

Background

Since 1992, Belfast City Council, like all local authorities in Northern Ireland, has been involved in promoting the development of its area, using powers granted under the Local Government (Miscellaneous Provisions) Act¹.

Through successive local economic development (LED) strategies and plans, it has delivered significant, tangible results that have contributed to the economic well-being of the city.

The most recent LED plan – Sustaining Competitive Advantage – was operational from 2006-2010. Key outputs from activities undertaken within this plan include:

- **4300 companies participating in our business programmes and events**
- **449 direct jobs created**
- **80 business development programmes delivered**
- **120 workshops, seminars and events undertaken**
- **Every £1 invested has levered £5 from other public and private sources**
- **Average 10% improvement in turnover for companies participating in business growth initiatives.**

Clearly, the economic climate is considerably different to when the previous strategy was developed. In light of this, the council has worked with its partners to develop a new interim LED plan for the city pending the proposed implementation of the Review of Public Administration (RPA) in 2011.

As part of this process, we held a range of meetings with large and small businesses, other business support agencies and people from all sections of the council. We also carried out evaluations of our previous initiatives and asked participating companies for comments on their experience and what they had gained from taking part. The key points emerging from those consultations included:

- The Council has a clear role – at a strategic and operational level – to promote the development of the city

¹ <http://www.opsi.gov.uk/si/si2002/20023149.htm#8>

- The business support arena is a crowded one. There is a need to differentiate the service and promote the product to ensure that businesses are aware of and avail of what is on offer
- There is confusion among businesses as to who does what and, because of this, there needs to be better signposting between agencies
- Providers should collaborate to ensure that services are built around business needs. In order to ensure that that happens, there should be mature dialogue between business support agencies and the private sector
- Resource efficiencies will be demanded from all public agencies. The imperative to work together will become even greater in the coming years
- While companies are aware of some of the initiatives in which council is engaged, they do not always know about the whole range of activities on offer
- Consideration needs to be given to how we communicate with businesses to ensure that they are aware of and can avail of all opportunities on offer
- Economic development cannot happen in isolation from physical or social development. Efforts must be made to ensure that the growth in the city is equitable and that all citizens are able to avail of the opportunities that arise from this growth
- There is a need to promote the message that proactive environmental management initiatives are good for business. By taking account of the impact that they are having on the environment, companies can enhance their bottom line.

It is proposed that the action plan and the activities within it will have a one year duration. It is our intention that, in the course of this year, we will work towards an integrated economic strategy for the city that sets the agenda for growth and agrees a series of actions required by all partners to get there. This will allow us to focus on those things that can make Belfast different, enabling us to present ourselves with the best in class and provide all our citizens with the opportunities to avail of the success that will come from that investment.

The strategic context

It is estimated that there more than 10,000 businesses located within the Belfast City Council area. The majority of those businesses are SMEs (small and medium-sized enterprises). The EU definition of a medium sized business is a company that employs 250 people or less and that has a turnover of €50million or less. A small business is defined as one that has 50 employees or less and a turnover not exceeding €10million while a micro business is categorised as one that has 10 employees or less and a turnover not in excess of €2million².

According to the Interdepartmental Business Register (IDBR), the government database of all companies in the United Kingdom which are VAT registered and/or operating a PAYE scheme, the Belfast City Council area accounts for around 1 in 8 of these businesses in the region (over 8,700 businesses). Belfast also has the largest number of businesses with less than 10 employees (6,875) as well as being the District Council with the largest number of businesses with 250+ employees (80)³.

Local economic development can be defined as “a set of activities aimed at improving the economic well-being of an area.”⁴ Traditionally, support initiatives for micro businesses have been the focus of the work undertaken by Belfast City Council as part of its local economic development agenda. We also focus on would-be entrepreneurs, providing them with the necessary support to make the move into self-employment. In addition, we invest in a range of skills and employability initiatives focused on key sectors or target groups with a view to enhancing the overall competitiveness of the city and collaborate with partners in efforts to promote the city as an investment location.

In doing this, we work alongside our colleagues particularly in Invest NI, Department for Employment and Learning (DEL), the Local Enterprise Agency (LEA) network, the universities and colleges, relevant sector skills bodies and other agencies responsible for promoting the economic development of Belfast.

² http://ec.europa.eu/enterprise/policies/sme/facts-figures-analysis/sme-definition/index_en.htm

³ http://www.detini.gov.uk/facts_and_figures_edition_12_dec_2009_link.pdf

⁴ Beer, A. & Haughton, G. and Maude, A. (eds) 2003, *Developing locally: an international comparison of local and regional economic development*.

Recognising the importance of wider collaboration, we also develop initiatives with adjacent council areas – particularly those as part of the COMET (Councils of the Metropolitan Area) region – and engage in best practice exchanges and joint working with partners across Europe, principally facilitated through the Eurocities network and Sister Cities linkages.

We also input into policy making and programme design on a range wider issues affecting economic development in the city of Belfast. We do this through the engagement of our elected members, given their civic responsibility for the development of the city. We also liaise with private sector developers, those responsible for infrastructure development and community-based organisations across the city, as a means of ensuring that the city's development can be open to all citizens.

We work closely with our elected members and report on a regular basis to the Council's Development Committee who drive and endorse our work programme. We also provide secretariat support (through the Northern Ireland LED Forum) to the Economic Development Working Group of NILGA (Northern Ireland Local Government Association). This provides us with a platform through which we can inform and influence policy, gaining access to political channels and key contacts with responsibility for economic policy development.

