faces a number of persistent challenges which, unless addressed, will continue to hinder the effectiveness of any initiatives to encourage sustainable, long-term economic growth including:

- Low productivity;
- Economic inactivity and deprivation;
- Skills gaps and inequalities;
- A lack of investment in innovation;
- Under development of the tourism;
- Industry; and
- Aging physical & digital infrastructure.

#### Increasing Productivity

Ulster University's Economic Policy Centre (UUEPC) has argued that productivity is NI's 'greatest economic challenge' pointing out that there has been a productivity shortfall in this region compared to Great Britain since the 1920s.

The Belfast Region faces huge challenges in terms of its productivity, with an estimated Gross Value Added per job filled comparable to just c.87% of the UK average in 2015. Considering that the UK itself performs poorly in comparison to international competitors and productivity has been highlighted as a priority for the UK Government in the recent UK

Industrial Strategy, the Belfast Region needs to substantially improve its productivity in order to become a globally competitive city and ensure that it is 'Brexit ready'.

The Belfast Region needs targeted programmes and investment to support its high growth sectors in order to drive forward innovation, growth and efficiencies. This will enable jobs and wage growth and allow the investment necessary to deliver inclusive growth.

### **Tackling Economic Inactivity and Deprivation**

The economic inactivity rate (the proportion of people not in employment or actively seeking employment) in the Belfast Region for those aged between 16 and 64 has remained consistently and significantly above the UK average for most of the past 40 years (26.5% for the Belfast Region with the UK rate sitting at 21.2%), representing a significant and persistent challenge to the Belfast Region economy. It is important to note that there has been a recent rise in economic inactivity at both ends of the age spectrum (once students are excluded from the measure). The Belfast Region has high rates of worklessness amongst people with children, a low disabled employment rate and an increasing number of people with mental health problems.

The UUEPC 2016 discussion paper on Economic Inactivity highlighted concerns about increasing levels of economic inactivity in the 16-34 age group and recommended urgent action to stem the flow of young people into this situation. The number of people who were economically inactive in the 16-34 group was similar to the 35-65 group, with 56,000 inactive persons under 35, one third larger than the total claiming unemployment benefits at that time.

The UUEPC report is clear, 'it is difficult to achieve significant increases in the employment rate (and thus meet our growth targets) without a significant reduction in both the unemployed and inactive who have work aspirations'. We need to stem the flow of young people into economic inactivity and work to address barriers for those in this situation, recognising that a one size fits all solution will not work in this context.

In NI, economic inactivity rates for women are approximately double those for men at 29% and 14% respectively, in comparison with the UK rate of 22% and 11% respectively. This has been influenced by the fact that the average cost of a full-time place in childcare in NI represents 58% of the net income for a worker in the lowest skill category, which given the profile of low or no qualifications for the economically inactive section of the population, provides a significant barrier to entry into the workforce for women and lone parents.

Growth has also been uneven within our towns and cities with the 'same old places' at risk of being left behind. Within the Belfast Region, despite the economic recovery following the financial crisis, high levels of deprivation persist in many locations with 90% of the most deprived wards in NI falling within the geography of the Belfast Region. The Belfast Region partners are committed to designing and developing the Belfast Region City Deal so that it benefits both the overall economy and the areas of disadvantage across the Region.



## **Addressing Skills Gaps and Tackling Inequalities**

Overall skill levels in the Belfast Region are only slightly lower than the UK average. However, the proportion of people with no qualifications is almost double the UK average and those with no or low qualifications and low skills are more likely to come from deprived neighbourhoods within the Belfast Region.

Across the Belfast Region, almost 1 in 5 adults have no qualifications, but employers, and indeed the nature of jobs available increasingly require some form of educational qualification. The potential for a skills deficit to develop could be an increasing issue for the Belfast Region as it seeks to push a knowledge driven economy forward and ensure that sections of its population are not left behind. A strong partnership needs to be developed across the region to create a skills pipeline that is genuinely responsive to the needs of our businesses.

## **Increasing Investment in Innovation**

Economic growth in the Belfast Region is further challenged by a lack of investment in the drivers of innovation, especially in relation to research and development (R&D) and entrepreneurship, in both business and higher education. According to the 2015 UK Innovation Survey, the proportion of firms engaging in innovation in NI is the second lowest of all the NUTS 1 regions in the UK, second only to the South West, with a rate of c.45% compared to Yorkshire and the Humber, which leads the country at c.65%.

Although there is a strong research base at our local universities and some highly innovative companies, the overall level of private sector R&D is too low. Innovation may face further challenges from the impact of Brexit, if there is a reduction in funding for research and international collaborations for companies and academia.

Investment in innovation has been shown to be a significant lever in dealing with low productivity. As discussed above, the Belfast Region has suffered from persistently low productivity even when compared with Great Britain. Building strong, practical collaboration between government, businesses in our growing sectors and our centres of excellence in our local universities will be critical to the success of the Belfast Region City Deal.

## **Investing in Tourism**

The tourism sector is of ever-increasing importance to the local economy. Tourism in the Belfast Region has seen significant progress in recent years, driven by a rising number of visitors. In 2016 tourism expenditure in the Belfast Region was around £550m, almost two thirds of the total tourism spend in NI. This is a rise of 15% on the previous year and is almost £100m higher than expenditure in 2014. The Belfast Region sees growth in tourism as a vital strand of its Industrial Strategic Framework, with the capability to add thousands of new jobs.

Insufficient investment in tourism infrastructure has hindered the growth in tourism both in the Belfast Region and the NI economy as a whole. Despite many positive attributes, investment continues to be required in infrastructure connections that allow easy access to the region and in tourism products that encourage people to stay for longer and spend more within the economy. This will require continued attention to the connections provided through our airports and seaports and new investment in world class tourism

products and attractions to increase visitors from new markets and growing types of tourism.

### **Modernising Physical & Digital Infrastructure**

Inclusive growth in the Belfast Region requires long-term investment in physical infrastructure, providing high levels of connectivity, encouraging external and business investment and improving access to jobs.

Similarly, direct investment in digital infrastructure will support the growth of, and access to, highly skilled digital jobs, as well as enabling connectivity of existing business in the range of industries that can benefit from digital innovation and services (see Section 4.3 for further detail).

According to the Northern Ireland Continuous Household Survey, 18% of households in the Belfast Region do not have access to the internet. A broadband internet connection provides access to education and other key services such as online banking, paying bills and job applications. Lack of internet access potentially disadvantages households, and hampers business growth and the Belfast Region's ability to attract high growth foreign direct investment.

## **3.3 Belfast Region & Brexit Readiness**

The exact outcome of Brexit is uncertain and will depend on a combination of the trade deal negotiated and the mix of policies chosen. However, it is clear that Brexit poses some unique questions for NI, and indeed for the Belfast Region, given its land border with the Republic of Ireland and the extent of interconnections with both the Republic of Ireland and Great Britain economies.

The Belfast Region together commissioned analysis from UUEPC to inform and support their response to Brexit and will continue to refine and develop its approach in response to the emerging deal.

### **3.3.1 Impacts and Uncertainties**

UUEPC has highlighted five potential areas of impact as a result of Brexit;

- **Trade** – Given the reliance on trade with Great Britain and the Republic of Ireland, there are a number of uncertainties pertaining to trade with these regions and beyond. Trade to Republic of Ireland alone represents £2.3bn, and any fresh obstacles to this cross-border and all-island business (through tariffs or non-tariff barriers) are likely to undermine efforts to diversify the export base and to promote an export pathway for businesses;
- **EU Funding** – Significant sources of funds for infrastructure & regeneration, promotion of peace, business development, skills and innovation have the potential to be impacted by Brexit. Despite ongoing consultation for successor funding, there remains some uncertainty on its long-term future. This places greater importance on the ability of a City Deal to facilitate economic growth for the Region;

- **Tourism** - Tourism is an increasingly important sector with the capability to add significant numbers of new jobs. Growth in the industry has however relied significantly on labour from within the EU. Irrespective of the Brexit deal it seems likely that future growth in tourism will require the availability of more people with the requisite skills, and investment in skills for employment in the tourist industry will form a key element of the Belfast Region strategy to achieve inclusive growth;
- **Foreign Direct Investment** – FDI has been central to recent successes of the local economy but Brexit may introduce greater uncertainty about the next phase of attracting FDI. The Belfast Region needs to be ready for any possible opportunities offered by Brexit, in particular those around serving the UK market. When competing with other locations within the UK for this type of investment the Belfast Region can offer a proposition highlighting the presence of leading IT and business service firms and its proximity/adjacency relative to similar clusters in Dublin. The Belfast Region recognises the fundamental importance of collaborative investment to ensure that workers with the requisite skills are available and match the requirements of employers within our growth sectors; and
- **Free movement of people** – UUEPC highlight the importance of easy access to NI for the development of priority growth sectors and ensuring the relative free movement of people across the border through a continuation of the Common Travel Area and flexibility around visitor visas.

