WHERE IS BELFAST GOING?

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CONTENTS

1. What's This Report About?

1.1 This report tries to answer a deceptively simple question 'Where is Belfast going?' It reviews the city's recent economic performance and speculates about its future potential and challenges. This report updates the one I prepared for Belfast City Council three years ago and asks how it has addressed the challenges it faces since then. For this report I was asked by Belfast City Council to do four things:

- Show the ways in which Belfast's competitiveness has changed since my 2004 study.
- Provide an overview of the opportunities and challenges our city faces in an national and international context.
- Show what must now be done for Belfast to address the weaknesses that remain.
- Make recommendations for Belfast 'to do' list.

1.2 This report, like its predecessor is based upon an extensive series of interviews with key players in Belfast and Northern Ireland, a review of the most recent data and literature about the city and province and the position of cities more widely in the UK. The report tries to answer the big question 'Where is Belfast going?' by answering five lower order related questions

- What is the State of English Cities now?
- What was the State of Belfast in 2004?
- What is the State of Belfast in 2007?
- How well is the governance system in Belfast coping?
- What's next for Belfast?

1.3 This report will provide a range of detailed evidence and arguments. It starts by identifying some big messages to guide the reader through that story. This report turns a mirror to the face of Belfast at a crucial time. But it wants to do it in a constructive way and does not wish to undermine or destabilise a fragile political and policy process. It is a delicate task because Belfast and Northern Ireland are going through many important and difficult changes. The world in which Belfast is operating is changing quickly. Global competition has become fiercer. The renaissance of big cities has continued apace. The UK government has increasingly focussed attention on the contribution of cities to national economic success and has devised a range of policies and initiatives to encourage the improved performance of UK cities. Many things have changed in Belfast and Northern Ireland as well with many new challenges and opportunities.

1.4 The first message is that the Belfast story is really a Northern Ireland story. The challenges opportunities and changes Belfast faces are often those faced more widely across the region. They are not peculiar to Belfast. The second important message is that there is good news. There has been real progress in Belfast even in the three years from my first State of the Cities report. The third message is that despite those achievements and big opportunities, the city also faces a series of equally big challenges. Within Northern Ireland the tectonic plates have shifted. The return of self government, the creation of the Regional Assembly, the changes involved in the Review of Public Administration means that attitudes, politics and institutional behaviour and relationships are shifting in welcome - but often uncertain - ways. And competition between places globally has increased since the last report. So even if Belfast has improved, many other cities nationally and internationally have improved as much - if not even more. In future Belfast will have to run harder just to stand still.

1.5 A more general observation is that Belfast's governance and decision-making system seems at the limits of its capacity. So many changes are taking place - economically, physically, politically - that the institutions are having to try very hard to keep up. Some of the progress that has taken place in the city in recent years is almost despite, rather than because of, the governance arrangements. Belfast faces a window of opportunity, but that opportunity could pass it by if the place, the people and the system do not seize them. To improve decision-making performance, Belfast will need to create deeper levels of trust between institutions, communities, people, places and parties than currently exist. Belfast has further to go in achieving partnership working. It also faces capacity problems, with often not enough people with the right skills and experience in the right institutions to manage change successfully. If Belfast is to flourish further, it will need grown up leadership from a whole range of institutions and organisations. Belfast will need more vision, leadership, trust and partnership. But despite those concerns, it is crucial to remember that Belfast is getting better. And many people and organisations are already doing great work. There is no cause for pessimism but rather much cause for optimism - if Belfast's leaders seize the time.

2. What is the State of English Cities Now?

2.1 It is a characteristic of Belfast that it tends to regard it self as a special, different city. One result is that some in the city do not realise that the city is not uniquely disadvantaged but actually shares many dilemmas with other UK cities. They don't see that Belfast is not alone. It is simply experiencing in a more intense way processes that are affecting many restructuring industrialised cities in the UK and indeed internationally. We must see Belfast as an example of a city facing familiar, if profound, challenges. To help us do this, this section of the report looks at what has been taking place in English cities during the past decade. It draws heavily on 'The State of English Cities' report which I prepared in 2006 for the UK government. This is regarded as a comprehensive and authoritative review of urban performance and policy . What did that report say about English cities? It shows that cities, after a very difficult period, have begun to emerge as drivers of regional and national economy and that policies to support them further should be encouraged. That policy message is also critical for Belfast, as we shall argue later.

2.2 The State of the Cities argued that during the past decade many cities in many countries have emerged from a period of decline to find new economic, political and cultural niches. There has been a sea change in how they are regarded. Governments, the private sector and researchers increasingly see cities as the dynamos of national and regional economies rather than economic liabilities. Cities are becoming again 'the wealth of nations'. Many have assets which make them more - not less - significant in an increasingly globalised world. Some are centres of strategic decision-making, exchange and communication. Many have concentrations of intellectual resources in universities and research institutions, which encourage high levels of innovation. Many cities have achieved substantial physical regeneration especially of their centres, which offer impressive commercial, residential and retail facilities. Many have substantial cultural resources, which are increasingly the source of economic growth and job creation.

2.3 But cities are not only economic assets – not merely marketplaces. They have great capacity to promote community development, social cohesion and civic and cultural identity. However, despite this potential, the pursuit of economic success has not led to the elimination of social problems in many different countries with very different institutional, economic and social arrangements and policies. Achieving economic success with social justice in sustainable cities remains a challenge to many governments and organisations – local, regional, national and international.

2.4 For all these reasons, cities are moving up the political agenda and have become the focus of many policy initiatives. Initially, the policy focus was upon regions. More recently in many different countries it has shifted towards the relationships between cities and regions. As a result there is a growing recognition that the characteristics of cities - and the ways policies affect them - are crucial determinants of regional and national economic performance.

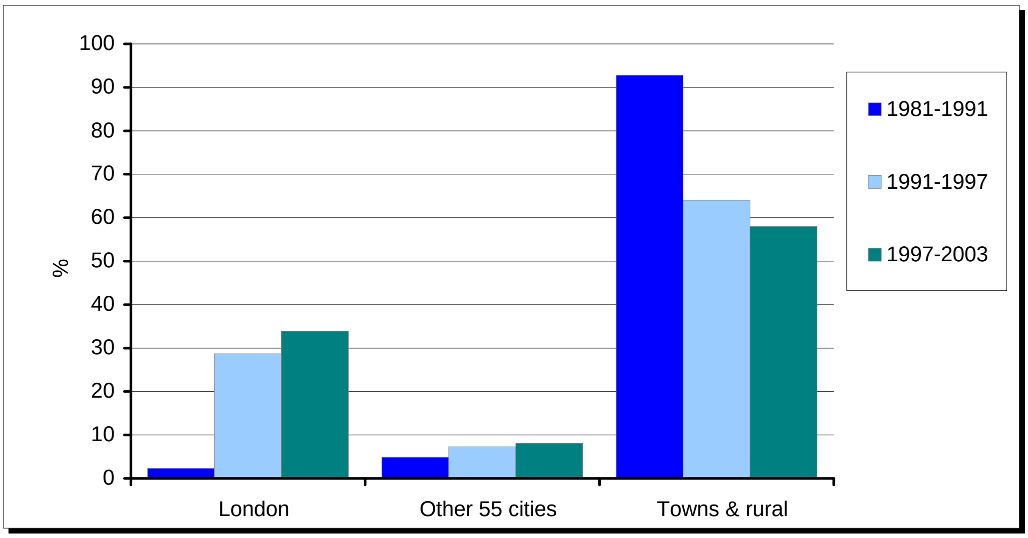
Key Messages from the State of the Cities Report

2.5 There is a lot of good news about English cities. There is much evidence that many have improved their economic and social performance, are becoming more liveable and have developed better government arrangements in recent years. In 2006, English cities look and are different from the 1980s when many larger ones rapidly lost tens of thousands of manufacturing jobs and almost their whole economic rationale. Since then such cities have dramatically improved their performance. The process of urban renaissance, especially in city centres, is well entrenched. Many cities in the north and west have begun to expand and attract the economic sectors and are developing the qualities and assets which underpin successful urban economies in the south east - innovation, economic diversity, a skilled labour force, communications, quality of life and leadership capacity. But despite these improvements, not all cities or groups and areas within them have had the same experience. Cities in the south and east are still more successful than cities in the north and west. Matching the performance of the most successful continental cities also remains a challenge for many. Sustaining the economic advances of our cities will also require the national economic growth of recent years to be continued.

Cities' population growing

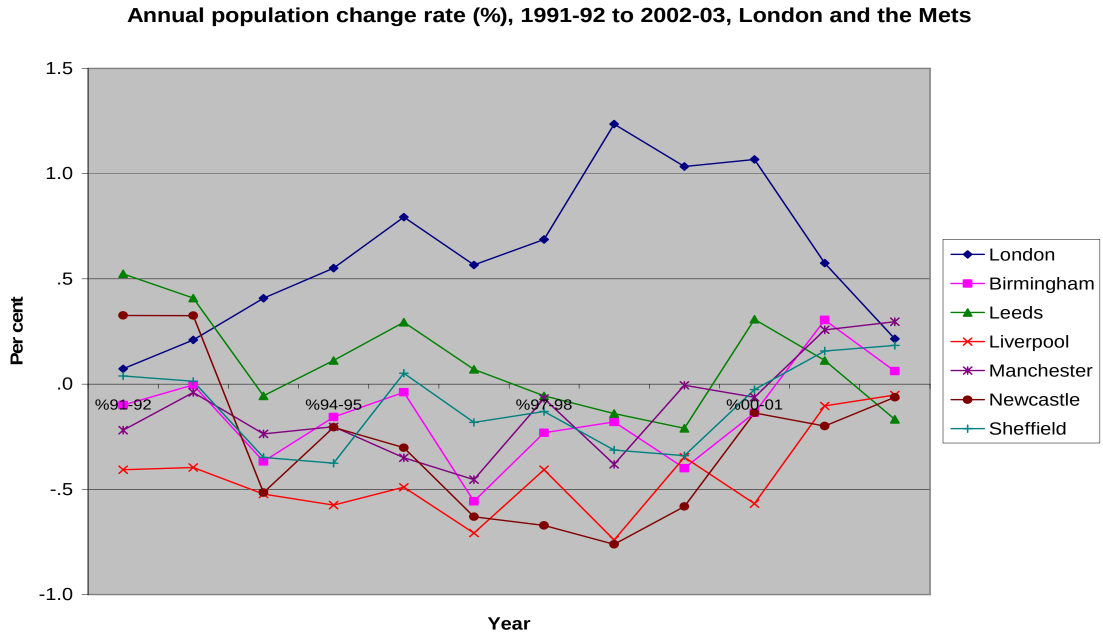
2.6 England's cities are important to national success, because they represent such a large part of the nation in terms of both population and economic activity. Until recently the rest of England was doing better in terms of growth in numbers of people and jobs. But cities' contribution has been growing more recently. Their 42% contribution to national population growth in 1997-2003 was a clear and impressive improvement on previous experience (Figure 2.1). London alone grew by 403,000 - 34% of England's total.

Figure 2.1: The contribution of the 56 cities to England's population growth, 1981-2003



2.7 However, London's growth rate dropped after the turn of the century and the big six cities of Birmingham, Leeds, Sheffield, Manchester, Liverpool and Newcastle moved up steadily from their high losses of the early 1990s as Figure 2.2 shows.

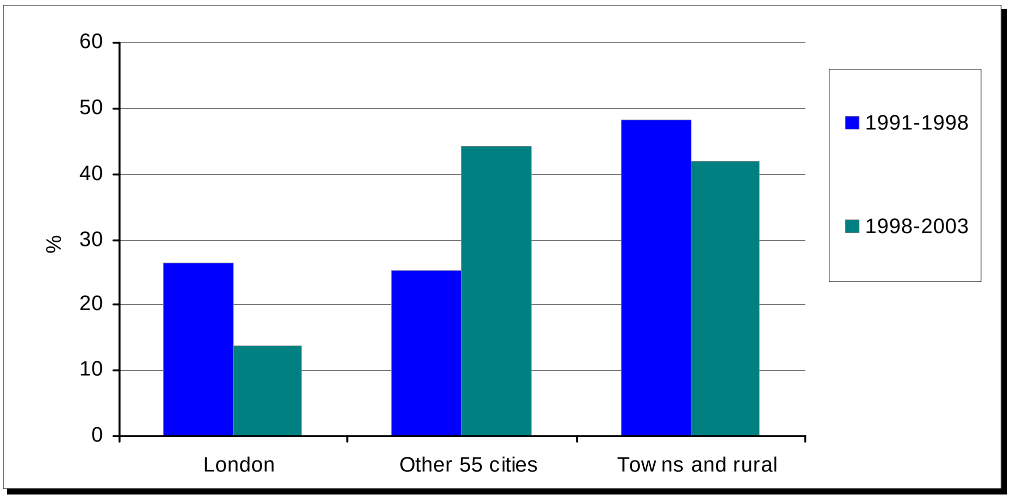
Figure 2.2



Jobs are growing

2.8 Cities are even more important for employment than for population (Figure 2.3). In 2003, the 56 cities combined accounted for 63% of England's total jobs, 5 percentage points more than their population. Their overall contribution to national growth has been greater in recent years than earlier in the 1990s. Also the number of cities contributing to growth in jobs has grown, as London's dominance has been challenged with the economic recovery spreading out further west and north.

Figure 2.3: The contribution of the 56 cities to England's job growth, 1991-2003



Trends in social cohesion in English cities

Social cohesion improving, if uneven

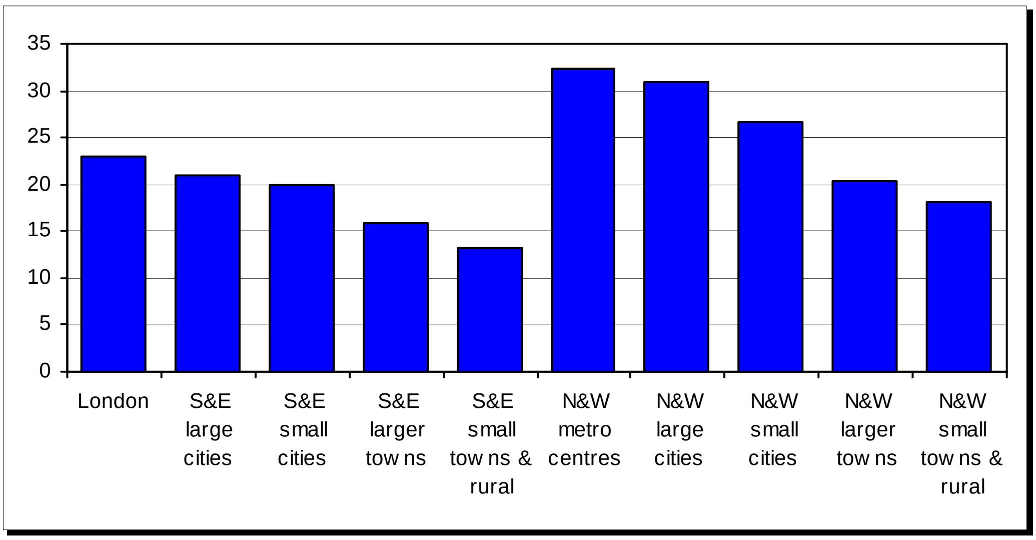
2.9 There has been improvement in social cohesion in cities in recent years, partly reflecting improved national performance. Employment conditions have improved considerably in some of the poorest cities. Health conditions have improved generally and people everywhere are living longer. The gap in educational attainment between cities and the rest of the country has narrowed slightly in recent years. The proportion of people with degrees has risen everywhere in the last decade, especially in prosperous cities that already had many graduates. On recorded crime, robberies have increased slightly, while vehicle crime and burglaries have declined slightly.

