



**Straitéis
Forbartha
Geilleagraí le
haghaidh an Lúir
agus Mhúrn**

**An Economic
Development
Strategy for
Newry and
Mourne**

**FGS McClure
Watters i
gcomhar le
Oxford
Economics**

**FGS McClure
Watters in
association with
Oxford
Economics**

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1 EXECUTIVE SUMMARY

1.1 Background & Approach

In November 2008, Newry and Mourne District Council commissioned FGS McClure Watters and Oxford Economics to develop an Economic Development Strategy for the Newry and Mourne region up to 2013. This report details the results of our research, a strategy for developing the economy in Newry and Mourne up to, and beyond 2013, and an associated economic development action plan. The strategy aims to guide Newry and Mourne District Council through the current economic down-turn, and the impending Review of Public Administration, while also plotting a course for economic growth in the medium term.

The strategy views economic development in its broadest sense, incorporating economic development, regeneration, tourism, rural development, education, workforce development and skills.

Devising the Strategy and Action Plan could not have been achieved without wide-spread consultation. FGS McClure Watters facilitated two workshops in Newry with representatives from the public, private, community and voluntary sectors. Key stakeholders are identified in Table 1.1 below.

Table 1.1: Consultations

Organisation
Newry and Mourne District Council Enterprise Development Department
Newry and Mourne District Council Economic Development Committee
Newry Chamber of Commerce
Newry Neighbourhood Renewal Partnership
Newry Local Strategy Partnership
Confederation of Community Groups Newry
Regeneration of the Mournes Area Ltd (ROMAL)
Kilkeel Development Association
East Border Region
DSD Southern Regional Development Office
Southern Regional College
Crossmaglen Chamber of Commerce
Warrenpoint Chamber of Commerce
Invest Northern Ireland
Department for Employment and Learning
Northern Ireland Tourist Board
Intertrade Ireland
Louth County Enterprise Board
Monaghan County Enterprise Board
Newry and Mourne Enterprise Agency

Consultations sought to obtain the views of these stakeholders on:

- The role of NMDC in the development of Newry's economy;
- Strengths and weaknesses of the Newry and Mourne area, including South Down and South Armagh;
- The challenges facing the Newry and Mourne area in coming years;

- The changes that should be expected within the 5 year timeframe of the new economic development strategy; and
- Key actions that should be included within NMDC's "Economic Development Action Plan".

1.2 Review of Funding and Policy Context

The objective of this stage is to examine the main policy/political, economic and social drivers that are likely to impact on the Newry and Mourne area over the strategy timeframe. This section identifies and provides a summary of relevant policy documents, any relevant consultation documents and initiatives that are of relevance to Newry and Mourne District Council. The policy/strategy and funding context within which NMDC must operate in the period to 2013 is summarised below:

- The Lisbon Agenda which sets the European Union the goal of becoming "the most dynamic and competitive knowledge-based economy in the world" by 2010. A target of achieving 3% average economic growth and the creation of 20 million jobs by 2010 was also set in the agenda;
- The Northern Ireland Competitiveness Programme which aims to create a more competitive and sustainable Northern Ireland and specifically, to contribute to closing the productivity gap with the UK.
- The Northern Ireland European Social Fund Programme 2007-2013 which aims to to reduce economic inactivity and increase workforce skills in support of relevant EU, UK national and Northern Ireland regional, employment and skills policy.
- Rural Development Programme which aims to improve the competitiveness of agriculture, improve the environment and improve rural economic diversity and activity.

In addition to the EU funding a policy documents reviewed, a wide range of NI and all island strategies/documents have been identified as having an influence on the economic direction of NI and Newry and Mourne, including the Programme for government 2008-2011, Economic Vision for Northern Ireland, Investment Strategy for Northern Ireland 2008-2018, Invest NI's Corporate Plan and The Republic of Ireland National Development Plan 2007-2013.

1.3 Profiling Economic Performance

The Economic Performance profile, presented by Oxford Economics

- Presents the current wider economic context, which is very different to that prevailing at the time of the first two reports above
- Recaps the key economic development issues from previous profiling work and validating / 'refreshing' issues based on more recent economic performance data

- Presents the latest outlooks for the Newry & Mourne economy and comparing this to forecasts presented in the first report above ('Newry & Mourne In Focus'), and
- 'Refreshes' the assessment of risks and opportunities

The key messages from the outlooks are:

- Continued strong growth in demographics, even with migration predicted to tail off [the latter due to job losses / fewer job opportunities, Sterling weakness (reduces the value of expatriated earnings) and tightening migration policy] – **a growing working age population but weakening economy poses a major employment challenge for Newry & Mourne**, as in many other local economies
- **Job losses are predicted across several sectors during the downturn phase** – construction losses are well-known and already occurring and in manufacturing (from falling global demand and a drop in demand from the construction sector – e.g. manufacturers of construction materials)
- There has also been a **significant downward revision in the forecast for financial and business services employment** – linked to credit crunch impacts on the financial sector and wider economy effects on business services, particularly those services dependent on house sale transactions (e.g. real estate, legal services etc). **The weakening outlook somewhat starts to call into question the validity of a narrow professional service / office growth model aspired to many local areas, especially in cities, and reaffirms the need to focus on diversified growth opportunities**
- **Forecasting retail employment in border economies is extremely difficult as there are two major offsetting drivers** – (1) weakening local economic conditions, consumer spending and confidence in the north; and (2) the fall in value of Sterling which is making the NI retail sector extremely competitive against southern retailers with price differentials, after converting to a common currency, 30 per cent and higher. This is attracting unprecedented flows of cross-border shoppers, even as the ROI economy is in the middle of a deep recession. **However with no official up-to-date retail employment data for the border economies, it is difficult to know which of the above drivers is having a larger influence. Anecdotally it would appear the cross-border trade effect is larger and this has influenced our forecast methodology** which has retail employment moving partly in line with real exchange rate projections and partly in line with local economic and demographic projections. **With the value of Sterling forecast to continue to weaken / remain low throughout 2009, retail employment is forecast to rise moderately in Newry & Mourne in 2009 and fall back in 2010 and 2011 as Sterling strengthens and the ROI retail sector regains some lost competitiveness (even as the local economy enters the 'recovery phase'). This means that relative to several other councils, the downturn phase is less severe in terms of job losses though the recovery phase is also less pronounced.**

- Throughout the turbulent years ahead for the economy, **public sector employment is predicted to provide a stable 'buffer'**. Despite tightening fiscal conditions, health and education are assumed to remain Government spending priorities. **Newry & Mourne's designation as one of NI's six potential locations for public sector relocation** also offers an upside employment risk (though as plans to relocate jobs from Belfast are not yet confirmed, it is not possible to factor in any possible employment relocation to the forecast).
- The net effect of the above demographic and sectoral employment forecasts on the labour market is that **Newry & Mourne's resident employment rate is predicted to fall sharply during the downturn phase, offsetting some of the hard-earned progress of the past decade**. This is due to a **combination of job loss / lack of job creation and a growing working age population** (even with migration tailing off). What this will mean for unemployment is not straightforward as it is difficult to predict whether persons made redundant will join the unemployment register or term themselves as inactive – this is why we present below the forecast for the **working age non-employed stock which is predicted to rise by 4,000 between 2008 and 2012**.
- Lastly the slowdown in the housing market is well and truly underway, correcting the massive over-valuation built up in recent years. While the timing of when the housing downturn will bottom out is difficult to predict, perhaps the more important forecast is the future house price growth rate when the pick-up starts. Oxford Economics' forecast is for **a return to more sustainable annual long-term house price growth of 6-7 per cent**. The implication of this is that **it will take until roughly 2017 for prices to return to their 2007 peak** (and even longer if house prices were measured in real terms).

In light of the revised outlook for the Newry & Mourne economy, the tables below update the original assessment of risks and opportunities for the local economy (conducted as part of the SEED strategy in 2008). Again some of the more interesting and important 'refreshed' assessment commentaries are shaded to draw the attention of the reader.

Risks – today’s assessment

Original assessment	Refreshed assessment
Possibility that Area Plan housing allocation could be exhausted before the end of the Plan period with knock-on impacts	Still a possibility as demographic projections remain strong though the faltering economy is likely to slow household formation rates (e.g. children living with parents for longer) and migrant outflows will impact on demand in the private rented sector (possibly resulting in some vacant stock)
Tail off in international in-migration as UK migration policy tightens – raises questions over where labour will come from and what implications for manufacturing competitiveness (though would ease housing pressures)	While demand for migrant labour is still a major influence on migrant decisions to remain or come to NI, the falling value of Sterling and uncertain economic environment makes NI a less attractive economic destination than in recent years - this wider perception may make it difficult for NI and Newry & Mourne to attract migrants, even if demand from specific sub-sectors remains high
Challenging wider outlook for manufacturing (though success in specialty sub-sectors still possible as in the past)	Although Sterling’s weakness and falling input costs will provide a boost to manufacturing exporters, the overriding influence on prospects is likely to be global demand which is falling sharply, as well as falling demand from the local economy. Therefore in this sense the outlook has become more challenging Longer term rising costs in emerging economies such as China and India and high shipping costs could start to tilt the competitiveness tide in some sectors back towards developed economies
Dependence on consumer and secondary sectors (retail and construction) though cross-border shopping offers some insulation	The Newry & Mourne economy still remains heavily dependent on retail and construction (3 in 10 employee jobs) with retail likely to become more important in the near-term due to growing cross-border shopper flows There is a risk that Newry’s retail sector expands and becomes over-reliant on cross-border trade, which could quickly reverse if and when Sterling is expected to regain some of its lost value during the recovery phase for the UK economy
Downside retail risks - End of ‘catch up’ - Pressures on household incomes - Fall in confidence - Restriction in consumer lending - Increased competition	Domestic retail risks still all hold today and have in fact increased with the ever weakening economic outlook, job losses, drop in confidence and tightening of bank lending to consumers (mortgages, credit cards etc)
Loss or relocation of public sector jobs as part of RPA (plus tightening of public spending and efficiency targets could have implications for public sector employment)	It is less likely now that public administration jobs could be lost to Down as part of the new super council structure - it is our understanding that both locations will continue to operate as centres of council administration. In addition a new development has been Newry & Mourne’s designation as one of NI’s six potential locations for public sector relocation - this offers an upside employment risk though any plans to relocate jobs from Belfast are not yet confirmed and Newry will face initial strong competition from other chosen urban centres (Derry, Coleraine etc)
‘Arrested development’ - infrastructure bottlenecks could be binding constraints on growth and make Albert Basin development unviable	Infrastructure bottlenecks remain and have likely intensified with the growing cross-border retail traffic flows
Competition from Belfast and Dublin for people (especially young professionals) and jobs	Recession in both Belfast and Dublin is likely to increase efforts made by the capital cities to be even more competitive Costs pressures in both are likely to ease significantly in terms of office rents and wage expectations, reducing partly a cost advantage Newry may have
Strong competition between other NI cities with Derry and Lisburn increasingly well-evidenced and proactive. Likely to be intense competition for future professional service jobs – risk Newry could be ‘left behind’, especially if skills base does not improve. ‘Have and have not’ education system with the ‘have nots’ staying behind (better performing students leave for higher education with evidence suggesting few return)	Competition among NI cities still remains high Failure to develop the Albert Basin site would be a major competitive weakness for Newry in terms of its inner city and office offering, particularly as cities such as Derry have their own major city regeneration projects
Risk of the inactive being bypassed by ‘new economy’ growth	Still a challenge
Weak skills base	An even greater challenge today as the inactive will be competing for fewer jobs against a larger stock of unemployed with recent employment experience and presumably better qualifications
Out-commuting of young qualified residents to work in Belfast/Dublin	Still a challenge
Housing affordability – young professionals and migrants priced out	Dublin and Belfast will both be hit hard by recession with fewer job opportunities for out commuters - though Newry is not immune from recession and will unlikely be able to offer the same type of high-paying jobs aspired to by out commuters Affordability is improving as house prices drop However lack of availability of mortgages on the similar terms as before and more stringent lending requirements mean that first-time buyers still face difficulty getting on to the property ladder
Urban renaissance requires a concerted and multi-faceted approach – no strategic body like Laganside or ILEX. Could be difficult for Newry to realise its full potential	Still a risk
City bypasses to improve traffic flow could inadvertently make potential customers bypass the city	Still a risk, especially as congestion worsens and Newry’s reputation for congestion spreads

Opportunities – today's assessment

Original assessment	Refreshed assessment
Continued strong demographic outlook	Demographic outlook still strong
City centre living back in fashion – as one of NI's few cities, this is an opportunity not available to many (though Newry has not yet fully embraced inner city apartment construction)	Partly still holds though the inner city apartment phenomenon has not taken off as initially envisaged, especially in some GB cities with large stocks of unsold apartments
Quality of life offering high	Still a strength
House prices still less expensive than south of the border – with ease of commuting, Newry could attract young professionals and persons from ROI downsizing	House prices in ROI have fallen sharply, closing the price differential Sterling weakness means that earning in £s would be an unattractive proposition for ROI workers commuting north
Albert Basin site for mixed development including residential and office space - could be a catalyst for a professional services revolution (recall professional services are not just for the major cities - number of English success stories surrounding main urban centres)	Still a critical development for Newry & Mourne's physical and economic transformation though today is arguably a more challenging time to attract businesses to locate there, unless it offers a significant cost advantage. Also it is important to think about diversifying economic growth opportunities
If the market works correctly, Newry should have a cost advantage on Belfast and Dublin in terms of commercial property costs	Still true though costs will fall significantly in Belfast and Dublin in the near-term
Newry/Dundalk critical mass - could create economies of scale with twinning of the two cities	Still an opportunity, particularly the possibility of Newry becoming part of the Dundalk Gateway, following the example of Derry-Letterkenny as the only other cross-border Gateway Centre
Retail 'draw' provides a pool of people familiar with the area and more likely to be 'sold' on doing business in Newry or relocating to live there	Still an opportunity and even more so with the recent high influx of regular cross-border shoppers who will have become increasingly familiar with Newry's offering
High deprivation/ 'disadvantaged' status should present opportunities for public funding	Still a funding opportunity
Tourism – Mourne's National Park signature project (again drawing in people)	Still an opportunity
Cooling of the housing market could create more affordable housing	Affordability has improved though note from the 'risks' table difficulties faced by borrowers accessing mortgages
Expansion of Warrenpoint port	Still an opportunity though growth likely to be lower than initially envisaged with the slowdown in national and global growth
School performance is strong which is a base to build from	Still a strength/ opportunity
Location on Belfast-Dublin corridor with strong road and rail links ideally places Newry to take advantage of north-south opportunities	Still a major short-term and long-term locational competitive advantage, provided infrastructure investments are made to allow Newry to continue to grow

1.4 Consultations

The data profiling presented in the previous chapter has been supplemented by wide spread consultations with key stakeholders across the NMDC area. Consultations took the form of workshop events with key stakeholders including NMDC Councillors, economic development practitioners, and voluntary and community sector representatives. One to one discussions with wider economic development practitioners, including Louth and Monaghan Enterprise Agencies also informed our research. The key issues arising from the consultations were summarised into a SWOT analysis:

Strengths	Weaknesses
<ul style="list-style-type: none"> • Newry’s location; • Excellent roads infrastructure to and from the City; • Entrepreneurial flair; • Strong retail sector; • Traditionally strong manufacturing /construction sectors; • Newry Port is seeing an increase in freight activity and is more competitive due to exchange rates; • Low dependency on public sector jobs; • Strength of private sector involvement; and • Active Enterprise Agency (NMEA). 	<ul style="list-style-type: none"> • Roads and associated infrastructure; • SRC falls short of its enrolment target for free essential skills training each year; • Lack of appropriate skills; • Need to re-orientate skills; • Infrastructure geared towards manufacturing; • Communication between organisations/lack of co-ordination between agencies and Council; • Lack of strategic business plans; • Large employers not involved in local economic development; • Limited tourism “product”; and • Low level of per capita earnings.

Opportunities	Threats
<ul style="list-style-type: none"> • Business support services provided by SRC; • Following RPA management of locally focussed economic development programmes (Small Business Support and Social Economy Programmes) will be the job of the new joined up council; • Development of activity at Newry Port; • Support from EBR for small, established businesses rather than new business start ups; • Support from EBR for farm diversification; • Support from EBR for tourism development; • Promote/develop festivals in the Newry and Mourne area; • Newry and Mourne is home to 2 of NITBs signature projects; • Opportunity to increase the contribution Newry provides to tourism objectives 	<ul style="list-style-type: none"> • Economic climate in 2009; • Poor roads infrastructure within the City; • Sustainability of businesses – viable businesses can’t fail due to a short term lack of liquidity; • Imbalance of economy, current exposure to fortunes of retail; • Lack of city centre development sites – barrier to attracting service/knowledge based businesses; • Chance of being by-passed; • Any new economic development strategy must address those who need it most – big or small business, city/rural areas; • Lack of appropriate skills – need for re-skilling; • Net “migration out” of those with skills required to provide employees to service/knowledge sector; • Widening of socio-economic/educational

<p>identified in the PfG;</p> <ul style="list-style-type: none"> • Under RPA DARD see the Newry/Down area as a major area for rural community development; • Under RPA DSD will pass responsibility for urban community development to local authorities, it is likely that DARD will also pass responsibility for rural community development; • The Council should take on a role in co-ordinating the various Chambers of Commerce across the area; and • The Albert Basin development represents a significant opportunity for NMDC to develop high tech workspace and attract service/ knowledge based business. 	<p>gaps;</p> <ul style="list-style-type: none"> • Under RPA the Council will join with Down, there will be a risk in keeping focus/resources centred on issues that are key for the Newry and Mourne area; and • Risk of Council being under resourced financially/physically.
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The strategy and action plan presented in the following chapter addresses each of these key themes.

1.5 Economic Development Strategy and Action Plan

The current uncertainty in the global economy and stagnated performance of the local housing market suggests a different economic context in which to deliver the NMDC strategy. The agenda for NMDC to 2013 ranges from improving efficiency and developing infrastructure, to making NMDC an attractive investment location to exploring tourism opportunities. The basis for any economic action must therefore be centred on orienting the skills of the population in Newry to enable the economy to adapt in its development.

The vision for Newry and Mourne (to support a diverse and sustainable business base, population and region) is supported by three themes: Skills, Enterprise: Survive and Thrive and Public Realm. Under each theme, a series of objectives and actions are proposed. These are outlined below.

Skills

Indicative Actions	Sample Outputs	Potential Delivery Partners	Indicative Outputs/Outcomes	Timescale	Possible Funding Sources
1.1: Improve basic literacy and numeracy skills	<ul style="list-style-type: none"> Promote a Skills Development Campaign to promote the benefits of skills development to individuals and business. Facilitate ready access to information on education and lifelong learning. Promote Migrant Workers language skills training. Assess barriers to training (childcare provision etc) and implement actions to remove them. 	<p>Newry District Council</p> <p>EBR through Interreg IV</p> <p>DEL</p> <p>Southern Regional College</p> <p>Local Community Groups</p> <p>DETI</p> <p>DE</p> <p>Training & Employment Agency</p>	<p>Improved skills base</p> <p>Improved access to training information</p> <p>Improved access to language training from migrant worker population</p> <p>Report on barriers to training and action plan</p>	<p>Ongoing</p> <p>Ongoing</p> <p>Ongoing</p> <p>2008-09</p>	<p>NMDC,</p> <p>DEL</p> <p>DETI</p> <p>DE</p> <p>Interreg IV</p>
1.2: Strengthen strategic links with further and higher education sectors	<ul style="list-style-type: none"> Engage with local Further and Higher Education College Campus to promote a wider curriculum. Support and develop strategic alliances with the Further and Higher Education Sectors to reflect the impact of skills on Local Economic Development in Newry District. This may include programmes to support re-skilling the workforce to take account of changing economic conditions. 	<p>Newry and Mourne District Council</p> <p>Southern Regional College</p> <p>DEL</p> <p>DETI</p> <p>Invest NI/NMEA</p>	<p>Improved skills base</p> <p>Increase in course provision based in Newry Campus of SRC</p>	<p>Ongoing</p> <p>Ongoing</p>	<p>NMDC</p> <p>Southern Regional College</p> <p>DETI</p> <p>DEL</p>

Indicative Actions	Sample Outputs	Potential Delivery Partners	Indicative Outputs/Outcomes	Timescale	Possible Funding Sources
1.3: Strengthen Links between Local Businesses and Education Providers	<ul style="list-style-type: none"> Engage with local Workforce Development Forum to support future employability and skills initiatives. 'Dragons Den' schools competition – promote an entrepreneurship competition in schools involving preparation and presentation of a business plan to local entrepreneurs. Enhance partnership working with the Business Education Partnership and develop strategic initiatives. Facilitate student work placements in local businesses and industry. 	Newry District Council BEP DEL Private sector Workforce Development Forum Southern Regional College DETI Schools	Increased understanding of business skills needs Annual 'Dragons Den' competition with local press coverage Student work placements in local businesses	Ongoing Ongoing Ongoing Ongoing	NMDC, DEL, Interreg IV, DETI, Southern Regional College

Business: Survive and Thrive

Indicative Actions	Sample Outputs	Potential Delivery Partners	Indicative Outputs/Outcomes	Timescales	Potential Funding Sources
2.1: Nurture a Culture of Enterprise	<ul style="list-style-type: none"> Annual SME Development Programmes including: <ul style="list-style-type: none"> Pre-business start initiatives in schools/colleges An enterprise awareness initiative An SME franchising programme. 	NMDC Invest NI DEL DETI SRC Private Sector sponsorship	Support for 50 established SME's per annum Improved 'attitudes towards entrepreneurship'	Annual	NMDC, Private Sector, Invest NI, DETI

