



Subject:	Brexit: Overview of the potential impact and opportunities for the local economy
Date:	9 <sup>th</sup> August 2018
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<b>Restricted Reports</b>	
Is this report restricted?	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
If Yes, when will the report become unrestricted?	
After Committee Decision	<input type="checkbox"/>
After Council Decision	<input type="checkbox"/>
Some time in the future	<input type="checkbox"/>
Never	<input type="checkbox"/>

<b>Call-in</b>	
Is the decision eligible for Call-in?	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>

<b>1.0</b>	<b>Purpose of Report or Summary of main Issues</b>
1.1	This paper provides an overview of the work undertaken to date to inform the Council's considerations of the potential economic implications and opportunities for Belfast associated with Brexit. This is in line with the Committee's responsibility for researching, monitoring and reviewing the financial, resource or operational impact upon the Council and the district as a result of the UK's leaving the European Union
<b>2.0</b>	<b>Recommendations</b>
2.1	The Committee is asked to note the contents of the report.
<b>3.0</b>	<b>Main report</b>

3.1	<p>Given the region's unique position, as the only part of the UK that shares a land border with an EU member state (Republic of Ireland) and is involved in a range of cross-border cultural, economic and political initiatives; and assessment of the impacts will be more challenging to assess until the future relationship between the UK and EU is determined. However, to inform our plans to grow an inclusive economy and the success of the city, the Council has undertaken and engaged with experts to provide research and views as well as engaging with key stakeholders and business to consider the potential impacts and opportunities of Brexit.</p>
3.2	<p><b>Special Meeting of the City Growth and Regeneration Committee (November 2017)</b></p> <p>This meeting enabled informed discussion of the potential economic impact and Belfast's resilience to meet any challenges and take advantage of any opportunities associated with Brexit, to ensure the inclusive economic growth and regeneration of the city. This was within the context of the Belfast Agenda and Local Development Plan and the vision for the city in 2035.</p>
3.3	<p>Prof Neil Gibson (EY) and Dr Eoin Magennis (Ulster University Economic Policy Centre (UUEPC), Dr Stevie Nolan (Trademark) and Dr Katy Hayward (Queen's University Belfast) provided independent expert input. Research prepared by the Nevin Economic Research Institute was also circulated to inform considerations.</p>
3.4	<p>The key issues from this meeting were noted at the City Growth and Regeneration Committee meeting in December 2018. This included the following:</p> <ul style="list-style-type: none"> <li>- Importance of attracting and retaining investment (particularly high value growth services such as financial services)</li> <li>- Increasing trade (focusing on high growth services sector) and exploring opportunities to encourage business to export</li> <li>- Clarity on the movement of people, which is vital for the city to secure a pipeline of talent and increase tourism</li> <li>- Strengthening and diversifying the local economy – growing the local business base and accelerating alternative models such as social enterprises</li> <li>- The vital contribution of EU funding to social cohesion, economic and cultural regeneration as well as PEACE and securing any replacement funds</li> <li>- Key interests for business lie in terms of potential changes to labour mobility and talent/workforce availability, access to supply chains, regulation and compliance, tax, customs and tariffs.</li> </ul>

- There are ways in which Belfast may benefit in certain sectors due to its location and proximity to Dublin; its competitive cost base may be an advantage.
- The professional services 'axis' of Belfast – Dublin - London offers a real opportunity to position the city.
- Ensuring connectivity (air, road, rail and digital connections) and appropriate infrastructure are crucial for growth.

### **Belfast Region City Deal**

3.5 The Belfast Region City Deal is both a vehicle to improve prosperity and quality of life in the city-region as well as making the city-region more globally competitive. The emerging City Deal will create opportunities for innovation, skills and infrastructure that will play a key role in strengthening the City's position as the regional driver and in mitigating potential impacts of Brexit.

3.6 In developing the City Deal proposition a Belfast Region Industrial Strategic Framework has been developed to provide context and coherence for the proposed programmes of work that will be delivered. This draft Framework was presented at the Strategic Policy & Resources Committee in June 2018 and is available at [SP&R June minutes](#).

3.7 The Framework provides a shared vision for sustainable and inclusive growth of the Belfast Region based on a robust analysis of the competitive strengths and the key economic challenges. This includes consideration of the potential implications of Brexit that has been informed by economic research and modelling from the UUEPC. The Economic Growth Forum, which includes representatives from the city's anchor institutions, and business representative groups such as the CBI and Chamber of Trade have also held focused discussions on Brexit and contributed to the draft Industrial Strategic Framework.