In addition to the above findings, UUEPC also performed a series of economic forecasts on the impact of Brexit in a range of scenarios relating to how orderly the exit is and how quickly a new trade relationship with the EU is established. An upper scenario assumes that the UK will experience a smooth trade-friendly Brexit, alongside convergence of NI to the UK's economic performance;

A baseline scenario, the most likely outcome, assumes that Brexit will have the effect of slowing business investment, that there will be a UK cap on inward migration at 185,000 per annum, and that current economic performance will underpin future trends;

A lower scenario assumes a poorly coordinated exit from the EU in conjunction with a continued squeeze on real incomes which leads to much lower growth rates.

In each of the scenarios above and resulting employment forecasts, there are clear trends:

- Given its weight within the NI economy, the Belfast Region will experience much of the change; and
- Belfast city will be the driver for change within the Region, not only in terms of employment growth but also in changes to the sub-region's sectoral structure.
- The Belfast Region partners believe that its programme of investment will play a key role in supporting the Region's Brexit readiness.

Further detail of the analysis performed by the UUEPC is provided within the draft Belfast Region Strategic Industrial Framework.

### **3.4 Competitive Advantage & Strategic Priorities – ‘Building on Our Strengths’**

Despite the long-term and persistent barriers to growth and uncertainties relating to Brexit outlined above, the Belfast Region has a number of sectors in which it has competitive advantage and could be world class. It is these ‘high priority growth sectors’ that the Deal will aim to support by attracting investment in innovation and infrastructure and enhancing skills.

The Belfast Region believes that it is important to play to our existing sectoral and research strengths, focusing in particular on sectors that have the potential to maximise wealth generation.

As previously noted, the Belfast Region Councils, in conjunction and consultation with wider stakeholders including Universities and the Devolved Government Departments, have undertaken robust analysis of their local competitive strengths and economic challenges. The partners have used this evidence base to establish the priority growth sectors for the City Deal, which are as follows:

Belfast Region Priority Growth Sectors:

- Financial, Business and Professional Services;
- Digital, Cyber and Creative Technologies;
- Advanced Manufacturing, Materials and Engineering;
- Life and Health Sciences;
- Agri-Food;
- Construction and Materials Handling; and
- Tourism.

The Belfast Region has considerable strengths across these sectors and has been working with a range of stakeholders to agree the catalytic projects that will deliver enhanced performance and productivity. As set out within the draft Belfast Region Industrial Strategic Framework, NI is the second fastest growing UK Knowledge Economy and this pace has continued for four consecutive years. This reflects the importance of digital and new technology to the productivity and growth of all sectors.

***Our ambitious proposition is based around ensuring that the focus of the programme of investment will be strategically aligned to supporting the continued growth of the priority growth sectors. It will also seek to ensure that the Belfast Region is well placed to respond and take advantage of the increasingly important role of digital within all industries.***

## **4 The Ambitious Proposition**

### **4.1 Developing the Ambitious Proposition**

In developing its ambitious proposition the Belfast Region has considered a programme of projects across the Key Investment Pillars which channel investment to the priority high growth sectors, as identified by the draft Industrial Strategic Framework.

In shaping the proposition, the Belfast Region has prioritised projects which clearly support one or more of the priority growth sectors or which assist in tackling key inclusive growth challenges. This may be based upon direct support, for example, a Centre of Excellence for one of the priority high growth sectors, or supporting indirectly by providing physical or digital access that enables development of, or access to, a priority growth sector.

The Belfast Region Councils proposed an initial programme of projects that were strategically and sectorally aligned to the draft Industrial Strategic Framework. Discussion was then held with the UK Government officials and colleagues from NICS to begin to surface those proposals that fitted more to the city deal objectives and likely funding model, to help identify a more manageable list of projects for further development.

The Councils also identified the importance of digital capability and connectedness to all our growth sectors and therefore commissioned Future City Catapult to create a digital vision and integrated strategy for the Belfast Region.

The Belfast Region understands that this is not a final proposition, 'ask' or shortlisted programme. New projects may be considered and included within the Deal ask and other projects will be removed following further refinement and discussions with key stakeholders.

There is significant overlap between the Key Investment Pillars. This is both natural and deliberate as we have set out to ensure that the emerging proposition is an integrated programme of investment that works together and creates synergies and connections across the pillars.

However, in order to aid understanding of the Belfast Region proposition, a summary is provided of the context and strategic importance of each Key Investment Pillar alongside a summary of the current proposition for each. The Investment Pillars are:

- **Innovation;**
- **Digital;**
- **Economic Infrastructure;**
- **Tourism; and**
- **Employability & Skills.**

## 4.2 Innovation

### *The Belfast Region's Vision for Innovation*

The Belfast Region aims **to become an innovation hub by both building an ecosystem which supports innovation and enterprise and prioritising support for the priority growth sectors** which have real competitive advantage.

### *Strategic Context*

In both the UK Industrial Strategy 'Building a Britain Fit for the Future' and the draft NI Industrial Strategy 'Economy 2030' investment in innovation and increased spending on R&D are seen as playing a key role in improving productivity and have been proven to act as drivers for economic growth.

The UK Industrial Strategy has committed to increasing the level of total innovation investment to 2.4 per cent of GDP by 2027. In addition, Economy 2030 aims to increase the annual spend on R&D in NI to £1.2 billion by 2025.

In 2014, the Department for Economy agreed the 'NI Innovation Strategy' which seeks to create an innovation culture with a focus on creating a society which generates, exchanges and exploits knowledge to increase the number of companies engaging in innovation, collaboration and export.

Although there is a strong research base at our local universities and some highly innovative companies, overall level of private sector R&D is too low and with approximately 40% of R&D spend concentrated in just 10 firms, NI is heavily reliant on a small number of firms who invest in R&D.

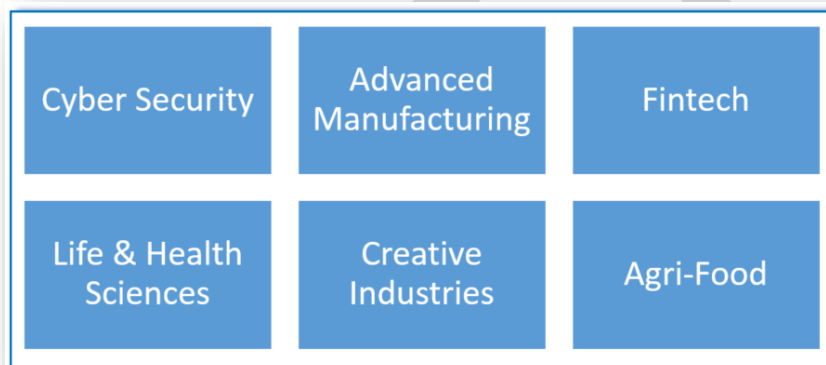
NI lags significantly behind the rest of the UK in terms of the number of firms engaging in innovation. Based on the proportion of innovative firms, NI ranks 11th out of 12 UK Regions for innovation. According to the Innovation dashboard, this position has barely changed since 2008. In 2015, as has been the pattern over the past decade, the South East and East of England dominated R&D activity in the UK. These regions together accounted for 38% of total UK R&D (£12.0 billion).

### *Belfast Region Industrial Strategic Framework*

The draft Belfast Region Industrial Strategic Framework identifies that, as the driver for economic growth in NI, the Belfast Region requires a catalyst that will drive forward investment in research and development and help embed a culture of innovation. The nature of the private sector in NI creates particular challenges in terms of increasing the focus of indigenous business on innovation and exports. The Belfast Region needs to nurture and support innovation across its priority growth sectors to ensure that they continue to thrive and drive growth and encourage more companies, particularly indigenous SMEs, to invest in R&D.