However, as is the case all across all sectors, this operational context in which is we are engaged is changing. Although indications are that RPA (Review of Public Administration) may not progress in 2011 as was originally anticipated, there appears to be a commitment to continuing discussions with regard to a possible transfer of economic development functions. Equally, the recent Independent Review of Economic Policy (IREP) carried out by a panel chaired by Professor Richard Barnett presented a range of recommendations for DETI and Invest NI which will have implications for local government. A review of the local enterprise agency (LEA) network may impact on the provision of pre-start and start-up support for businesses. And within local government itself, there is significant pressure on spending, with obligations to consider efficiencies now being embedded across all departments. Local economic development remains a discretionary function for local government in Northern Ireland (although it has now been made a mandatory function for most councils in England). Conscious of this climate, we must be flexible and find the niches where we can add value to continue our relevance in the local economic development arena.

A changing operational environment

Since the development of the previous Belfast City Council local economic development strategy – Sustaining Competitive Advantage (2006-2010) – there has been a significant change in the global economic climate.

Although the recession which officially began in the UK in the second quarter of 2008 technically ended at the end of last year with a 0.4% GDP increase recorded, growth slowed again in the first quarter of 2010 and economists predict a prolonged and largely jobless recovery.

The recession has translated into job losses, increased redundancies, a reduction in construction output, a growth in insolvencies and a drop in house prices and Belfast has not been exempt from any of these developments.

With regard to employment, data suggests that, as demand has picked up, businesses have responded by increasing the productivity of their current workforce, rather than taking on any new staff. This has sparked discussion of a “jobless recovery”. The most recent labour market data for Northern Ireland mirrors the fragile recovery in UK output. Despite modest growth in the last quarter of 2009 (largely attributed to seasonal work), employment in Northern Ireland is 2.9% down on last year – the highest annual percentage fall across all UK regions (along with the Eastern and West Midland regions).

In Belfast, this has produced a claimant count unemployment rate of 7.2% - or just over 11,300 individuals (May 2010). While anecdotal evidence from the Belfast Business survey⁵ suggests that 29% of companies are likely to increase their workforce in the coming year (as opposed to the 6% likely to reduce their staffing levels), the reality is that significant employment increases are unlikely to come for some time.

This subdued labour market continues to disproportionately affect young workers. Over the first quarter of 2010, one in three of those becoming unemployed (3,610 people) was aged 18 to 24. The long-term unemployed (LTU) are also being disproportionately disadvantaged with 2,330 or 21% of the unemployed register being made up of those who have been out of employment for

⁵ Belfast City Council, *Annual Attitudinal Survey of Enterprises in Belfast*, January 2010

more than a year. Young workers also account for the most significant growth rates in the number of LTU. It is estimated that the resident employment rate is 62.7%. This is more than 10% below the Northern Ireland activity level⁶.

Almost 1500 redundancies in the Belfast City Council area were notified to DETI in 2009 – a five fold increase on the previous year. An additional 662 were recorded in the adjacent council areas of Castlereagh, Lisburn and Newtownabbey. 185 redundancies have been reported in the year to date within the council area while there have been an additional 212 redundancies across the neighbouring council areas⁷.

From January-March 2010, 102 companies and 554 individuals across Northern Ireland became insolvent – an increase of 79% and 25% respectively on the figures for the first quarter of 2009. In 2009, a total of 247 companies and 1959 individuals in Northern Ireland were declared insolvent⁸. Although figures for the Belfast area are not available at this stage, if taken on a pro rata basis, this is likely to involve around 30 businesses and 300 individuals.

The commercial property market in the city is extremely fragile at present. As occupier demands remain weak, rental figures have faced significant pressure in the last year. While competitive operating costs have traditionally been one of the major selling points for Belfast as an investment location, it is clear that developers consider that their margins are being cut to unsustainable levels. The hotel sector in the city is also considered to be at saturation point. With three new hotels at varying stages of development (the £16million Merchant extension is to open in June 2010 while the 120-bed Premier Inn at Titanic Quarter will open in November 2010 and planning approval has just been secured for a new hotel at George Best Belfast City Airport), property experts do not anticipate any new completions in 2010.

The public sector has had to respond to these crisis conditions by identifying efficiencies within its own operating systems in order to address the massive deficits. This has led to a significant re-focusing of effort in order to protect service delivery while seeking to provide value for money and maximise return on investment. These efficiencies have impacted not only on the services directly provided by the public sector but also on those services which the public sector resources through its grant-making or funding activity.

⁶ Oxford Economics, *Quarterly Economic Indicators Research for Belfast City Council, Spring 2010*

⁷ <http://www.detini.gov.uk/deti-stats-index/stats-labour-market/stats-labour-market-redundancies.htm>

⁸ <http://www.insolvency.gov.uk/otherinformation/statistics/201005/index.htm>

The arrival to power of a new coalition government on 11 May 2010 has signalled a singular focus on efficiency savings and the Chancellor's statement of 24 May 2010 calling for cuts of £6.2 billion in the current calendar year brings into very sharp focus the need to look again at public finances and potentially prioritise areas for focus.

Within Belfast City Council, we have been pursuing an efficiency agenda since early 2007 and have been working across the council on an Economic Downturn plan. This has helped us focus on how we, as a business, can help our local companies address this challenging operating climate.

