



31st March 2017

NPF Submissions,
Forward Planning Section,
Department of Housing, Planning, Community & Local Government,
Custom House
Dublin,
D01 W6XD

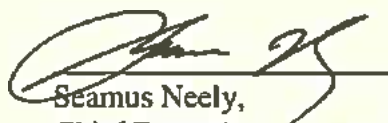
A Chara,

I am pleased to enclose Donegal County Council's submission to the first phase of consultation in relation to the National Planning Framework. The document focuses on the key strategic issues for Donegal and the North West City Region and sets out the matters that are considered to be central to the place-based approach to leading the regions development into the future.

The submission is based on consultations with community, enterprise and educational sectors in the County along with the direct engagement with, and the endorsement of, the elected members of Donegal County Council.

The Council looks forward to participating further when a Draft National Planning Framework is published for the next stage of consultation and trusts that the strategic issues raised provide the basis of spatial clarity for the North West and an effective way to coordinate sectoral priorities.

Is mise le meas,


Seamus Neely,
Chief Executive,
Donegal County Council





**Comhairle Contae
Dhún na nGall**
Donegal County Council

National Planning Framework – Ireland 2040-Our Plan Issues & Choices

**SUBMISSION OF DONEGAL COUNTY COUNCIL
MARCH 2017**

THE NORTH WEST CITY REGION

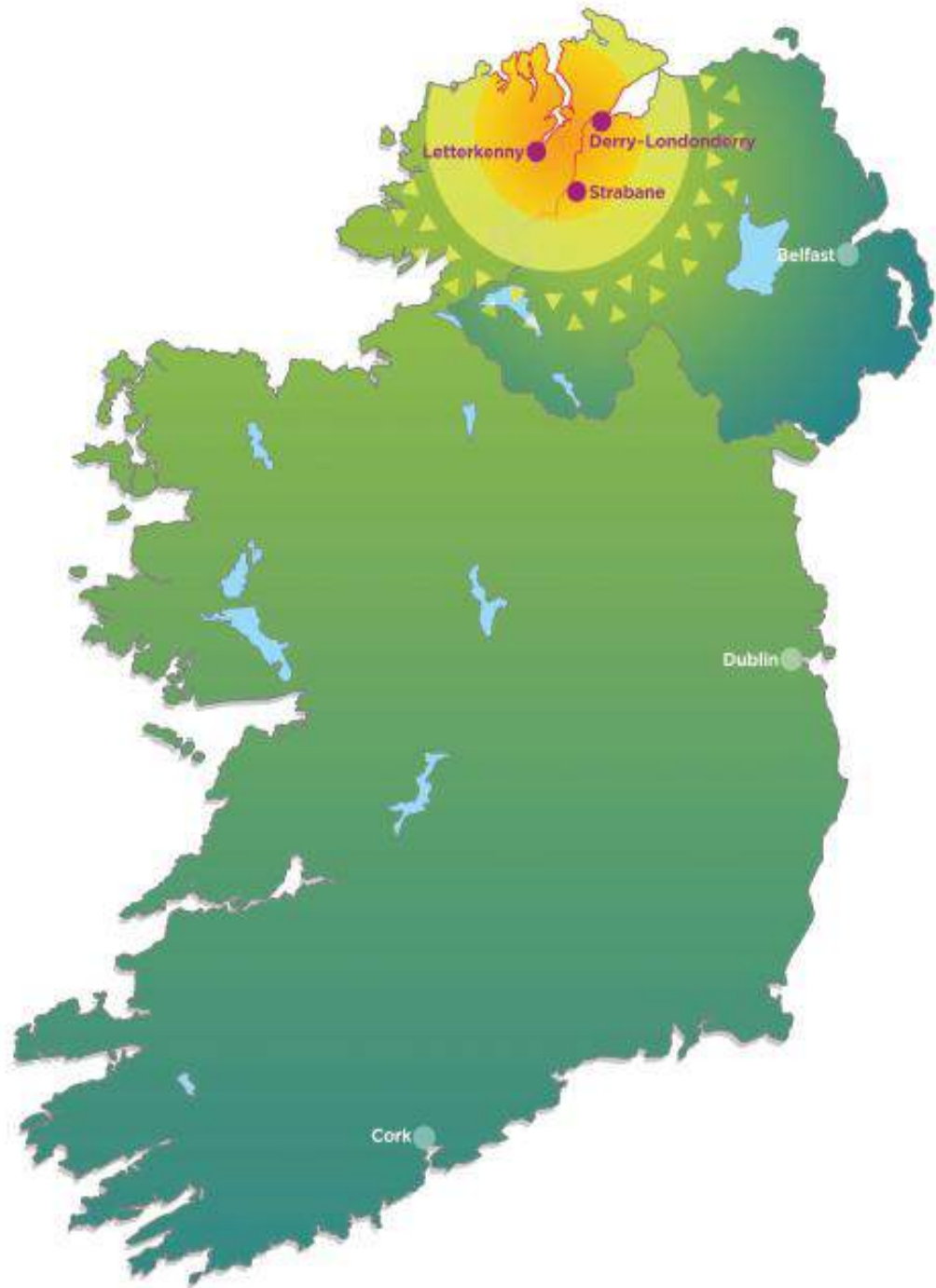


Fig.1

SUBMISSION OUTLINE

The consultation document published last month [www.npf.ie] represents the initial phase of consultation in advance of the preparation of drafting a new National Planning Framework. The core question posed by the 'Issues & Choices' paper seeks responses to *“what sort of place Ireland should be in 2040 and what do we need to achieve this?”*

Government is seeking initial views relating to nationally significant, strategic issues that are spatial or place-based in focus.

The purpose of the submission is to reflect the strategically significant regional issues that are of central importance to County Donegal and the North West. The main theme of the submission is to ensure that the function and viability of the strategic approach to regional growth, that is being informed by Donegal County Council and Derry City & Strabane District Council through the North West Regional Development Group and the North West Strategic Growth Partnership, continues to be recognised nationally and that this place-based approach to regional growth shapes strategic investment in the region in a manner that benefits both the development of the State and the Community. The submission will aim to ensure that place-based leadership with the ambitious growth targets and the spatial interventions required are presented in a manner that contribute to the regional dynamics of the North West and the effectiveness of regional planning as it applies to the Northern and Western Regional Assembly area.

Contents:

1. Key Messages	4
2. Principle Headings of the Submission	5
1. The Planning Opportunities and Challenges	5
2. Health and Well Being	8
3. Place Making Strategy	9
4. Donegal's Unique Environment, Culture and Heritage	14
3. Critical Issues for the National Planning Framework	15
4. Appendices	17

1. KEY MESSAGES

- Donegal County Council broadly welcomes the content and thrust of the *Issues & Choices* paper and the acknowledgement of the value of cross-border collaborative efforts in the North West. **In this context the Council considers that the North West City Region and the potential of this spatial contract to deliver effective regional development should be explicitly referenced in the National Planning Framework;**
- The place-based focus of the Paper is considered to be of significant value, particularly in relation to the capacity for urban and rural regeneration;
- As an initial expression of the Council's ambitions for growth coupled with the determined interventions necessary for delivery of strategy, the review of the Donegal County Development Plan is underway to provide for:
 - An uplift in the population of the County to a level of 200,000 by 2038;
 - An increase in the population of Letterkenny to 35,000 by 2038;
 - Projected growth in the county's other Strategic Towns (layer 2 settlements) to provide for an additional 17,000 by 2038;
 - A spatially effective distribution of population across the county;
- The submission will reflect the County's focus on providing mitigation for Brexit as part of a cross-border strategic approach;
- Capitalising on the value of a strong skills and education base is identified as an essential component of strategic growth in the North West;
- The enhancement of links between employers, employment opportunities and the educational sector is considered to be an important component of effective growth in the region.
- As a sector of growing importance to the County's economy, tourism development will be emphasised as a vital component in building future capacity for Donegal and the North West;
- This submission will seek to reinforce the recognition in the Issues Paper of the place-based approach driven by local leadership and collaboration evident through the development of structures such as the North West Strategic Growth Partnership. It will seek to reaffirm the need to continue with the spatial contract between Donegal County Council, neighbouring authorities and governments in place-making, economic growth and cohesion in service delivery for the community.

2. THE PRINCIPAL HEADINGS OF THE SUBMISSION:

1. The Planning Opportunities and Challenges:

- i. The NPF is presented as an enabler for investment with a place-based dimension where investments are made in the national interest. For Donegal and the North West this investment in a “landscape of indigenous activity”¹ is a central driver for the strategic vision of the County Development Plan review². This submission seeks to reinforce the regionally significant role of Letterkenny as an integral part of the wider North West City Region, address the spatial planning considerations for Urban and Rural populations; understand how we can plan for and collaborate on how to make provision for all sections of the community, especially our growing cohort of people over 65; where job creation opportunities will be located; what services and amenities will growing communities need; how will people move around; what are the priorities for strategic infrastructural investment; and how can we seek to adapt to the challenges of climate change in the context of a low carbon society. For Donegal, addressing these key issues is being shaped by the governance structures that exist and are developing in the North West and the wider Region. This is a context that is proposed to be reinforced by the submission and is directly related to the spatial trends and patterns that occur in Northern Ireland and in the Northern & Western Regional Assembly area.
- ii. The review of the County Development Plan (CDP) proposes to establish an ambitious vision to 2038 that is to be a catalyst for positive growth and economic development in County Donegal where the aim for the County is to target population growth to approximately 173,000 people by 2024 and to consequently reach upwards of 200,000 people by 2038 (fig 2 refers). Its purpose is to acknowledge the wider social, economic and environmental trends within which growth is to occur but it is focussed on the possibilities and opportunities for the county arising from its

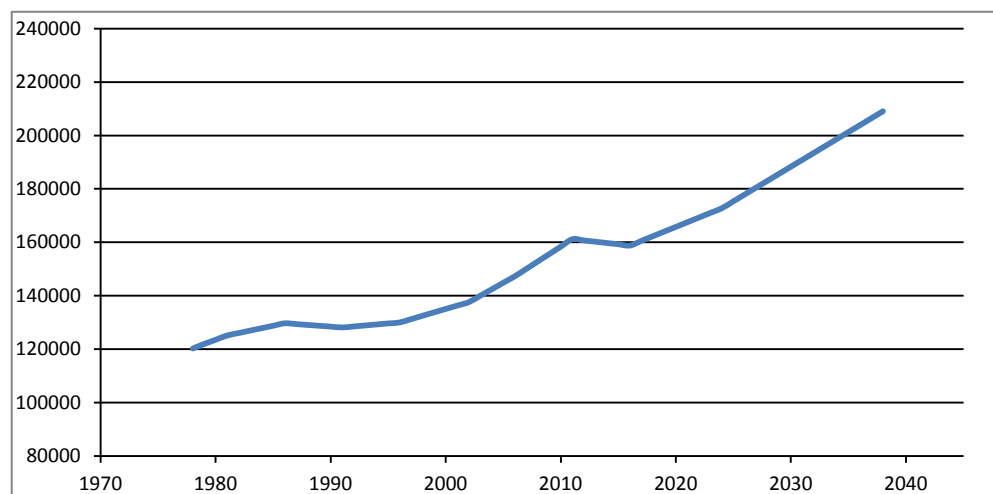
¹ O'Brennan, J (2017) “The view from Dublin: Hard Brexit looks like a weapon of wanton neighbourly destruction”, www.ukandeu.ac.uk

² “Working Draft: Donegal County Development Plan 2018-2024”, Part A – Strategic Context”, Donegal County Council, March 2017 (unpublished)

position as part of a much broader cohesive socio-economic and geographical area.