### ***The Innovation Proposition***

The Belfast Region has developed a number of innovation projects which it believes will have a positive impact on the objectives of the Deal and will drive forward the industrial strategies at both a UK and NI level. The innovation projects are across a range of priority growth sectors and some examples are set out below



The Belfast Region's world-class universities are at the spearhead of driving many of these innovation projects forward including a **Global Innovation Institute**, a project which aims to ensure that the momentum of the existing Centre for Secure IT in Belfast (which has driven c.1,200 jobs to date with an additional 5,000 expected to be developed within the next 10 years) is bolstered and NI is placed at the forefront of Global Innovation. The project would harness innovations across the physical, digital and biological spheres via a Digital Innovation and Research Hub housing research, engineering and business development staff, as well as the first peta-scale datacentre in Northern Ireland. The Belfast Region believes this project would increase wages and drive productivity growth across the Health and Agri-Food sectors (Genomics, Bioinformatics, Computational Genomics, Global Health and Advanced Food Security).

Other major innovation projects developed by our Universities include a **Financial & Legal Technology Centre of Excellence** which would create a platform for multi-disciplinary research and collaboration in Fintech; Legaltech; Business & Professional Services and Data Science. Financial & Legal technology has become a significant provider of high value jobs within the region in recent years. The programme aims to bolster and accelerate successes through a strong pipeline of talent to meet continued growth.

The UK and NI industrial strategies both highlight the global potential of life and health sciences. The **Centre for Connected & Personalised Health** aims to create a collaborative, clinical environment to improve patient outcomes, trial new modes of healthcare provision and advance the skills and methods necessary for a contemporary health service. The Belfast Region believes this project offers the potential to accelerate the provision of the best care by creating a "Living Lab" at centre of healthcare in NI. In addition, the **Academic Medical Research Institute** is a project bringing together a range of existing medical and clinical institutions to provide the facilities and capacity to support ongoing expansion and development in medical research across a range of areas. The Belfast Region believes this project provides the potential to attract significant new Foreign Direct Investment and R&D expenditure to NI.

Creative industries have been an incredible success story for NI, delivering year on year growth on the back of a strengthening international reputation. Our universities are also developing a Centre of Excellence in **Creative Industries**, a sector which, despite being in its relative infancy, contributes £1billion GVA to the NI economy and employs around 26,000 people.

Another exciting proposition being developed by the Universities is **PreCog**, a project which will bring together educators, research teams and industrial partners to radically change the way science, technology and engineering students are educated, bringing together world-class researchers and stimulating ambition, creativity and entrepreneurship.

In addition to the emerging University-led projects set out above, Councils have been working with with partners on a number of innovation projects in priority growth sectors. These include business start-up-orientated proposals such as the **Centre of Excellence for Innovation & Entrepreneurship** and the **SMART Business Innovation Hub**. Other Council-led innovation proposals being developed include a project situated at St. Patrick's Barracks in Ballymena incorporating an **Integrated Industrial Innovation Inspiration Campus**, a highly connected ecosystem anchored with the Northern Regional College and comprising a Digital Innovation Centre, an Advanced Manufacturing Centre of Excellence and an Agri-Food Innovation Centre. The project would also include a Work Inspiration Factory and a University Technical College

#### ***Next Steps for the Innovation Proposition***

The Belfast Region will continue to refine and develop the projects above through continuing dialogue with the UK Government and NICS. The Belfast Region recognise the need for further prioritisation and for prioritised projects to be brought to an appropriate state of readiness for delivery. In addition, new structures will be established to support the development of a proposition which seeks to integrate elements of the innovation and digital pillars to extend the benefits to businesses across the region.

## **4.3 Digital**

### ***The Belfast Region's Vision for Digital***

The growth of digital technology and its importance to our lives cannot be overstated. Investment in digital technology is increasingly central to economic growth. In order to create the foundations for a sustainable and truly competitive advantage, the Belfast Region is focused on **creating a coherent and innovative digital ecosystem which will embed new capabilities and ways of working across the Region**.

The Belfast Region is proposing to leverage its existing strengths in sectors such as cyber security, to create a world-class offer in secure infrastructure and applications for the Internet of Things. The Belfast Region is seeking to build digital capabilities that can be shared across the city region in order to accelerate growth in the Region's priority growth sectors and to support productivity growth across the economy.

The Belfast Region believes that it is ideally placed to test, develop and create new technologies due to its size, its location and the fact it is increasingly known for its digital research, infrastructural and business capabilities.



## ***The Strategic Context***

The recently published UK Industrial Strategy 'Building a Britain Fit for the Future' has set out the importance of collaboration in building the Knowledge Economy:

*"A truly strategic government must do more than just fix the foundations. It must also plan for a rapidly changing future, look to shape new markets and industries and build the UK's competitive advantage. The public and private sector must work with universities, researchers and civil society to put the UK at the forefront of these revolutions, breaking down conventional barriers within and between business sectors and academic disciplines."*

### ***UK Industrial Strategy***

The critical role of digital within the new economy is recognised in the draft Northern Ireland Industrial Strategy, 'Economy 2030'.

*"Digital technologies will have a transformative and disruptive effect across all aspects of the economy. We need to ensure our companies understand the potential impact of emerging digital technologies and the opportunities that these bring. We must continue to support the development and exploitation of breakthrough technologies and new to market products."*

### ***The Belfast Region Digital Strategy***

Digital investment has been a key component of other UK City Deals, due to the significant economic benefits that investment in and uptake of digital infrastructure have on employment, productivity, innovation and regional competitiveness.

In recognising the significance of continuing to invest in digital capability to future-proof the Belfast Region's economy, the Belfast Region commissioned Future Cities Catapult to prepare the **'Belfast Region Digital Strategy'**.

The output of this work, which included strong private sector involvement, has identified a series of key challenges and opportunities, including:

- The changing labour market and the importance of digital skills;
- The strength of key sectors including cybersecurity, software development, financial services, engineering and health;
- The scope for productivity gains in large existing sectors including advanced manufacturing and agri-food;
- The potentially transformative impact of 5G and becoming the first city-scale test bed for 5G connectivity;
- A lack of rural connectivity; and
- A siloed ecosystem as a barrier to innovation.

With Belfast second only to London in growth of digital businesses since 2011, the Region's technology sector can benefit from global growth trends that are set to continue, such as increases of 10% in Cybersecurity predicted by 2022, 10% in Data Analytics by 2020 and 20% within the Internet of Things networking market by 2022.

Digital technologies can also transform city services, creating substantial cost savings and better outcomes for citizens and businesses. Investment in digital technologies, the Internet of Things and data infrastructure will enable these innovations while setting the stage for 5G deployment with the potential to unlock the UK's next generation of digital innovation including;

- Medical and care services in rural areas;
- Critical services and infrastructure control, e.g. public safety;
- Smart farming;
- Connected autonomous vehicles; and,
- Broadband everywhere.

### ***Belfast Region –Digital Objectives***

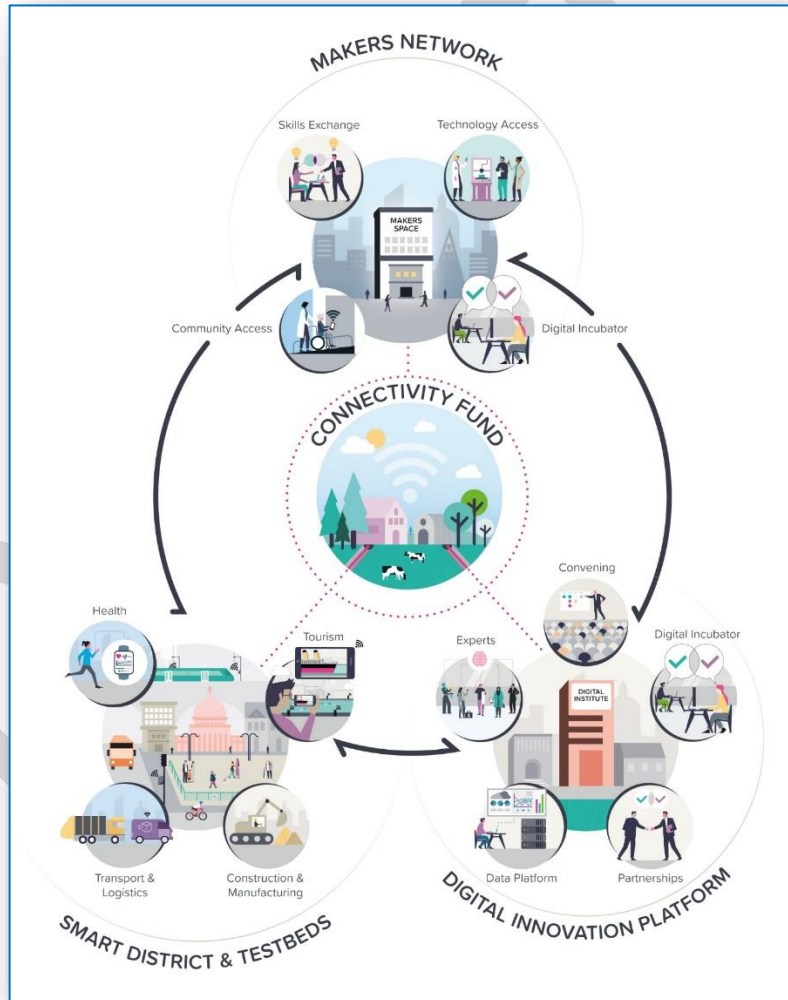
Based upon Future Cities Catapult's assessment of challenges and opportunities, alongside widespread consultation with Belfast Region partners and the local business community, the following strategic objectives for the Digital proposition have been developed.