Indicative Actions	Sample Outputs	Potential Partners	Delivery	Indicative Outputs/Outcomes	Timescales	Potential Funding Sources
		Local Schools EBR				
2.2: Develop and support a high value added tradable /business services sector	<ul style="list-style-type: none"> ▪ Conduct a scoping study to identify District opportunities in terms of attracting Tradeable/Business Services. ▪ Develop a range of programmes to address weaknesses, covering issues such as: <ul style="list-style-type: none"> - Skills; - Infrastructure (e.g. a high tech business park with office accommodation for high value added Tradeable/Business Services companies); and - Attracting graduates, etc. ▪ Promotional campaign to promote the area to attract Tradeable/Business Services employers. 	NMDC Newry Agency Private sector DETI EBR EBR through Interreg IV	Enterprise	<p>Scoping paper</p> <p>Development of a range of programmes based on Scoping Paper</p> <p>Attract inward investment companies into Newry and Mourne District.</p> <p>Increase in contribution of business services to total employment</p> <p>Delivery of one promotional campaign</p>	2009 2009 - 2013 2009 – 2013	NMDC, NMEA, DETI, Interreg IV
2.3: Support to Existing Businesses to Improve Productivity	<ul style="list-style-type: none"> ▪ Provide support towards innovation and capacity building efforts of SME's in the District and Sub Region and on a cross border basis (e.g. an audit of skills needs, business health checks, Knowledge Transfer Partnerships, etc). ▪ Raise awareness of support that currently exists in SRC. ▪ Provide ongoing programmes to support business development through workspace provision. 	NMDC NMEA SRC DEL Workforce Development Forum Private Sector EBR through		<p>Suite of support programmes to support innovation and capacity building efforts and increased productivity</p> <p>Increase in GVA per employee</p>	2009-2013	NMDC, DETI, Interreg IV, Invest NI

Indicative Actions	Sample Outputs	Potential Partners	Delivery	Indicative Outputs/Outcomes	Timescales	Potential Funding Sources
	<ul style="list-style-type: none"> ▪ Enhance the private sector, building business capacity, expanding markets through exporting opportunities. ▪ Support local and sub regional efforts towards acknowledging entrepreneurship and innovation. ▪ Develop Business Competencies in the Social Economy Sector to enable improved competitiveness, seek new market opportunities and create employment ▪ Support local and sub regional efforts towards expanding the high tech sector and encouraging investment in research and development by local companies. ▪ Encourage and support cross border trade, cross border research and development, renewable energy and innovation efforts. 	<p>INTERREG IV DETl Invest NI</p>				
2.4: Support the Agri-Food/ Rural Sectors	<ul style="list-style-type: none"> ▪ Deliver on Rural Community Development Strategy as submitted to DARD ▪ Make provision towards supporting a range of rural development initiatives within the proposed Rural Development Programme 2007-2013. ▪ Continue efforts to support/contribute to local and cross border markets. 	<p>NMDC DARD Rural Development Partnership EBR through InterregIV Town Centre Management Private Sector DETl Newry Chamber of Commerce</p>		<p>Increase in Agri-Food business creation/survival rates Increase in rural incomes Enhance local/regional farmers Markets</p>	<p>2009 Ongoing Ongoing</p>	<p>NMDC, DARD, Interreg IV, DETl, Rural Development Partnership, Invest NI</p>

Indicative Actions	Sample Outputs	Potential Partners	Delivery	Indicative Outputs/Outcomes	Timescales	Potential Funding Sources
2.5: Promote Tourism	<ul style="list-style-type: none"> ▪ Promote Newry as a destination for exploring both Northern Ireland and the Republic of Ireland. ▪ Promote Newry through NITB's two signature tourism projects ▪ Contribute towards strategic alliances on a cross border basis to promote the sub-region, particularly with reference to the Cooley Mountains/Cooley Gullion. ▪ Support efforts towards enhancing and improving tourism sites throughout the District including recognised heritage sites. ▪ Develop strategic alliances throughout the EU and beyond with a view to identifying economic initiatives for the benefit of Newry District. ▪ Promote and assist with increases in Bed Space provision to meet future demand. ▪ Ensure employees in tourism are trained to deliver a quality tourist product. ▪ Develop high quality economic materials/tools to showcase the District as the intelligent business location. 	<p>NMDC ADTP Louth County Council NITB DETI DEL Invest NI EBR through Interreg IV</p>		<p>Increase in tourism visitors</p> <p>Increase in tourism expenditure per visitor</p> <p>Strategic alliances established</p>	2009-2013	DARD Interreg IV
2.6: Support Businesses in the Economic	<ul style="list-style-type: none"> ▪ Provide 'Outplacement Services' to business. Outplacement services include a range of training and coaching support services offered to individuals 	Third Party Organisations		Improved job search prospects for people made recently redundant	Ongoing	ESF

Indicative Actions	Sample Outputs	Potential Partners	Delivery	Indicative Outputs/Outcomes	Timescales	Potential Funding Sources
Downturn	facing redundancy. Employers are increasingly being proactive in demonstrating that they care for their employees, and for those unfortunate enough to have been chosen for redundancy, offering them training in job search techniques, CV development and interview skills can reduce the anxiety associated with searching for a new job.					

Public Realm/Infrastructure

Indicative Actions	Outputs	Potential Partners	Delivery	Indicative Outputs/Outcomes	Timescale	Possible Funding Sources
3.1: Develop Strategic Routes	<ul style="list-style-type: none"> Lobby for delivery of Traffic Management schemes and investment in the roads infrastructure. 	NMDC, EBR, DETI, DOE, DRD, DSD, Planning Service		Agree completion date for Southern Cross Relief Road	Ongoing	DRD Roads Service
3.2: Develop Strategic Sites	<ul style="list-style-type: none"> Support preparation of development proposals for key strategic sites identified by Council or its partners. Promote Newry District as an eastern regional hub, building upon its economic status as an area of growth. 	NMDC, EBR, DETI, DOE, DRD, DSD, Private Sector, Newry Economic Development Forum, Invest NI, IFI		Preparation of development proposals and promotion of the Newry District as the intelligent business location	2009-2013	NMDC, IFI, DARD, DSD, Interreg IV, Invest NI, DETI, DOE, DRD
3.3: Community Physical	<ul style="list-style-type: none"> Investigate/undertake up to 2 economic/community development projects 	NMDC, DSD, EBR, IFI, DARD, DSD, DETI		Feasibility reports for up to 2 economic community	2009-2013	NMDC, IFI, DARD, DSD, Interreg IV, PEACE III, DETI,

Indicative Actions	Outputs	Potential Partners	Delivery	Indicative Outputs/Outcomes	Timescale	Possible Funding Sources
Regeneration	<p>e.g. community workspace.</p> <ul style="list-style-type: none"> Lobby for the introduction of BIDS legislation for NI (following GB)¹ Introduce a BIDS in Newry 			<p>projects</p> <p>Introduction of BIDS Legislation</p> <p>Recruitment of businesses and formation of BID</p>		Community/voluntary groups, private sector
3.4: Increase Broadband Uptake and Coverage	<ul style="list-style-type: none"> Develop initiatives to stimulate demand for broadband by SMEs. Support for telecoms providers and others to provide improved broadband coverage and speeds. 	NMDC, EBR, Telecoms Providers, EBR, DETI, Invest NI		Increased Broadband uptake and increased Broadband speeds and coverage in NMDC region	2009-2013	NMDC, DETI, Interreg IV, Invest NI, EBR, Telecoms Providers
3.5: Ensuring Sustainable Development	<ul style="list-style-type: none"> To promote an understanding and appreciation of renewable energy. To provide support to renewable energy projects undertaken by Council/Private and Community Sectors. 	EBR/ Newry District Council, EBR, Private Sector, Renewable Energy Providers		Sustainable Development principles reflected in Council Activities	Ongoing 2009-2013	NMDC, DETI, Interreg IV, DARD
3.6: Promoting Newry as a place to work and live	<ul style="list-style-type: none"> Creation of a 'sales proposition' website, which 'sells' the benefits of living and working in Newry 	NMDC		Increased investment	Ongoing	NMDC, DETI, Interreg IV

¹ BIDs involve charging businesses within the designated area an agreed levy based on the rateable value of the property. The levy is paid into a separate account for use by the BID management team on agreed projects to improve/regenerate the local business district. The majority of businesses and a majority of the total rateable value of the properties of those voting in the area must vote in favour of the BID for it to proceed. As a consequence of this process all businesses in the area, whether originally in favour or not, must then pay the levy. In Northern Ireland no legislation currently exists relating to BIDS it is possible to establish voluntary BIDS.

1.6 Delivering the Strategy

The following actions are suggested in relation to delivering the economic development actions:

- Give consideration to re-convening the Economic Development Forum
- Build on Louth Dundalk Monaghan Links to ensure economies of scale and ‘critical mass’ is developed to maximise the impact of Newry’s strategic position
- Give consideration to conducting a review of Local Economic Development staffing requirements and structures to ensure capacity meets requirements
- Identify likely impacts resulting from RPA and implications for resourcing
- Given consideration to forming an Economic Development Sub-Group between Council officials of post RPA councils.

1. INTRODUCTION

In November 2008, Newry and Mourne District Council commissioned FGS McClure Watters and Oxford Economics to develop an Economic Development Strategy for the Newry and Mourne region up to 2013. This report details the results of our research, a strategy for developing the economy in Newry and Mourne up to, and beyond 2013 and an associated economic development action plan. The strategy aims to guide Newry and Mourne District Council through the current economic down-turn, and the impending Review of Public Administration, while also plotting a course for economic growth in the medium term.

The aim of this assignment is to develop a strategy that provides the overall context for the development of the region and will enable Newry and Mourne District Council to draw down EU funds within each of the main EU funding programmes; namely:

- Competitiveness;
- Rural Development;
- Peace III; and
- Interreg IV.

1.1 Our Approach

In developing a strategy that takes lessons from the past and is cognisant of the main policy/political, economic and social drivers that are likely to impact on the area over the strategy timeframe, we have reviewed all policy documents of relevance and have conducted a review of recent economic development activity across the Newry and Mourne District Council.

The N&MED Strategy has been developed within a rich evidence framework through Regional Forecasts' profiling of economic performance across Newry and Mourne. Regional Forecasts have used the forecast results from their Local Model of Administrative Districts (LOMAD). The forecasts provide Newry and Mourne District Council with a consistent, quantified and informed guide on the most likely path of their future economic development and in doing so, highlight key opportunities and risks.

The strategy views economic development in its broadest sense, incorporating economic development, regeneration, tourism, rural development, education, workforce development and skills.

Devising the Strategy and Action Plan could not have been achieved without wide-spread consultation. FGS McClure Watters facilitated two workshops in Newry with representatives from the public, private, community and voluntary sectors. Key stakeholders of the new economic development strategy are identified in Table I.1 below.

Table 1.1 Consultations

Organisation
Newry and Mourne District Council Enterprise Development Department
Newry and Mourne District Council Economic Development Committee
Newry Chamber of Commerce
Newry Neighbourhood Renewal Partnership
Newry Local Strategy Partnership
Confederation of Community Groups Newry
Regeneration of the Mournes Area Ltd (ROMAL)
Kilkeel Development Association
East Border Region
DSD Southern Regional Development Office
Southern Regional College
Crossmaglen Chamber of Commerce
Warrenpoint Chamber of Commerce
Invest Northern Ireland
Department for Employment and Learning
Northern Ireland Tourist Board
Intertrade Ireland
Louth County Enterprise Board
Monaghan County Enterprise Board
Newry and Mourne Enterprise Agency

Consultations sought to obtain the views of these stakeholders on:

- The role of NMDC in the development of Newry's economy;
- Strengths and weaknesses of the Newry and Mourne area, including South Down and South Armagh;
- The challenges facing the Newry and Mourne area in coming years;
- The changes that should be expected within the 5 year timeframe of the new economic development strategy; and
- Key actions that should be included within NMDC's "Economic Development Action Plan".

1.2 Report Structure

This report is structured as follows:

- Chapter 2 provides a review of the funding and policy context within which the NMDC strategy will operate;
- Chapter 3 reviews local economic development activities within NMDC;
- Chapter 4 profiles economic performance across N&MED, focusing on key themes and challenges;
- Chapter 5 presents the results of our consultations; and
- Chapter 6 provides the economic development strategy and action plan.

2. REVIEW OF FUNDING AND POLICY CONTEXT

2.1 Introduction

This chapter provides key strategies/policies operating at the EU, Northern Ireland, all Island and local level that form the context within which NMDC operates. A discussion of the current/future EU funding environment is also included in this section.

2.2 EU Policy & Funding Environment

This section provides EU Policy Context in which the funding environment is based upon. The EU funding context details those programmes that are relevant in the next round of EU funding for the period 2007 to 2013 within NI.

2.2.1 EU Policy Context

Strategy/policy	Implications
EU Policy Context	<p>The Lisbon agenda sets the European Union the goal of becoming "the most dynamic and competitive knowledge-based economy in the world".</p> <p>The Gothenburg Council in 2001 completed the Lisbon agenda by adding an environmental dimension setting out key environmental objectives and target dates at strategic, political and legislative levels, taking account of international agreements.</p> <p>To achieve its aims, the agenda sets out a series of goals in areas such as employment, innovation, enterprise, liberalisation and the environment. The EU budget agreement reached under the UK presidency in December 2005 recognised the need to extend EU cohesion policy across an enlarged EU. With this has come a re-direction of EU structural funds towards the new member states. As a result, Northern Ireland has £325 million of EU funding for competitiveness and employment for the period 2007 to 2013. The aim is to ensure that the money is focussed on high value, innovative activities which complement existing national strategies.</p>

2.2.2 EU funding context

Funding programme	Overview and priorities
The Northern Ireland Competitiveness Programme	<p>The Northern Ireland Competitiveness Programme (2007-2013) is co-financed by the European Regional Development Fund (ERDF). The overall objective of the draft ERDF competitiveness programme is to help create a more competitive and sustainable Northern Ireland and specifically, to contribute to closing the productivity gap with the UK.</p> <p>Northern Ireland has approximately £211m of ERDF funding available for the period to 2013. This is allocated across three priority areas:</p> <ul style="list-style-type: none"> ■ Priority 1: sustainable competitiveness and innovation: this priority focuses on increasing the level and quality of research and technological development (r&td), exploiting the commercial opportunities from r&td and the promotion and mainstreaming of innovation. ■ Priority 2: sustainable enterprise & entrepreneurship: this priority focuses on expanding the private sector and creating a world class business climate. ■ Priority 3: improving accessibility and protecting and enhancing the environment: this priority focuses on enhancing the natural environment, promoting sustainable development and creating sustainable communities.
The Northern Ireland European Social Fund Programme (ESF) 2007-2013	<p>The overall strategic aim of the programme is to reduce economic inactivity and increase workforce skills in support of relevant EU, UK national and Northern Ireland regional, employment and skills policy. The ESF programme will contribute to employment policies to make progress towards increasing the overall employment rate and reducing inactivity in Northern Ireland by extending employment opportunities, in particular, for those groups at a disadvantage in the labour market. It will also contribute to skills policies to increase productivity, enterprise and competitiveness by raising the skills levels of the workforce through lifelong learning and ensure the right workforce skills for future employment opportunities.</p> <p>Northern Ireland has approximately £116m of ESF funding available for the period to 2013. This is allocated across two priority areas:</p> <ul style="list-style-type: none"> ■ Priority 1: helping people into sustained employment: this priority will increase employment and reduce unemployment and inactivity by improving the employability of those groups experiencing significant employment gaps such as people with disabilities and health conditions, lone parents and other disadvantaged parents, older workers, young people not in education, employment or training, women and people with no or low qualifications, and other disadvantaged groups, including

Funding programme	Overview and priorities
	<p>people experiencing multiple disadvantage.</p> <ul style="list-style-type: none"> ■ Priority 2: improving workforce skills. This priority aims to develop a skilled and adaptable workforce by improving the qualifications and skills of workers without essential (basic) skills and low or no qualifications.
Funding programme	Overview and priorities
Rural Development Programme	<p>The Department of Agriculture and Rural Development received European Commission approval for the £500 million Northern Ireland Rural Development Programme (NIRDP) 2007-2013 on 24 July 2007. The European Union has set three main themes within which all member states are to focus their rural development programmes. These themes (known as axes) are:</p> <ul style="list-style-type: none"> ■ Axis 1 - improving the competitiveness of agriculture and forestry by supporting restructuring, development and innovation; ■ Axis 2 - improving the environment and countryside by supporting land management; and ■ Axis 3 - improving the quality of life in rural areas and encouraging diversification of economic activity. <p>Axis 3 is likely to be of most relevance to the Newry and Mourne area. This axis aims to deliver programmes under the following themes:</p> <ul style="list-style-type: none"> ■ Diversification into non-agricultural activities; ■ Support for business creation and development; ■ Encouragement of tourism activities; ■ Basic services for the economy and rural population; ■ Village renewal and development; and ■ Conservation and upgrading the rural heritage.
The EU Programme for Peace and Reconciliation in Northern Ireland and the Border Region of Ireland (Peace III) 2007-2013.	<p>The Peace III Programme has been granted a budget of £300 million to reinforce progress towards a peaceful and stable society and promote reconciliation. Peace III will be delivered under the following two priorities:</p> <ul style="list-style-type: none"> ■ Priority 1: reconciling communities; and ■ Priority 2: contributing to a shared society. <p>These objectives incorporate the following strands of reconciliation:</p>

Funding programme	Overview and priorities
	<ul style="list-style-type: none"> ■ Building positive relationships' ■ Acknowledging and dealing with the past; ■ Developing a shared vision of an interdependent and fair society; ■ Significant cultural and attitudinal change; and ■ Substantial social, economic and political change.
<p>EU Programme for Cross Border Territorial Co-Operation 2007-2013 (Interreg IVa)</p>	<p>This programme is a European Union supported structural funds programme which seeks to address the economic and social problems which result from the existence of borders. In particular, the programme will focus on developing a dynamic economy, supporting infrastructure and promoting innovative ways of addressing specific cross-border problems. The budget for this programme is approximately £200m. The following priorities have been set:</p> <ul style="list-style-type: none"> ■ Priority 1: co-operation for a more prosperous cross border region; and ■ Priority 2: co-operation for a sustainable cross-border region.
<p>EU Programme for Cross Border Territorial Co-Operation 2007-2013 (Interreg IVb North West Europe – Transnational co-operation)</p>	<p>This programme aims to achieve an integrated approach to territorial development both horizontally (among different policy sectors) and vertically (among different levels of government). Approximately £250m is available for the whole programme. The following priorities have been set for the programmes:</p> <ul style="list-style-type: none"> ■ Priority 1: promoting innovation and competitiveness; ■ Priority 2: sustainable management of natural resources; ■ Priority 3: improving connectivity/accessibility; and ■ Priority 4: promoting strong and prosperous communities at transnational level.
<p>Interreg IVc Interregional Co-Operation, contributing to the European Commission Initiative “Regions for Economic Change”.</p>	<p>This programme aims to improve the effectiveness of regional development policies and to contribute to economic modernisation and increased competitiveness in Europe in the areas of innovation, knowledge economy, environment and risk prevention by means of interregional cooperation.</p> <p>The programme is co-financed by the ERDF and has a total ERDF budget of approximately £300m to contribute to the following priorities:</p> <ul style="list-style-type: none"> ■ Priority 1: innovation and knowledge; ■ Priority 2: environment and risk prevention; and ■ Priority 3: technical assistance.

