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Regional Development in Northern Ireland: Perspectives from the European Observation Network for Territorial Development and Cohesion (ESPON)

Cliff Hague

UK ESPON CONTACT POINT

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REGIONAL DEVELOPMENT IN NORTHERN IRELAND: PERSPECTIVES FROM THE EUROPEAN OBSERVATION NETWORK FOR TERRITORIAL DEVELOPMENT AND COHESION (ESPON)

Executive Summary

Introduction

ESPON is the European Observation Network for Territorial Development and Cohesion. It is part-funded by the European Regional Development Fund and part-funded by the 28 European Union member states, along with Iceland, Liechtenstein, Norway and Switzerland. It undertakes applied research on development trends across this territory. ESPON aims to support policymakers for different 'territories' – whether national, regional, city, rural or island-based – achieve the EU 2020 goals for 'smart, sustainable and inclusive growth'.

Smart, sustainable and inclusive growth

Europe 2020 is a strategy to help Europe emerge stronger from the economic crisis and prepare the EU economy for the next decade. The European Commission has identified three key drivers for growth, which will be supported through actions at both EU and national levels:

- Smart growth – fostering knowledge, innovation, education and digital society;
- Sustainable growth – making EU production greener and more resource efficient while boosting competitiveness; and
- Inclusive growth – enhancing labour market participation, skills acquisition, and the fight against poverty.

Who should read this?

This report draws on findings in ESPON research that are relevant to Northern Ireland, and in particular to the Regional Development Strategy. At a time when powers are being devolved from the Northern Ireland Assembly to more local levels of government, it is hoped that the report will be of benefit also to policymakers and practitioners involved in local development and planning.

Key messages for policy and practice

1. Place-based approaches to development are important. The Territorial Agenda of European Union 2020 reiterated the importance of polycentric and territorially balanced development ('polycentric' is the principle of development of a country or region around several political, social or economic centres), and stressed the role of small towns at regional level. It recommended an integrated and multi-level approach towards urban development and regeneration.
2. Integration is a key theme in the 2020 European Structural and Investment Funds (ESIF). A key feature of the new programme is funding for community-led local development based on a partnership of public, private and civil society contributors to deliver change for their area through a Local Development Strategy.

3. Innovation and smart specialisation are important aspects of regional development today. Northern Irish firms have the lowest level of innovation activity amongst the UK regions. There has been considerable emphasis, in ESPON's research, on clustering and the building of networks linked to research and innovation.
4. Although Belfast has been losing population, there are some signs internationally that young people and childless couples increasingly prefer to live in cities rather than in suburbs. In addition the opportunities that cities offer for tertiary education are a major attraction to young adults. There may be opportunities to develop an education-focused regeneration strategy.
5. Deliberate urban policies, consistently pursued through all spending departments, can assist cities like Belfast and Derry/Londonderry to grow, and boost their regional and sub-regional economies. Local strategic planning documents need to be aligned and delivery needs to follow.
6. The regional context is the single most important factor influencing the development of small towns. Small towns that are easily accessible to a larger city, such as Belfast, tend to be attractive. Small towns are important service centres in rural regions.
7. 'Relocalisation' seems to be emerging, offering benefits to and incentives for urban-rural co-operation. Perhaps the best known form at the moment is local food networks. There could be potential for relocalisation to be applied to a number of specific rural activities, such as agri-tourism, and energy production.
8. Northern Ireland (and especially the west of the Province) is relatively peripheral to Europe's main centres of population, and hence to consumer markets. However, the connections to the London airports actually provide a level of global accessibility by air that is better than in some more central parts of Europe.
9. The seas are an asset where territorial cooperation can help partners to achieve 'Blue Growth'. Blue Growth represents the maritime dimension of the Europe 2020 Strategy for sustainable growth, jobs and cohesion. The British-Irish Council provides a mechanism to plan maritime activities in the Irish Sea in an integrated way.

This report was written by Cliff Hague for the UK ESPON Contact Point, June 2014.