- 1. Increase the digital readiness of the regional economy;**
- 2. Future-proof the Belfast Region's digital infrastructure;**
- 3. Create and share data and Internet of Things capabilities within the Belfast Region;**
- 4. Embed digital in services that trigger economic growth;**
- 5. Integrate and support the Belfast Region's innovation capabilities and culture.**

In order to deliver on these objectives, the Belfast Region is proposing a range of actions, some of which will be delivered through the other Key Investment Pillars. For example, digital skills will be delivered through the employability and skills pillar creating digital skills that support inclusion and the digital skills need for growth. The digital programme will also seek to build on and indeed integrate planned investments in research and innovation.

### ***The Belfast Region Digital Partnership and Proposition***

To deliver the objectives for the Digital Proposition four interconnected projects, as outlined below, are proposed for investment through the City Deal.



The Belfast Region has developed digital projects which it is believed will drive forward the industrial strategies at both a UK and NI level. The elements of these projects, taken together, will create a model for delivering collaborative digital innovation across the Belfast Region, unrivalled anywhere else.

Partnerships with existing assets and resources will be critical to making this work. A **Belfast Region Digital Partnership** can bring together core capabilities from technology Centres of Excellence to help deliver this model in partnership with sector-focused partners.

A key emerging project is the creation of a **5G Smart District and Testbed Programme** which would involve the creation of a series of major testbeds including a flagship testbed (Smart District) and up to 11 sector-specific testbeds which could include advanced manufacturing, logistics, agri-food and healthcare.

The project aims to be a magnet for technology investment and create the physical infrastructure for innovators to demonstrate their technologies to local stakeholders and to global markets. This project will ensure that all testbeds are aligned within a framework, managed by the Digital Partnership that facilitates their development while promoting them as world-class.

The flagship testbed in this project is a 'Smart District' which has already created significant private sector interest. Whilst a number of potential sites are emerging, this will be a distinctive geographic area that will be characterised primarily by being the location for the testing of 5G technology and applications at city-scale/near city-scale. This will be enhanced through physical development that will include economic and environmental sustainability measures, integrated mobility, a learning and living space, encouragement for collaboration and innovation, incorporated safety – all digitally enabled.

The Belfast Region is committed to building on the investments made by the UK and NI governments which have helped to develop our digital reputation. The Belfast Region is proposing a **Regional Connectivity Fund** which would accelerate the delivery of superfast broadband (30+ Mbps) to rural premises in the Belfast Region not immediately covered by other broadband schemes and commercially viable propositions.

A **Makerspace Network** would encompass 12 potential 'makerspaces', a collaborative work space inside a community-level facility for making, learning, exploring and sharing that uses high tech tools. Spaces will be co-located with Centres of Excellence and with community sites and can be sponsored by major companies who can build in skills programmes. As part of this proposition, the Belfast Region is proposing that 6 community sites that host makerspaces will be supported by investment in local regeneration.

With exciting developments across the Belfast Region in terms of innovation and digital, there is now a question about how this can be best pulled together, to provide organisations within the Belfast Region with access to data and super computer power. Our proposals are based on best practice in cities such as Amsterdam and Helsinki.

The **Digital Innovation Platform** project would involve a data platform and standards to manage data and Internet of Things networks across the Belfast Region. Located in a central building housing expert teams, business support and hardware for data and Internet of Things, the Digital Innovation Platform would have a remit to support regional, collaborative innovation projects.

The Digital Innovation Platform would be held together by a partnership organisation, or Digital Innovation Partnership, that coordinates the contribution and participation of the many stakeholders in the region's innovation ecosystem. At first funded by the City Deal, the partnership will convene academics, cross-sectoral business representatives, and regional officials. The partnership will carry out a number of functions including acting as "the front door" for business in NI that are seeking to embed digital technology in their practices.

### ***Next Steps for the Digital Proposition***

The Belfast Region will continue to refine and develop the four projects outlined above, including identification of project owners and continue dialogue with private sector investors and vendors.

Establishment of a partnership with universities, Devolved Government Departments and others will be crucial to allow new ways of working in a collaborative and shared manner across the Region. The Belfast Region will also continue to identify potential sites and best locations for testbeds and smart districts to support the priority growth sectors for the Belfast Region, underpinned by the draft Industrial Strategic Framework.

## 4.4 Economic Infrastructure

### *Belfast Region – A Vision for Infrastructure*

The vision for infrastructure in the Belfast Region is one that delivers a **dynamic, inclusive, connected Belfast Region**. The Belfast Region is growing and optimistic. Businesses, local and incoming, are recruiting, driving local unemployment rates to historic lows.

After decades of decline, the Belfast Region is awake and growing but crucially, growth is constrained.

Congestion on roads stifles productivity, neighbourhoods are separated from the life of the urban centres, tourism and place-making opportunities are un-grasped and utilities struggle to meet even today's demands. Sustainability requires transformation.

For any region to be successful, modern and world class infrastructure needs to be in place. It enables economic growth, builds the connections to markets and opportunities and is a key consideration for decisions of inward investors. Investing in infrastructure is also important in delivering balanced economic growth and opportunities for all parts of the Belfast Region. Infrastructure investment decisions cannot be driven solely by a focus on the present constraints and challenges, it is important that we look forward, anticipate and plan collaboratively for the needs of the region and the economy in the future.

### *The Strategic Context*

The Draft Programme for Government for Northern Ireland (2016-21) establishes a range of outcomes for our economy and society against which progress will be measured. In relation to investment in infrastructure, the three most important outcomes that will be measured by the NI Executive are:

- We connect people and opportunities through our infrastructure;
- We have high quality public services; and
- We have created a place where people want to live and work, to visit and invest.

Linked to these outcomes are specific indicators across the suite of potential public sector investments. The draft Northern Ireland Industrial Strategy, 'Economy 2030' is based on 5 Pillars of Growth which include 'Building the Best Economic Infrastructure'.

### *Belfast Region Infrastructure Investment Framework (BRIIF)*

During this, the NI 'Year of Infrastructure', the Belfast Region recognises how infrastructure connects and protects, enables investment and builds quality of life. To achieve the core challenge of the Belfast Region to deliver more and better jobs in an inclusive and

sustainable way, investment in infrastructure will be required, particularly given the backdrop of changing demographics, and projected population growth in the Belfast Region.

In recognition of the significant requirement for further investment in infrastructure and its role as an enabler and catalyst for supporting sustainable economic growth, the Belfast Region commissioned Arup to prepare the **Belfast Region Infrastructure Investment Framework (BRIIF)**.

Drawing upon existing/emerging plans and strategies and associated evidence base, as well as ongoing engagement with partners at regional and local level, the BRIIF undertakes a high-level assessment of the critical infrastructure interventions required to deliver the growth ambitions of the Belfast Region.