2.2.3 Northern Ireland Policy/Funding Context

Strategy/policy	Overview and implications
NI Programme for Government 2008-2011	<p>The overarching aim of the programme for government is to build a 'peaceful, fair and prosperous society in Northern Ireland' in order to deliver this aim, the following priorities have been identified:</p> <ul style="list-style-type: none"> ■ Growing a dynamic, innovative economy; ■ Tolerance, inclusion, health and wellbeing; ■ Protect and enhance the natural environment and natural resources; ■ Deliver modern, high quality and efficient public services <p>NMDC, through their economic development activity have an important role to play ensuring the Northern Ireland economy progresses towards these aims and objectives. The Executive identifies the following key goals:</p> <ul style="list-style-type: none"> ■ Aiming to halve the private sector productivity gap with the UK average by 2015; ■ Increasing the employment rate from 70% to 75% by 2020; ■ Supporting 45 new businesses and 600 existing companies to become exporters for the first time by 2011; ■ Securing inward investment commitments promising over 6,500 new jobs by 2011 of which 5,500 will provide salaries above the Northern Ireland Private Sector Median; ■ Increasing the number of tourists visiting each year from 1.98m to 2.5m by 2011 and increasing tourism revenue from £370m to £520m each year by the same date; ■ Ensuring by 2011 that 68% of school leavers achieve 5 or more GCSE passes at A* to C including English and Maths; ■ Ensuring by 2015 that 80% of the working age population is qualified to at least GCSE level or equivalent; and ■ Increasing the number of adult learners achieving a qualification in literacy, numeracy and ICT skills by 90,000 by 2015.
Economic Vision for Northern Ireland	The economic vision sets the direction for economic policy in NI over the next 10 years and aims to tackle serious economic weaknesses

Strategy/policy	Overview and implications
	<p>such as relatively low productivity and high inactivity rates. The key drivers of economic growth identified in the economic vision are:</p> <ul style="list-style-type: none"> ■ Increased investment in R&D and promoting innovation /creativity; ■ Promotion and encouragement of enterprise; ■ Ensuring our people have the right skills for future employment opportunities; and ■ Ensuring we have a modern infrastructure in place to support business and consumers. <p>These themes are consistent with the 2007-2013 EU funding priorities identified above. The economic development activities undertaken by individual councils, particularly those undertaken by councils that will expand following RPA, have an important role to play in improving NI's competitive position.</p>
Regional Economic Strategy (RES) for NI	<p>The draft Regional Economic Strategy (RES), published in January 2007 for public consultation sets out the Government's economic priorities that will help achieve the economic vision. The strategy identifies the actions required by both Government and the private sector. The RES is more of an 'operational' layer of policy underneath the economic vision.</p>
Review of Public Administration (RPA)	<p>Under the initial plan for RPA the existing 26 district councils were expected be reformed into new larger administrative zones based on the amalgamation of current district boundaries, and elections for this new council structure were expected in 2009. Following the restoration of the assembly, it was announced (4th July 2007) that the number of councils under RPA is under review. The outcome of the review involves the adoption of an 11 council model with the existing 26 council system continuing until 2011. The enlarged local councils will be expected to assume more responsibility for local economic development and in doing so they will be required to ensure that an efficient and effective planning regime supports economic development and contributes effectively to sustainable development.</p>
Shaping Our Future: Regional Development Strategy (RDS) for NI	<p>The RDS presents a strategic and long-term perspective on the future development of NI up to the year 2025. The vision is to create an outward- looking, dynamic and liveable region and to sustain a high quality of life for all. Newry has been identified in the RDS as main hub (and is also identified as a major inter-regional gateway). In addition, the Mourne mountains and Ring of Gullion have been identified as strategic natural resources in the strategy with major tourism development opportunities. NMDC should see improvements in infrastructure and connectivity as the RDS is implemented.</p>

Strategy/policy	Overview and implications
Regional Transportation Strategy (RTS)	The Regional Transportation Strategy supports the Regional Development Strategy, and makes a significant contribution towards achieving the longer-term vision for transportation contained within the regional development strategy.
Investment Strategy for Northern Ireland 2008-2018	<p>The Investment Strategy for Northern Ireland 2008-2018 sets out a framework which aims to deliver a sustainable 21st century infrastructure. Future investment will be undertaken under six 'pillars' and 23 'sub pillars'. These are:</p> <ul style="list-style-type: none"> ■ Networks (roads, public transport, gateways telecoms and energy); ■ Skills (schools and youth services, fe&he and libraries); ■ Health (primary care, public safety and technology and hospitals modernisation); ■ Social (regeneration, housing, welfare reform, culture, arts and sport); ■ Environment (water and waste water, waste management, flood risk management and environment); and ■ Productive (enterprise and innovation, tourism, rural and primary industries, public sector reform).
Success Through Skills, Department for Employment and Learning's Skills Strategy (2006)	The Skills Strategy for Northern Ireland provides an overarching framework for the development of skills. It focuses on raising the skills of the current workforce, enhancing the quality of those entering the workforce and addressing the employability skills of those not in employment. Government recognises that delivering the skills strategy requires partnership and collaboration to achieve its aim of raising NI skills levels. The skills strategy also recognises the need to adapt to local and regional skills needs. Also, "Further Education Means Business" states the primary objective of the sector is to support economic development.
Department Of Agriculture and Rural Development (DARD) Rural Strategy 2007-2013	<p>DARD's Rural Strategy 2007-2013 recognises that rural areas face particular challenges as regards growth, jobs, infrastructure provision and access to services in the coming years. To ensure that rural areas offer real opportunities in terms of their potential for growth in new sectors, the provision of rural recreation and tourism etc DARD's Rural Development Strategy outlines 4 key aims. These are:</p> <ul style="list-style-type: none"> ■ Creating a rural champion; ■ improving performance in the marketplace; ■ conserving and investing in the rural environment; and

Strategy/policy	Overview and implications
	<ul style="list-style-type: none"> ■ Strengthening the social and economic infrastructure of rural areas. <p>The implementation of DARD's rural strategy will have an important impact on the Newry and Mourne area as agriculture has been in long term decline.</p>
Northern Ireland Tourist Board's (NITB) Strategic Framework	<p>NITB's strategic framework concentrates on identifying the most effective response to the challenge of attracting visitors, increasing the competitiveness of tourism businesses and stimulating effective communication between all industry partners. It also aims to strike a balance between economic growth, impact on the environment and community support and is customer focused and market-driven.</p> <p>Tourism is increasingly recognised as having the potential to offer considerable economic benefits to Northern Ireland, and will be a focus of EU intervention in coming years. The Newry and Mourne area can capture many of these benefits with strategic natural resources such as the Mourne mountains, the Ring of Gullion in the area, the Cooley Mountains (Co. Louth) in close proximity, and the NITB proposal for St Patrick's Trail which focuses on a national driving route linking Belfast - Bangor - Portaferry - Strangford - Downpatrick - Newry – Armagh.</p>
Invest NI Corporate Plan, 2008-2011	<p>The priority of Invest NI's third corporate plan is to "increase business productivity by":</p> <ul style="list-style-type: none"> ■ Realising the potential of existing businesses; ■ Shifting the sectoral focus towards higher value-added sectors; and ■ Nurturing the development of frontier technologies, such as biotechnology, both in Northern Ireland's companies, and in its Universities. <p>NMDC economic development activities must complement invest NI's programmes and avoid duplication of effort.</p>
Invest NI, Accelerating Entrepreneurship Strategy	<p>This strategy is a response by invest NI to address a low level of entrepreneurial activity across the province. The vision of the strategy is: "to make NI an exemplar location for starting and growing a successful business". While NMDC is generally recognised for its higher levels of entrepreneurial activity, Newry's new economic development strategy should aim to cement the area's reputation in this area.</p>

Strategy/policy	Overview and implications
Implementation Plan for Neighbourhood Renewal in Northern Ireland's Regional towns and Cities	<p>The Mission Statement of DSD – “together, tackling disadvantage, building communities” - encapsulates what the Department hopes to achieve through Neighbourhood Renewal. The goal for Neighbourhood Renewal is to help close the gap between the quality of life for people in the most deprived neighbourhoods and the rest of society.</p> <p>In order to tackle the complex, multi-dimensional nature of deprivation in an integrated way, Neighbourhood Renewal will have four interlinking strategic objectives:</p> <ul style="list-style-type: none"> ■ Community Renewal - to develop confident communities that are able and committed to improving the quality of life in their areas; ■ Economic Renewal - to develop economic activity in the most deprived neighbourhoods and connect them to the wider urban economy; ■ Social Renewal - to improve social conditions for the people who live in the most deprived neighbourhoods through better co-ordinated public services and the creation of safer environments; and ■ Physical Renewal - to help create attractive, safe, sustainable environments in the most deprived neighbourhoods.

2.2.4 All Island Policy/Funding Context

Strategy/policy	Implications
The Republic of Ireland National Development Plan 2007-2013	The National Development Plan contains proposals for significant Irish Government investment in north/south projects and initiatives for mutual benefit (such as roads infrastructure).
Intertradelreland's Corporate and Operating Plans 2008-2010	The InterTradelreland's vision is one of a globally competitive all-island economy, characterised by the optimal utilisation of the island's resources, to drive competitiveness, growth and wealth creation across the island. InterTradelreland's key strategic objective for the period 2008-2010 is to increase the number, effectiveness and value of all-island trade and business development networks. Newry's location, on the border with Louth, and within one hour's drive from both Belfast and Dublin presents significant opportunities for the

	area to become a key player in the development of the all-island economy.
International Fund for Ireland 'Sharing this Space' 2006-2010	The mission of the International Fund for Ireland is to underpin efforts towards peace, by promoting economic and social advance, and encouraging contact, dialogue and reconciliation between nationalists and unionists throughout Ireland. Programmes will cluster around 4 key areas of activity: building foundations, building bridges, integrating and leaving a legacy. Newry's location as a border region makes it well placed to promote economic and social advance at a cross border level.
Strategies/Plans developed by East Border Region Committee including EBR Interreg IVa Multi-Annual Plan 2007-2013	<p>The East Border Region Committee (EBRC) comprises ten local authorities including Newry and Mourne, Down and Banbridge District Councils and Louth, Monaghan and Meath County Councils in the Republic Of Ireland. The East Border Region Committee (EBRC) was established in 1976 to promote innovative, cross border economic development in the areas of agriculture, industry, commerce and tourism. The committee strives to develop realistic and achievable policies at a regional level, and to lobby for their implementation. It also acts as a developer of cross-border projects where the project is regional in nature. EBRC's Multi-Annual Plan for the East Border Region is entitled "Promoting Balanced and Sustainable Development of the Cross Border Region". The Plan covers the period 2007-2013 and is based on 3 Operations, namely:</p> <ul style="list-style-type: none"> ■ Enterprise and Innovation; ■ Tourism; and ■ Co-operation for Regional Development. <p>Newry and Mourne's new economic development strategy should be cognisant of these 3 strands, and should seek to ensure that the area derives economic benefit under each EBRC operation.</p>

2.3 Local Policies and Initiatives

Local Economic Development Strategies in Newry and Mourne District Council will run alongside the overarching strategy for NMDC. It is therefore worth highlighting key economic development policies in operation across Newry and Mourne District Council, before assessing, in chapter 3, economic development activities that have been undertaken in Newry and Mourne

Table 2.4: Local Policy and Initiatives

STRATEGY/POLICY	IMPLICATIONS
<p>South-eastern Economic Development Strategy and Action Plan</p>	<p>The seven South Eastern Councils are working in co-operation to develop and deliver interregional economic development initiatives focusing on areas of targeted need within the region. The rationale behind a regional approach to economic development in the Southern Region is centred on the premise that a significant amount of overlap which may exist between locally based economic development initiatives in each of the partner Councils can be avoided. By adopting a collaborative approach to economic development, initiatives will be pursued in a more efficient manner with minimal duplication of effort and wastage of resources.</p> <p>A number of common areas of activity have been identified by the participating Councils. These include:</p> <ul style="list-style-type: none"> ■ Business Development; ■ Education and Skills Development; and ■ Rural Development. <p>Furthermore, SEED have considered a number of potential initiatives some of which include:</p> <ul style="list-style-type: none"> ■ Business Growth and improvement programmes; ■ Export Marketing programmes; ■ Craft Development programmes; ■ Education and Business linkage programmes; and ■ E connectivity programmes.
<p>Newry and Mourne Local Economic Development Strategy 2001</p>	<p>In 2001, Newry & Mourne District Council developed an Economic Development Strategy for the area. The strategy is based on a comprehensive review of Newry & Mourne's economic and social position, based on the needs of the area, the people and on the Council's access to resources. The themes adopted in the strategy include:</p> <ul style="list-style-type: none"> ■ Tourism; ■ Indigenous Business Development;

STRATEGY/POLICY	IMPLICATIONS
	<ul style="list-style-type: none"> ■ Regeneration; ■ Business Infrastructure; ■ Trade Development; ■ Interregional Activities; and ■ Business Start Programme
<p>Rural Development Strategy for the Craigavon, Armagh and Newry and Mourne Cluster 2007-2013</p>	<p>The strategy describes a framework for the delivery of Axis III of the Northern Ireland Rural Development Plan 2007-2013 in the areas covered by Armagh, Craigavon and Newry & Mourne Council areas.</p> <p>The broad aim of the strategy is <i>“To improve the quality of life for all the people of our rural areas through working in partnership to deliver actions that will build safe, inclusive, equitable, healthy, skilled, sustainable and thriving communities”</i>.</p> <p>A range of activities and actions costing approximately £16.5m have been developed and are spread over the six axis measures plus the governance of the Axis in the area.</p> <p>The strategy sets out objectives under the following measures:</p> <ul style="list-style-type: none"> ■ Diversification into non-agricultural activities; ■ Support for business creation and development; ■ Encouragement of tourism activities; ■ Basic services for the economy and rural population; ■ Village renewal and development; and ■ Conservation and upgrading of rural heritage. <p>Given the extent of rural land within the Newry and Mourne area, and the importance, identified by DARD during consultation, of Rural Community Development in the Newry/Down areas following RPA, any new economic development plan should complement the actions outlined within this rural development strategy.</p>
<p>Natural Resource Rural Tourism Initiative (NRRTI): Sustainable Tourism Strategy for the Mournes</p>	<p>The Mourne Heritage Trust partnership is responsible for delivering Natural Resource Rural Tourism Initiative (NRRTI) in the target area of “The Mournes” and</p>

STRATEGY/POLICY	IMPLICATIONS
	<p>Ferguson McIlveen, TDI and Countryside Consultancy have been engaged to lead the preparation of this Strategy on their behalf. The purpose of this Strategy is to deliver a set of objectives and actions that will:</p> <ul style="list-style-type: none"> ■ Enhance and develop the distinctiveness of the Mourne; ■ Protect and enhance the built and natural resources character and bio-diversity of rural resource; ■ Develop locational and subject themes such as cultural tourism; ■ Improve access to tourism through provision of tourism infrastructure at key locations; ■ Facilitate the development of rural industries and integration into the area; and ■ Ensure that local economies gain benefit from tourism development. <p>The above objectives will benefit individuals and private enterprises, community and voluntary groups, collective and co-operative organisations and partnerships, non-governmental organisations and local authorities. The strategy has been prepared in accordance with guidelines issued by DARD and its partners EHS and NITB.</p>
<p>Newry/Dundalk Twin City Region: Supporting the Implementation of Cross Border Collaborative Frameworks</p>	<p>Newry and Mourne District Council, Louth County Council and Dundalk Town Council have commissioned the preparation of a collaborative strategy to shape the future development of Newry and Dundalk within the wider context of their pivotal role on the Belfast/Dublin corridor. The recently published study (Jan 09) highlights six major themes that capture the potential benefits of voluntary co-operation for the Newry-Dundalk Twin City Region. These are:</p> <ul style="list-style-type: none"> ■ Economic competitiveness; ■ Sustainable development; ■ Improved community cohesion; ■ Preservation of the natural and cultural heritage; ■ Increased efficiency resulting from the

STRATEGY/POLICY	IMPLICATIONS
	<p>coordination of infrastructure investment; and</p> <ul style="list-style-type: none"> ■ Up-skilling for an economically productive workforce. <p>In essence, the task outlined in Newry/Dundalk document is to create an attractive place for people to live and work, tourists to visit and companies to grow.</p>
<p>Newry and Mourne Tourism Development and Marketing Strategy October 2002</p>	<p>Newry and Mourne's tourism strategy provides an analysis of tourism provision within the district.</p> <p>The tourism vision is <i>"To develop and promote Newry and Mourne reputation, nationally and internationally as one of Irelands most attractive tourism destinations both in the City and the Countryside"</i></p> <p>The five core elements identified within the strategy are:</p> <ul style="list-style-type: none"> ■ Development; ■ Marketing and Promotion; ■ Visitor Services; ■ Membership Services; and ■ Co-operation and Research. <p>In addition, the strategy provides an overview of the past and current performance of the district and examines the tourism product in terms of attractions, accommodation and user issues with the goal of promoting and marketing the district as an attractive place to visit.</p>
<p>Crossmaglen Strategic Development Framework June 2003</p>	<p>This Framework Document draws together local opinion as to how Crossmaglen should be shaped in the future and has been prepared in conjunction with local community groups and businesses.</p> <p>Four key themes are identified within the plan:</p> <ul style="list-style-type: none"> ■ Capturing Tourism Potential; ■ Creating a Vibrant Town Centre; ■ Expanding Local Employment; and ■ Accessibility. <p>The plan identifies that the future development of the central area of Crossmaglen needs to take into</p>

STRATEGY/POLICY	IMPLICATIONS
	<p>consideration the development of the land uses and buildings around the Square as this will have an impact on the vibrancy of the town centre and the ability of the town to attract tourists.</p> <p>The main element of change for Crossmaglen involves creating a greater focus for commercial, tourist and community development. The square is seen as a major asset, upon which the future success of the town will rely. A vibrant, attractive square will act as an economic driver for the rest of the town and help in bringing visitors and investors to the area.</p>
<p>Kilkeel Strategic Development Framework March 2004</p>	<p>The following two themes were identified within the plan as a means of promoting strategic development within Kilkeel.</p> <ul style="list-style-type: none"> ■ Capturing the tourist/ visitor potential; and ■ Creating a Vibrant District Centre. <p>Consultations with local community groups and businesses. process identified the strengths and weaknesses in Kilkeel and opportunities to build on these strengths to make the town a more vibrant place to live, work and visit.</p> <p>In addition, a number of opportunity sites are identified within the Plan. The regeneration of these areas will to expand development of the town centre into the area and as such will contribute to the achieving the themes identified above.</p>
<p>Newtonhamilton Strategic Development Framework March 2004</p>	<p>The aim of the plan for Newtownhamilton is to improve the image of the town, reduce dereliction and recreate the market town. The following key themes have been identified:</p> <ul style="list-style-type: none"> ■ Recreating the Heart of the Town; ■ Improving Townscape Quality; ■ Retaining a Local Service Centre; and ■ Traffic Management. <p>A number of opportunity sites are identified within the plan which will help to achieve the themes outlined above.</p> <p>The short term goal for the town is to make a number of environmental improvements and painting schemes,</p>

STRATEGY/POLICY	IMPLICATIONS
	<p>but the long term goal is the removal of the barracks and the creation of an attractive settlement that will entice people to visit the area.</p>
<p>Warrenpoint Strategic Development Framework March 2004</p>	<p>The following key themes form the basis for the Action Plan. These include:</p> <ul style="list-style-type: none"> ■ Traffic and Parking; ■ Retaining a Vibrant District Centre; ■ Rediscovering the Tourist Resort; and ■ Preserving a Quality Urban Environment. <p>The future development of Warrenpoint through to 2015 will be driven by the following Vision.</p> <p style="text-align: center;">“Warrenpoint 2015 – Seaside Town”</p> <p>Warrenpoint has many assets, which are not being fully realised. The key aim of the local people is to return Warrenpoint to being a seaside resort, an objective that is reflected in the RDS. The strategy for achieving that revolves around reconnecting the town with the sea and retaining the town as a key service centre with rich Victorian heritage.</p>
<p>Newry Strategic Development Framework March 2004</p>	<p>The following key themes have emerged from the public consultations:</p> <ul style="list-style-type: none"> ■ Rediscovering the Waterside City ■ Creating an Accessible City ■ Transforming the urban environment ■ Retaining a vibrant city centre <p>The vision for Newry is “2015 – The Small City with the Big Future”</p> <p>The plan identifies that Newry is some way down the road from being a large town a decade ago to being a thriving small city with a number of key attractions . Newry City Centre has the potential to offer a lot to the resident and visitor alike. It is well-located near major tourist areas and is renowned for its attractive buildings</p>

STRATEGY/POLICY	IMPLICATIONS
	and range of shops and historical heritage.

2.4 Other Relevant Strategies/Policies and Initiatives

Table 2.4: Other Relevant Strategies/Policies and Initiatives

STRATEGY/POLICY	IMPLICATIONS
Best Practice in inter-agency co-operation on employability March 2007	<p>This research investigates best practice in improving employability outside NI to include an exploration of the extent that best practice depends upon inter-agency co-operation and the impacts on relevant target client groups.</p> <p>The research aimed to investigate best practice in inter-agency co-operation, both at the strategic level of partnership working between policy actors, and at the operational level, where local professionals work together to implement strategies. In so doing it considered the strengths and weaknesses of different models of co-operation, contracting and partnership working. It deployed a range of methods, including desk-based literature and policy reviews, surveys of national academic experts, and in-depth interviews and case study research of lessons from four European 'active' welfare states.</p> <p>There were four phases to the research:</p> <p>Phase 1: involved a desk-based literature review focusing on models of partnership working and inter-agency co-operation in public services, with particular reference to employability</p> <p>Phase 2: of the research investigated a comparative sample of 15 EU and other countries (including the UK), in order to identify lessons and analyse approaches from across a range of different policy and labour market contexts.</p> <p>Phase 3: involved in-depth case study research in the four EU states:</p> <ul style="list-style-type: none"> ■ The UK (including examples in Great Britain and Northern Ireland);

STRATEGY/POLICY	IMPLICATIONS
	<ul style="list-style-type: none"> ■ Denmark; ■ The Netherlands; ■ The Republic of Ireland. <p>In each non-UK state, mini-case study field visits to local and regional employability projects were combined with face-to-face interviews with national government policy officers and representatives of other stakeholders involved in inter-agency co-operative structures.</p> <p>Phase 4: of the research pulled together the findings of the previous three phases, seeking to identify practical lessons that can be applied to the future activities of DELNI and its partners in the field of employability policy.</p>

3. OVERVIEW OF CURRENT ECONOMIC DEVELOPMENT ACTIVITIES

3.1 Introduction

In order to produce an Economic Development Strategy for NMDC that draws on the experience of the past, this chapter explores the nature of economic development undertaken by NMDC between 2001 and 2007. The provision of economic development and tourism services within NMDC comes under the remit of the 'Enterprise Development Unit' (EDU).

In 2001 the Council began implementation of an Economic Action Plan, based on a comprehensive review of Newry and Mourne's social and economic position, the needs of the area and the Council's access to resources. The Economic Action Plan 2001-2007 was funded under the Northern Ireland Programme for Building Sustainable Prosperity, Measure 1.4, which matches a Council contribution with funding assistance through the European Regional Development Fund.

The key themes of NMDC's Economic Action Plan for the period 2001-2007 were:

- Business Start Programme;
- Business Infrastructure;
- Trade Development;
- Urban and Rural Regeneration;
- Tourism Development;
- Indigenous Business Development; and
- Inter-regional SEED Activities.

3.2 Economic Development Initiatives 2001-2007

Newry and Mourne District Council allocated approximately £2.4 million across six (seven when including programme management) economic development themes between 2001 and 2007. Key achievements across each theme are outlined below.

- **Business Start:** The Business Start programme led to the creation of 1332 jobs and a total of 559 businesses between September 2001 and March 2005.
- **Business Infrastructure:** This programme delivered an expansion of the WIN business park and assisted with the creation of Oriel Ltd/Flurrybridge Enterprise Centre and Warrenpoint Business Centre. Key achievements include an additional 27,000 sq ft of workspace at WIN Business park (7,200 of which is for modern ICT businesses), 20,000 sq ft of workspace at Oriel

and 6,000 sq ft of workspace for specialised IT businesses in Warrenpoint. 40+ businesses have been created as a result of the workspace provision.