Further information

Full results and reports can be found on the ESPON website, using the relevant project acronym. All ESPON results are free and can be accessed at: www.espon.eu

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1. The Northern Ireland Regional Development Strategy

The Northern Ireland Regional Development Strategy (RDS) was adopted in 2012 and provides a framework for development in the Province through to 2035. ESPON is the European Observation Network for Territorial Development and Cohesion. The ESPON 2013 programme has run since 2008. It has undertaken applied research across 31 countries into regional development issues and trends. This report therefore seeks to review the NIRDS using ESPON findings to add value to the strategy, at a time when the reform of local government is transforming 26 into 11 new local authorities, thereby creating a new framework for delivering development.

The RDS has a vision: *“An outward-looking, dynamic and liveable Region with a strong sense of its place in the wider world; a Region of opportunity where people enjoy living and working in a healthy environment which enhances the quality of their lives and where diversity is a source of strength rather than division.”*

To achieve this it advances eight aims:

- Support strong, sustainable growth for the benefit of all parts of the Region.
- Strengthen Belfast as the regional economic driver and Derry/Londonderry as the capital of the North West.
- Support our towns, villages and rural communities to maximise their potential.
- Promote development which improves the health and well-being of communities.
- Improve connectivity to enhance the movement of people, goods, energy and information between places.
- Protect and enhance the environment for its own sake.
- Take actions to reduce our carbon footprint and facilitate adaptation to climate change.
- Strengthen links between north and south, east and west, with Europe and the rest of the world.

This report focuses on these aims, while also pointing up other relevant regional development findings from ESPON’s research.

2. Northern Ireland in its European context

The RDS recognises the importance of the European context. It sets the framework for EU funding and complements the Europe 2020 strategy. As noted above, one of the aims makes reference to strengthening links with Europe. The RDS also recognises the need to enhance education and skills to strengthen competitiveness. European Directives are addressed, notably in concerns for environmental protection.

The Territorial Agenda of the EU 2020 (TA2020) stressed that the aims of smart, sustainable and inclusive growth would only be achieved if the territorial dimension is taken into account. It reiterated the importance of polycentric and territorially balanced development, and stressed the role of small towns at regional level. TA2020 (www.eu-territorial-agenda.eu/) recommended an integrated and multi-level approach towards urban development and regeneration.

Integration is a key theme in the 2020 European Structural and Investment Funds (ESIF), which brings together the European Regional Development Fund (ERDF), the European Social Fund (ESF), the European Agricultural Fund for Rural Development (EAFRD) and the European Maritime and Fisheries Fund (EMFF) under a 'Common Strategic Framework'. A key feature of the new programme is funding for community-led local development based on a partnership of public, private and civil society contributors that come together to form a Local Action Group and deliver change for their area through a Local Development Strategy.

Northern Ireland proposes to spend on nine of the 11 themes in the 2020 ESIF. These are listed in Box 1. The two not being followed are "Promoting sustainable transport and removing bottlenecks in key network infrastructures" and one concerned with enhancing the capacity of public authorities. Based on experience of the 2007-2013 programme, it is proposed that resources will be concentrated on fewer more targeted activities.

The Northern Ireland chapter of the proposed UK Partnership Agreement provides much useful information about conditions and needs. However, the discussion is overwhelmingly at the level of the Province as a whole, rather than connecting to the regional and urban concerns of the RDS.

Box 1: ESIF themes supported by NI in the Partnership Agreement

Strengthening research, technological development and innovation;

Enhancing access to, and use and quality of, information and communication technologies;

Enhancing the competitiveness of small and medium-sized enterprises;

Supporting the shift towards a low-carbon economy in all sectors;

Promoting climate change adaptation, risk prevention and management;

Preserving and protecting the environment and promoting resource efficiency;

Promoting sustainable and quality employment and supporting labour mobility;

Promoting social inclusion and, combating poverty and any discrimination;

Investing in education, training and vocational training for skills and lifelong learning.

3. Innovation and Smart Specialisation

Innovation and smart specialisation is an important aspect of regional development today. Northern Ireland firms have the lowest level of innovation activity amongst the UK regions

(see www.detini.gov.uk/innovation_strategy.pdf).

The Partnership Agreement highlights the importance of smart specialisation as a European approach to innovation, yet these concepts are not explicitly addressed in the RDS. The Partnership Agreement explains smart specialisation as follows:

“Smart Specialisation seeks to ensure that proposed actions are based upon sound evidence that properly reflects the comparative advantages of the physical and human assets of particular places in the global economy. It emphasises the need to ensure that activities are fully integrated in the local economy and its supply and value chains. It helps to build connections of ideas, finance and trade with similar activities elsewhere. It promotes also the use of enabling technologies that can transfer and add value between related sectors.”