The report identifies the physical infrastructure needed to equip the Belfast Region to realise its potential, now and into the future, creating a legacy of a more sustainable and productive region, which brings benefit to all its residents. The City Deal provides a real opportunity to re-think, re-prioritise and fund specific infrastructure schemes that support growth and enable inclusion *[Infrastructure Opportunities for the Belfast Region](#)*

The BRIIF has highlighted a number of opportunities for infrastructure investment that it considers would underpin the region's growth ambitions. These include:

- Developing a **sustainable transport offer** across the Belfast Region;
- **Improving digital connectivity** across the Belfast Region (further detail is provided in relation to digital investment at Section 4.3);
- Addressing the need for **effective, sustainable, compliant waste water management**; and
- Reviewing the spatial implications of forecasted growth to support the **provision of enabling infrastructure**, thereby enhancing site viability.

The BRIIF sets out a vision for **flexible and responsible infrastructural provision that supports rather than constrains and evolves rather than decays; one which allows the entire region to be economically competitive and all to share in the gains it confers**.

### ***The Infrastructure Proposition***

As the Belfast Region considers its strategic infrastructure priorities and the key interventions which are critical to supporting economic growth, it has identified a number of emerging projects for further consideration, development and prioritisation.

Projects have been categorised across the following headings:

#### Investment in Connectivity

- Investment in connectivity includes supporting access to employment in the priority growth sectors across the Belfast Region, enabling greater movement of residents, tourists and trade through investment in targeted road infrastructure and a joined-up public transport network focused on encouraging a modal shift to alternative sustainable travel modes including rail and bus.

#### Regeneration & Placemaking

- Regeneration and placemaking includes the regeneration of Belfast Region towns and cities ensuring that the Belfast Region is improved as a place to invest, work, visit and live.

#### Strategic Infrastructure

- Investment in key regional infrastructure schemes that act as enablers for economic growth including wastewater and ports/harbours.

Initial details of the emerging projects, which are summarised below, have been shared with the relevant NICS departments and it has been agreed that more detailed discussions on individual projects will take place as part of the prioritisation process.

### Investment in Connectivity: Road & Transport Infrastructure

Investing in road and transport infrastructure is central to the connectivity of people for employment, tourism and trade.

The Belfast Region has identified a number of emerging infrastructure projects which underpin the proposed investment in connectivity. One of the most pressing requirements for targeted road infrastructure is the **York Street Interchange** project. This project will develop an interchange junction connecting the three busiest roads in NI, free up Road Reservation Areas and promote land use changes to encourage private sector investment. Another key project underpinning the investment in connectivity theme is the **Southern Relief Road**, linking the A1 bypass of Newry City with the A2 Warrenpoint dual-carriageway, aimed at supporting connectivity by reducing conflict between strategic and local traffic in the area. The project is estimated to significantly reduce journey times, ease congestion in Newry city centre and improve links with key sites such as the newly refurbished Warrenpoint Harbour and the Mourne Coastal Route.

Other road infrastructure projects proposed for the Belfast Region include the **Knockmore Link Road**, a link road to improve connectivity to West Lisburn and reduce journey times to and from major employment zones, the **Belfast International Gateway** to improve connectivity to Belfast International Airport and **Lagan Links & Bridges**, a development to create vital links across the Lagan River and associated Bankmore and Dunbar links, to connect key regenerated employment sites and accommodation projects in Belfast.

Further to investment in road infrastructure, the **Belfast Rapid Transit Phase 2** is a project central to the promotion of modal shift from private cars to public transport. The project involves the addition of a North-South route to the Belfast Rapid Transit system. The extension expands coverage of key city arterial routes, including improving connectivity between the city's two main universities and to the key employment centre of Mallusk.

Another project aiming to improve public transport provision is **ANBC Making Work More Accessible**, a project across Antrim & Newtownabbey to create enhanced Park & Ride facilities to improve connectivity and ease congestion on one of NI's busiest transport links (M2). A similar project currently being developed is **Newtownards Park & Ride**, a £6m, 750 space Park and Ride facility on the outskirts of Newtownards adjacent to the strategic A20 corridor, serviced by frequent bus services.

### **Regeneration and Placemaking – Improving the Belfast Region as a place to invest, work, visit and live**

As well as improving the road and public transport connectivity of the Region, investment must focus on ensuring that the Belfast Region is improved as a place to invest, work, visit and live. This can be achieved through regeneration and placemaking investments. The Programme Board has set out several key projects which they believe have the potential to enable this improvement.

The **Bangor Regeneration project** aims to regenerate a 3 mile stretch which includes the Marina improvement works, public realm, visitor attractions and coastal waterfront. **Weavers Cross**, is a significant multi-sector regeneration project building on the planned investment for the Belfast Transport Hub. The **Carrickfergus Regeneration Investment project** aims to restore and improve the town as a tourist destination through upgrading the Marina, investing in public realm and developing a transport hub to facilitate connectivity of tourists and residents.

In addition, proposals have been developed for an investment in land clearance to encourage private sector development in the form of a **Lisburn City Centre Hotel** and finally **Newry City Regeneration**, a regeneration in Newry, which it is believed will attract significant private sector investment and would include a new theatre and conference facility, hotel development and Grade A office accommodation with civic facilities.

Investment from private business is also central to the improvement of place, and as such proposals have been developed for the **Ards and North Down Enterprise Zone project**, involving the development of an Enterprise/Investment Zone within the Borough to support local business growth and attract investment into the area.

### **Strategic Infrastructure – Enablers for Economic Growth**

Strategic infrastructure projects are those which have been identified as enablers for economic growth. Proposals have been identified for three potential investments; **Belfast Sewage Works**, and two port redevelopment projects at **Larne** and **Kilkeel Harbour**.

#### **Next Steps for Infrastructure Proposition**

The Belfast Region will continue to refine and develop the projects above including through continuing critical dialogue with the NICS in relation to project prioritisation and delivery. As with all of the Key Investment Pillars the projects outlined above must be recognised as



an 'emerging proposition' which the Belfast Region recognise need to be further prioritised and brought to a state of readiness for delivery.

## 4.5 Tourism

### *Belfast Region – A Vision for Tourism*

Tourism NI has set a target to **double the value of tourism** in NI to **20,000 new jobs by 2030**. According to Tourism NI research, across the UK as a whole, tourism is worth c.10% of the economy but in NI the corresponding figure is just 5.2%. From a very low base little more than a decade ago, resulting from the historic challenges and lack of investment in tourism infrastructure and product development, tourism has become a key sector for economic growth for the Belfast Region.

Given the unique, natural and cultural heritage of the Region, there is a real opportunity for a further step change in the tourism offering, building upon the significant success already achieved in terms of tourism growth and in external validation (for example, the Belfast and the Causeway Coastal Route was named the Lonely Planet's number one destination in 2018). Tourism is a major contributor to enhancing the future competitiveness and economic growth of the Belfast Region and creating a destination of first choice.

Tourism NI wish to market NI as "an internationally compelling proposition of scale built upon our landscape, heritage and culture which will be renowned for world class 3-5 day breaks".

The Belfast Region with assets such as the Antrim Coast, Belfast City, Lough Neagh, Strangford Lough and the Ards Peninsula, the Ring of Gullion, and the Mourne Mountains and **accounting for almost two-thirds of overall tourism spend and 71% of overnight visitors in NI** believes it has a huge part to play in supporting Tourism NI in realising that vision.

### *Strategic Context*

The Belfast Region recognises the significant efforts of the tourism industry, led by the Tourism Industry Council to make a bid for a Sector Deal for tourism as part of the UK Industrial Strategy.

Through this work, the Tourism Industry Council signed off on the following priorities:

- A 10-year tourism and hospitality skills campaign to boost recruitment, skills and long-term careers providing the industry with the workforce it needs;
- Boosting productivity by extending the tourism season year-round and increasing global market share in the conferencing and events sector;
- Improving connections to increase inbound visits from more markets by 2030 by making it easier for overseas and domestic visitors to not only travel to the UK but explore more of it;
- Creating 'tourism zones' to build quality tourism products that meet visitors' needs and expectations, extending the tourism season and fixing localised transport issues to improve the visitor experience.

Locally, Tourism NI places a strong focus on these priorities, and particularly recognises the opportunities to boost productivity by extending the tourism season. By way of example, through collaborative working across the Belfast Region activities, festivals and events can be programmed and packaged in an overall tourism experience which will significantly enhance the tourism product offer and thereby maximise economic benefit for all within the Region.

### ***A Priority Growth Sector for the Belfast Region***

Tourism is an increasingly important sector to the NI economy and now employs as many people as the manufacturing sector. The Belfast Region has seen significant progress and improvements in recent years, driven by a rising number of visitors.

