



## Belfast City Council

<b>Report to:</b>	Special Development Committee
<b>Subject:</b>	LED Plan – 2010/2011 Plan and Preparation for Integrated Economic Strategy 2011/2015
<b>Date:</b>	Wednesday 25 August 2010
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### Relevant Background Information

Members will be aware that the most recent LED Plan “Sustaining Competitive Advantage” ran from 2006-2010. It focused on a range of business start-up and growth, employability and economic regeneration initiatives which were match-funded by EU Structural Funds. A review of the Plan has concluded that there were significant achievements from the work undertaken and has suggested some recommendations for future activity.

Based on these recommendations, and following consultation with partner organisations and relevant businesses, a revised plan has been drafted. It is proposed that this plan will last for one year and that one of the key development areas in the course of that year will be to work towards an integrated economic strategy for the city. This approach was endorsed by Members at the Development Committee meeting on 16 October 2009.

### Key Issues

#### Review of Sustaining Competitive Advantage Plan: 2006-2010

In reviewing the effectiveness of the current plan, the following outputs were recorded:

- 4300 companies participating in our business programmes and events
- 449 direct jobs created
- Long-term unemployed acquired 600 accredited qualifications
- Average 10% improvement in turnover for companies participating in business growth initiatives
- Every £1 invested has levered £5 additional resources
- 80 business development programmes delivered
- 120 workshops, seminars and events undertaken.

This work equates to a total GVA of approximately £450million in the economy annually.

#### Development of current LED plan: 2010/2011

Since late 2009, discussions have been undertaken with a range of partner organisations and key business contacts on the future approach to Council-led LED activity and priorities for the new plan.

The proposal to work on a one year plan is based on feedback from partners that there is a need for greater synergy, particularly in the business start-up and growth arena. Similarly, the efficiency agenda is driving further collaboration and encouraging new approaches to project development and resourcing.

The targets for this year, to be reported through the Council's performance management system CorVu, include:

- Delivery of 44 business development programmes and events
- 850 businesses participating in business development programmes and events
- 135 new jobs to be created as a direct result of activities delivered.

The key messages within the plan are:

- The need for focused, measured intervention around business start-up and growth
- The need to develop key sectors that will sustain Belfast's economic future
- The need to ensure greater dialogue between universities, colleges and the private sector
- The need for the council to harness its own resources better to support the growth of the city's economy
- The need to develop inclusive regeneration support initiatives
- The need to agree a "Belfast proposition" – where and how the city needs to grow
- The value of a collaborative approach to economic development in a city and possible ways in which this can be achieved.

These messages are entirely in line with the views expressed by recent guests to the City, including Paul O'Connor and Declan Kelly. Both reinforced the need to grow the private sector for the benefit of the entire city and suggested that there was a need for greater collaboration between organisations responsible for the city's development.

The individual activities identified within this plan have been approved under the auspices of the wider Development Department plan which was endorsed by the 9 June 2010 meeting of this Committee. However this plan provides a focused framework for the economic development aspect of the department's work and allows the Committee to receive reports on the specific impact of the initiatives undertaken as part of this Plan.

Initial discussions have already been underway with Invest NI as part of the transfer of functions discussion and they have acknowledged that, despite the lack of progress on this front, they are keen to engage with councils to debate how collaborative support programmes for business start-up and growth might be developed. In parallel, there have been meetings with DEL as well and the international trade side of Invest NI with a view to identifying potential Belfast-based initiatives which will address our current growth challenges and help the city achieve its economic potential.

There has also been increasing engagement in area-based regeneration efforts, focusing initially on Titanic Quarter, where efforts being made to build a template as to how to support sustainable, successful regeneration initiatives that are integrated into and accessible to local communities while maximising the economic impact of the development across the city.

Crucially, it is considered that there is much that can be done to maximise the economic impact of the Council as a whole. For example, with an overall procurement budget estimated to be in excess of £80million annually, there is an opportunity to encourage more local and small companies to avail of the opportunities emerging.

This plan is also intended to capitalise on the growing ambition of Council as a civic leader, taking seriously its role in shaping the regional economic future, in conjunction with its partners. In this regard, we have identified the importance of developing close working relationships with the private sector as a step towards the possible introduction of community planning.

