



Subject:	Update on City Region Growth Deal
Date:	18th December 2020
Reporting Officer:	Suzanne Wylie, Chief Executive
Contact Officer:	Ronan Cregan, Deputy Chief Executive and Director of Finance and Resources

Restricted Reports	
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"/>
Sometime in the future	<input type="checkbox"/>
Never	<input type="checkbox"/>

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

1.0	Purpose of Report or Summary of main Issues
1.1	This report is to provide an update to Committee on the progress of the Belfast Region City Deal (BRCD), including an update on the development of Outline Business Cases (OBCs) and progress on agreeing a phased deal with the NI and UK Governments.
1.2	The Committee receives regular reports on projects within the BRCD which are led by Belfast City Council and considered a report last month on the OBC for the Belfast Destination Hub. The Committee will also be separately considering a report on the Belfast Digital Innovation Partnership, which will play a key role in supporting the delivery of the Belfast Innovation/Smart

1.3	<p>district, the delivery of which is dependent on BRCD funding for global centres of innovation excellence and for next generation digital infrastructure to support testbeds within the district.</p> <p>A summary is also attached to this report which provides a brief overview of key regional innovation and digital projects funded through the BRCD that will transform the region's economy, including Belfast's economy, tackling fundamental barriers to inclusive growth, driving increased productivity and helping to drive economic recovery.</p>
2.0	Recommendations
2.1	<p>The Committee is asked:</p> <ul style="list-style-type: none"> • Note the programme overview and the progress that has been made in Outline Business Case (OBC) development for all projects (Appendix 1) and on the development of an agreed approach with the UK and NI Governments to the delivery of a phased deal. • Note the summary attached which includes an overview of the regional innovation and digital projects that will transform the region's economy including Belfast. (Appendix 2)
3.0	Main report
3.1	<p>Programme Overview</p> <p>In November, the Committee were advised that OBCs were progressing towards completion with work continuing on resolving key issues and challenges particularly in respect of budget profiling and scalability. Detailed engagement has also been taking place with Finance Directors to ensure that financial information within the OBCs has been subject to appropriate levels of assurance and that financial plans are in place in relation to capital investments and revenue financing, so that the transformative investments included within the BRCD can proceed with confidence.</p>
3.2	<p>A full list of projects and the current position in relation to OBC completion is attached at Appendix 1. The table confirms OBCs will have been completed for all projects by the end of December, though as outlined below it is recognised that further revision of OBCs may still be required for projects that are an earlier stage of development. Once these are considered by the relevant BRCD Advisory Board they will be submitted to the BRCD Executive Board. In addition to ensuring that projects are delivering on the priority outcomes for the BRCD, a key role of the Advisory Boards and the Executive Board will be ensuring that the projects which are being recommended for inclusion in the Deal are capable of being delivered within the agreed budget envelopes for each pillar. Significant progress has been made in this regard</p>

	<p>with, for example the projects and programmes within the innovation and digital pillar now aligned with the £350million government funding envelope. Work is continuing to ensure alignment of the tourism and regeneration and infrastructures projects within the available funding envelope.</p> <p>Proposed Timescale/Approach</p> <p>3.3 As previously reported in order to have a deal in place so that funding can begin to flow from 1 April 2021 discussions are ongoing between Partners and the NI and UK Governments in relation to agreeing a “phased” deal to enable a ‘Deal Document’ to be signed off by the end of the financial year. As with all City Deals, given the long-term nature of the programme, projects are at various stages of development. However, agreeing a deal document is essential to enable delivery and for funding to flow. With sufficiently developed OBCs now created for all projects, the partners are confident that the necessary detail is available to agree with confidence the financial and implementation plans that underpin the deal.</p> <p>3.4 The approach proposed will see the most advanced projects which are recommended for inclusion in the deal submitted for formal consideration through the Executive Department’s casework committee process in parallel with the work to agree the deal document. For those projects which are recommended for inclusion in the deal, but which are less advanced Partners will seek agreement as part of the Deal on release of an initial funding stream to allow the further development of these projects and business cases so that their development can also progress at pace. When sufficiently developed, these projects will then be submitted formally to casework, enabling approval of expenditure on ongoing basis.</p> <p>3.5 This approach recognises the varying states of readiness of projects across the programme, allowing the Deal Documentation to be completed & agreed and phased delivery to commence. Once the details of the “phased” deal are agreed with government partners a further update report will be brought back to Members.</p>
<p>3.6</p>	<p>Investment Priorities</p> <p>Since signing Heads of Terms more than 18 months ago and against the challenging backdrop of the COVID pandemic, BRCD partners have continued to develop OBCs for more than 20 ambitious programmes and projects, aimed at driving economic recovery and boosting the competitiveness of the city region. Outlined below is an update on each of the pillars of</p>