2.10 But despite this progress, cities still face challenges of social exclusion and inequality. The level of deprivation is higher and more widespread in cities than in other parts of the country. There are higher levels of unemployment and worklessness. The state of health of the population in cities is generally worse. The gap between poor and better-off neighbourhoods is bigger than elsewhere. Social diversity is greater – between people of different races, cultures, religions and social class. Residential ‘sorting’ is quite high, based on income, wealth, employment status and ethnicity. Educational attainment in schools is lower than elsewhere. The rate of recorded crime is generally higher.

2.11 There is also a regional difference. Cities in the north and west face bigger challenges than those in the south and east. They have: greater deprivation, worse health conditions and more poor neighbourhoods; higher levels of child poverty and lone parenthood; higher rates of involuntary worklessness; lower employment rates for people with disabilities, for the over 50s and for ethnic minorities; more people with no qualifications and fewer people with degrees; more areas with significantly more people from minority ethnic groups often overlapping with deprived neighbourhoods.

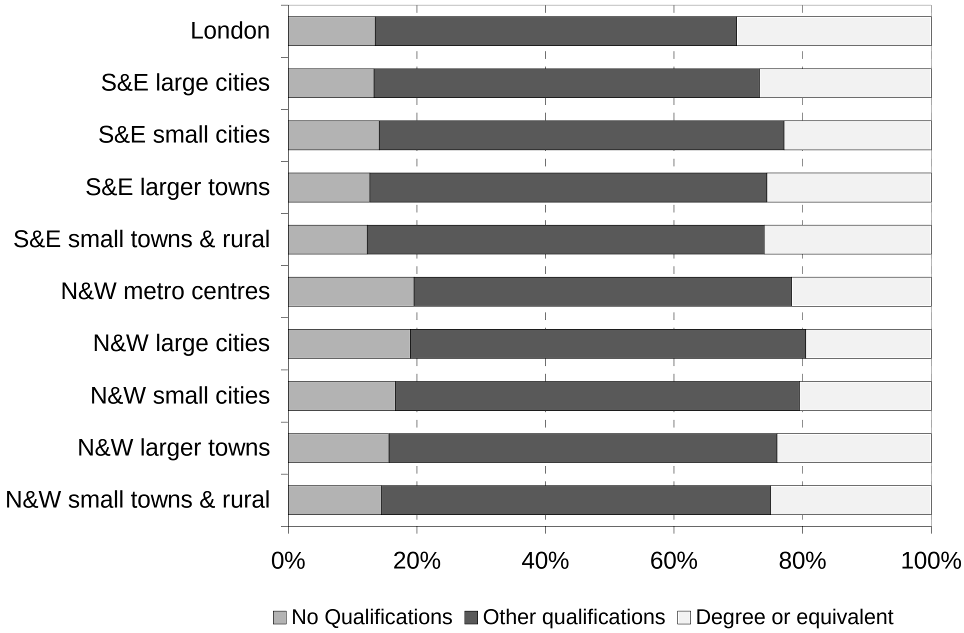
2.12 The level of deprivation is higher and more widespread in cities than in towns and rural areas as Figure 2.4 shows. But conditions have been improving in most cities, especially in some of the poorest.

Figure 2.4 Overall deprivation by city type 2004



2.13 There is large variation in the level of educational attainment between cities and the rest of the country. Cities in the north and west have more people without qualifications and fewer people with degrees than elsewhere as Figure 2.5 shows. However, the gap has narrowed slightly in recent years. The proportion of people with degrees has risen everywhere in the last decade.

Figure 2.5: Skills of the working age population by city type 2003



2.14 Three important trends emerge on social cohesion. First, all cities have improved their performance in recent years. Second, however, cities in the south and east have higher rates of cohesion than those in the north and west. Third, the large majority of cities which were performing well at the start of the period improved their performance more than those who had been performing less well. There has been progress across the country in increasing social cohesion. But more needs to be done to close the gap.

Economic performance improving, if uneven

2.15 The evidence on the economic competitiveness and performance shows many cities performing well. But it also underlines the scale of the economic challenge still faced by many others. The cities vary considerably in terms of both income and productivity and some lag behind the national average. London and smaller cities in the south and east perform better than those in the north and west. However, changes in economic performance in recent years show some improvement.

2.16 Many English cities have improved, especially in the most recent years. Cities are picking up. Despite that progress and in particular the economic successes of Manchester and Leeds, many cities in the north and west are not yet catching up with the most successful cities in the south and east. More needs to be done for that to happen and for English cities to catch up with the best in Europe. English cities perform as well as many continental cities overall. But in comparison with the most successful cities in Europe, many English cities lag behind in levels of income, productivity, innovation, employment, workforce qualifications, connectivity and accessibility. Also if cities are to stay up and maintain the improvements of recent years, the success of the national economy must be sustained.

2.17 Figure 2.6 demonstrates the regional imbalance in terms of economic competitiveness. Output is much higher in the south and east than in the north and west. But Figure 2.7 shows the improvements which took place in GVA per capita between 1995 and 2002. 25 cities grew faster than the national average, including 6 of the 8 Core Cities. Nine cities managed growth rates of more than 10% above the national average. Most of these were in the south and east. But Manchester was a notable exception.

Figure 2.6: Productivity across the regions

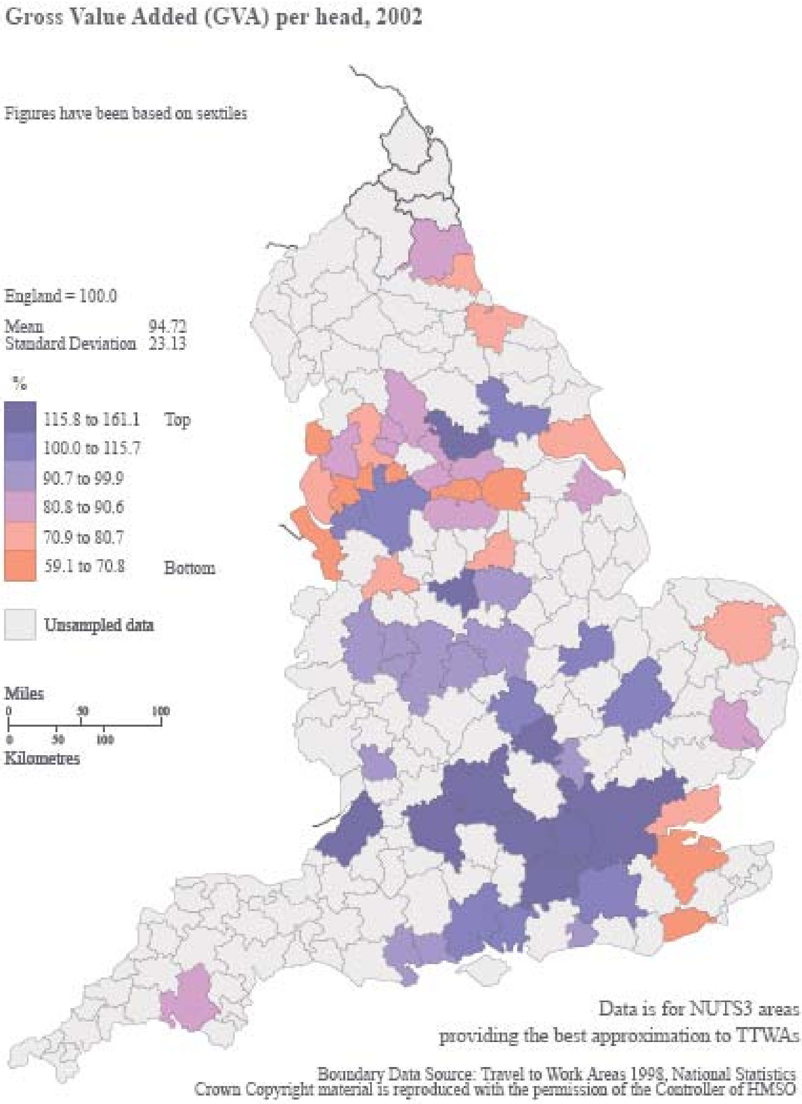
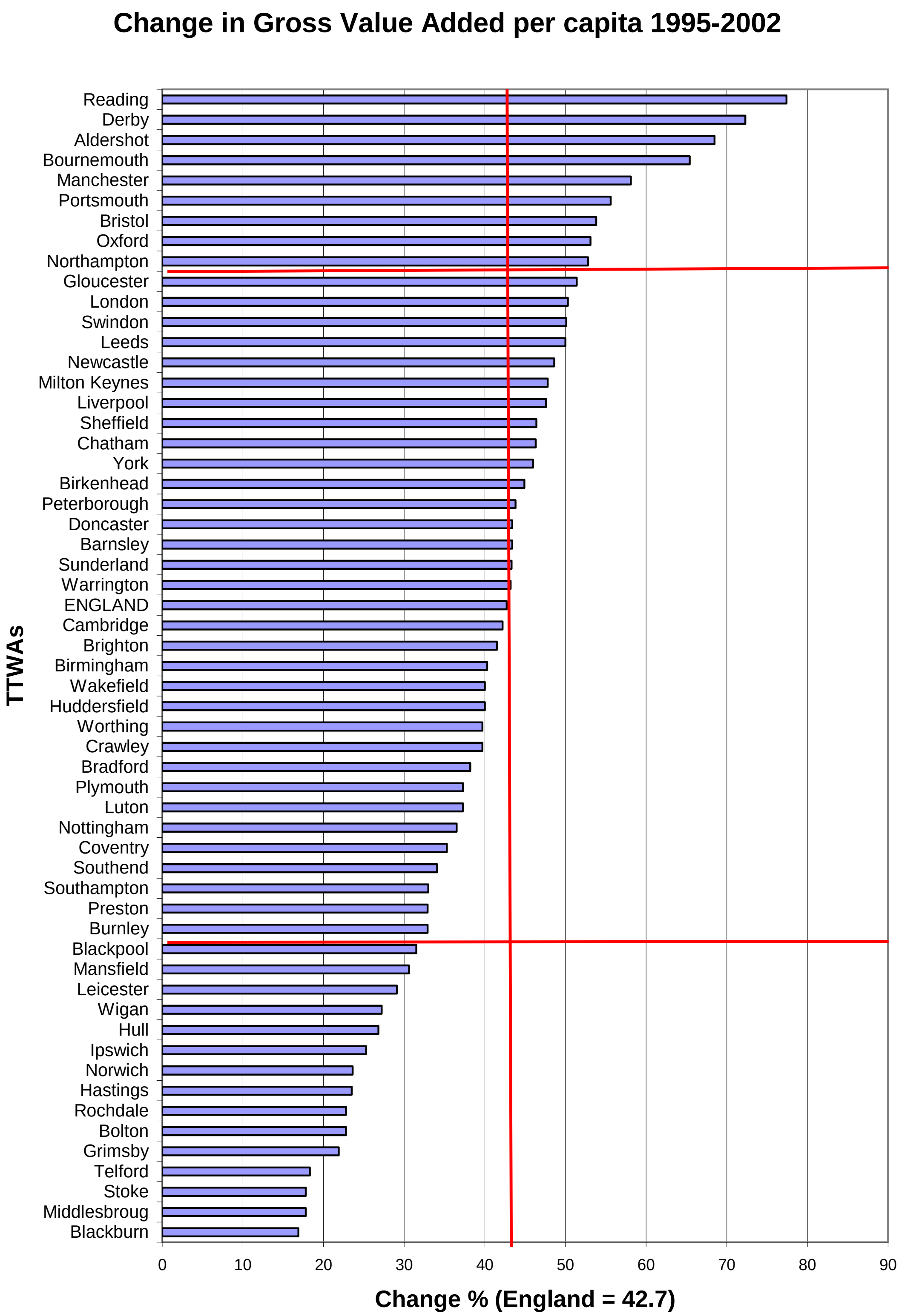


Figure 2.7: Change in Gross Value Added per capita 1995-2002



Does economic success lead to social success?

2.18 A key policy question which troubles policy makers everywhere, and Belfast is no exception, is whether economic success in cities leads to social success. Essentially policy makers fear that if cities are encouraged to be economically competitive there is a risk that less robust individuals, groups and communities will be left behind in the race for success. Figures 2.8 and 2.9 throws light on this by showing a strong inverse relationship between employment and income deprivation, which means that cities with more jobs tend to have less poverty and social exclusion. Figure 2.9 compares the relationship between productivity and low income. The relationship is not simple. Both more and less economically successful cities have low income households. Nevertheless, the chances of being income deprived are higher in cities where the economy is below the English average, than in those cities with more successful economies. The search for economic competitiveness does not exclude a concern with social cohesion. A high value added, knowledge based high skill economy can lead to the achievement of wider social goals. It is easier to redistribute wealth than poverty. But it does not automatically happen. It requires policy intervention.

