



**Northern Ireland
Assembly**

**COMMITTEE
FOR THE OFFICE OF THE
FIRST MINISTER AND DEPUTY
FIRST MINISTER**

**OFFICIAL REPORT
(Hansard)**

Ilex Urban Regeneration Company

19 January 2011

NORTHERN IRELAND ASSEMBLY

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Members present for all or part of the proceedings:

Mr Tom Elliott (Chairperson)
Dr Stephen Farry (Deputy Chairperson)
Ms Martina Anderson
Mr Allan Bresland
Mr William Humphrey
Mr Francie Molloy
Mr George Robinson
Mr Jimmy Spratt

Witnesses:

Dr Aideen McGinley) Ilex Urban Regeneration Company
Sir Roy McNulty)

The Chairperson (Mr Elliott):

I welcome Sir Roy McNulty and Dr Aideen McGinley from Ilex. Thank you very much for attending. The evidence session will be recorded by Hansard for information purposes. We ask you to give a presentation of approximately 10 minutes, and then leave yourselves available for questions.

Sir Roy McNulty (Ilex Urban Regeneration Company):

I thank the Committee for giving us the opportunity to come along and brief you. I am sure that

you are aware that the purpose of Ilex is twofold: first, to create and promote the co-ordinated regeneration of the Derry City Council area and to take that plan forward; and, secondly, to secure the economic, social and physical regeneration of the Ebrington and Fort George sites. Our presentation will, therefore, be in two parts. I will discuss the draft regeneration plan. Aideen will then talk about the two sites, the peace bridge, and so on.

As far as the regeneration plan is concerned, Ilex's key aim is to develop a comprehensive plan, which has real community support and commitment. To that end, over the past two years, we have been engaged in an extensive process that has involved over 1,000 local people in working groups, consultation groups, and so on. In September 2010, we put out for consultation what I believe to be a very comprehensive plan. At the heart of that plan is the mission, which you may have seen in the notes, to deliver economic, physical and social renewal; to build a stronger and more vibrant economy with increased prosperity for the citizens and region, particularly — I want to emphasise — in ways that ensure that the opportunities and benefits from regeneration are targeted towards the most deprived groups in our communities. The lesson from many other regeneration exercises elsewhere has been that lots of interesting things have been done and shiny buildings built. However, often, the benefits have not reached the more deprived groups in those communities. We are determined to learn from that history.

To that end, we have mainstreamed equality and sustainability in the development of the plan. In the diagram that summarises the plan, you will see that it focuses on education and skills; employment and the economy; building better communities; health and well-being; sustainability; and a connected city region. We believe that the potential benefits of the plan are substantial. We have quantified it as possibly 12,500 net additional jobs by 2020, or £165 million more going into the local economy each year. It could reduce the economic deficit that Derry currently represents to the Northern Ireland exchequer by around £200 million a year.

By the time we finish the plan in March 2011, it will have a robust delivery and investment strategy behind it. We will have a programme management set-up in place. In particular, we are focusing on the investment strategy. Obviously, in the current climate, that is not without its challenges. We are working with various Departments and Derry City Council. Experts Grant Thornton are helping us to learn from some of the ideas that are emerging on the mainland as to how to generate enough finance in the current, extremely difficult, public-sector finance climate. We will all have to be open to new approaches and things that have not been done in Northern

Ireland previously. However, we believe that the potential for that is substantial. We can come up with a plan that has a credible source of investment behind it.

We have just completed the consultation. Again, it was extensive right across the community. There were special editions for young people and children. There were many neighbourhood meetings. In general, I would say that the reception has been good. The bottom-line message is that everybody is comfortable with the vision, mission and main themes. There may be a few minor tweaks to combine some activities that had previously been separate. Everybody buys into the proposition that the main focus needs to be on jobs, education, skills, training, and children and young people. The last and very strong message back from the community is: get on with it.

