

City Growth and Regeneration Committee

Tuesday, 21st November, 2017

SPECIAL MEETING OF CITY GROWTH AND REGENERATION COMMITTEE

Members present: Councillor O'Donnell (Chairperson);
The High Sheriff (Alderman Haire);
Aldermen Kingston and McGimpsey; and
Councillors Beattie, Boyle, Graham,
Johnston, Mullan and Walsh.

Also attended: Councillors Craig, Heading, Hussey,
Garrett and Lyons.

In attendance: Mrs. S. Wylie, Chief Executive;
Mr. D. Durkan, Director of Development;
Mrs. L. McLornan, Democratic Services Officer.

Apologies

Apologies for inability to attend were reported from Councillors Dudgeon, Dorrian, Hargey, Kyle, Magee, McAteer and O'Hara.

Declarations of Interest

No declarations of interest were recorded.

Potential Impact on the Economy of the UK Leaving the EU

The Committee was reminded that, at its meeting on 14th June 2017, it had agreed to hold a Special meeting to enable an informed and focused discussion on the potential economic impact of Brexit to Belfast. The Chairperson advised the Members that, given the significance and complexity of the issue, the Committee had requested to hear from different perspectives on the potential impacts and opportunities to help ensure Belfast's resilience and the delivery of the Council's ambitions for inclusive growth.

The Director of Development provided the Members with the context for the meeting and an update on the Council's work to date, particularly in relation to two of the priorities within the Belfast Agenda, namely, growing the economy and working and learning. He highlighted to the Committee the importance of remaining informed and engaged as the Brexit negotiations continued, to ensure that the Council's strategies were relevant and that the Members were informed to ensure that the Council continued to deliver for the City's future economic growth and success.

He advised the Committee that Belfast had attracted approximately 20,000 inward investment jobs in the past decade and that Foreign Direct Investment was continuing

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since Brexit had been announced. He explained, however, that it had been highlighted as a key risk to the region by WAVTEQ, with 70% estimated to be at risk.

The Chief Executive outlined that inclusive growth was at the heart of the City's ambitions for the future and that the Belfast Agenda was key in attaining those targets. She stated that, while it was important to recognise that there would be challenges and opportunities, the Council needed to show leadership. She highlighted that the Belfast Region needed to ensure that it worked to retain more of its potential talent and that it sought to attract back experienced talent with local roots to contribute to the City's growing economy.

In relation to the Belfast Region City Deal, she advised the Members that Belfast City Council was working with the surrounding councils to develop a cohesive Programme of Investment across infrastructure, innovation and skills. She explained that a City Deal would be an economic game-changer, with the potential to bring £1million of investment, and would form a key part of the region developing economic resilience towards current and future challenges and opportunities, including Brexit.

The Chairperson advised the Committee that Dr K. Hayward, Queen's University Belfast, Dr. S. Nolan, Trademark, Dr. E. Magennis, Ulster University Economic Policy Centre (UUEPC) and Professor N. Gibson, EY's Chief Economist in Ireland, were in attendance to present to the Committee and they were admitted to the meeting.

The Chairperson advised the Members that apologies had been received from Mr. P. Mac Flynn, Nevin Economic Research Institute, who had been invited to attend the meeting but was unable to, due to a conflicting appointment. The Members noted that he had submitted a research paper for the Committee's information, entitled "Northern Ireland, the Republic of Ireland and the E.U. Customs Union", and copies were provided to the Members. Mr. Mac Flynn had also offered to attend a future meeting.

Dr. Hayward, Queen's University Belfast

Dr. Hayward provided the Members with an overview of the Brexit process. She explained that Article 50 of the Treaty of Lisbon permitted any European Union (EU) Member State the right to leave the E.U., and allowed the country two years to negotiate an exit deal. She explained that 29th March, 2019, was the withdrawal date for the UK leaving the E.U. but that we would not necessarily know at that time the detail of, for example, future trading relationships with other countries.

In response to a Member's question, Dr. Hayward outlined that she estimated that the transition period would likely take at least another two years.

She described the issue of the movement of people in relation to living and working outside of Northern Ireland after Brexit, outlining both those changes which were known, such as the continued free movement of British and Irish citizens within the Common Travel Area, and those which were still to be resolved, such as the protections and rights for cross-border workers.

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In response to a Member's question regarding a potential increase in 'point of contact controls', Dr. Hayward outlined that the U.K. already used these checks for non-E.U. students studying in the U.K., such as those from the U.S.A., and that it was possible that those controls could therefore be implemented for European students post-Brexit.

With the recent surge in applications for Irish Passports, a Member asked whether those citizens with Irish passports would have different rights than those with British passports. Dr. Hayward explained that it was difficult to answer at this stage, but that she could not see how Irish citizens living in Northern Ireland could enjoy rights as European citizens, when Northern Ireland was no longer part of the E.U.

The Chairperson thanked Dr. Hayward for her presentation and she retired from the meeting.

Dr. Nolan, Trademark

Dr. Nolan outlined that he had worked for TradeMark for the past ten years, which provided specialist cooperative development and support. In preparation for Brexit, he explained the importance of having a strong local economy, of considering alternative strategies to economic development and of promoting community wealth through social enterprises and cooperatives.