Figure 2.8 Relationship between income and employment deprivation 2004

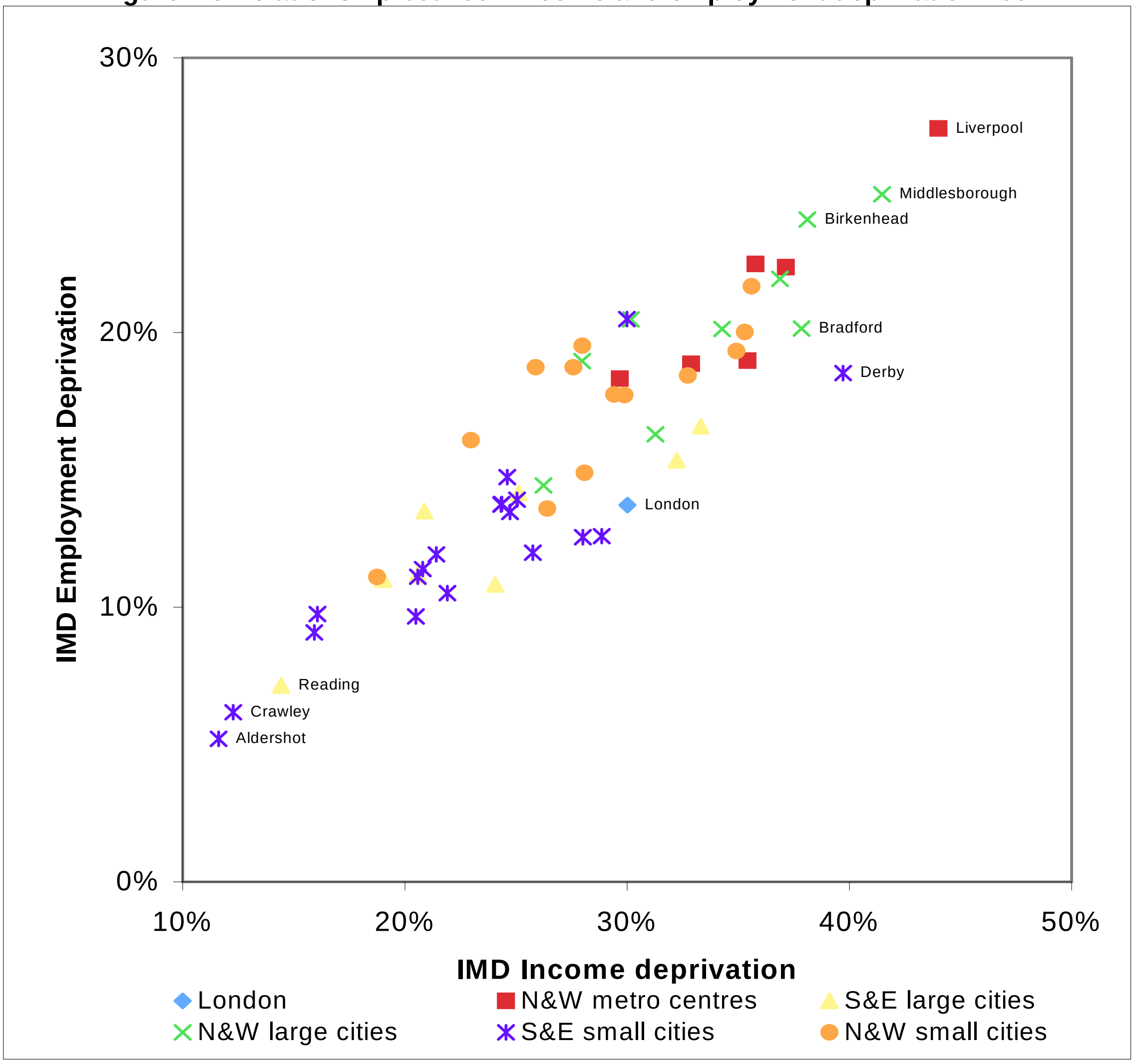
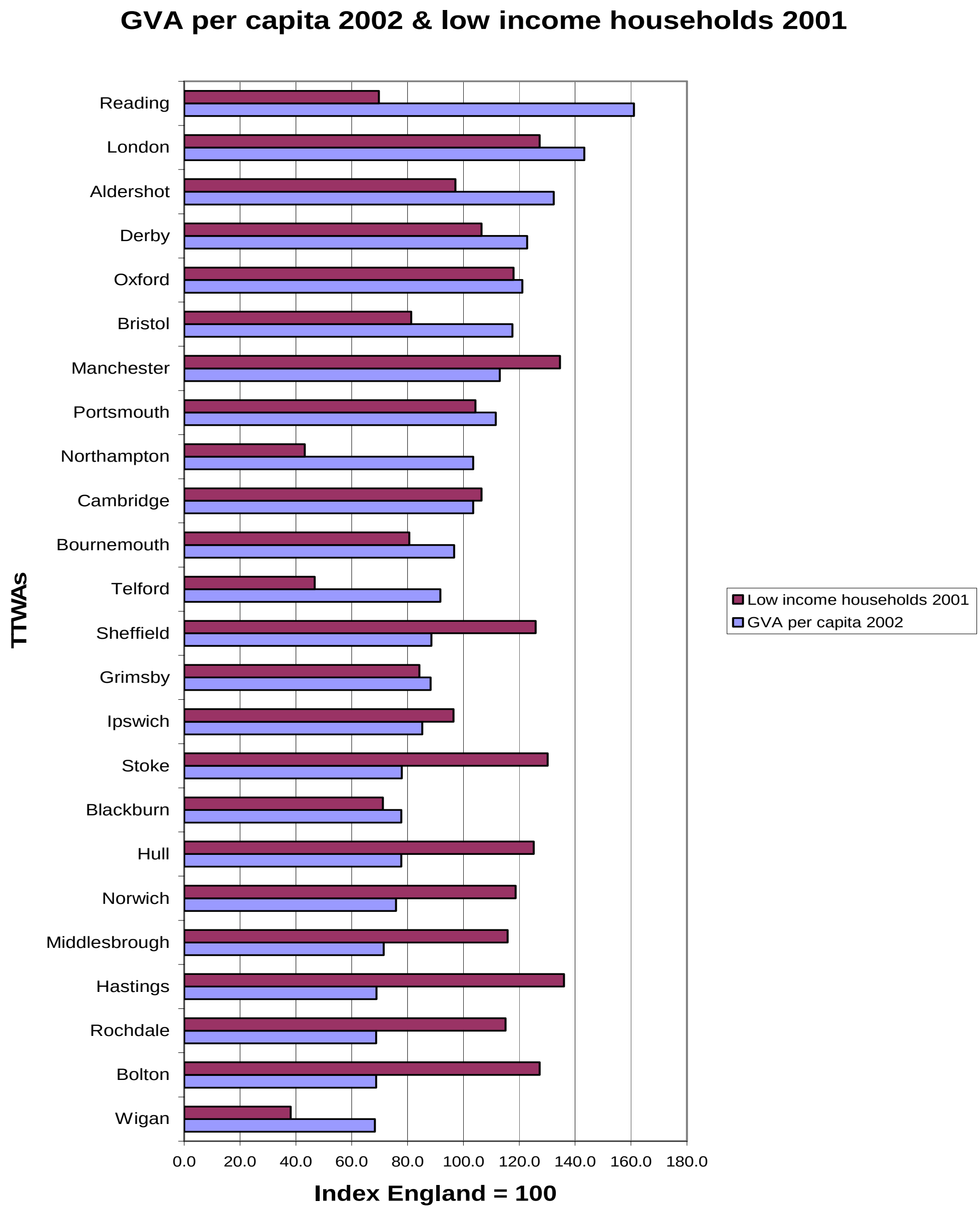


Figure 2.9:



What were the policy messages for government?

Cities matter – support them

2.19 Cities should be seen as economic assets and potential opportunities. Firms and cities need each other equally. Governments in continental Europe and the US have recognised the importance of cities as drivers of national and regional economies. There is much evidence of the growing economic contribution of English cities. Policy needs to encourage that contribution more. Government would benefit by investing more energy and resources in cities.

Competitiveness, cohesion and liveability all matter

2.20 A policy for cities cannot simply be about either buildings, or deprived neighbourhoods, or wealth creation. A successful policy needs to address all three elements. Although all three legs of the stool are important, the competitiveness of cities has been a neglected focus and should be strengthened. The creation of economic opportunities, wealth and jobs in our cities in principle would improve the prospects of achieving socially cohesive and environmentally sustainable cities. The connection is not automatic, but having a buoyant labour market clearly helps to promote social cohesion. A high value added, knowledge based high skill economy can lead to the achievement of wider social goals. Policy has increasingly focused upon the roots of competitiveness. That focus should be strengthened. And linkages between institutions which deliver the different elements of the competitiveness agenda need to be strengthened.

Start with the big places

2.21 The largest urban areas have particular opportunities and challenges, which require particular government attention. Policy needs to build upon the strengths of London as a successful global city and to maximise the contribution of Core Cities to their regional and national economies. Government should address them in a coherent, concerted fashion.

Think and act long-term

2.22 The secret of success in many reviving cities has been the stable political and officer leadership which allowed them to build up the skills, track record, confidence, and networks necessary for regeneration. In future, government needs to give people and policies as much time to flourish as is realistically possible.

2.23 *Make fewer, more strategic interventions*

The government has been pursuing a variety of policy initiatives at a wide range of levels in recent years. Government should do fewer but bigger, more strategic things in future. Less means more.

Provide greater clarity and a national spatial strategy

2.24 There is still a need for government to provide greater clarity about what it wants to do, how, where and when. It would be better to have greater clarity with a national strategy, which specified some clear spatial goals and some simple policy instruments.

Support and trust local government more

2.25 Relationships between national and local government are working better. But there are still some frustrations about the role each is meant to play. The government needs to recognise the contribution of local authorities and trust and empower them more to deliver national ambitions.

Expand contractual working

2.26 The number of projects with different timetables, boundaries, budgets and targets still presents a challenge to local partners. There is considerable support for a simpler, more contractual based relationship as practised in the French contract system and already used in the Local Area Agreement initiative.

More departments should recognise the importance of cities

2.27 Departments need to recognise more clearly the potential contribution of cities to national ambitions and the relevance and impact of their policies upon them. Also the efforts of the different departments who are working on the urban agenda needs to be better aligned and integrated.

Support city regions

2.28 Neighbourhoods and local authority areas are too small and regions are too big to deliver the urban economic competitiveness agenda. City-regions are a more appropriate level at which to make economies operate. City regional boundaries will not be fixed but will vary for different purposes and markets. Equally city regional working is best encouraged through informal processes and networking rather than institutional change.

Provide incentives for city regions to collaborate

2.29 Collaborating at city-regional level presents big challenges to local partners. There are potential conflicts over turf, personalities, party politics, as well as the location of resources, infrastructure and economic development. Resolving those conflicts requires political compromises, which in turn require good local and regional leadership. Government should provide further resources, support and freedoms and flexibilities to reward cities making progress and to encourage those which still face challenges.

Greater financial powers and influence for cities

2.30 In many respects English cities are more constrained than their competitors in Europe and America. The evidence is that letting go encourages more entrepreneurial and innovative urban leadership. Also cities should have greater influence over the allocation and uses of national resources that already come into their areas. At present too many agencies with separate budgets that impact upon urban areas do not have a sufficient urban focus.

2.31 The overriding message for government was that it should in future do more to encourage: place making, local leadership, city regions, new delivery vehicles and new financial instruments.

Does that ring bells in Belfast?

2.32 These trends in English cities and policy implications for government have been discussed at some length because they are very relevant to Belfast and the Regional Assembly. The evidence about urban change underlines that cities really are having a renaissance and making a growing contribution to regional and national prosperity. It also shows that they continue to face a range of economic and social challenges which cannot be neglected. And they also show that the pursuit of economic competitiveness is complementary to not incompatible with the pursuit of social justice. All these facts are an important piece of context for Belfast. They underline that the challenges and opportunities it faces are not unique. Belfast is not a special case.

2.33 Equally important the policy messages to government are crucial for Belfast. What would be the implications of our messages to UK government for the Regional Assembly? It would mean that the Regional Assembly should support Belfast more as the largest city. It should focus upon competitiveness as well as social cohesion. It should encourage cooperation at the Belfast city region or metropolitan level. It should encourage more departments to adopt a coherent integrated approach to

Belfast. It should take a long term view of growth. It should let go of controls and maximise the powers, resources and flexibilities of Belfast. It should have a clearer view of the spatial development of the province and the role of Belfast within it. Later in this report we shall discuss whether this is currently the position.

3. What Was the State of Belfast in 2004?

3.1 My earlier report showed that there was both good news and bad news in Belfast in 2004. It looked at Belfast in relation to some of the most successful cities in Europe as well as with more comparable cities - the 8 English Core Cities. It compared Belfast on a series of drivers of economic competitiveness, including:

- innovation
- economic diversity
- skill base
- place quality
- connectivity
- strategic decision making capacity

3.2 In some ways the work underlined how Belfast needed to sharpen its act is if is to compete with the best European cities. The city lagged in terms of innovation, quality of the workforce and connections to the European mainland.

3.3 But in some other respects Belfast performed rather better in relation to large English cities than external perceptions and perhaps internal perceptions might have suggested. In terms of wealth measured by GDP per capita it was not the worst performer. Although it had large numbers of under qualified people it had a surprisingly large number of skilled people. If direct connections with the Continent and beyond were not good, it actually has rather good connections with the UK mainland at least in comparison with many of the Core Cities. The relatively low cost of living and housing in particular and a good supply of suburban housing meant that the city compared relatively favourably with its English counterparts. There was also evidence that there had been a substantial renaissance in the city centre during the preceding five years, a point to which we shall return later in the report.

3.4 Perhaps the most important message was that the city was better than many outside - and inside - the city believe. There had been real improvement across a number of areas. However, the city lacked one critical feature of a competitive city – the strategic capacity to deliver long term economic and social programmes. Politics, governing and governance matter. At that time they were preventing Belfast punching its weight. The report said that Belfast was not well governed. It was fragmented and inefficient. There was lack of trust. Planning was too slow. Central local government relations were not good. There were constant conflicts over turf and territory. There was partnership fatigue. There was strategy overload. It had an unbalanced relationship between public and private sectors and cultures. It had very weak local government. It argued that Belfast had frozen attitudes and institutions.

3.5 The report argued that to move forward the city had to do the following:

- increase its population;
- reduce unemployment;
- improve education and skills;
- increase innovation levels;

- change the balance between the public and private sectors;
- improve its connectivity;
- Improve its strategic decision making capacity.

3.6 Leaders in Belfast were brave and accepted that the analysis - if painful - was accurate. The key question is whether during the past three years those challenges have been accepted, whether there has been significant change and whether public policies have made a contribution to change.

4. What is the State of Belfast Now?

4.1 There is much good news. Belfast feels a very different place in 2007. It has been going through a very good period. Belfast is no longer a frozen place or society. Indeed it is hot. Belfast now feels a rather dynamic not static society and place. There is lots of good news about the city. The underlying asset base remains a challenge. Many of the social challenges remain, as we shall see in detail in this section. The governance is very turbulent. Belfast is remaking the decision-making system. But bits of the Belfast economy are doing very well indeed. The following section provide the evidence for this assessment.

4.2 This paper builds on the analysis contained in 'Belfast Benchmarking a Competitive European City', our 2003 report for Belfast City Council. It focuses on changes since 2000, providing a comparative overview of the performance of Belfast across key measures of socio-economic success. It shows how the city performs in comparison to the English core cities – Birmingham, Bristol, Leeds, Liverpool, Manchester, Newcastle and Nottingham – along with Glasgow, Edinburgh and Cardiff. It demonstrates improvements in Belfast's performance and explores similarities and differences between these cities.

Some Big Messages

4.3 Belfast is making good progress. It has improved its absolute performance on a range of indicators. It is also starting to improve its relative performance on some measures. However, it performs more strongly on economic than social indicators. And it sits in the middle of many of the comparative tables.

4.4 In terms of economic performance Belfast has some significant assets. It is the retail centre of Northern Ireland. The city has seen strong growth in the business services sector. Developers are showing renewed confidence in the city with significant investment in new retail, office and residential developments. Recent house price inflation may in part be a reflection of this strong confidence, although this will in turn present its own challenges.

4.5 However, the city still has some way to go to close the gap on comparable places. Productivity, employment and skills levels are all improving, but only in line with national average and behind the best performing cities. External perceptions of the city are a major challenge. Belfast does not score well on a number of surveys of 'best' business locations.

4.6 The city has made important improvements in social well being. Unemployment fell by 1.5% between 2002 and 2007, greater than in any of the comparator cites. In 2002 only one of the comparator cities had a claimant count unemployment rate higher than Belfast's. By 2007 five did. However, the Multiple Deprivation Measure ranked Belfast as the second most deprived local government district in Northern Ireland in

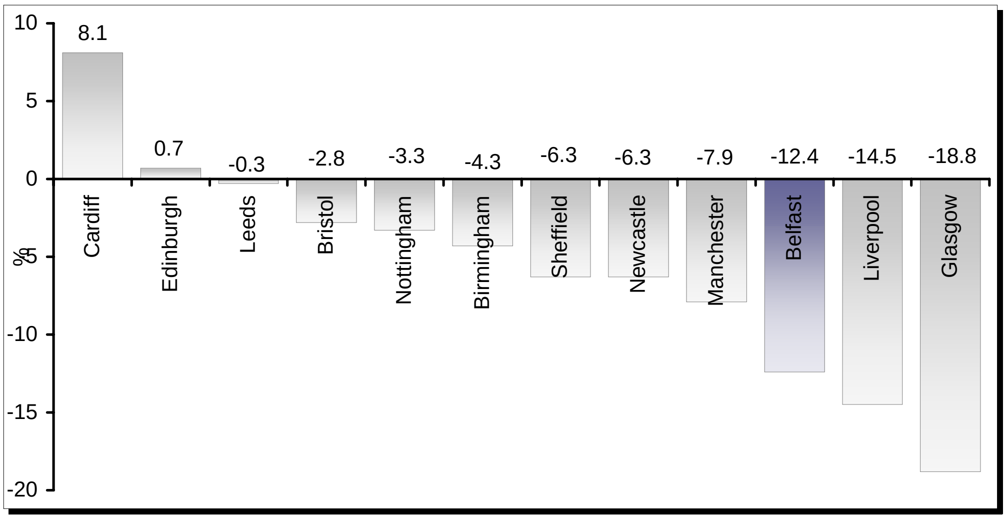
2005. And 15.4% of working age residents receive Income Support benefit, a higher proportion than in any of the comparator cities.