- iii. The population is anticipated to grow in conjunction with a programme of determined intervention that will aim to stimulate and accelerate growth over the next 20 years. Such 'intervention' will include distinctly spatial and plan-led dimensions but will extend beyond the spatial context and include a collaborative partnership response across the public and private sector. 'Interventions' include setting out and implementing investment priorities in roads infrastructure, water services and energy as examples; fast tracking the roll out of the high speed broadband in the region, establishing enabling initiatives and programmes particularly in relation to regeneration and renewal of town centres; proactive interventions to support indigenous enterprise development and use of enterprise lands; targeted approaches to secure Foreign Direct Investment; and delivering critical strategy development/ research upon which further action will be identified.

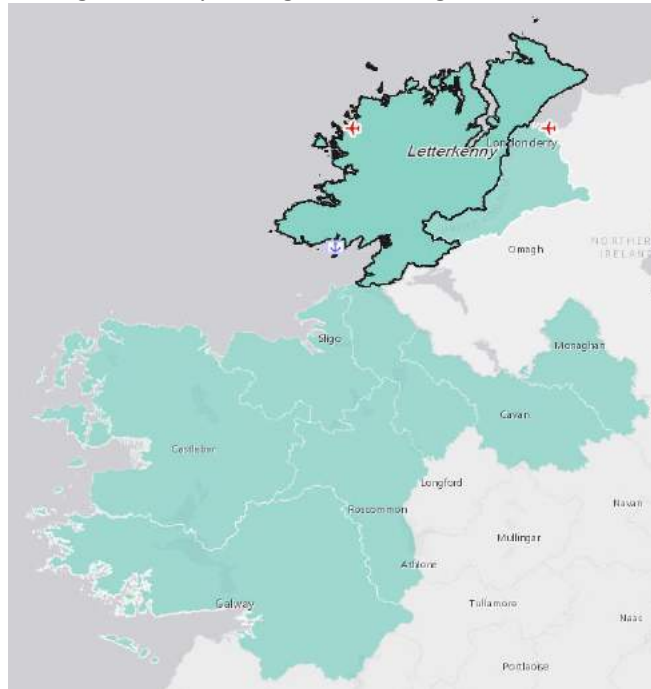
Fig 2: Population change in county Donegal and growth to 2038



- iv. Within the wider context of the region, there are firmly established partnerships that are to be developed further in order to support a coordinated approach to deliver on regional priorities that are critical to facilitate the priorities of County Donegal. Given the diversity and geographical extent of County Donegal (Fig. 3 refers), opportunities for regional cooperation are being harnessed across all of the county's borders through (i) the area of the Northern and Western Regional Assembly (NWRA) comprising the counties of Donegal, Monaghan, Cavan, Leitrim, Sligo, Mayo, Roscommon and Galway and; (ii) in the context of the North West City Region comprising all of Donegal County Council (DCC) and Derry City & Strabane District Council (DCSDC) areas, with Letterkenny and the City of Derry-Londonderry as its linked

metropolitan areas. This area has been identified as the North West City Region and the Initiative has secured the establishment of a local government partnership between DCC and DCSDC and has been endorsed by both local authorities and, significantly, by both of the respective national governments.

Fig 3: County Donegal and its regional context:



- v. Capacity in the Region is underpinned by the establishment of the North West Strategic Growth Partnership. The Partnership aims to work collaboratively to drive forward economic, environmental and social regeneration and prosperity in the North West City Region focussing across three pillars: economic development; physical development and; social and community planning. The review of the County Development Plan, its Vision, Core Strategy, objectives and policies, will support County Donegal's critical role in the wider region and in particular in the implementation of the North West City Region Initiative. For the Border region as a whole, the spatial relationships between the border area and Northern Ireland should be expressly contained within the scope of the National Planning framework.
- vi. There is significant capacity throughout our entire County to participate in and contribute to growth and development. It is important therefore that the particular strengths, opportunities and niche potential that exists within the different areas of the County be harnessed to produce benefits and meaningful change for all of Donegal's communities and consequently for the region.

The capacity that is present in County Donegal exists from North to South, East to West, within our rural areas and within our towns and villages and therefore, by its very nature, it is diverse and unique. The entire County of Donegal is a great place to live, work and do business. It provides a unique component to our regional context, in particular to the development of a strong and growing North West City Region that has a critical mass of close to 400,000 people and is the 4th largest City Region on the island of Ireland.

2. Health & Well Being:

- i. The model presented in the 'Issues & choices' paper linking health, well-being and place should be the key-stone of planning policy, strategy and the approach to the future growth and development of Donegal. An integrated approach is essential to the development of a vision for positive growth and improved well-being of the North-West, where the sustainability of community development in rural Donegal is recognised and protected alongside the effective regeneration of the County's urban areas where service investment, housing choice, high quality amenities and regeneration are enshrined in a long term growth strategy. By seeking to provide quality places to live in both urban and rural settings to complement and take benefit of the County's natural amenities and landscape assets, the strategies being developed in both the Donegal County Development Plan and the North West Strategic Growth Partnership aim to foster economic growth and partnership, positive physical and environmental development, and social cohesion and well being. In essence the spatial strategies in Donegal will seek to:
 - a) Sustain the strong community structures in the County through a programme of prioritised investments and collaborative proactive engagement with communities;
 - b) Develop methodologies for effective participation in shaping the growth of the County;
 - c) Taking a determined approach to place-making and quality design to developments in the county;
 - d) Improve the physical environments in the County to meet social need and community cohesion.
 - e) Facilitate collaboration between public health strategies and the spatial plans for the County.

- ii. The key questions relating to Health & Well-Being raised in the NPF Issues & Choices Paper [p22] present challenges for Donegal, some of which are dependant on attaining an effective understanding at a National Government level that the North West operates as a collaborative region, that it has a population that is resilient despite systematic and sustained underinvestment, and that has the potential through the established regional collaborative mechanisms to have a critical mass that can positively contribute to national prosperity and sustainability. This is reflected in the strategic vision contained in the County Development Plan and in the approach of the North-West Strategic Growth Partnership.

3. **Place Making Strategy:**

- i. The Role of the Region - Regional development has a key function in contributing to national prosperity: Donegal, as part of the Northern and Western regional Assembly area, has governance linkages with Border counties as well as having regional significance within the NWCR as a critical driver of strategic planning for the area. The County's strategic approach seeks to enhance the development of the area and be a key influencer/contributor to the development of the Regional Spatial & Economic Strategy that the NWRA is preparing, particularly in ensuring that the accessibility of the North West through the development of the N2/A5 & N4 is significantly improved through national investment in infrastructure. The material lack of strategic investment in the North West generally is an inhibitor to regional growth and to realising the objectives for effective regional investment in the area. As a strong element of the submission it is proposed to highlight that
 - a. There are up to 30000 commuting cross-border; and that
 - b. The completion of the ongoing Ten-T road projects in Donegal is vital to provide the required access to the region and to fully connect the area with Dublin, Galway and Belfast together with improvement of local and cross-border linkages.
- ii Effective Regional Development: The Issues & Options paper identifies that “a more tailored approach to regional development requires an acknowledgement that in some cases building regional resilience is a priority...”. For Donegal and the North West, the NPF represents the opportunity to shape the

debate on effective regional development, provide a robust spatial rationale for the growth and development of the community of the North West, and present a rational argument for strategic investment based on collaboration and a determined, agreed strategy to influence the spatial pattern of development in the North West. The coordination of strategies on a cross-border basis where connections are shared is a theme that the submission proposes to address to reinforce the 'growth partnership' approach that Donegal County Council has embarked on with Derry City & Strabane District Council.

iii. To contribute to building capacity in the city region the provision and augmentation of strategic infrastructure to principal national modal hubs and international access points (Port and Airports) is essential. Providing seamless transport corridors for freight and commuters, particularly at national EU and international border with NI, is necessary to ensure improved connectivity and accessibility for the effective operation of the region with demonstrable national benefit. In order to maximise the agglomeration benefits that the development of city regions, such as Derry/ Letterkenny/ Strabane, will bring, it will be important to improve the internal transport links (both National and Regional routes) within the immediate area to enable people to live in smaller satellite towns and villages and have a manageable commute to their place of work. This would also serve to broaden the population demographic in these areas and contribute to developing sustainable rural communities.

Investment in the TEN-T network in the north west creates high-quality roads which form an integral part of the European TEN-T network and play an important role in long-distance freight and passenger traffic, integrate the main urban and economic centres, interconnect with other transport modes and link peripheral regions to central regions of the European Union. It will provide:

- Enhanced accessibility and connectivity to and from all regions of the European Union (EU);
- For the bridging of missing links and the removal of bottlenecks, in particular cross-border sections;
- For the promotion of economically efficient, high quality transport contributing to further economic growth and competitiveness;
- A reduction of Greenhouse gas emissions from transport by 60% by 2050;
- Freight terminals that shall be effectively connected with the road infrastructure;

- For the development of trans-European transport network that can account for
 - Security and safety of passengers and freight movement,
 - Meet the mobility and transport needs of its users within the Union and in relations with third countries,
 - Contribution to climate change,
 - Accessibility for all transport users,
 - Mitigation of congestion on existing roads.

Ireland must remain connected. In the context of an effective region, the North West must be unhindered by geography or politic. It must have unobstructed connection in an all-island context for it to grow and develop.

The ports of Killybegs, Greencastle and the Port of Derry, the air transport hubs at City of Derry Airport, Donegal Airport and Knock International Airport must be freely and readily connected to the principal international gateways in Belfast and Dublin for both freight and commuter access. Ports are high on the EU agenda with short sea routes prioritised for freight transport with a range of port initiatives being considered by the EC including the designation of marine clusters that create specialised services and ancillary industries. The identification of such enterprise and transport potential is augmented by the role of ports as key attractors for tourism investment that can have regional and local economic benefits.³ With key high class transportation, connections and technological infrastructure any part of Ireland will reasonably consider itself to be at the heart of things.

iv. The Value proposition presented by Donegal and the North West: Taking an ambitious approach to growth and getting the commitment to collaboratively intervene to enable sustainable growth, is a central theme in the DCC submission. The 'Value Proposition' is represented by the collaboration on an all-island basis with neighbouring authorities and by the development of appropriate services to make the North West a location for investment with a quality community environment. Developing and presenting a place-based approach to attracting investment (both Indigenous and FDI) has been a key component of the collaborative efforts of the partners in the North West, particularly in relation to attracting inward investments and creating clusters of sectoral activity in the main centres of the region. The continued representation of the North West without the explicitly identified role for the Letterkenny/ Derry/

³ Morphet, J. (2017) "Beyond Brexit", Policy Press, Bristol

Strabane city region within the 'Issues & Choices' paper of the NPF has effectively devalued the spatial context and growth potential of the Border area. This devaluation represents a significant, unsustainable limitation of the clearly stated agenda of effective regional development to complement the role of Dublin.

v. Student retention and Skills Development: The North West City region has a demonstrable student population of 40,000 further education and third level students representing a substantial asset for the growth of the region. Mechanisms for student retention and the development of further development of links between third level education and employers are recognised as a regional priority. The significance of this issue for the north-west cannot be overstated.

Letterkenny Institute of Technology (LYIT), Ulster University (UU), North West Regional College (NWRC) and Donegal Education and Training Board (DETB) are committed to actively engaging with Donegal County Council and Derry City and Strabane District Council in developing new collaborative cross-border arrangements to promote the regional development work of the North West Gateway Initiative. The North West Cross-border Educational Partnership is the output from the active engagement of the partners over the past eighteen months and will be launched in the near future.

