



Subject:	City Region Growth Deal – update
Date:	17 June 2022
Reporting Officer:	John Walsh, Chief Executive
Contact Officer:	Ronan Cregan, Deputy Chief Executive and Director of Finance and Resources

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"/>
Some time 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	This report is to provide an update to Committee on the progress of the Belfast Region City Deal (BRCD). Including an update on the Funding & Governance arrangements for Belfast City Council as the Lead Authority and Accountable Body for the Deal.
2.0	Recommendations
2.1	The Committee is asked to: <ul style="list-style-type: none">• Note the update on the role for Belfast City Council as the Accountable body and approve the creation of a post of Project Accountant to support the financial and budget management arrangements and processes at no additional cost to the Council.• Note the update in relation to the key financial arrangements for the next phase of the deal, including the Financial Agreement (Appendix 2) with the Treasury and Department of Finance.

	<ul style="list-style-type: none"> • Approve the Memorandum of Understanding (attached at Appendix 1). • Note the programme overview.
3.0	Main report
3.1	Members will be aware that following the signing of the deal, Belfast City Council (BCC) took on the role of the Accountable Body ensuring that the partnership makes decisions in accordance with all legal, financial, and administrative requirements This includes the need to put in place the financial and budget management arrangements and processes to ensure the BRCD funding is managed and accounted for appropriately. The Programme Management Office (PMO) have therefore been working with partners to formalise permanent structures and resources for the delivery of the deal and to allow BCC to carry out its role as lead authority and accountable body.
3.2	In addition, the PMO has been finalising key documents with government departments which underpin the overarching signed deal document, including the development of Contracts for Funding which will be required for each of the capital projects delivered through the Deal. An update on the development of these key funding and governance arrangements is set out below.
	Memorandum of Understanding
3.3	Members were previously updated on the development of a Memorandum of Understanding (MoU) which was developed to reflect partners' commitments to invest collectively and work collaboratively to achieve the ambitions for inclusive growth through delivery of the Deal.
3.4	Importantly the MoU commits each partner that will be a recipient of the capital funding provided through the deal to jointly fund the central team in BCC to carry out the functions required of the accountable body and lead authority, as well as additional external expertise that may be required to deliver the programme.
3.5	It also details how the partners will work collaboratively to identify and respond to the skills needs that city deal investment will create and to address the barriers to employment that might hinder ambitions for greater inclusion.
3.6	The final Memorandum of Understanding, which will sit alongside the formal deal documentation is attached at Appendix 1 for approval.
	Contracts for Funding
3.7	Before funding can flow directly to projects Contracts for Funding (previously referred to as Letters of Offer) need to be agreed between departments and the Accountable Body and between the Accountable Body and Project Sponsors. Intensive work has been ongoing over

a considerable period with departments and partners, including significant input from BCC legal team, to develop the overarching Contract for Funding which will form the framework for individual funding agreements. The BCC legal team has also drafted the first individual funding agreement which will be with Queen's University for the Advanced Manufacturing Innovation Centre (AMIC) project. Once all final clauses are agreed, and approvals are in place, back to back letters will be signed between Department of the Economy (DfE) and BCC as the Accountable Body and then BCC (as accountable body) with Queen's University. Subsequent Contracts for Funding for further projects will be developed using the same framework and agreed clauses.

Implementation Plan and Financial Plan

- 3.8 The overarching deal document is supported by both an Implementation Plan and Financial Plan. The Financial Plan sets out the proposed spending profile for all the projects and the overall financial framework including stewardship, protocols and controls. The Implementation Plan provides detailed information on the projects, including key milestones, financial information and funding flows, risks and outcomes. It also forms the basis of the monitoring and reporting information required for each project. Members should note that the Department of Finance (DoF) has now approved these Plans.

Financial Agreement

- 3.9 The tripartite Financial Agreement between BCC, DoF and HM Treasury sets out the financial commitments and protocols in relation to funding the BRCD. The agreement formalises arrangements between the governments and the Accountable Body that have been set-out in other deal documentation. This document, a copy of which is attached at Appendix 2 has now also been finalised and issued to DoF and UK government.

Governance and Assurance

- 3.10 The PMO, with the support of colleagues in Finance and the Audit, Governance and Risk Service, has been developing a Governance & Assurance Framework which incorporates the governance structures which have worked well to date, but also builds in best practice from other deals in relation to programme management and assurance which are appropriate for this new phase of delivery. This includes monitoring and reporting arrangements required by the Accountable Body to facilitate signing of the Contracts for Funding and Payment of Claims.
- 3.11 Given the scale of the investment and the financial management required to fulfil its role as the accountable body the team will need to recruit a dedicated Project Accountant to support the financial and budget management arrangements to ensure that BRCD funding is managed and accounted for appropriately. This will include the receipt and administration of grant