- **Trade Development:** This programme delivered an enterprise programme which focussed on trade development and labour market development. Links were also fostered with overseas partners through trade missions and partnership working initiatives between Enterprise Newry and Mourne and overseas economic development practitioners. Key achievements include the development of a trade development strategy/vision, the employment of a City Centre manager and the safeguarding of 20+ jobs and businesses.
- **Urban and Rural Regeneration:** The programme delivered Urban and Rural regeneration initiatives with the specific aim of assisting 2 rural regeneration initiatives, implementing a rural advice support initiative and assisting 2 community economic development projects. Highlights from this programme include assistance to the development of 12 commercial units and 1 light industrial unit in Forkhill (all of which are let) and the implementation of the Killeel Development Association development plan. Projects delivered under this programme have contributed to the creation of 20+ jobs under this theme and 10+ businesses.
- **Tourism Development:** This programme aims to make Newry and Mourne a scenic and attractive place, which visitors will want to come and explore. Under this programme, a tourism strategy was developed which acts as a blueprint for the future. Other key achievements in this programme include the redevelopment of Kilbroney Park tourist facilities and the funding of a 'festivals programme'. This project employs a coordinator to develop existing festivals as well as new activities and events throughout South Armagh. Activities developed under the festivals programme include a Triathlon event and walking festival.
- **SEED – Business Competitiveness:** This programme aimed to assist micro companies to enhance business performance, enhance networks and realise the benefits of IT. The programme resulted in 36 businesses completing the Grow Your Business programme. Many sectoral networks have also been set up and the principles of ICT were fully embraced in the programme.

3.3 Other Key Stakeholders

In addition to Local Councils' delivery of their ERDF funded Local Economic Development activities, there are a number of key stakeholders contributing to local economic development. These are:

- **Community/Voluntary Groups** – Community and Voluntary groups play an important role in engaging in economic development activities within communities. Examples include Womens' groups or ethnic minority groups;
- **Invest NI** – Invest NI is part of the Department of Enterprise, Trade and Investment in NI. Its role is to effectively and efficiently deliver the

Government's economic development strategies by helping new and existing businesses to compete internationally, and by attracting new investment into NI. Invest NI delivers support to businesses in three main areas. These are supporting innovation for global markets; encouraging investment and re-investment within NI; and stimulating entrepreneurial activity;

- **Local Enterprise Agencies** – These organisations deliver the “Start a Business Programme” and provide a raft of post start up business support programmes and workspace provision; and
- **Neighbourhood Renewal Partnership** – Neighbourhood Renewal is a Government initiative that will bring together all Government Departments and Agencies to work in unison to tackle deprivation in the 10% most deprived areas of Newry. This area is known as West Newry. The Neighbourhood Renewal area in Newry consists of 8 community associations, all of which are represented on the Newry Partnership. They work together with representatives of local statutory and voluntary groups to deliver on four strategic aims. These are: community renewal; economic renewal; social renewal; and physical renewal;
- **Southern Organisation for Action in Rural Areas (SOAR)** – SOAR comprises Craigavon Borough Council with Armagh City & District Council and Newry and Mourne District Council and is the Joint Committee and Local Action Group for the Craigavon, Armagh and Newry & Mourne Council areas. The body is responsible for the administration of the Northern Ireland Rural Development Programme 2007-2013 (NIRDP) within the rural areas of Craigavon, Armagh and Newry.

3.4 Conclusions

This section has revealed several key areas where economic development activities have been focused in each Council area. For example, tourism development, enterprise support, workspace provision and town centre/rural regeneration initiatives have featured across all areas. The remainder of this report focuses on identifying the current challenges facing NMDC and the extent to which previous economic development initiatives remain relevant for addressing these challenges.

4. PROFILING ECONOMIC PERFORMANCE – ISSUES AND CHALLENGES

4.1 Introduction

As outlined in the introduction, the purpose of this chapter is to provide a rich, quantified evidence base, complimenting consultation findings, to underpin this strategy. The chapter also includes latest forecasts (May 2009) from Oxford Economics' widely used and respected Local Model of Administrative Districts (LOMAD). LOMAD links to the NI Government's official forecast model which adds significant credibility to local forecasts, especially where the target audience is Central Government. The forecasts are extremely useful for strategic planning as they help to provide NMDC with a consistent, quantified and informed guide on the most likely future path of economic development.

In writing this profile chapter it should be noted that Oxford Economics has provided economic development partners in Newry & Mourne with substantial profiling and forecasting analysis and commentary over the last 6-18 months. This has been delivered via three reports in particular:

- Newry & Mourne In Focus: Economic Profile
- SEED Economic Development Strategy (economic profile chapter)
- Newry-Dundalk Cross Border Economic Forecasting Model report

Rather than update and repeat here all of the material from these reports (which in any case is beyond the scope of this element of the strategy development process), a more focused and value added approach is taken. This involves:

- Presenting the current wider economic context, which is very different to that prevailing at the time of the first two reports above (and indeed even since the third report was submitted in December 2008)
- Recapping the key economic development issues from previous profiling work and validating / 'refreshing' issues based on more recent economic performance data
- Presenting the latest outlooks for the Newry & Mourne economy and comparing this to forecasts presented in the first report above ('Newry & Mourne In Focus'), and
- 'Refreshing' the assessment of risks and opportunities

Following the above approach, the remainder of this chapter is structured as follows:

- Weakening economic outlook
- Recap of strengths and weaknesses of recent economic performance
- Latest performance – is the most recent economic story still the same?
- Looking ahead – baseline outlooks

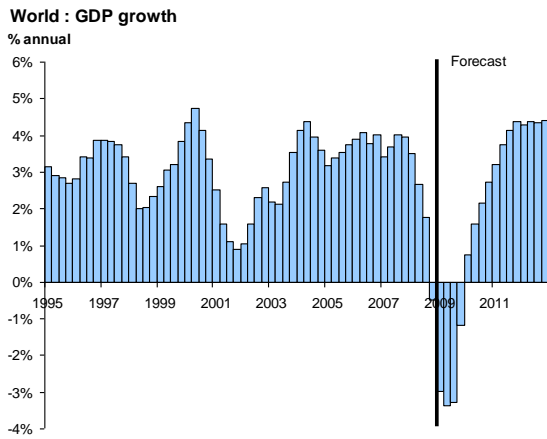
- Risks and opportunities – today’s assessment

4.2 Weakening economic outlook ...

At the time of writing (May 2009), the NI economy, and almost all other economies, could at best be described as being in a precarious position - the economic environment, at a global, UK / ROI and NI level, could hardly be more challenging.

The onset of global recession (Fig 4.1) has led to radical policy actions throughout the world and there is more feverish debate and column inches in the press than perhaps across the previous decade of remarkable growth combined.

Fig 4.1: World GDP growth (May 2009 forecast)



Source: Oxford Economics

There are also considerable unknowns and questions with respect to how this current economic crisis will play out, not least the uncertainties attached to the range of policy measures implemented. Most importantly the impact of fiscal and monetary actions, when bank lending will return to normal levels, will the economy face a long period of deflation and to what extent consumers will retract and re-build saving ratios.

The slow-down is also raising questions over longer-term sectoral prospects which are highly relevant to Newry & Mourne. For example:

- Is the financial and business service growth model still valid?
- Could industrial production return to the UK as a source of job creation rather than job loss?
- Will Sterling remain weak for long and what impact will this have on exporting sectors?
- Will migration flows be altered permanently?

- Will previous rates of growth ever be emulated?

All these questions exist as a challenging 'backdrop' against which drafting of Newry & Mourne's economic development strategy for the period 2008-2013 needs to be, and indeed has been, considered.

However the bottom line is that although the longer-term outlooks for the NI economy remain positive, a return to the previous decade of 'golden era' growth is not projected. This is not the outcome NI or local areas aspire to but the reality is that the decade ahead will be more challenging and the possibility of employment and house prices not returning to 2007 levels for several years cannot be discounted.

Box 4.1: Why the wider economic context matters for Newry & Mourne?

- **Globally integrated** – the NI & ROI and sub-regional economies are becoming increasingly globally integrated, exporting to and importing from the rest of the world. This is particularly true for Newry & Mourne with Warrenpoint port located within the council. Global demand factors therefore affect the Newry & Mourne economy both directly and indirectly
- **FDI and tourism** – inbound FDI and tourism prospects depend on economic conditions in source markets, which as this chapter shows, have weakened considerably
- **Cross-border location** – Newry is located on the Dublin-Belfast corridor and on the border between NI and ROI. This means that perhaps more than any other council, economic conditions in ROI have an important influence, whether it be in terms of retail spending or job security for resident out commuters

4.3 UK and ROI economic context

UK context

The UK economy contracted by 0.7 per cent in 2008 Q3 (revised from a 0.5 per cent fall) and 1.6 per cent in 2008 Q4 - the required two quarters of contraction to trigger a **'technical recession'**. For many consumers and businesses the economy will have felt recessionary well before the official figures confirmed recession. The **deterioration has been relatively fast during the later half of 2008** and though warning signs abounded in the early part of the year, formal recession was not the formality people might say with hindsight. In particular the total breakdown of the lending markets and subsequent near bankruptcy of some of the world (and the UK's) major financial institutions could not have been easily foreseen.

The UK recession, like in the US, is one of an unwinding of debt but it is taking place rather more suddenly than might have been expected with a sharp collapse in both equity values (Fig 4.2) and house prices (Fig 4.3), significantly impacting peoples' assets base (and ultimately perceived or actual wealth). This is further contracting the levels of consumer spending, as is the limited injection of new monies into the economy through lending to the private sector (primarily to individuals through mortgages but also to businesses).

Fig 4.2: UK stockmarket (up to May 2009 forecast)

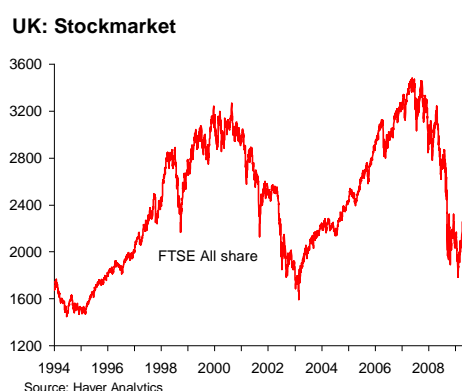
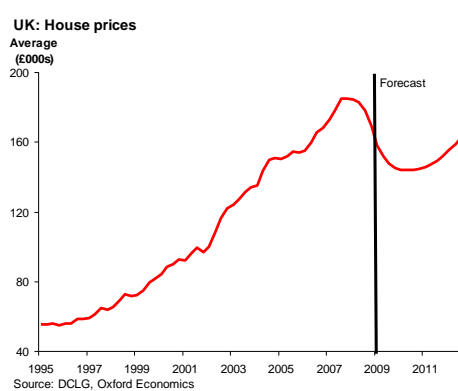


Fig 4.3: UK house prices (May 2009 forecast)



This collapse in wealth, inability to borrow to spend and increasing fears over unemployment (which is rising sharply) have, unsurprisingly, plunged confidence levels to record lows.

Looking forward one of the critical consideration to determining the rate of UK economic growth (and growth in other economies including NI) is the extent to which consumers 'retract' and re-build savings (the other is competitiveness and rebalancing growth from domestic to external demand, i.e. from construction and retail to exporting sectors). Saving ratios have fallen to perilously low levels (indeed into negative territory), to a level not previously recorded even in the last 2 recessions. This is clearly unsustainable. A return to more normal savings ratios would lead the UK economy into a much more severe downturn.

Current UK forecasts suggest an economic recovery in 2011, gathering pace thereafter (a similar business cycle applies to NI and consequently Newry & Mourne also). This has important implications for Newry & Mourne's economic development strategy in the coming years. The near-term will very much be a case of 'managing in the downturn' (2008 and 2009), a situation new to many economic development practitioners in NI. The 'downturn phase' will likely require policy actions different to the 'recovery phase' in 2011 and 2012. It is however worth noting that wider UK economy difficulties in the short-run will likely lead to / maintain Sterling weakness (a boost for cross-border retail trade) and the opposite for the recovery phase. Recession and Sterling weaknesses have opposite influences on the Newry & Mourne economy, though we believe

the recession impact has the stronger influence (as is evident from the forecasts presented later).

It is right however to question the recovery phase. Even in the short-run the aggressive interest rate cuts by the Bank of England and fiscal stimulus (bail out of banks and reduction in VAT) could have a greater impact on consumers than currently envisaged, helping to shorten the slowdown. **However it is more likely that it will take improving lending conditions and an end in the current swath of redundancies before consumer spending levels pick up again (and not to recent levels of excess).** The recovery depends upon a return to a more ‘normal’ level of lending and borrowing in the private sector (and most notably in the housing market), a rebalancing of growth towards export sectors when global trade picks up and the UK retaining its position as a global provider of advanced professional and financial services (the depreciated level of Sterling should help in this regard). A short-term boost of government investment needs to be quickly replaced by an improved export performance and revived levels of consumer spending in order for the forecast recovery to move from projection to reality.

To conclude this sub-section, by way of simple illustration of the change in the outlook for the UK economy, Table 4.1 compares latest GDP growth forecasts for the UK with forecasts consistent with the Newry & Mourne outlook presented in the ‘Newry & Mourne In Focus: Economic Profile’ (September 2007). This serves to highlight how the economic world has changed significantly in the last 12-18 months.

Table 4.1: Change in UK GDP growth forecasts

	September 2007	May 2009
2008	2.3%	0.8%
2009	2.7%	-4.0%
2010	2.8%	0.3%
2011	2.6%	2.2%
2012	2.6%	3.2%

Source: Oxford Economics
 Note: Annual average growth

ROI context

The ROI economy was the first Eurozone economy to enter recession (during the first half of 2008), as the construction boom unwound at a rapid pace and export markets suffered the impacts of the global slowdown. In stark contrast to UK fiscal policy to run deficits to stimulate demand, the ROI government has reacted quickly with a series of emergency budgets, tax rises and spending cuts, recognising the scale of the problems and tightening fiscal plans accordingly. **The ROI economy is particularly exposed to the current slowdown and immediate prospects are far from favourable, indeed worse so than for both UK and NI.**

The bullet points below set out a summary of a number of the key factors impacting upon ROI’s high level of exposure to the current economic challenges.

- The housing market boom in ROI, fuelled by a growing economy (in jobs and population terms), low interest rates and a generous lending market, triggered sharp rises in prices. This encouraged house-building and **helped to support a significantly larger construction sector than in parts of the UK (roughly twice as large on a per job basis)**. House prices have since contracted sharply, with the expected knock-on effects on the over-sized construction sector and indirect effects on retailing and professional services sectors (e.g. real estate, legal services dealing in property transactions etc).
- One of the major growth components of ROI's success has been a rapidly expanding, and highly profitable, international financial centre. This sector and the wider financial sector have been adversely impacted by the credit crunch and subsequent recession and thus ROI is now more exposed than would otherwise be the case. This is evident by the much publicised problems facing Anglo Irish, AIB and Bank of Ireland (although factors other than the credit crunch also played a role).
- It is well-known that the US economy has been acutely impacted by the credit crunch. Indeed this is where the credit crunch originated before spreading. Though **ROI will remain an attractive location for FDI as the low rate of corporation has withstood pressure to increase it, for now**, (indeed the slowdown will help ease some cost pressures longer term), **outbound FDI flows from the US will almost certainly fall during the slowdown**.
- With a sustained period of higher inflation and VAT at 21 per cent (compared to 15 per cent currently in the UK), **the cost of living is high in ROI relative to NI**. Though wages are also relatively high, many people will have lost their job, or at least fear doing so, resulting in a severe dent to confidence (and as previously noted confidence is a hugely important factor in investment and spending decisions). **Given the higher cost of living in the south and the significant fall in value of Sterling, flows of retail spending north into NI are likely to remain high for the foreseeable future. In real terms, adjusting for inflation differentials as well, sterling has depreciated by over 50 per cent against the Euro since 2001, a massive change which will take some time to reverse, if at all completely (even if ROI experiences a period of deflation and the Euro weakens as major Eurozone economies get 'sucked' into the global recession). More is said on this later as the exchange rate and inflation differentials are currently major macroeconomic factors influencing the Newry & Mourne economy.**
- The ECB has been slower to make as aggressive cuts to its interest rate as the Bank of England, or indeed which the Central Bank of Ireland would make to boost demand and housing sales if it had the power to do so. For a long time ECB interest rates were too low for the ROI economy fuelling excess demand. Now the opposite is true (although interest rates can't fall below zero).

- Coupled with this, the priority put on balancing the budget by ROI with a **tight fiscal stance** is contrary to what the UK, US and others are doing with fiscal stimulus budgets (as they have less pressure to balance the books than ROI which has to meet the Eurozone Stability Pact fiscal criteria). Indeed ROI has announced further savings measures in February 2009, including asking civil servants to make pension-related payments, and extra tax measures in April 2009. One would expect such a tight fiscal stance to dampen demand in the short-run in ROI. Although a tight fiscal stance proved helpful to Margaret Thatcher in the 1980s recession (to bring inflation down), it is a largely Keynesian ‘demand’ boost approach being advocated elsewhere (as high inflation is not one of today’s economic problems).
- **Looking further ahead however ROI remains well positioned to enjoy longer term growth. The favourable corporation tax rate and a well skilled and experienced work force remain hugely competitive factors.** In the medium-term when the UK and other governments are likely to be tightening the fiscal purse strings, the expectation is that the ROI Government will relax fiscal policy as required and tax levies on high earners, as if retained longer-term these could be detrimental to economic potential.
- Again we present the change in the outlook for the ROI economy, which highlights the **severity of the downturn facing the south** – the economy is forecast to contract by 9 per cent in 2009, before recovering and growing at a faster rate than both the UK and NI (though not by anywhere near as much as during the Celtic Tiger period)

Table 4.2: Change in ROI real GDP growth forecasts

	September 2007	May 2009
2008	4.3%	-2.3%
2009	4.8%	-8.9%
2010	4.5%	-0.6%
2011	4.0%	3.1%
2012	4.0%	3.1%

Source: Oxford Economics
 Note: Annual average growth

4.4 NI context ... end of ‘golden era’

- The Northern Ireland economy, much in the same way as the UK, ROI and several other international economies, **will not escape the current recession**. This is even despite its large public sector providing a very helpful buffer.

- The extreme overheating in the property market has led to a marked fall back for the economy and this has impacted through construction into retailing and elements of business services (real estate, legal services etc), the latter of which all depend upon house moves for business. More recently a fall in global demand, and the knock on impact of the construction downturn on sub-sectors producing materials for the construction industry (cement, concrete etc), has led to manufacturing job losses in many areas.
- Quarterly employee jobs data from DETI, though sometimes volatile, clearly confirms the downturn with net jobs losses across manufacturing, construction, retail and professional services (Table 4.3). As a result unemployment is rising (Fig 4.4).

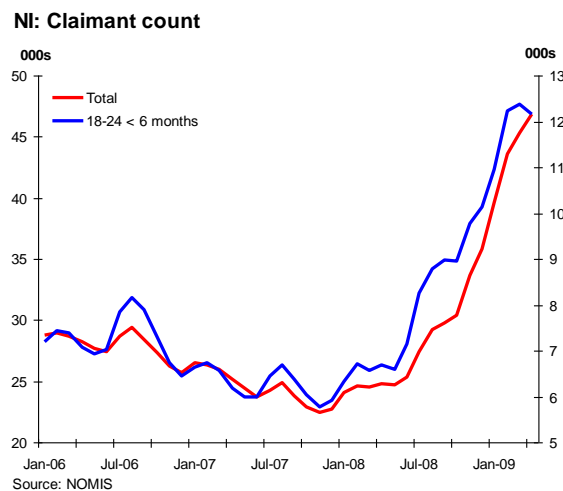
Table 4.3: NI quarterly change in employee jobs

	2007 Q3	2007 Q4	2008 Q1	2008 Q2	2008 Q3	2008 Q4
Manufacturing	270	1,080	-270	-100	-1,100	-1,660
Construction	580	450	-750	-880	-1,770	-1,700
Retail & distribution	220	5,180	-4,260	1,250	-820	2,360
Financial services	30	130	140	-120	-360	160
Business services	3,840	-560	-210	-480	-1,370	-630
Other personal services	220	-890	20	520	-140	-140
Total	2,470	7,290	-4,490	-900	-10,500	1,490

Source: DETI

Note: Not seasonally adjusted

Fig 4.4: NI claimant count



- The extent of the slowdown in the region is however something of an area for debate. The over-exposure to retail and construction-led growth has led a number of commentators to predict a more severe impact for NI than for the UK as a whole. Oxford Economics point to (1) the fall in mortgage lending, which is broadly similar in levels to the drop-off in the UK as a whole and (2) the offsetting upside impact of the large public sector, and the retail boost from cross-border trade, as reasons to expect the slowdown to be of a similar, but not worse, extent than the UK average.
- **What is clear nevertheless is that the economic conditions, performance and the outlook in late 2008 / early 2009 look entirely different to those in the decade prior, and compared to those at the time of Oxford Economics previous profiling work for Newry & Mourne.** The fall in Sterling has helped exporters (in addition to the fall in oil prices) though slowing world demand and rising costs of imports will reduce these benefits - manufacturing job losses in H2 2008 were particularly high (Table 4.3).
- The temporary VAT cut to 15 per cent (though modest) and the fall in mortgage rates will have boosted the real incomes of many residents (especially those in or linked to the public sector where job fears are less acute). **The impact of cross border trade, fuelled by Sterling weakness, is also a further factor to push against (1) the downward pressures on retail from reduced confidence, especially in border areas like Newry, and (2) the downward pressure from falling global demand, in sectors such as manufacturing.**
- **Nevertheless it is a near certainty that job creation and growth will moderate from its recent levels.** As Table 4.4 shows, NI's economy is predicted to contract by over 3 per cent in 2009.

Table 4.4: Change in NI real GVA growth forecasts

	September 2007	May 2009
2008	3.2%	1.3%
2009	3.5%	-3.3%
2010	3.1%	0.3%
2011	2.8%	2.2%
2012	2.7%	2.5%

Source: Oxford Economics

Note: Annual average growth

4.5 Recap of strengths and weaknesses of recent economic performance

The strengths and weaknesses of Newry & Mourne's recent economic performance presented overleaf are taken from the previous reports by Oxford Economics. Where

applicable the time period performance data refers to is given. (Note to avoid ‘clutter’, we refer the reader to the previous reports for the detailed charts and tables underpinning this analysis)

The time period is important because since these reports were completed, particularly the first two reports, new data have been published – **the focus of the next section is then on examining latest performance data to show whether the same strengths and weaknesses still hold.**

Where possible, effort has been made to align strengths and weaknesses with EU funding themes set out in chapter 2 – e.g. competitiveness (NI Competitiveness Programme); social (ESF) and rural development (Rural Development Programme). A wider economy theme is also included.

