



# Mid South West Region Growth Deal Heads of Terms

UK Government, Northern Ireland Executive,  
Armagh City, Banbridge & Craigavon Borough Council,  
Fermanagh & Omagh District Council and  
Mid Ulster District Council

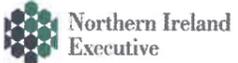
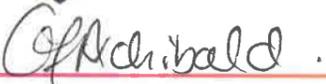
**6 November 2024**



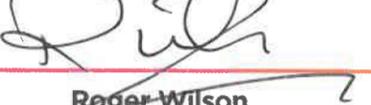
Our signing of this document confirms our joint commitment to achieve full implementation of the Mid South West Region Growth Deal.

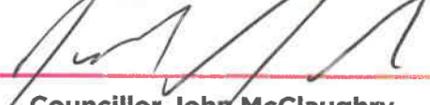
All signatories below acknowledge that this document is not intended to be legally binding.

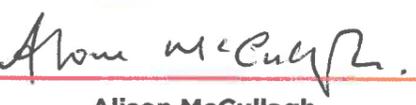
  
  
**The Rt Hon Hilary Benn MP**  
**Secretary of State for Northern Ireland**  
on behalf of the UK Government

  
  
**Caoimhe Archibald MLA**  
**Minister for Finance**  
on behalf of the Northern Ireland Executive

  
  
**Councillor Sarah Duffy**  
**Lord Mayor**

  
  
**Roger Wilson**  
**Chief Executive Officer**

  
  
**Councillor John McClaughry**  
**Council Chair**

  
  
**Alison McCullagh**  
**Chief Executive Officer**

  
  
**Councillor Eugene McConnell**  
**Council Chair**

  
  
**Adrian McCreesh**  
**Chief Executive Officer**

  
  
**Councillor Kevin Savage**  
**Chair of the Mid South West Governance Steering Group**

# Introduction

1. This Heads of Terms Document is an agreement between the UK Government, Northern Ireland Executive, Armagh City, Banbridge and Craigavon Borough Council (ABC), Fermanagh and Omagh District Council (FODC) and Mid Ulster District Council (MUDC).
2. It sets out a commitment to a Growth Deal to deliver on a suite of catalyst projects in the areas of Infrastructure, Regeneration, Tourism, Innovation and Digital, all of which are derived from and contribute to the objectives of the Mid South West Regional Economic Strategy. It is underpinned by a cross-cutting commitment by the Delivery Partners to leverage the opportunity of the investment to further job creation, skills and employability and to develop and deliver the projects inclusively and sustainably.
3. The Mid South West (MSW) Region Growth Deal investment package comprises a funding commitment of £252m from the Northern Ireland Executive and UK Government; Additional Government Funding for the A4 Enniskillen Southern Bypass and Ulster American Folk Park of £18.5million; and contributions from the Mid South West Region Councils in the region of £8million. Whilst this is significant investment, further funding will be required to deliver some of the proposed projects in full. MSW Region Councils are actively exploring options to secure additional funding and this work will continue throughout the Outline Business case (OBC) process when project objectives are clarified before signing the Deal.
4. The MSW Region Growth Deal will drive the economic potential of the region and support an ambitious, prosperous, and sustainable society. Investment will be targeted at supporting the region's growth sectors and seeks to deliver the greatest economic impact, as well as helping to deliver on the shared visions of balanced regional economic development and inclusive growth.
5. Sustainability and inclusivity will be key elements underpinning the MSW Region Growth Deal interventions. The MSW Region Delivery Partners will work with the UK Government and Northern Ireland Executive to enable economic, social and environmental wellbeing in the implementation of the MSW Region Growth Deal.

6. This is a truly exciting era for this region. The substantial investment provides an opportunity to boost the local economy and deliver change for the people of Northern Ireland and specifically, the MSW Region. The UK Government, the Northern Ireland Executive, local Councils and Stakeholders will continue to work together to deliver on this substantial investment.

This “Heads of Terms” document defines the broad activities that the government funding hopes to support, subject to government approval of business cases that confirm these activities are viable, value for money and sustainable to the satisfaction of relevant Departments within the UK Government and the NICS. This document is not intended to be legally binding, nor does it provide any legally enforceable commitment to provide future funding.