4.7 The city has made substantial gains. However, there is still a way to go. Belfast still has more in common with Liverpool or Sheffield than Edinburgh, Manchester or Leeds. The following section provides evidence for these big messages.

Population better – losing at a slower rate

4.8 After a sustained period of population loss, Belfast's population has begun to stabilise. As with all large UK cities the population of Belfast fell substantially between 1981 and 2001, down by 12.4%. Only Liverpool and Glasgow were worse than Belfast.

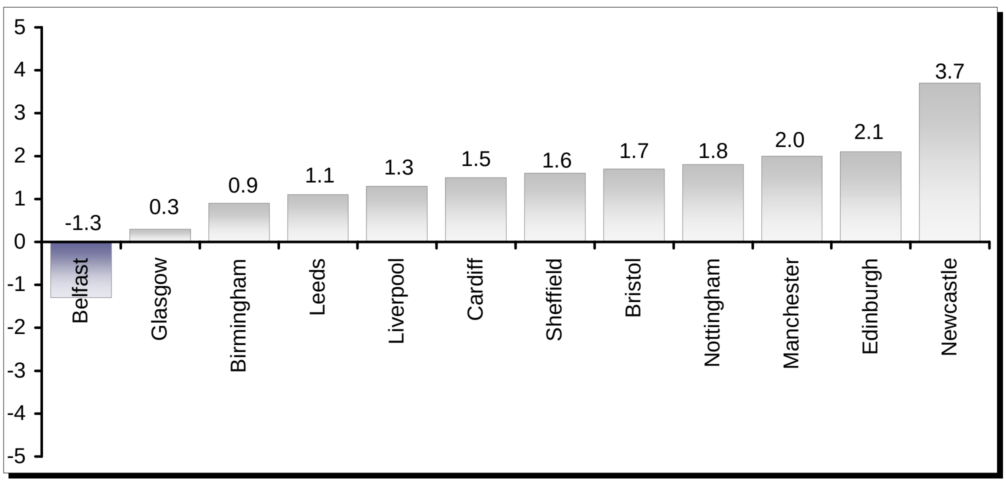
Figure 4.1: Population change 1981-2001



Source: ONS SOCD Census of population 1971 and 2001

4.9 Since 2000 population loss from the Belfast City Council area has slowed down. It fell 1.3% between 2000 and 2001 and just 0.36% between 2004 and 2005.

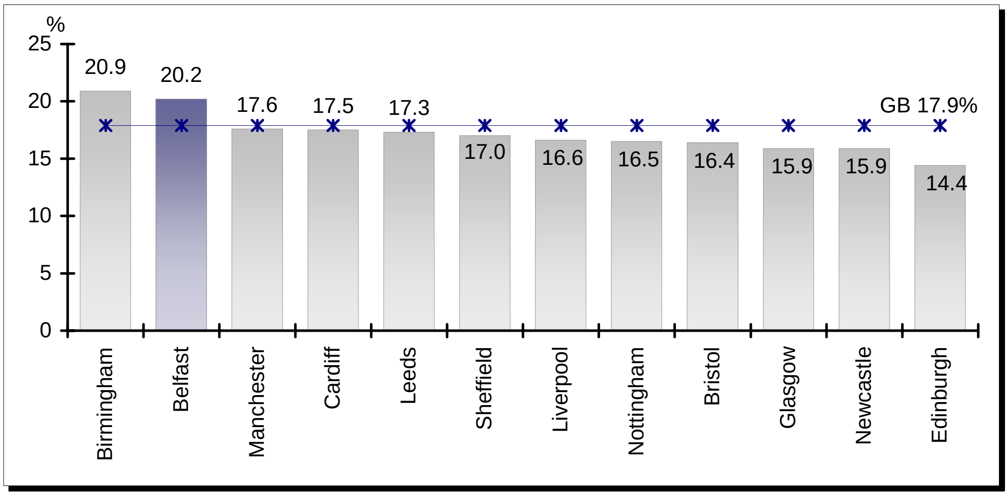
Figure 4.2: Population change 2003-2005



Source: NOMIS NISRA Mid-Year Population Estimates

4.10 Belfast is a young city, a fifth of the city's population is less than 16 years old. Only Birmingham has a younger age profile. This youthful population could be a real asset in future.

Figure 4.3: Residential population 15 years and under, 2005



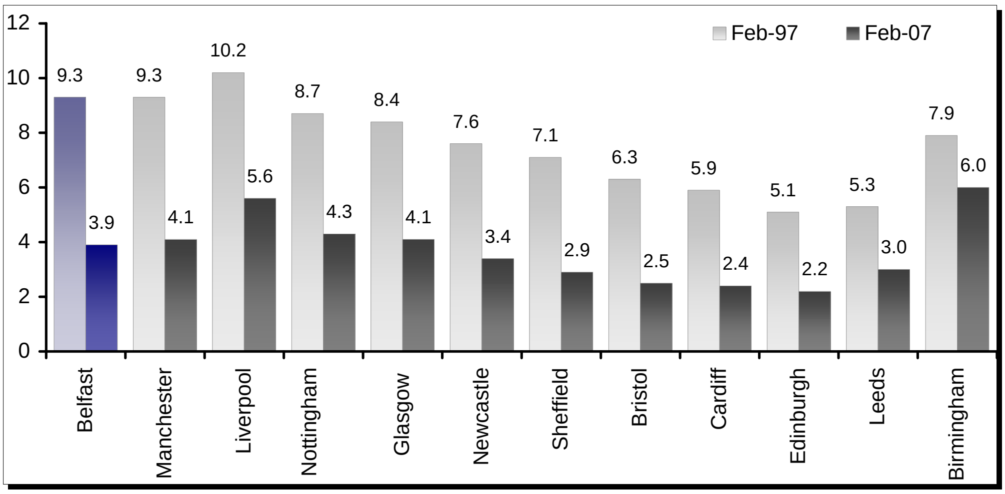
Source: ONS NOMIS NISRA Mid-year population estimates

4.11 In 2004 I argued the city needed to increase its population. That process has now started.

Employment and unemployment - getting better

4.12 Figure 4.4 shows the change in unemployment during the last ten years. It is getting better. Ten years ago the rate was 9.3%. Today it is 3.9%. That is not the lowest in the country but it is near that figure. Belfast is not the best but it is doing much better than it was. However, other places are also doing better as well.

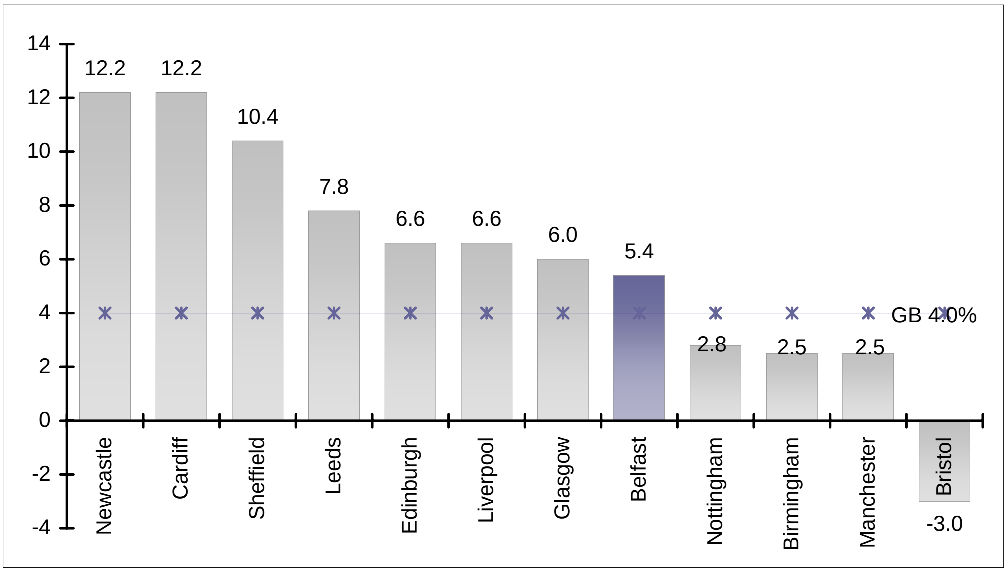
Figure 4.4 Unemployment 1997-2007



Source: ONS. Nomis Claimant Count with rates and proportions

4.13 Employment has grown during the first half of this decade by 5.4%. This was not the best achievement but still better than Nottingham, Birmingham, Manchester and Bristol. That is very good news for Belfast.

Figure 4.5: Change employment 2001-2005



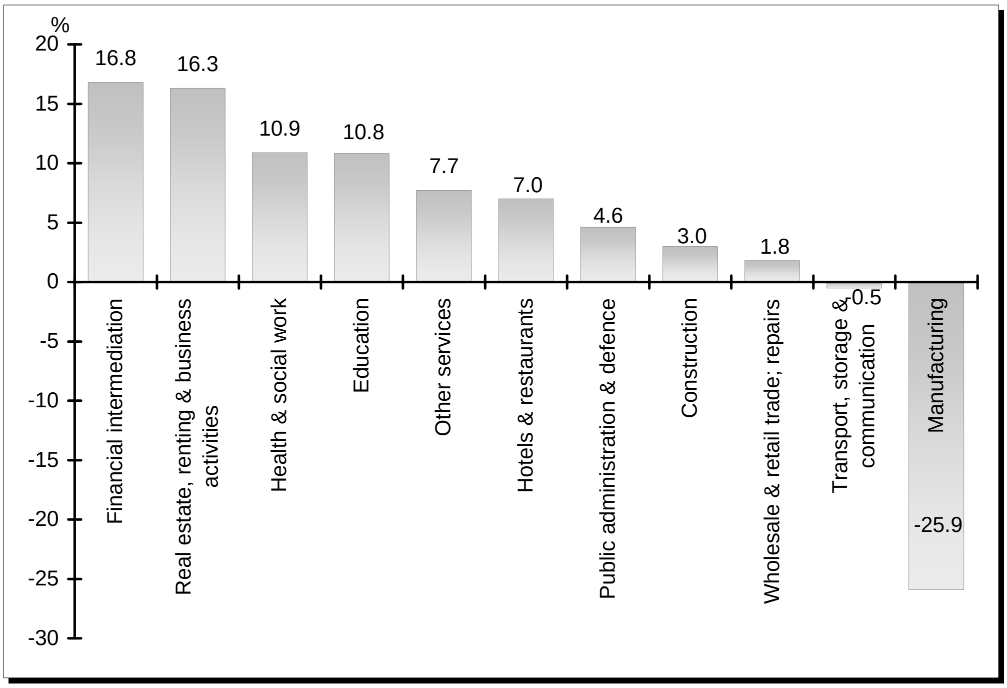
Source: NOMIS Annual Business Inquiry Employee Analysis 2005

Employment in the right bits growing

4.14 The public sector plays a huge role in Belfast's economy. Almost two out of every five jobs are in public administration, education and health sector. This is a higher proportion than in any of the comparator cities. I think it is too big.

4.15 Many of Belfast's industrial sectors have experienced strong employment growth over the last five years. The total number of employees increased by 5.4% between 2001 and 2005. When the economy is broken down it shows that 'real estate, renting and business activities' is the largest industrial sector in Belfast, employing some 31,200 people, up 16.3% since 2001. 16.2% of all Belfast's employees now work in this sector. Figure 4.6 shows something very interesting. Most important, the biggest increases in recent years has been in the sectors where the city has traditionally done least well and where it needs to improve in future. For example, growth has been the greatest in financial services. It has been second greatest in real estate, renting and business activities. At the moment they are not the biggest bits of the Belfast economy. But they are the most dynamic bits. So growth is beginning to take place in the right parts of the economy. If the public sector is still too large – and it is – there is real evidence of change in the last five year period.

Figure 4.6: Sectoral Change 2001-2005

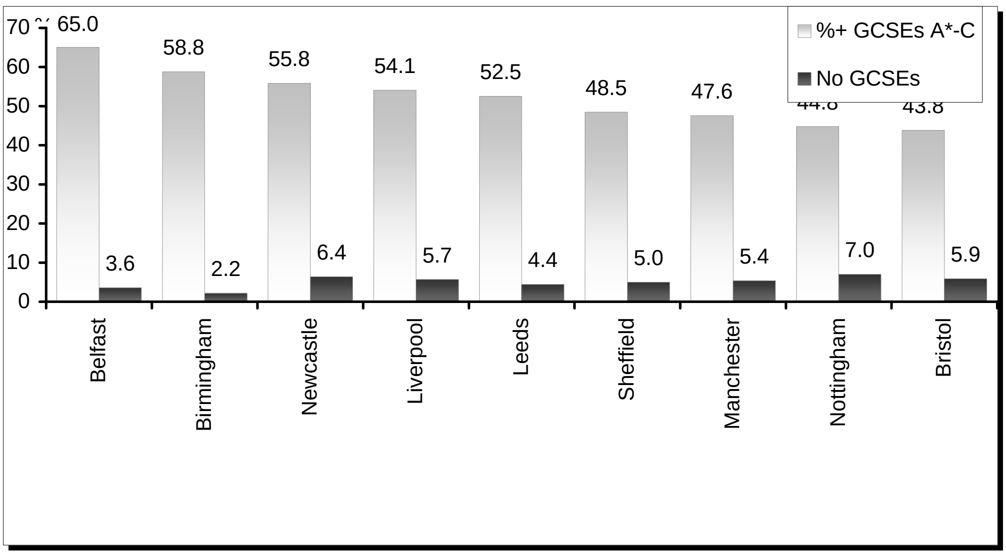


Source: DETINI Census of Employment 2005

Education is good in schools

4.16 Educational attainment levels at the end of compulsory education are good. Almost two thirds of Belfast's pupils achieved 5 or more GCSEs at grades A*-C in 2006, well above attainment levels achieved in the comparator cities. As expected in a city with very high levels of attainment relatively few Belfast pupils achieve no GCSEs at the end of year 11.

Figure 4.7: Proportion of pupils attaining 5 or more GCSEs at grades A*-C, 2006

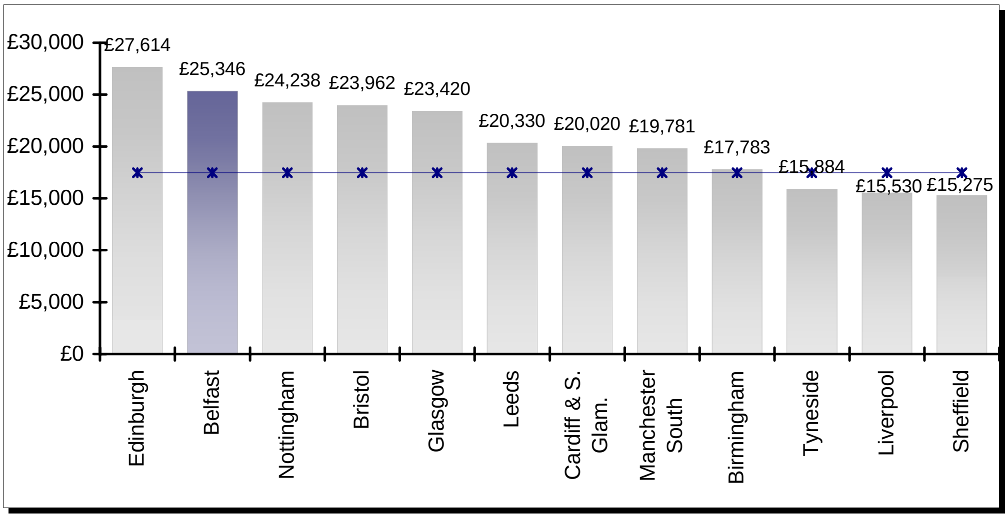


Source: DfES & DENI

Productivity high

4.17 GVA per capita provides a good comparative measure of productivity. Belfast, partly because of the size of the public sector performs strongly. GVA per capita for the city is £25,346, bigger than all the comparator cities except Edinburgh.

