

Report to Chairman and Members of Economic Development & Enterprise SPC

8th November 2022

Re: Dublin Belfast Economic Corridor

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Context:

A joint decision was taken in 2021 to engage external consultants to provide research and consultation services leading to the production of a development plan, strategy, and action plan for the DBEC partnership. Following a tender exercise KPMG were selected as the preferred bidder for this work. This contract commenced in September 2021. The draft Strategy work was presented to the members of the DBEC Political Advisory Group on 14th October, with a view to the work being completed by the end of October 2022. Cllr Tom Brabazon, Cllr Mary Freehill and Mary Mac Sweeney were in attendance at this meeting.

Stage 1 - Development Plan

The first document produced is the development plan which addresses key issues to support the partnerships development such as governance, legal & operating structures, identified funding opportunities and resource requirements (human and financial). It built on the research undertaken to that point, including priority areas of cooperation, existing governance arrangements and the current funding landscape.

KPMG have also undertaken comparative analysis of other similar economic corridors and consulted with internal and external stakeholders to recommend an appropriate governance operational and resourcing requirement that will help the partnership achieve its ambitions up to 2030. KPMG briefed the members and consulted them as part of the Stage 1 work during the first Political Advisory Group meeting in November 2021.

The Stage 1 Development plan report was published in February 2022. The development plan resulted in several recommendations; these include:

- A phased development timeline up to 2030. In the short term from 2022-2024 priorities include the setting up of initial partnership personnel, consideration of legal structures, and identification of funding options.
- DBEC should remain an informal partnership model in the short term, together with an MOU, with a view to exploring independent legal status for the partnership in the future. This will be funded initially through council contributions.
- DBEC should be established with a bottom-up governance structure, largely based on the current existing structure. This includes a board of 12 growing to 16 in the long term to include private sector representatives.
- The partnership should be housed at a single location with staff and resources to lead and manage delivery of the partnership aims
- Key areas of focus should include Research and Development, Trade and Investment, Skills and Infrastructure and Connectivity

Stage 2 - Strategy

Following completion of the Development plan KPMG continued to work on Stage 2 the development of a strategy for the partnership. The draft report is included in these meeting papers.

This Strategy work involved:

- Articulating the vision for sustainable economic growth across the region and identifying a series of headline objectives, strategic priorities and key actions required to deliver on the vision.
- Assessing the strengths, weaknesses, opportunities, and threats to achieving regional economic growth.

Setting out the economic context of the region, including a review of existing evidence base, external environment and emerging areas of work at a local and regional level, and their potential to impact on the region.

- The role of DBEC within the current cross border economic support system.
- Identification of key resources, funding requirements (including potential sources of funding) needed to deliver the DBEC entity
- All stages of this work have been informed by extensive stakeholder engagement including workshops with DBEC partners and one to one meetings with stakeholders and strategic partners. The KPMG team has held consultations with a range of stakeholders from across the region representing the public and private sectors and academia.

In tandem with work on strategic plan officials from partner councils have continued to identify collaborative opportunities, in addition to engaging with external stakeholders to further the aims of the partnership. In June 2022, the partnership applied to the Irish Government's Shared Island Local Government Development Fund for funding to conduct a feasibility study on Enterprise Hubs and on a Connected Circular Economy between Dublin and Belfast. Both applications were successful in being awarded funding under this initiative.

2.0 Key issues

The draft strategy outlines the following ambition, objectives and enablers for the partnership up to 2030.

Ambition

To become a leading economic corridor in Europe, achieving sustainable growth through collaborative R&D, a highly skilled workforce and enabling infrastructure

Following analysis of existing cross border bodies, a gap in the ecosystem has been identified for DBEC to align stakeholders on corridor-specific economic growth initiatives.

Strategic Objectives

- 2.1 1. Increase skills and training to meet the labour requirements of the region, building on and expanding the existing workforce
2. Advocate for cross border infrastructure to strengthen connectivity and access to markets and labour
3. Enhance cross border collaboration in R&D and Innovation, targeting investment in high growth sectors and the green economy

4. Promote sustainable and climate conscious growth along the corridor, aligned with councils' development plans and wider policy objectives
5. Align with and support economic development partners to increase trade and investment along the corridor
6. Market the region and elevate the DBEC brand so that the region becomes globally renowned as an attractive place to live and do business

The research has **identified three enablers** which will underpin future growth: skills, infrastructure, and research and development (R&D). Focussing on improving these enablers will support economic growth of the whole corridor.

Within the corridor, some **sectors** are already strong and have been identified as key focus areas for skills development, infrastructure investment, and research and development.

- Professional Services and ICT
- Advanced Manufacturing and agriculture
- Life Sciences

Success in three ways of working will enhance delivery of actions undertaken. This includes delivery, governance and resourcing and marketing and communications.

Economic, Social and Policy Context

The research supporting this report includes a review of current economic, demographic and political priorities with which DBEC will align to drive economic growth along the corridor.

As of 2022, **key challenges** facing the economy on the Island of Ireland include high inflation, rising interest rates, and challenges meeting housing needs for current and potential residents. However, economic growth along the corridor is forecast to remain strong, growing by 5% in 2022 and 3% annually by 2030.

In this context, there is potential for additional growth of the corridor's economy. The corridor is home to a **diverse range of business sectors**. The services sector accounts for 75% of the corridor's workforce, and professional, scientific and technical services remain key growth areas for the corridor.

The corridor's **high working age population** (67%) and high volumes of cross-border trade (€7.65bn / £6.50bn of trade in goods occurred between NI and RoI in 2021) make the corridor an attractive place for indigenous and foreign investment.

Changing work patterns arising from the pandemic are increasing demand for more remote working hubs and may drive opportunities for towns and villages across the region. Relatively higher levels of housing affordability in the core corridor area –compared to Dublin and Belfast –can increase the relative competitiveness of the region nationally and internationally.

- Council development plans as well as regional and national strategies were also considered.
- Enablers and strategic priorities identified for DBEC within the strategy align with national and regional policy priorities.

There are opportunities for DBEC to secure funding for cross-border projects through the Peace Plus programme and Shared Island Initiative.

Short term priorities that will be explored within the action plan include:

- Appoint a Programme Manager and Partnership Officer to lead the DBEC Partnership team and implement a collaboration agreement supported by all eight local authorities.
- Develop a DBEC skills barometer. This will monitor the changing needs of the labour market, measure demand and supply of skills, and benchmark existing attainment levels.
- Identify the barriers to skills development, such as funding, residency requirements or unclear career progression.
- Begin the exercise of identifying infrastructure gaps, including an understanding of improvements to amenities, to generate a high-quality of life within the region.
- Create an outreach list of high potential innovative SMEs in priority sectors based along the corridor; and engage with senior executives about DBEC's role in promoting the corridor, and wider R&D opportunities.
- Identify current and potential future opportunities for funding.
- Organise regular learning sessions for councils to share initiatives with other council officers and elected members to explore expansion of successful initiatives along the corridor
- Develop a coherent marketing and communications strategy with a clear editorial line. Initially, this could include a document setting out the benefits of the corridor, dedicated communication channels and consideration of comparator corridors for lessons learned

It is recommended that members note the draft strategy document attached to the papers for this meeting, and support the delivery of the partnership ambitions, including the work on going to progress the final stage of work that KPMG have been commissioned to carry out, which involved the production of an action plan.

Mary Mac Sweeney

Deputy Head of Economic Development and Enterprise