One of the strategic themes within our corporate plan 2008-2011⁹ is "Better opportunities for success across the city". As part of this work, we strive to build prosperity for all people and places and to build success in our city. The council has a lead role to play, not only as a service provider but as a civic leader. In this sense, it has a role in "place-shaping" – the term used by Sir Michael Lyons in his 2006 report to the Department for Communities and Local Government (DCLG) which suggested that the role of councils was to "build prosperous and cohesive communities where people want to live and work and where businesses want to invest."¹⁰ One of the key actions that we are trying to capture is how we, as an organisation, can better interact with the private sector in the city. The potential of a new community planning responsibility for councils may provide us with a vehicle through which we can address the wellbeing of the city by bringing together all relevant parties to agree a collective approach and a set of priorities for action, and to identify associated support and resources to make this happen. Businesses will have a key role in the development of this process and in its implementation.

⁹ <http://www.belfastcity.gov.uk/publications/CorporatePlan2008-2011.pdf>

¹⁰ Lyons, M. 2007, *Place-shaping: a shared ambition for the future of local government*, The Stationery Office, London

Structural issues in the Belfast economy

However we are conscious that it is not just the short-term changes to the economy that have prompted economic development agencies to consider the scope of their work. There are structural issues within the economy which need to be addressed if sustainable change is to occur.

While the industrial base in Belfast has evolved significantly in recent years and the city is transforming itself into a dynamic, knowledge-driven economy, it remains a work in progress and there is significant imperative for those charged with promoting the development of the city to work together if our ambitions are to be achieved.

The OECD (Organisation for Economic Cooperation and Development) undertook a study on Belfast in 2008 as part of its LEED (Local Economic and Employment Development) work¹¹. This report noted that the success of Belfast is critical to the success of Northern Ireland and, in turn, essential if all communities are to enjoy the benefits of a more peaceful and harmonious society. It suggested that this could only come about by a range of local, regional and national interventions and that “a clear national framework of strategies and goals is required and, at the local level, effective leadership, development tools and investment resources must be available to help make development and sustainable growth happen”.

The Northern Ireland Executive’s Programme for Government 2008-2011 includes the development of a dynamic, innovative economy as its key priority. Belfast is home to two universities and a further education college, each of which has significant research facilities and expertise which could be used to enhance the competitiveness of our existing businesses and support additional investment. Despite this, the OECD report concluded that “knowledge economy activity is still a ‘hidden jewel’ or ‘unknown asset’ in Belfast which is critical in the transition both to a more mixed economy and as a means to stem the continued outflow of highly skilled talent and to continue to attract talent from outside”.

The public sector continues to be the major employer in the city by some margin and the private sector is largely composed of micro-businesses. Half of all foreign direct investment (FDI)

¹¹ OECD, 2008 *Local economic strategy series: review of Belfast*, Paris

plants across the region are located in the city but the most significant growth in employment in recent years has been in lower-level service sector employment, particularly in retail (although this sector has been disproportionately affected by the recent downturn).

Business start-up levels in Belfast (and in Northern Ireland as a whole) remain stubbornly below the UK average. Figure from the 2008 GEM (Global Entrepreneurship Monitor) report for Belfast¹² indicate that the figure for early stage entrepreneurship was 3.2% which equates to around 4,500 individuals involved in a new business venture creation – from considering the idea to actually starting up a business. This compares to 4.8% in Northern Ireland as a whole and 5.5% for the UK.

Investment in R&D (research and development) in local businesses also lags behind the UK average. In-house expenditure (that carried out on the company's premises) saw a 3.6% drop from 2007-2008, against a 1.7% growth across the rest of the UK¹³. Northern Ireland has among the world's lowest percentage of GDP invested in research and development – just over 40% of the UK average.

The economic inactivity rates alluded to earlier are geographically focused (particularly in the north and west of the city) and are not forecast to improve to any extent over the next decade. This presents a significant drain on an already stretched public purse and represents a missed opportunity for engagement in the wider development of the city. It also risks placing a brake on future development.

A report carried out by Oxford Economics in early 2008 noted that 47 out of the 51 wards in Belfast were below the government employment rate at the time with 12 wards projected to have employment rates under 50% in 2015 (note: pre-recession projections). Differences in resident employment rates vary from 77% to 32% while the difference in the graduate share of working age population ranges from 59% to 2% across the council wards. This presents a clear case to address the problems of inactivity and poor levels of skills attainment, given that the market is not currently addressing the problem and does not appear likely to do so in the future.

¹² Hart, M. (2009) *Entrepreneurial activity in Belfast: results from the LEM Northern Ireland 2008 Survey*, Aston Business School

¹³ http://www.detini.gov.uk/ni_r_d_statistics_2008.pdf

Why develop this plan?

The previous LED strategy “Sustaining Competitive Advantage” concluded in March 2010. As previously acknowledged, this strategy was developed in a very different economic and operational environment.

The one year plan will address the immediate imperative of supporting businesses through this difficult period and tackling key employment challenges. At the same time, it will provide space for the development of an integrated economic strategy for the city, in conjunction with Invest NI and other key partners, in line with the new regional economic development strategy to be completed by Autumn 2010.

The plan will also tap into the growing ambition of Belfast City Council as a civic leader, taking seriously its role in shaping the city’s economic future, in conjunction with its partners. Equally, it will consider how the role of the Council as an economic generator in its own right can be maximised.