#### Structure of the 2010/2011 plan

A series of five strategic drivers for action have been identified within the draft plan. These are:

- **Improving business performance:** focusing on supporting more business starts and enhancing the productivity of existing businesses.
- **Supporting priority sectors:** there are a number of key sectors that represent future growth opportunities in Belfast and we are recommending specific investment initiatives to support for companies in these sectors.
- **Raising skills and reducing worklessness:** focusing on addressing the disparities across the city in terms of skills and access to employment, taking account of specific target groups eg young people.
- **Maximising connectivity:** maximising the development potential of the city for all citizens and ensuring equality of access.
- **Stimulating investment:** collaboration with partner agencies to maximise the profile of the City as a smart investment location.

Under each of these drivers, we have identified priority areas of focus with specific actions and targets for each. Details of each of these are included in the plan in Appendix 1.

It is clear that the economy is facing significant challenges at the present time and that these initiatives alone will not address all of these. However, our research and consultations have shown that there is a distinct role for the council to play in the delivery of targeted initiatives. Equally, in collaborating with other partners, it can address some of the wider challenges facing the city's economy in the short and longer-term.

#### Development of an Integrated Economic Strategy for the city

Previous work carried out by OECD and Michael Parkinson has identified the need for a common vision and strategy in order to maximise the economic competitiveness of the city. Now, more than ever before, there is a need to channel resources towards sustainable economic regeneration activity that will make Belfast a strong player in new growth industries and will provide a framework to allow local people to access employment opportunities.

Given the reduction in public finances, government departments and agencies are being forced to re-visit previous commitments and to re-negotiate budgets on a range of revenue and capital schemes. However this presents an opportunity to pool resources in order to maximise the impact of investment. In doing so, it creates a common agenda towards which all partners are working.

Despite the current challenges, the economic growth of the city must remain at the forefront of our agenda, as it does at regional level through the Programme for

Government. By developing an integrated economic strategy, the council and its partners will send a strong signal that there is an agreed commitment to a series of measurable actions that will move the city forward both socially and economically. This will dovetail with the regional economic strategy which is currently being developed by the DETI and which is scheduled to be completed by the end of this calendar year.

In order to progress the work on the Integrated Economic Strategy, it is proposed that resources already approved from the Development Department's budget be allocated towards analysis and engagement work. The outcome of this work will be to develop a medium-term economic strategy for Belfast that will:

- Create a vision for the economy alongside key priorities that will deliver on this vision, identifying key partners for engagement
- Identify key sectors in which the city can compete and become world-class, focusing on investment required to make this happen
- Consider the role of the education system in creating a dynamic, flexible, highly-skilled workforce
- Consider social mobility issues and look at how the most deprived neighbourhoods can engage with and benefit from the city's development
- Consider how development can happen in a sustainable manner and how commercial opportunities arising from the current environmental challenges can be exploited.

The work will involve a programme of structured engagement to gain buy-in and to ensure that the process is cohesive and holistic.

At present, budgetary approval is in place to carry out two separate pieces of work. These approvals are:

- £20,000 to carry out research on new business sectors to ensure that activities are relevant
- £25,000 to carry out research on post-recession economic growth models to support the new integrated economic strategy.

In order to ensure consistency and focus, it is proposed that Members agree to pooling these two budgetary amounts to allow one commission to be undertaken. If this recommendation is approved, Members are asked to delegate authority to the Director of Development, in association with the Chairman of Development Committee, to approve the most economically advantageous tender, subject to a form of contract being drawn up by Legal Services. This will expedite the process and ensure that the Plan is in place for the new financial year in April 2011.

### **Resource Implications**

Budgetary approvals for the individual activities within the current (2010/2011) LED Plan have been endorsed by the Development Committee of June 2010.

The development work on the new integrated strategy will require a budget of up to a maximum of £45,000. This budget has already been approved by the Development Committee in June 2010.

### **Recommendations**

It is recommended that Members:

- Note the current one year LED Plan that will be operational from April 2010 to March 2011
- Note the proposed approach for the development of the Integrated Economic Development Strategy from April 2011 and approve the pooling of research

resources of up to a maximum of £45,000 towards the research, analysis and forecasting work required

- Subject to endorsement of the above recommendation, approve the proposal to appoint the most economically advantageous tender for the work following a competitive tendering process and subject to an appropriate legal contract.

#### **Decision Tracking**

If recommendation is accepted, updates will be presented to future meetings of this Committee.

Time frame: November 2010

Reporting Officer: Shirley McCay

#### **Key Abbreviations**

LED	Local Economic Development
GVA	Gross Value Added
DEL	Department of Employment & Learning
OECD	Organisation for Economic Co-operation and Development
DETI	Department of Enterprise, Trade and Investment

#### **Documents Attached**

Appendix 1: LED plan 2010-2011