

NILGA Briefing Paper

City Deals, City Region Deals and Growth Deals

The emergence of City Deals

The government White Paper on Unlocking Growth in Cities (2011) outlined the importance of city regions for the national economy and identified governance changes to devolve greater powers to the city regions.

A City Deal is an agreement between Government and a city or city region. A Growth Deal is very similar in purpose but is less geographically restrictive. Deals give areas certain powers and freedom to:

- take charge and responsibility of decisions that affect their area
- do what they think is best to help businesses grow
- create economic growth
- decide how public money should be spent

The paper suggested that success would mean:

- empowered local leaders that are able to drive real change in their city by looking outwards to the private sector, rather than up towards central government;
- businesses that benefit from dynamic new partnerships with civic leaders that yield new opportunities for investment and growth;
- and local people gaining access to new job opportunities, better local transport and a housing market that is more responsive to local needs.

While city deals mainly focus on employment, skills and infrastructure activities, there is evidence that some areas are incorporating green / low carbon economy initiatives in their deal agreements.

In England, 29 devolution deals which incorporate city deals have been agreed with a further set in progress. In Wales all 22 council areas are part of a deal area or are in the process of bidding for one and all 32 councils in Scotland have either agreed or are progressing plans for a City Region Deal, Growth Deal or Island Deal.

The landscape in Northern Ireland

Lower productivity rates, reliance on the public sector and a lack of investment in infrastructure has led to economic growth in Northern Ireland lagging behind the rest of the UK. This is compounded by social problems across the region, including high rates of economic inactivity, pockets of deprivation which characterise our urban areas, poor access and connectivity and a centralised governance structure.

The draft Programme for Government outlines a commitment to improving wellbeing for all by tackling disadvantage and driving economic growth. Delivery of the programme is expected to result in the following outcomes:

- We prosper through a strong, competitive, regionally balanced economy
- We live and work sustainably – protecting the environment

- We have a more equal society
- We enjoy long, healthy, active lives
- We are an innovative, creative society, where people can fulfil their potential
- We have more people working in better jobs

The Regional Development Strategy recognises the importance of cities as drivers of economic growth, and that Belfast and Derry / Londonderry are key population and economic centres and as such will be catalysts for growth across Northern Ireland. To ensure that all places benefit from economic growth, the Strategy reflects the Programme for Government approach of balanced sub-regional growth and recognises the importance of key settlements as centres for growth and investment. This principle of regionally balanced growth is also reflected in Ireland's National Plan 2040 and border towns such as Letterkenny and Dundalk are prioritised as towns that will benefit from cross-border regional development.

The draft Industrial Strategy for Northern Ireland outlines the intention to focus on rebalancing the economy, with inclusive growth & prosperity at its core. It commits to creating regionally dispersed employment opportunities and notes that connectivity needs to be regionally balanced to ensure a level playing field of opportunity in terms of access to market and the ability to establish and grow businesses across all parts of Northern Ireland.

The November 2017 budget statement proposed that *“upon restoration of a Northern Ireland Executive, the government will open negotiations for a city deal for Belfast as part of the government’s commitment to work towards a comprehensive and ambitious set of City Deals across Northern Ireland to boost investment and productivity”*.

Following the Review of Public Administration, a commitment to further devolution was enshrined in the Local Government (NI) Act 2014 through an ‘augmentation review’ once the eleven new councils had taken shape and their services consolidated. This has failed to take place. Further devolution of responsibilities along with adequate resources would enable the eleven councils to undertake wide-ranging place-shaped development locally and regionally.

The May 2018 Northern Ireland Affairs Committee (NIAC) report on the democratic deficit in NI states that *“An increased role for local government might help improve democracy and make governance in Northern Ireland more robust in the future”*. Securing further devolution would bring Northern Ireland in line with other regions’ local governments and the NIAC recommends that an Assembly committee be set up to review local government finances and devolved powers. If the Executive is not formed by May 2019 the NIAC recommends that an independent review should be commissioned by the Secretary of State. The government’s response to this report is awaited.