How will this plan be delivered and managed?

This plan will be driven by the council’s Development Committee and regular reports on progress will be brought to the committee.

The activities within the plan will be delivered in collaboration with a range of partners including Invest NI, other government departments, local enterprise agencies, universities and colleges and local communities.

The learning from these activities will feed into the council’s wider ambition to create better opportunities for success across the city. Equally, it will be used to inform the content of a new integrated plan, to be in place from April 2011.

Proposed approach

Despite the relatively narrow legal, institutional and financial framework within which councils' local economic development activity takes place in Northern Ireland, this plan seeks to deliver an ambitious range of actions which will address both the short- and long-term challenges of our economy.

However we recognise that, by collaborating with our partner agencies, we can not only achieve economies of scale but also make a more significant impact on those areas of greatest challenge.

Therefore, one of the underlying principles of this plan is the need for a partnership approach, both in the development and delivery of the proposed activities.

The second principle that we want to explore is how we can maximise the economic benefit of the council as a whole. While the LED function interacts with over 1000 businesses a year, many other companies engage with the council through our other services such as licensing, waste management, street cleansing and procurement. We will seek to harness to value of these services and consider how, collaboratively, we can help our local companies achieve their potential.

We also want to ensure that our activity is needs-led. As such, we continue to use as our baseline both published and commissioned research on the key issues within this report and also engage in the sharing of best practice, to ensure that we can learn from our partners elsewhere.

Finally, we want to ensure that there is sufficient flexibility within this plan to respond to a changing environment. The events of the last year have taught us that the long-term economic projections have had to be re-cast and that new, imaginative solutions to the current problems are required, whilst not losing sight of the longer-term ambitions for competitive, sustainable economies.

This is a plan for LED activity in which Belfast City Council is engaged either directly or in partnership. It takes account of wider governmental strategies and plans including the work of Invest NI and Department for Employment and Learning (DEL) in particular and recognises the vast range of activity undertaken by many agencies at local and regional level with a view to enhancing Belfast's economic growth. Its activities, we hope, complement the existing offering and respond to the needs of the business sector, as expressed to us through our ongoing engagement and through our consultation for this plan.

The emphasis of this plan is placed firmly on supporting the local business community to enhance its own competitiveness and growth potential through a range of support interventions. We have set a number of challenging but measurable targets in order to ensure that we are making an impact but it is important to recognise that the investment made may take some time before its impact can be demonstrated.

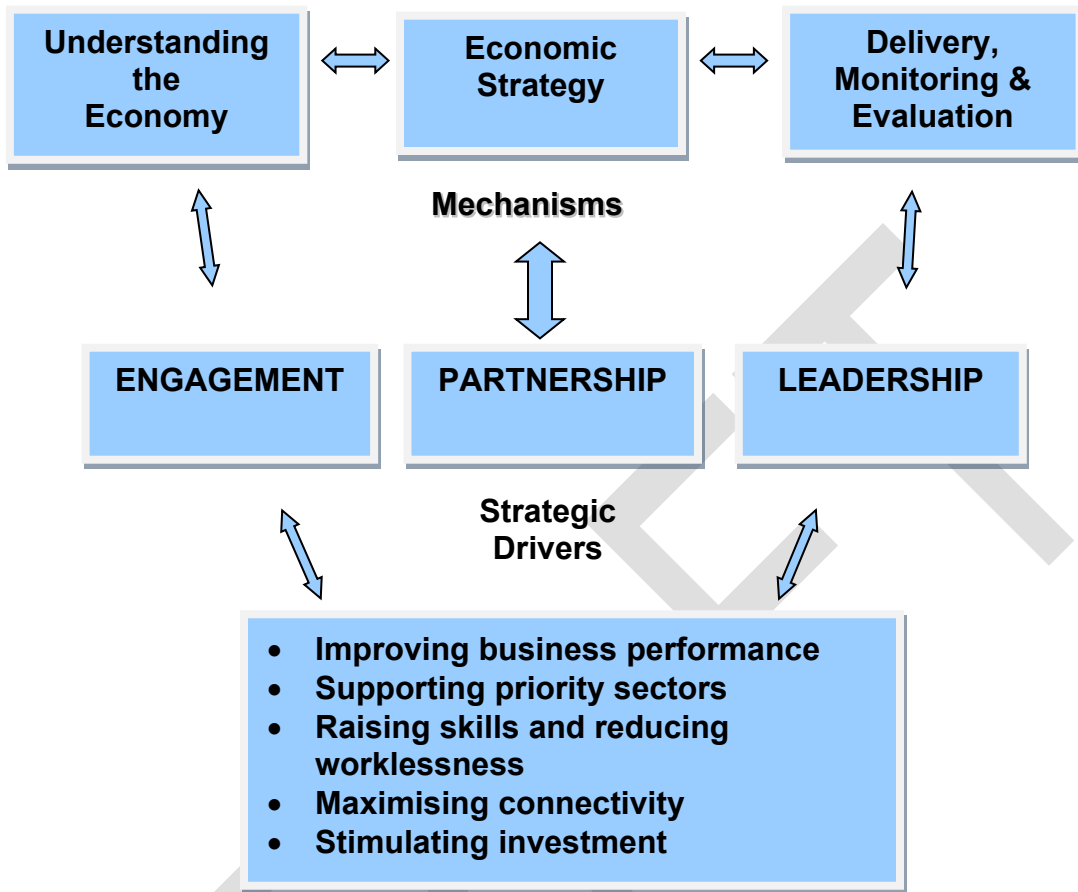
The template for the plan is based on a framework developed by the Improvement and Development Agency (I&DEA) entitled "Driving Economic Prosperity"¹⁴. The template has been adapted to meet the local needs in our city. It brings together the spatial and thematic elements of economic development into a coherent single strategy, with sustainable development at its core.