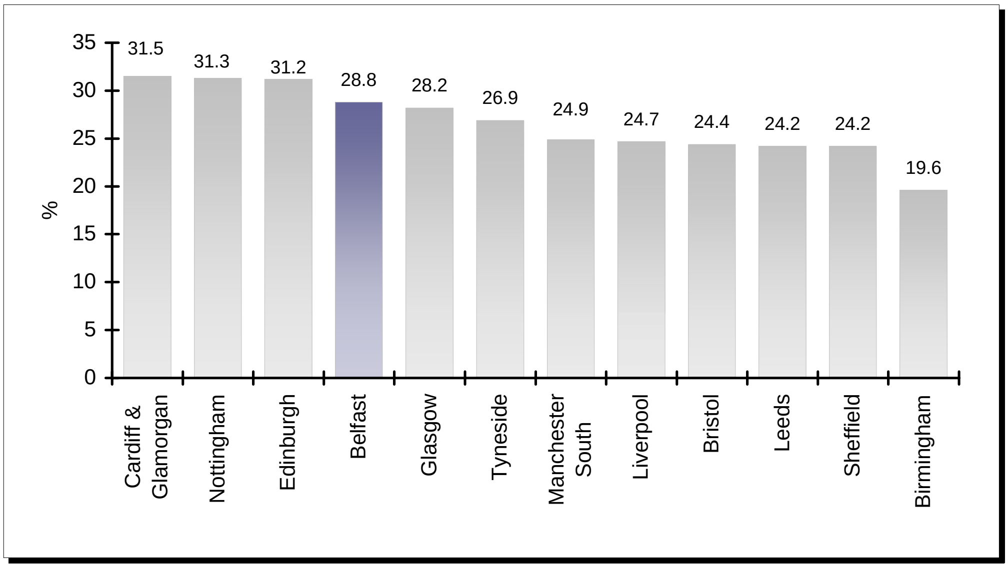
Figure 4.8: GVA per capita (£) 2004



Source: ONS

4.18 The trend in productivity is also promising. Between 2000 and 2004 GVA per capita in Belfast increased by 28.8% compared to a national increase of 22.2%. This was the fourth highest increase of our cities.

Figure 4.9 GVA per capita % change 2000-2004



Source: ONS

Overall competitiveness good

4.19 The ‘UK Competitiveness Index 2006’ calculates a competitiveness ranking for all UK local authorities. In 2006 Belfast ranked 99th. Of the comparator cities only Edinburgh and Bristol were higher. And it moved up eighty one places since 1997, the largest improvement of any of the comparator cities.

Figure 4.10: UK Competitiveness index 1997 and 2006

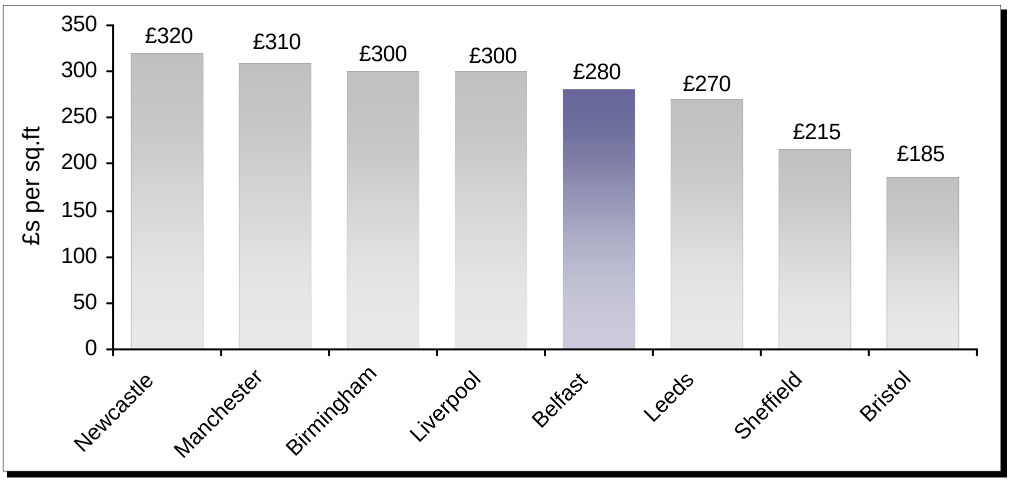
	1997 Rank (out of 434)	2006 Rank (out of 434)
Edinburgh	60	49
Bristol	77	75
Belfast	180	99
Manchester	132	121
Cardiff	151	129
Leeds	148	146
Glasgow	228	188
Newcastle	258	223
Birmingham	224	234
Nottingham	197	230
Sheffield	276	274
Liverpool	379	360

Source: R. Huggins UK Competitiveness Index 2006

Retail rentals up

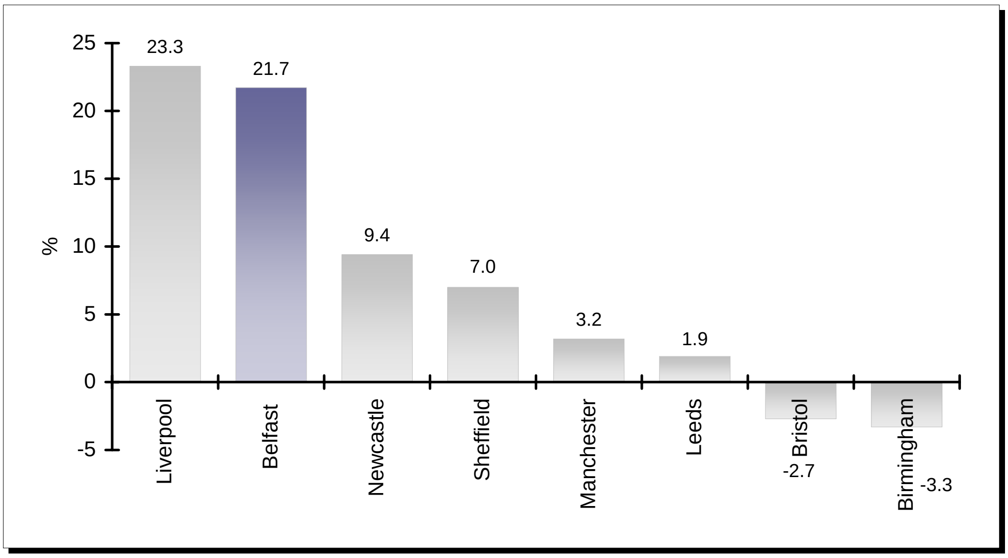
4.20 Retail rentals in Belfast are improving. Between 2001 and 2005 prime retail rents in Belfast increased by 21.7% and now stand at £280 per square foot. That increase was the second biggest of all our comparator cities. Retail rents are now similar to those achieved in Leeds, Liverpool and Birmingham.

Figure 4.11 Retail rents 2005



Source: GVA Grimley & BR Richard Ellis

Figure 4.12 Change retail rents 2001-2005

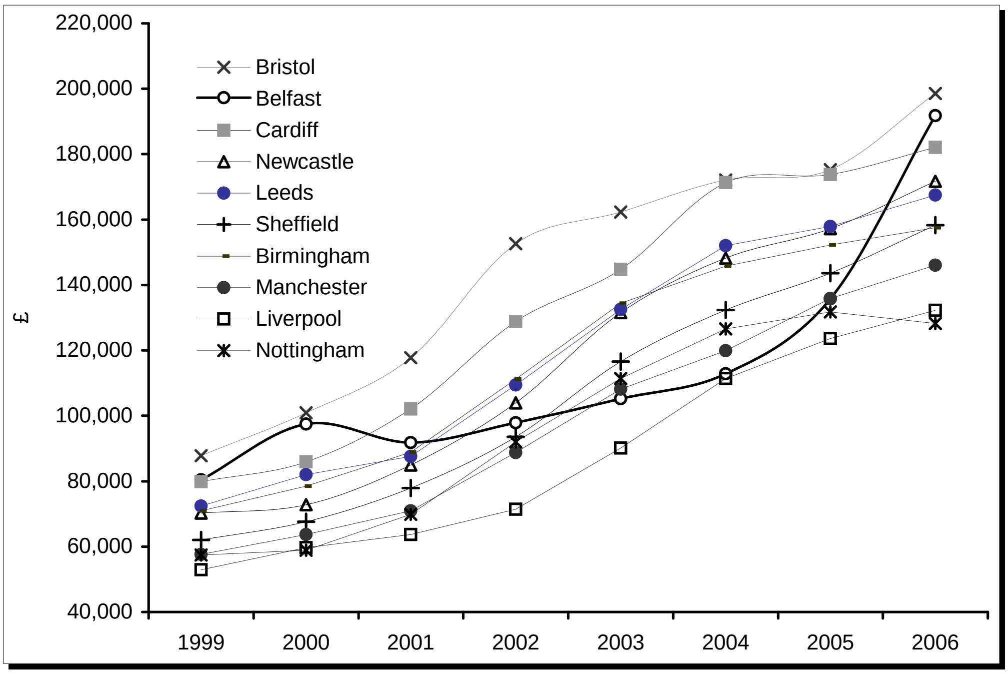


Source GB Cities: GVA Grimley & BR Richard Ellis

House prices up dramatically

4.21 Northern Ireland is experiencing rapid house price inflation. Prices rose by 37% during 2006. Belfast is sharing in that. In Belfast average house prices were £191,800 in 2006, an increase of 41.3% in the year. They exceeded those in all the comparator cities apart from Bristol. This is a dramatic change, since as recently as 2004 the average selling price of property was lower in Belfast than in any of the comparator cities except Liverpool.

Figure 4.13: Average selling price of property - all property types, 1999-2006

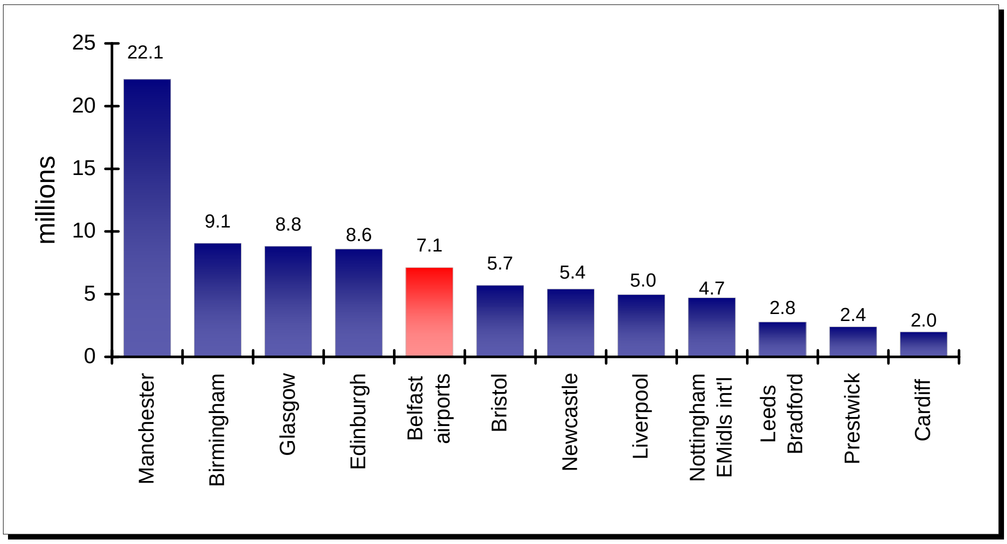


Source: HM Land Registry & University of Ulster / Bank of Ireland. Belfast data are based on a sample of transactions. All data are 4th quarter

Connectivity

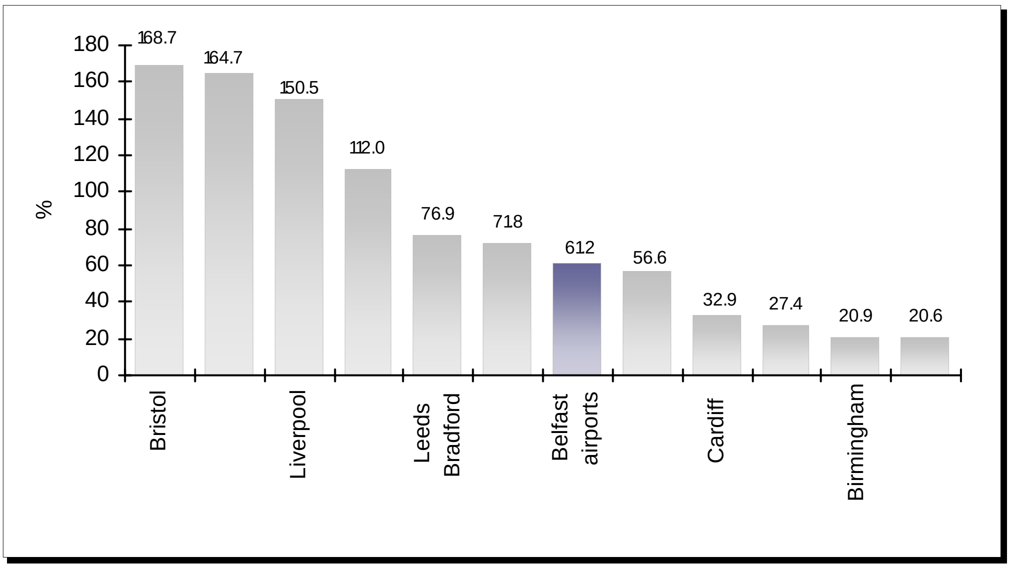
4.22 In 2004 my report said Belfast had poor connectivity which it needed to improve. In recent years it has done this, as Figures 4.14 and 4.15 show. In 2006 its two airports handled 7.1 million passengers. This is an increase of 61% since 2000. Manchester is still much bigger with 22 million but Belfast has significantly improved. Belfast is increasingly well connected to both UK and European cities. In 2006 Belfast had links to 17 UK cities. International scheduled flights have also substantially increased and in 2006 these flights carried 882,000 passengers.

Figure 4.14 Airport passengers 2006



Source: Civil Aviation Authority

Figure 4.15 Change airport passengers 2000-06



Source: Civil Aviation Authority

Interim balance sheet

4.23 So there is early evidence that Belfast has improved its performance on a whole range of indicators of economic competitiveness during recent years. There is much to be cheerful about. However, other cities have been improving their performance as well. Just as important however, there is real evidence that despite progress in many areas the city does lag on some competitive measures. And it continues to face big social challenges. As Section 2 made clear, Belfast is not alone in this respect. But it does have to address some important challenges. What are they?

