



<b>Subject:</b>	Draft response to Invest NI Business Strategy and update on DfE sub-regional economic plan
<b>Date:</b>	6 November 2024
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<b>Restricted Reports</b>	
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<b>Please indicate the description, as listed in Schedule 6, of the exempt information by virtue of which the council has deemed this report restricted.</b>	
Insert number <input type="checkbox"/>	
<ol style="list-style-type: none"><li>1. Information relating to any individual</li><li>2. Information likely to reveal the identity of an individual</li><li>3. Information relating to the financial or business affairs of any particular person (including the council holding that information)</li><li>4. Information in connection with any labour relations matter</li><li>5. Information in relation to which a claim to legal professional privilege could be maintained</li><li>6. Information showing that the council proposes to (a) to give a notice imposing restrictions on a person; or (b) to make an order or direction</li><li>7. Information on any action in relation to the prevention, investigation or prosecution of crime</li></ol>	
<b>If Yes, when will the report become unrestricted?</b>	
After Committee Decision	<input type="checkbox"/>
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Sometime in the future	<input type="checkbox"/>
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<b>Call-in</b>	
<b>Is the decision eligible for Call-in?</b>	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>

<b>1.0</b>	<b>Purpose of Report/Summary of Main Issues</b>
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1.1	The purpose of this report is to present a draft response from Belfast City Council to Invest NI's business strategy 2024-2027 and to update members on the Department for the Economy's recently published sub-regional economic plan.
<b>2.0</b>	<b>Recommendation</b>
2.1	<p>The Committee is asked to:</p> <ul style="list-style-type: none"> <li>• Note the draft response to Invest NI's draft business strategy and agree that this is submitted to Invest NI following the committee meeting in order to meet the 14 November deadline – with the caveat that the response is subject to formal council ratification</li> <li>• Note that the Department for Economy has recently produced a “sub-regional economic plan” and agree to receive a further update at the next committee meeting as to how some of the key proposals in this plan might be taken forward in Belfast.</li> </ul>
<b>3.0</b>	<b>Main Report</b>
3.1	Invest NI recently launched their new business strategy “Our Future in Focus” in mid-October 2024. The strategy covers the period 2024-2027. All councils were invited to attend briefings on the draft strategy and these took place across the region over the last number of weeks. The deadline for written responses is 14 November 2024.
3.2	<p>The draft strategy is attached as Appendix 1. The consultation survey on the strategy is structured around a series of questions, namely:</p> <ul style="list-style-type: none"> <li>• Does our Vision set a suitable level of ambition and successfully frame our shared destination for the Northern Ireland economy?</li> <li>• As an entrepreneur, business leader, partner or stakeholder, does our Mission Statement appeal to you and does it convey what you need from Invest Northern Ireland?</li> <li>• Does the overall strategy feel right? Are there any major omissions/areas of focus to be added/areas that should be removed</li> <li>• Are the draft targets the correct ones to deliver maximum impact?</li> <li>• Is a Client model approach, that enables us to prioritise resources and intensify support with those businesses with the greatest growth potential, the correct approach?</li> <li>• Is the definition and engagement model sufficiently broad to enable us to deliver for all businesses strategically?</li> <li>• Do you agree that the priority sectors identified are the correct ones to focus on?</li> </ul>

- Which market opportunities or technologies do you believe present the greatest challenge for you over the long term?
- Do you agree with the strategic priorities (Boosting business investment; Accelerating innovation and skills; Driving global ambition; Developing and achieving sustainability; Maximising City and Growth Deals and Promoting places and partnerships).

3.3

The draft strategy aims to support an economy characterised by high productivity, good jobs, regional balance and decarbonisation. It therefore reflects the Minister for the Economy’s vision, set out in February this year, which focused on driving regional balance; improving productivity; reducing carbon emissions and delivering more “good jobs”.

3.4

The draft Belfast City Council response to the consultation is attached as Appendix 2. One of the key points in the draft strategy is the commitment to “build capacity outside of the Belfast Metropolitan Area (BMA)”. By that, they mean Belfast as well as the three adjacent council areas of Lisburn and Castlereagh; Ards and North Down and Antrim and Newtownabbey. There is a specific objective of making 65% of investments “outside of the BMA” by 2026/27 – representing an increase of 6%. It is understood that this target relates to the number of investments rather than the value of the investments. In reality, it is unclear how this will impact in practice in Belfast. However we know from Invest NI’s own data that investments in Belfast-based business generate greater return than investments in other locations (second to Antrim and Newtownabbey) so it is unclear how this can square with the focus on driving productivity.

3.5

The draft strategy notes that the commitment to build capacity outside the BMA will be done by “incentivising and supporting greater levels of investment” in non-BMA areas. It does not detail what these incentives and supports might look like – and whether it will mean that some incentives are not available at all in the BMA or whether it is simply an enhanced level of investment in areas outside of the metropolitan area – but that all parts of the region can access the same menu of support.

3.6

To counter concerns, the strategy notes that “building foundational capacity outside the BMA will not come at the expense of the BMA”. It recognises that Belfast and the adjacent areas remain the economic engine for the wider region. It also acknowledges that – while the BMA may be more productive than other parts of the region – the area is not without its challenges. To that end, the draft strategy notes that “we will be acutely responsive to the need to address inequalities and disadvantage present within the wider BMA through investments we support in the area” and that “a collaborative partnership approach will be key to achieve this”.