The plan contains five strategic drivers. These are:

- 1. Improving business performance**
- 2. Supporting priority sectors**
- 3. Raising skills and reducing worklessness**
- 4. Maximising connectivity**
- 5. Stimulating investment.**

Under each of these strategic drivers, there are a number of priority areas and associated outputs. Equally, the work is underpinned by ongoing research and continuous engagement with businesses to ensure a thorough knowledge of the economy. It is delivered in partnership with other business support agencies and assumes a strong local government leadership role in the local economy. Finally, an evaluation framework allows us to capture both the impacts and the outputs from our investment. This can be illustrated as follows:

¹⁴ www.idea.gov.uk



Strategic Driver 1: Improving business performance

Developing the existing business base and increasing entrepreneurial activity are widely recognised as critical drivers of economic prosperity. Successful cities typically exhibit high company birth rates, survival rates and a high rate of churn.

Belfast's industrial heritage captures the spirit of a vibrant, dynamic city as the forefront of innovation within its key industries. Today's city has changed significantly: the sectoral make-up has shifted towards the service sector, while public sector employment continues to dominate. Belfast is predominantly a city where people are employed rather than operate their own business; while recent figures show that the number of people starting their own business has increased, there is still some way to go. The 2008 GEM report for Belfast highlights the importance of making targeted investment in entrepreneurship support activities among specific groups (e.g. university graduates, social enterprises).

Recent research by the National Endowment for Science, Technology and the Arts (NESTA)¹⁵ makes the case that a small number of high growth businesses are responsible for the lion's share of job creation and prosperity, and that innovation is instrumental in the success of these businesses. Belfast is home to two world-class universities, each of which has research expertise in a range of fields including engineering, healthcare, software development, environmental management and sonic arts. There is considerable potential to enhance collaboration between academia and the business community, allowing companies to avail of these leading research facilities.

Globalisation and the accompanying intensification of competitive pressures are rapidly changing the context in which Belfast's companies operate. Business and Government are challenged to respond to globalisation by boosting our competitiveness, and that means raising our productivity. The Government has identified five drivers of productivity: investment, innovation, skills, enterprise and competition.

The Northern Ireland Executive's Programme for Government 2008-2011 includes the development of a dynamic, innovative economy as its key priority. Within this, the focus is on

¹⁵ NESTA, *The vital 6 per cent: how high growth innovative businesses generate prosperity and jobs*, October 2009

addressing the structural weaknesses in our economy and focusing on growing the private sector including small and medium indigenous enterprises. It is also suggested that priority should be given to supporting growth in well-paid high-skilled jobs. However, there is also a commitment to developing the social economy, recognising the important contribution that such local economic activity promotes in both social objectives and in sustainable community development.

While some progress has been made of late, there is still some way to go. The recent Belfast City Council business survey highlighted the fact that less than half of our businesses are engaged in exporting activity (44%); less than half have a formal written business plan (47%) and over a quarter (27%) of businesses are wholly reliant on the public sector for all their business. Business have told us that they require specific support on sales development, exporting, accessing public procurement opportunities and strategic development.

The initiatives to be undertaken in this priority area will focus on improving all measures of productivity with a view to sustaining and building on recent improvements in an increasingly difficult operating market. We will also help companies identify future growth areas and will help them enhance their opportunities of winning new business through tendering opportunities. In addition, we will develop innovative approaches to helping local companies win business from some of the key development in the city e.g. Titanic Quarter.

Priority areas

We will focus our work around six priority areas:

- **Increasing business formation and survival**
- **Encouraging innovation and improving productivity**
- **Increasing environmental stability**
- **Developing new markets**
- **Supporting and retaining key businesses**
- **Promoting supply chain development and procurement opportunities.**

Increasing business formation and survival

We will work to increase both the volume and value of new business starts in the city and will work with existing businesses to help them address growth challenges and enhance their competitiveness.

Encouraging innovation and improving productivity

We will help our companies invest in product and process development initiatives, encouraging them to think about new ways of doing things that can improve their productivity.

Increasing environmental stability

We will help our companies consider business improvement initiatives by looking at environmental solutions and will promote sustainable procurement practices.

Developing new markets

We will encourage our companies to consider exporting for the first time and will also help them look at new markets.

Supporting and retaining key businesses

We will work with our existing businesses to understand how we can support their further development and will encourage the development of local supply chains, where possible.

Promoting supply chain development and procurement opportunities.

We will maximise the business opportunities arising from our key development sites and will look again at our internal procurement processes, with a view to enhancing uptake by small business and social economy businesses.

Targets

Our targets under this strategic driver include:

- At least 200 people to participate in events and programmes around pre-enterprise, exploring enterprise and business start-up. At least 20 new businesses to start up
- 350 businesses to take part in business support programmes on issues such as sales growth, franchising, export development and access to procurement. Minimum 10% increase in turnover target for all participating businesses
- 1200 businesses to attend workshops, seminars and business events.