Table 4.5: Strengths and weaknesses of Newry & Mourne's recent economic performance and characteristics

Strengths		Weaknesses	
Feature	Reference period	Feature	Reference period
Economy			
Acceleration in population from 2000 – fastest population growth of all NI city councils	2000-2006	Negative net domestic migration - suggests Newry & Mourne is less residentially attractive for the indigenous population	2005 and 2006
Pioneering migrant location along with Dungannon and Craigavon	2005 and 2006	Critical mass - still a small city in population terms relative to Belfast, Derry and Lisburn	2006
Youngest population across all councils (in terms of the proportion of children)	2006	Housing affordability	2006
Employment growth third highest in NI over the last decade	1995-2005		
Record house price growth	1998-2006		
High levels of personal wealth and consumer spend, partly due to the recent housing 'boom'	2006		
Competitiveness			
Private sector relatively large	2005	Over-dependence on debt-led consumer and 'secondary' sectors, i.e. retail and construction, which rely heavily on local economic conditions	2005
Manufacturing employment has bucked the NI trend by not falling over the last decade / holding up well to global competitive pressures (helped by the availability of migrant workers)	1995-2005	Under-developed professional service sector with 'factory to office' transformation slower than other city areas	2005
Retail expansion with a number of successful retail export companies / arrival of multinationals	1995-2005	Outside manufacturing, export base is relatively small	2005
High levels of enterprise/ start-ups	2005 and 2006/07	Over-stretched infrastructure - high risk of 'arrested development'	2007
Tourism offering and NITB signature projects	-	Relatively high domestic rates	2005/06
Location along Belfast-Dublin corridor, through traffic and connectivity - trading on an All-Island basis	-		
Attractive living environment	-		
Social - labour market - skills			
Falling unemployment	1995-2007	High and possibly rising economic inactivity/ high benefit dependence – potential sign of a failing labour market / 'have and have not' economy	2001-2006
High quality school outputs and Southern Regional College	2004/05, 2006	Low share of resident graduates and out commuting of some of the few resident graduates	2001
		No university	2007
		High levels of deprivation	2005
Rural development			
Growing rural population - a reflection of desirability	1996-2006	Rural workplace weakness - limited jobs growth	1999-2005
Urban workplace strength - main source of jobs growth	1999-2005		
Within Newry disparities not as large as some other council areas	2005, 2006		

4.6 Latest performance – is the most recent economic story still the same?

New profiling data

As said above, since the submission of earlier reports by Oxford Economics to NMDC economic development partners, new data has been published relevant to this profiling exercise, in addition to revised forecasts. This new data includes, among others:

- DETI Census of Employment sectoral employee jobs - 2007
- DETI Census of Employment total employee jobs for all wards – 2007
- Population and migration data – 2007
- House price data – 2007
- VAT stock, new registration and closures – 2007
- Invest NI Start-A-Business Programme activity – up to December 2008
- Claimant unemployment - up to December 2008
- Domestic rates – 2008
- Social security benefits - 2008

This new data is presented below in such a way to allow direct comparisons with the conclusions drawn from previous profiling work. Note where new data is not available, previous conclusions on strengths and weaknesses are assumed to still hold unless otherwise stated.

Latest economic developments ...

Fig 4.5: Demographics still strong (2006-2007)

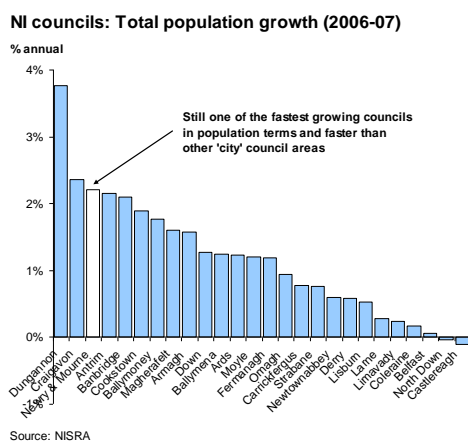


Fig 4.6: Official data to 2007 showing no signs of slowing population growth

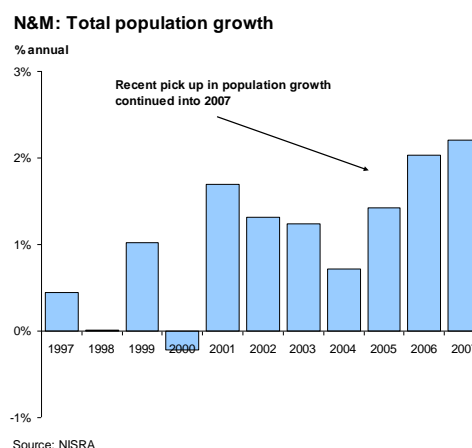


Fig 4.18: Structural vulnerability?

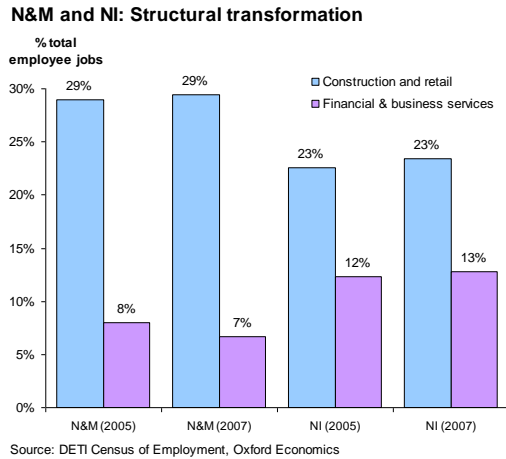


Fig 4.19: Expensive domestic rates

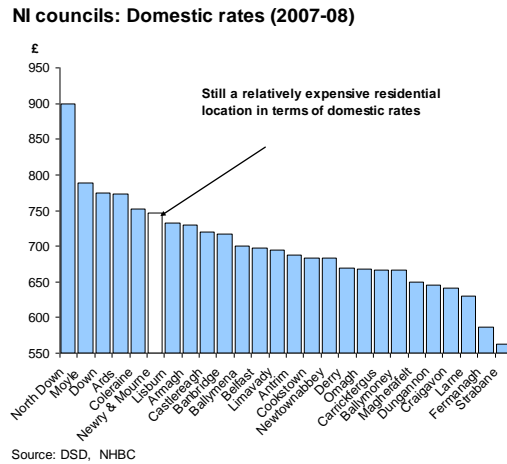


Table 4.7: DLA working age claimants in decline – a positive sign

	N&M	NI
February 2007	6,227	104,222
February 2008	6,069	108,499
% change	-3%	4%

4.7 Growing importance of macroeconomic influences on the border economies ...

The unique ‘land border’ between the Sterling and Euro exchange rate zones makes the All-Island economy a unique economy and one where differential macroeconomic conditions in the two zones have a more pronounced impact. **The immediate border areas in particular are impacted by changes in macroeconomic conditions. Further Newry & Mourne-Dundalk is potentially more impacted than any other cross-border area given the strategic location along the densely populated Belfast-Dublin corridor which provides access to a large catchment population.**

A number of key macroeconomic influences are having a particular impact at the present time, and more so than at the time of prevailing profiling exercises. These are discussed below and merit special attention in the discussion here on recent developments.

- **Exchange rate** - cross border flows of shoppers heading north are increasing rapidly as the **Euro buys significantly more Sterling than at any time since the Euro was introduced** (Fig 4.20). Given the pressures on incomes and fear of jobs loss in ROI, this is further adding to people's desire to 'shop around' and make savings. In other words on the one hand while recession in the south will dampen export demand, it is also indirectly increasing demand for retail in Newry & Mourne as shoppers look for savings. Cross border shopping is not only for one-off large purchases but increasingly for regular grocery shopping which is magnifying the impact of cross-border retail trade.
- **Inflation** - since 2000 inflation in ROI has cumulatively been 15 per cent higher than in the UK (Fig 4.21) – UK inflation is assumed to apply to NI as no regional consumer price inflation data is published by ONS. This partly reflects the 'overheating' Irish economy where prices were allowed to rise as it was not possible to use interest rates to work against rising prices (as interest rates are set by the ECB taking into consideration economic conditions in all Eurozone countries). Wage rises in ROI also contributed in a way that was largely not the case in the UK where wages settlements were more modest. The outlook however is for a period of deflation in ROI with most commentators arguing that a reversal in recent cost rises is essential to restoring competitiveness and supporting ROI's recovery.

It is often exchange rate developments, given their potential sudden movement, that steal the attention and are used to explain trade patterns. **While the Euro has strengthened by 30 per cent against the £ since 2000** (Fig 4.20), **the differential in cost of living rises at 20 per cent is equally marked** (Fig 4.21). This equates to a real exchange rate appreciation of 50 per cent. Combined the two factors help to explain the research findings of the National Consumer Agency which report a 31 per cent difference in the price of a basket of supermarket goods north and south when measured in a common currency (this differential is likely to have increased even further in recent months).

Fig 4.20: Exchange rates

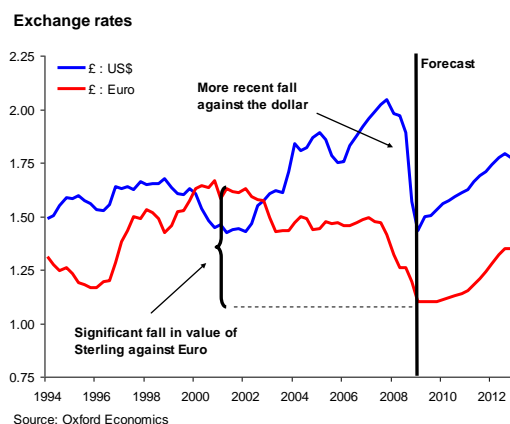
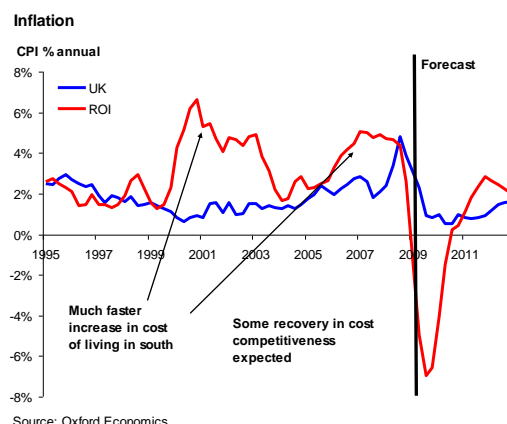


Fig 4.21: Inflation



4.8 Reassessing Newry & Mourne’s economic strengths and weaknesses

A ‘refreshed’ take on Newry & Mourne’s economic strengths and weaknesses is provided below, based on recent performance data and developments just presented. Remember where new data is not available, previous conclusions on strengths and weaknesses are assumed to still hold and are not repeated below. Some of the more interesting and important ‘refreshed’ assessment commentaries are shaded to draw the attention of the reader.

Table 4.10: ‘Refreshed’ assessment of Newry & Mourne’s economic strengths and weaknesses

		Original assessment	Refreshed assessment
ECONOMY	Strength	Fastest population growth of all NI city councils	Still one of the fastest growing councils and still the fastest growing city council in 2007
		Pioneering migrant location	In relative terms still an attractive location for migrants in 2007 but recent WRS approvals declining across all sectors (though declining at a faster in almost all other councils)
		Employment growth third highest in NI over last decade	Still one of the fastest growing local economies in total employment terms
		High house price growth	House price growth slowed markedly in 2007 and sharp correction underway in 2008 and 2009
	Weakness	Negative net domestic migration	Still one of a limited number of councils to have a net domestic migration outflow
Housing affordability		Affordability improving as the housing market corrects the massively over-valued price level reached in 2007	
COMPETITIVENESS	Strength	Manufacturing employment has bucked the NI trend by not falling over the last decade / holding up well to global competitive pressures	Newry & Mourne's manufacturing strength has been even more pronounced with major net job increase between 2005 and 2007 (+1,000 jobs) - though an element of this growth will have been linked to the construction boom (e.g. manufacture of cement, plaster etc) which is in reverse
		Retail expansion	Retail expansion has continued though not as rapidly as other border economies, at least in employment terms (though data up to 2007 will not fully capture the employment impact from the surge in cross-border retail flows)
		High levels of enterprise/start-ups	New VAT business registration rates are still amongst the highest in NI in 2006 and 2007 though start-up activity in Invest NI's SABp is dropping off (especially in retail service start-ups) - the slowing economy is likely to be a major factor for the latter, though removal of the grant may also have been a factor for some potential entrepreneurs not taking up an offer of coming forward in the first place
	Weakness	Over-dependence on debt-led consumer and 'secondary' sectors and under-developed professional services sector	The Newry & Mourne economy is still vulnerable with 3 in 10 employee jobs in construction and retail in 2007. Furthermore 2005-2007 actually saw a backwards step in terms of structural transformation with a slight fall in the financial and business service share of total employee jobs. Two years is off course a short time horizon over which to expect to see a major transformation - and indeed the increasing importance of retail is not necessarily a negative development as it reflects Newry naturally exploiting the competitiveness of Sterling against the Euro - nevertheless the lack of transformation, if it continues, is a concern
		Outside manufacturing, export base is relatively small	Retail is now becoming a major export sector, helped by Sterling weaknesses vis-à-vis the Euro (though no data is collected on the value cross-border retail trade)
Relatively high domestic rates		Domestic rates for the last FY (2007/08) continue to show Newry & Mourne to be amongst the most expensive councils	
SOCIAL - LABOUR MARKET - SKILLS	Strength	Falling unemployment	Following years of decline, unemployment has been rising since the start of 2008, with the rate of increase picking up significantly in the summer (in line with the timing of the UK economy starting to enter recession)
	Weakness	High and possibly rising economic inactivity ('benefit trap')	There has been a reversal in the rise in DLA claimants by Newry & Mourne working age residents between February 2007 and 2008 (a proxy for the inactive long-term sick) - NI working age DLA claimants continue to rise over the same period - this is a positive labour market development

4.9 Looking ahead – baseline outlooks

Baseline outlooks for Newry & Mourne’s key demographic and economic indicators are presented below – the baseline, or central case scenario, is considered by Oxford Economics to be the most likely outcome for the local economy in a ‘policy neutral’ environment, given prevailing global, industry, UK and north-south economic outlooks.

For ease of comparison, outlooks presented in the ‘Newry & Mourne in Focus’ profile are shown alongside the latest Oxford Economics LOMAD forecasts (May 2009) to illustrate ‘what has changed’. As LOMAD is linked to Oxford Economics’ full suite of industry and country models, this ensures that global and national factors such as oil prices, exchange rates, interest rates, sectoral demand etc are fully incorporated into the outlooks for Newry.

Note for some indicators presented as time-series charts, such as employment, actual data is only available up to 2007. A dashed line indicates the latest data year. A second solid line indicates the start of the forecast period (i.e. 2009). This to avoid the reader being confused by, for example, a rising short-term forecast trend for employment when this is actually an estimation of the employment trend between 2007 and 2008 mid-year which is pre-recession.

The key messages from the outlooks are:

- Continued strong growth in demographics, even with migration predicted to tail off [the latter due to job losses / fewer job opportunities, Sterling weakness (reduces the value of expatriated earnings) and tightening migration policy] – **a growing working age population but weakening economy poses a major employment challenge for Newry & Mourne**, as in many other local economies
- **Job losses are predicted across several sectors during the downturn phase** – construction losses are well-known and already occurring and in manufacturing (from falling global demand and a drop in demand from the construction sector – e.g. manufacturers of construction materials)
- There has also been a **significant downward revision in the forecast for financial and business services employment** – linked to credit crunch impacts on the financial sector and wider economy effects on business services, particularly those services dependent on house sale transactions (e.g. real estate, legal services etc). **The weakening outlook somewhat starts to call into question the validity of a narrow professional service / office growth model aspired to many local areas, especially in cities, and reaffirms the need to focus on diversified growth opportunities**
- **Forecasting retail employment in border economies is extremely difficult as there are two major offsetting drivers** – (1) weakening local economic conditions, consumer spending and confidence in the north; and (2) the fall in value of Sterling which is making the NI retail sector

extremely competitive against southern retailers with price differentials, after converting to a common currency, 30 per cent and higher. This is attracting unprecedented flows of cross-border shows, even as the ROI economy is in the middle of a deep recession. **However with no official up-to-date retail employment data for the border economies, it is difficult to know which of the above drivers is having a larger influence. Anecdotally it would appear the cross-border trade effect is larger and this has influenced our forecast methodology** which has retail employment moving partly in line with real exchange rate projections and partly in line with local economic and demographic projections. **With the value of Sterling forecast to continue to weaken / remain low throughout 2009, retail employment is forecast to rise moderately in Newry & Mourne in 2009 and fall back in 2010 and 2011 as Sterling strengthens and the ROI retail sector regains some lost competitiveness** (even as the local economy enters the 'recovery phase'). **This means that relative to several other councils, the downturn phase is less severe in terms of job losses though the recovery phase is also less pronounced.**

- Throughout the turbulent years ahead for the economy, **public sector employment is predicted to provide a stable 'buffer'**. Despite tightening fiscal conditions, health and education are assumed to remain Government spending priorities. **Newry & Mourne's designation as one of NI's six potential locations for public sector relocation** also offers an upside employment risk (though as plans to relocate jobs from Belfast are not yet confirmed, it is not possible to factor in any possible employment relocation to the forecast).
- The net effect of the above demographic and sectoral employment forecasts on the labour market is that **Newry & Mourne's resident employment rate is predicted to fall sharply during the downturn phase, offsetting some of the hard-earned progress of the past decade.** This is due to a **combination of job loss / lack of job creation and a growing working age population** (even with migration tailing off). What this will mean for unemployment is not straightforward as it is difficult to predict whether persons made redundant will join the unemployment register or term themselves as inactive – this is why we present below the forecast for the **working age non-employed stock which is predicted to rise by 4,000 between 2008 and 2012.**
- Lastly the slowdown in the housing market is well and truly underway, correcting the massive over-valuation built up in recent years. While the timing of when the housing downturn will bottom out is difficult to predict, perhaps the more important forecast is the future house price growth rate when the pick-up starts. Oxford Economics' forecast is for **a return to more sustainable annual long-term house price growth of 6-7 per cent.** The implication of this is that **it will take until roughly 2017 for prices to return to their 2007 peak** (and even longer if house prices were measured in real terms).