City & Growth Deals – a potential gamechanger for local government in Northern Ireland

Belfast City Region Deal

The local authorities of Belfast, Antrim and Newtownabbey, Ards and North Down, Lisburn and Castlereagh, Mid and East Antrim and Newry, Mourne and Down have announced plans to bid for a City Deal. This would result in a 10 year investment plan to improve infrastructure, digital connectivity, tourism assets and innovation hubs as well as delivering a major skills programme. The aim of the deal is to create more and better jobs across all of the area’s growth sectors.

Ireland's National Plan 2040 recognises the value of the Dublin-Belfast economic corridor and prioritises Dundalk as a town that will benefit from cross-border regional development.

North West City Region Deal

A City Region Deal covering the Derry City & Strabane District Council area and adjoining council areas has been in preparation for four years. Derry City & Strabane District Council's Strategic Growth Plan states that *"A successful Derry ~ Londonderry / North West City Region is critical to the future wellbeing of everyone living within Northern Ireland and the North West of the island of Ireland"*. The plan refers to the council area along with Donegal forming the only functional economic region of its scale on the island that straddles a national jurisdictional border.

Ireland's National Plan 2040 formally recognises the importance of cross-border cooperation in the North West for the emergence of a city region between Letterkenny, Strabane and Derry and for citizens to benefit from shared services.

How can City & Growth Deals drive regional development?

City and Growth Deals represent a new model of financing regional growth which can accelerate delivery of economic and infrastructural projects, tackle regional inequalities and be a catalyst for social renewal and inclusive growth. The OECD describes inclusive growth as *"Economic growth that creates opportunity for all segments of the population and distributes the dividends of increased prosperity, both in monetary and non-monetary terms, fairly across society"*.

The Joseph Rowntree Foundation asserts that addressing problems of inequality at city region level may produce a more effective effort since many of the issues associated with poverty and inequality require service responses across a range of agencies dealing with education, health, housing and advice. There is therefore an opportunity to ensure that inclusion and well-being priorities are factored into future deals, in order to deliver inclusive growth

All eleven councils have included ambitions for place-shaping and economic growth within their community plans yet they are constrained by the failure to transfer further devolved responsibilities. The emergence of two city regions in the Greater Belfast and the North West areas is evidence of local authorities' desire for greater devolution, with decisions being made closer to the citizen to bring about economic change.

However Northern Ireland is more of a region of towns than cities and each local authority, urban or rural, should be empowered to create economic growth by taking charge of decisions that affect their area. If City Deals / Growth Deals are not afforded to all local authority groupings in Northern Ireland we risk creating a two-tier system whereby councils within deal areas have formal partnerships with central government and greater responsibilities than those outside the deal area. This will lead to further fragmentation of the governance landscape in Northern Ireland.

NILGA's ambition is therefore for all local authorities in Northern Ireland to be covered by a City / Growth Deal to empower them to make decisions which deliver catalytic change and drive inclusive growth in their areas. A means to achieve this would be completion of the Augmentation Review as enshrined in the Local Government (NI) Act 2015 followed by the agreement of a Devolution Bill.

In the absence of the legislative assembly it is now crucial that local authorities are given more control over their future to unlock growth in our local and regional economies. There is a clear role for the Central / Local Government Forum to be an engagement vehicle to ensure that strategies, responsibilities and outcomes from the Programme for Government are central to the City Deal / Growth Deal planning process.

Partnerships to deliver City and Growth Deals will develop naturally from existing linkages among local authorities in line with the regional development strategy, local development plans and community plans.

It is essential that transparency is central in both the consultation process to develop deals, and in the governance arrangements for the agreed deals. Deals must set out clearly the relationship between the local councils, NI Assembly, UK government, private sector and other stakeholders of the deal and responsibilities of each. This will assist with managing performance of the deals and their ability to drive place-driven growth.

There is no poverty of ambition and no shortage of solutions in local government. By giving local authorities the right responsibilities along with appropriate resources they can drive their local economies and deliver inclusive and sustainable growth.

Recommendations

NILGA recommends that policy interaction should take place between leaders of deal initiatives to further develop understanding of the potential of City and Growth deals for all of Northern Ireland. The local government sector may wish to commission a report on the economic and social value of place-centred growth to inform policy making.

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