Strategic Driver 2: Supporting priority sectors

Competitive economies tend to be those with clearly identifiable specialisms or clusters of activity which stimulate productivity growth. However successful business locations also need to be able to respond rapidly to changing market demand, harnessing the unique features or assets to enhance the businesses already present in that location while also attracting new ones.

Belfast's early industrial heritage saw it uniquely identified as a leader in shipbuilding rope making and linen production. This heavy manufacturing has given way to new sectors with the city's economy becoming more diversified. However it remains over-reliant on the public sector – like the Northern Ireland economy as a whole.

The recent OECD report on Belfast underlines the importance of focusing on an agreed range of sectors and investing in their development as a way or leveraging future investment returns. Support programmes, sector leadership, new commercial and industrial premises, skills development and a new entrepreneurial culture are just some of the elements which are needed to help develop Belfast companies and allow them to grasp new opportunities in regional, national and international markets.

The economy is an increasingly global one and, unable to compete on costs, we must identify those areas in which we have a distinct offering and build clusters of activity and support around those.

Belfast City Council has recently commissioned a range of specialised research to identify which business sectors are most important to the economy and which are likely to become increasingly so in the coming years. We will continue to work with our partner agencies to consider how we can invest in those sectors in which future growth is likely.

In this current plan, we will focus on a range of business sectors identified as providing significant added value to the city. These include:

Advanced manufacturing

Although the relative value and worth of the manufacturing sector in Belfast has significantly decreased in recent years, the city is still home to a number of innovative market leaders in a range of niche manufacturing fields. Over 10,000 people are employed in 385 manufacturing companies. This is in contrast to most other cities where manufacturing businesses are practically non-existent.

Availing of the research expertise at the local universities, there is an opportunity to explore new product and process development support initiatives between business and research. There is also an opportunity to explore additional clustering opportunities with larger manufacturing companies, increasing supply chain development initiatives.

Connected Health

Northern Ireland is at the core of an exciting initiative to promote connected health through the European Connected Health Campus, located at the Science Park in Belfast.

The aim of this collaborative research and industry initiative is to promote improvements in patient care through the use of technology as well as fast tracking new products and innovation in health and social services by bringing together internationally renowned names within the healthcare field.

Belfast is already home to a number of innovative companies in the medical devices, sensor technology and software fields with proven expertise in the international connected health world. Through the linkages and networks offered by the European Connected Health Campus, there is an opportunity to encourage local businesses to engage in international collaboration and to stimulate further commercialisation of the research undertaken at our two universities.

Creative industries

The creative industries are growing in importance as a major business sector in Belfast. It is estimated to employ 16,000 people in over 1000 businesses. In the main, these are small companies but many show significant growth potential, given the right support.

In order to underpin the development of the creative industries sector in Belfast, we will develop and deliver a range of mentoring, sales development, marketing and promotion and product development initiatives for the creative industries businesses in Belfast. Our key sub-sectors demonstrating maximum potential for future growth include film and television, digital media, music, fashion and design.

We will also continue to explore opportunities for specific support infrastructure for the sector including incubation support and additional business space.

Environmental technologies and renewables

Within Belfast's well established advanced manufacturing sector, there is extensive experience in areas of renewable energy such as wind and marine, coupled with an abundance of skills that can be transferred to other renewable energy sources. Local research institutes based at Queen's University specialise in environmental engineering, energy from biomass and developing sustainable technologies. There is an opportunity to translate that research into commercial opportunity by raising awareness of the potential of the sector and building mutually beneficial clusters to address current and future needs.

The North Foreshore masterplan¹⁶ identifies the opportunity to create an Environmental Resource and Recovery Park (ERRP) on the site. This will act as a focal point for the development and future of the sector, providing development sites suitable for environmental and waste management businesses involved in reducing waste, recycling materials, environmental research and renewable energy.

We will work with our private sector partners to understand how this element of the site can be taken forward for the future economic development of the city.

ICT and software development

Belfast's growing ICT sector offers expertise in a number of key areas including mobile telecoms, financial software, information management, IT security and connected health. Having grown rapidly in recent years, Northern Ireland is now the leading foreign direct investment region in Europe for

¹⁶ <http://www.belfastcity.gov.uk/northforeshore/>

software development centres and IT technical support centres. The majority of this investment is based in Belfast, tapping into the research and talent pool created by the city's universities and colleges.

The region is also home to a vibrant cluster of indigenous software firms, many of which are leading global players. Particular areas of expertise include wireless, Internet and financial services software, customer relationship management (CRM) and information management. This offers a ready supply chain for the international businesses.

We will develop a range of business development programmes and mentoring initiatives to support companies in this sector reach their potential and compete in international markets.

Independent retail

Belfast has been fortunate to receive significant investment in its retail offering in recent years, culminating in the opening of Victoria Square in 2008. This investment doubled the retail floor space in the city centre and offered new brands and attractions, bringing visitors from across the region and wider afield.

However we are conscious of the contribution that local, independent retailers can make to a city. They provide a diversity of offering and ensure that local communities and neighbourhoods have access to vital services. 3000 people are employed in the sector, working in 700 outlets. Equally, we have estimated that over half of the retail outlets in the city centre are independent retailers and this is an important and unique offering for those who travel to Belfast – breaking the “clone town” syndrome that is prevalent in some many other large cities.