There is a place dimension to the concept. The Strategic Policy Framework for Smart Specialisation for Northern Ireland has identified the following priority sectors, which build on existing strengths and offer possibilities for business growth and sustainable economic returns: Advanced Engineering; Electrical & Electronics; Agri-Food Technology; Connected Health & Stratified Medicine; and Computer Software & Services. However it does not point to the places within the province that are best placed to focus investments in these sectors.

One of the key messages from Europe is that innovation is not necessarily restricted to science and technology. In particular, services are a key part of the economy, and innovation can deliver gains in that sector. A European-wide analysis by the ESPON KIT project identified five different territorial patterns of innovation. Northern Ireland was classed as “a smart and creative diversification area”. This means that there is some internal innovation capacity, a high degree of local competences, and that innovation activities mainly rely upon tacit knowledge embedded into human capital to access innovation from elsewhere and adapt it to local innovation needs. Other UK regions in this grouping were Cornwall, Humberside and Lincolnshire and the Highlands and Islands of Scotland.

Box 2: Innovation in the food industry in Carmarthenshire

Most of the firms operating in the food sector in Carmarthenshire are SMEs or micro-businesses. This is one of the UK’s main milk-producing areas. Beef, sheep and seafood are other important products. A number of the firms are involved in research and development, for example in food flavouring.

There is informal sharing of knowledge amongst small dairy forms (for example in cheese making), while larger firms access new knowledge from connections external to the region in the rest of the UK and beyond. Leading edge knowledge on production techniques is then adapted for local use. Specialist researched knowledge is sourced from local universities and public sector sources within and beyond the region.

The County Council has actively supported the food sector, for example through a dedicated business development officer. There is a Food Park and Food Technology Centre, as well as a Dairy Development Centre, and an organic farming centre in the adjoining mid-Wales region.

A key message from the research is that R&D investment is not necessarily the best policy option in regions like these. This is because there is not a critical mass of R&D present to exploit economies of scale. Rather, policy in these places should support the capacity to respond quickly, and to adapt as new technologies emerge elsewhere, enabling local firms to ‘co-invent’ applications through ‘open innovation’.

This implies, for example, proactively looking for product / market diversification, being in touch with international best practice, and supporting entrepreneurialism. This could be done through participation of local actors in international industry events, or through attraction of ‘star’ researchers to local universities. It implies a form of local strategic economic development that identifies local capabilities, and works closely with local businesses and universities to raise awareness of local potentials. ESPON provides an example of such an approach in rural Wales (see Box 2).

The potential for smart forms of economic growth linked to innovation which is not necessarily land intensive should also be part of a development strategy. The RDS seeks to support economic development by ensuring that there is sufficient land supply for business uses, supported by the necessary infrastructure. While land and infrastructure are important, they are not the only supply side factors that might be addressed. Local economic profiles and existing business networks, for example, can often be as important as land for new development.

4. Hubs and clusters

A place-dimension for the RIS? Northern Ireland's first Regional Innovation Strategy was launched in 2003. However, the Strategies have been Province-wide rather than place-differentiated within the Province.

Spatial planning can help. There has been considerable emphasis, in ESPON's research, on clustering and the building of networks linked to research and innovation. For example, the AMCER project used social network analysis to map collaboration patterns in the EU Framework programme, showing network relationships at regional, national and EU levels. The example from Oxfordshire in Box 3 also shows that co-operative working amongst local authorities and other public agencies has also been important in fostering clusters. The county and city councils have worked with a number of business organisations and networks to support high-tech companies, including those in the biotech sector. Local government support is manifested in planning decisions to release land for development of science parks and other high growth sectors, infrastructure, but also skill development.

Green technology may offer new potentials. Research in the GRECO project reveals that like the rest of the UK and Ireland, Northern Ireland has a low presence of green technology clusters in relation to its population size. The research emphasises the important role that regions play in coordination between universities, public and private research centres and other institutions in different areas such as technology development and transfer and innovation.