## Mid South West Region Socio-economic Profile (November 2023)<sup>1</sup>

7. The Mid South West Region makes up almost half of Northern Ireland’s land mass, it is home to just over a quarter (26%) of its people and over one third (35%) of its business population. The region’s geographic position plays a significant part in its success, sharing the longest stretch of Northern Ireland’s 499-kilometre border corridor (256 kilometres; 51%) with the Republic of Ireland where it enjoys a unique natural co-dependency in trade and investment, tourism and labour.
8. The MSW Region has become an increasingly popular place to live and work, having experienced a population growth of 79,288 people since 2002, equating to 7% above the Northern Ireland average. Currently home to 485,761 people, it has a comparatively high proportion of working-age people, a stable labour market, and concentrations of skills and experience in sectors such as manufacturing, construction, agriculture and transportation and logistics.

<sup>1</sup> MSW Region Socioeconomic Profile (November 2023)

9. The total population in the MSW Region is forecast to grow to more than half a million people by 2032 (517,329), (+ 6.4%, 2020 - 2032), notably above Northern Ireland population growth projections (+3.3% 2020 - 2032). By 2043 the MSW Region population is expected to have grown by 11%. This is more than double the predicted Northern Ireland increase (+4.6% 2020 - 2043) and represents an increase of 51,617 people, bringing the total MSW Region population to 538,009 by 2043.
10. There are 27,085 registered businesses in the MSW Region, representing 35% of all registered businesses in Northern Ireland. A majority of businesses in the region are in the agriculture, forestry & fishing, construction, transportation and logistics, professional & scientific technical and retail sectors. Manufacturing and engineering and life sciences businesses also make a significant contribution to the regional economy, which is home to several large employers in these sectors.
11. The MSW Region accounts for more than one quarter (28%) of all Northern Ireland businesses with a turnover exceeding £50m. The MSW Region accounts for more than half of all agricultural businesses, and more than one third of all production (manufacturing) and construction businesses in Northern Ireland. The MSW Region is home to a range of indigenous and international businesses, engaged in a full range of innovation activities including R&D, through to new product development and manufacturing. In 2023, the MSW business average innovation activity rate for Invest NI supported businesses was higher at 78% than the Northern Ireland average at 74%.
12. Latest figures available show that in 2020 the Mid South West Region:
  - Contributed £10bn in Gross Value Added (GVA) to the Northern Ireland economy - 23% of the total (£10.0bn of £43.7bn).
  - manufacturing businesses made the largest contribution to GVA in the region, contributing a total of £2.3bn (just under 25% of total MSW GVA and 40% of all manufacturing related GVA in Northern Ireland).
  - contributed just under half of Northern Ireland’s total GVA in the agriculture, forestry, fishing, and mining and quarrying sectors, more than two fifths of Northern Ireland’s entire manufacturing GVA, and just under one third of total GVA in the construction sector.
  - generated £6.6bn in external sales, accounting for just over one third (34%) of Northern Ireland’s £19.6bn external sales. The region’s share of external sales has remained stable.

13. Most recent data for the MSW Region shows an upward trend in both the number of overnight trips and total estimated expenditure since 2016. The region is home to several prominent and unique tourism attractions including, for example, the homeplace of Seamus Heaney, the Fermanagh Lakelands – including the Cuilcagh Lakelands UNESCO Geopark, the Ulster American Folk Park, the Sperrins Area of Outstanding Natural Beauty (AONB), the Hill of The O’Neill, the two Cathedrals in Armagh City and more recent additions such as the Game of Thrones Studio (opened in 2022 and therefore not reflected in the data).
14. The MSW Region has been attracting a steadily increasing share of visits to Northern Ireland attractions since 2013, from 17% in 2013 to just under 25% in 2019. The region has added substantively to its tourism product offer over the period and needs to continue to invest in the future, including larger scale tourism product development, in order to further grow the regional tourism economy. The MSW tourism offer is also attracting increasing numbers of visitors from the Republic of Ireland where there is further scope to grow visitor numbers given the region’s border location.

## Challenges

Projects to be delivered as part of the MSW Region Growth Deal will focus on addressing structural weaknesses in terms of delivering ‘better’ jobs, driving productivity and reducing regional imbalances. The projects will have the potential to be transformative not just for the economy of the Mid South West Region, but that of Northern Ireland as a whole.