The North West Strategic Growth Plan identifies that for the North West 'to remain competitive and at the cutting-edge, the education partners must increasingly collaborate and adopt a joined-up approach to attract students to their campuses' The North West Strategic Growth Plan also acknowledges the importance of education 'and especially expansion and investment in third-level education, is central to the continued growth of the knowledge economy of the North West.' The growth plan also highlights the need for a greater focus on R&D and details the positive outcomes that have been delivered through collaboration with the education partners, such as, the Regional Science Park complexes in both Derry/Londonderry and Letterkenny.

vi. As a coastal county on the Ireland's northwest Atlantic seaboard, Donegal has one of Ireland's richest marine resources including 1,134 km of coastline (17% of the state's total), 13 Blue Flag beaches, deep natural harbours, rich coastal seas, coastal communities and inhabited islands. This marine resource has allowed the fishing sector to thrive,

is of major importance to tourism and leisure activities, and is a fundamental part of our natural and cultural heritage.

The contribution of the fishing sector to the Donegal economy remains strong despite restructuring and quota restrictions. The marine sector in Donegal employs approximately 3,200 full and part time people in fishing/farming, processing and service activities⁴. In particular, Killybegs (with 177036 tonnes landed) and Greencastle (with 2826 tonnes landed) are the 1st and 15th largest fishing ports in the country in terms of overall fish landings in 2015⁵. These are important centres for fishing and fleet activity and act as vital economic catalysts for their respective local economies. The maintenance of the critical mass achieved at these locations is essential for future development.

vii. Offshore renewable energy (e.g. wind, wave and tidal) has been identified as a major growth sector in the Government's marine strategy and our high energy wind, wave and tidal coastal environment and the recently completed deepwater harbour facilities at Killybegs makes Donegal a natural location, and gives its a competitive advantage in, the development of offshore renewable energy technologies. The proximity of Donegal to a expansive area of continental shelf continues to offer considerable opportunities for future Oil and Gas exploration. This in turn this provides considerable potential for ancillary onshore energy related haulage and logistic, engineering, and servicing repair energy related developments

viii. Tourism: Donegal County Council is committed to the continuous development of a diverse, exciting and high quality tourism product and offering. The tourism industry supports in excess of 29,000 jobs in the NW region, currently attracting a near 300,000 overseas visitors annually. In addition to this approximately 330,000 domestic visitors come to Donegal to enjoy its assets, cultural experiences and heritage attractions all across the County, and to stay in our world-class accommodation. The vision for tourism in the county is to “promote the Donegal brand and showcase the entire county as a first choice visitor holiday experience where excellence and value are paramount. Donegal will take its place as a primary destination on the Wild Atlantic Way in Ireland, offering an extremely attractive total visitor experience unique to Donegal”.⁶

⁴ Strategy for Growth and Jobs in Coastal and Marine Tourism Donegal County Council 2014 (P.9 refers)

⁵ <http://www.sfpa.ie/Portals/0/Users/020/20/20/2015%20Figures%20for%20website.pdf>

⁶ Donegal County Tourism Strategy 2017-2020

ix. Rural matters: The strengths of rural communities in Donegal and the North West are expressed through a strong community identity. Such an identity strongly influences the collective identity of the North West and its overall sense of resilience. Strategically, the contribution of the rural inhabitants, both village and countryside citizens, is significant with agriculture, fisheries and indigenous enterprise playing significant roles in the existing vitality of the County and in the capacity for future social and economic growth. The NPF needs to reflect the nature of this capacity and its contribution to national prosperity in social and economic terms. Looking at the cross-border context, the potential spatial implications arising from Brexit are exemplified by the situation where Irish Firms currently control 60% of the NI dairy processing capacity. The all-island supply chain context is no better characterised than through the movement of agricultural products and raw materials that cross the border each day. The policy context of the County Development Plan recognises that the rural area is a critical component of the social, community and cultural identity of the County and that strengthening of rural communities is essential in order to ensure the survival of the unique character of the county. The rural areas provide an important and diverse resource for the county as a place to live; to express cultural identity; to establish and strengthen rural communities; to provide a unique quality of life; to provide a natural tourism product; for health, recreation and wellbeing; for its natural resource potential and; for providing economic opportunities directly related to rural areas.

Initiatives that promote the potential to regenerate the rural towns and villages in a manner that provides sustainable choices and capacity for sustainable living and economic development should remain a central plank of national strategy. This would provide a basis for addressing issues of population decline, investment in infrastructure and sustaining local services where specific sectoral opportunities arising from agriculture, fisheries, tourism or indigenous enterprise can be reflected as drivers of economic opportunity in national, regional and local policy approaches.

In the North West, the cultural and linguistic significance of An Gaeltacht has specific regional and national importance that needs to be reflected in the National Planning Framework to align spatial, place-based strategies with other sectoral initiatives. The Donegal Gaeltacht, covering a third of the County and encompassing an area of 1502km² is the largest of the seven Gaeltacht areas in Ireland. It contains a population of

24,744, 24.5% of the total Gaeltacht population in Ireland (Census 2011). The particular place making and well-being opportunities of An Gaeltacht merit explicit strategic approach in the NPF in a manner that reflects the Governments related strategic approaches.

4. **Donegal's Unique Environment, Culture and Heritage:** In the context of this submission, the focus is on the stewardship of the County by Donegal County Council, in part through collaboration with other stakeholders. The County's physical environment is as an asset that can provide scope for future potential growth and add to the quality of life of the region's inhabitants. Providing for resilient approaches to investing in the environment, cultural heritage and infrastructure promotes and supports the key aims of the NPF in relation to place-making, well being and maximising economic opportunity where regional priorities can be suggested and proposed. The place-bases leadership that has driven strategic initiatives in the region, particularly in the cross-border context retains a focus on the sustainability of future growth and how spatial planning contributes to place-making, environmental sustainability and adapting to change. Culture 2025, Ireland's first national cultural policy states that arts and culture are intrinsic to the Irish State, acknowledges the need to increase access to, and participation in, the arts, boost our creative industries, and preserve our heritage with a particular focus on language, landscape and the environment. Ireland 2040 is an opportunity to embed the above policies into an overall national spatial strategy and an opportunity to further enable their delivery. The facilitation of resources and linked spaces for created entrepreneurs and creative hubs has the potential to positively contribute to sustainable economic and cultural growth in the region. Allied to this is the recognition of the value proposition delivered through social enterprises and community initiatives that has a place within the scope potential strategies within the NPF.

3. CRITICAL ISSUES FOR THE NATIONAL PLANNING FRAMEWORK

This submission seeks to reinforce the recognition in the Issues Paper of the place-based approach driven by local leadership and

collaboration evident through the development of structures such as the North West Strategic Growth Partnership and the continued participation by the Council as a key member of the North West Regional Assembly. It will seek to reaffirm the need to continue with the spatial contract between Donegal County Council, neighbouring authorities and governments in place-making, economic growth and cohesion in service delivery for the community. The substantive issues, as understood at this stage of the process, are set out below with the recommendation that they are identified as being strategic issues important to the North West and its capacity to be an effective city region:

- a. This submission focuses on strategic matters that have a regional value, where the resilience of the North West as a viable focal point for effective regional development in a location that can achieve a critical mass of population to deliver national benefits is the core message. In this regard it is recommended that the North West City Region is expressly provided for within the National Planning Framework, and that the spatial dimensions of the relationship with neighbouring authorities in Northern Ireland are accounted for both in visual representations of the issues and in the policy references. This strengthening of the regional context of the North West City Region will, in turn, strengthen the wider regional potential of the Northern & Western Regional Assembly Area.
- b. Peripherality of the region “can only be addressed by a wider integration of the economy of the North West City Region into an all-island”⁷ and more global basis ...”as well as the most optimal levels of connectivity to assist in that process.”
- c. The key strategic infrastructural priorities that have a regional significance are proposed to be identified in the submission for emphasis. These include:
 - i. The TEN-T strategic road projects within the county (N13, N14 & N15);
 - ii. N2/A5 & A6 roads projects linking the region;
 - iii. N4 upgrade;
 - iv. Continued support for Donegal Airport and City of Derry Airport; and investment in key strategic ports of Killybegs and Greencastle.
 - v. The roll-out of the National Broadband Plan to meet demand for comprehensive access to broadband/telecommunications platforms is an essential component for the sustainability of both the urban and rural communities within the region.

⁷ Initial Analysis of the Challenges and Opportunities of Brexit for the Derry City & Strabane and Donegal County Council areas – the North West City Region. Feb 2017.

- d. Providing an explicit context for the effective integration of health and well-being strategies with the approach to the built environment is recommended to be a central component of the NPF.
- e. Mechanisms for student retention and the development of further development of links between third level education and employers are recognised as a regional priority. The significance of this issue for the north-west cannot be overstated.
- f. The value of making spatial policy provision for the Cultural sector through infrastructural supports and similarly through supporting the value proposition to the local economy of social enterprise initiatives have a place within the NPF.
- g. The NPF must facilitate collaboration and spatial planning of settlements and sub-regional areas with cross border connections.
- h. The NPF must facilitate and encourage the assessment and delivery of cross jurisdictional initiatives to address common environmental challenges to enable the potential for an effective response to climate change issues and the adaptation to change.

APPENDICIES:

1. **“Ireland Northwest: Gateway for Growth”**, Donegal County Council & Derry City & Strabane District Council, December 2016.
2. **“Initial Analysis of the Challenges and Opportunities of Brexit for the Derry City & Strabane and Donegal County Council Areas – The North West City Region”**, Donegal County Council & Derry City & Strabane District Council, February 2017.
3. **“Working Draft: Donegal County Development Plan 2018-2024”, Part A – Strategic Context**, Donegal County Council, March 2017

Summary of additional items tabled by Councillors via Workshop: 7th March, 2017, and subsequent observations (Submission endorsed by Council at it’s Plenary Meeting, 27th March, 2017):

Item	
1	..we have seen this type of language so many times before, with no revenue to back it up.

2	...need to bring life back into (town) centres.
3	There is a potential need to plan for new towns from scratch in locations not affected by flooding for example..
4	“Fear that the NPF will “effectively create a line from Dublin to Galway where the area south of the line will see major investment and development whereas the northern part of the country will see less investment, less development and create a larger chasm by way of underdevelopment which will further impact on our region...balanced approach must be taken.”
5	Importance of Ten-T network through to the port of Killybegs emphasised as strategically important.
6	“Reliance of South Donegal on Sligo Hospital services highlighted as important to a significant proportion of the south Donegal population.
7.	Cross border health service linkages highlighted: e.g. cancer and radiotherapy services at Enniskillen
8	The tourism value of the Wild Atlantic way to the Donegal Bay area has strategic importance to the County.
9	Tourism development being hindered by lack of effective broadband access.
10	The Sligo road is an important link to the rest of the State....especially in tourism context.
11	Fully exploit new programmes under rebuilding Ireland to bring back properties into productive use.
12	Facilitate the establishment of multi-tenant enterprise complexes in rural towns to facilitate under 30s and creative entrepreneurs to navigate opportunities andbe stronger together and share responsibility.
13	Towns and villages need to be strengthened to support community living
14	Provide additional supports to SMEs in rural areas to encourage them to expand their workforce.

IRELAND NORTHWEST

*gateway
to growth*

NORTH WEST
ECONOMIC DEVELOPMENT
INITIATIVE

NORTH WEST ECONOMIC DEVELOPMENT INITIATIVE



Derry City & Strabane
District Council
Comhairle
Chathair Dhoire &
Cheantar an tSratha Báin
Derry Cittie & Strabane
Districk Council



Comhairle Contae
Dhún na nGall
Donegal County Council



gateway
to growth



PREFACE

Ireland Northwest is exceptionally well placed as an investment hub for business and global companies seeking to establish a gateway to both the UK and EU markets. Ireland Northwest is renowned for its rich tourism, its culture and its heritage offerings, with an established reputation as a compelling investment proposition.