Box 3: Nurturing business growth: the bio-tech cluster in Oxfordshire

Part of the success of bio-technology growth in and around Oxford is the support provided by industry, the university and a range of public and charitable bodies. For example, the Oxford Trust is an independent charitable foundation that has developed a number of projects and played a leading role in developing innovation centres and incubation facilities for high-tech companies and venture angel networks.

The County Council and all the District Councils in Oxfordshire have worked together to contribute to the SPIP (Spatial Planning and Infrastructure Partnership) to ensure that all public sector organisations have a common focus to support the infrastructure requirements of key industrial sectors (e.g. in extending super-fast broadband networks).

5. Belfast and Derry/Londonderry

The RDS recognises Belfast as the regional economic driver, and the important role of Derry/Londonderry in the North-West. This reflects the pattern across Europe where the cities are the main contributors to growth and jobs. In the period 2000-2007 Belfast was performing well. Its GDP per capita increased from 70.2 per cent of that of London to 72 per cent. This 1.8 per cent 'catch-up' was only exceeded by Edinburgh. However, the period 2007-09 saw Belfast more badly hit than London or Edinburgh or Glasgow in terms of its GDP. In this it was similar to many second tier cities across Europe, as Map 1 shows. Belfast's position was similar to that of Cardiff and the main English provincial cities.

The ESPON 'CityBench' tool can be used to benchmark Belfast against some other European cities. In terms of accessibility within Europe by road, for example, Belfast is similar to Gothenburg and Gdansk, less accessible than Aalborg, but better than Cork. On accessibility by air, Belfast ranked similar to Aachen, Ghent, Nantes, and Gdansk, but less well than Krakow, to give just some examples.

One of the messages from the ESPON research is that deliberate urban policies, consistently pursued through all spending departments, can assist cities like Belfast and Derry/Londonderry to grow, and boost their regional and sub-regional economies. Local strategic planning documents need to be aligned and delivery needs to follow.

An RTPI briefing on [prospects for cities](#) considers the importance of generating prosperity beyond capitals and shows that understanding the potential and different strengths of cities, towns and rural areas is crucial in developing a place-based approach to policy.

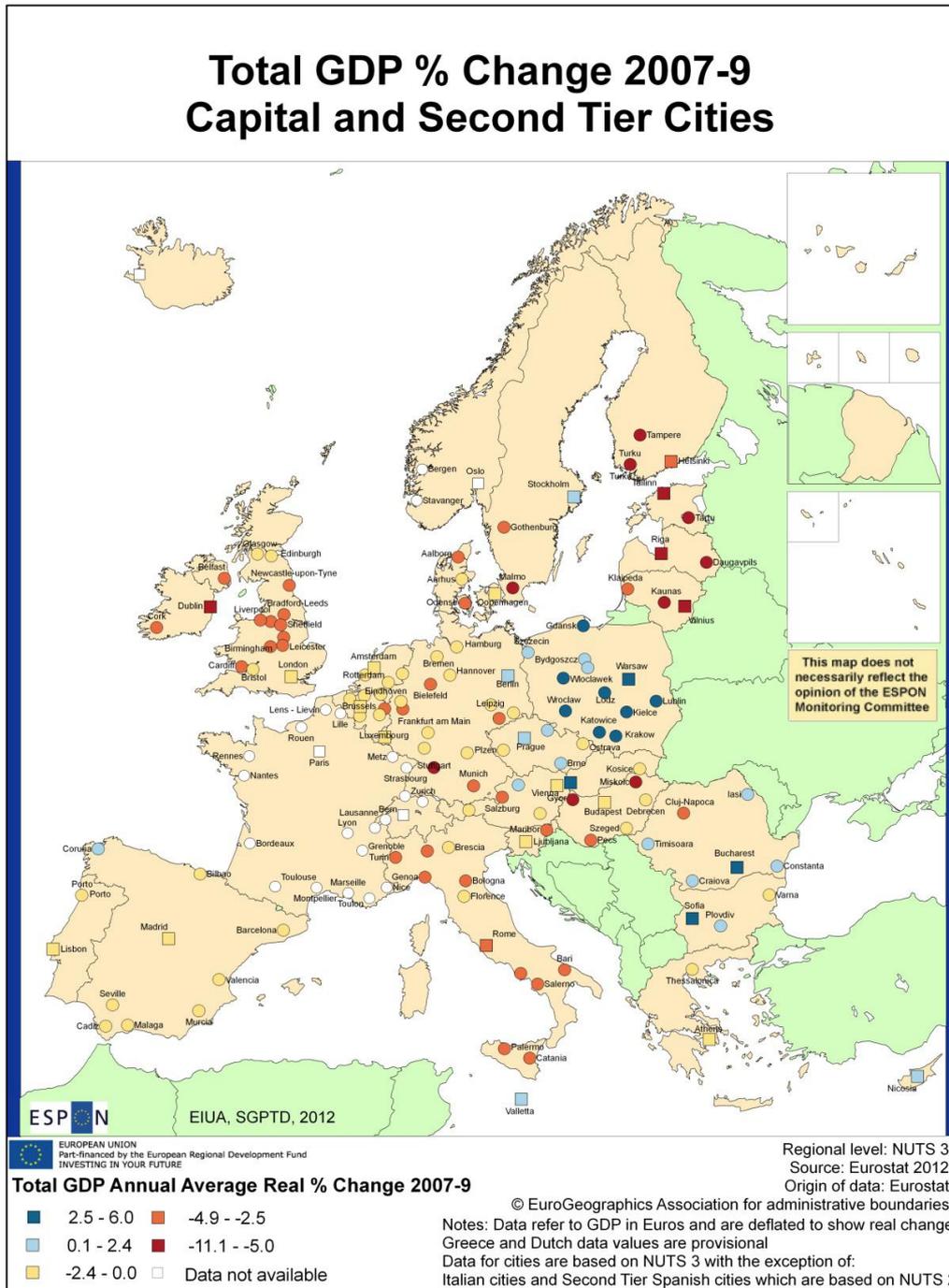
Box 4: Forging networks to drive green growth in Puglia

