

<p>Title of Report:</p> <p>Update on the development of a Growth Deal for the City Region</p>	<p>Officer presenting:</p> <p>Chief Executive</p> <p>Author: Lead Finance Officer / Funding Manager</p>
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1 Purpose of Report/Recommendations

- 1.1 The purpose of this report is to update members on progress towards the development of a Growth Deal for the City Region.

2 Background

- 2.1 In March 2015 the Shadow Council passed a motion seeking a report on the potential impact of a 'City Deal' for this Council region and its relevance to and impact upon the One Plan, DCSDC plans and potential Programme for Government commitments. In April 2015 letters were sent to the First Minister and the North South Ministerial Council advising of the motion. Letters acknowledging the correspondence were received in May 2015. In January 2016 members were presented with a report outlining the background to City / Growth or Devolution Deals.
- 2.2 Since this, the Inclusive Strategic Growth Plan has been completed and approved in October 2017 setting out our ambitious vision for the region, the outcomes we want to achieve and how we believe these outcomes can be achieved and also forming a very strong evidence basis and strong economic argument for investment in the City Region. The Plan highlights an investment requirement of £3.4bn (both public and private) between now and 2032 and is completely aligned to the Programme for Government. The Ulster University Economic Policy Centre (UUEPC) has independently tested the impacts and economic forecast of the investment priorities, and their interdependencies and risks which shows that the proposed investment will result in:
- 15,100 new jobs reducing unemployment in line with the NI average;
 - 10,000 additional people;
 - £1.16bn additional GVA, £96m additional tax revenue, and £203m in additional net wages.

- 2.3 One of the key challenges towards achievement of Council's Strategic Growth Plan ambitions will be securing the necessary finances, in particular to deliver on the key catalyst projects within the Plan such as the A5, A6, A2 and University Expansion.
- 2.4 A City/ Growth Deal is seen as a potential mechanism for unlocking some of this critical funding, particularly given the commitment by the UK Government as part of the recent Confidence and Supply Agreement to "working with the Executive and other stakeholders to work towards a comprehensive and ambitious set of city deals across Northern Ireland to boost investment and help unlock the full potential of Northern Ireland" and also to "work towards a limited number of Enterprise Zones, subject to proposals demonstrating value for money".
- 2.5 City or Growth Deals are primarily focused on specific targeted enabling economic interventions and investment to drive growth in the economy long-term. Furthermore, deals are fundamentally long-term – traditionally financed over 20 years with a 10 year delivery programme. Importantly, in the context of Northern Ireland, a significant proportion of the public financial investment will be through additional or new monies outside of the Barnett Formula and therefore above and beyond the Northern Ireland block-grant, combined with a greater control over existing local budgets and income such as local retention of business rates or other recurring revenue/income streams.
- 2.6 Therefore, the primary focus for this First Phase City Deal has to be on those investment priorities within the plan that present the greatest potential for job creation, leveraging private sector investment and to build the foundations that will support and create opportunities that will contribute the most to sustainable growth and impact on GVA.
- 2.7 The forecasting already completed by UUEPC for the Strategic Growth Plan has considered the economic impact of removing the key catalyst signature projects (University expansion, A5, A6 and A2) on the outcomes in 2.2 above. This has suggested that Gross Value Added could be £300m lower and employment 50% lower than the full delivery scenario. Unemployment and economic inactivity would also remain above Northern Ireland averages should these key catalyst projects not be delivered.
- 2.8 Following on from this, alongside completion of the Strategic Growth Plan, extensive further work was carried out by officers in conjunction with the Ulster University Economic Policy Centre (UUEPC) to determine the projects within the Growth Plan with the greatest economic impact and which would provide the greatest payback to Central Government and Treasury. The identified projects which represent 50% of the total required investment (both public and private) shows that 78% of the employment increase and 81% of the GVA generated from the overall Growth plan results from these projects. This creates a very strong argument for investment in these projects as part of a City Deal. They also present a very strong

case in terms of payback to Central Government in terms of additional tax revenue and reduction in benefits through unemployment.