He explained that cooperatives could provide a "lock-in of wealth" for local areas, communities and people. He outlined to the Members that the City should seek to promote and support activities which sought to provide a plurality of ways of creating wealth and economic activity, including anchor institutions, community share offers, loanstock, community energy schemes, cooperative housing and worker buy-outs.

He provided the Committee with two examples of successful, local cooperatives, namely, the Belfast Cleaning Society and Boundary Brewery.

In response to a Member's question regarding the strength of cooperatives elsewhere in Europe, he cited that cooperatives produced 30% of the Gross Domestic Product (GDP) for Bologna, Italy.

Dr. Nolan stated that he felt that, while the Belfast Agenda included positive language around inclusive growth, it focused too much on the financial services industry, Foreign Direct Investment (FDI) and on commercial property speculation. In response, the Chief Executive highlighted to the Committee that the Belfast Agenda had a significantly broader focus than those industries, but that it was important to remember that 33,000 people worked in the financial services industry in Northern Ireland and that those jobs needed to be protected. She explained that the strategy set out ambitions for the City to grow its rate base so that it could be recycled in communities in order to create more social enterprises and additional skills programmes and that social enterprises including cooperatives were also part of the wider economic sustainability plan.

The Chairperson thanked Dr. Nolan for his presentation and he retired from the meeting.

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Dr. Magennis, Ulster University Economic Policy Forum

Dr. Magennis outlined to the Committee the economic forecasts for Belfast, and for the city region, and how Brexit might affect them.

He explained that, since 2008, there had been a steady recovery of the City's economy which was delivered, largely, by good performance of inward investment. Belfast had been key to the knowledge economy across NI, including the financial services and high end manufacturing sectors, through trade with the rest of the UK and beyond. He added that there had also been notable success with a number of new business start-ups in the City and that the challenge for many of them was how to scale-up their business and to begin exporting.

He advised the Members of the employment outlook in light of Brexit and pointed out that the great deal of uncertainty was reflected in the different scenarios.

In relation to opportunities post-Brexit, he highlighted to the Members that some companies, particularly in the financial services sector, might make strategic decisions to base offices in Belfast, given its location in the UK and its proximity to Dublin, as part of the E.U.

The Chairperson thanked Dr. Magennis for his presentation and he retired from the meeting.

Professor Gibson, EY Chief Economist in Ireland

The Chairperson congratulated Professor Gibson on his new role as EY Chief Economist in Ireland. Prof. Gibson explained that he was presenting to the Committee in a dual role, as he was also the Visiting Professor of Economic Policy at Ulster University.

Prof. Gibson advised the Members that there were many empirical estimates of the possible economic impacts from Brexit and that they varied widely. He began by providing the Committee with an overview of what firms were doing in preparation for Brexit. He highlighted the potential issues which they would face, including the impact on labour availability, multi-jurisdictional tax issues, supply chain friction, delays at the border, increased customs requirements, trade modelling, tariff implications and non-tariff barriers, such as delays, paperwork and regulation matters.

However, he advised the Committee that Belfast could benefit in certain sectors, such as financial and professional services, both due to its location and because of the much higher costs associated with London and Dublin, while providing access to the U.K. and European markets. He also pointed out that Belfast should learn from Dublin's mistakes, where the City had grown so fast that the housing market and public services could not keep up.

During discussion, he highlighted to the Members that the Belfast Agenda should remain the key focus for the Council and that Brexit should do little to alter the Council's course of action. He also emphasised that a City Deal should be approached both from

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an internal angle, to improve the city, and externally, to make it globally competitive. The Members were also advised that transport links to the city, including the new Transport Hub, would be vital to the City in ensuring delegates could arrive at a meeting in the City centre in the shortest possible timeframe.

In response to a Member's question as to whether Newry could become a threat to Belfast, given its closer proximity to Dublin, Prof. Gibson stated that there was room for growth for both and reinforced the fact that young professionals wanted to live and work in cities, given the greater choices of entertainment, employment and transport links.

In response to further questions from Members, regarding Small and Medium-sized Enterprises (SMEs) which would face new difficulties trying to export or import produce, he stated that many SMEs were nervous about additional administration and bureaucracy mainly due to the uncertainty around what Brexit would mean for them. He highlighted that the Council had a role to play in that regard, in terms of providing key information, advice and reassurance to firms. The Director of Development added that Invest NI had a website, www.NIBusinessInfo.co.uk, which provided advice and guidance to businesses on start-ups and exporting, amongst other key information. He also added that the Council was working with Belfast Partners in London and Invest NI on various programmes involving small business start-ups in the creative industries, cyber security and financial services sectors.

In his concluding statement, Prof. Gibson emphasised that he felt it was crucial that progress be made on the migration issue, given that, in his view, it was the biggest reason which had led to the Brexit referendum result. He stated that it was important that Belfast remained a globally welcoming city for those people who it will have to try and attract from other locations.

The Chairperson thanked Dr. Hayward, Dr. Nolan, Dr. Magennis and Prof. Gibson for sharing their comments and expertise with the Committee and they retired from the meeting.

Correspondence re: Notice of Motion on Special Designated Status

The Committee noted the acknowledgement responses which had been received from the Prime Minister's Office, the Office of the Taoiseach and the Northern Ireland Office.

Chairperson