Puglia in the south of Italy is a region that is below the Italian average in terms of its share of companies making investments in green sectors.

However, in recent years, a model of networking has taken shape in which universities, public and private research centres and other institutions collaborate in trying out new products and processes and promote the transfer of technologies. Nanotechnology, laser micro processing, magnetic resonance and advance research techniques applied to energy, health, agriculture and food, and aerospace, mechatronics are the main sectors at the new 'Made in Apulia' research landscape. There are four clusters.

To overcome the lack of scale economies in SMEs 'Network Contracts' have been adopted which have proved a 'powerful accelerator' for green transformation.

Map 1: GDP change during the economic crisis: capitals and second tier cities



In population terms, Belfast is one of Europe’s shrinking cities. However, this is to some extent because the functional city region has absorbed new housing development. There are some signs internationally that young people and childless couples increasingly prefer to live in cities rather than in suburbs. In addition the opportunities that cities offer for tertiary education are a major attraction to young adults. There may be opportunities to develop an education-focused regeneration strategy.

A key challenge is to hold on to young people when they have graduated. European data shows that Northern Ireland fares poorly on this in comparison to many other western European regions. In part it is a question of local labour markets and job opportunities. However, the issue is so significant to the Province that it might merit a more in-depth analysis and policy approach. In effect Northern Ireland is investing in the education of skilled personnel who then transfer that investment elsewhere. In addition the loss of younger age groups creates demographic aging, and long term dependency costs.

Analysis of data on participation in global and European networks identifies Belfast as having a few companies that are well connected in culture and leisure industries. It sits in a grouping of similarly connected cities along with Exeter, Clermont-Ferrand, Modena, Santander, Arnhem, Faro, Kiel, Turku, Toulon, Bethune, Cordoba, Karlskrona, L'Orient, Perth, Ulm, and Ales. A closer analysis of the linkages within this sector might be considered.

6. Smaller towns and rural communities

The European research shows that the regional context is the single most important factor influencing the development of small towns. Small towns that are easily accessible to a larger city, such as Belfast, tend to be attractive places to live. The challenge here is to manage development pressures so as to avoid the negative aspects often called “urban sprawl”, and associated diseconomies of traffic congestion. In contrast, more rural regions tend to face challenges of declining and aging populations, which combine to put pressure on public and private services that meet social and business needs. The limited access to 3G networks and high speed broadband in rural parts of Northern Ireland exemplify such situations. The towns in rural areas have a key role as service centres. The risk is that withdrawal of services accelerates rural decline.