Challenges to be addressed include:

15. The Mid South West (MSW) Regional Economic Strategy (RES) identifies the region’s most significant challenge as lower productivity when compared to the rest of Northern Ireland, as well as between Northern Ireland and the UK. According to research conducted by the Productivity Institute, productivity in Northern Ireland is 17% below the UK average, which is in turn 29% below the Republic of Ireland average. There is therefore a continued need for investment

in regional business supports that effectively increase productivity among the existing workforces. There is also a need to encourage growth among micro, small and medium sized businesses operating within higher value adding sectors, such as manufacturing and engineering, and life and health sciences.

16. There have been decades of significant underinvestment in MSW’s road infrastructure. While the region accounts for half of Northern Ireland’s land mass, data shows that motorways and A roads make up just 8% of the region’s road infrastructure. The critical mass of economic activity in MSW has been achieved despite the deficit of investment in enabling infrastructure demonstrating the resilience and determination of indigenous businesses in the region to succeed.
17. Of the four Northern Ireland City and Growth Deals, MSW is the only region that does not have a physical university presence which is significant given that Queens University Belfast and Ulster University are leading on the majority of the innovation proposals in the other three Deals. In order to fully realise and deliver on our Growth Deal Innovation (and Digital) ambitions support from universities will be sought.
18. There have been severe and long-standing supply constraints in terms of available industrial land in MSW. This deficit is limiting the growth of existing businesses, discouraging investment in the region by new businesses due to lack of suitable space, and ultimately negatively affecting local residents.
19. The need to decarbonise is of critical importance to the region in order to mitigate the impacts of climate change particularly given that MSW key industrial sectors are mostly the hardest to abate sectors.
20. The MSW Region claims almost one fifth of the 10% most income deprived Super Output Areas in Northern Ireland. In 2017 (latest available data) between 7% and 24% of households in the MSW Region were living on less than 60% of median incomes in Northern Ireland. The MSW Region has an average of 19.6% child poverty and 7.4% of ageing poverty, both of which are above the Northern Ireland averages.
21. Figures regarding Gross Disposable Household Income, which can be used as a measure of living standards, show that in 2020, the MSW Partner Council areas were on average 3% below the average level of GDHI in Northern Ireland.

# Project Proposals

22. The following objectives have been set for the MSW Region Growth Deal:
- Help to deliver on the ambitions set out in MSW Regional Economic Strategy (launched September 2020).
  - Reaffirm the Mid South West Region as a critical 'Economic Engine' key to Northern Ireland's economy.
  - Future proof the skills base within the MSW Region.
  - Further strengthen MSW's key sectoral strengths in advanced manufacturing, engineering, agri-food, health and life sciences, tourism and construction.
  - Drive Innovation to increase productivity, GVA, jobs, competitiveness.
  - Drive business growth.
  - Protect the region's unique sectoral advantages and realising sectoral opportunities.
  - Create more good jobs.
  - Respond to industry need and deliver long-term benefits.
  - Balance the regional economy.
  - Increase the region's global impact and underline the benefits to the Northern Ireland economy.
23. MSW has agreed twelve project proposals for inclusion within this Heads of Terms agreement with the Northern Ireland Executive and UK Government. The twelve projects contribute directly to the first three pillars of the MSW Regional Economic Strategy and consideration will be given to identifying skills needs at the project level outline business case stage. MSW Region partners will work together with the Northern Ireland Executive and UK Government to develop an integrated programme for employability and skills to underpin and leverage the MSW Region Growth Deal.
- Enabling Infrastructure
  - Boosting Innovation and Digital Capacity
  - Building a High-Performing Tourism Economy
  - Future Proofing the Skills Base

24. The project proposals have the potential to deliver additional jobs, increase GVA, drive growth in output and wages, increase in visitor numbers and spend, and provide a population magnet as further people are attracted to come to the region. These economic benefits will be quantified within the OBCs for the individual projects.
25. Commitment to addressing the 'Climate Emergency' will be core to the Growth Deal through the MSW Delivery Partner Climate Action Plans to accelerate progress towards achieving NI Net Zero targets.