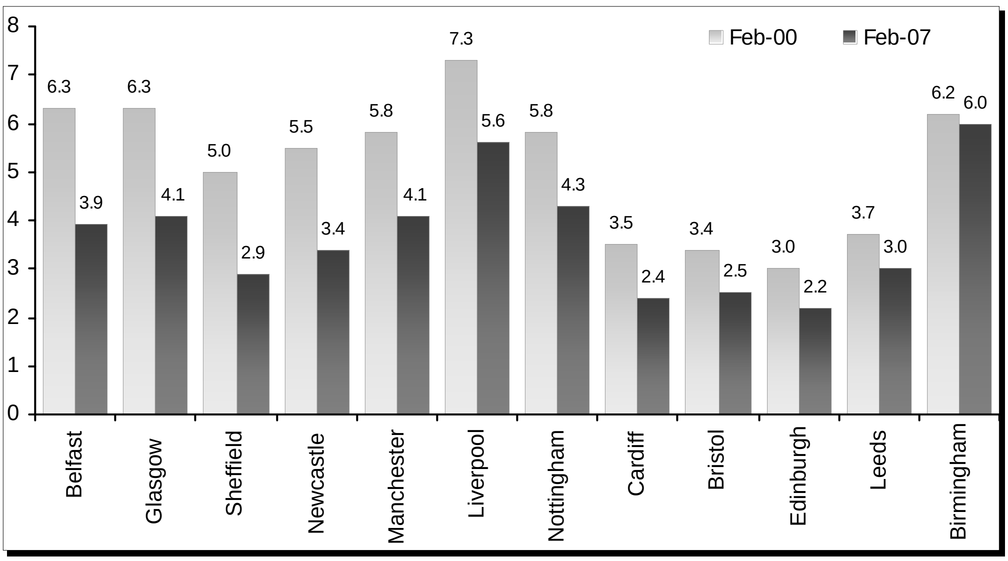
The Bad News About Belfast

Unemployment

4.24 In terms of unemployment Belfast now ranks sixth out of the twelve comparator cities with a claimant count unemployment rate of 3.9% in February 2007. Between 2000 and 2007 Belfast's unemployment rate fell by 2.4 percentage points, a larger fall than in any of the comparator cities. In February 2000 only Liverpool had higher levels of unemployment than Belfast.

4.25 Despite recent improvements in unemployment, a large proportion of those who are registered as unemployed have been out of work for more than a year (22.9%). Amongst the comparator cities only Liverpool and Birmingham have higher levels of long term unemployment.

Figure 4.16: Unemployment 2000 & Feb 2007

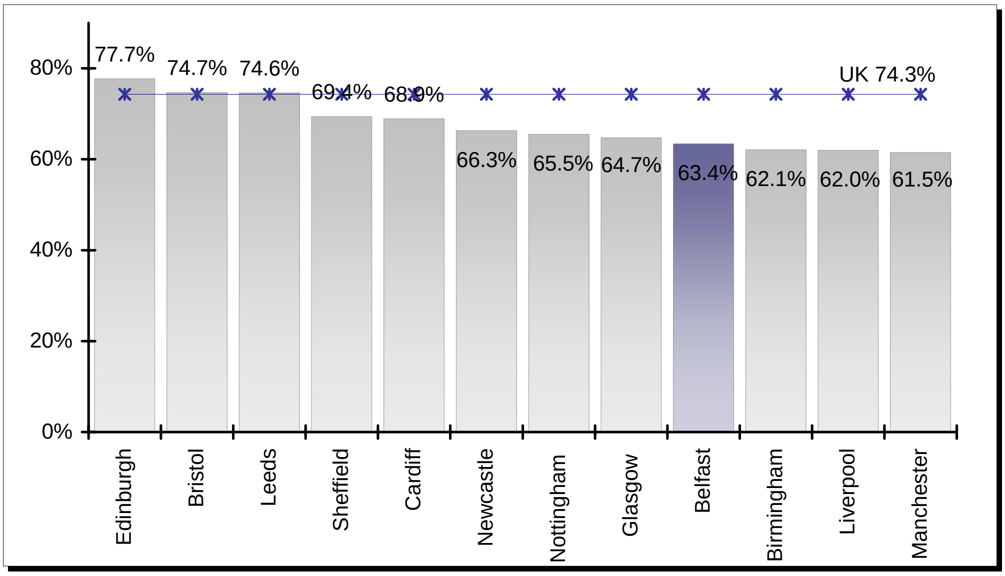


Source: Nomis / Claimant Count with rates and proportions

Employment Rate

4.26 Employment rates in Belfast are relatively low, less than two thirds (63.4%) of the city's working age residents are in employment or self employed. Nationally the figure stands at 74.3%. Among the comparator cities only Birmingham, Liverpool and Manchester have lower employment rates.

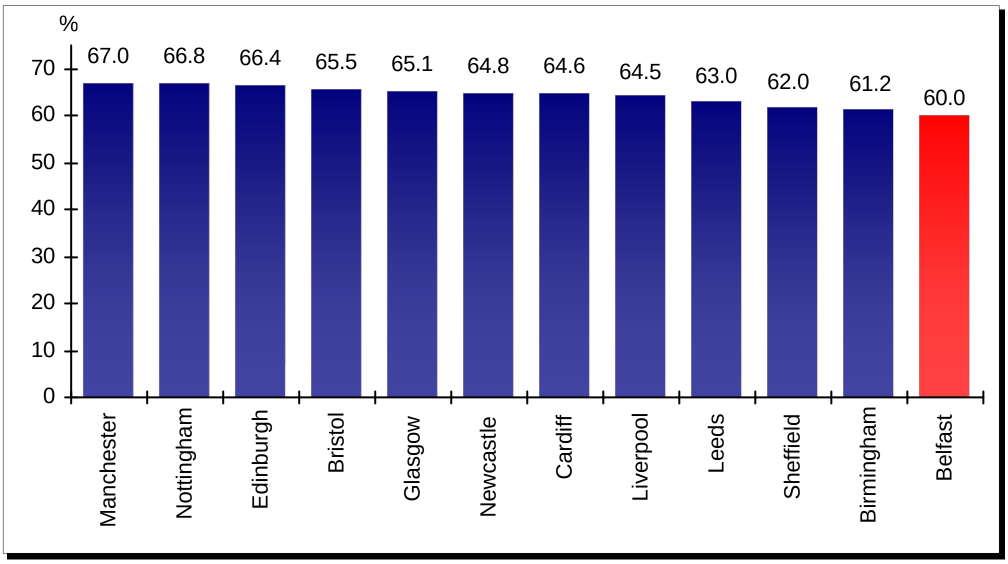
Figure 4.17 Working Age Employment Rate 2005



Source: ONS/NOMIS Annual Population Survey Jan 05-Dec05 DETINI LFS LADB 2005

4.27 Belfast also has one of the most dependent populations of our cities with smaller numbers in the workforce.

Figure 4.18 16-59 Population 2005

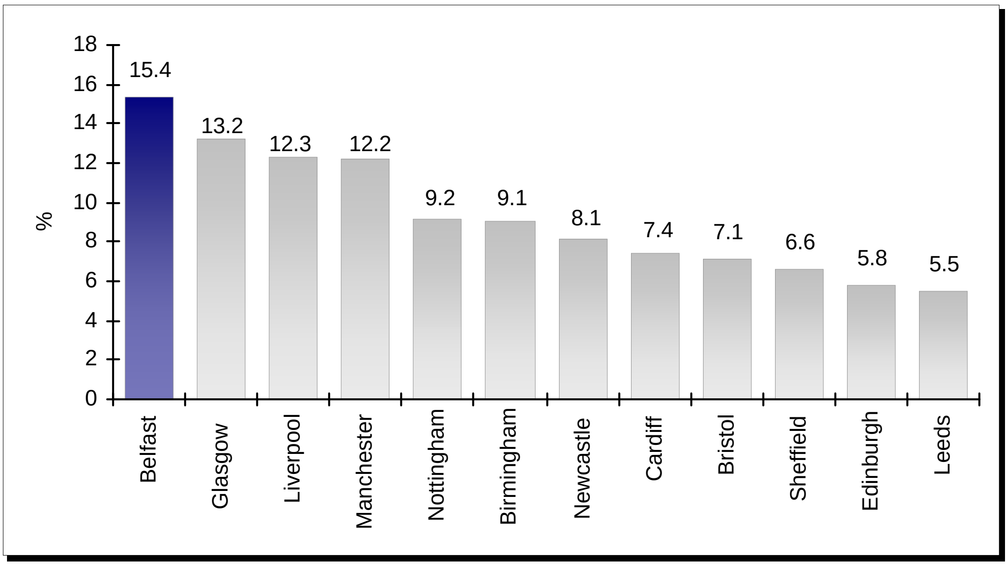


Source: ONS NOMIS / NISRA Mid-year population estimates

Income Support

4.28 Some 15.4% of Belfast's working age population are in receipt of Income Support – higher than in any of the comparator cities.

Figure 4.19: Proportion claiming Income Support, 2006

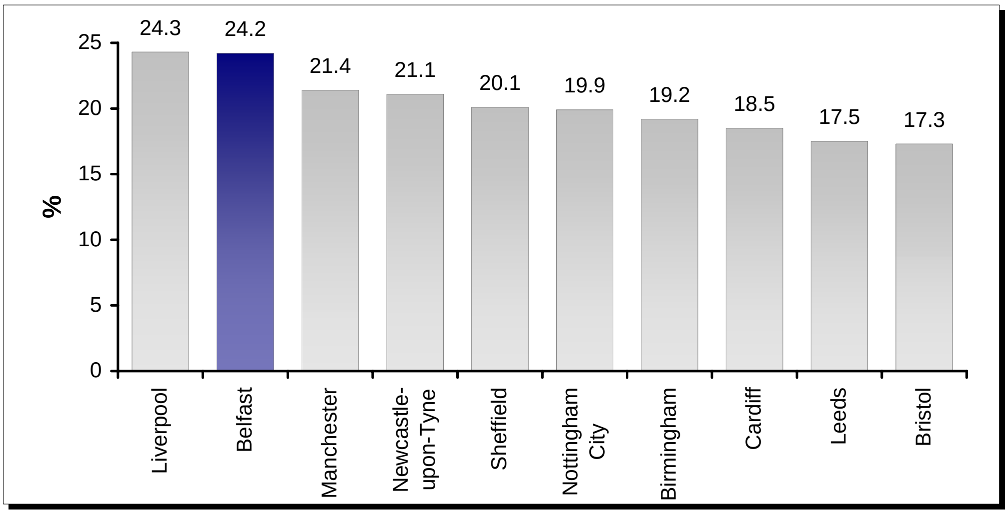


Source: NINIS & DWP

Health

4.29 Belfast has relatively high levels of ill health, almost a quarter of residents have a limiting long-term illness the second highest proportion of the ten cities. And life expectancy for both men and women is lower than in many of the comparator cities.

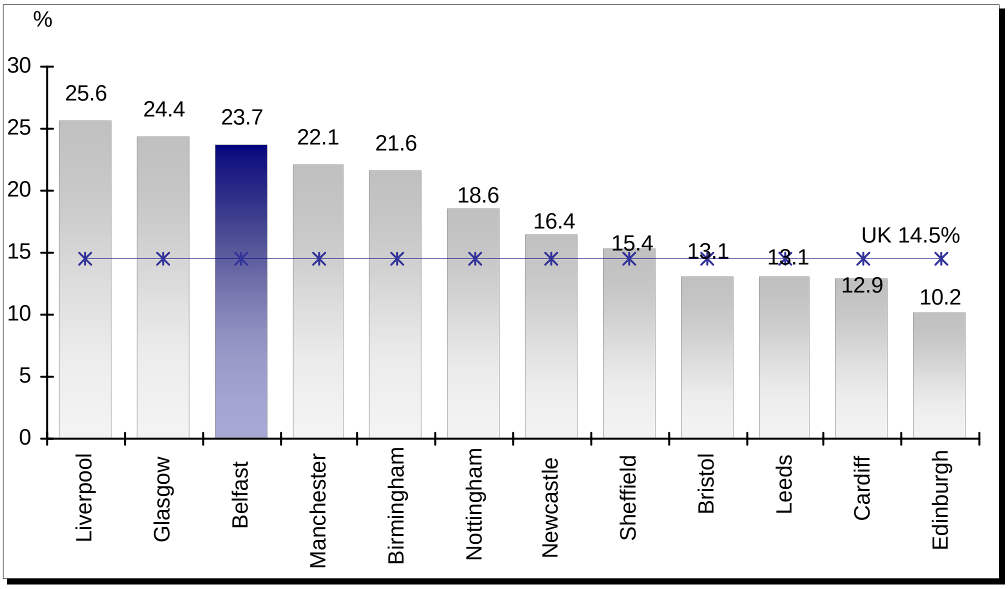
Figure 4.20: Percentage of residents with a limiting long-term illness, 2001



Source: Northern Ireland Census & NOMIS / ONS Census of Population 2001 Table SO16

4.30 Despite having a strong performance at GCSE level, a relatively high proportion of the working age population hold no qualifications. Amongst the comparator cities Belfast has the third highest proportion of working age residents with no qualifications.

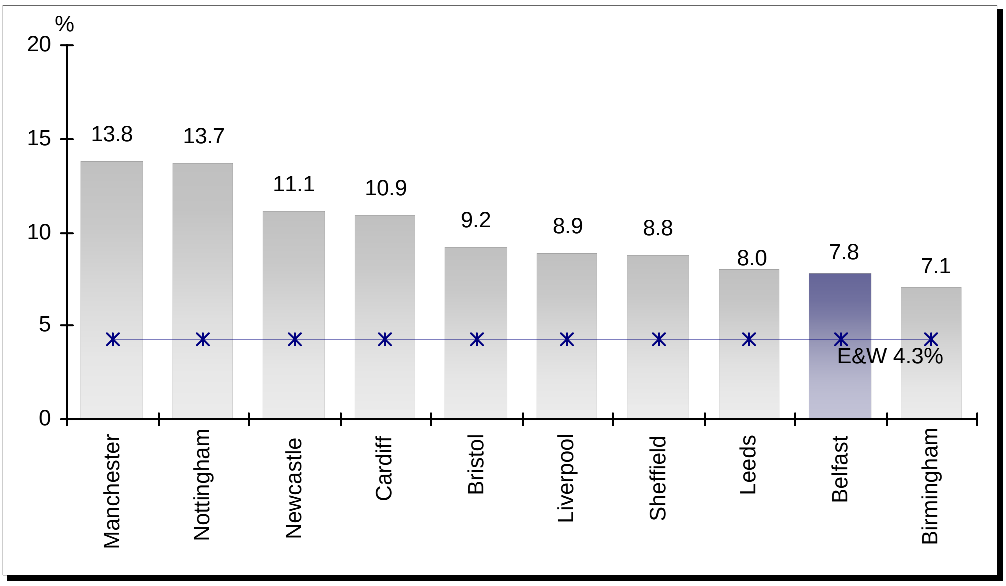
Figure 4.21: Percentage of working age residents with no qualifications, 2005



Source: Annual Population Survey & DETI Labour Force Survey

4.31 7.8% of Belfast's residents were full time students in 2001. This is rather lower than most comparator cities. A very high proportion of students in the city are from Northern Ireland.