The gender dimension of rural development is often overlooked. In general across Europe, young women are more likely than young men to leave rural areas for career opportunities in urban areas. In part this reflects the concentration of service sector employment in cities. In particular rural areas tend not to have the same number or level of professional jobs in sectors where female employment is high. Public services are important in this respect, particularly education and health. The reduction of such posts as part of austerity measures can therefore be expected to impact particularly adversely on rural regions. Where there are two-income households, the opportunities for both earners to access suitable employment can be a factor in migration decisions.

Economic factors are not the only influence on such decisions and cultures, family ties, social networks and sense of identity with a place can all play a part. One part of a bottom-up approach to rural development might be to undertake a SWOT analysis that includes a gender dimension. Similarly, any strategy seeking to retain people in an area needs to take account of the actual perspectives of those target groups, for example young people, small business entrepreneurs and so on. There is also opportunity to use those who do migrate as economic partners or ‘ambassadors’ for their home town/region. This involves actions such as nurturing communication channels to connect local communities and institutions to the out-migrants, for example through offers of internships for students. Returning migrants can also be a positive resource, for example bringing new skills and outside contacts into a small town. In this way even small towns can grow their regional, national and international connectivity.

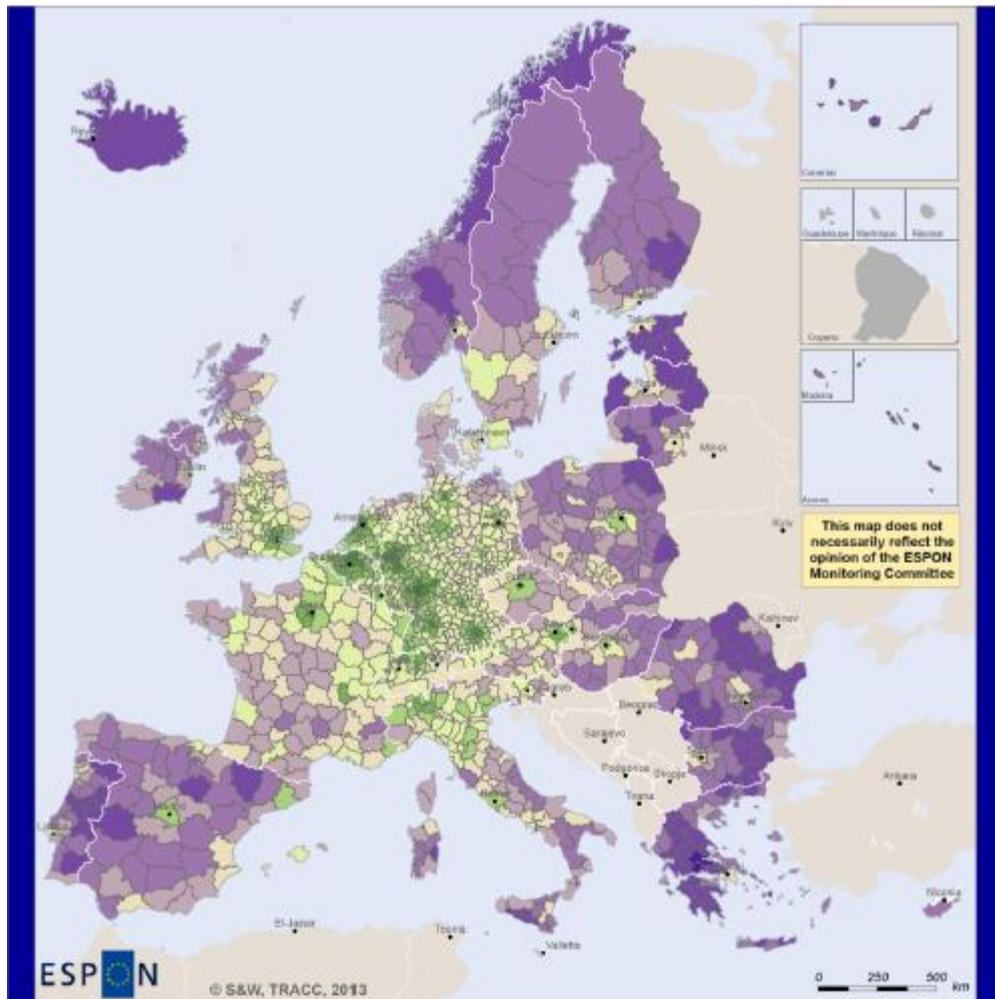
Such connections can be part of the territorial capital of a town or region, along with things like local skills, landscapes and ecological goods and services (such as water, wind energy and so on). There is scope in particular to use scenic surroundings and a healthy environment to attract young families. Local products can be a focus for innovation (see Box 2). More and more it appears that urban-rural co-operation needs to involve public, private and third sector partners, and to have a vertical as well as a horizontal dimension. In the catchy phrase, a ‘local buzz and global pipeline’ is needed, where intense local links are supported by external sources of information and outlets.