# Project Summaries

The following information broadly defines the projects to be prioritised for support through the Mid South West Region Growth Deal. Funding for the proposed projects and activities will be subject to the development and approval of business cases to the satisfaction of the relevant Departments. Business case information must satisfy the relevant Northern Ireland Executive and UK Government Departments that the proposed activities are feasible, sustainable, value for money and will deliver suitable returns on investment. The relevant Public Authority must also be satisfied that the award of funding is compliant with subsidy control principles.

## ENABLING INFRASTRUCTURE, REGENERATION AND TOURISM

The single largest impediment to Mid South West Region's growth and prosperity is the absence of the basic enabling infrastructure. Decades of underinvestment in our road and rail network has left communities marginalised and isolated from essential services as well as businesses facing a daily battle in the movement of freight to export goods and products via non-classified road networks, with consequent impacts on growth, productivity and competitiveness. In order to address regional imbalance, it is essential as a first step to install the basic connectivity that underpins economic activity and catalyses growth and business development.

Whilst MSW accounts for half of the land mass in Northern Ireland, prevailing data shows that motorway and A roads account for only 8% of the MSW road network.

MSW Region Growth Deal investment will be a driver for regeneration and 'year-round' growth in tourism from international markets. It will deliver tourism propositions of scale that will help to further raise the international profile and appeal of Northern Ireland as a destination. The world class experiences and attractions that will be developed, will create compelling reasons for international visitors to enjoy an extended stay in Northern Ireland, moving in greater numbers beyond the existing Northern Ireland tourism 'hotspots'. Our catalytic investments will also support reinvigoration of our city heritage.

26. **A4 Enniskillen Southern Bypass**

Enniskillen remains a bottleneck for long distance traffic on the Belfast to Sligo route, however the proposed Enniskillen bypass will provide a new transport link to the southern side of Enniskillen town, improving the connection between the A4 Dublin Road and the A4 Sligo Road.

Development of the A4 is critical to unlocking productivity gains and stimulating economic growth in Fermanagh and Omagh, the wider MSW Region and Northern Ireland more generally. The delivery of this new strategic transport link will be transformational. The scheme will provide a strategic link for traffic wishing to bypass Enniskillen Town Centre; reduce town centre congestion; improve journey times and reliability; improve road safety for all road users; improve business connectivity and uplifts economic capacity and growth; The project will also provide significant benefits to the town centre environment through improved air quality and reduced greenhouse gas emissions during the operational phase.

27. **A29 Cookstown Bypass**

The A29 Cookstown Bypass is critical to unlocking economic growth in Mid Ulster and the entire MSW Region. At present, the A29 runs north to south through the centre of Cookstown, connecting Coleraine on the north coast to Cookstown, Dungannon and onwards to Armagh City. The A29 is a trunk road and has been classified as one of four link corridors within the transport network of Northern Ireland.

The delivery of the A29 Cookstown Bypass project will be a gamechanger, having transformational impact on improving business connectivity, lifting the region's economic capacity, reducing congestion, improving journey times, improving road safety and accessibility to regional services. The project will also provide significant benefits to the town centre environment through improved air quality and reduced greenhouse gas emissions post construction.

28. **Armagh Gaol**

The Armagh Gaol Restoration and Transformation Project represents the first phase in a masterplan of distinct, but complementary heritage-led regeneration interventions titled the Armagh City Centre Reinvigoration Intervention (ACCRI). The proposed conservation, preservation and enabling works throughout the existing Armagh Gaol buildings will provide a range of facilities through a mixed-use scheme. Linkages will be made with the historic Mall to encourage catalytic impacts and investment for city wide regeneration.

Armagh Gaol will generate sustainable economic and social benefits for the community, as well as providing a focal point for new shared civic space. The intervention will bring a historical landmark building back into use and overcome the conservation deficits associated with the vast listed complex. A range of local needs will be addressed through the provision of commercial and community spaces. As an iconic building overlooking the Mall, the transformed Gaol will offer the potential to attract new visitors and investment into Armagh and to enhance the city centre as a unique and special place to live, work and visit. The regeneration of Armagh Gaol will offer the potential to unlock future phases of the Armagh City Centre Reinvigoration Intervention, regenerating the city centre and addressing the current physical, social and economic issues pertaining to it.

29. **Ulster American Folk Park (UAFP)**

The transformational investment through the MSW Region Growth Deal, will update and enrich the unique experience on offer at the UAFP. It will create an immersive and experiential living history experience of an unforgettable journey and reinvigorated museum experience.

