

URGENT ORAL STATEMENT TO NI ASSEMBLY

**PAUSING OF CITY AND GROWTH DEALS FUNDING COMMITMENT
BY BRITISH GOVERNMENT**

MONDAY 16 SEPTEMBER 2024

DR CAOIMHE ARCHIBALD MLA

MINISTER OF FINANCE

Mr Speaker, thank you for the opportunity to provide the Chamber with an update on the deplorable decision by the British Government to pause its funding commitments to City and Growth Deals until the Spending Review.

Members will have heard by now that on Saturday evening, the Secretary of State, Hilary Benn, confirmed the Derry City and Strabane District Council City Deal signing will be going ahead. I am aware, and thankful, that members had also been making representations to reverse this ill-considered move.

And I am delighted to confirm that the Deal Signing event is back on and will take place this Wednesday morning in the Guildhall.

The Secretary of State also confirmed late last night that following communication with Treasury that nothing has changed on the status of the Belfast Region City Deal.

While I welcome this move, the pause must be immediately lifted for the Causeway Coast and Glens Growth Deal and the Mid South West Growth Deal.

Background to City and Growth Deals

As members will be aware there are four City and Growth Deals: the Belfast Region City Deal, Derry City and Strabane District Council City Deal, Causeway Coast and Glens Growth Deal and Mid South West Growth Deal.

The City and Growth Deals initiative is a package of capital investment of some £1.7 billion - from the Executive, the British Government, local councils and Deal Partners.

The British Government pledged £617 million for four Deals across the North, on the basis that the Executive would match fund this investment. We did that and added another £100 million to the pot, with a £717 million contribution. Local councils and Deal partners then also added significant funding to the overall investment, seen as a catalyst for local economic growth.

Over 60 projects are currently being developed, which will be delivered across the four Deals, covering every council area. This substantial capital investment, and the numerous projects in development, will be truly transformative for local regions and for the North as a whole.

The projects range from cutting-edge innovation centres and research facilities to digital transformation projects, alongside developments in local infrastructure, exciting tourism offerings and regeneration of local cities and towns.

Decision by British Government

We only became aware of the decision by the British Government to pause its funding commitments until the Spending Review when officials were informed on Wednesday.

I immediately informed my Executive colleagues and took action to raise this with the British Government.

During a meeting with the Chancellor in London on Thursday, the First Minister, deputy First Minister and I outlined our shock and laid out the dire consequences such a decision would have, urging for a reconsideration.

We conveyed the considerable time, effort, commitment and enthusiasm that has gone into the Deals for years and advised that plans and contracts have already been put in place, at significant cost to local councils, Project Promoters, the Civil Service and Whitehall Departments.

We also made clear that such a short-sighted decision could risk private sector confidence in the investment, the securing of which has been a key objective of these Deals.

The Chancellor advised that I should engage with the Chief Secretary to Treasury on this. I wrote to the Chief Secretary to the Treasury that evening and asked for an urgent call – the courtesy of which has still not been extended to me.

I had hoped the British Government would provide space for proper political engagement to get to a positive outcome and a commitment to proceed with City and Growth Deals, honouring the pledges that have been made for some years. Pledges which included official announcements, financial profiling and British Government Ministers signing different Deal Documentation for three out of the four Deals so far – what are known as Heads of Terms and Deal Signing.

On Friday afternoon NIO informed representatives from the four Deals of the decision to pause the funding commitments.

This reprehensible decision came less than a week before the scheduled signing of the Derry City and Strabane Deal.

The Derry and Strabane Deal Signing event was called off shortly afterwards.

Thankfully, common sense prevailed with the British Government coming to the right decision late on Saturday evening, which has now enabled the Derry City and Strabane District Council City Deal Signing to go ahead as planned on Wednesday.

I know from speaking with the Council Chief Executive on Saturday night that the reinstatement of the Deal Signing has come as a huge relief to the council and Deal partners who have invested significant time and effort preparing for this important milestone which will allow funding to begin to flow to the cutting-edge projects and bring real change to the region.

Implications of the pause

While some level of common sense has prevailed, we are now faced with the incomprehensible decision to treat the Deals differently. I am clear there can be no disparity of approach.

This approach could undermine the momentum and confidence of Deal Partners in the Causeway Coast and Glens and Mid South West Growth Deals, who have put so much time and effort into developing the many projects.

I am very frustrated and angry by the handling of the matter by the British Government. The lack of information and formal communication to both Departments and Deal Partners is totally unacceptable and is not how I would expect people to do business.

Conclusion

If the British Government is serious about resetting relationships, then they must seriously reflect on this shambolic episode, put an end to this appalling behaviour. It is completely unfair that Causeway Coast and Glens and Mid South West Growth Deals should have to wait until the Spending Review for clarity. The British Government must immediately lift the pause on the Causeway Coast and Glens and Mid South West Growth Deals.

It is time to reset the reset.

These City and Growth Deals will be game-changers for our cities and towns, and a catalyst to boost economic development and create good jobs.

It's crucial that all Deals continue as planned.

I will continue to impress upon the Chief Secretary to the Treasury that the British Government must honour the commitments and pledges made to City and Growth Deals which will be transformative for our cities and towns, bringing hope and prosperity right across the North, for our citizens, communities, businesses and future generations.