John Kelpie Chief Executive
Derry City and Strabane District Council

It is a perfect location for businesses to invest and grow. As investors seek to form solid foundations on which to base future investment decisions and with a foothold firmly in the EU and the UK, our clear message is that Ireland Northwest can provide the stability and the options that your business needs.

Ireland Northwest delivers a unique combination of benefits for relocating and expanding businesses, it has a proven track record in hosting leading international companies such as Pramerica, Seagate, Randox, DuPont, Allstate and OneSourceVirtual. These companies are already reaping the benefits of operating in Ireland Northwest and provide robust testimonies for the new companies that are attracted annually. Companies and businesses are attracted by the talented and educated workforce, the value balance, superb quality of life and collaborative business environment.

Ireland Northwest offers significant cost advantages compared to the rest of Ireland, UK and most of Western Europe. This combined with value-adding benefits makes the case for investment clear and compelling.

We believe that Ireland Northwest can be your gateway to growth and success.



Seamus Neely Chief Executive
Donegal County Council

Derry City and Strabane District and Donegal County Councils are proactively taking a leadership role to profile Ireland Northwest as an investment location and promote this cross-border gateway region's unique economic, social, cultural and environmental assets. The strength of the region is underpinned by a collaborative approach which sees agencies and local stakeholders working together with the support of central government departments on both sides of the border. We have an ambitious investment programme in infrastructure, research, innovation and skills to ensure that the region remains cost competitive, well-resourced and among the very best in Ireland and the UK to live in, to work in and to invest in.

We are an accessible, connected and business friendly gateway region and have a vision for greater international impact.

IRELAND NORTHWEST GATEWAY TO GROWTH

With a global outlook, exceptional industry strengths, a competitive edge and a superb quality of life, Ireland Northwest is enterprising and business-friendly.

For leading international investors already in the know, this region is home to a talented and educated workforce, innovation and creativity which is leading to major international and commercial success for the businesses located here.

The region's strengths in life sciences, business services, technology, advanced manufacturing and engineering are supported by our third level institutes and our R&D institutions of excellence.

Ireland Northwest comprises Donegal County Council and Derry City and Strabane District Council areas covering an area of 2,394 square miles with the city of Derry-Londonderry and Letterkenny as its linked gateways.

Our geographical location is a strength, providing a competitive near-shore proposition to Europe. Ireland Northwest is situated at the gateway into Ireland, the UK and the Continent, with daily flights across the Atlantic into East Coast US, Central and South America.

Investors are waking up to the realisation that Ireland Northwest is a unique part of the world which is bursting with life, where the highly skilled people have their eyes firmly fixed on the horizon, and from where businesses are launching themselves into the UK, European, US and global marketplaces.

With an abundance of high quality office, manufacturing and industrial space, at prices that compete with any city in Western Europe, we are

an incredibly competitive cost location with lower rental and construction costs than most of the UK and Ireland. There's never been a better time to come. Major new developments are also underway to further enhance the offering including the Marine Technology Centre in Killybegs, expansion of Ulster University's Magee Campus and additional Grade A office accommodation in Derry.

Ireland Northwest is an incubator for a flourishing SME business sector and home to leading international companies looking for room to grow. In the region there is the space, untapped talent of the highest international calibre, and an abundance of potential. Ireland Northwest has developed into a thriving hub for global growth.

Blazing a trail in innovation, the region is young, hungry and ready for the challenge. Its people are bright, enterprising and full of determination.

With a population of 410,000 within a 40 mile radius the spectacular Ireland Northwest enchants visitors, with its breath-taking landscapes, its welcoming people whose spirit of entrepreneurship and 'can do' attitude offer a very compelling proposition. The region boasts a wealth of cultural, sporting, dining, retail and recreational facilities providing an unparalleled quality of life.

Could this be the place to grow your business? Could your company write the next chapter of the Ireland Northwest story and locate alongside the many global and local businesses which have already made the region their home?

Innovation, creativity and a knowledge economy

Ireland Northwest offers a talent pool to rival the best. The fourth largest urban settlement in Ireland, Derry~Londonderry, is one of the most youthful cities in the world, complemented by the gateway town of Letterkenny and Strabane boasting 40,000 students in further and higher education. It is no surprise that the region is bubbling with innovative start-ups and a wealth of creative new companies.

There's something special happening here. That thirst for knowledge has also resulted in blossoming research and development and innovation, based on practical cooperation between business and academia, ensuring that this is a great location for business. Our thriving indigenous companies are also helping to strengthen the sectors clustering here.

You can tell how forward-looking a region is by the quality of its research and innovation - and by that standard Ireland Northwest is doing spectacularly well. Ireland Northwest has a well-established eco-system that encourages innovation, R&D and entrepreneurship so that the region has the capacity to adapt in an ever changing and more competitive environment. Our ICT strength is based on talented people, industry-academia collaborations, supportive local government and state agencies and a track record of meeting the needs of business.

IRELAND NORTHWEST
GATEWAY TO GROWTH

NORTH WEST
ECONOMIC DEVELOPMENT INITIATIVE

PAGE 07

Catalyst Inc – the North West Regional Science Park, Derry City and @CoLab, Letterkenny

The North West Regional Science Park, Catalyst Inc., is designed to nurture and catalyse the region's most innovative entrepreneurs with the area's strong network of experienced business leaders and cutting edge research and development institutions.

The purpose-built riverside location in the heart of Derry City, which has its own data centre and offers secure cloud data storage, is home to businesses specialising in telecoms, digital media, software, television production, clean tech and health and biosciences industries.

Meanwhile, the North West Science Park at CoLab, based at the Letterkenny Institute of Technology (LYIT), is a stimulating and supportive incubation centre and home to 30 high-growth, technology-based, internationally trading enterprises.

The WISAR Gateway based in LYIT is part of the Technology Gateway Network and provides solutions to Irish industry for the Internet of Things (IoT) using expertise in wireless, embedded systems and power electronics.

www.nisp.co.uk/north-west/
www.co-lab.ie
www.wisar.ie

Intelligent Systems Research Centre (ISRC)

The ISRC is a major research facility within the Faculty of Computing and Engineering at Ulster University's Magee campus in Derry. The world class facilities include laboratories for Neuro-engineering, Brain Computer Interfacing, Cognitive Robotics, Wireless Systems, Ambient Intelligence and Virtual Worlds.

A cross cutting theme is the application of data analytics across various domains such as Financial Technology, Healthcare, Energy, Media and Advanced Manufacturing. Through its cutting edge research and its collaboration with industry the ISRC plays a crucial role in on-going efforts to give the local economy a more knowledge intensive, high technology focus.

www.isrc.ulster.ac.uk

Donegal Clinical & Research Academy

This state-of-the-art clinical research and educational facility is being developed by Letterkenny General Hospital and will be the lead site in Donegal for medical education at undergraduate and postgraduate level. It will allow the Academy to extend its award-winning medical education courses and increase its international educational liaison.

www.dcra.ie

Renewable Energy & Engineering

Ireland is becoming one of Europe's hotspots for renewable energy, enjoying the fastest wind speeds on the continent, direct access to tidal energy fields and a wealth of natural resources just waiting to be tapped.

Ireland Northwest is emerging as a hub for some very exciting developments in sustainable energy, with the research institutions here teaming up with national and international companies to drive innovation in partnership with the local academic institutions

The Centre for Engineering and Renewable Energy (CERE) at Ulster University and Letterkenny Institute of Technology (LYIT) is partnering with forward thinking renewables companies to provide a strong ecosystem for the advanced manufacturing and engineering sector in wind, wave, tidal and hydro power, as well as a very healthy biomass sector, with a number of indigenous biomass machinery manufacturers.

Meanwhile LYIT has teamed up with Donegal County Council to drive forward plans for a Marine Innovation and Technology Centre in Killybegs.



WURKHOUSE

Irishman Troy Armour, founder and CEO of Patral Group tells us how his Irish base has propelled his company, Wurkhhouse, forward into the global market.

Established in 2013, Wurkhhouse started off small with only two employees. Three office moves later and a merger with leading design agency, Blue Splat, saw the business turn a corner with its skillset and service offering by becoming the largest creative agency in Ireland Northwest.

A self-confessed ‘pimp of talent’, Troy says the company’s ambitious plans could not be realised without the ‘tremendous talent and expertise which exists at Wurkhhouse’. “I do believe that a company lives or dies on its talent pool and ultimately the company with the best talent always wins- Ireland Northwest has a great pool of talent.”

“Our location in Ireland Northwest allows us to compete nationally as well as globally, and our base in Ireland Northwest gives us a tremendous cost advantage compared to other cities.”

Boasting impressive premises in Catalyst Inc. within the North West Science Park in Derry, Wurkhhouse is a thriving creative digital agency. Their services range from a full strategic marketing plan, to a crafted website, the creation of a new brand, through to an interactive social media campaign. They have an ever-growing client base across a range of sectors including finance, insurance, retail, hospitality, engineering, technology as well as charities. The company works with a variety of high profile clients across the UK and Ireland including firmus energy, E+I Engineering, British Triathlon and Pancreatic Cancer UK, to name a few. “Our sales have been excellent over the last two years, with 50% growth year on year. There is great support for business innovation in Derry, from the local council and fellow businesses, to the government and InvestNI.”

Wurkhhouse has grown from strength to strength, quickly building an enviable reputation. With new offices in London and New York, the company has ambitious plans for further growth. As part of a £1m investment, the firm has plans to rapidly expand its Derry workforce in the next three years through sustained growth, particularly in export markets, notably in the US. “We’re currently in talks with a major New York based company- we’re hopeful we can soon include them in our client portfolio”.

A GENERATION OF FRESH THINKING

If you’re seeking the brightest young minds and the freshest thinking, Ireland Northwest is the place to start.

Ireland Northwest has the best performing education system for primary mathematics in Europe and the 6th best in the world. It is also consistently the top performing region in post-primary education both at age 16 and age 18 (equivalent to High School Diploma).

We have one of the youngest populations in Europe: 35% are under 25, with Derry~Londonderry one of the most youthful cities in the world.

Recruiters can draw upon an impressive talent pool of young, well educated people, with more than 40,000 students in further and higher education right at their fingertips, between Ulster University, Letterkenny Institute of Technology (LYIT) and the North West Regional College (NWRC).

A strong cross-border collaboration between the further and higher education providers and links between education and industry ensure our student graduates are equipped with the right skills and qualifications and are employment-ready. This has proven to be an extremely valuable asset for many of the existing international investors which have chosen to extend their global operations in the Ireland Northwest region.

Ulster University Magee Campus, Derry

Ulster University’s Magee campus has an international reputation for excellence, innovation and regional engagement, attracting students from across the globe to more than 150 courses. It is one of the top 10 entrepreneurial universities in the UK.

It invests £42m in research and innovation programmes each year and is in the top 3% of universities in the world. The Magee Campus is developing a new Medical School and an International College, their existing specialisms include computing and engineering, stratified medicine, data analytics and nursing.

The University plays a key role in attracting inward investment. The University’s Office of Innovation promotes technology, knowledge transfer and commercial exploitation of ideas through a range of initiatives and ongoing research and consultancy with business and industry partners.

In 2014, the Research Excellence Framework identified Ulster University as one of the top 25% of UK universities for world-leading research.



Letterkenny Institute of Technology (LYIT)

Letterkenny Institute of Technology operates two modern campuses in Letterkenny and Killybegs, teaching more than 4,000 full-time students.

For anyone researching a business idea, LYIT is a stimulating and dynamic place to locate and take it to the next level. The college has a long legacy of collaborating with industry and developing industry relevant courses and enterprising support. LYIT has a strong international links connected to 50 international partner institutions.

As well as its Co-Lab business incubator, the college offers more than 50 entry level and 10 Masters programmes across its four Academic Schools of Business, Tourism, Engineering and Science.