The project, by virtue of its location, represents a strong opportunity to spread the benefits of tourism in Northern Ireland. It will be a significant investment into the area, which is underperforming in tourism but has a renewed ambition to grow tourism in sustainable and regenerative ways; thus, offering new opportunities in terms of economic return and social value benefits that more visitors will bring to the area. This project will target strategic capital investment at transforming the UAFP from a much-loved visitor attraction of the past to a dynamic heritage centre and tourism hub, benefitting both local people and inbound tourists and /visitors. It will play a relevant and meaningful role at the heart of the community, offering inclusive opportunities for learning, wellbeing and skills development. It will also be a powerhouse of MSW's economic growth engine, generating tourism from both close-to-home and international tourism markets with a particular focus on the high growth potential in North America.

30. **Cuilcagh Lakelands Landscape Project**

Regenerative tourism within responsible landscape management is core to this proposed investment.

The Project will enable the development of five key assets - Marble Arch Caves, the Cuilcagh Boardwalk, Lough Navar, Castle Caldwell and Greenway, and the cross-border “Smugglers’ Trail”. All sites are located within the Cuilcagh Lakelands UNESCO Global Geopark and will drive change in tourist numbers, dwell time, spend and visitor behaviours.

The proposition will generate positive outcomes for the area including increased tourism spend, increased community engagement and access to sustainable recreational amenities, increased employment opportunities, “Green Growth”, innovation led growth and inclusive growth.

Direct economic benefit arising from increasing the number of overnight trips and increasing the average length of stay to the Geopark area is estimated to have a potential impact on the visitor economy of the Geopark of £51.7million in GVA over the ten years post-project completion.

Beyond the direct economic benefits, the proposal also has the potential to be catalytic in increasing day visits and the associated additional visitor spend, lead to increased direct employment through management and maintenance of sites, leverage in private sector investment in accommodation and hospitality, stimulate induced and indirect employment in the visitor economy and environmental management and provide opportunities for residents and communities to “get active” in the environments, addressing imperatives to encourage health and wellbeing.

## **BOOSTING INNOVATION AND DIGITAL CAPACITY**

MSW will play its part in building capabilities in Northern Ireland so that it can develop an innovation ecosystem to support innovators and manufacturers. To this end, the Growth Deal provides the opportunity to deliver targeted interventions that will create the conditions for manufacturers to produce more competitive products through sustainable processes, while businesses and public sector organisations will be afforded the opportunity to develop and deploy their game changing concepts to increase competitiveness, capacity, capability, profitability and inclusive growth, thus contributing to financial, environmental, and societal bottom lines.

31. **Robotics Automation Packaging Innovation Centre (RAPIC)**

The CAFRE Robotics Automation and Packaging Innovation Centre (RAPIC) will aim to support the Northern Ireland Food and Drink Industry in developing and adopting innovative solutions, based on Industry 4.0 principles and positive sustainability practices, to address the challenges within the sector.

This will enable Northern Ireland to realise many of the specific targets laid out by the Northern Ireland Executive and wider UK Government.

The objectives of RAPIC will be to:

- support the sector in increasing productivity through the adoption of digital and sustainable practices.
- support the sector in reducing food processing waste, with subsequent cost savings.
- embed the themes of Industry 4.0 and sustainability within curriculum.
- facilitate an increase in sector expenditure on research and development.

RAPIC will be a knowledge centre, providing space for industry to trial and understand new methods of processing or packaging. The centre will provide a simulated food factory environment for trials and demonstrations. It will also have a strong focus on virtual reality, digitisation, digital twinning and alternative processing and materials. The centre will also have enhanced materials handling and distribution testing facilities to support companies on their sustainability journey. The unique feature of RAPIC will be the accessibility to food technology experts and advanced manufacturing specialists, through CAFRE’s collaborative relationships with other knowledge providers, under one roof.

32. **Agri-Bio innovation Centre (ABiC)**

ABiC will create a regional centre providing an innovation bridge across the agri-supply chain supporting agri-tech, food and climate innovators with space, knowledge and connections. The facility will bring forward technological development in the industry to support sustainable development from farm to fork.