3.8 While caution must be applied when relying on economic forecasts and modelling; it is clear that in terms of the employment projections, Belfast has a critical role as the economic driver for the city-region in each of the potential scenarios presented, emphasising the importance of giving specific consideration to Belfast's position and its specific economic eco system. A copy of this presentation is attached as Appendix 1. As the negotiations continue between the UK government and the EU, this work will be refined and refreshed as part of the ongoing work on the Belfast Region City Deal.

### **Inclusive Growth Framework**

3.9	<p>The City Growth and Regeneration Committee noted that the Council's role was vital in continuing to show leadership to drive inclusive economic growth, particularly given the uncertainty in the political, economic and global environment. The Committee will be aware that Metrodynamics have been commissioned to develop an Inclusive Growth Framework. A Members workshop took place in June 2018 to help define what Inclusive Growth means for Belfast. The development and implementation of this framework will take account of the economic climate and ambitions for Belfast and Brexit will inform considerations in shaping its development during autumn 2018.</p>
	<p><b>Commissioner for Resilience for Belfast (100 Resilient Cities)</b></p>
3.10	<p>The growth and diversification of the Belfast economy is critical to maintain its resilience in order to manage future economic changes, potential shocks and stresses.</p>
3.11	<p>The appointment of the Commissioner for Resilience in May 2018 to champion the development and implementation of a Belfast resilience strategy will have a key role to play in shaping the city's future approach in the post-Brexit environment. This emphasises the importance of continuing to attract investors, employers and visitors to ensure economic prosperity for the city and the region as a whole.</p>
	<p><b>Ongoing programmes of work</b></p>
3.12	<p>The Committee should note that the Council has also highlighted the issues and opportunities of particular relevance to Belfast in response to the Northern Ireland Affairs Committee request for suggested topic areas for the next Brexit and Northern Ireland Inquiry in February 2018. As agreed by Committee, this response also outlined that the Council had considered a number of Notices of Motion, which were subsequently carried. It also expressed concern about the impact on the NI economy, the impact of a hard border as well as concern about the loss of a number of E.U. programmes that were specifically focused on targeting social inclusion and the cohesion of communities, particularly through skills and employment, and through the loss of INTERREG programmes. The NI Affairs Committee has taken a themed approach to its Brexit and NI Inquiries and have selected agriculture as their Inquiry topic. A summary of the various Notices of Motion considered by Council and subsequently passed in included in Appendix 2.</p>
3.13	<p>The Council is continuing to engage with business and others to monitor and understand their issues to inform future messaging and support.</p>

3.14	<p>Irrespective of the potential impact of Brexit, the key challenges for the city remain – the need to grow the population, increase the business base and companies exporting, encourage innovation and tackle the levels of economic inactivity in the city. While there is may be a need to tailor and adapt approaches, the delivery of the Belfast Agenda ambitions and programmes of work remains key to drive inclusive growth and position the city for the future. Our approach to delivering these strategies, programmes and plans (such as programmes aimed at encouraging business to start up and grow, targeted interventions to support social enterprise, the emerging Enterprise Framework, Employability and Skills programmes, strengthening the city’s tourism potential and international relations) will continue to develop and refine as the future relationship between the UK and EU becomes clearer.</p>
3.15	<p>Officers are continuing to monitor developments and the Committee will note the recent UK government White Paper published in July 2018 “The future relationship between the United Kingdom and the European Union” which is available at:  <a href="https://www.gov.uk/government/publications/the-future-relationship-between-the-united-kingdom-and-the-european-union">https://www.gov.uk/government/publications/the-future-relationship-between-the-united-kingdom-and-the-european-union</a></p> <p><u>Financial &amp; Resource Implications</u></p>
3.16	<p>There are no resource implications attached to this report.</p> <p><u>Equality or Good Relations Implications/Rural Needs Assessment</u></p>
3.17	<p>There are no specific implications attached to this report.</p>
<b>4.0</b>	<b>Appendices</b>
	<p>Appendix 1 – UUEPC Presentation to City Growth and Regeneration Committee (November 2017)</p> <p>Appendix 2 – Overview of Relevant Council Notices of Motion</p>