



<b>Subject:</b>	Request to present to Committee – Ulster University Economic Policy Centre
<b>Date:</b>	14 <sup>th</sup> September 2016
<b>Reporting Officer:</b>	Donal Durkan, Director of Development
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<b>Is this report restricted?</b>	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
<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</b>
1.1	As part of the ongoing commitment to hold regular strategic sessions and following Committee request in January 2016 to receive regular briefings from the Ulster University Economic Policy Centre (UUEPC), it is proposed that Committee receive an economic briefing and presentation from Professor Neil Gibson at its October meeting.
1.2	Members will be aware that in March 2015, the Council agreed to contribute to the work of the UUEPC which will enhance the Council's ongoing analysis and monitoring of the city economy and support the underpinning evidence base for the Belfast Agenda and the emerging economic outcomes for the city.
1.3	Growing the Belfast economy, creating more and better jobs and improving skills and employability in the city have been identified as key priorities by stakeholders and residents in the development of the Belfast Agenda. The 'Business and Economy' priority theme

<p>1.4</p> <p>1.5</p>	<p>provides the focus for programmes of work that include the City's role as the regional magnet for inward investment; the need to secure long term economic growth; the importance of our city centre not only for the city but for the entire region; the issue of skills and employability; the need to continue to build on the potential of tourism. This approach aims to support inclusive economic growth and social regeneration in the city.</p> <p>As the Committee is responsible for setting the direction for the Council in terms of cultural and economic regeneration and growth, this briefing provides the opportunity to contextualise and consider the city and regional economic conditions and forecasts to inform future direction and priority setting around key inter-related programmes of work for the Council - growing the economy, employability &amp; skills and city development.</p> <p>Committee has previously supported the Council's work to position the city internationally, in terms of events, tourism and its international relations framework, as well as its ongoing work with city partners in terms of promoting the city as a place to invest, visit, study and work in. In August 2016, an overview of the current business support programmes for business start-up and growth, including social enterprise was noted and detailed proposals to take this support forward will be brought back to Committee next month. Members are asked to consider the economic briefing in the context of the decision for the UK to leave the EU and the pressing need to develop new approaches to address the city's persistent challenges as a result of high levels of economic inactivity, low skills levels and the need to grow the private sector.</p>
<p><b>2.0</b></p>	<p><b>Recommendations</b></p>
<p>2.1</p>	<p>The Committee is asked to:</p> <ul style="list-style-type: none"> <li>- Agree to receive a presentation from Professor Neil Gibson, Ulster University Economic Policy Centre at the next Committee meeting.</li> </ul>
<p><b>3.0</b></p>	<p><b>Main report</b></p>
<p>3.1</p>	<p>The Ulster University Economic Policy Centre (UUEPC) is an independent economic research centre focused on producing evidence based research to inform policy development and implementation. It engages with all organisations that have an interest in enhancing the Northern Ireland economy and its work is relevant to Government, business and the wider general public. The Centre's Advisory Board includes Belfast Harbour Commissioners, Department for the Economy, First Trust Bank, Ulster University, and Department of Finance. Belfast City Council is the first local government member. Derry</p>

	<p>City and Strabane District Council are now also members.</p>
3.2	<p>The Centre has developed a macroeconomic model for Northern Ireland providing a comprehensive set of economic data and forecasts which will help assess the impact of potential policy initiatives on the Northern Ireland economy and contribute effectively to the policy debate. The Centre has also developed a Skills Barometer for Northern Ireland which assesses the current and emerging skill needs by sector, as well as forecasting future skill needs in Northern Ireland. This work will directly inform how the Council approaches its keys priorities to address the city challenges of supporting business start-up and growth and addressing the skills and employability issues in the city, as outlined in the Skills &amp; Employability Framework, agreed by Council in July 2016.</p>
3.3	<p>In July 2016, the Economic Advisory Group published an assessment of Northern Ireland's competitiveness<sup>1</sup>. As more competitive economies enjoy higher levels of growth, it concludes that action is required to boost relative competitiveness in order for the NI economy to grow which will deliver higher standards of living for the whole population. Core to this assessment is the UUEPCs work on the Competitiveness Scorecard. The aim of this work is to identify strengths, weaknesses and changes in direction of travel across a range of policy areas, including the Programme for Government. A summary of the scorecard performance is attached as Appendix 1.</p>
3.4	<p>The scorecard highlights very good performance in terms of broadband coverage, FDI jobs created, cost to rent prime office space, value of bank loans approved and number of SME bank loans approved. It concludes that the positives for the Northern Ireland economy are: 'business performance has improved driven by a strong FDI proposition, with environmental sustainability and quality of life also moving in the right direction'. However, overall Northern Ireland's competitive ranking is low 'reflecting its weak performance on productivity, employment &amp; labour supply and micro &amp; fiscal sustainability'. It states that the region must focus on longer term issues around competitiveness and that the scorecard should continue to be developed and updated every two years to measure the effects of policy.</p>
3.5	<p>While this report is focused on the region as a whole, there are examples of assessments of city performance. For example, Centre for Cities carry out an annual comparison of the performance of 63 UK cities and Oxford Economics updated the Belfast competitiveness study in 2015. While not directly comparable, the research provides a Belfast focus and</p>