The centre will be developed in such a way to:

- address the undersupply of innovation space and facilities to enable the development of products for the industry (space)
- support the investment of translating research into application and technology development,
- support the agri-business community (people) creating a networked environment on site and regionally.
- enhance the services, programmes and skills provision to the industry both locally and regionally through collaboration with stakeholders (service)

The project will provide a coordinated support for the agri-tech and agri-food supply chain, providing opportunities to develop new products and advance research, unlocking investment for the MSW Region and Northern Ireland, which in turn will improve productivity in this sector. This project will stimulate job creation, GVA and skills in the agri-industry, and stimulate networking and collaboration across the agri-business community at the site and beyond.

The proposal will aspire to support agri-innovation in areas such as smart farming solutions, use of technology and Geographical Information Systems (GIS), via sensing devices, informed decision making to monitor crops, soil, and animals, technologies to support precision farming, technologies to decarbonise the food system, plant health and agri-environmental technologies.

In addition, food innovation forms part of this proposal, which may also include food product development, improving food processes and nutritional content. All of which will improve resilience and productivity of the industry.

## MSW REGION COMMITMENT TO DECARBONISATION

As Northern Ireland's industrial heartland, the MSW Region is committed to playing its part in supporting the achievement of the Government's net zero goals. The MSW Region recognises that timing is critical and market failure exists, therefore wishes to adopt a multifaceted approach to working with industry to overcome the barriers they face. Consequently, its proposed Industrial Decarbonisation programme of activity intends to support a green transformation in its local industry and propel the region's industrial business base forward, ensuring it expands into new and growing markets in a low-carbon world, while protecting its broader competitiveness.

### 33. **Green Energy District**

The Green Energy District will radically reduce carbon emissions and build a sustainable future through the delivery of decarbonisation technologies within the major economic and industrial cluster in Craigavon. This will be a unique project, providing a first of its kind opportunity in Northern Ireland.

The industrial cluster within Craigavon is the economic heartland of Northern Ireland comprising over 160 businesses who employ in excess of 12,000 people that together contribute £3bn to Northern Ireland's GVA. The Green Energy District proposal addresses the critical concerns identified through extensive consultation with industry in the area. It will deliver technological solutions to maximise the availability of decarbonised energy and access to it through energy grids in the area.

The project will position this important industrial cluster as an attractive, strategically located and decarbonised location to expand and invest in. The cluster will be a catalyst for economic growth and an accelerator of the net zero ambition of the whole region providing a pioneering test bed for other clusters in Northern Ireland.

By repositioning the area into a smart, sustainable, decarbonised energy zone, the capital investment could enable the MSW Region to become a leading location for green and smart technologies, providing benefits for all Northern Ireland. The development of new and innovative technologies will also present opportunities for the expanding local green industry sector and help channel job creation.

### 34. **MSW Programme Business Case**

The proposed programme will lay the bedrock for industrial decarbonisation in the region, supporting a journey of switching away from fossil fuel combustion to low-carbon alternatives such as hydrogen and electrification, deploying key technologies such as carbon capture, usage and storage, and supporting industrial sites in the region to maximise their energy and resource efficiency to reduce costs for businesses. The Programme comprises four component projects: Desertcreat, Green Innovation Park; Green Hydrogen Distribution Network; Concrete Sustainability Innovation Centre; and Green Industrial Challenge Fund.

34a. **Desertcreat Green Innovation Park**

The need to decarbonise and achieve NI Net Zero targets is of the utmost importance for the MSW Region. The vision is to provide the foundation for driving a stronger economy in the immediate and also for the medium to long term. It is imperative that a platform exists for businesses to trailblaze in the development of low carbon technologies, products and infrastructure which will ultimately contribute to increasing industry competitiveness and contribute to Green Growth targets.

Desertcreat Green Innovation Park will address several interlinked capacity issues and challenges facing Mid Ulster's manufacturing business base. The project will provide a once-in-a-lifetime opportunity to create a transformation in the energy market in Mid Ulster and create a smart grid for the business base to provide high-quality green serviced sites to indigenous businesses enabling them to expand and grow to their full potential through green innovation solutions.

Desertcreat will provide the platform for businesses to trailblaze in the development of low-carbon technologies, products and infrastructure, which will ultimately contribute to increasing industry competitiveness and contribute to Northern Ireland's Green Growth targets.

Not only will the Innovation Park support the local manufacturing business base to adopt 'green innovation' as part of their working practices, but the project and site itself will represent the first of its kind in Ireland.