	investment and the timescale for OBC completion for each project/programme is also attached (Appendix 1)
3.7	<p>The summary attached at Appendix 2 provides an update on regional projects that will harness the potential of our most resilient sectors - life and health sciences, digital and creative industries, advanced manufacturing- and drive digital innovation and skills development which are so critical now to creating inclusive growth for both businesses and communities.</p> <p>Tourism and Regeneration</p> <p>With the exception of one project within Antrim and Newtownabbey, all tourism and regeneration OBCs are developed and will be reviewed by the Tourism & Regeneration Advisory Board in December. Members are reminded that the OBC for the Belfast Destination Hub was agreed at the November SP&R committee.</p> <p>The tourism industry has taken a serious hit due to Covid-19 and it is vital that the industry is not only able to recover but thrive in a post Covid-19 environment. BRCD is by its nature a long-term capital programme and the timing of investment in tourism aligns strongly with the need to provide globally visible tourism products to aid travel recovery. The regeneration elements of projects will also enable town and city centres to respond due to the intensified challenges following the pandemic.</p> <p>Innovation</p> <p>As previously reported, the innovation projects within the BRCD have been significantly rescaled and are now broadly in line with the funding available to support this Pillar. OBCs for the Advanced Manufacturing Innovation Centre (AMIC), Global Innovation Institute (GII) and Institute for Research Excellence in Advanced Clinical Healthcare (i-REACH) have been submitted to the Executive Board and it is anticipated that a revised OBC for the Centre for Digital Healthcare Technology (CDHT) will be submitted in January. A first draft OBC for the Screen Media & Innovation Lab (SMIL) has now been considered by the Innovation Pillar Board and submitted to the Executive Board, before being considered by the UK and NI Governments.</p> <p>Digital</p> <p>Detailed development of the draft Digital Innovation Programme Business Case (PBC) is nearing completion. The business case will prioritise a flexible 'funds-based' approach with the increased use of Challenge Funds alongside an Infrastructure Enabling fund which will</p>
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support connectivity infrastructure, as well as physical enabling infrastructure needed for the development of the Belfast Smart District and Regional Testbeds. It will also ensure that innovation support reaches across priority sectors and the region, through investment in Regional Innovation Hubs. Approval of programme business case by the NI and UK Governments would enable funding to be released for the detailed development of project business cases for challenge funds and an infrastructure enabling fund that would support both the Belfast Smart district and Regional Testbeds.

Infrastructure

3.12 Interim OBCs for the Newry Southern Relief Road and Belfast Rapid Transit Phase 2 have now been reviewed by the Department for Infrastructure Economists. Interim OBCs have been produced for these projects due to the very early stage of their development, in advance of the necessary consultations on route development. Given the early stage of development of Newry Southern Relief Road and Belfast Rapid Transit Phase 2 there are high levels of optimism bias included in their financial cases and this has contributed to the affordability challenges across the programme. An OBC has been completed for the Lagan Pedestrian & Cycle Bridge.

Employability and Skills (E&S)

3.13 The Employability & Skills Programme continues to be refined with proposals developed on the following themes, Skills for Growth; Skills for Inclusion and Skills for the Digital Future. Aligning the range of skills and employability programmes of partners, including Further Education Colleges, Universities and Local Councils, with the capital investment projects and needs of industry, is a vital component of delivering the ambitions and benefits of the overall city deal investment. The partners have therefore committed to aligning £30M of existing resources to maximise the impact of the City Deal programme and are working closely with government partners to ensure that plans are strongly aligned with the new skills strategy and NI wide employability programmes. It is anticipated that a final E&S Proposition will be submitted for approval to the Executive Board in February.

Inclusive Growth

3.14 Inclusive growth is an underlying commitment of the BRCD spanning across all investments and associated work streams. Collaborating partners have sought to integrate inclusive growth across all investment projects and through the employability and skills programme proactive approaches will be undertaken to address skills imbalances and create socially inclusive pathways to support individuals into and progress further in employment. Partners

	<p>have also committed to delivering collaborative approaches aimed at supporting overall inclusive growth ambitions by embedding inclusive growth commitments through their procurement practices, effectively creating additional benefit through their supply chain. As employers, partners are also working collaboratively to explore opportunities for joint delivery of social value through, for example, workforce development, upskilling lower skilled employees, pre-employment programmes for disadvantaged client groups and creation of public sector apprenticeship opportunities.</p>
3.15	<p>Next Steps</p> <p>Agreeing the detail of the “phased” deal is now of critical importance and would deliver much needed momentum, confidence and impact whilst recognising the long-term nature of the programme of investment and the further work required. The proposed approach was discussed at the recent meeting of the Council Panel and engagement is taking place with NI and UK Governments to seek to confirm agreement on the process. All the projects included in the Deal Document will have agreed budgets and indicative financial profiles and implementation timescales.</p>
3.16	<p><u>Financial and Resource Implications</u></p> <p>All costs associated with the BRCD are within existing budgets.</p>
3.17	<p><u>Equality or Good Relations Implications/Rural Needs Assessment</u></p> <p>The Approach taken to develop the City Deal has been subject to independent equality screening and rural proofing and states that;</p> <p><i>‘BRCD is inherently inclusive, affording an opportunity for the region to grow in a way that will benefit the economy of Northern Ireland as a whole, thereby enhancing the lives and well-being of its citizens. If during further development of the programme it becomes apparent that there may be an adverse impact on certain groups or communities then the partnership commits to carrying out further Section 75 work and including screening and EQIAs as and when appropriate.’</i></p>
4.0	Documents Attached
	<p>Appendix 1 - Outline Business Case (OBC) development</p> <p>Appendix 2 - Summary of Regional Innovation and Digital projects</p>