Finally, and closely related to the plan itself is the equality impact assessment. We have done a comprehensive job on that, with a lot of data. It is not all of the data that we would have wished, but it is all that is currently available from all the various sources. That is out for consultation. We plan to have an equality conference in February, and we are waiting for dates from Ministers to confirm that. It will be a chance to have a thorough discussion with a lot of people in the community. That is where we are at in the regeneration plan, and Dr McGinley will talk about the sites and developments.

Dr Aideen McGinley (Ilex Urban Regeneration Company):

To follow on, the sites are important because they give us, as a company, assets that, if we are clever about it, we can sweat to help us underpin the regeneration plan and what emerges from it. As Sir Roy said, we are looking for openness to look, in new ways, at how to do that. We have three major physical projects, and I will deal briefly with two that are not the premise of the Committee but which are, obviously, part of our business.

The first is Fort George, a military site — both of our sites are former military sites. I am glad to report that, thankfully, we are making progress on decontamination, and we are looking at soft market testing and putting in the infrastructure. Most importantly, in the regeneration plan, it was identified as a point to make the most of our digital capability. As a direct result of corporate sponsorship through City of Culture, we have fast-tracked our digital connectivity with BT this year, and we will be the first city on the island of Ireland and one of the first in the UK to be 100% broadband enabled. The Fort George site was seen to be our centre for science and technology. I am delighted that we now have a partnership with the university, the Northern

Ireland science park in Belfast and the Letterkenny Institute of Technology for a major INTERREG application, which would be for about a third of the site and would start to put the footprint down.

The second big project is owned by DSD. It is the peace bridge, which is scheduled for completion for May, and we hope to open it in June. Major events and programmes are being planned, with community involvement. Indeed, a particular aspect of that are the social clauses and the fact that we have been able to employ 12 local people on that capital project. Again, it has been an exemplary model of best practice in employment.

I turn to the site that I know is of most interest to members, the Ebrington site. As the First Minister and deputy First Minister said, we are grateful that, in a time of a very constrained capital budget, we got £23 million over four years. The key challenge for us will be the managing of the profile because, unfortunately, over half of the allocation is for 2014, which is the year after the City of Culture year. As many of you are aware and, indeed, as featured in the previous evidence session, the emphasis of the Ebrington site is cultural and based on the creative industries.

We have a £20 million opportunity to develop a regional art gallery, and we have already secured the hosting of the Turner Prize for 2013, which is the ultimate art prize in the UK and, indeed, in Europe. We hope to hold a major international architecture competition with the Royal Institute around that.

With Derry City Council, we have an economic appraisal for a maritime museum that would tell the story of the history of Ebrington and represent the maritime heritage of the whole region. That project will cost approximately £8.5 million. We are at the economic appraisal phase, and I am delighted to say that the Northern Ireland Tourist Board secured some resource in the CSR to help to progress some of that. Again, unfortunately, those resources are allocated towards the end of the Budget period, but we will manage the phasing.

Most important is having somewhere when the peace bridge opens, and we hope that we are on target for the parade ground. I know that some of you have been to Ebrington. We are revisiting the surfacing of the parade ground, and the intention is that we will create four new performance spaces as well as the major performance space, which will hold up to 15,000 people.

It is larger than Trafalgar Square, and it will be the largest hard surface, purpose-built outdoor performing venue on the island.

We are also working with Derry Chamber of Commerce and Derry City Council on the Digital Derry strategy, with a view to looking at creating a co-working space for creative industries. Similarly, a number of companies in Derry/Londonderry are already working closely with HBO. The spin-off is regional, so companies are producing for HBO. Indeed, we have identified up to 77 companies that are very interested in co-locating space, which will be at buildings to the rear of the main courtyard. In other words, there is a lot of interest.

We are also soft market testing, and we know that there is increased interest from the private sector, not least in Ebrington, because of the City of Culture designation. We are currently out to the market to test it. We see in the investment plan that the key thing for us in the sweating of the asset is the return of dividends that would allow us to plough money back to deliver the regeneration plan, which, as Sir Roy rightly said, could potentially make savings to the public purse of over £200 million a year, if we can achieve the objectives that are set out in the plan. The plan is the framework, and the sites become part of the delivery vehicle to deliver that framework. I am conscious not to go over your 10 minutes, Chairperson.