Fig 4.22: Total population

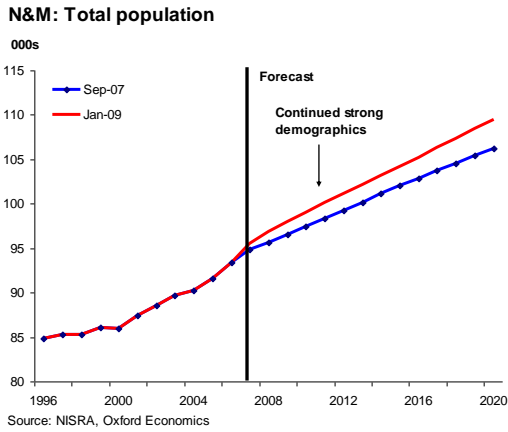


Fig 4.23: Net migration

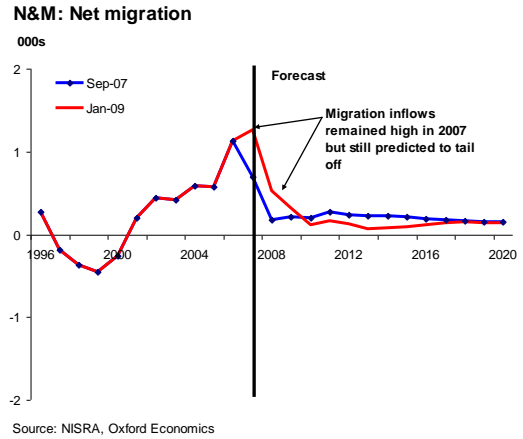


Fig 4.24: Total employment

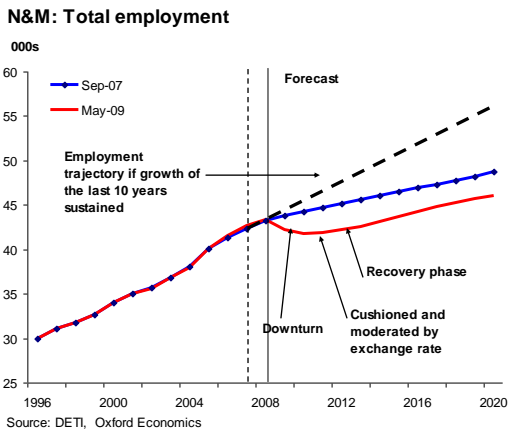


Fig 4.25: Agriculture employment

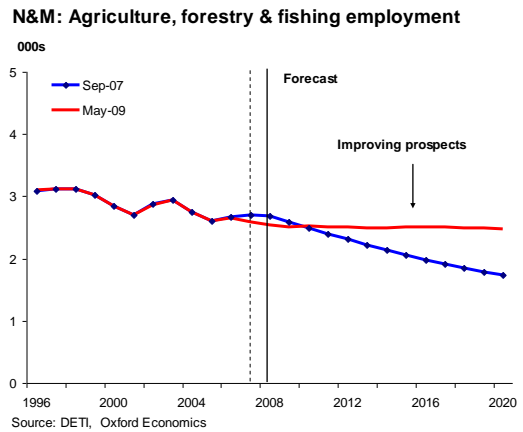


Fig 4.26: Manufacturing employment

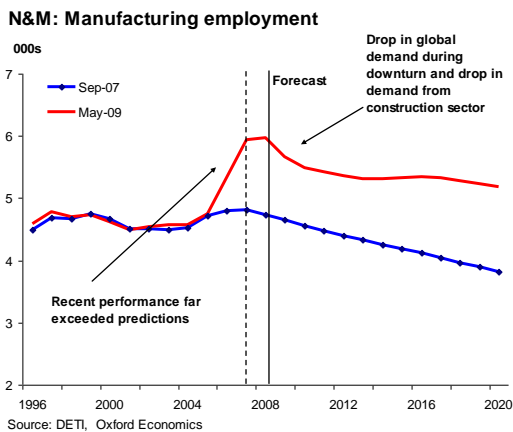


Fig 4.27: Construction employment

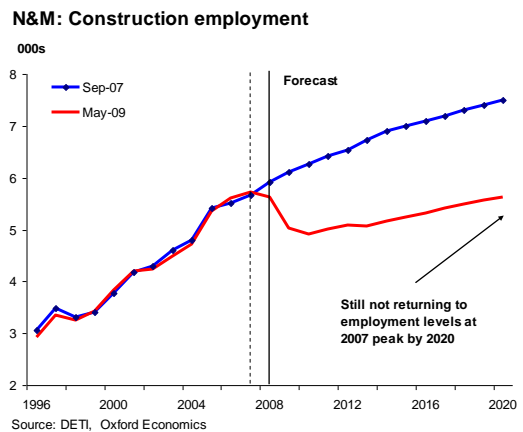


Fig 4.28: Retail & distribution employment

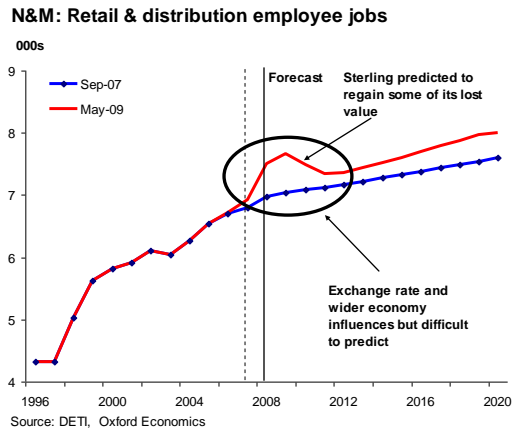


Fig 4.29: Professional services employment

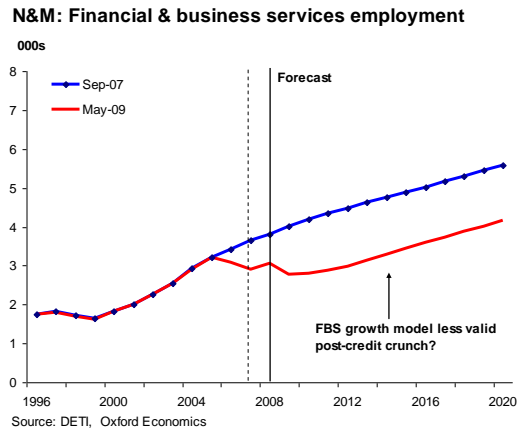


Fig 4.30: Public administration employment

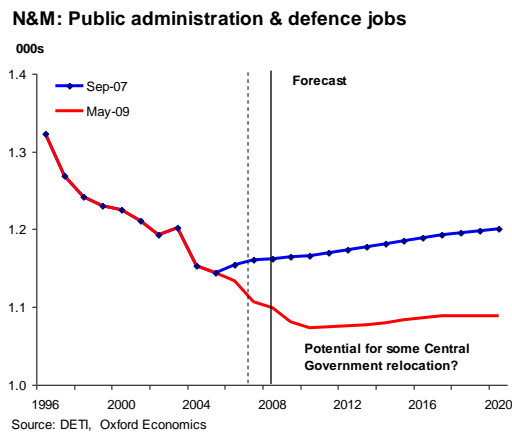


Fig 4.31: Education employment

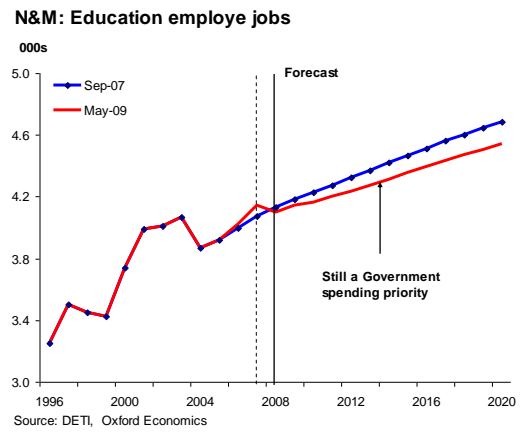


Fig 4.32: Health & social work employment

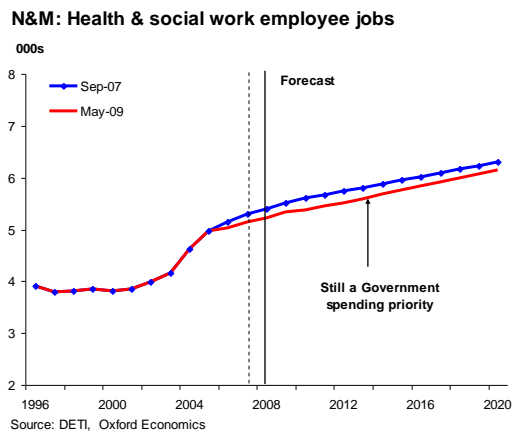


Fig 4.33: Working age non-employed

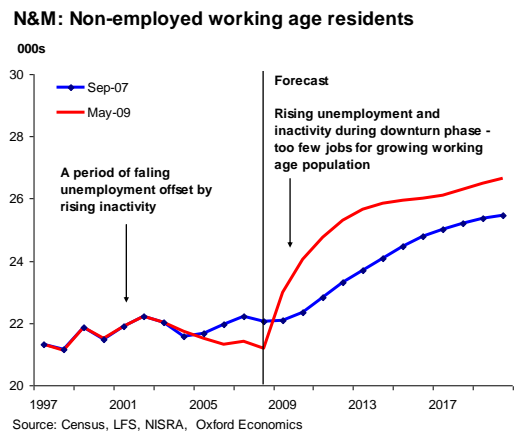


Fig 4.34: Resident employment rate

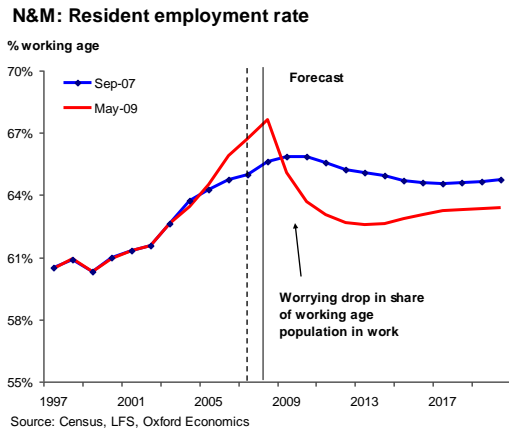


Fig 4.35: House prices

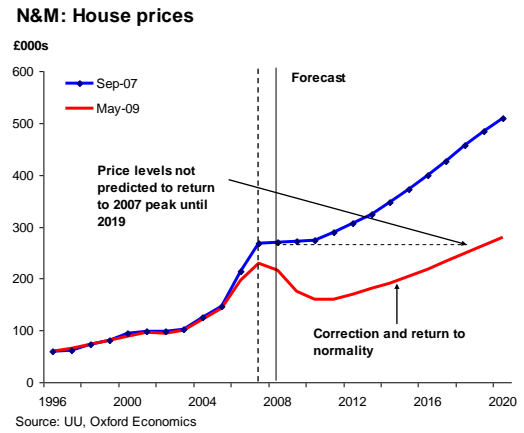


Table 4.9: Summary of Newry & Mourne outlook (May 2009)

	Golden era last decade	Downturn phase	Recovery phase	Longer-term return to stability
	1998-2008	2008-2010	2010-2013	2013-2018
Demographics				
Total population				
Change (000s)	11.6	2.3	3.0	4.5
Change (annual %)	1.3%	1.2%	1.0%	0.9%
Employment (workplace)				
Total employment				
Change (000s)	11.6	-1.6	0.8	2.6
Change (annual %)	3.2%	-1.8%	0.7%	1.2%
Manufacturing				
Change (000s)	1.3	-0.5	-0.2	0.0
Change (annual %)	2.4%	-4.2%	-1.0%	-0.1%
Retail & distribution				
Change (000s)	2.5	0.0	0.0	0.4
Change (annual %)	4.1%	-0.1%	-0.2%	1.1%
Construction				
Change (000s)	2.4	-0.7	0.2	0.4
Change (annual %)	5.6%	-6.6%	1.1%	1.6%
Financial & business services				
Change (000s)	1.4	-0.3	0.3	0.7
Change (annual %)	6.1%	-4.2%	3.7%	4.3%
Public sector				
Change (000s)	2.3	0.2	0.3	0.7
Change (annual %)	2.3%	0.9%	1.0%	1.1%
Resident employed				
Change (000s)	9.7	-1.5	0.7	2.2
Change (annual %)	2.8%	-1.8%	0.6%	1.1%
House prices				
Change (£000s)	143	-57	21	68
Change (annual %)	11%	-14%	4%	7%

Source: Oxford Economics

4.10 Risks and opportunities – today’s assessment

In light of the revised outlook for the Newry & Mourne economy, Tables 4.10 and 4.11 below update the original assessment of risks and opportunities for the local economy. Again some of the more interesting and important ‘refreshed’ assessment commentaries are shaded to draw the attention of the reader.

Table 4.10: Risks – today’s assessment

Original assessment	Refreshed assessment
Possibility that Area Plan housing allocation could be exhausted before the end of the Plan period with knock-on impacts	Still a possibility as demographic projections remain strong though the faltering economy is likely to slow household formation rates (e.g. children living with parents for longer) and migrant outflows will impact on demand in the private rented sector (possibly resulting in some vacant stock)
Tail off in international in-migration as UK migration policy tightens – raises questions over where labour will come from and what implications for manufacturing competitiveness (though would ease housing pressures)	While demand for migrant labour is still a major influence on migrant decisions to remain or come to NI, the falling value of Sterling and uncertain economic environment makes NI a less attractive economic destination than in recent years - this wider perception may make it difficult for NI and Newry & Mourne to attract migrants, even if demand from specific sub-sectors remains high
Challenging wider outlook for manufacturing (though success in specialty sub-sectors still possible as in the past)	Although Sterling’s weakness and falling input costs will provide a boost to manufacturing exporters, the overriding influence on prospects is likely to be global demand which is falling sharply, as well as falling demand from the local economy. Therefore in this sense the outlook has become more challenging Longer term rising costs in emerging economies such as China and India and high shipping costs could start to tilt the competitiveness tide in some sectors back towards developed economies
Dependence on consumer and secondary sectors (retail and construction) though cross-border shopping offers some insulation	The Newry & Mourne economy still remains heavily dependent on retail and construction (3 in 10 employee jobs) with retail likely to become more important in the near-term due to growing cross-border shopper flows There is a risk that Newry’s retail sector expands and becomes over-reliant on cross-border trade, which could quickly reverse if and when Sterling is expected to regain some of its lost value during the recovery phase for the UK economy
Downside retail risks - End of ‘catch up’ - Pressures on household incomes - Fall in confidence - Restriction in consumer lending - Increased competition	Domestic retail risks still all hold today and have in fact increased with the ever weakening economic outlook, job losses, drop in confidence and tightening of bank lending to consumers (mortgages, credit cards etc)
Loss or relocation of public sector jobs as part of RPA (plus tightening of public spending and efficiency targets could have implications for public sector employment)	It is less likely now that public administration jobs could be lost to Down as part of the new super council structure - it is our understanding that both locations will continue to operate as centres of council administration. In addition a new development has been Newry & Mourne’s designation as one of NI’s six potential locations for public sector relocation - this offers an upside employment risk though any plans to relocate jobs from Belfast are not yet confirmed and Newry will face initial strong competition from other chosen urban centres (Derry, Coleraine etc)
‘Arrested development’ - infrastructure bottlenecks could be binding constraints on growth and make Albert Basin development unviable	Infrastructure bottlenecks remain and have likely intensified with the growing cross-border retail traffic flows
Competition from Belfast and Dublin for people (especially young professionals) and jobs	Recession in both Belfast and Dublin is likely to increase efforts made by the capital cities to be even more competitive Costs pressures in both are likely to ease significantly in terms of office rents and wage expectations, reducing partly a cost advantage Newry may have
Strong competition between other NI cities with Derry and Lisburn increasingly well-evidenced and proactive. Likely to be intense competition for future professional service jobs – risk Newry could be ‘left behind’, especially if skills base does not improve ‘Have and have not’ education system with the ‘have nots’ staying behind (better performing students leave for higher education with evidence suggesting few return)	Competition among NI cities still remains high Failure to develop the Albert Basin site would be a major competitive weakness for Newry in terms of its inner city and office offering, particularly as cities such as Derry have their own major city regeneration projects
Risk of the inactive being bypassed by ‘new economy’ growth	Still a challenge An even greater challenge today as the inactive will be competing for fewer jobs against a larger stock of unemployed with recent employment experience and presumably better qualifications
Weak skills base	Still a challenge
Out-commuting of young qualified residents to work in Belfast/Dublin	Dublin and Belfast will both be hit hard by recession with fewer job opportunities for out commuters - though Newry is not immune from recession and will unlikely be able to offer the same type of high-paying jobs aspired to by out commuters
Housing affordability – young professionals and migrants priced out	Affordability is improving as house prices drop However lack of availability of mortgages on the similar terms as before and more stringent lending requirements mean that first-time buyers still face difficulty getting on to the property ladder
Urban renaissance requires a concerted and multi-faceted approach – no strategic body like Laganside or ILEX. Could be difficult for Newry to realise its full potential City bypasses to improve traffic flow could inadvertently make potential customers bypass the city	Still a risk Still a risk, especially as congestion worsens and Newry’s reputation for congestion spreads

Table 4.11: Opportunities – today’s assessment

Original assessment	Refreshed assessment
Continued strong demographic outlook	Demographic outlook still strong
City centre living back in fashion – as one of NI’s few cities, this is an opportunity not available to many (though Newry has not yet fully embraced inner city apartment construction)	Partly still holds though the inner city apartment phenomenon has not taken off as initially envisaged, especially in some GB cities with large stocks of unsold apartments
Quality of life offering high	Still a strength
House prices still less expensive than south of the border – with ease of commuting, Newry could attract young professionals and persons from ROI downsizing	House prices in ROI have fallen sharply, closing the price differential Sterling weakness means that earning in Es would be an unattractive proposition for ROI workers commuting north
Albert Basin site for mixed development including residential and office space - could be a catalyst for a professional services revolution (recall professional services are not just for the major cities - number of English success stories surrounding main urban centres)	Still a critical development for Newry & Mourne’s physical and economic transformation though today is arguably a more challenging time to attract businesses to locate there, unless it offers a significant cost advantage. Also it is important to think about diversifying economic growth opportunities
If the market works correctly, Newry should have a cost advantage on Belfast and Dublin in terms of commercial property costs	Still true though costs will fall significantly in Belfast and Dublin in the near-term
Newry/Dundalk critical mass - could create economies of scale with twinning of the two cities	Still an opportunity, particularly the possibility of Newry becoming part of the Dundalk Gateway, following the example of Derry-Letterkenny as the only other cross-border Gateway Centre
Retail ‘draw’ provides a pool of people familiar with the area and more likely to be ‘sold’ on doing business in Newry or relocating to live there	Still an opportunity and even more so with the recent high influx of regular cross-border shoppers who will have become increasingly familiar with Newry’s offering
High deprivation/ ‘disadvantaged’ status should present opportunities for public funding	Still a funding opportunity
Tourism – Mourne’s National Park signature project (again drawing in people)	Still an opportunity
Cooling of the housing market could create more affordable housing	Affordability has improved though note from the ‘risks’ table difficulties faced by borrowers accessing mortgages
Expansion of Warrenpoint port	Still an opportunity though growth likely to be lower than initially envisaged with the slowdown in national and global growth
School performance is strong which is a base to build from	Still a strength/ opportunity
Location on Belfast-Dublin corridor with strong road and rail links ideally places Newry to take advantage of north-south opportunities	Still a major short-term and long-term locational competitive advantage, provided infrastructure investments are made to allow Newry to continue to grow

5. CONSULTATIONS

5.1 Introduction

The data profiling presented in the previous chapter has been supplemented by wide spread consultations with key stakeholders across the NMDC area. Consultations took the form of workshop events with key stakeholders including NMDC Councillors, economic development practitioners, and voluntary and community sector representatives. One to one discussions with wider economic development practitioners, including Louth and Monaghan Enterprise Agencies also informed our research. A list of consultees is presented in Appendix 1.

5.2 Workshops

Three workshop events were held as part of our consultations (in addition to consultation with Newry and Mourne Councillors). Two were held in Newry's Sean Hollywood Arts Centre on the 18/12/2008 and were attended, in the morning by community/voluntary sector representatives (5 attendees) and, in the afternoon by local economic development practitioners (7 attendees). The third workshop took place on Monday 12th January 2009 at NMDC offices with 4 Council representatives. The workshops involved a short presentation detailing how Newry's economy had developed up until mid 2008 and the stark contrast that was being experienced at the end of 2008. The workshops then took the form of a 'round table' discussion about strengths of the NMDC area, threats to the local economy, and barriers to economic performance.

Across both consultation events, the issues set out in Table 5.1 below were identified as being important within the NMDC area.

Table 5.1

Key Issues from Consultation

Key Issue	Detail
Infrastructure	<ul style="list-style-type: none">• Infrastructure in Newry is considered deficient and was identified as a major constraint to development of the Albert Basin;• Particular emphasis was placed on the need to develop Newry's roads;• The "Southern relief" road development was highlighted as a key infrastructural project;• There is a need for more small business units, planning presents a barrier to provision of infrastructure in the time frame in which it is required;• Newry has 105 acres of "brown field" sites that aren't accessible. It's because of lack of access that Newry has had to develop using "out of town" sites;• There is still high demand for workspace in Kilkeel, Rostrevor, Annalong and Warrenpoint;• Newry and Mourne lost 3 hotels during the "Troubles", in Rostrevor, and these have not been replaced;• Infrastructure in the centre of Newry is not benefitting from the retail boom;• Undertaking a large infrastructure (Southern relief Road) project represents an opportunity to ensure that economic development is demonstrable;• Concern was voiced over the lack of clarity surrounding Newry's Area Plan;• The cost of developing infrastructure was identified as being relatively low under the current economic conditions and this was identified as an opportunity that should not be missed.
Public Realm	<ul style="list-style-type: none">• Newry requires aesthetic works to improve the City's public realm. Parts of the city centre were described as looking like "a shanty town";• Investment in public realm should come from retail sector which is enjoying success in Newry. In particular, investment should come from multi-national retailers whose profits are largely removed from the Newry and Mourne area;• Investment in Hill Street is required.