<sup>1</sup> <http://eagni.com/wp-content/uploads/2016/08/EAG-Competitiveness-Summary-Report.pdf>

reinforces the key messages and issues raised in the Northern Ireland competitiveness summary, as outlined below:

- Based on a range of indicators, Oxford Economics ranked Belfast as 33<sup>rd</sup> out of 40 European cities in 2015, an improvement on the 2010 performance of second from last. While Belfast's competitiveness has improved, growth has not been fast enough to catch up with comparator cities.
- The encouraging signs for the Belfast economy were noted as labour costs, house prices, some improving infrastructure and a strong stock of graduate labour.
- The key challenges that need to be tackled for Belfast to be truly competitive are associated with chronically high levels of economic inactivity, low private sector activity relative to the public sector, some major skills gaps and some infrastructure gaps.
- The report notes that as over half (58%) of those working in Belfast live outside the city, the workplace and resident environments differ reinforcing the need for a balanced and inclusive approach to economic growth.
- The Centre for Cities City Outlook report highlights the proportion of those with no formal qualifications, the low level of business starts and innovation as Belfast's key challenges for economic growth.

3.6

In June 2016, Committee received a report summarising some of the research on the potential implications of Brexit. While a robust assessment of the impact of leaving the EU will only be possible once the future relationship between the UK and EU has been determined, this will be a key factor in determining future policies and programmes at a regional and city level as well as the Council's plans for the City's future links and relationships with the EU and internationally.

3.7

The factors that influence economic growth do not solely lie within the local government's control, therefore strengthening business relationships and local-central government relationships is a central tenant of the Belfast Agenda as well as being critical to build the city's role as the regional driver.

3.8

The UUEPC acts as a 'critical friend' for the Council which will be central to the development of the Belfast Agenda and the key priority of growing the economy. This will be critical to ensure that the priorities, programmes and plans are firmly evidence based and targeting the areas that will have maximum impact; for example targeting business support and employability & skills programmes. The UUEPC is involved in a number of specific pieces of

<p>3.9</p> <p>3.10</p> <p>3.11</p>	<p>work for Council, including:</p> <ul style="list-style-type: none"> <li>– assessing the economic impact of the development of the Ulster University campus in the city centre (November 2015), which identified the sectors of business growth likely to develop around the university campus. Committee have agreed that this work should extend to focus on wider city centre developments. This work is currently being scoped to take account of the timescales and status of the planned projects.</li> <li>– producing economic forecasts to inform the Local Development Plan (underway) that will shape the city’s future development; and</li> <li>– preparing a position paper outlining the potential implications and re-adjustments in policy and focus that will need to be made as a result of the referendum and the UK leaving the EU (underway).</li> </ul> <p>It is proposed that the presentation and briefing will draw on these key research pieces to outline the work of the UUEPC, the key issues for the Northern Ireland economy and economic forecast, as well as what this means for Belfast as the regional economic driver.</p> <p><u>Financial &amp; Resource Implications</u></p> <p>Members will be aware that in March 2015, Council agreed to be represented on the Board of the UU Economic Policy Centre and to contribute £25,000 per annum for a two year period.</p> <p><u>Equality &amp; Good Relations Implications</u></p> <p>There are no equality and good relations implications.</p>
<p><b>4.0</b></p>	<p><b>Appendices – Documents Attached</b></p>
<p>4.1</p>	<p>Appendix 1: Economic Advisory Group – Report Overview of Northern Ireland’s Competitiveness</p>