Its Killybegs campus is the location of the School of Hospitality & Tourism, equipping graduates to work in hospitality anywhere in the world.

www.lyit.ie

North West Regional College

North West Regional College (NWRC) is a leading provider of further and higher education and skills training, with more than 20,000 learners each year studying across three locations in Derry-Londonderry, Limavady and Strabane. Offering high quality and economic relevant education and training the college approach is to improve the skills levels of the workforce both current and future.

The College has a dedicated Business Support Centre which provides direct training and mentoring support to local industry. Vocational

courses and Foundation Degree choices blend modern classroom delivery with real-life work-based challenges and allow students to learn on the job while gaining vocational qualifications. NWRC generates £1m annually to support local industry and with 25 plus partner institutions has a global outlook.

www.nwrc.ac.uk

C-TRIC

Put together state-of-the-art medical laboratory facilities, access to top academic and medical expertise and NHS clinical trials with a network of leading business people, and the result is the groundbreaking C-TRIC (Clinical Translational Research and Innovation Centre).

C-TRIC offers a core USP of having skilled clinical and academic staff co-located in a purpose built facility on the grounds of a major acute hospital in Ireland Northwest. One of only two such centres in the UK, C-TRIC is based at Derry's Altnagelvin Area Hospital and hosts the NI Centre for Stratified Medicine.

The Centre is directly linked with Ulster University's Biomedical Sciences Research Institute (BMSRI) which has an international reputation for research excellence, and can also draw on the highly rated bio-engineering, nursing and ICT expertise of the nearby Ulster University campuses.

“The people in the North West are progressive – they’re problem solvers. They’re dynamic, they’re future-oriented; they want to grow.”

Dermot Gallagher, Zeus Industrial Products

At C-TRIC, ideas are generated in tandem by academics and clinicians, then developed through to their final commercial application in collaboration with industry - significantly cutting time to market and R&D costs.

In its first five years C-TRIC has already earned a worldwide reputation for academic led clinical research into diabetes, kidney disease, cardiovascular disease, nutrition and biomarkers.

It is a thriving innovation hub for R&D in Life Sciences, helping smaller companies find funding opportunities and identifying clinicians to champion them. Its potential global outreach and impact are clearly in sight.

Northern Ireland Centre for Stratified Medicine

The medical treatments of the future are being pioneered in the revolutionary new £11.5 million Centre for Stratified Medicine at C-TRIC in Derry.

The Centre for Stratified Medicine has drawn on the sequencing of the human genome to develop personalised or stratified (aimed at a strata of the population) medicine. This futuristic and rapidly developing approach to medicine uses genetic mapping along with the use of clinical data to more accurately diagnose, pre-empt and treat disease at a cellular level.

www.c-tric.com



ALLSTATE

Ireland Northwest is fast becoming a major hub for the business services industry - and according to insurance giant Allstate, there are two key ingredients; people and talent.

Tom Hall, VP International Technology & Operations, says Allstate's business in Northern Ireland has far exceeded expectations, adding: "We came here originally for the cost savings. We find ourselves staying for the people and the talent that's available."

The Allstate Corporation is the largest publicly held personal lines property and casualty insurer in America and the third largest personal insurance company in the country.

Allstate's twin locations in Derry City and Strabane provide high quality software development services and business solutions in support of the US parent's global operations and is responsible for developing, transforming and maintaining the various technology platforms used within Allstate.

The decision to locate in the region has been rewarded with huge cost savings, according to Suren Gupta, Executive Vice President, Allstate Technology and Operations, who says: "Every day in Northern Ireland we save half a million dollars. As a result of locating in Northern Ireland 15 years ago, Allstate has saved over a billion dollars."

Ireland Northwest's talent pool is so important according to Georgina O'Leary, area leader for the Derry branch. She said, "It's a reflection of the remarkable IT skills resource of the Derry~Londonderry region that a local company is responsible for software engineering and development for one of America's largest insurance companies."

www.allstate.com/northern-ireland

A SUPER-CONNECTED GATEWAY

Ireland Northwest offers companies a gateway to Europe. The people and businesses operating here can tap into markets across the continent, yet take advantage of the opportunities provided by a global economy.

Thanks to years of investment in primary roads, rail, airports and deep docks by forward-looking local authorities, there are limited barriers to those opportunities.

Ireland Northwest is accessible and connected, boasting fast links to Belfast, Dublin, Cork and Galway; it is an hour's flying time to London and is within easy reach of 2 international and 4 regional airports to connect with the rest of Europe, the US and the rest of the world.

The Ireland Northwest economic corridor has seen businesses spring up along its infrastructure links running from City of Derry Airport through innovation centres at Campsie, Maydown, the Science Park, Skeoge, Springtown in Derry to Buncrana and the innovation centres at Ballyraine and the CoLab in Letterkenny.

More importantly, in this digital era, firms can tap into a world class level of wireless and high-speed broadband connectivity. The Ireland Northwest region's investment in Ultra-Fast Broadband through the Project Kelvin trans-Atlantic fibre-optic submarine cable offers direct

telecommunication to North America and provides improved connectivity to Continental Europe. The link facilitates international and local companies to have access to fast, low cost, state of the art telecommunications.

For companies in the Northwest region, all of this means increased productivity and competitiveness, the creation of platforms for business-to-business collaboration, improved access to markets worldwide and opportunities for businesses to become producers of ultrafast-enabled content and applications.

"Our experience here has far exceeded our expectations. We came here originally for the cost savings. We find ourselves staying for the people and the talent that's available."

Tom Hall,
VP International Technology Operations, Allstate



LIFE, CULTURE AND ROOM TO GROW

One of the main differentiators cited by investors in Ireland Northwest is the quality of life enjoyed here.

When it's time to switch off, whether you enjoy a bustling lively night-life or seek the escape of a deserted windswept beach, this part of Ireland has both the natural landscape and the wealth of culture on offer, to enchant and entertain once the working day is done.

With the well-known Irish passion for story-telling, whether through the spoken word, image or song, Ireland Northwest's culture has an inherent spirit of vitality, a unique laid back vibe and yet the sense that life here is to be grasped with both hands.

Ireland Northwest's world-famous Atlantic Ocean coastline takes in stunning peninsulas, secret nooks and coves, endless golden beaches and towering colour-streaked cliffs. Adventurous spirits will be inspired by scenic mountain ranges, rivers, lakes, ancient peat bogs and miles of unspoilt countryside.

Space also means real estate and the region offers a wide range of flexible and effective options, from the state of the art labs and start-up incubators, through to science parks and Grade A office accommodation, to large-scale sites for manufacturing supported by agencies and local authorities.

The operating costs in Ireland Northwest (salaries, property and telecommunications) are consistently

lower here than any other region in Ireland, UK and Western Europe.

While the infrastructure and facilities of the region provide room to expand your business, this is also the ideal place to grow your family, with first class education at all levels, world class sporting and recreation facilities, retail, international events and the opportunity for an enviable quality of life. Ireland Northwest offers available and affordable housing, less commuting, lower cost of living, the value balance, as well as an abundance of activities and a strong sense of culture and heritage.

There is a rich tapestry of culture and arts across the entire Ireland Northwest region. Earagail Arts Festival is Donegal's largest and longest running arts and cultural event which runs every July, while the annual Donegal Bay and Blue Stacks Festival runs each year in autumn, presenting music, theatre, opera, carnival, visual arts, street arts and literary events.

The bustling hub of Derry City has played host to several MTV Music events, is a stop-off for the Clipper Round the World Yacht Race and is a former UK City of Culture in 2013. It's a city buzzing with vibrant, artistic life, with a lively pub, restaurant and foodie culture, passionate about local produce, and all guaranteed to give a taste of the Irish "craic".

Few modern cities have a setting as spectacular as that of Derry-Londonderry, the only remaining completely walled city in Ireland boasting two ancient cathedrals and founded in the 6th century by Saint Colmcille. Today, its cityscape has flourished to span both shores of the dramatic Lough Foyle with a series of elegant bridges and attractive riverside parks, cycle paths and walkways.

Meanwhile, the rich linguistic and cultural heritage of the Donegal Gaeltacht in the west of the region represents almost one quarter of Ireland's total Gaeltacht population. Ireland Northwest has also produced some of Ireland's greatest writers and poets including Seamus Heaney, Frank McGuinness and Seamus Deane, as well as internationally acclaimed musicians and songwriters such as Clannad, Enya, Altan, Phil Coulter and the Undertones.

Above all, Ireland Northwest is a welcoming place where people can quickly feel part of, make friends and connections and put down roots. It is the region where you can realise your full potential, match your needs with our strengths and provide your gateway to success.

DUPONT

One of the world's leading science companies has a strong message for other potential investors from the US - that Ireland Northwest is one of the most competitive locations in which to grow an international technology-led business.

DuPont was founded in America in 1802 and has been operating in Derry-Londonderry for more than 50 years, a byword thanks to its world-changing inventions such as Lycra, Nylon, Neoprene and Teflon.

DuPont™ Kevlar® is the main product of the site and is used in airplanes to make them stronger and lighter. Kevlar® is used in a similar way for cars, improving performance, and can even be seen in blockbuster movies like Batman.

The company puts its success in Derry down to family values and a loyal workforce, allowing it to tap into a bright, innovative talent pool and also to spur growth in the area through training and supporting spin-out companies. It now has a third generation of staff coming through the ranks.

The company says it has boosted a strong local skills base by continuing to invest heavily in staff training.

"The company has created and sustained engineering and technology, forged strong relationships with local universities which have contributed to technical excellence and innovation and boosted growth in the private sector by supporting spin out companies across a range of industry areas".

"DuPont's long term commitment to Ireland Northwest sends out a strong message to other potential international investors, that this is one of the most competitive locations from which to locate and grow an international technology-led business.

"The quality of production and skill-levels are at the forefront of developing new technology. The expertise and ingenuity that we have at Maydown will help inspire the development of Kevlar® and motivate employees further."

www.dupont.co.uk



INISHOWEN ENGINEERING

Established in 2004 by Michael Mc Kinney, Inishowen Engineering now employs over 90 employees making it one of the largest employers in the Inishowen peninsula in Donegal. The business offers complete engineering manufacturing solutions from its modern, state of the art engineering workshop, which includes a fibre laser profiling machine and 8M capacity brake press.

Accredited under ISO and with CE marking, Inishowen Engineering serves the national and international agricultural machinery and haulage/load handling markets both in Europe and North America and its customers include Moffett Engineering and the HIAB Group, Major Equipment Intl. Ltd and Fleming Agri Products.

Founder and MD Michael Mc Kinney states, "We have found over the years that our location in Donegal has enabled us to develop and compete competitively both nationally and internationally. The third level colleges in Letterkenny and Derry produce excellent graduates and apprentices who have added much to the capability of our business. With our low cost of living and the availability of housing at affordable cost we have very high staff retention rates and we seldom have staff leaving the company."

"Over the years we have engaged with the development agencies such as Enterprise Ireland and the Local Enterprise Office who have supported us from the outset. As well as helping us with financial aid at crucial times we have taken part in a range of management development programmes and networks that have allowed us to grow the business. The implementations of Lean Manufacturing processes in the business over recent years have made us much more efficient, competitive and profitable."

www.inisheng.com

A HOTBED OF ENTERPRISE

With everything it has going for it, Ireland Northwest has been growing from strength to strength, attracting global companies and fostering a wealth of ambitious and successful home-grown SMEs.

The region has a strongly pro-business climate with local authorities and central government committed to developing the knowledge-based economy and encouraging innovation and entrepreneurship.

The Ireland Northwest track record in attracting overseas investment speaks for itself with 40 major international companies operating in the region and additional companies locating on an annual basis. Testament to the success of these investments is the fact that almost 80% of new investors have already re-invested.