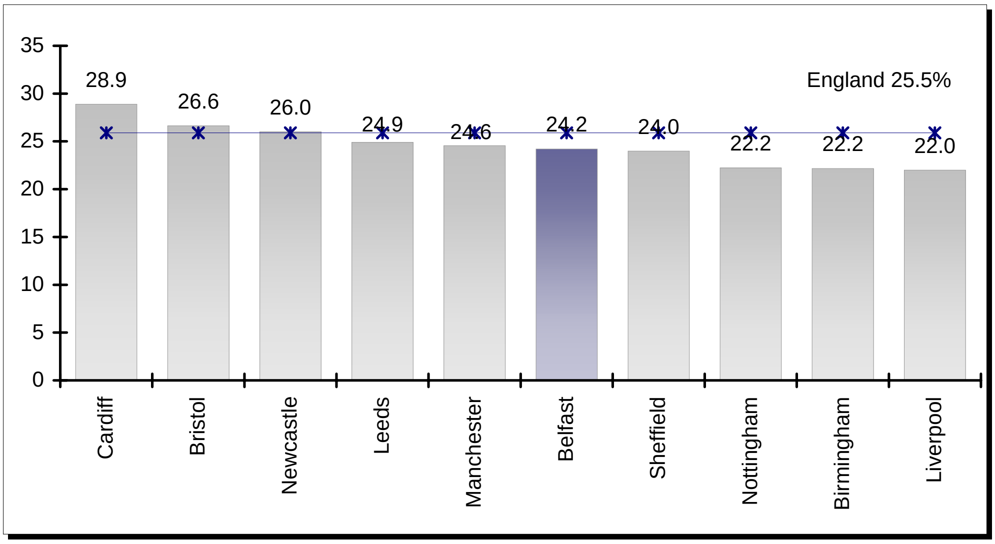
Figure 4.22: Percentage full-time students 2001



Source: ONS SOCD Census of population 2001

4.32 Belfast sits mid-table in terms of the people employed in higher and intermediate managerial, administrative and professional occupations, 22.5% compared to 25.5% across England.

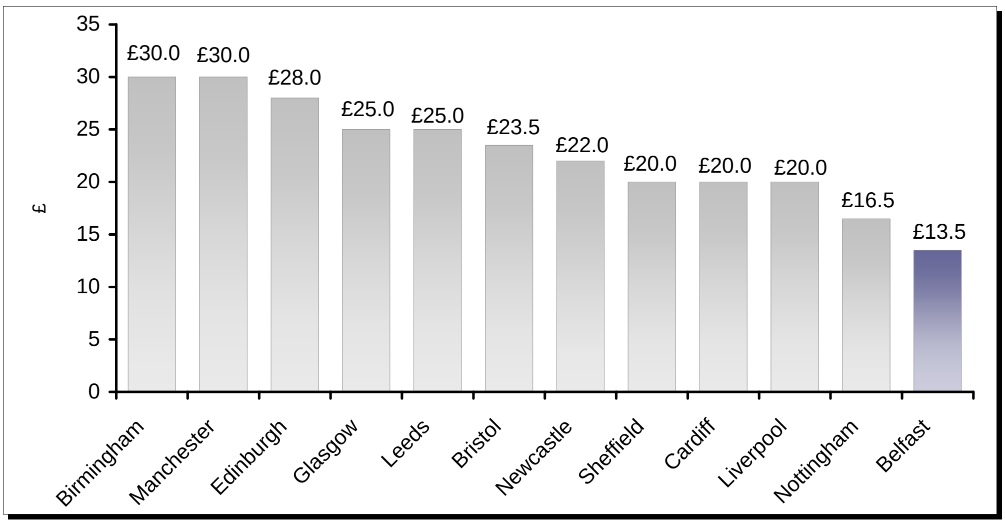
Figure 4.23: Employment in managerial senior officials or professional occupations, 2001



Source: ONS Census of population 2001KS12a

4.33 Earlier we showed that Belfast gets reasonably good retail rentals. However, its performance in terms of the prime office is much weaker, Birmingham gets £30 a square foot. Belfast languishes at £13.50. There is a great improvement to be made there.

Figure 4.24: Prime office rents 2006



Source: Knight Frank

How is Belfast seen by business?

4.34 In 2006 Cushman and Wakefield produced their first UK Cities Monitor. The survey asked interviewees about their perceptions of 14 UK cities across a range of business location issues. Belfast was ranked lowest, 14th out of the 14 in terms of the best city to locate a business today.

Table 1: Best UK cities to locate a business today

City	Rank 2006	Score 2006
London	1	0.91
Birmingham	2	0.65
Manchester	3	0.59
Leeds	4	0.42
Bristol	5	0.27
Sheffield	6	0.27
Glasgow	7	0.27
Newcastle upon Tyne	8	0.22
Nottingham	9	0.21
Liverpool	10	0.20
Edinburgh	11	0.18
Cardiff	12	0.17
Reading	13	0.16
Belfast	**14**	**0.07**

Source: Cushman and Wakefield UK Cities Monitor 2006

4.35 Belfast sits towards the bottom of the table for many of the measures. It was viewed as the best city in terms of the availability of financial incentives. It ranked well on the cost of staff. But these are not decisive for business. Just 22% of respondents said they knew Belfast well or very well as a business location. The city scores particularly poorly in terms of access to markets, ease of recruiting qualified staff, external transport links, internal transport, quality of life for employees, and availability of retailing and leisure facilities.

Table 2: UK Cities Monitor - Best city in terms of . . . .

	Belfast's Ranked Position 2006
. . . easy access to markets	14
. . . ease of recruiting qualified staff	14
. . . external transport links	14
. . . international transport links	9
. . . cost of staff	5
. . . availability of financial incentives	1
. . . value for money of office space	9
. . . availability of office space	12
. . . internal transport	14
. . . availability and cost of car parking facilities	4
. . . quality of life for employees	14
. . . availability of retailing and leisure facilities	13
. . . freedom from pollution	4
. . . lively city environment	13

Source: Cushman and Wakefield UK Cities Monitor 2006

5. How Well Is The Governance System Coping?

5.1 My first report argued that the principle Achilles heel of Belfast was its governance arrangements. I argued that the city was poorly governed. The city council had inadequate powers and resources. The wider administrative and political system was fragmented. Generally the system lacked strategic leadership, trust and partnership. How is it faring now? Northern Ireland is in the middle of an institutional maelstrom. It is changing the way it will govern its affairs. It is changing the way it does business. It is changing the way communities see each other. It is simultaneously involved in a process of state building, city building, community building and capacity building. It is a huge ask for everyone involved. No one should underestimate the scale of the challenge involved. And it is being experienced in a particularly intense form in Belfast.

Weak asset base

5.2 By common consent Belfast and Northern Ireland are doing this while confronted with an economic asset base which is not the best in comparison with other cities in other countries. And it is not terribly robust compared with the assets and achievements of its neighbour in the south which has come a very long way in a short time and casts a large shadow over the economic fate of Northern Ireland. What is the big picture about Northern Ireland's and Belfast's asset base? The scale of the public sector is still too large, the private sector is too small and as a consequence the place has a risk averse culture. Levels of entrepreneurialism are too low. Too many would prefer the safety of a public position with often quite high rewards to the risk of starting their own firm.

Infrastructure, skills and connectivity weak

5.3 The basic infrastructure of the city is not yet good enough. Physical infrastructure in terms of roads, rail, airports and ICT need significant investment. The universities are potentially major players but again are not sufficiently or consistently involved in the debate about the future of the city. Connectivity within and between the city Northern Ireland and other places is not good and the economic growth of recent years is making that problem greater not smaller. There will be a huge challenge to Belfast to sustain its economic gains if it does not make huge effort to make itself more sustainable in the coming period. The skills gap in Northern Ireland is still too large. This is a challenge for the whole of the province. But it finds particular echoes in Belfast.

No big picture for the future

5.4 It is setting out on a long and possibly difficult journey. Given the institutional challenges it faces and the fragility of some of the asset base it is critical that the city has a clear picture of where it wants to get to and how it intends to get there during the next months and years. But it is not clear that the place yet has such a picture. One of the consequences of direct rule has been that the kind of conversation that goes on within many English cities between key partners has not routinely been taken place in Belfast. No single person or body or combination of bodies has grasped the nettle on the future of Belfast. Belfast does not yet have a story about where it has been, where it is now and where it wants to get to in future.

5.5 When I ask serious players is there a big picture for Belfast and its role and contribution in Northern Ireland, they really are not persuaded. And nor am I. For example my work has shown that there is huge challenge for Belfast to make itself more competitive. But many believe, and again I share their judgement, that the place for understandable reasons has been almost entirely focussed on issues of social exclusion, discrimination and cohesion in recent years. The debate about competitiveness has not really been had. And it is not yet clear that the system and institutions can and will encourage that debate. The republic has had that conversation in recent years and it has clearly paid off. Belfast and the north need to have that conversation as well.

No clear, agreed economic priorities

5.6 It is not clear that the place has a set of common goals that everyone can sign up to. It is not clear really what the priorities for the Belfast economy in the next decade. Is it aiming to concentrate upon business services, or ICT or biotech or financial services and what are the policy and investment consequences? The debate has not been had. This is crucially important because there will be massive investment in infrastructure in Northern Ireland and Belfast in the coming years. The south is already promising to invest. So that investment needs to be part of a clear development plan for Northern Ireland and Belfast and linked to clear goals. As a senior figure put it, that massive investment must be led by more than the 'political squeal' of places demanding support. There are choices that have to be made and must not be postponed. This is crucial at a time of great expansion and investment. As a senior figure in Commerce put it infrastructure in Belfast follows twenty years after the economic expansion when it should be preceding it. Belfast needs a grown-up conversation between government, politicians, business and the community and the voluntary sectors about the big picture and the big priorities.

Fragmented national governance

5.7 There are governance challenges as well. There are still too many government departments. The number was essentially shaped in response to the need for party representation at department level. But the system does not need 11 separate departments. Most believe that about 6 departments - focussing on key strategy priorities - would be enough. The present system slows down decision making. It is argued that at last one reason for the slowness of the planning system is that responsibility for different levels is spread around different departments. It makes strategy and policy less coherent than it should be. It means that there is not sufficient alignment of departmental policies for example planning and investment and external affairs. It also means specifically that responsibility for cities and Belfast in particular is spread across a range of departments which again is a constraint upon the city's performance. It is important to remember that Belfast is again not unique in his regard. Many of the policy messages coming out of the State of the Cities report for government said similar things. But the challenge is greater in Belfast.

Tensions between national and local government

5.8 There are always tensions between the national and local arms of government. In the UK the syndrome is called the culture of disdain. To caricature the problem it is essentially the people working in local government think central government has never run anything. Ad central officials think local officials are simply not up to it. Again the State of English Cities identified some of the causes and consequences of such tensions in England. The tensions in Belfast do however seem worse than in the UK. It is said this is partly because the civil service has played a larger role in Northern Ireland politics than in England. English Ministers have not felt they had the same standing as in England and have been less assertive in policies. The civil service has had to step into that breach. And administrators are by definition more rule bound and more risk averse than politicians. True or not, relations between the two are more challenging. And many have commented that they have possibly got worse rather than better in the past three years. This will have to change as the system is remade and politicians take control over decisions in Northern Ireland. Central and local administrators will have to forge different working relationships in future as the impact of the Regional Assembly and the review of public administration increases.

The missing middle and professional classes

5.9 There is a further consequence of divided society, divided politics and divided rule in Belfast. It has discouraged involvement in politics by many professional groups. And it has discouraged engagement of business in politics. Again this is not unique to Belfast. The loss of talent is a common complaint about local government in the UK. But again given its particular circumstances, it is worse in Belfast. It is important that the base of political participation is widened in future, that the political sphere is seen again as relevant to all players in the city. If big decisions are to be made, they need to be made by democratically accountable bodies. This applies as much to local government as it does to the Regional Assembly. And the pool of talent needs to be deepened and widened as the decisions taken by the new accountable decision making bodies increase.

Community and government tensions

5.10 It also is clear that community relations are improving in Belfast. But again it is recognised they need to improve further. That remains a challenge for all political and community leaders. This is also connected to local government since there is often a fear by community groups who have benefited from European support in the past that their future is challenged by local government as it seeks to reassert its leading role in the future of the city. The process of community planning will tease out and address those concerns.

Risk averse, controlling culture

5.11 There is a wider point about the impact of direct rule and a divided society. It has affected the culture of Northern Ireland and Belfast. Northern Ireland has built a system and a culture that was designed to control a divided society. But that culture or system will not be appropriate to shaping a united and dynamic society. That culture must change. It has become risk averse rather than creative. It's partly caused by government. It's partly caused by the size of the public sector. I think it is partly a consequence of the democratic deficit and of administrative rather than political leadership of the society. Northern Ireland and Belfast need to break that risk averse culture. The place and its people will need to take more chances in a globally competitive world. Belfast and Northern Ireland needs less administrative, bureaucratic leadership and more clear political leadership. The creation of the Regional Assembly and the review of Public Administration are both desperately important in this respect. That's why what's going on in the Assembly and Review of Public Administration is terribly important. Those running the place need to let go. And if this is going to work everybody will have to show more political maturity.

Belfast's importance not recognised

5.12 The State of English Cities report emphasised the way in which English urban areas are being encouraged to work together at city region level to reflect their functional urban economy. Equally that report underlined their significance to the wider regional and national economy. However, I do not think that the bigger role of Belfast in Northern Ireland or the metropolitan area has yet been sufficiently recognised. Our first report and the technical annex underline the importance of Belfast to both. It is the essential driver of the metropolitan and Northern Ireland economy. But that contribution has not yet received sufficient recognition in policy. There are probably two dimension to this. The wider regional point is that there is great pressure within the system to distribute resources and benefits evenly and in particular to ensure that areas west of the Bann like Derry are not under resourced. While that is an important imperative, if Northern Ireland is to become more competitive, it will need to play more to Belfast's strengths and develop those assets in future. That does suggest that a focus upon the growing the contribution of Belfast will benefit all parts of the region in the future.

Not enough regional collaboration

5.13 The second issue is the role of Belfast in the Belfast Metropolitan Area. There is indeed much discussion of BMAP and it will be formalised in due course. But the real question is whether there is the political and administrative will for the local authorities is Belfast to collaborate rather than compete in future. Conversations with those both in Belfast city but those in agencies trying to encourage the competitiveness of the region indicate that there is not sufficient collaboration between the local authorities and there is a degree of wasteful duplication. There are clear tensions between the two largest local authorities for growth - Belfast and Lisburn. It is not clear this is helpful. I do not think the RPA was sufficiently brave in his area. Belfast itself was promised very little more population and no significant extra powers. It is probably too small and does not match the functional urban economy. It has been suggested that concerns about the overall political complexion of the local authorities in the metropolitan areas may have been a consideration in the allocation of population. Whatever the truth of these issues, Belfast lags behind many of its English counterparts and competitors in getting its act together at a metropolitan level to punch its weight in a global economy. If collaboration cannot be mandated, it will need to be incentivised.

Too much turf politics

5.14 This is another example of the way in which turf territory and loyalty will need to be addressed more systematically in future in Northern Ireland. There are deeply held loyalties to small local communities and places. But the question must be asked whether they are really justified in terms of administrative efficiency, strategic capacity and investment and economic competitiveness. As Belfast and Northern Ireland become a more open society facing up to those issues will become inevitable. In the short-term the metropolitan area must find ways of collaborating on issues of common concern, especially strategic concerns about economic development, infrastructure and transportation. The Regional Assembly should imitate UK government policy and find specific ways of incentivising and rewarding collaborative rather than competitive behaviour. If this does not happen the metropolitan region will not punch its weight and the North Ireland economy will miss tricks.

Planning - more resources and entrepreneurialism needed

5.15 There will need to be changes in the planning system. There are very diverse views about the performance of then planning system. But there is clearly truth that the current system is struggling to cope with the scale and nature of applications that have emerged in recent years with a such a buoyant national economy. There are a variety of explanations offered for this departmental fragmentation of responsibility, inadequate applications, dwindling staff resources, increased demand. The planning department is changing and trying to expedite strategic decision making in particular. I think the system is improving. But it will require more resources invested in it and also a change of philosophy to a more enabling less constraining system, if development is to be accommodated on a reasonable timetable.