The Belfast Region sees tourism as an important and priority growth sector with the capability to add thousands of new jobs. Growth in the industry will require new, innovative products and services and more people with the requisite skills. Investment in skills for employment in the tourist industry will therefore form a key element of the Belfast Region strategy to achieve inclusive growth.

### ***The Belfast Region Tourism Product Development Framework***

In recognition of the potential opportunities associated with investment in strong tourism products, the Belfast Region partners appointed Deloitte to produce a **'Tourism Product Development Framework'**.

The Belfast Region Tourism Product Development Framework sets out the strategic context and economic narrative underpinning the current and future significance and impact of tourism across the Belfast Region. The Framework identifies the following key tourism drivers and focus for future product development.

- **The focus must be on experience** - only products that are unique, authentic and that encourage interaction can be described as experiential;
- There **must be an emphasis on international visitors**;
- There must be a **focus on coherence** – related to the packaging of a tourism product / experience which is coherent and is easy to understand;
- There needs to be an **economic rationale for investment**.

### ***The Tourism Proposition***

Alongside the ongoing development of the Belfast Region Tourism Product Development Framework, the Belfast Region, with the assistance of Tourism NI, including through initial soft market testing, has identified a number of emerging projects. These projects will be subject to further market testing and assessment to ensure genuine cohesion and a tourism product that is focused on creating experiences for visitors.

A summary of some of the emerging ideas developed to date by the Belfast Region include:

### Authentic & Customer Centric Experiences

- Exploring the story and history behind the city of Belfast and its people through an immersive and multi-gallery interpretative experience and Visitor Attraction
- Creating modern and multifaceted destinations focusing on leisure, recreation, health and wellbeing
- Creating a unique and authentic experience which captures the history and heart of our military history and mining industry

### Uniqueness of Natural Landscape and Heritage

- Enabling people to experience nature at its most elemental and enjoy high-octane activities along our costal cliffs and North Channel
- Opening up key areas of outstanding natural and landscape beauty such as the Mourne Mountains.
- Utilising our loughs and coastline as a key tourism anchor and developing new opportunities to access water-based, tourism, sport, leisure and recreation experiences

### ***Next Steps for the Emerging Tourism Proposition***

The Belfast Region will continue to refine and develop the projects through dialogue with Tourism NI and the Department for the Economy. This will be shaped by the application and testing of projects against the emerging Tourism Product Development Framework and by further market testing, supported by Tourism NI, with local and regional tour operators over the coming month. This may also identify new tourism products which they believe will support a cohesive, tourism experience within the Belfast Region that will be visible on the international stage.

As with all of the Investment Pillars of the City Deal, the projects outlined above must be recognised as an 'emerging proposition' which the Belfast Region recognises need to be further prioritised and brought to a state of readiness for delivery.

## **4.6 Employability & Skills**

### ***The Vision for Employability & Skills***

The Belfast Region recognises that nothing is more important to the delivery of sustainable economic growth than the education and skills of our workforce. The experience of City Deals elsewhere has been that the skills agenda is not just an education initiative; it is an economic imperative. Failure to understand this will mean that skills shortages will continue to grow, a problem that may be exacerbated by Brexit, and productivity will fail to improve.

**A strong, complementary employability and skills package** is required to ensure that the right skills are available within the Region to support the economic growth created by the capital programme set out across the 4 Key Investment Pillars of the Deal. The Belfast Region partners have therefore commissioned a regional skills barometer and started to develop a Belfast Region Employability and Skills Proposition to integrate the efforts of partners to provide a transformative employability and skills programme for the Region that delivers:

- **Skills for Growth** (including for technical and high-end jobs in the priority growth sectors); and
- **Skills for Inclusion** (including upskilling and reskilling).

### **Strategic Context**

The focus on delivering sustainable skills and employment outcomes for people is a key requirement in the **NI Programme for Government**. The draft Industrial Strategy, **Economy 2030** recognises that a successful restructuring of the economy cannot happen unless a dynamic labour market exists which has at its centre a constant talent pipeline of skilled people. The approach set-out in the Belfast Region Employability and Skills Proposition is strongly aligned with the **Success through Skills Strategy** which examines the skills we will need in future to grow the NI economy and highlights areas for action, recognising the need for “transformational change” to deliver an ambitious improvement in the skill profile of the region.

### **Belfast Region – Challenges & Opportunities**

Although educational outcomes, in terms of the percentage of young people achieving high marks at GCSE and A-Level and obtaining Level 6 (degree level) qualifications, are a strength for the region, the Belfast Region has significant and persistent employability and skills challenges which could act as a barrier to economic growth. In a Skills & Employability context these include:

- **Educational Attainment** - 34% of school leavers still do not achieve five GCSEs (or equivalents) at grades A\* to C including GCSE English and mathematics. For those entitled to free school meals the figure is 59%. An analysis of recent levels of educational attainment of school leavers and demographic projections presents a scenario in the next decade where 70,000 + school leavers could leave the education system without 5 GCSEs including English and Maths, which is a minimum entry point for many occupations.
- **Skills Challenges** - There are fewer occupational roles in the labour market where it is possible to enter with no skills or qualifications. According to recent reports from UUEPC, employers are more ‘qualifications hungry’ and 37% of people in NI have third level qualifications compared to 25% at the turn of the century. Whilst this is a plus in terms of our aspirations for skills for growth, it emphasises the challenge for those with low or no skills trying to enter the labour market. Lower level qualifications and skills create an enhanced risk for young people becoming economically inactive. In 2016, NI had the 2nd highest proportion of its population not in education, employment or training (NEETs) of the 12 UK regions.
- As set out elsewhere, the Belfast Region has competitive advantage in a number of priority growth sectors in which there is significant potential for growth to deliver more and better jobs across the region. However, to achieve this potential the Belfast

Region partners recognise the need to ensure that a **skills pipeline** is developed which is responsive to these requirements but which also anticipates and responds to the skills of the future. The dynamic nature of this challenge is highlighted by the difficulty in meeting future demands for STEM skills. Over a ten-year period from 2005, data has indicated that there has been an overall increase in the uptake of STEM at GCSE. However, the NI Skills barometer identifies that STEM, Health and Public Services, Media and ICT remain undersupplied in skills terms.

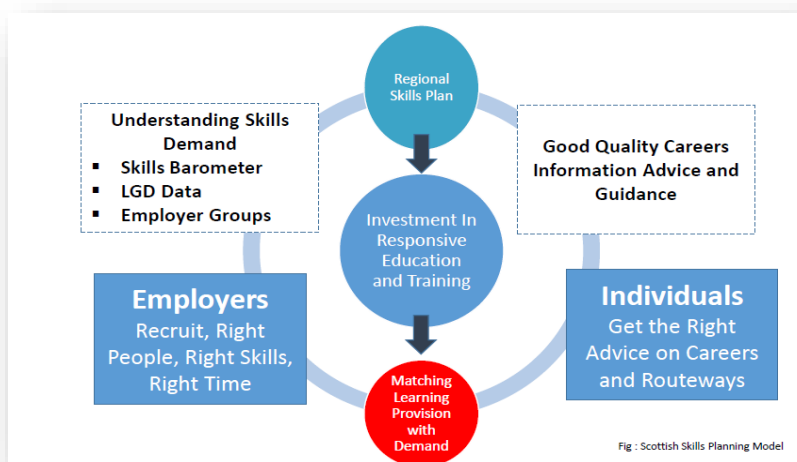
### ***The Initial Employability and Skills Proposition***

The Belfast Region Employability & Skills Group has produced an initial Employability & Skills Proposition. As part of this work, the Belfast Region has also invested in a **Skills barometer** for its own economic geography which will provide a detailed understanding of the skill requirements for the Belfast Region economy. The Barometer analyses where the skills gaps currently are, where they are emerging and where they are likely to emerge over the longer term. The Belfast Region’s Employability and Skills Proposition is using this analysis as the basis for its model of integrated skills programming.

### ***Towards a More Integrated Approach***

The key to the success of the employability and skills approach for the Belfast Region will be the development of a more integrated approach to prioritising and planning interventions across the region. The approach will need to take account of the nature and responsibilities of central and local government and statutory bodies in Northern Ireland. The Belfast Region partners have researched a range of potential models and consider that the Scottish Skills Planning Model, as developed through the Edinburgh City Deal, provides a helpful model to inform our preferred approach. The Edinburgh City Deal utilised the investment in employability and skills to establish projects and programmes that enabled the development of an integrated skills programme under the direction of an Integrated Employability and Skills Board.