	<p>funding including the establishment of appropriate accounting and reporting arrangements. This post will be funded through contributions, as committed to in the MoU, and will be of no additional cost to the organisation.</p>
	<p>Investment Priorities</p> <p><u>Innovation</u></p> <p>3.12 Following Ministerial and DoF approval for Outline Business Cases (OBCs) the Universities have been moving projects to the next stages of delivery. To maintain momentum and avoid the potential for delays it is vital that contracts for funding are now therefore finalised and agreed for the most advanced projects.</p> <p>3.13 The Advanced Manufacturing Innovation Centre and Global Innovation Institute have been focused on detailed design as their projects reach the end of RIBA Stage 2 as well as initiating operational workstreams. The Institute of Research Excellence in Advanced Clinical Healthcare project is also undertaking detailed design as it moves through RIBA Stage 2 and has undertaken significant stakeholder engagement, including in relation to site specific constraints. All project governance structures are now operational, including external stakeholders on project-level implementation groups and further pump-prime recruitment is well underway.</p> <p>3.14 The Studio Ulster project continues to progress through the procurement process for a works contractor, with competitive dialogue agreed as preferred way forward. Pre-Market Engagement has been completed including meetings with major film studios with NI Screen and Belfast Harbour in Los Angeles.</p> <p>3.15 The Centre for Digital Healthcare Technology has now received DoF approval for its OBC. Ulster University are progressing a feasibility study to consider potential alternatives to the demolition of Northland House (driven by cost and net zero carbon agenda). Stakeholder engagement continues and discussions with Royal Victoria hospital continue to finalise equipment specifications in relation to the Living Lab element of the project.</p> <p><u>Digital</u></p> <p>3.16 The i4c Innovation Centre project, led by Mid & East Antrim Borough Council attended Casework Committee in early March and received approval from the Economy Minister during April. The project is currently addressing feedback as it seeks DoF approval.</p> <p>3.17 Information in relation to the Advanced Wireless and Challenge Fund projects, led by Belfast City Council on behalf of the BRCD partners, is included in the SMART Belfast report</p>

Tourism and Regeneration

- 3.18 As previously reported the four projects with approval for OBCs, Carrickfergus, Newry Regeneration, Bangor Waterfront and Mourne Mountain Gateway, have continued development of their projects. Engagement with the Department for Communities and the Carrickfergus project team has been ongoing to agree the project specific governance document for inclusion within the Contract for Funding.
- 3.19 The Gobbins has been recommended for approval following Casework in February 2022 and DfE and DoF Ministerial approval is awaited. The revised Destination Royal Hillsborough OBC is currently progressing through the OBC review process and Belfast Stories will now progress design to RIBA 2 to enable a full OBC to be developed, working towards Casework review in summer 2023.

Infrastructure

- 3.20 Departmental officials have commenced preparations for the procurement phase of the Lagan Pedestrian and Cycle Bridge to facilitate the detailed design and construction. It is expected that it will take approximately three and a half years to deliver the procurement, detailed design and construction phases of the project.
- 3.21 Work on the Public Consultation Report for Belfast Rapid Transit Phase 2 is approaching final draft stage. Further development of the Outline Business Case, which will help inform selection of the preferred route, is also well advanced. DfI officials are continuing to explore potential options for funding.
- 3.22 Design of the Newry Southern Relief Road continues and preparation of the draft Statutory Orders, along with an Environmental Impact Assessment Report (EIAR), in advance of statutory public consultation is ongoing. Consultation with Dept. for Communities Historic Environment Division regarding the type of bridge over the shipping canal continues and the timing of a decision on the bridge type will impact the project milestones

Employability and Skills (E&S)

- 3.23 Recruitment has been taking place to form an E&S Project team, supported through the investment of BRCD partners, to support the programme going forward. The first successful candidate recruited by Queen's University, is expected to take up post at the end of June.
- 3.24 Work has also continued on the delivery of the E&S Action Plan. Key areas of update include:

	<ul style="list-style-type: none"> - Funding Opportunities Working Group: The group has been tasked with beginning to identify potential collaborative projects to support the skills needs in areas aligned to the city deal investment. - Skills Assessments – Construction: A task and finish group has been established to undertake a skills assessment of the construction opportunities arising through BRCD capital investment to determine if and where skills challenges may exist. - Social Value Procurement: The social value approach for BRCD projects will follow the Strategic Investment Board new ‘points-based model’. To support the integration of this requirement within relevant contracts training sessions have been delivered with Project Sponsors with nearly 50 individuals completing the training to date. Guidance material is also being developed to support contractors during the construction phase as they deliver employability and skills related social value activity. - Digital Transformation Flexible Fund: a business case has been developed to create an NI wide capital fund which will provide financial assistance to small businesses to invest in ‘advanced’ digital transformation. The business case is based upon an overall funding pot comprising £6m of funding ring fenced through the City & Growth Deal Complementary Fund (CF) for a cross deal digital transformation project and £1.1m of funding from DAERA earmarked to support digital transformation amongst rural businesses. If the business case is approved it is estimated that 600 businesses will be supported, accessing grant support between £5-£20k, aligned to a specific digital transformation project. - To support the delivery of the project revenue funding is required from council partners to centrally manage the delivery of the fund. The cost implication for Belfast City Council is estimated at approximately £55k per annum, the cost of which has been accounted for within existing city deal budgets. The preferred delivery model for the operation of this fund would be via an existing digital partnership (Full Fibre NI Consortium) led by Newry, Mourne & Down District Council, through which a governance model and project management team are already in place, enabling the fund to be mobilised quickly. - The draft business case has been issued to Council partners for feedback, as well as informally through Invest NI and government departments. Following consideration of feedback and the necessary agreement of partners the business case will be submitted to Invest NI for formal consideration.
3.25	<p><u>Financial & Resource Implications</u></p> <p>All costs associated with the BRCD are within existing budgets.</p>
3.26	<p><u>Equality or Good Relations Implications/Rural Needs Assessment</u></p> <p>The approach taken to develop the City Deal has been subject to independent equality screening and rural proofing and states that;</p>

	<i>'BRCD is inherently inclusive, affording an opportunity for the region to grow in a way that will benefit the economy of Northern Ireland as a whole, thereby enhancing the lives and well-being of its citizens. If during further development of the programme it becomes apparent that there may be an adverse impact on certain groups or communities then the partnership commits to carrying out further Section 75 work and including screening and EQIAs as and when appropriate.'</i>
4.0	Appendices – Documents Attached
	Appendix 1 – BRCD Memorandum of Understanding Appendix 2 – BRCD Financial Agreement - RESTRICTED