3.7	<p>The draft strategy contains six strategic priorities, one of which is Maximising City and Growth Deals. Commitments within this priority focus on using the investments to build strong, globally competitive clusters and generate “enhanced skills progression pathways”. Given that the Belfast deal is further progressed than the others, there is an opportunity to pilot new approaches, focusing on maximising the benefits from the capital investment projects. At present, officers are exploring how this can be done for those projects that are more advanced as well as considering how we can build the learning into future schemes. This approach is essential in order to ensure that our residents and businesses benefit from these centres of excellence. We are particularly interested in exploring inclusive skills pathways, building on the learning from our previous Academy approaches.</p>
3.8	<p>Another strategic priority is “Promoting Places and Partnerships”. Under this priority, Invest NI plans to deliver on its commitment to increase investment outside of the BMA and notes its proposals to “factor regional balance into all investment decisions”. The methodology for doing this is not clear at present and we have included a question on this as part of our response. Invest NI also commits to expanding from four regional offices to five, but there is no clarification on what the area breakdown will be. There is also a commitment to increase the number of staff in the regional offices by 40%. In reality, this is a bigger issue for areas outside Belfast than for the city, given that a lot of Belfast-based companies are supported by staff based in the Bedford Street HQ – although it may be helpful in ensuring an enhanced focus on our indigenous businesses. The final proposal under this priority is to develop a new Regional Property Programme. Invest NI has very limited space in Belfast: it owns two business parks, one at Forthriver (location of the council’s Innovation Factory) and one in the Whiterock area. A number of years ago, the organisation did bring forward a programme to support proposals for new business sites focused on small businesses but this did not progress. As part of the engagement work, Invest NI has been clear that they do not yet have the resources that may be required to support this work and that it may take some time to build the necessary funding.</p>
3.9	<p><u>Department for the Economy’s Sub-Regional Economic Plan</u></p> <p>Just ahead of the publication of the Invest NI business strategy, the Department for the Economy issued its Sub-Regional Economic Plan. The Ministerial ambition behind this plan is “through local partnerships, central government, Invest NI, Councils and our network of education providers and civic society, we will work together to identify the main barriers to economic development, and the interventions that will unlock the area’s potential”.</p>
3.10	<p>The plan focuses on recognising and tackling regional imbalance across each of the council areas. It sets out a series of indicators and ranks each council area from 1 to 11 in terms of</p>

how they sit against each of these. Metrics include labour productivity; median wages, greenhouse emissions and sub-regional employment rate. While Belfast ranks top in the first three, it ranks 10 out of 11 for greenhouse gas emissions.

3.11 At a recent meeting with the Minister for the Economy, members took the opportunity to outline the anomalies in some of this data and to point out that, while jobs and wages in Belfast are generally better than other council areas, almost half of those that work in Belfast do not live in Belfast – so this skews the figures significantly. They also noted that those living outside of Belfast but working in the city earn on average £3,474 a year more than Belfast residents and that, while Belfast supports proportionately more higher-level jobs than other areas, it also has a disproportionate level of deprivation in many neighbourhoods: 6 of the top 10 most deprived wards in NI are in Belfast while the top 15 most deprived wards for the Education, Skills and Training domain are all in Belfast. Therefore there is an inherent risk in assessing sub-regional performance purely by looking at council-level data without understanding the nuances of these insights.

3.12 Another point that members made to the Minister for the Economy was that, while productivity levels in Belfast are higher than other parts of the region, Belfast still lags behind most UK cities – and significant behind Rol cities. Instead, they argued, future policy should aim to help places achieve their productivity potential, which will differ from area to area, rather than trying to get every council area to achieve the same level of productivity. Investment decisions are taken on a global level: so Belfast is not competing with its neighbouring towns and cities for FDI investment in particular – we are competing against other global cities.

3.13 As a means of tackling imbalance, the Minister proposes to support the establishment of Local Economic Partnerships (LEPs) in each council area. These partnerships will be able to access funding from the Department – an indicative three-year budget of £45million has been identified but it is understood that this funding has not yet been secured. Officials are currently working on guidance and a funding formula around the partnerships and these are likely to be forthcoming in the next few weeks. The partnerships are to focus on improving productivity, raising median wages, increasing the employment rate, lowering economic inactivity and taking steps towards delivering net zero and industrial decarbonisation.

3.14 The indicative timelines in the plan are that the LEPs should be formed by the end of the calendar year and that projects to be funded should be finalised by end March 2025 with a view to delivery starting from April 2025.

3.15	<p>Early indications from engagement across council areas is that most intend to use existing partnerships as a structure around which they will base their LEP. In reality, this means using either Labour Market Partnership (LMP) or Community Planning structures or, alternatively, establishing a new structure to take forward this work. Officers are currently working on options and will bring forward proposals to the December committee in order to seek member endorsement for the Belfast approach. Following that, work will begin on identifying priority projects for investment although, in reality, it is likely that these will have been identified through our previous engagement work with partners.</p>
3.16	<p><b><u>Financial and Resource Implications</u></b></p> <p>No specific financial implications at this point. The LEPs are likely to have access to a budget of £45million over three years although DfE has not yet finalised the funding allocation model.</p>
3.17	<p><b><u>Equality or Good Relations Implications/Rural Needs Assessment</u></b></p> <p>All activities to be undertaken will be subject to equality screening. This funding formula will be determined by the Department for the Economy.</p>
4.0	<p><b>Appendices - Documents Attached</b></p>
	<p><b>Appendix 1:</b> Our Future in Focus: Invest NI Business Strategy 2024-2027  <b>Appendix 2:</b> Draft Belfast City Council response to the Invest NI Business Strategy.</p>