The Chairperson:

Thank you very much. Sir Roy, you mentioned the need to be open to new opportunities. Did you mean financial opportunities and approaches, or were you talking more about structure?

Sir Roy McNulty:

It is both structures and financing. One of the ideas that is now being taken forward on the mainland is tax increment financing. In other words, if a development is going ahead that will generate more in rates, you can finance on the basis of that by pledging for a number of years. However, that requires different structures than we have had here before.

The Chairperson:

Is Ilex looking at that internally, or is it something that must be done by government?

Sir Roy McNulty:

To an extent, we are taking the initiative to generate the discussion, but that discussion involves

Departments, Derry City Council and all of the concerned parties. The key thing is that there are a number of ways of generating finance that are different from we what have had here before. If I may say so, it is my impression at times that Northern Ireland is a bit conservative with structures and financing methods, and there is a lot more going on on the mainland than is currently happening here. Having said that, the Departments that we are talking to, including DFP, all recognise the challenge that we face, and there is an openness to new ideas that, perhaps, has not always been the case.

The Chairperson:

Are you looking at areas such as venture capital schemes?

Sir Roy McNulty:

Absolutely. We are clear in Derry what we want to achieve, and any legitimate and respectable way of finding the finance to do those things has to be considered. Earlier, we heard the First Minister and deputy First Minister emphasising the opportunities in Europe, and maybe further afield. We have to look at every conceivable avenue.

The Chairperson:

Have you been getting a positive response from government in general, or are you not at that stage yet?

Sir Roy McNulty:

So far, so good.

Dr McGinley:

Yesterday, we held a workshop; indeed, we have held two workshops. Grant Thornton has been appointed to help us on the creation of the investment plan. We are working with officials from the two sponsor Departments, DSD and OFMDFM, and DFP has also been involved in those discussions. We have closely looked at what is possible. We have a lot of work to do over the next six weeks, and we will bring that through the strategy board to consider the types of vehicles. Some of the experience is based on that of the Scottish Futures Trust, which developed the Edinburgh waterfront. We feel that the model is transferrable, and, as was mentioned during the previous session, we have to find new ways, because we will not be able to do what we want to do because of the cuts.

We also feel that there is an appetite — we have been assured by the private sector — for those sorts of schemes. They have worked successfully in the UK and Scotland and in the United States for a considerable amount of time, so maybe now is the time to be open.

Sir Roy McNulty:

It is worth adding that Belfast City Council was at the workshop yesterday. We all have the same problem and we need to find some new solutions.

The Chairperson:

I appreciate that. It is quite interesting to hear that because, quite often, Government are not aggressive enough about those new ideas, particularly around financing and venture capital. I am pleased to hear that.

Ms M Anderson:

It is nice to see you. I declare an interest: I sit on the strategy board, which is part of the development of the regeneration plan. It is unfortunate that you came when you did because you would have heard the First Minister and deputy First Minister talk about the regeneration sites. Even though there has been a lot of commentary about cash, Ebrington has secured the most capital of the three sites. That is to be welcomed. There is a lot of frustration in the city. When you came on board, you inherited eight years of people waiting a long time. However, as someone who has been involved in the regeneration plan, I think that there is a lot of acknowledgement in the city of the process that you rolled out, particularly the involvement of over 1,000 people in developing the plan. The EQIA is the most comprehensive that has been developed.

Aideen, as regards your concern around the profile, you said that you will secure most by 2014. Have you had any discussions with OFMDFM about reprofiling from Department to Department so that you can secure that money elsewhere? In relation to the delivery programme, you talked about venture capital. The First Minister and deputy First Minister talked about the opportunities that there are in the USA as well as Europe. I know that Colette Fitzgerald, who has been in front of the Committee, has met you. She is quite keen on access. I am sure that you picked that up because you heard that the Barroso task force is returning and that the peace bridge will open. Ilex needs to understand who is coming to the North, when they will come and how it

can engage with them to try to secure the kind of capital that is required to take forward the catalyst projects.