We will invest in our local independent retailers to improve their business skills, help them market their services both individually and collectively and provide animation support to complement their offering and ensure that people continue to use the local facilities.

Social economy

It is estimated that there are over 1,000 social enterprises in Northern Ireland and that social economy activity accounts for approximately 5% of economic activity. The social economy can be an important driver for regeneration and neighbourhood renewal.

Following investment in the sector in recent years, there is a growing interest in groups exploring the social economy model as a sustainable revenue stream, given the increasing pressure on public budgets. There are numerous examples of best practice in Belfast and these have created an appetite for more groups to establish social economy businesses.

Working with our partners in Invest NI, we will continue to support the development of the social economy sector in the city, particularly at pre-enterprise level. We will also encourage social economy businesses to avail of all our business support programmes, aiming to have a percentage of representation from the sector in all our business growth initiatives.

Tourism development and hospitality

The hospitality sector has been one of our key growth sectors in recent years – currently employing around 17,000 people in the city within accommodation, bar and restaurant and visitor attractions. However it has suffered considerably since the downturn. We will continue to work with our partners within the industry and its representative bodies to promote excellence in service standards, increase employment opportunities and develop new products to attract additional tourists to our city.

In doing so, we will build on the potential of major investment initiatives such as Titanic Signature Project and will seek to maximise employment opportunities for local people as well as focusing on service excellence.

Targets

Our targets under this strategic driver include:

- 180 businesses to take part in sector-specific business support programmes on issues such as process development, marketing, resource efficiencies and product development.
Minimum 10% increase in turnover target for all participating businesses.

3. Raising skills and reducing worklessness

The unemployment register has become swollen in an unprecedented manner over the last 18 months. Unemployment levels in the city current sit at around 7.2% - with over 11,300 people currently claiming unemployment benefit (Jobs Seekers Allowance). From an intervention perspective, it is important to note that young people and the long-term unemployment feature predominantly among these figures. Worryingly, for many young people, this could mean that they have never had an opportunity to find employment.

The level of incapacity rate claimants – the economically inactive – is also a significant concern. Currently, almost one in three of those eligible to work are not in employment. These are numerous reasons behind this, particularly those categorised as long-term sick or those looking after family/the home. However, looking forward, the forecasts suggest that, in the absence of any major welfare reform programme, there is unlikely to be a significant improvement in this figure, even over a 10 year period.

Belfast now profiles itself as a modern, dynamic economy, focused on the new, knowledge-based industries. With that in mind, the projections are that half of all future jobs will require graduate level qualifications while only one in 7 jobs will be available for those with basic qualifications.

Given the geographical disparities in skills levels, the inference is that the parts of the city are likely to remain unaffected by its future growth. In the 2001 Census year, the difference in the graduate share of working age population ranges from 59% (Malone) to 2% (Crumlin). The census also reported 14 wards with less than 50% resident employment. By 2015, 12 of those wards are to remain in this classification. These wards are concentrated largely – but not exclusively – in the north and west of the city. At this level of employment these areas look set to remain acutely disadvantaged and largely unaffected by Belfast's future economic growth.

At the upper end of the market, anecdotal evidence suggests that there are still skills shortages in some parts of the ICT and software development sectors, particularly those posts requiring “niche” experience that is unlikely to be available in Northern Ireland, given its relatively recent growth e.g. security software.

The principal responsibility for employment and skills development issues remains with the Department for Employment and Learning (DEL). We have been working closely with DEL and other partners over the last year as part of the Belfast Employability and Skills Board with a view to gaining a consensus on targeted initiatives to address the city's employment and skills challenges. This work will be carried forward in the coming months as we aim to agree on a number of collaborative initiatives.

Priority areas

We will focus our work around three priority areas:

- **Addressing barriers to work**
- **Improving basic skills and employability**
- **Local recruitment and development opportunities.**

Addressing barriers to work

We will continue to work with those facing the most significant challenges and at greatest distance from the labour market, developing bespoke support services to help them move towards employment.

Improving basic skills and employability

We will develop basic skills levels among those in employment as a means of career progression and will help and those seeking to find work to acquire their basic skills.

Local recruitment and development opportunities

We will maximise the employment opportunities from the Titanic Quarter, by incorporating social clauses into all public contracts and will work with all employers on the site to develop targeted employment initiatives.

Actions

- Completion of year 3 of the HARTE programme – at least 60 long-term unemployed to take part with at least 30 finding employment following their participation in the programme.
- Roll-out of the Step Up to Work initiative within Belfast City Council and collaboration with other partners to consider how it can be extended
- Establishment of TQ Work partnership to maximise job opportunities emerging from the Titanic Quarter site across all sectors.

- Identification of collaborative initiatives with Belfast Employment and Skills Board partners to address other employment challenges for specific groups or target areas e.g. youth unemployment.

Targets

Our targets under this strategic driver include:

- Completion of year 3 of HARTE programme for 60 long-term unemployed people; at least 30 to find permanent employment
- Collaboration with Human Resources to maximise uptake of Step up to Work initiative
- Delivery of TQ Work initiative, providing access to employment for at least 100 long-term unemployed in the area.