‘Relocalisation’ seems to be emerging, offering benefits to and incentives for urban-rural co-operation. Perhaps the best known form at the moment is local food networks. As well as contributing to sustainable growth by simultaneously creating new markets and reducing “food miles”, such initiatives can offer rural areas scope for retention of a greater proportion of value added, while also enhancing regional social capital. There could be potential for ‘relocalisation’ process in a number of specific rural activities, such as agri-tourism, and energy production.

Rural areas in particular could look to use the Community Led Local Development provisions in the 2020 round of ESIF to develop a green economy. Regional networks might work towards greening of agriculture and at the same time strengthening rural and regional development agendas. There is

a big potential in modernising agricultural buildings and diversifying use of energy. Support for this could come from the Cohesion Policy but also through other funds. Tourists could be made aware of the eco-labels for greener agricultural tourism. There might be scope for initiatives like the ‘Green contracts’ (see Box 4) to build critical mass in SMEs.

Map 2: Multimodal accessibility potential



EUROPEAN UNION
Part-financed by the European Regional Development Fund
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Regional level: NUTS 3
Source: Spielmann and Wegener
Urban and Regional Research (S&W), 2013
Origin of data: S&W Accessibility Model, 2013
© EuroGeographics Association for administrative boundaries

**Accessibility potential, multimodal (ESPON = 100)
2011**

0 - 20	very peripheral
21 - 40	
41 - 60	peripheral
61 - 80	
81 - 100	intermediate
101 - 120	
121 - 140	central
141 - 160	
161 - 180	very central
181 - ...	

7. Accessibility and cross-border co-operation

Northern Ireland (and especially the west of the Province) is relatively peripheral to Europe's main centres of population, and hence to consumer markets. Map 2 is based on an index score representing accessibility to population numbers by road, rail, sea and air. It shows Northern Ireland, like Ireland and most of the west of Great Britain, as being peripheral, though not so peripheral as Iceland or north-west Norway for example.

Air connectivity from the Belfast airports is important for one-day round trip business meetings. Reliance on these linkages is an unavoidable area of vulnerability for the Province, given its 'offshore' location and small population numbers. However, the connections to the London airports actually provide a level of global accessibility by air that is better than in some more central parts of Europe.

Policymakers need to look beyond administrative boundaries. In particular, cross-border cooperation can be a way of creating new growth opportunities or sharing services. Border regions are by definition located on the geographical periphery of their state and often less developed than more central regions. This is the case for much of Northern Ireland's border with Ireland.

The seas are an asset where territorial cooperation can help partners to achieve Blue Growth. Blue Growth represents the maritime dimension of the Europe 2020 Strategy for sustainable growth, jobs and cohesion. It highlights the untapped potentials of European coastal areas, oceans and islands as drivers for innovation and growth. There are five focus areas of Blue Growth: Blue energy, which focuses on marine renewable energies, such as offshore wind power, tidal power, wave power or ocean thermal power, contributing to the renewable energy targets set for the EU; aquaculture, which focuses on fishing and sea food production; maritime, coastal and cruise tourism; maritime mineral resources, that is non-energy raw materials; and blue biotechnology.

The British-Irish Council provides an institutional mechanism to advance maritime cooperation. The Council has already developed collaborative work on spatial planning. With an increasing European emphasis on maritime spatial planning, the Council could look at ways to cooperate on planning sea-use around the shores of the British Isles. In particular, wave and tidal generation of electricity represents a significant opportunity both to meet growing energy needs and climate change goals. Meanwhile, organic and inorganic pollution remains a problem in coastal waters within the Irish Sea.



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About the research

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