34b. **Green Hydrogen Distribution Network**

The Green Hydrogen Distribution and Refuelling Network is centred on enabling a regional energy transition pathway for the heavy goods transport sector away from carbon intensive fuels to environmentally friendly green hydrogen that will support decarbonisation of heavy-duty transportation in the broadest sense, with applicability across a range of sectors, including the construction industry product supply chain.

This project entails the creation of a regional green hydrogen distribution and refuelling network, that will be based from / co-located with a hydrogen production facility (which is separate project). Through consistency of quality and supply, this will support the decarbonisation of heavy-duty transportation (e.g. HGV fleet, off road heavy plant vehicles used in affiliated industries such as quarrying and refuse / waste collection lorries operated by local authorities).

When combined, the hydrogen production and distribution network will position the MSW Region at the forefront of transitioning towards hydrogen-based energy solutions with the associated benefits of new skills development and employment opportunities supporting a local vibrant hydrogen economy. Ongoing dissemination of 'early adopter' learnings will act as a catalyst for other businesses to scale up green hydrogen use, all contributing to NI emissions targets under the NI Green Growth Strategy and overall UK targets under the Climate Action plan, via reduced emissions and air pollution achieved through displacing fossil fuels (diesel) with green hydrogen.

34c. **Concrete Sustainability Innovation Centre**

The Concrete Sustainability Innovation Centre (CSIC) will support the concrete industry and the supply chain to decarbonise, safeguarding the sector in the longer-term.

Concrete is the world's most-used building material. Whilst it is ubiquitous, versatile, affordable, durable, strong and recyclable, concrete (and cement) currently accounts for 7% of global carbon emissions predominantly from the chemical reaction that essentially turns limestone into cement, but also from the energy used to produce the high temperatures needed to make it, and to a lesser extent from its transportation.

Led by local industry sector leaders, the Centre will support the transformation of the entire concrete supply chain and built environment sector. It will foster innovation and collaborative research providing access to the best available expertise, support material testing, workforce upskilling and develop capacity to pursue the highest environmentally friendly standards in concrete materials and building systems.

34d. **Green Industrial Challenge Fund (GICF)**

The Green Industrial Challenge Fund (GICF) aims to transform how industry uses energy and makes products. It will support industrial sites with high energy use in the Fermanagh and Omagh District Council area to transition to a low-carbon future. The fund will target existing industrial processes, helping industry to reduce energy consumption by investing in more efficient technologies; and reduce emissions by bringing down the costs and risks associated with investing in decarbonisation technologies.

Whilst the specific parameters of the GICF are continuing to be explored, it is anticipated that it will be closely aligned with the 'innovation' goals of the UK's Industrial Decarbonisation Strategy. That is, to help accelerate innovation and adoption of low-carbon technologies across industry, it will:

- Support innovation in fuel-switching technologies, including low-carbon electricity, hydrogen and biomass;
- Support innovative demonstrations of carbon capture, utilisation and storage from a range of industrial sources;
- Support the introduction of industrial digital technologies to maximise efficiency improvements;
- Support advancements in product innovation.

The GICF will aim to support the commercial rollout and permanent installation of technologies at industrial sites. It will use Technology Readiness Levels (TRLs) to define the range of technologies that correspond with real-world demonstration and are therefore in scope for funding.

## Cross-Cutting Objectives

### JOB CREATION, SKILLS AND EMPLOYABILITY

35. The MSW Region councils will work with the Northern Ireland Executive and UK Government to develop an integrated programme for employability and skills to underpin and leverage the MSW Region Growth Deal.
36. Over the next 15 years, four City and Growth Deals across Northern Ireland, will deliver a 'once in a generation' programme of investment that will bolster the economic strengths of Northern Ireland. It is essential that the Mid South West Region councils', along with other key stakeholders, ensures that we are prepared to address the employment and skills needs emerging through these opportunities.

### Cross Deal Skills Group (CDSG)

37. The CDSG has been established to develop a Northern Ireland wide, cross-Deal approach to understand the potential labour market and skills opportunities and challenges to be created through the Deals' investments. This group will assess to what extent the existing employability and skills system is positioned to respond to any identified gaps in provision, and to identify practical recommendations to addressing the issues within a defined timeframe.