Government Intervention	<ul style="list-style-type: none"> • Government intervention needs to be more closely linked with the needs of local economies/more locally focussed; • What is required in Newry west differs from what will be required in south Armagh or south Down; • The Council needs to develop its role in providing tailored interventions for the local economy; • Imminent impact of RPA should be considered within the Local Economic Development Strategy; • There needs to be a close alignment between DETI and DEL in development of economic activity and employment; • NMDC should have greater freedom from central Government so that people with local knowledge can devise and implement economic development programmes • Council should not be prevented from implementing development programmes/initiatives (business start up programmes in particular) because a similar initiative may or may not be undertaken at some stage in future by Invest NI • ICT and Bio-Technology businesses are “in vogue” in terms of financial support at present, however less glamorous businesses should not be forgotten; • It was suggested that a new body for administering funding to the business sector should be created (similar to what is available for the community sector at present); and • Council should have a budget for providing matched funding so that programme ideas developed in Newry are not prevented due to lack of matched funding .i.e. using Council funding to draw down EU funding.
Education	<ul style="list-style-type: none"> • A need for improvements in the FE sector in Northern Ireland was highlighted in order to develop fourth level education and skills; • The Southern Regional College was identified as being a good resource for both essential skills training and further education; • Dundalk Institute of Technology was identified as being a high quality third level resource which should be used by NMDC in its economic development strategy; • The importance of instilling self confidence into young people in NMDC before they have to enter the labour market was identified; • 4 of Northern Ireland’s highest quality grammar schools are located in NMDC (Our Ladies Grammar, Sacred Heart Grammar, St Colmans College and Abbey Christian Brothers Grammar). The students at these schools should be introduced to

	enterprise and entrepreneurship at an early stage.
Retail	<ul style="list-style-type: none"> • Recognition was given to the fact that the retail sector in Newry is booming. However, the benefit of the retail sector to the local economy in Newry is limited by the influence of UK based multi-national retailers and the removal of profits out of the local area • It was suggested that large retailers that are benefitting from being located in Newry should contribute, in a tangible way, to the infrastructure or the public realm in Newry • The retail sector skews the development (or perceived development) of Newry's economy • Multi-national retail organisations should exercise more corporate social responsibility where Newry's economic development is concerned
Labour and Employment	<ul style="list-style-type: none"> • A "significant spike" in unemployment in January 2009 was expected, with local businesses waiting until the new year to give news of redundancies; • Trends in unemployment vary by region within NMDC, for example unemployment in Kilkeel quadrupled in the latter half of 2008; • Unemployment in Newry increased from 900 to 1350 in the 6 months to December 2008; • The focus of the employment agency in Newry until mid 2008 was on "hard core unemployed" people. Now the focus is on highly skilled employees and a completely different approach is required; • The impact of new American "protectionist" policies in the immediate future was highlighted as being a risk to the economy in NMDC (and in the aerospace industry in Kilkeel in particular); • There is a requirement for strong re-skilling programmes; • New careers opportunity website http://www.newrycareers.com/ developed in conjunction with Southern Regional College; • The "Skills Survey" for Newry needs to be updated; • A workforce development forum has recently been established and will first meet early in 2009; • Newry manifests social capital.
Opportunities	<ul style="list-style-type: none"> • Export of soft goods must lead development of Newry's economy and this can only be done through strong links to the

	<p>education sector;</p> <ul style="list-style-type: none"> • NMDC Economic Development Forum has stopped operating in recent years (largely due to a lack of funding) and it was felt that re-establishing this forum represented a significant opportunity for Newry’s economic development up to and beyond 2013; • The cost of developing infrastructure is low under current economic conditions and this was identified as an opportunity that should not be missed; • Smaller scale foreign direct investment – NMDC should focus on attracting small and medium sized overseas businesses to Newry. Invest NI’s focus tends to be on “big ticket” inward investment; • Additional funds that are provided at Government agency level could allocated to local economic development agencies; • The attitude of the population in Newry is considered to be a significant opportunity since it has previously generated large successes from relatively small (financial) interventions; • New low cost airline routes to American cities are opening all the time. These present opportunities for Newry to sell its benefits to small and medium sized enterprises abroad; • Tourism was identified as being an area that was under-exploited and that should be promoted at home and abroad; • Local Councils should be enabled to add value to the Northern Ireland economy; • Significant interest has been shown in “skills development” from local schools; • Newry has one of the youngest populations in Europe; • Newry should use its “quality retail brand” to promote additional benefits; • East Border Region will have funding for business infrastructure, young entrepreneurs and tourism in the next round of European funding; • The link between Down DC and NMDC following RPA, within the timeframe of the current economic development strategy was identified as an opportunity to pool resources and share best practise; • A unique informal partnership exists between the public and private sector organisations in Newry which should be built upon; • Newry is strategically placed to be able to benefit from opportunities arising in “alternative energy” markets.
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Risks	<ul style="list-style-type: none"> • The economy is changing at a speed that makes it difficult for individuals, groups and organisations to keep up; • The new by-pass planned for Newry may also turn out to be an “economic by-pass”, especially if Newry city centre roads are not improved significantly; • There is a shortage of industrial development skills in the NMDC area; • There is a significant risk that Newry’s economy is becoming increasingly dependent on the retail sector; • Newry is at risk of becoming a “victim to retail” with the majority of profits being taken out of Newry and Northern Ireland as a whole; • Impact of reduction in fishing boat quotas affects Kilkeel specifically; • Differing needs within NMDC areas need to be kept in mind and any new economic development strategy should address these needs; • Risk of over-supply of workspace. Investment in infrastructure should not be based on 2008 needs alone. Consideration must be given to workspace infrastructure that will become available in 2009 through business failure; • The link between Down DC and NMDC, under RPA, within the timeframe of the current economic development strategy was identified as a risk in so far as whatever initiatives are included in the strategy must not duplicate what is happening under Down DC’s strategy.
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5.3 One to one Consultations

In addition to the common themes outlined during the workshops, one-to-one consultations with: Southern Regional College; Invest NI; East Border Region; DSD's Southern Regional Office; Northern Ireland Tourist Board; DARD; Intertrade Ireland; Monaghan County Enterprise Board; and Louth County Enterprise Board, raised the following issues:

Strengths	Weaknesses
<ul style="list-style-type: none"> • Newry's location; • Excellent roads infrastructure to and from the City; • Entrepreneurial flair; • Strong retail sector; • Traditionally strong manufacturing /construction sectors; • Warrenpoint Port is seeing an increase in freight activity and is more competitive due to exchange rates; • Low dependency on public sector jobs; • FE Campus cited in Newry; • Strength of private sector involvement; • Active Enterprise Agency (NMEA); and • Neighbourhood Renewal Partnership Board and support from DSD. 	<ul style="list-style-type: none"> • Roads and associated infrastructure; • SRC falls short of its enrolment target for free essential skills training each year; • Lack of appropriate skills; • Need to re-orientate skills; • Infrastructure geared towards manufacturing; • Communication between organisations/lack of co-ordination between agencies and Council; • Lack of strategic business plans; • Large employers not involved in local economic development; • Limited tourism "product"; and • Low level of per capita earnings.

Opportunities	Threats
<ul style="list-style-type: none"> • Business support services provided by SRC; • Following RPA management of locally focussed economic development programmes (Small Business Support and Social Economy Programmes) will be the job of the new joined up council; • Development of activity at Newry Port; • Support from EBR for small, established businesses rather than new business start ups; • Support from EBR for farm diversification; • Support from EBR for tourism development; • Promote/develop festivals in the Newry and Mourne area; • Newry and Mourne is home to 2 of NITBs signature projects; • Opportunity to increase the contribution Newry provides to tourism objectives identified in the PfG; • Under RPA DARD see the Newry/Down area as a major area for rural community development; • Under RPA DSD will pass responsibility for urban community development to local authorities, it is likely that DARD will also pass responsibility for rural community development; • The Council should take on a role in co-ordinating the various Chambers of Commerce across the area; and • The Albert Basin development represents a significant opportunity for NMDC to develop high tech workspace and attract service/ knowledge based business. 	<ul style="list-style-type: none"> • Economic climate in 2009; • Poor roads infrastructure within the City; • Sustainability of businesses – viable businesses can't fail due to a short term lack of liquidity; • Imbalance of economy, current exposure to fortunes of retail; • Lack of city centre development sites – barrier to attracting service/knowledge based businesses; • Chance of being by-passed; • Any new economic development strategy must address those who need it most – big or small business, city/rural areas; • Lack of appropriate skills – need for re-skilling; • Net “migration out” of those with skills required to provide employees to service/knowledge sector; • Widening of socio-economic/educational gaps; • Under RPA the Council will join with Down, there will be a risk in keeping focus/resources centred on issues that are key for the Newry and Mourne area; and • Risk of Council being under resourced financially/physically.

Suggested Actions

- Undertake research to identify and articulate skills needs within businesses and the economy in Newry and Mourne;
- Establish a database of companies and update it every 6 months so that it can be linked to skills needs and appropriate training;
- Progress work to improve access/infrastructure and investigate multi-storey car parking;
- Identify and undertake work that will improve the public realm so that potential investors can be encouraged to locate in the area;
- Promotion/marketing of business support services available at SRC and elsewhere;
- Promotion/marketing of free literacy/numeracy training;
- Establishing a group that brings together more of Newry's businesses/employers in one place;
- Focus on progressing the Area Plan as a matter of urgency;
- Establish the level of deprivation across the Newry and Mourne area – where are the areas of greatest deprivation and what are they deprived of;
- Promote/develop events and festivals e.g. the Blues Festival at Warrenpoint and the Fiddlers Green Folk festival in Rostrevor;
- Maximise position between Belfast and Dublin, particularly by developing tourism products;
- Council should co-ordinate actions of schools/colleges and make people aware of the strength in this area;
- Undertake to provide new workspace that is geared towards ICT/Knowledge businesses, similar in nature to a development recently completed in Ardee;
- Package and sell the appeal of Newry and Mourne's natural environment; and
- Heighten the profile of NMDC's Economic Development Unit.

5.4 Conclusion

This section builds on the data profiling exercise presented in chapter 4, to provide the views of people 'on the ground'. The key messages coming from the consultation exercises are that:

Economic Climate

- The economic climate in 2009 presents challenges (unemployment/financial resource constraints) that haven't been experienced in over a decade; and
- Areas within the NMDC area have different economic development needs.

Political Climate

- RPA will impact on NMDC's economic development strategy, exactly how RPA will affect NMDC is as yet unknown;

Location

- Newry City is ideally situated to attract businesses that want to trade on an all-island basis; and
- Newry City is ideally situated to attract visitor tours.

Infrastructure

- Infrastructure to and from Newry is excellent but Newry City's roads infrastructure is poor and is hindering economic development;
- There is a lack of city centre development land available for new high tech workspace. The potential of the Albert Basin should be considered in this area;
- Newry's port represents an opportunity to develop national and international links; and
- Newry City centre's public realm needs investment.

Enterprise

- Newry's retail sector presents opportunities for the area, but also poses some significant risks;
- Newry manifests "Cultural Capital" and its population exhibits high levels of entrepreneurial spirit;

Tourism

- The NMDC area has significant opportunities to derive additional economic benefit from tourism;

Skills

- NMDC area must identify what skills are in the area at present and what skills will be required in future to inform development of the local economy, particularly with a view to attracting service/knowledge based businesses.

The strategy and action plan presented in the following chapter addresses each of these key themes.

6. ECONOMIC DEVELOPMENT STRATEGY AND ACTION PLAN

6.1 Introduction

This section presents the vision, themes supporting the vision, objectives and actions suggested under this Strategy. The aim of this strategy is to provide NMDC with a series of achievable actions that can have significant impact at a sub-regional level, building on past economic successes and mitigating against risks that have been identified through our profiling and consultation exercises. The suggested actions have been developed through an iterative process with NMDC council representatives. An initial long list of actions was developed to fully reflect issues raised in the profiling and consultation exercises. Through discussions with NMDC representatives, this long list was filtered to reflect a desire to avoid duplication of effort across economic development practitioners and to focus on where NMDC can add value.

The current uncertainty in the global economy and stagnated performance of the local housing market suggests a different economic context in which to deliver the NMDC strategy. The agenda for NMDC to 2013 ranges from improving efficiency and developing infrastructure, to making NMDC an attractive investment location to exploring tourism opportunities. The basis for any economic action must therefore be centred on orienting the skills of the population in Newry to enable the economy to adapt in its development.

Actions outlined in this strategy also provide an overview of potential delivery partners and potential sources of funding. It should be borne in mind that the assessment of potential funding programmes has been conducted at a high level and funding options should be explored fully on a project by project basis through the duration of this Strategy/Action Plan.

6.2 Vision for Newry and Mourne District

Supporting a Diverse and Sustainable Business Base, Population and Region

6.3 Supporting the Vision

The vision for NMDC is supported by three themes– Skills, Enterprise: Survive and Thrive and Public Realm. Under each theme, a series of objectives and actions are proposed.

6.3.1 Skills

Rationale: Investment in education, skills and lifelong learning is the cornerstone of any successful economically competitive region. Newry benefits from having four excellently regarded Grammar schools and a new highly regarded Regional College. However educational attainment in Newry could be improved and consultations revealed that basic literacy and numeracy skills are an issue that require particular attention.

Consultations also revealed that basic literacy and numeracy, and removing other barriers to work (such as childcare issues) were important issues to address.

To assist in improving the skills and educational attainment of the workforce the objectives in this theme are:

Improve Basic Literacy and Numeracy Skills: The Socio – Economic Profile Report (2007) prepared by Regional Forecasts on behalf of Newry and Mourne District Council found that the percentage of people with no qualifications in 2001 in Newry and surrounding Council's was higher than the Northern Ireland average. This is despite SRC offering free essentials skills training. Actions under this objective include promoting skills development and assessing barriers to training.

Strengthen Strategic Links with Further and Higher Education Sectors: The emphasis on Further Education as a driver of economic development through the 'FE Means Business Strategy' makes it essential that Newry develops strong alliances with the Further and Higher Education Sectors to ensure that the issues facing Newry businesses and Newry residents (such as low skills levels) are reflected in the activities of both the Council and the "Southern Regional College".

Strengthen Links between Local Businesses and Education Providers: Traditionally the skills base has been orientated towards manufacturing, construction and agriculture. More recently Newry has found itself benefitting from a strong retail sector. Improving links between education and business are vital in matching skills needs to personal aspirations and in helping to motivate young people. There is an important role for the Business Education Partnership and other providers to take a lead role in strengthening these links.

It should be noted again that in developing actions, NMDC representatives were keen to avoid duplication of effort across economic development practitioners, but did seek to add value where possible. For example, basic literacy and numeracy have been identified through our consultations as important areas to address but it was felt that this is being addressed through other channels, nevertheless a role for Council may exist in promoting the availability of essential skills training within the SRC. Suggested actions below are intended to address gaps in provision.

Theme: Skills

Actions

Indicative Actions	Sample Outputs	Potential Delivery Partners	Indicative Outputs/Outcomes	Timescale	Possible Funding Sources
<p>1.1: Improve basic literacy and numeracy skills</p>	<ul style="list-style-type: none"> ▪ Promote a Skills Development Campaign to promote the benefits of skills development to individuals and business. ▪ Facilitate ready access to information on education and lifelong learning. ▪ Promote Migrant Workers language skills training. ▪ Assess barriers to training (childcare provision etc) and implement actions to remove them. 	<p>Newry District Council EBR through Interreg IV DEL Southern Regional College Local Community Groups DETI DE Training & Employment Agency</p>	<p>Improved skills base Improved access to training information Improved access to language training from migrant worker population Report on barriers to training and action plan</p>	<p>Ongoing Ongoing Ongoing 2008-09</p>	<p>NMDC, DEL DE Interreg IV</p>
<p>1.2: Strengthen strategic links with further and higher education sectors</p>	<ul style="list-style-type: none"> ▪ Engage with local Further and Higher Education College Campus to promote a wider curriculum. ▪ Support and develop strategic alliances with the Further and Higher Education Sectors to reflect the impact of skills on Local Economic Development in Newry District. This may include programmes to support re-skilling the workforce to take account of changing economic conditions. 	<p>Newry and Mourne District Council Southern Regional College DEL DETI Invest NI/NMEA</p>	<p>Improved skills base Increase in course provision based in Newry Campus of SRC</p>	<p>Ongoing Ongoing</p>	<p>NMDC Southern Regional College DEL</p>

Indicative Actions	Sample Outputs	Potential Delivery Partners	Indicative Outputs/Outcomes	Timescale	Possible Funding Sources
1.3: Strengthen Links between Local Businesses and Education Providers	<ul style="list-style-type: none"> Engage with local Workforce Development Forum to support future employability and skills initiatives. 'Dragons Den' schools competition – promote an entrepreneurship competition in schools involving preparation and presentation of a business plan to local entrepreneurs. Enhance partnership working with the Business Education Partnership and develop strategic initiatives. Facilitate student work placements in local businesses and industry. 	Newry District Council BEP DEL Private sector Workforce Development Forum Southern Regional College DETI Schools	<p>Increased understanding of business skills needs</p> <p>Annual 'Dragons Den' competition with local press coverage</p> <p>Student work placements in local businesses</p>	Ongoing Ongoing Ongoing Ongoing	NMDC, Interreg IV, DETI, Southern Regional College

Assessment of Fit with EU Funding Priorities

Funding Programme & Priorities	Degree of 'fit' with funding priorities	Suggested Projects to progress
NI EU Competitiveness and Employment Programme 2007-2013		
ERDF - Priority 1: Sustainable Competitiveness and Innovation; Priority 2: Sustainable Enterprise & Entrepreneurship; Priority 3: Improving accessibility and protecting and enhancing the environment	Medium: Range of support towards promoting entrepreneurship and competitiveness/innovation.	1.3: Strengthen Links between Local Businesses and Education Providers: <ul style="list-style-type: none"> Dragons Den' schools

		<p>competition</p> <ul style="list-style-type: none"> • Enhance partnership working with the Business Education Partnership • work placements in local businesses
ESF – Priority 1: Helping people into sustained employment; Priority 2: Improving Workforce Skills	High: Proposed range of programmes under to improve skills and labour market participation.	All projects under 1.1: Improve basic literacy and numeracy skills and 1.2: Strengthen strategic links with further and higher education sectors:
Rural Development Programme		
Axis 1: Improving the competitiveness of the agricultural and forestry sector: <i>Measure 1.1: Vocational training and Information Actions; Measure 1.2: Adding Value to Agricultural Products and Improving Marketing Capability; Measure 1.3: Farm modernisation; Measure 1.4: Supply Chain Development Programme</i>	Medium: Skills programmes are not sector specific so could feasibly access RDP funding.	All projects under 1.1: Improve basic literacy and numeracy skills and 1.2: Strengthen strategic links with further and higher education sectors could contain a rural focus
Axis 2: Improving the environment and the countryside: <i>Measure 2.1: Less Favoured Areas Compensatory Allowances Scheme; Measure 2.2: Management of Agricultural Land within Natura 2000; Measure 2.3: Agri-Environment Programme; Measure 2.4: First Afforestation (forest expansion); Measure 2.5: Forest Environment Payments</i>	Low: The focus of this theme is on improving skills and labour market participation. This RDP priority relates to the physical environment	None
Axis 3: The quality of life in rural areas and diversification of the rural economy: <i>Measure 3.1: Diversification into non-agricultural activities; Measure 3.2: Business creation and development; Measure 3.3: Encouragement of tourism activities; Measure 3.4: Basic Services for the economy and rural population; Measure 3.5: Village renewal and development; Measure 3.6: Conservation and upgrading of the rural heritage</i>	Low: Promoting skills development and employability could result in diversification into non farm activities by the rural population.	None

Funding Programme & Priorities	Degree of 'fit' with funding priorities	Suggested Projects to progress
EU Programme for Cross Border Territorial Cooperation 2007-2013 (INTERREG IV)		
Priority 1: Cooperation for a more prosperous cross border region; Priority 2: Cooperation for a sustainable cross-border region	High: All projects could be expanded to operate on a cross border basis.	All
Transnational territorial cooperation (INTERREG IVB North West Transnational co-operation)		
Priority 1: Promoting innovation and competitiveness; Priority 2: Sustainable management of natural resources; Priority 3: Improving connectivity/accessibility; Priority 4: Promoting strong and prosperous communities at Transnational level	Medium: activities that promote entrepreneurship - are likely to be consistent with priority 1 of this fund.	Efforts should be made to source a suitable partner to enable applications to this funding.
Transnational territorial cooperation (INTERREG IVC Interregional cooperation)		
Priority 1: innovation and knowledge economy; Priority 2: Environment and risk prevention	Medium: activities that promote entrepreneurship are likely to be consistent with Priority 1 of this funding programme.	Efforts should be made to source a suitable partner to enable applications to this funding.

6.3.2 Business: Survive and Thrive

As the Northern Ireland economy continues the shift from the 'factory to the office', and as lower value added employment continues to move to lower cost bases, the wealth creation challenge becomes more dependent on local businesses.

Rationale: Wage levels in Newry are low (relative to NI) and the district currently relies on manufacturing and retail for a significant proportion of its employment provision. This theme recognises the need to diversify the economy and increase wage levels through continued entrepreneurship, increased productivity within firms and the development of other sectors e.g. Knowledge Businesses. Similarly, the theme recognises the difficult prospect of maintaining existing levels of economic activity in the short to medium term, but identifies unique areas in which the area can continue to grow.

In keeping with the aims of the EU's Lisbon Agenda which sets the European Union the goal of becoming "the most dynamic and competitive knowledge-based economy in the world" by 2010 and in keeping with the Economic Vision for Northern Ireland which aims to promote innovation and enterprise a key objective this pillar recognises the desire across NMDC to strengthen indigenous businesses and diversify the NMDC economy.

As a result of the issues summarised above, the objectives identified under this theme are:

Nurture a Culture of Enterprise: Newry enjoys high levels of entrepreneurship, with Newry and Mourne recording the highest number of business start ups in any District Council area in Northern Ireland. Consultations also identified a need for additional workspace and improvements to infrastructure to facilitate this aim. The new Local Economic Development Strategy aims to build on the area's existing entrepreneurial spirit by developing a SME Development Programme, including development of and SME Franchise Development Programme, and a Knowledge Development Programme.

Develop and Support a High Value Added Tradeable/Business Services Sector: FGS McClure Watters' consultations and Regional Forecasts' socio economic profiling analysis have identified that the services sectors are underdeveloped in Newry. These sectors (which include financial services, tourism, call centres, IT sectors etc) are identified as the key providers of future employment opportunities across Northern Ireland and Newry must begin to develop these sectors. This Strategy proposes developing a range of programmes to maximise the potential of the Newry and Mourne District within the Tradeable/Business Services Sector.

Support to Existing Businesses to Improve Productivity: The Northern Ireland Economic Vision aims to improve Northern Ireland's productivity and close the gap with the rest of the UK. This support is particularly necessary given the difficult economic climate in which existing businesses now have to operate. To assist companies within the Newry and Mourne District to remain competitive, this objective suggests the provision of support towards innovation and capacity building. The Newry and Mourne area benefits from high quality education and training institutions. The Southern Regional College Business Support Centres provide specialised business support services, facilities and customised training for SMES. Business Support Centres are based on Armagh, Portadown and Newry campuses. Services

available include: Training Needs Analysis; On-Site Training via a mobile IT bus if required; On-Line Learning/ E-Learning; Daytime, Evening or Weekend Courses; Quality tailor-made training courses; Web Page Design; The Business Club; Business Seminars; Hot-Desking Facilities; Pre-Incubation Facilities and Prototyping. A wide range of programmes are delivered including Health & Safety; NEBOSH, First Aid at Work; Management & Leadership; Engineering; Accountancy; Financial Services; Retail; Construction; Pharmacy; Care; Hospitality; Tourism; Manufacturing; Information Technology and Communication

Support the Agri Food, fisheries/Rural sectors: In the rural areas there is a particular need to address the problems created by the decline in agriculture. The Newry and Mourne area constitutes a significant proportion of Northern Ireland's agricultural land. Consultations have identified that under the RPA, DARD see the Newry/Down area as a major area for rural community development.

Promote Tourism and Develop Tourism Products: Tourism is identified within the Programme for Government as being a key driver of economic growth. The Newry and Mourne area is home to two of NITBs five signature tourism projects, namely the Mourne Mountains and St Patricks Trail. Newry is also in close proximity to the Cooley Mountains, and represents an ideal location for visitors to explore both Northern Ireland and the Republic of Ireland. Consultations have identified that Newry and Mourne lacks Tourism "Product" i.e. accommodation and tourism activities. Furthermore, the South Armagh area is one of significant untapped natural beauty. The new economic development strategy should be cognisant of these significant tourism opportunities and their ability to generate economic growth despite the current economic climate.

Continued and Closer Working with Border Counties: Newry's location allows it to avail of significant opportunities presented through partnership working on a cross border basis. NMDC has opportunities to develop closer links with Counties Louth and Monaghan, particularly with the former through the continued development of the Newry Dundalk Twin City Strategy.