The region boasts world-class clusters in a variety of sectors including technology, financial, professional and business services, and life sciences. In Ireland Northwest companies have an ease of start-up, the ability to scale and avail of highly attractive and competitive packages of financial incentives, recruitment and training and R&D support tailored to the companys' needs.

Ireland Northwest prides itself on the excellent links between the university, research institutions and businesses with globally-recognised research centres across a range of disciplines.

Labour costs are consistently more competitive than Dublin and more competitive than any other region in the UK or Western Europe. With unrivalled levels of staff retention, a workforce with a strong work ethic and a diverse range of skills in key areas, it is little wonder so many blue chip companies continue to invest in Ireland Northwest, including international

players such as Fujitsu, Seagate, DuPont, Allstate, Pramerica, Abbott and Phillips Medisize. Ireland Northwest boasts a highly educated and skilled English-speaking workforce providing a steady stream of fresh talent.

Firstsource

Firstsource is a global leader in business process outsourcing (BPO) to companies in the Healthcare, Communications, Publishing, Banking, Financial Services and Insurance industries. Founded by ICICI Bank of India, Firstsource specialises in customer management, data processing and collections for its clients. Over 1700 of its global workforce are based in Northern Ireland across three delivery centres, the majority of staff are based across two sites in Derry-Londonderry.

www.firstsource.com

Seagate

Seagate is a world-class pioneer in developing products that let people create, share and preserve their most critical memories and business data, and is a global leader in the fast-growing data storage sector. Dr Brian Burns Vice President Operations said 'People are a huge part of why Seagate have stayed here, we invest heavily in people. Our people are hard-working, dedicated and very innovative, they come up with some great solutions'.

The site was established in 1993 and is Derry's largest employer with around 1,350 staff. Seagate has invested £34.7 million in 2014 in the Springtown plant where it supplies 25% of global demand for read-write heads for hard drives. Seagate Derry is one of only six plants worldwide to produce this kind of cutting edge technology and the UK's largest nanotechnology site. The Ireland Northwest operation is the largest of only 5 facilities of its type in the world and only one of two Wafer fabs in Seagate. Business is rapidly expanding with the explosive increase in demand for storage capacity sparked by technology such as smartphones and cloud computing.

www.seagate.com

SITA Air transport

Almost every airline and airport in the world does business with IT specialist SITA, which designs and implements mission-critical enterprise applications, from airport operations to passenger systems and baggage management. SITA established a presence in the NW in 2003 the Letterkenny team delivers high value, high quality software architecture projects for SITA worldwide. SITA has a presence at more than 400 airports around the world, provides service to 450 air transport industry members and 2,800 customers in more than 200 countries. The team in Letterkenny also develop SITA's world-leading biometric products used by Governments to control borders

www.sita.aero

United Health Group

Leading American healthcare company United Health Group has been voted "World's Most Admired Company" in the Insurance and Managed Care category by Forbes magazine for the last five consecutive years. The primary function of the Letterkenny site is the electronic processing of health insurance claims. The Ireland Northwest operations have become a key strategic site responsible for processing larger volumes of the more complex claims Employing more than 450 people this is the largest site in the Europe, Middle

East and Africa region. Significant investment was made in recent years resulting in the establishment of its European Network Hub which supports customers in both EMEA and North America, a technical support centre and expansion of the claims processing business

www.unitedhealthgroup.com

O'Neills

O'Neills specialises in the design, manufacture, personalisation and supply of sportswear, including performance playing kit and leisurewear.

The company is based on the heritage of a business founded in Dublin in 1918 by Mr Charles O'Neill. O'Neills is 100% Irish owned, proud of its heritage and employing over 700 people in Ireland. O'Neills now has established Sales Offices in Dublin, London and Belfast, as well as a second production plant in Strabane.

O'Neills is a vertically integrated manufacturing company, the fabric and sportswear manufacture takes place in a production facility at its headquarters in Strabane. The company's ability to manufacture from their own fabrics allows O'Neills to specially design garments to meet the short delivery dates required by their customers. Whilst the company's initial customer base was within Gaelic games, it has expanded to cover a range of other sports and markets outside Ireland including the US.

www.oneills.com

Pramerica

Pramerica is a business and technology operations subsidiary of US based Prudential Financial Inc - a financial services giant with assets of more than \$1.1 trillion and operations in Asia, Europe and Latin America. 'The workforce grew way beyond our initial targets because of the talented workforce we were able to get locally. That's the result of the strong universities and third level institutions that exist here, with LYIT on our doorstep and Ulster University at Magee in Derry' said Ciaran Harvey, Senior Managing Director and CIO. Operations began in

June 2000 with 8 employees and Pramerica is now Donegal's largest private sector employer employing circa 1200. Pramerica's new, state-of-the-art, eco-friendly office campus will be a 135,000-square-foot facility which could eventually accommodate up to 1,800 staff members.

The company cites Ireland Northwest's rich pipeline of talent and favourable work environment making it the ideal time for Pramerica to make an investment in a new campus facility. Pramerica Systems provides development, quality assurance and systems engineering services to Prudential Financial Inc. Pramerica also provides a wide range of Professional Business Solutions to business groups across the US in technical support, financial, legal and actuarial services.

www.pramerica.ie

Randox

Randox is a world leader in clinical diagnostics solutions, based from its futuristic R&D, engineering and manufacturing facility located in Dungloe, Co. Donegal. Founder and MD Dr Peter Fitzgerald has said that the Dungloe base is central to the company's future which will develop the facility as one of the most futuristic and diagnostic manufacturing centres in the world. Its Ireland Northwest's operations play a key role in improving clinical decision-making worldwide. The facility manufactures a range of Randox products including RX monza, a clinical analyser, as well as biochips for clinical and research applications.

Randox develops new tests to diagnose common diseases like Alzheimer's, chronic kidney disease and cancers. The company researches, develops and manufactures laboratory capabilities which are exported to 145 countries worldwide. Randox plans to expand staffing levels in Dungloe to 540 by 2020 after significant multi-million euro investment to establish a multi-diagnostic facility here in the Ireland Northwest.

www.randox.com



SEAQUEST

Killybegs based SeaQuest Systems is a prime example of an entrepreneurial family businesses drawing on the power of strong local roots, yet be constantly reaching out to global markets by investing strongly in innovation.

Founded by Bert Leslie and now run by his son Brian Leslie, SeaQuest Systems is a leading edge company in the design and manufacture of fish pumps and hydraulic systems for fishing and offshore vessels and its products are a by-word throughout the industry for excellence of design, sturdy construction and superior performance.

Set up in 1986, the company has 30 years of experience working with everything from 10-metre potters to whitefish vessels and the biggest pelagic vessels in the world. It is ISO approved and builds to DNV and Lloyds classifications.

“Our products are computer designed using 3D programming and manufactured by us at our own premises, ensuring maximum accuracy and consistency throughout the entire sequence from customer consultation to final production,” Brian says.

“The support agencies for business in Donegal have helped us from our initial start-up phase operating from a small workshop where I employed 4 people, servicing the local and national fleet of fishing vessels. We availed of mentoring from established cross border networks and today we employ 45 full-time and in the summer up to 52 staff. We manufacture deck equipment for fishing and offshore vessels at home and around the world. We are very focused on quality and customer satisfaction. We exhibit at all the major fish expos and off shore exhibitions. With agency support in 2013 we now have a state of the art manufacturing facility and at present we are planning to extend the facility again by approx. 60%

Donegal has a very talented and innovated workforce, and we are also supported by Letterkenny Institute of Technology.”

www.seaquest.ie

HOMEGROWN TALENT MAKING GLOBAL IMPACT

One of Ireland Northwest’s great strengths is its home-grown talent pool and the proud entrepreneurial spirit that this fosters. In the fields of IT, engineering innovation and the creative digital industries, here are three such successes making an impact in international markets.

8over8

A particularly striking success story is that of home-grown Derry software firm 8over8. This fast growing company with offices in Europe, North America, Australia and the Middle East was recently acquired by Cambridge-based AVEVA in a £27million deal. Starting as a spin-out from Ulster University, 8over8’s CEO is Clare Colhoun, with a global blue chip customer base the company remains firmly rooted in Ireland Northwest with its headquarters in Derry.

The company’s flagship product is ProCon, a risk management software platform used by some of the largest oil and gas mining firms on the globe.

ProCon has been deployed on more than 250 projects that manage \$500bn of assets, saving customers up to 5% on their capital investments.

8over8 has built a loyal blue-chip customer base globally including PDO, Shell, BP, Chevron, Santos, Wintershall, Caspian Pipeline Consortium, Woodside and INPEX among others.

www.8over8.com

Dog Ears

One of the freshest success stories in creative media is Dog Ears, which launched in 2010 and now boasts a series that streams worldwide on Netflix. Formed in 2010, it brings children’s stories to life across multi-media platforms.

Dog Ears produced its first book starring Miss Rosie Red and released Ireland’s first children’s book app. ‘With advances in technology, we don’t need to be in London or Dublin’ Dog Ears creations provide the opportunity to showcase the creative talent available locally.

Its second production is animated preschool show Puffin Rock, produced by a full animation team working out of its Derry studio. Puffin Rock is narrated by Irish actor Chris O’Dowd and is now in production for a second series. Fionnula Deane, Managing Director, said the Ireland Northwest base for their business has been central to their success. ‘There’s great infrastructure and great support. There’s an energy and enthusiasm for good things to happen.’



MOLL INDUSTRIES IRELAND

Life sciences companies are springing up all over Ireland Northwest, thanks to the region's spirit of risk-taking curiosity and enterprise.

One prime example is home-grown Moll Industries Ltd, a custom technical moulding and assembly company that is an outsourcing manufacturing partner for life science and high tech products such as medical devices. The company was established in Donegal in 1983 and now employs 20 people.

Husband and wife team Helen & Michael Masterson each have degrees in Engineering and Masters in Business and Innovation, along with 25 years of manufacturing experience.

Moll Ireland has become an award-winning contract manufacturer, delivering a high quality product to customers at a reasonable price while complying with rigorous regulatory and industry standards. From the company's base in South Donegal, Moll can service Global Pharmaceutical companies.

Michael Masterson says: "The main catalyst for growth of our business is our technical capability – what we can do. It starts with the people, the equipment and the skillsets we have. There are some really good, extremely talented people in the company. They're important. We continue to win new business based on our technical expertise and International Certification. Moll Ireland's experienced team can enter the life cycle of a product at any stage".

The company's key focus is to deliver as an outsourcing partner to its customers and to continue to grow the business, based on the values of trust, excellence and partnership."

"Based in Ireland Northwest, we have a readily available skilled workforce and good connectivity while maintaining an excellent work life balance, our workforce are not stuck in traffic and the natural amenities along the Wild Atlantic Way provides a positive environment to be productive".

www.mollindustriesireland.com

Dog Ears also started and runs the hugely successful Humdinger! Children's Story festival in the North West, an annual book festival which has played host to authors Oliver Jeffers, Julia Donaldson and more than 20,000 children and families since 2013.

www.cheersdogears.com

E&I Engineering

One of Ireland Northwest's best known business champions is Philip O'Doherty whose engineering firm E&I Engineering Ltd is a textbook showcase of home-grown talent competing in international markets.

The company was founded in 1986 and specialises in manufacturing electrical power distribution equipment. Switchgear products from E&I Engineering have been used in the power distribution systems for various major warehouses and other industrial buildings and the company has carried out work for a range of multi-national companies including News International, Rolls Royce, Diageo and Securitas.

Its team of chartered engineers manages every aspect of a project from concept design with consultants, manufacture, delivery, installation, testing, commissioning for contractors and after-sales services. The company currently exports over 95% of its products.