The Regional Assembly- beyond security and constitutions to delivery

5.16 The return of self government and the return of the Regional Assembly is clearly welcome news for all partners and communities in Northern Ireland. It will dramatically shape the way in which the place is governed and will allow Northern Ireland to take its own long-term decisions and form its own strategies and policies. Given the pace of change it is facing and the increased pressures to maximise global competitiveness, the Assembly will need to make very important decisions about priorities and resources. It has many opportunities but will also face great challenges, many of which will directly affect Belfast. But it means that governance and government will have to proceed in a different way in future than it has in the past. In the first case, it is clear that much political debate in Northern Ireland has essentially been about issues if constitutions and security. That will inevitably have to change to issues of delivery.

5.17 And the Assembly will have to organise to face delivery challenges. The Assembly will need to identify long-term strategic priorities for Northern Ireland and for its major urban areas which are its drivers. It will need to do many of the things the State of English Cities said UK government had to do if it was to improve the overall performance of UK cities in a global economy. It will need to identify the role that Belfast will play in the larger regional economy and decide what kinds of powers and resources it might need to achieve them. It will need to identify key strategic choices about competitiveness and cohesion and decide what kinds of investment will be required in which policy sectors an which places. It will need to determine whether the current departmental organisation is optimal to deliver its long terms strategic goals. My discussions with key partners indicate it is not and should be changed.

An over- governed society

5.18 There are two other important implications of a Regional Assembly. Northern Ireland is already over governed. There is a finite amount of responsibility that can be shared across government. The Regional Assembly will naturally want to play a full part in shaping the future of Northern Ireland. But there is a risk that in doing so it takes more powers away from local government and compounds the problem of an already weak sector. That will need to be handled carefully. Equally important, the Assembly will obviously attract talented people many of whom will come form local government. There is once again a challenged to ensure that the necessary strengthening of regional level government does not in the process exacerbate the existing challenge of attracting talented people into local government. There are no obvious or easy answers but these challenges need to be met with discretion.

Local government - from special interests to the public interest

5.19 There will be many challenges for local government as well in the next years in Northern Ireland and Belfast. For too long local government has focused upon advocacy for its constituents and the promotion of special interests and special pleading. Local authorities after the RPA will have to move into a leadership role. This will be challenging for many members who have tended top focus on the narrow interest of their turf rather than city wide issues. It will need local government and local politicians to move form the pursuit of special to the promotion of the public interest. The task of modernising local government is a huge one. Basically local government fell thirty years behind the mainland and its current systems, arrangements and performance reflect this. Local government has very little way of even assessing its own performance. System, culture attitudes and relationships will all need to change.

Community planning – it would be a good idea

5.20 Community planning will ask a great deal of local government. Many involved in leading it are willing. But there is much ground to me recovered. Community planning would be a very good things as Ghandi once said about western civilisation. It is a big challenge for local governments in England Scotland and Wales. It will be an even greater one for a less developed system in Northern Ireland and Belfast in particular. It will need extensive political and administrative commitment. It will require increased capacity in terms of people and systems. It will require huge degrees of cooperation between many partners. It will take substantial investment of resources. It will take a substantial amount of time. And most important it will require genuine political leadership.

RPA much unfinished business

5.21 There are major challenges in carrying through the agenda of the review of Public Administration. It requires many public organisations to modernise and improve their practices, processes and delivery. Many of them are already struggling to meet those agendas without the extra challenges involved in Community planning. In my judgement the RPA was something of a missed opportunity for local government. The trend in the rest of the UK is to fewer bigger local authorities. The proposed 15 seems likely to create too many small, weak and possibly poor local authorities. It might have been brave to go for a fewer number and take the pain at one fell swoop. The return of the Regional Assembly has thrown even that potential settlement up in the air. Far from reducing the number of local authorities there is a prospect that the numbers might be increased. That would be a retrograde step.

6. What's Next for Belfast?

Belfast is booming

6.1 Belfast is a very different place from what it was ten years ago, five years ago or even one year ago. It is becoming a booming self-confident city which is splashing the cash. It looks ,feels and smells different. The cranes on the skyline show it is different. The revitalised city centre with bars restaurants and top class hotels are all evidence of the changes that have already taken place. The city centre is becoming a space which unites rather than divides communities. There has been massive investment in retail, leisure and housing. The quality and range of the offer is up. Tourism is increasing.

6.2 Belfast City Centre is the largest retail centre in Northern Ireland, It has retail space of 1.4 million square feet. In 2008 the £320m Victoria Square will open offering 75,000m^2 of new retail space over three floors, along with 14 leisure and restaurant units and 90 apartments. The £300m Royal Exchange development will cover the north east quarter of the city centre from Royal Avenue to Conegall Street. It will include a 100,000sq ft department store along with two 40,000sq ft shops and 65 smaller shops, 200 apartments and 100,000sq ft of office space. St Anne's Square is a £80m leisure, retail and residential development adjacent to St Anne's Cathedral. This will offer 30,000sq ft of retail space with an additional 20,000sq ft of office space and 100 apartments.

6.3 The Titanic Quarter (TQ) is experiencing huge development following on from the £1 billion investment by the Laganside Corporation. Phase 1 TQ projects include the Arc Apartments which will deliver 475 units, The Gateway Offices with a total of 13,000sq ft of office space and the new Belfast Institute of Further and Higher Education campus will provide 2,500 students with a range of courses in 21,000sqm of space. The TQ phase one also includes a 140 bed hotel. All have begun and are expected to be complete September 2009.

6.4 The higher education sector is funding significant developments across the city, including the new Institute of Electronics, Communications and Information Technology (ECIT) at the Northern Ireland Science Park located in the Titanic Quarter. Queen's University Belfast currently has a £200m capital investment programme which includes a new library in College Park East, a £9m refurbishment of the Student's Union and a Physical Education centre which opened in September 2006 offering some of the sporting facilities in Northern Ireland.

Social exclusion remains

6.5 There is no denying there has been huge physical progress. And we saw the evidence in terms of house prices, commercial rentals in section 3.However, that section also underlined that although there is growing evidence of an the urban renaissance in central Belfast, there is equally compelling evidence that in terms of economic competitiveness Belfast has still a long way to go. And there is evidence of significant social exclusion across the city, an issue which rightly concerns many decision-makers in the city. So there is lot to be pleased with. But much more to be done.

Is the boom sustainable?

6.6 It also important to understand why the urban renaissance has been taken place in order to understand how sustainable it is. There are a wider set of factors which make it no surprise that downtown Belfast has been booming. The legacy of the peace dividend enviously still matters. But more generally as Section 2 made clear there has been a general renaissance of cities and city centres in particular in the past decade. So Belfast is only part of a wider trend. And Belfast's renaissance has obviously been supported as have other English cities by the long boom of the national economy and the related high levels of public expenditure. European money has also made its contribution. Perhaps most significant Belfast has benefited from the boom of its neighbour in the south and the investment that spread out from Dublin as their property markets overheated and capital sought less expensive property investment. This clearly underlines that Northern Ireland and Belfast in particular do need a clear strategy to determine how they can continue to benefit from southern prosperity in a more sustained and planned way in the future. This raises questions about the kind of infrastructure investment and transport that will be needed. There is a great opportunity for Belfast to become part of a mega city region with Dublin.

6.7 However, just as Belfast has benefited from the boom in the south and a similar one in mainland UK, there is no guarantee that will continue. Indeed it is clear that UK government expenditure will not be as high in the next decade as it has been in the last. So that is different. Equally European money cannot play the same role in future. So Belfast has a window of opportunity which it must seize. It is in no sense in the last chance saloon. But events do move on. Belfast city centre is the heart of the Belfast economy, which is the heart of the metropolitan and northern Ireland economy. It is critical that the right decisions are made about its future.

Fragmented government in Belfast

6.8 And here there are challenges for Belfast. There really is no clear story for the centre of Belfast and how it will develop as the dynamo of the regional economy. There is no real agreed jointly owned strategy or plan. This goes way beyond city centre management, which is valuable but simply not enough. There is no big picture for the place. And there is no clear stewardship for it either. Laganside Development

Corporation was just one part of the jigsaw. And there were always tensions about its role and relationships with other partners especially the city council. But Laganside had many achievements in the area under its responsibility. And Laganside has now gone. A piece of an already incomplete jigsaw has been removed.

6.9 Different government departments as well as the local authority have responsibilities which impact upon the city. But there is no clear way of shaping and managing the huge development that are taking and will continue to take place. There is no masterplan for the whole city centre that many English cities have been moving towards in recent years. As a result there is not the means of ensuring that the development which do take place are of sufficiently high quality to guarantee Belfast will remain a competitive city centre. There is no clear plan which guarantees the authenticity of the developments that will occur. And there is no way in which different developments across the city centre and beyond can be connected. There are different vehicles for different development projects. But they are not joined up. Apart from that administrative fragmentation, there is not enough connectivity between the development areas from Crumlyn to Titanic to the north foreshore. So it is difficult to shape the new Belfast. As the State of English Cities report advocated and as the Lyons review of local government underlined, place shaping is one of the key roles and responsibilities of local government. Belfast does not have that capacity.

Delivery must improve

6.10 Delivery has become the leitmotif of government in the UK. Belfast has a real problem here. How can it deliver better? In the UK many cities have been exploring special purpose regeneration vehicles. In recent years Liverpool, Manchester and Sheffield have created Urban Regeneration Companies to deliver city centre regeneration. These are public private partnerships involving local authorities, the Regional Development Agencies, English Partnerships and private sector groups. They are voluntary, private sector led bodies who work to clear Masterplans for the city centre. Recent evaluations have shown that they brought added value to the process of central city redevelopment beyond that which would have happened anyway. And they have produced a higher quality product and improved working relationships between partners.

Would a City Development Company help?

6.11 The government is currently exploring the prospects of creating City Development Companies which would be similar to URCs but would have wider territorial remits across the whole city and a wider range of functions including economic development and marketing as well as physical regeneration. Londonderry already has a similar body to a URC ILEX. The OECD review of the Laganside Development Corporation recommended that some kind of city centre development company should be formed to sustain the legacy of the corporation. I proposed a city centre development agency in 2004. But at that time it seemed too much of a challenge to national and local government to deliver. Also it was argued that it was better to await the result of the RPA before undertaking any institutional changes. But that is changing. Relationships between national and local government will have to change and improve now that there is a Regional Assembly and the RPA is being implemented. That is no longer a barrier.

Is a CDC desirable?

6.12 A City Development Company of some kind would be desirable for Belfast. It could help to shape the quality of the city in future and improve its place making capacity. Creating such a vehicle could put Belfast in the mainstream of development in the UK rather than leaving it as a special case on the periphery. It would pull together the priorities, programmes and policies of a wide range of partners who currently act in a pretty incoherent fashion. Such a vehicle would complement not clutter up the RPA which is encouraging innovative methods of working together. Senior figure involve believe it is an entirely compatible initiative which could be a pilot for further experiments in other places. It would encourage innovative methods of governance working. It could be built on in the future. The principles of CDCs reinforce the ambitions and spirit of the Community Planning process, reinforcing not contradicting that trend. It would be a way of making reforms while the RPA and future of local government is finally determined. The evidence from England is that such vehicles send the signals to potential investors that their cities are ‘can do’ not ‘can’t do’ places and encourage increased investment. Importantly it would be a form of action instead of words. And it would concentrate upon delivery.

Is a CDC possible?

6.12 Many partners have recognised the potential of this model and its potential benefits for Belfast. This report has shown that there is real institutional and political reform in the air. I believe such a vehicle would be hugely beneficial for Belfast. Are the partners brave enough to seize the opportunity?

7. What Should Be On Belfast’s ‘To do’ List?

Doomed to live in exciting times

7.1 This report has shown that Belfast is going through challenging but very exciting changes. It is a much more dynamic place - politically, institutionally and socially - than it was just a few years ago. The city is making good progress and many people and organisations are doing many good things. But as my last report said, intelligent cities do not rest on their laurels. They are always looking to improve their performance. And Belfast has much to do yet.

7.2 In 2004 I argued that to move forward the city had to do the following:

- increase its population;
- reduce unemployment;
- improve education and skills;
- increase innovation levels;
- change the balance between the public and private sectors;
- improve its connectivity;
- improve its strategic decision making capacity.

Real achievements in Belfast

7.3 This report has shown Belfast has made some progress on many of those dimensions.

- Population decline has slowed.
- Employment and unemployment levels are improving.
- There is growth in some of the most dynamic sectors of the economy
- Educational achievement in schools is good.
- Productivity is high and growing .
- Overall competitiveness levels are up.
- Retail rentals are up.
- House prices are dramatically up.
- Connectivity nationally and internationally is much better.

- Investment in physical development is booming
- The city centre is booming in retail and leisure services

Outstanding challenges for Belfast

7.4 But despite these welcome improvements, in comparison with cities in the UK and abroad:

- Productivity, employment and skill levels are too low
- The public sector is too big
- Entrepreneurialism levels are too low
- Internal and external connectivity is not good enough
- Unemployment is too high
- The population is too dependent
- The population is too homogeneous
- Dependence on benefit levels is too high.
- Health levels are too low.
- The workforce is under-qualified.
- There are not enough University students.
- Office rentals are low
- Business perceptions of Belfast are too low

Keep peddling the bike - only faster!

7.5 Belfast needs to continue the progress it has been making in recent years towards improved competitiveness. It needs to work harder where it has not made progress. None of those are short term goals. None are easily attainable. Nor are they all under the direct control of Belfast city council. Everybody, from national and local government and from the public, private and community sectors must make a contribution. Everyone needs to be ambitious but also realistic. This is long haul stuff.

Decision-making – still the Achilles heel

7.6 My first report said governance and decision-making was Belfast's Achilles' heel. It identified a series of things the city had to do better. Many challenges of trust and capacity remain. Everybody has to work much harder to improve relationships and processes if they are to achieve their big economic and social ambitions effectively. So what challenges must partners in Belfast address to strengthen the economic asset base? Collectively they need to take a variety of steps. Some concern institutions, some attitudes, some policies.

7.7 At a national level the place must

- Encourage deeper levels of trust between institutions, communities, people
- Develop a big picture or story for the future of northern Ireland and Belfast
- Develop a clear agreed set of economic priorities for the region and city
- Reduce the size of the public sector
- Encourage entrepreneurial attitudes and activities
- Focus more on economic competitiveness as well as social cohesion
- Improve the asset base especially skills, infrastructure and connectivity
- Reduce the number of government departments around strategic priorities
- Reduce the fragmentation of responsibility for cities across departments
- Improve relationships between national and local government
- Attract into local government the missing middle and professional classes
- Take early decisions on the future of local government and create fewer bigger, more powerful local authorities
- Resource planning better to be quicker and more entrepreneurial

- Ensure the Regional Assembly focuses on delivery not security and constitutions
- Complete the RPA's unfinished business
- Recognise and support more the economic significance of Belfast
- Improve and incentivise collaboration within local authorities in the BMA

7.8 Belfast city council must:

- Collaborate more with local governments in the BMA
- Focus more upon wider city interests and less on narrow community and turf interests
- Continue to meet the challenge of delivering Community Planning
- Move from pursuing special interest to promoting the public interest
- Raise the city's profile with international business
- Make city centre development better connected,
- Make city centre development higher quality
- Make city centre development more sustainable
- Create a City Development Company

7.9 This is a long 'to do' list. But most partners in Belfast would recognise and accept the force of them. Because they were the ones who told me they were required! With the progress of recent years, the momentum of reform and the great appetite for progress, there is every reason for optimism - if people are brave.