4. Maximising connectivity

We recognise the fact that, if Belfast is to become a successful city, it must do so in a sustainable manner. This means ensuring that all citizens have access to the opportunities created by the city's economic growth. Equally, it means investment in the appropriate infrastructure to ensure accessibility to services and employment. Digital connectivity is a keystone of economic growth for today's knowledge-based economies and, if we are to sell ourselves as a global competitor in these industries, it is critical that we have the technological infrastructure in place to substantiate this claim.

As previously noted, Belfast is characterised by significant disparities in terms of access to employment, skills levels, educational attainment and social mobility. While 200,000 people work in the city on a daily basis, more than half that number travel into the city for employment – mainly from adjacent districts. This places significant pressure on the infrastructure system, particularly the traffic infrastructure. While the city created an estimated 30,000 jobs in the decade from 1998-2008, the employment rate in the city did not alter significantly. This suggests that those living outside the city benefited more from the employment growth than Belfast residents. The OECD report on Belfast noted that, unlike most other cities, there is significant potential for further economic development in the city, particularly using brownfield sites that are now vacant. These sites present an opportunity and a challenge, not only in their remediation, but also in ensuring that the development fits with the surrounding landscape and does not happen in isolation from adjacent communities. The Titanic Quarter is the most advanced of these sites at present and, in order to maximise its potential, we have entered into a Memorandum of Understanding (MoU) with Titanic Quarter. This establishes a series of actions around employment, tourism development, access to the site, housing provision, community outreach and open space.

Government in Northern Ireland has recognised the importance of investment in new technologies and DETI has recently commenced the roll-out of a £50 million pound next generation broadband project across the region. This guarantees minimum 10MB (up to maximum 40MB) per second speeds and will be particularly important for the business sector which is demanding increasingly greater bandwidth for their operations. The new Project Kelvin communications cable will also bring super fast connectivity to Northern Ireland and the

Republic of Ireland. The cable has 8 designated points of presence (POPs) in Northern Ireland and 6 in the Republic of Ireland. The POP in Belfast is located at the Northern Ireland Science Park. This will support the further growth of the knowledge industries in that location and should act as a magnet for further investment of this nature.

Targets

Our targets under this strategic driver include:

- Agreement with community and statutory partners on focus on TQ Thematic Working groups and agreements on key projects and actions for each of these
- Promotion of new communications infrastructure to local small businesses to enhance the uptake by them.

5. Stimulating investment

While it is widely acknowledged that the climate for inward investment is extremely difficult at present, there are indications that Belfast continues to punch above its weight. The city attracts the largest number of software development projects in the UK outside of London while Northern Ireland is the most successful region in the UK (on a per capita basis) at attracting Foreign Direct Investment.

Belfast is an attractive proposition to an inward investor. It has the most competitive office rental rates in the UK and, as noted, will have full access to next-generation broadband by 2011.

The city's two universities account for almost 60,000 students. Queen's University, Belfast is a member of the influential Russell Group of universities while 86% of the University of Ulster's research activity was judged to be of international quality in the 2008 RAE assessment.

The city has two airports which were used by over 8 million people in 2008. The Port of Belfast is currently the second largest port on the island of Ireland, handling almost 60% of Northern Ireland's seaborne trade and 20% of the entire island's sea traffic.

Belfast's tourism growth in recent years has been significant: in 2009, over 9million people visited the city – a growth of 2million on the previous year, despite the economic difficulties. Tourists are attracted to the city because of its natural assets and the new leisure and retail assets that have been developed in recent years. However they also come to participate in its busy events programme: Belfast hosted the Tall Ships in 2009 and is planning a series of events and developments in 2012 to commemorate the centenary of the launch of the Titanic which was built at Harland and Wolff shipyard in the city.

The impending US investment conference in October 2010 provides an opportunity to sell the city to a range of international investors, many of whom have demonstrated interest in bringing high value added, well-paid jobs to the city. This opportunity must be seized as we seek to address our short-term economic concerns and build for the longer-term economic growth of the city.

Invest NI is the key economic development agency for the region and has responsibility for delivering and supporting Foreign Direct Investment (FDI) – as well as indigenous business development. We will continue to collaborate with them to ensure that we use all possible opportunities to sell Belfast to potential investors. Equally, we will work with partner organisations including colleges and universities to ensure that the skills required by potential investors are provided by these institutions.

Our partner organisation – the Belfast Visitor and Convention Bureau (BVCB) – plays an important role in marketing the city to potential visitors. The development of the “B” brand and its roll-out offer opportunities for further collaboration in promoting Belfast as a business destination which has a clear sense of purpose and which benefits from significant institutional collaboration in bringing development projects to fruition.

Despite the downturn, almost £500million of development projects was unveiled in Belfast in 2009. We are currently working with our private sector development partners to influence and shape a range of development schemes with a combined value for around £3billion. We need to continue to support our private sector partners in bringing these projects to fruition and, where these do occur, we should seek to maximise the benefits for the entire city from this investment.

However, in addition to investment in our city, we must support our local businesses to look beyond city and national boundaries in their work and to consider developing new markets. Through our contacts and networks, including the World Trade Centre network, we will help local businesses develop new supply chains and consider growth in international markets.

Targets

Our targets under this strategic driver include:

- Development of an agreed approach to participation in key events e.g. MIPIM, to promote the major development opportunities in the city
- Enhanced collaboration with Invest NI on inward visits by potential investors to the city
- Engagement with Invest NI on US investment Conference in October 2010 to sell the city to its maximum potential.