Sir Roy McNulty:

Those points are all taken on board. We share with you the gratitude for the capital that has been earmarked for Ebrington. We need to work on the reprofiling. We do not have a solution today, but I am sure that we will find one.

Dr McGinley:

We have been talking to the other sponsor Department about that very possibility because it secured some capital funds as well, so there may be a way of fast forwarding. Indeed, there may be imaginative ways of working with the private sector. It would then be secure in the knowledge that capital funding will come a few years hence, so we are looking at various ways of managing the profile.

Mr Humphrey:

Thank you both very much for the presentation. Your mission statement is:

“To champion sustainable economic, physical and social transformation” —

in Londonderry. That is hugely commendable. I condemn the attack in Guildhall Square on the UK City of Culture office. Clearly, the people who were behind that have no interest in any of those things. I commend you both and the people who work with you for the work that you do to develop Londonderry.

The Republic of Ireland Government have a considerable amount of experience over the Administration here as a sovereign Government and because of the years of influencing in the Republic and Europe. I was told by a European official from Northern Ireland recently that, potentially, the Republic of Ireland will be in a position to draw down some €600 million, whereas, for the Northern Ireland Administration, it is somewhere in the region of €25 million. Obviously, that is a huge disparity. We face a huge economic threat here as a result of Tory cuts and the removal of £4 billion from the economy by the Exchequer, but it also provides opportunities, which I hope are being explored, so I was pleased to hear you mention Europe. Clearly, applications from Northern Ireland, particularly those related to the issue about which you are here to talk, need to be of sufficient quality to secure funding.

I was very pleased to hear about your focus on jobs, education, skills and training for young people. As someone who represents North Belfast, I know that many communities are facing problems similar to those being faced in Londonderry and the north-west. It is important that, as a result of this process, we have something that delivers real and tangible benefits for people. It is very important that we do not raise hopes and create an expectation that we will provide opportunities. If all that hype results in a false dawn and no delivery, it will be hugely debilitating and will sap the morale of local people. Shelves are stacked with files, reports and master plans on many issues and places in Northern Ireland that have never been delivered on. As we speak, they are gathering dust and applying pressure to those shelves. It is important that hard-to-reach communities are reached and that there is a benefit for them. Can you assure the Committee and, more importantly, people in Londonderry that opportunities will be realised and that there will be no false dawns?

Sir Roy McNulty:

Your points are well made. We fully understand the European dimension. Given that the UK Budget is stretched, we have no huge expectation of getting additional advantage there. However, Europe has a lot of money, and a lot of the things that we are attempting to do in Derry are in the ballpark of many European programmes, so we have to look there. I believe that they will be quality projects, including, as Dr McGinley touched on earlier, the idea of getting the Northern Ireland Science Park to extend its reach into the north-west. That is a quality project if ever there was one, and I hope that it will attract European funding.

Your point about delivery is absolutely at the front of our minds, and Martina referred to the frustration that has been there for ages. We sense and understand that frustration, and, if the strategy board is united on anything, it is that the strategy must be delivered. We are working on and will discuss progressively with the strategy board organisational structures that will deliver. Derry has had more than enough strategies. When we did a quick count, we found that 74 existing strategies were in play, most of which are probably going nowhere. As well as a structure, we need a programme of activities and proper programme management, in the way that you would run an industrial concern, so that everything is followed up and we understand exactly where we are. Finally, nothing will happen without finance, which is why issues such as Europe, the capital allocation for Ebrington and additional funding for university students are important. If we can get all those elements in place — I am fairly confident that, by March, we will have them all in place — we have a very good chance of delivery. As I said when I was talking about

the mission statement, delivering real benefit and advantage to disadvantaged communities is at the heart of what we are trying to do. That has been a weakness in a lot of regeneration exercises here and elsewhere, and we are certainly very determined to show that we can do a better job.

Mr Spratt:

Thank you both for your presentations. Dr McGinley, you said that 12 local people are employed in ongoing work. In another life, I raised that issue with you regularly. Is that going to be built in to all procurement processes?

