



Report to: Development Committee

Subject: Opportunities for Investment report – follow-up actions

Date: 15 April 2014

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1	Relevant Background Information
1.1	Members will be aware that Belfast City Council recently commissioned a report on barriers to investment in Belfast. This work was undertaken by Mike Smith and Denis Rooney.
1.2	Their report was based on a stakeholder engagement exercise which identified the types of barriers – perceived and real – experienced by investors in Belfast. They also considered the investment criteria used by some major global organisations when choosing locations. Furthermore they considered key stakeholder actions to improve the attractiveness of Belfast to investors.
1.3	An outline of the report was presented to the party leaders and their representatives at a meeting hosted by the Lord Mayor on 26 February 2014. Following discussion, it was agreed that a report be brought to the Development Committee to identify a number of action points arising from the work and to consider possible ways forward.

2	Key Issues
2.1	The Rooney Smith report, as presented to the Elected Members at the end of February 2014 was entitled “Opportunities for Investment”. This reflected the focus on identifying the required organisational shift as well as the potential to exploit the city’s key strengths in order to increase the volume of investment.
2.2	The report involved an interpretation of interviews and questionnaires undertaken with 27 key individuals and organisations that were directly or indirectly involved in encouraging and supporting investment in Belfast. These included representative bodies (e.g. CBI, IoD), government departments with city centre responsibility, financial organisations, property developers, private equity institutions and key experts such as economists. Key questions asked were: <ul style="list-style-type: none"> 1. List what you think are the positive aspects about Belfast which

	<p>encourage investment</p> <ol style="list-style-type: none"> 2. List what you think are the most negative aspects which discourage investment 3. List any policy initiatives which the city council and/or statutory agencies could do to encourage investment 4. List any key development projects which need to be prioritised in the city 5. List any initiatives which you have witnessed in other cities and which should be considered in Belfast.
2.3	In response to question 1 regarding the positive aspects supporting investment, responses focused on the competitive cost base, the skilled workforce, quality of life and good transport connections.
2.4	The issue which had the most negative impact on investment was identified as community tensions and unrest, followed by lack of a single political leader for the city, difficulties in accessing finance, delays within the planning system and lack of skills relevant to business requirements (interestingly seen as both negative and positive).
2.5	With regard to policy initiatives that should be accelerated, responses focused on the opportunities presented by enterprise zones (which are now a potential option for Belfast to pursue, given the recent designation of an enterprise zone in Coleraine). This was followed by greater collaborative promotional campaigns for the city as well as a reduction in corporation tax.
2.6	When asked which development projects needed to be prioritised in the city, responses focused on Royal Exchange, followed by University of Ulster and Titanic Quarter.
2.7	Finally, with regard to which other cities were seen as examples of good practice, Manchester was identified by most respondents, followed by Edinburgh, Chicago, Glasgow and Barcelona.
2.8	In their summary of the responses, Mike Smith and Denis Rooney suggested that the key areas where Belfast needed further work included addressing the collective attitude to risk – particularly in the public sector. This has a knock-on effect on private investor confidence. They also considered that there was work to do to explore how a more coordinated approach to dealing with investor enquiries could be established among those agencies responsible for this work. While the public agencies involved in this activity considered that the current approach worked well, private sector representatives questioned felt that it was somewhat uncoordinated. As an extension of this point, they felt that there was some work to do to improve collaboration and engagement between the public and private sectors. While they acknowledged that this was happening to some extent, they considered that there was an opportunity for a more informed and strategic dialogue to help shape the city's economic future and maximise opportunities for growth.
2.9	In addition, they suggested that the lack of lending was continuing to impact negatively on business growth and investment. They noted that there was an opportunity – with the expansion of UU in Belfast – to create an improved engagement with the two city universities. Finally, they suggested that local government reform will place the Council in a much stronger position than is currently the case, giving it a more pivotal role to play in generating investment in the future.

2.10	<p>Rooney and Smith identified the main criteria used by key global organisations in identifying preferred investment locations. These included:</p> <ul style="list-style-type: none"> - Good operating environment - Cost competitive operating structures - Low political/economic risks - Good education system - Good labour pool with the ability to scale up - Good IP/data security - Good government incentives - Good physical and IT infrastructure - Efficient, non-bureaucratic government.
2.11	<p>They noted the importance of external (FDI) investment not only in creating jobs but also in trying to rebalance the public/private sector employment ratios in the city and improving wage levels.</p>
2.12	<p>Taking account of the research findings, Rooney and Smith made a number of recommendations around practical actions that might be undertaken to address the issues identified. One of the key lessons emerging was the importance of Belfast standing out from the rest and focusing on its key strengths – where these existed – as well as identifying those areas of challenge where more work is required to improve the offer. In this regard, they pointed to the investment approach undertaken by a number of key cities and demonstrated how a focused approach was beginning to pay dividends for these locations.</p>
2.13	<p>In order to help Members agree priority actions arising from this work, it is recommended that we engage with OCO – a local company that works on behalf of multiple global economic development agencies including UKTI and World Bank. We could invite the company Chief Executive to attend a future meeting of the Development Committee to illustrate the approach undertaken by other locations and to help Members consider how the city, collectively, can work to maximise investment and economic growth by taking a focused approach to this work.</p>

3	Resource Implications
3.1	There are no specific resource implications.

4	Equality and Good Relations Considerations
4.1	There are no specific equality and good relations implications attached to this report.

5	Recommendations
5.1	<p>It is recommended that Members:</p> <ul style="list-style-type: none"> - Note the key findings of the recent work undertaken by Mike Smith and Denis Rooney on “opportunities for investment in Belfast” - Invite a representative from OCO to illustrate the approach undertaken by other locations to attract investment and to help members identify priority actions required to maximise investment and economic growth in the city

6	Decision Tracking
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Presentation to be arranged at next meeting of the Development Committee.

Timeline: June 2014.

Reporting Officer: Lisa Toland.

7	Key to Abbreviations
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CBI – Confederation of British Industry

IoD – Institute of Directors

UKTI – UK Trade and Investment

8	Documents Attached
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Appendix 1 – Opportunities for Investment report