38. The ambition will be to consider sectoral needs, in those areas in which City and Growth Deal investment is planned. This will be undertaken on a Northern Ireland wide basis, taking account of the many commonalities around the nature of planned projects. A consistent methodology of skills assessments will be co-designed and applied and the approach will continue to evolve as lessons are learnt.

### Labour Market Partnerships (LMPs)

39. MSW Council Labour Market Partnerships (LMPs) are working to improve the region's employability outcomes and labour market conditions by working with stakeholders from across the public, private and community/voluntary sectors. Key focus areas include unemployment, economic inactivity, disability and skilled labour supply.

By adopting a flexible, localised approach, MSW Council LMPs will not only respond to local labour needs but deliver targeted actions which will support the development and delivery of the Growth Deal investments.

### Sustainability and Inclusivity

40. Sustainability and inclusivity will be key elements underpinning the transformative MSW Growth Deal projects. The MSW Region Delivery Partners will work with the Northern Ireland Executive and UK Government to enable social, economic and environmental wellbeing in the implementation of the Growth Deal. This will include the use of social value criteria in the award of contracts required to deliver the transformational Growth Deal.
41. The investments will be implemented in accordance with the MSW Region Councils' Climate Action Plans by assisting the transition towards a smart, low carbon, sustainable and inclusive economy. The investment will be channelled through circular economy and resource-efficient initiatives and climate change actions. The region's precious natural heritage and biodiversity will be promoted, protected, restored and enhanced.
42. Building on a community wealth building approach, partners will ensure that there is socially inclusive growth in the local economy and all sections of the community have the opportunity to prosper. Adopting a community development approach, Delivery Partners also commit to engaging with citizens in an ongoing, co-design and co-production basis.

# Governance and Assurance

43. Strong and effective leadership and governance is paramount to the successful implementation of the Growth Deal, and in providing assurance to the Northern Ireland Executive, the UK Government, MSW Councils and Delivery Partners.
44. Proposed projects under the MSW Region Growth Deal have been developed through joint working between the MSW Councils, UK Government, the Northern Ireland Executive and local Delivery Partners who have engaged extensively to develop proposals and a governance approach that will deliver transformative and inclusive economic growth for the region.
45. The Northern Ireland Executive and the UK Government funding commitments over the next 15 years are subject to:
  - approval of business cases for all projects (including any subsidy control principles);
  - development and agreement of a Deal Document and Financial Agreement;
  - establishment of clear and robust governance arrangements;
  - agreed project specific Contracts for Funding; and
  - the consent of Delivery Partners on their specific projects.
46. Delivery Partners will demonstrate the value for money case for each of the projects through the OBC before any funding is made available. All project commitments in this document are subject to the approval of full business cases unless agreed otherwise by UK Government and Northern Ireland Executive.
47. Delivery Partners will establish a model of regional governance that will align with the governance and funding arrangements which were agreed by the Northern Ireland Executive in May 2020, and which encompass the best practice approaches and structures identified.
48. From the outset of embarking on the collaborative journey between MSW Region Councils, a Governance Steering Group was established. The MSW Region Governance Steering Group has been supported by an Executive Officer Team and Programme Management Office. The Governance Steering Group provided the strategic leadership and direction for pursuing the MSW Regional Economic Strategy and MSW Growth Deal to Heads of Terms.
49. Armagh City, Banbridge and Craigavon Borough Council, Fermanagh and Omagh District Council and Mid Ulster District Council will agree detailed governance arrangements following the signing of these Heads of Terms to provide the necessary assurance to the UK Government, the Northern Ireland Executive and Delivery Partners that decisions will be made in accordance with these Heads of Terms. Formal governance structures will be agreed, which are likely to include the establishment of three Accountable Bodies. These will provide clear lines of accountability for expenditure of public funds and demonstrate how local decision making will drive economic growth.
50. Deal Partners also recognise the need to develop new structures and approaches that will intensify direct engagement with the business sector, both to deliver co-investment and maximise economic benefits and job creation. Any non-Council Delivery Partners will establish robust frameworks for the development of business cases and will demonstrate value for money for each project and how projects will contribute to the vision of inclusive growth before funding is made available.
51. Satisfactory assurances will be required on effective accountability arrangements in respect of the UK Government and the Northern Ireland Executive's requirements for managing public money.