Dr McGinley:

Absolutely. The contractor on the bridge was one of the most successful. There was a place for every £1 million, and there were some success stories. For example, one young man who came on to the bridge project is now going on to do a degree. Twelve people have been employed for the past 18 months. All of the contracts over which we have control will have that built in.

It is good that it is happening elsewhere in the city. For example, on the back of the City of Culture, there are 500 bed spaces of a deficit, so a number of hotel chains are looking to invest in the city. One is in an interface area; it is working with the local strategic partnership to look at social contracts for construction and subsequent employment in the hotel. That is starting to become a way of working in the city. We have to keep at it. We have helped people in the Titanic Quarter project with some of the experience that we have had. With the bridge, we proved that it can be done. The employer is extremely satisfied with the type of employee he had, and he is becoming an advocate for that sort of approach.

Mr Spratt:

Does it include apprenticeships?

Dr McGinley:

Yes. There are a couple of apprentices. It is a mix of types of jobs, including some apprenticeships. Graham Construction is the builder. There are a variety of jobs, from admin support through to engineering, and there are a couple of apprenticeships in between.

Mr Spratt:

That needs to be progressed throughout the whole of the Province because it is a very important

issue. I was previously the Deputy Chairperson of the Committee for Employment and Learning, where that issue was certainly discussed. I am delighted to hear that it is now progressing.

Ms M Anderson:

It is a pity that Dolores is not here today because she is the current Chairperson of the Committee for Employment and Learning. She was one of the members who raised concerns about Ilex and she asked for a presentation. It would do no harm to get a further brief, even for William and Jimmy's respective areas, about the regeneration process that happened in the city because it was cross-party and cross-community and involved a number of people. In particular, it targeted section 75 groups in the most deprived areas on a cross-community basis. People took it upon themselves to get involved in consultations with others in their areas. The evidence that we received highlighted that Departments are not very good at collecting and collating data. As well as having quantitative data, they should have qualitative data about the impact of deprivation on people's lives and how those catalyst projects need to be developed in a way that will have an impact.

From my experience — you may say that I would say this anyway because I have been involved — it has been a battle a day at times to get everybody on board and to try to move the process along. It has not been easy. It has been a very long process; elected representatives and community activists have spent many hours on it. We have looked elsewhere — across the North, across Ireland and further afield — and I do not see a model like the one that has come out of the regeneration process in Derry, which developed in a participative way with people on the ground being involved in shaping the regeneration process. I am not saying that we could not get a model that is any better. We started off with someone else doing it. We would have built on it in the city, but we certainly have moved things on in respect of regeneration. It really would be of benefit, particularly for areas of deprivation in which, as was said today, people feel left behind by the peace process. We need to ensure that those people benefit from whatever comes into the city in relation to regeneration or anything else.

It is a pity that Dolores is not here because she certainly has concerns, although I do not know why. Maybe it is because of what she has picked up or whatever, but she was looking for the presentation. Like you, we have tried to get social clauses into procurement contracts so that those people, particularly the long-term unemployed, could benefit from any opportunities that come along. That was where the mission statement guided us throughout the process. I know it

has been a tough battle for you and we have had many engagements and frank conversations about it in the city, but it is something that is well worth —

The Chairperson:

OK, Martina. The point is well made. To be fair, most parts of Northern Ireland have areas of high social deprivation. It is something that we could all learn from.

Ms M Anderson:

That is what I am saying. It is for everyone.

Dr McGinley:

I was just going to give another example. Jimmy made a point about skills to back up what Martina said. In order to analyse the data, we employed and trained 85 local people who went out and did the surveys. They are now a trained cohort of local people, whom we will use in 2012 and 2014 to measure the impact so that we can tweak the programmes. If we are not making the impact, we will have the data that will allow us to do that. I endorse what Martina said; this has not been easy, but I am delighted to share the practice and what we have learned elsewhere.

The Chairperson:

Thank you very much for the presentation. I wish you well with the regeneration project, which includes Ilex, and involves Fort George and Ebrington, and with the 2013 City of Culture programme. I have been to Ilex twice and enjoyed those visits, and I hope to go back in the near future. Thank you.