The establishment of an Employability and Skills Partnership for the Belfast Region, led by the local Councils and including representation from government, business, colleges and social partners is considered to be crucial to the success of the Belfast Region City Deal in terms of the implementation of agreed programmes and projects.



## Shaping the Solution

The Belfast Region is committed to developing a series of programmes and projects **under 3 main themes**: Education, Skills, and Employability.

### Education

On the one hand our education system can produce some of the most highly qualified young people while on the other hand 19% of school leavers leave without any qualifications. The Belfast Region is proposing a sustainable approach to the development of core functional (essential) skills in literacy, numeracy and digital which in turn could provide better options and pathways for our young people. It is also necessary to enhance pathways to job opportunities in growth sectors such as Digital ICT, Tourism and Hospitality, Engineering, Life and Health Sciences and Professional and Business Services. Measures proposed under the Education theme include:

- **Career Enhancement Programme** - Focused on delivering better informed choices for young people through the education system with greater involvement from local and national employers.
- **STEM++** - A more integrated approach across the various stakeholders involved in promoting STEM careers to develop action plans and school engagement strategies. This will result in an increase in STEM uptake in schools, FE Colleges and Universities.
- **Hospitality Works** - Reshaping the image and understanding of the career opportunities in this sector, working closely with employment service and job centres to connect with interested jobseekers.

### Skills

The development and delivery of up to date traineeships, internships, apprenticeships and higher level apprenticeships are critical to improving opportunities for lower skilled workers to upskill for labour market entry and to seek higher level outcomes.

Support is also required for employees already in the workforce to upskill/reskill and this requires encouragement and incentives for employers to buy into this type of investment. Programmes proposed under the Skills theme include:

- **Apprenticeship HUB** - Councils to establish a resource across the Belfast Region as a focal point for local employers to signpost employment, training and apprenticeship opportunities. Over and above the signposting services, there could be opportunities through the City Deal to pilot new approaches such as; 25+ apprenticeships, a public service apprenticeship and shared apprenticeship solutions for SMEs.
- **Business Productivity Programme** – Working in collaboration with InvestNI and other stakeholders supporting business development, innovation and process improvement, to develop a suite of solutions which can support improvements in productivity.
- **Digital Skills Programme** - Working in collaboration with the Northern Ireland Digital ICT working group and Department for the Economy, to create a pipeline of talent to address the shortage of digital skills.

## **Employability**

There are a wide-range of Employability challenges in the Belfast Region. There are challenges related to young people entering the world of work, long-term economically inactive groups seeking to reconnect with employability opportunities and those impacted by redundancy programmes. The challenge under this theme is to develop an approach which is both comprehensive and yet flexible enough to be tailored to the needs of different groups. A key priority for the Belfast Region programme will be a focus on getting people into employment, the ultimate contributor to improving productivity. Measures proposed under the Employability theme include:

- **Graduate Development Programme** - This programme will be focused on recent graduates and post-graduates in NI and will seek to extend the Assured Skills Academy Programme and to further enhance the approach by developing a 52 week Graduate Management Development Programme across the region. This would offer opportunities for specialist management roles in the priority growth sectors.
- **Employment Academies (Employment for All)** – Building on the Bridge Employment Academies, the proposition is for a more focused and joined up approach to collating information on employer demands and working to co-design training solutions, with access to appropriate equipment and facilities to deliver immediate returns in terms of job outcomes.

### ***Next Steps for the Employability & Skills Proposition***

The Belfast Region partners recognise that a fully integrated approach may take some years to develop. However, there is potential to seize the opportunity created by the City Deal investment, including by utilising social clauses and planning agreements to significantly increase private sector investment, and by redesigning funding programmes to invest in such an approach. The Belfast Region creates an opportunity for Councils, Further Education Colleges, Devolved Government Departments, agencies and businesses to co-design a new integrated model of working that would align existing and new resources over the 10-year period to support a collective vision of inclusive growth for the region.

## 5. Working Together

From the outset, the six Partner Councils making up the Belfast Region have fostered collaboration across a number of different workstreams to progress the ambitious proposition set out within this paper.

The Belfast Region is aware that robust governance arrangements will be an important element of any Deal and a planned way forward for governance has been set out at Section 6. However, in developing the Deal to date, the Belfast Region has established a Governance framework in order to further develop the Belfast Region City Deal, set out in more detail below.

A **Programme Board**, comprising the Chief Executives of the six Councils in the Belfast Region is responsible for overall strategic direction, decision making, issue resolution and leading on political and stakeholder negotiations. **Individual Councils** retain responsibility for decision making at key stages in the process and a **Joint Council Forum** has been established to oversee and shape the direction of the programme.

The Belfast Region partners welcomed the appointment of a nominated senior official as a key contact for the **NICS**, and a number of meetings have been held with him and other senior officials on the general development of the Deal as well as on specific work strands. The NI government departments are key partners in the delivery of a City Deal and more formal partnership working is planned as the Deal develops over the coming months.

In terms of developing the proposition, a **Strategy & Policy Group** comprising economic development leads **from each Council** has shaped the Belfast Region Industrial Strategic Framework and ensured that Council perspectives inform the development of each of the Key Investment Pillars and the individual strategy framework documents that support the Pillars. The members of this group also take responsibility for ensuring that each individual Council is fully briefed on the progress and direction of the Deal at an officer level.

An **Employability & Skills Group**, made up of officers involved in skills & employability programmes across the 6 Councils as well as the local Further Education Colleges, (Belfast Metropolitan College, South Eastern Region College, Southern Regional College and Northern Regional College) led the development of the Employability & Skills Framework and has commissioned a Skills Barometer for the Belfast Region developed by Ulster University Economic Policy Centre.

Given the importance of the tourism sector to the Belfast Region City Deal, a **Tourism Reference Group** was established to lead the development of the Belfast Region Tourism Product Development Framework and has identified a number of emerging tourism products for the Deal.

Throughout the development of the Innovation proposition there has also been regular direct discussion with **Queen's University and Ulster University**. In addition to engagement with senior management and senior academics, both universities have identified programme leads to ensure a coordinated contribution to the Deal.

In addition, a **Finance Directors' Group**, made up of the Finance Directors from each of the Councils within the Belfast Region, has been working to form the Belfast Region's



approach to funding and financing of the Deal. It is examining issues such as affordability of capital financing, revenue consequences, return on investment, access to external grants and third party contributions, as well as the potential for new and innovative funding mechanisms.

The Programme Board has overseen a significant programme of engagement with key partners. This has included **regular engagement with MPs, MLAs and Councillors** from all political parties. There is strong, local cross-party support, across the six Council areas from Council-level through to the Belfast Region MPs for the concept of a Belfast Region City Deal.

The **Joint Council Forum** meets at least quarterly and is made up of a cross-party group of Councillors from across the Belfast Region. The Forum allows Councillors to be updated on progress in relation to the Deal and provides them with an opportunity to discuss and shape its strategic direction. It has also been used to share experiences and lessons learned from City Deals elsewhere.

The Belfast Region partners have also sought to **engage directly with business** on the priorities and projects for the Deal. This has included engagement with local economic forums and networks to shape the overall strategic direction.

In addition, the partners raised awareness of the Belfast Region City Deal and its potential impact with business and sectoral interests through direct engagement. Feedback indicated strong support for the growth sectors outlined in the Industrial Strategic Framework. Furthermore, commitment was received to support the partners in developing the proposition and paving the way for focused engagement with their members going forward.

As well as engagement at the strategic level, the views of the **private sector** were sought via direct business participation in theme specific events. This included a session with business (hosted through CBI) to inform the employability and skills proposition and a focused session with over 50 businesses to support the development of the digital and innovation strands. In all of these interactions, the sector expressed high levels of support for the Deal, highlighting their commitment to working in partnership with the public sector to secure a successful outcome. Our business partners also viewed the City Deal as vital in securing a step change in the underlying competitiveness of the region and in supporting the re-balancing of the economy through a high value, skills driven agenda.