- 2.9 On the basis of this work, in October 2017 members were presented with and endorsed an update report (C312/17) setting out the developments to date and an overview of the prioritised projects through the economic prioritisation process. These projects were subsequently endorsed by the Strategic Growth Partnership and are summarised below:

Investment Priorities – Critical Catalyst Projects:

2.10 Enhancing & growing our City Economic Enabling Infrastructure

The expansion of the University of Ulster at Magee to 9,400 students and North West Regional College

Investment in Research & Innovation Assets

- C-TRIC
- Cognitive Analytics Research Lab (CARL) to international scale.
- Centre for Advanced Manufacturing & Intelligent Systems Research Centre

Creation of a NW Enterprise Zone

Investment in Skills and Pathways to Employment

Accelerating Business Success and Innovation Fund

2.11 Significantly enhancing our external & internal connectivity

A5 Western Transport Corridor Upgrade

A6 Derry to Belfast Road Upgrade

A6 Airport Link

A2 Economic Corridor Upgrade

Development of our Airport & Port

Intercity rail connectivity & multi-modal transport hub

Strengthening broadband connectivity

2.12 Development of our City & Town centres & regionally significant economic sites

City Riverfront regeneration masterplan

Strabane Town Centre masterplan

Ebrington and Fort George

Major Tourism Attractor

2.13 These projects have formed the basis of Council's Draft Statement of Intent and significant engagement has taken place since the October report.

3 Key Issues

3.1 On Monday 11th December a joint meeting took place at Stormont House with officials from the Northern Ireland Office, Department for Communities and Local Government (London), the Treasury (London), the Department for Finance and Department for the Economy and Council officers led by the Chief Executive. Council officers were also accompanied by representatives from the Ulster University and the Business Community.

3.2 The Chief Executive Presented the officials with an overview of the Strategic Growth Plan and the priorities for the City Region, outlining the key components of our draft Statement of Intent and the evidence-based approach upon which all of the projects have been developed. The Officials were presented, in some detail, with the economic and social benefits of our critical projects and emphasised how developed the proposal from this City Region is.

3.3 Clarification was sought from the relevant officials of the key steps, processes and timeframes to advance our proposals. The immediate next step agreed is a meeting between Council Officers and key Northern Ireland Executive Departments to include the Department of Finance, Department for the Economy, Department of Infrastructure and Department of Communities. This will take place early in the New Year.

3.4 Alongside this, correspondence has been issued to and received from relevant Ministers and these are summarised and attached below:-

- Appendix 1- Letter from Council to Secretary of State for Communities and Local Government from Council 18th October 2017 advising progress in the development of our proposals and potential consideration as part of Autumn Budget Statement. The same letter was also issued to the Secretary of State for Northern Ireland and the Head of the Northern Ireland Civil Service.
- Appendix 2- Letter to Council from Minister for Local Growth 21st November 2017 acknowledging progress and highlighting willingness to come to the City to discuss our proposals.
- Appendix 3- Letter from Council to Secretary of State for Northern Ireland of 8th December 2017 inviting to the City to address the Strategic Growth Partnership on the issue of a City Growth Deal and requesting a public announcement of Government's commitment to working with Derry/ Londonderry in parallel with Belfast in the development of a City Growth Deal for this City Region.
- Appendix 4- Letter from Council to Minister for Local Growth of 8th December 2017 inviting to the City to discuss a City Growth Deal and again requesting a public announcement of Government's commitment to working with Derry/ Londonderry in parallel with Belfast in the development of a City Growth Deal for this City Region.

3.5 A meeting has also been sought with a senior official from the Department for Communities and Local Government. At the time of writing this report, no replies have been received to the Council letters of 8th December 2017.

4 Financial and Other Implications

4.1 As noted above, one of the key challenges towards achievement of Council's Strategic Growth Plan ambitions will be securing the necessary finances, in particular to deliver on the key catalyst projects within the Plan such as the A5, A6, A2 and University Expansion. A City/ Growth Deal is seen as a potential mechanism for unlocking some of this critical funding and Council has developed strong, evidence based proposals to support a proposition.

5 Recommendations

5.1 Members are asked to endorse the progress made to date in the development of a Growth Deal for the City Region.

Background papers

Appendix 1 Letter to Secretary of State for Communities and Local Government 18th October 2017 (Also sent to Secretary of State for NI and Head of Civil Service)

Appendix 2 Letter from Minister for Local Growth 21st November 2017

Appendix 3 Letter to Secretary of State 8th December 2017

Appendix 4 Letter to Minister for Local Growth 8th December 2017