Over the years E&I Engineering has expanded its engineering expertise and invested in a purpose built facility in Burnfoot, Co. Donegal, which now employs 485 staff. It is listed in the Irish Times Top 1000 companies, with annual turnover in excess of €100m.

The company's first global venture saw the establishment of PowerBar Gulf in the United Arab Emirates (UAE) in 2009, enabling E&I to develop partnerships in Europe, Asia and Australia. E&I now also has its first US operation in Anderson County, South Carolina.

E&I Engineering's extensive range of switchgear has been used in projects for high profile commercial clients including Allen & Overy, CISCO, Deloitte, Ericsson and Fujitsu. The company has proven invaluable in the global data centre market with clients across Europe including Barclays, Rackspace and Telecity. Healthcare providers across the world also have integrated the E&I bespoke critical power distribution solutions in their facilities.

The company however remains rooted in the NW of Ireland investing in R&D and its workforce citing a great work ethic and appetite for work in the region with access to the Ulster University and ease of access to markets.

www.e-i-eng.com

"Not only does the region offer a very talented and diverse workforce, but it has fantastic network connectivity. It allows organisations such as ours to provide high end services to business communities around the world."

Ciaran Harvey,
Senior MD and CIO, Pramerica



LOCATION

Ireland Northwest has proximity to 2 international airports, 4 regional airports, 2 deep sea ports and a primary road network.

 **INTERNATIONAL AIRPORT**

 **REGIONAL AIRPORT**

 **DEEP SEA PORT**



IRELAND NORTHWEST

THE FACTS



HIGHLY EDUCATED
SKILLED
ENGLISH SPEAKING WORKFORCE
WITH A STRONG AND
LOYAL WORK ETHIC



PRIME OFFICE RENTS
AS LITTLE AS
\$12 PER SQ FT



AND HIGH SPEED
BROADBAND ACTIVITY



GLOBALLY RECOGNISED
RESEARCH
INSTITUTIONS



YOUNGEST
POPULATION
IN EUROPE



THAN DUBLIN,
LONDON AND MUCH
OF WESTERN EUROPE

NORTH WEST

ECONOMIC DEVELOPMENT INITIATIVE

Please contact us for further information
info@irelandnw.com

Derry City and Strabane District Council,
98 Strand Road, Derry-Londonderry, BT48 7NN
Tel: +44 (0)28 71253253

Donegal County Council
County House, The Diamond, Lifford, Co. Donegal
Tel: 00353 74 9160735 / 9153900



Derry City & Strabane
District Council
Comhairle
Chathair Dhoire &
Cheantar an tSrátha Báin
Derry Cille & Strabane
Districc Council



Comhairle Contae
Dhún na nGall
Donegal County Council

*Initial Analysis of the Challenges and Opportunities
of Brexit for the Derry City & Strabane
and Donegal County Council areas -
The North West City Region*



February 2017



Derry City & Strabane
District Council
Comhairle
Chathair Dhoire &
Cheantar an tSrátha Bain
Derry Cille & Strabane
District Council



Comhairle Chontae
Dhún na nGall
Donegal County Council



Ulster
University
Economic
Policy Centre

Preface

We welcome the opportunity to present this joint research, which was commissioned by Derry City and Strabane District Council and Donegal County Council to provide strong leadership for the region in this time of great uncertainty.

While the results of Brexit will have differential geographical impact across these Islands, the effect on the North West Region, the fourth largest City Region within Ireland, may be significant and sustained unless coherent, decisive, mitigating actions are put in place.

Work on the establishment of the North West Strategic Growth Partnership* between both Councils and both Governments is well advanced. It provides a strong model of partnership through which to build practical responses to the UK's exit from the EU. Much work has already been done through the development of the draft Strategic Growth Plan 2017-2022 for the DCSDC area and Donegal's Local Economic and Community Plan 2016-2022.

As one of the few City Regions within Europe that will potentially now see an EU/non-EU international frontier cut across it - we face particular challenges, many of which are outlined within this report.

Peripherality has been a continuing issue for the region with poor infrastructural linkages to the major cities of Belfast and Dublin. These challenges will only be compounded by the changes that Brexit will bring, no matter in which form it is implemented.

While many areas make claims to their uniqueness in the context of Brexit, our research to date provides a robust evidence base. It unambiguously demonstrates the extreme sensitivity of this region to any changes in trading arrangements whether by the imposition of tariffs, quotas or restrictions on services or labour mobility.

This 'economic entity' has benefitted significantly from the cross-border collaboration evident in the spheres of education, health, environment and research and development, through economies of scale, reduced duplication and improved co-ordination rather than back to back development.

It is a truism that uncertainty, at the level of citizens, negatively impacts upon consumer confidence, consumer spending and ultimately quality of life. Similarly, within a business environment it undermines business sentiment, and in turn investment and wealth generation which affects those living within this region. It also impacts on the ability of local government to raise revenue and thus provide improved services.

Now, seven months on from the UK decision to exit the EU, and less than two months from the triggering of Article 50, it is apparent that the North West Region faces significant challenges alongside some opportunities.

Against a background of growing clarity on how Brexit will be implemented - UK PM Theresa May's statement on 17 January confirms the decision to leave the Single Market - both Councils have pro-actively responded. Collaboratively we have assembled the range of sources of information that will be needed by local, national and international policymakers to inform them on the issue of the UK's exit from the EU regardless of the option - hard or soft.

This initial report enables us to consider the socio-economic characteristics of the region, identify gaps in the knowledge base, consult with key stakeholders and evidence-share with agencies, social, community, voluntary and enterprise sectors and the business community.

Our consultation finds that overwhelmingly, the consensus is there should continue to be free movement of goods, services and people across this Region, “preserving the seamless border”, as Taoiseach Enda Kenny has said. It demonstrates that there is an even greater imperative to ensure that our Strategic Growth Plan priorities are realised i.e. the A5, A6 and N14 roads, Transport Hub, University Expansion development of tourism infrastructure and our regional strategic sites. Additionally, we will begin exploring opportunities emergent from Brexit such as the possible development of a Cross-Border Free Trade Zone.

This joint work will be on-going as the nature of the UK’s exit from the EU becomes clearer. We are beginning to explore opportunities emergent from Brexit including a number of localised solutions within the North West City Region to mitigate the potential impact of Brexit while maximising any benefits of the UK’s exit from the EU.

We welcome any further comments that people may have in response to this report. These responses should be sent to **strategicgrowth@derrystrabane.com** or **strategicgrowth@donegalcoco.ie**.



John Kelpie
Chief Executive
Derry City & Strabane
District Council



Seamus Neely
Chief Executive
Donegal County Council

*The proposed ‘North West Strategic Growth Partnership’ will become a regional driver for cross-border cooperation, with strong linkages to the respective programmes for government, North and South, and EU funded programmes. The function of this body is to be a focused forum that can inform the alignment of relevant investment from both sides of the border to meet the growth needs of the region and through which place-based leadership (demonstrated by the Councils) can connect with Government, North and South.

Contents

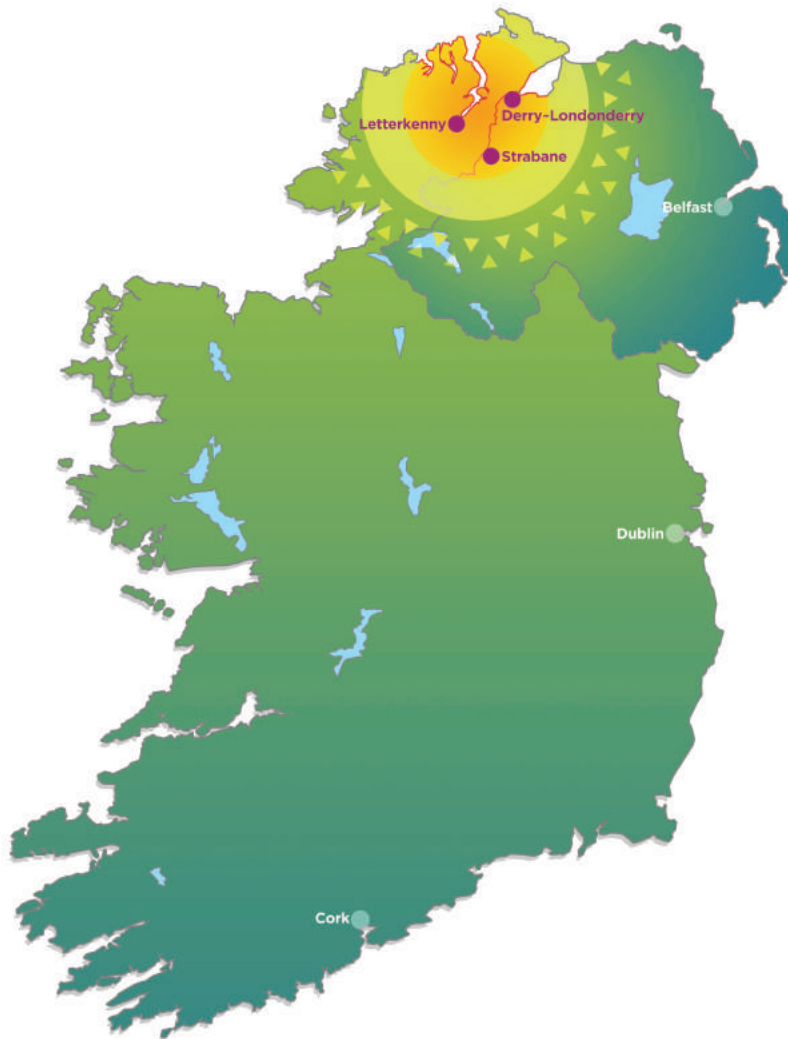
1.0	Background to the report	6
2.0	Introduction: Brexit, measurement and speculation	7
2.1	Brexit	7
2.2	Measurement and speculation	9
2.3	Speaking to Key Informants - What we have been told so far	13
3.0	The North West City Region Economy	22
3.1	Labour market	22
3.2	Business demography	23
3.3	Considerations	23
4.0	Initial areas for consideration in the North West City Region	24
4.1	Trade: Cross-border and exports off the island	24
4.2	Foreign Direct Investment: A Success Story?	27
4.3	EU funding: Crucial to the third sector and rural development	29
4.4	Migration: An internal and external issue	30
4.5	Tourism: Successes but under-developed markets	33
4.6	Cross-border shopping: living with borders	34
4.7	Cross-border Cooperation & Management	35
4.8	Other issues	35
4.9	Conclusions	36
5.0	Possible outcomes	37
5.1	Derry City & Strabane District Council area	37
5.2	Donegal County Council area	39
6.0	Next steps	40
7.0	Emerging conclusions and potential mitigations	41
	Notes	45

Acknowledgements

The authors (UUEPC and Michael Gallagher, Derry City & Strabane District Council) would like to thank Loretta McNicholas (Donegal County Council), Professor Frances Ruane (Trinity College, Dublin) and Dr Katy Hayward (Queen's University, Belfast) for sharing their insights, research findings and data. For additional assistance with data, we would like to thank the relevant statisticians in the Department for the Economy, the Central Statistics Office, the Department of Jobs, Enterprise and Innovation and the Northern Ireland Statistics and Research Agency.

1.0 Background to the report

Immediately following the Referendum result in June 2016 Derry City & Strabane District Council (DCS&DC) and Donegal County Council (DCC) resolved to undertake an initial scoping study on the potential impacts of the Brexit decision on the North West Region (NWR) and appointed the Ulster University Economic Policy Centre (UUEPC) to provide research and technical support for the scoping exercise. The work-plan elements include desk-top research, a literature review, economic modelling and stakeholder engagement across both the DCS&DC and DCC areas. Map 1 depicts the North West Region comprising approximately c. 350,000 people.



