

# Implementing a Framework for Collaborative Action Spatial Strategies on the Island of Ireland

## Session 1: Promoting Economic Competitiveness through Cross-Border Spatial Strategies

### Financier's Perspective on Spatial Planning & Infrastructure Provision

Henry Elvin  
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# Financier's Perspective on Spatial Planning and Infrastructure Provision

Presented by:

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- History of wealth spread in Ireland
- Spatial Development Strategy (NI)
- Current impact on economy
- Role of SIB and NDFA
- Funding and Affordability
- Role of PPP/PFI
- Challenges ahead

- Concentrated in major cities
- Celtic Tiger focused wealth creation around Dublin
- Historic over-reliance on public sector in North
- Development of Dublin-Belfast 'wealth corridor'
- Role of property prices in wealth creation

- Creation of 'hub, corridor and gateway' approach
- Improved transportation links within province
- Creation of gateways to RoI and mainland UK
- Need to strengthen economic base and address regional imbalance



- **Property**

- Regional increases in prices (sites and houses)
- Framing of draft area plans
- Impact on Belfast office market

- **Business**

- Service Industry focus
- Manufacturing base decline

- SIB: Helping to create a sustainable economic and social infrastructure fit for 21<sup>st</sup> Century
- Consists of number of advisors for variety of sectors
- NDFA: Established as Centre of Excellence for RoI projects (advisory and financial)
- Relevance with respect to spatial planning - roads, education, health sectors

# Funding and Affordability

- ISNI envisages £16bn of investment in NI over 10 years to 2015
- NDP outlined c€57bn in RoI for 200-2006 with next wave of NDP under consultation
- In NI, the RDS and ISNI acknowledge that element of private funding required to deliver changes needed
- Is private sector prepared to invest?
  - Local construction firms
  - UK/International firms



# Role of PPP / PFI

- Can be used in variety of sectors - roads, education, health, waste, water, housing
- Certain risk passed to private sector - higher focus on budgets and timetables
- Successfully used in both NI and RoI to date
- Potential for wider financial markets and international firms to take active role in development infrastructure

# Challenges Ahead

- Achieving the Balance between Public Sector, Funder and Corporate objectives
- Innovation in funding structures eg bank v bond, funder equity stakes, development of secondary market
- Co-ordinated approach North & South required
- Streamlined decision making process
- Capacity constraints in construction sector

# Challenges Ahead

- Lack of liquidity in current project structures possibly adversely impacting on ability to gain investment rating
- Full impact of long-term risk not yet apparent in PPP/PFI
- Current margins reduce the possibility of refinancing in short-term
- Site selection in certain sectors eg education
- Possible user tariffs eg road tolls, water rates

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# Thank You

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