**The partners are committed to building on this engagement and to working collaboratively with the private sector to secure a well-funded and successful Belfast Region City Deal.**

## 6 Next Steps

### 6.1 Governance Framework

The Belfast Region has developed a clear governance structure to support the initial development of the Belfast Region City Deal. The key elements of the current governance structure include a Joint Council Forum and a Programme Board supported by a number of engagement forums and project groups in relation to key workstreams and within each Council area.

The Programme Board recognises that whilst these structures were appropriate for the initial development phase, new structures are required for the next phase of development of the Belfast Region City Deal, during which the Belfast Region partners will seek to agree Heads of Terms with the UK and NI Governments. It is therefore proposed that the Joint Council Forum and Programme Board will be augmented by formal steering groups that will be tasked with developing coherent, integrated programmes in each of the investment pillars (Innovation, Digital, Economic Infrastructure, Employability & Skills and Tourism) that are affordable and capable of delivering the ambitions for inclusive growth of the Belfast Region. The steering groups will:

- provide a challenge function in relation to the emerging projects
- support the development of an integrated proposition across all the investment pillars that is aligned with the industrial framework
- agree plans for effective engagement with key partners, including in particular with the business sector
- assist in the development of consistent information necessary for the project prioritisation and appraisal process.

In addition, working groups on finance and governance, comprising key partners in the deal, including representatives from the Councils and the NICS, will be tasked with developing financing options and recommendations in relation to governance and accountability structures for the delivery phase. Councils have already commenced work to consider the level of investment that they can afford to make to the Belfast Region City Deal and Councils have included additional financial resources for City Deal when setting the Council rates.

The governance structures must be capable of providing the necessary assurance to the UK Government, the NI Government and the local authority partners that decisions will be made in accordance with the requirements and commitments detailed in the Head of Terms and supporting documentation. The structures in terms of both oversight and decision making should also take account of the nature of local government and its responsibilities in NI and must provide clear lines of accountability for expenditure of public funds.

At Programme level, a full-time Programme Office, headed by a dedicated Senior Programme Manager will now be established by the Belfast Region partners to support the Programme Board in fulfilling its role and ensuring that appropriate, timely support is available to each of the working groups. Discussions have also commenced with the Strategic Investment Board in relation to options for providing the high level of support that

will be required to support programme delivery and provide assurance that programmes will be implemented in accordance with the approved business cases.

## **6.2 Next Steps**

Next steps for each of the Key Investment Pillars have been set out within Section 4. The Belfast Region partners recognise that the cost of projects currently under development is significantly in excess of the estimated value of the final City Deal package and will therefore utilise a tried and tested prioritisation process to support the development of the final proposition. This will ensure that within the final programme increases in economic output and jobs are maximised whilst also delivering a balanced programme of investment that includes capital investment in each of the partner councils. The programme will also reflect the need to ensure that deprived communities benefit from the planned investments. The Belfast Region recognise the need to continue to refine and develop its projects and work with critical partners and the private sector where possible to bring projects to a state of readiness for delivery. Further dialogue and discussions are required with both the NICS and UK Government.

## Key Principles

### *The key principles of a Belfast Region City Deal are:*

-  It will deliver additional and inclusive economic and financial benefits for all of Northern Ireland and a **'step-change'** for the regional economy;
-  It will incentivise the partner councils to grow the economy and deliver on jobs and productivity gains, through a **process of self-help and shared risk**;
-  It will be designed to ensure **inclusive growth**, a positive impact on the most deprived communities and a balanced spread of benefits across the region;
-  It will be committed to developing an investment programme that **maximises economic growth** per £ spent;
-  It will include development of parallel activities to **address skills gaps** and to drive innovation;
-  The benefits of improved infrastructure and an upskilled labour force will help to **leverage private sector investment**;
-  A Deal must command strong local support from stakeholders and the wider business community;
-  **Brexit readiness will be** key to the region's competitiveness.

## Appendix 1: Economic Geography

A geographic spread of benefits is core to the Belfast Region City Deal and therefore the decision taken on the functional economic area underpinning the Belfast Region City Deal has been central to a number of City Deal questions regarding:

- The scale and size of intervention required;
- The area across which economic benefits will be assessed;
- The population across which costs, risks and benefits will be shared; and
- The Councils involved in associated governance.

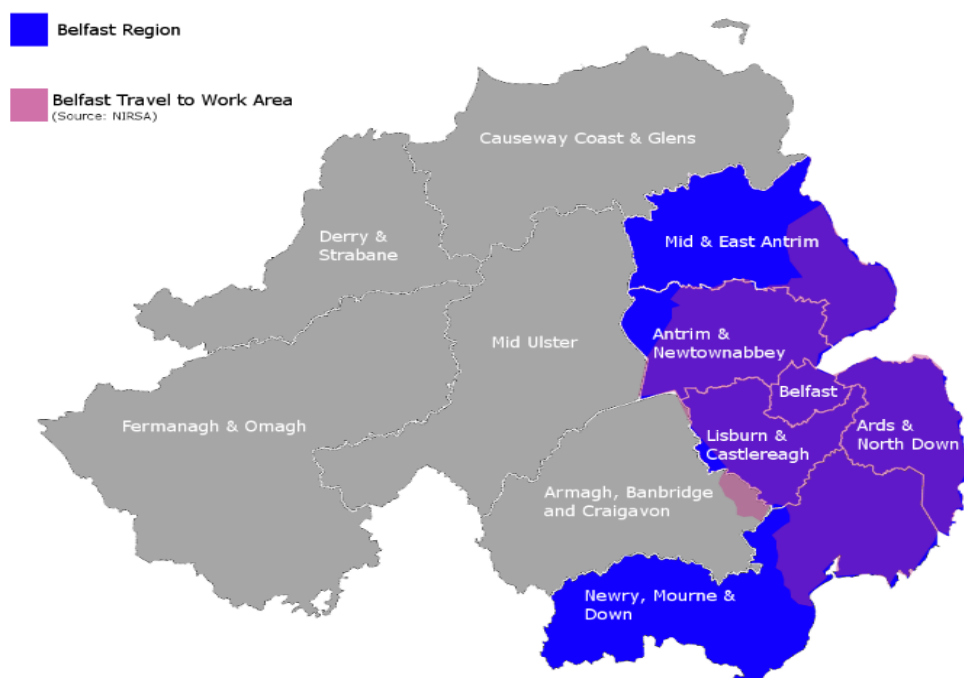
The key considerations in determining the economic geography of the Belfast Region has been set out below.

### Interaction between Labour Demand and Supply

The primary rationale for the functional economic areas has been focused on a **Travel-to-Work area** (TTWA). This is due to the fact that there are important interactions between the demand for labour and its supply in maximising sustainable growth which point to capturing a maximised number of commutes.

The TTWAs for Northern Ireland are mapped by the Northern Ireland Statistics and Research Agency ([www.nisra.gov.uk/support/geography/northern-ireland-travel-work-areas-ttwas](http://www.nisra.gov.uk/support/geography/northern-ireland-travel-work-areas-ttwas)). The TTWA for Belfast has been mapped below, overlaying the agreed 6-Council Belfast Region for the Belfast Region City Deal.

**Map 1 – The Belfast Travel-to-Work Area**



## Building Bridges and Supporting Connectivity

The economic geography of the Belfast Region creates the opportunity to build linkages with other key city regions, notably along the eastern corridor to Dublin and to other parts of the UK.

The eastern corridor to Dublin is key to connectivity, given that it provides an entry point through its airports and ports. Three major airports – Dublin Airport, Belfast International Airport and Belfast City Airport – collectively manage over 35 million passengers each year, a figure which looks set to continue to rise. Likewise four ports – Dublin, Belfast, Larne and Warrenpoint – account for 78% of the island's total container port traffic and provide key access points for trade with the UK.

Belfast City and Belfast International Airports provide key connections with the rest of the UK and Europe with around 200 flights each week to London airports. Belfast International is the 5th busiest airport in the UK for domestic passenger traffic and also services major UK and EU cities such as London, Manchester, Edinburgh, Paris and Geneva. Belfast also serves a range of UK and European destinations including London (London City, Gatwick and Heathrow airports) Brussels and Amsterdam.

Considering all of the above, the agreed economic geography for the Belfast Region, which has a GVA of £22.8bn, includes:

- Antrim & Newtownabbey Borough Council;
- Ards & North Down Borough Council;
- Belfast City Council;
- Lisburn & Castlereagh City Council;
- Mid & East Antrim Borough Council; and
- Newry, Mourne & Down District Council.