Outplacement Services: It is an unfortunate fact that the economic downturn will result in many companies having to reduce employment levels. Employers are increasingly being proactive in demonstrating that they care for their employees, and for those unfortunate enough to have been chosen for redundancy, offering them training in job search techniques, CV development and interview skills can reduce the anxiety associated with searching for a new job. This 'outplacement service' is an area where Councils could feasibly assist local companies.

Theme: Business: Survive and Thrive

Indicative Actions	Sample Outputs	Potential Partners	Delivery	Indicative Outputs/Outcomes	Timescales	Potential Funding Sources
2.1: Nurture a Culture of Enterprise	<ul style="list-style-type: none"> ▪ Annual SME Development Programmes including: <ul style="list-style-type: none"> ▪ Pre-business start initiatives in schools/colleges ▪ An enterprise awareness initiative ▪ An SME franchising programme. 	NMDC Invest NI DEL DETI SRC Private sponsorship Local Schools EBR	Sector	Support for 50 established SME's per annum Improved 'attitudes towards entrepreneurship'	Annual	NMDC, Private Sector, Invest NI, DETI
2.2: Develop and support a high value added tradable /business services sector	<ul style="list-style-type: none"> ▪ Conduct a scoping study to identify District opportunities in terms of attracting Tradeable/Business Services. ▪ Develop a range of programmes to address weaknesses, covering issues such as: <ul style="list-style-type: none"> - Skills; - Infrastructure (e.g. a high tech business park with office accommodation for high value added Tradeable/Business Services companies); and - Attracting graduates, etc. ▪ Promotional campaign to promote the area to attract Tradeable/Business Services employers. 	NMDC Newry Enterprise Agency Private sector DETI EBR EBR through Interreg IV SRC		Scoping paper Development of a range of programmes based on Scoping Paper Attract inward investment companies into Newry and Mourne District. Increase in contribution of business services to total employment Delivery of one promotional campaign	2009 2009 - 2013 2009 – 2013	NMDC, NMEA, DETI, Interreg IV

Indicative Actions	Sample Outputs	Potential Partners	Delivery	Indicative Outputs/Outcomes	Timescales	Potential Funding Sources
2.3: Support to Existing Businesses to Improve Productivity	<ul style="list-style-type: none"> ▪ Provide support towards innovation and capacity building efforts of SME's in the District and Sub Region and on a cross border basis (e.g. an audit of skills needs, business health checks, Knowledge Transfer Partnerships, etc). ▪ Raise awareness of support that currently exists in SRC. ▪ Enhance the private sector, building business capacity, expanding markets through exporting opportunities. ▪ Support local and sub regional efforts towards expanding the high tech sector and encouraging investment in research and development by local companies. ▪ Support local and sub regional efforts towards acknowledging entrepreneurship and innovation. ▪ Support local and sub regional efforts towards expanding the high tech sector and encouraging investment in research and development by local companies. ▪ Encourage and support cross border trade, cross border research and development, renewable energy and innovation efforts. 	NMDC NMEA SRC DEL Workforce Development Forum Private Sector EBR through INTERREG IV DETI Invest NI	Suite of support programmes to support innovation and capacity building efforts and increased productivity Increase in GVA per employee	2009-2013	NMDC, DETI, Interreg IV, Invest NI SRC/DEL	
2.4: Support the Agri-Food, Fisheries/ Rural Sectors	<ul style="list-style-type: none"> ▪ Deliver on Rural Community Development Strategy as submitted to DARD ▪ Make provision towards supporting a range of rural development initiatives within the proposed 	NMDC DARD Rural Development Partnership	Increase in Agri-Food business creation/survival rates Increase in rural incomes	2009	NMDC, DARD, Interreg IV, DETI,	

Indicative Actions	Sample Outputs	Potential Partners	Delivery	Indicative Outputs/Outcomes	Timescales	Potential Funding Sources
	<p>Rural Development Programme 2007-2013.</p> <ul style="list-style-type: none"> Continue efforts to support/contribute to local and cross border markets. 	<p>EBR through Interreg IV</p> <p>Town Centre Management</p> <p>Private Sector</p> <p>DETI</p> <p>Newry Chamber of Commerce</p>		<p>Enhance local/regional farmers/fisheries Markets</p>	<p>Ongoing</p> <p>Ongoing</p>	<p>Rural Development Partnership,</p> <p>Invest NI</p>
2.5: Promote Tourism	<ul style="list-style-type: none"> Promote Newry as a destination for exploring both Northern Ireland and the Republic of Ireland. Promote Newry through NITB's two signature tourism projects Contribute towards strategic alliances on a cross border basis to promote the sub-region, particularly with reference to the Cooley Mountains/Cooley Gullion. Support efforts towards enhancing and improving tourism sites throughout the District including recognised heritage sites. Develop strategic alliances throughout the EU and beyond with a view to identifying economic initiatives for the benefit of Newry District. Promote and assist with increases in Bed Space provision to meet future demand. Ensure employees in tourism are trained to deliver a quality tourist product. Develop high quality economic materials/tools to 	<p>NMDC</p> <p>ADTP</p> <p>Louth County Council</p> <p>NITB</p> <p>DETI</p> <p>DEL</p> <p>Invest NI</p> <p>EBR through Interreg IV</p> <p>SRC</p>		<p>Increase in tourism visitors</p> <p>Increase in tourism expenditure per visitor</p> <p>Strategic alliances established</p>	2009-2013	DARD Interreg IV, NITB

Indicative Actions	Sample Outputs	Potential Partners	Delivery	Indicative Outputs/Outcomes	Timescales	Potential Funding Sources
	showcase the District as the intelligent business location.					
2.6: Support Businesses in the Economic Downturn	<ul style="list-style-type: none"> Provide 'Outplacement Services' to business. Outplacement services include a range of training and coaching support services offered to individuals facing redundancy. Employers are increasingly being proactive in demonstrating that they care for their employees, and for those unfortunate enough to have been chosen for redundancy, offering them training in job search techniques, CV development and interview skills can reduce the anxiety associated with searching for a new job. Develop a bespoke 'reskilling' programme for ex-employees from the construction sector (which has been particularly impacted by the economic downturn) 	Third Party Organisations		Improved job search prospects for people made recently redundant	Ongoing	ESF

Assessment of Fit with EU Funding Priorities

Funding Programme & Priorities	Degree of 'fit' with funding priorities	Suggested Projects to progress
NI EU Competitiveness and Employment Programme 2007-2013		
ERDF - Priority 1: Sustainable Competitiveness and Innovation; Priority 2: Sustainable Enterprise & Entrepreneurship; Priority 3: Improving accessibility and protecting and enhancing the environment	High: A wide range of support towards promoting entrepreneurship and competitiveness/innovation is presented in this theme.	Activities under measures 2.1 to 2.4 should be considered for funding under this measure. Specifically, the following should be considered: <ul style="list-style-type: none"> Franchise Programme;

		<ul style="list-style-type: none"> • High Tech Business Park • Export Development Programme
ESF – Priority 1: Helping people into sustained employment; Priority 2: Improving Workforce Skills	Medium: Support for businesses in the economic downturn ‘ties in’ with skills development and helping people into sustained employment.	The outplacement services project could be eligible under ESF funding.
Rural Development Programme		
Axis 1: Improving the competitiveness of the agricultural and forestry sector: <i>Measure 1.1: Vocational training and Information Actions; Measure 1.2: Adding Value to Agricultural Products and Improving Marketing Capability; Measure 1.3: Farm modernisation; Measure 1.4: Supply Chain Development Programme</i>	High: actions to support the Agri-food sector and add value to Agri-products and makes provision towards supporting Rural Development Initiatives	Projects under the action: ‘Support the Agri-Food/ Rural Sectors’ tie into the Rural Development Programme
Axis 2: Improving the environment and the countryside: <i>Measure 2.1: Less Favoured Areas Compensatory Allowances Scheme; Measure 2.2: Management of Agricultural Land within Natura 2000; Measure 2.3: Agri-Environment Programme; Measure 2.4: First Afforestation (forest expansion); Measure 2.5: Forest Environment Payments</i>	Low: The focus of this theme is on improving business competitiveness. This RDP priority relates to the physical environment	None
Axis 3: The quality of life in rural areas and diversification of the rural economy: <i>Measure 3.1: Diversification into non-agricultural activities; Measure 3.2: Business creation and development; Measure 3.3: Encouragement of tourism activities; Measure 3.4: Basic Services for the economy and rural population; Measure 3.5: Village renewal and development; Measure 3.6: Conservation and upgrading of the rural heritage</i>	Low: The focus of this theme is on improving business competitiveness. This RDP priority relates to the physical environment	None

Funding Programme & Priorities	Degree of 'fit' with funding priorities	Suggested Projects to progress
EU Programme for Cross Border Territorial Cooperation 2007-2013 (INTERREG IV)		
Priority 1: Cooperation for a more prosperous cross border region; Priority 2: Cooperation for a sustainable cross-border region	High: All projects could be expanded to operate on a cross border basis.	All
Transnational territorial cooperation (INTERREG IVB North West Transnational co-operation)		
Priority 1: Promoting innovation and competitiveness; Priority 2: Sustainable management of natural resources; Priority 3: Improving connectivity/accessibility; Priority 4: Promoting strong and prosperous communities at Transnational level	High: All projects under this theme aim to increase the competitiveness of Newry and Mourne's businesses and aim to promote a strong and prosperous region..	Efforts should be made to source a suitable partner to enable applications to this funding.
Transnational territorial cooperation (INTERREG IVC Interregional cooperation)		
Priority 1: innovation and knowledge economy; Priority 2: Environment and risk prevention	Medium: Projects under this theme aim to develop the tradeable services/knowledge economy sectors.	Efforts should be made to source a suitable partner to enable applications to this funding.

6.3.3 Public Realm/Infrastructure

Rationale: An attractive living environment is a strong feature of the Newry and Mourne area. Quality of life and place are recognised as important factors in economic success. In fact, in a 2006 report into the relationship between quality of life and economic competitiveness conducted by Llewelyn Davies Yeang on behalf of The Northern Way, quality of life/place is identified as part of a secondary tier of drivers that help create the optimum conditions for economic competitiveness. The importance of infrastructure investment as a key driver of economic growth is documented in the Investment Strategy for Northern Ireland, the Economic Vision for Northern Ireland and the Regional Development Strategy in Northern Ireland. A well developed infrastructure can enhance the overall competitiveness of Newry, enhance employment opportunities and enhance the quality of life for residents. Consultation with key stakeholders highlighted time and again that while Newry benefits from excellent infrastructure between Newry and Dublin/Belfast, the roads and associated infrastructure within the City of Newry acts as a deterrent to many people and is undoubtedly stymieing economic development.

Maintaining and improving quality of life and place is thus an important challenge for NMDC to ensure people want to live and work in the area and that businesses wish to invest.

To enable the infrastructural needs of Newry and Mourne District Council are met, the objectives in this theme are:

Develop Strategic Routes: Traffic congestion is a long standing concern in Newry. Strategic routes are essential to increase the competitive position of Newry District and to help it attract tradeable/business services jobs. The Councils new strategy will highlight the importance attached to the Councils role in lobbying Government to progress development of infrastructure in Newry City.

Develop Strategic Sites: Developments for parking within the city are key, as is identification and development of strategic sites for high tech workspace across the Newry and Mourne area. Provision of this type of infrastructure, particularly in Newry City Centre, will act as a catalyst to inward investment among service/knowledge based businesses. Provision is made in this Strategy for Council to support the identification, preparation and development of such strategic sites.

Community Physical Regeneration: The public realm within Newry requires improvements. This should be undertaken in conjunction with development of strategic sites, to attract growth businesses. Actions within this Plan include establishing a Business Improvement District whereby those companies that have benefitted/are benefitting from operating in Newry can contribute to the up keep and improvement of the City.

Increase Broadband Uptake and Coverage: Broadband access and uptake are essential to ensure Newry businesses remain competitive and to facilitate the District's ability to attract Tradeable/Business Services. Consultations have revealed that more high tech workspace will be require across the Newry and Mourne area, and that this workspace should be within existing social centres. Actions under this objective therefore include work to promote uptake and work to enhance coverage and speeds.

Ensuring Sustainable Development: Economic Development must reflect the UK Government Sustainable Development Strategy to ensure that Newry achieves economic success without compromising on environmental awareness and quality of life. Actions under this objective will therefore promote a greater understanding and appreciation of renewable energy.

Promoting Newry as a place to work and live: Promoting Newry as a place to live and invest is vitally important to boosting the economic performance in the area. To this end, a 'sales proposition' website is suggested that markets Newry and Mourne to ex Newry and Mourne residents and potential investors.

Theme: Public Realm/Infrastructure

Actions

Indicative Actions	Outputs	Potential Delivery Partners	Indicative Outputs/Outcomes	Timescale	Possible Funding Sources
3.1: Develop Strategic Routes	<ul style="list-style-type: none"> Lobby for delivery of Traffic Management Schemes and increased development and investment in the roads infrastructure. 	NMDC, EBR, DETI, DOE, DRD, DSD, Planning Service	Agree completion date for Southern Cross Relief Road	Ongoing	DRD Roads Service
3.2: Develop Strategic Sites	<ul style="list-style-type: none"> Support preparation of development proposals for key strategic sites identified by Council or its partners. Promote Newry District as an eastern regional hub, building upon its economic status as an area of growth. 	NMDC, EBR, DETI, DOE, DRD, DSD, Private Sector, Newry Economic Development Forum, Invest NI, IFI	Preparation of development proposals and promotion of the Newry District as the intelligent business location	2009-2013	NMDC, IFI, DARD, DSD, Interreg IV, Invest NI, DETI, DOE, DRD
3.3: Community Physical Regeneration	<ul style="list-style-type: none"> Investigate/undertake up to 2 economic/community development projects e.g. community workspace. Lobby for the introduction of BIDS legislation for NI (following GB)² Introduce a BIDS in Newry 	NMDC, DSD, EBR, IFI, DARD, DSD, DETI	Feasibility reports for up to 2 economic community projects Introduction of BIDS Legislation Recruitment of businesses and formation of BID	2009-2013	NMDC, IFI, DARD, DSD, Interreg IV, PEACE III, DETI, Community/voluntary groups, private sector
3.4: Increase Broadband Uptake and Coverage	<ul style="list-style-type: none"> Develop initiatives to stimulate demand for broadband by SMEs. Support for telecoms providers and others 	NMDC, EBR, Telecoms Providers, EBR, DETI, Invest NI	Increased Broadband uptake and increased Broadband speeds and	2009-2013	NMDC, DETI, Interreg IV

² BIDs involve charging businesses within the designated area an agreed levy based on the rateable value of the property. The levy is paid into a separate account for use by the BID management team on agreed projects to improve/regenerate the local business district. The majority of businesses and a majority of the total rateable value of the properties of those voting in the area must vote in favour of the BID for it to proceed. As a consequence of this process all businesses in the area, whether originally in favour or not, must then pay the levy. In Northern Ireland no legislation currently exists relating to BIDS it is possible to establish voluntary BIDS.

Indicative Actions	Outputs	Potential Partners	Delivery	Indicative Outputs/Outcomes	Timescale	Possible Funding Sources
	to provide improved broadband coverage and speeds.			coverage in NMDC region		Invest NI EBR Telecoms Providers
3.5: Ensuring Sustainable Development	<ul style="list-style-type: none"> To promote an understanding and appreciation of renewable energy. To provide support to renewable energy projects undertaken by Council/Private and Community Sectors. 	EBR/Newry District Council, EBR, Private Sector, Renewable Energy Providers, SRC		Sustainable Development principles reflected in Council Activities	Ongoing 2009-2013	NMDC, DETI, Interreg IV, DARD
3.6: Promoting Newry as a place to work and live	<ul style="list-style-type: none"> Creation of a 'sales proposition' website, which 'sells' the benefits of living and working in Newry 	NMDC		Increased investment	Ongoing	NMDC, Interreg IV

Assessment of Fit with EU Funding Priorities

Funding Programme & Priorities	Degree of 'fit' with funding priorities	Suggested Projects to progress
NI EU Competitiveness and Employment Programme 2007-2013		
ERDF - Priority 1: Sustainable Competitiveness and Innovation; Priority 2: Sustainable Enterprise & Entrepreneurship; Priority 3: Improving accessibility and protecting and enhancing the environment	High: Development of community workspace, and enhancing accessibility are covered under this theme.	The following activities should be considered for applications: <ul style="list-style-type: none"> Community development proposals Develop initiatives to stimulate demand for broadband by SMEs
ESF – Priority 1: Helping people into sustained employment; Priority 2: Improving Workforce Skills	Low: The focus of this Theme is on public realm/physical infrastructure and does not 'fit' with the skills and employability focus of the ESF	None

	programme.	
Rural Development Programme		
Axis 1: Improving the competitiveness of the agricultural and forestry sector: <i>Measure 1.1: Vocational training and Information Actions; Measure 1.2: Adding Value to Agricultural Products and Improving Marketing Capability; Measure 1.3: Farm modernisation; Measure 1.4: Supply Chain Development Programme</i>	Low: The focus of this Theme is on public realm/physical infrastructure and does not 'fit' with the skills and employability focus of the ESF programme.	None
Axis 2: Improving the environment and the countryside: <i>Measure 2.1: Less Favoured Areas Compensatory Allowances Scheme; Measure 2.2: Management of Agricultural Land within Natura 2000; Measure 2.3: Agri-Environment Programme; Measure 2.4: First Afforestation (forest expansion); Measure 2.5: Forest Environment Payments</i>	Medium: The focus of this theme is on improving business competitiveness. This RDP priority relates to the physical environment and the sustainable development strand might therefore fit.	<ul style="list-style-type: none"> ▪ To promote an understanding and appreciation of renewable energy. ▪ To provide support to renewable energy projects undertaken by Council/Private and Community Sectors
Axis 3: The quality of life in rural areas and diversification of the rural economy: <i>Measure 3.1: Diversification into non-agricultural activities; Measure 3.2: Business creation and development; Measure 3.3: Encouragement of tourism activities; Measure 3.4: Basic Services for the economy and rural population; Measure 3.5: Village renewal and development; Measure 3.6: Conservation and upgrading of the rural heritage</i>	High: Village regeneration actions 'fit' under this funding stream	<ul style="list-style-type: none"> ▪ Support preparation of development proposals for key strategic sites identified by Council or its partners. ▪ Investigate/undertake up to 2 economic/community development projects e.g. community workspace.

Funding Programme & Priorities	Degree of 'fit' with funding priorities	Suggested Projects to progress
EU Programme for Cross Border Territorial Cooperation 2007-2013 (INTERREG IV)		
Priority 1: Cooperation for a more prosperous cross border region; Priority 2: Cooperation for a sustainable cross-border region	High: Public Realm/Spatial planning and infrastructure development are permissible themes under Interreg funding.	All
Transnational territorial cooperation (INTERREG IVB North West Transnational co-operation)		
Priority 1: Promoting innovation and competitiveness; Priority 2: Sustainable management of natural resources; Priority 3: Improving connectivity/accessibility; Priority 4: Promoting strong and prosperous communities at Transnational level	Medium: Public Realm/Spatial planning and infrastructure development are permissible themes under Interreg funding.	Efforts should be made to source a suitable partner to enable applications to this funding. Specifically measure 3.5: Ensuring Sustainable Development could be progressed under this theme
Transnational territorial cooperation (INTERREG IVC Interregional cooperation)		
Priority 1: innovation and knowledge economy; Priority 2: Environment and risk prevention	Medium: Public Realm/Spatial planning and infrastructure development are permissible themes under Interreg funding.	Efforts should be made to source a suitable partner to enable applications to this funding. Specifically measure 3.5: Ensuring Sustainable Development could be progressed under this theme

6.4 Delivering the Strategy

6.4.1 Introduction

The Actions outlined in the preceding section highlight areas where the NMDC could work to improve economic performance across the region. In conducting this analysis, it became clear that key Stakeholders in the Newry and Mourne District held the local economic development in high regard and would welcome a similar vehicle again. In addition, the time frame for the delivery of this strategy straddles the expected implementation of RPA. As such, it is prudent to liaise post RPA partners to ensure consistency in the approach to economic development. Finally, it is imperative that delivery of the actions contained in this strategy are balanced between all of the Newry and Mourne District.

6.4.2 Delivery Actions

The following actions are suggested in relation to delivering the economic development actions:

The following actions are suggested in relation to delivering the economic development actions:

- Give consideration to re-convening the Economic Development Forum
- Build on Louth Dundalk Monaghan Links to ensure economies of scale and 'critical mass' is developed to maximise the impact of Newry's strategic position
- Give consideration to conducting a review of Local Economic Development staffing requirements and structures to ensure capacity meets requirements
- Identify likely impacts resulting from RPA and implications for resourcing
- Given consideration to forming an Economic Development Sub-Group between Council officials of post RPA councils.

6.4.3 Monitoring and Communicating the Strategy

NMDC's economic development unit will take overall responsibility for monitoring and communicating the strategy.

NMDC should seek to communicate the strategy wider, via targeted forums such as the Workforce Development Forum/Economic Development Forum. This will ensure that NMDC's actions are consistent with, and additional to those of other economic development practitioners.

Furthermore, NMDC should undertake programme specific marketing activities where appropriate, to raise the profile of NMDC's economic development unit and to raise awareness of/signpost local economic development opportunities.

APPENDIX 1 – LIST OF CONSULTEES

Organisation
Newry and Mourne District Council Enterprise Development Department
Newry and Mourne District Council Economic Development Committee
Newry Chamber of Commerce
Newry Neighbourhood Renewal Partnership
Newry Local Strategy Partnership
Confederation of Community Groups Newry
Regeneration of the Mourne Area Ltd (ROMAL)
Kilkeel Development Association
East Border Region
DSD Southern Regional Development Office
Southern Regional College
Crossmaglen Chamber of Commerce
Warrenpoint Chamber of Commerce
Invest Northern Ireland
Department for Employment and Learning
Northern Ireland Tourist Board
Intertrade Ireland
Louth County Enterprise Board
Monaghan County Enterprise Board
Newry and Mourne Enterprise Agency