Information from DRD's Telemetric data counts the number of vehicles crossing a given point (travelling in both directions) on an hourly basis. The 2015 Data shows that a total of 326,577 journeys are made per week across the three major crossings – Derry/Bridgend (all data both ways), Muff Village to Derry and Strabane/Lifford.

Figure 1: Total Traffic Movement per week and day per route – DRD 2015 Telemetric Data

Route	Traffic Movement (per week)	Traffic Movement (per work day)
Derry-Bridgend (border)	134,863	19,266
Derry-Culmore (border)	71,145	10,164
Strabane-Lifford (border)	120,569	17,224
Total no. journeys	326,577	46,654

This summary report provides a brief review of the scoping exercise to date and some initial estimates of the potential impacts of Brexit on employment in the NWR, given its current economic profile and its position along what will become a land border between an EU member state and a non-member state, as well as the existing high levels of integration across the region in many areas of social and economic life. It offers considerations on the potential impact of Brexit on some of these areas and what actions might be taken by the two Councils, government and non-government stakeholders to minimise these impacts and ensure any opportunities are fully explored and developed.

This report also includes some analysis on the economic literature dealing with Brexit and its potential impacts on the UK and Ireland; a review of the economic developments since the referendum; an overview of the North West City Region's economy; some considerations on the specific sectoral areas within the NWR where Brexit may lead to challenges and opportunities; some initial estimations of the economic impact of Brexit; and some final suggestions on mitigating risks and maximising opportunities.

As part of the work DCS&DC and DCC are jointly undertaking an extensive consultation exercise with representatives from the business, health, education, Community, Voluntary and Social Enterprise (CVSE), Agri-food and logistics sectors. A brief summary of their early responses are outlined within the report.

2.0 Introduction: Brexit, measurement and speculation

2.1 Brexit

The result of the United Kingdom's (UK) European Union (EU) membership Referendum on 24 June 2016 came as a shock to many and was followed by a short period of stock market volatility and significant exchange rate volatility. In Northern Ireland (NI) a majority (56%) voted to remain in the EU, a voting pattern which occurred in 11 of the 18 parliamentary constituencies. In the North West, within Foyle, 78.3% voted to remain within the EU, the largest majority within Northern Ireland to vote remain. West Tyrone voted 2:1 to remain and in East Londonderry a slim majority voted to stay in the EU.¹ In terms of predictors of how people voted in NI, research by political scientists show the strongest factors to be underlying ethno-national identity of voters (whether they are nationalist, unionist, etc.), partisanship as well as some evidence that traits associated in the UK with a 'left behind by globalisation' also affected voting pattern.²

In terms of what happens next the timetable for Article 50 to be triggered and negotiations between the UK and EU on a withdrawal agreement has become clearer.³ Article 50 appears most likely to be triggered in March 2017 and, unless EU member states unanimously agree to a longer negotiation period, there will be a two-year deadline (up to the spring of 2019) to conclude a deal over the UK's exit. At that point talks on future trade agreements, both with the EU and also with other World Trade Organisation members, can begin in earnest, which has prompted concerns about what happens in 2019 – will there be a transitional arrangement, what might this be and will EU member states agree to it or push the UK into relying on WTO rules?⁴

The shape of Brexit is becoming clearer, although what the UK and the EU member states want are likely to be very different.⁵ The UK Prime Minister has provided clarity as to ‘precisely which exit door Britain should be heading for’⁶, driven by the desire to retain control over immigration policy. Therefore, the media and other commentators have moved on from speculating how the new UK Cabinet will deal with the negotiations and whether the end result is likely to be a ‘soft Brexit’ (continued membership of the Single market through membership of the EEA or the ‘Norway option’) or a ‘hard Brexit’ (leaving the Single Market and operating under WTO rules to negotiate new trade agreements with third party countries).⁷ The European Commission has steadily insisted that there can be no ‘cherry picking’ of those parts of the relationship that the UK likes. In the meantime Figure 2 attempts to identify what various Brexit options might mean for access to the Single Market or freedom of movement of labour in any future UK/EU relationship.⁸

Figure 2: Implications of various options for the future EU-UK relationship

10 EU policies or processes	No Brexit	Soft Brexit		Hybrid	Hard Brexit		
	Full EU membership	EFTA EEA	EFTA Switzerland	Continental partnership	CU with Turkey	FTA with Canada	WTO rules
Single Market (SM) access?	Yes	Yes	Partial	Yes, but	No	No	No
Free labour mobility?	Yes	Yes	Yes	Limited	No	No	No
Part of SM rules?	Yes	Yes	Partial	Yes	No	No	No
Say in SM rulemaking?	Yes	No	No	Partial	No	No	No
Bound by ECJ SM decisions?	Yes	Yes	Partial	Yes	No	No	No
Duty-free access in goods?	Yes	Yes	Yes	Yes	Yes	Yes	No
Market access for services?	Yes	Yes	Partial	Yes	No	Partial	No
Part of EU commercial policy?	Yes	No	No	Yes, Possibly	Yes	No	No
Part of EU agricultural policy?	Yes	No	No	No	No	No	No
Contribution to the EU budget?	Yes	Yes	Yes	Yes	No	No	No

EFTA: European Free Trade Association • EEA: European Economic Area • CU: Customs Union • FTA: Free Trade Agreement • WTO: World Trade Organisation

The questions over what happens next and the likely shape of Brexit have had an impact on this island. In NI, where the parties in the Executive took opposite sides in the Referendum, the Executive Office sent a letter to the UK Prime Minister on the 10th August 2016, setting out the case for both the involvement of the NI Executive in the Brexit negotiations and the consideration of the special conditions resultant from NI sharing a land border with the Republic of Ireland. It also noted other areas of special concern, such as cross-border commuting, the need for a secure energy supply, the continuation of EU funding (estimated to be worth £3.5bn up to 2020) and the exposure of the Agri-food sector.⁹ A ‘Brexit unit’ has been established in the Executive Office and audits of risks and opportunities are underway within the NI Departments and, separately by the North/South Ministerial Council (NSMC), on cross-border matters. The idea of demanding a ‘special status’ for NI has been debated in the Assembly (and voted down) and providing a shape to this concept is likely to fall outside political circles. A critical assessment of this approach has contrasted the reaction to Scotland where the Executive has created a new Brexit minister, appointed a standing group of advisors and has issued a plan for the negotiations.¹⁰

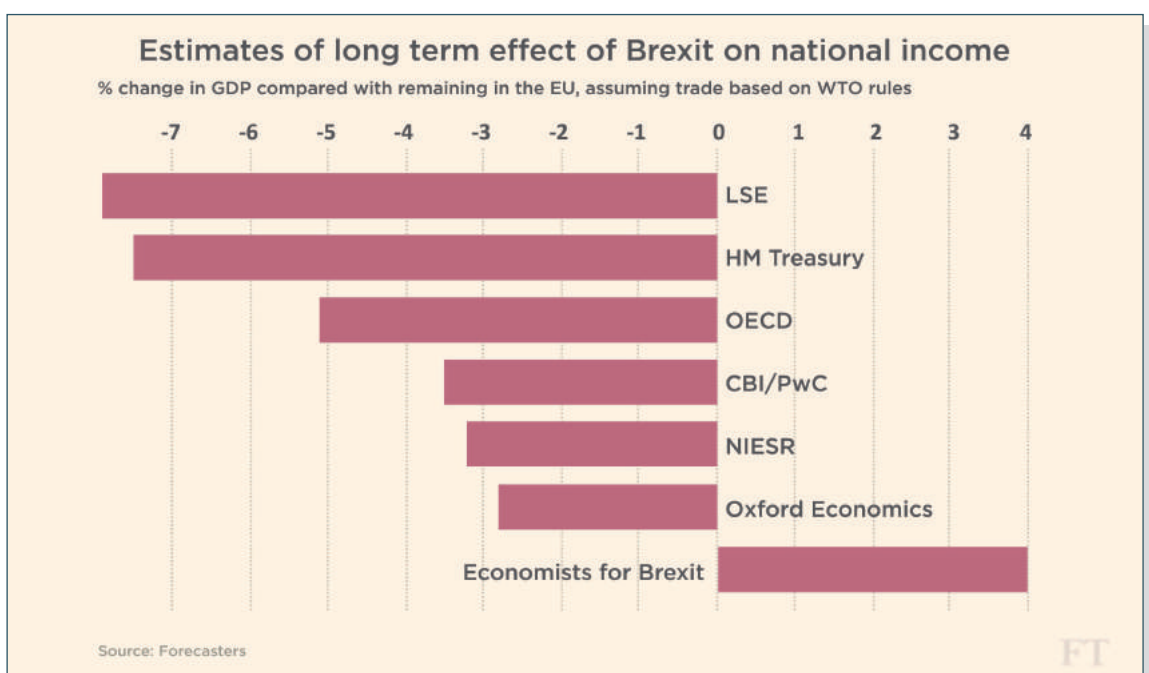
In the Republic of Ireland there has been a much greater level of activity. In the days after the Referendum the Department of Taoiseach released a Brexit contingency plan intended to provide reassurance and with some immediate actions to support Irish businesses.¹¹ This was followed in the Budget by further steps to try and insulate the Irish economy against any negative impacts of Brexit. The responses include reduced capital gains for entrepreneurs to attract these to Ireland, extension of the Foreign Earnings Deduction designed to allow companies to diversify into non-EU markets, retention of the 9% VAT rate for the hospitality sector and other measures designed to make Ireland attractive to FDI and to combat any volatility in the wake of the Brexit decision.¹² Strategically, the Irish government has adopted a three-pronged approach, attempting to address Irish/EU, British/Irish and North/South relations simultaneously. However, the forthcoming negotiations raise issues about where best to position the Republic of Ireland and whether its interests are aligned with those EU partners (the Nordic and Baltic countries as well as Germany, the Netherlands, Hungary and Poland) who 'are likely to favour a future status for the UK as close as possible to the current arrangements' and how close to work with the British government on the issue. The North/South element has also proved difficult, although a recent plenary meeting of the North/South Ministerial Council has agreed to continue to discuss Brexit bilaterally and, that in doing this, they 'would be guided by some common principles'.¹⁴

2.2 Measurement and speculation

While Brexit is likely to be the most significant political and economic shift that these two islands will see in the next decade it remains difficult, if not impossible, to be too prescriptive about the economic impacts of Brexit. The issue of economic impacts has generated a long and, at times, controversial debate about the relative merits of membership of a trading bloc as against the freedom to negotiate trade agreements with third party countries, the free movement of labour and its implications, and the movement of capital or investment. In the background, lies a more general debate about globalisation and its costs and benefits.

The debate has included assessments on the short, medium and long-term impacts of a Brexit on the UK economy. As Figure 3 shows most assessments have been negative about the long-term impacts on the UK's GDP growth, although this has raised questions about both the modelling techniques used and the assumptions they were based upon.¹⁵

Figure 3: 2017 GDP forecasts for the UK economy



Source: Financial Times, 27 June 2016

The regional and sub-regional economic impacts of Brexit have been less studied or discussed even though it is understood that there would be varying impacts of a UK exit and that the Irish border and the regions contiguous to it have more reason to be concerned than most about what will happen next. There has been some research on the risk exposure of the UK regions in terms of their goods exports and/or receipts of EU Structural Funds, which finds that the North East, South West and Northern Ireland are more exposed on exports than other UK regions, while Wales was most exposed in terms of receipt of EU funding.¹⁶ With regard to EU funding NI (in both the 2007-2013 and 2014-2020 funding periods) has been the second largest per capita UK regional recipient behind Wales of combined European Regional Development Fund and European Social Fund funding – receiving more than €338 per head which is almost twice the UK average.¹⁷

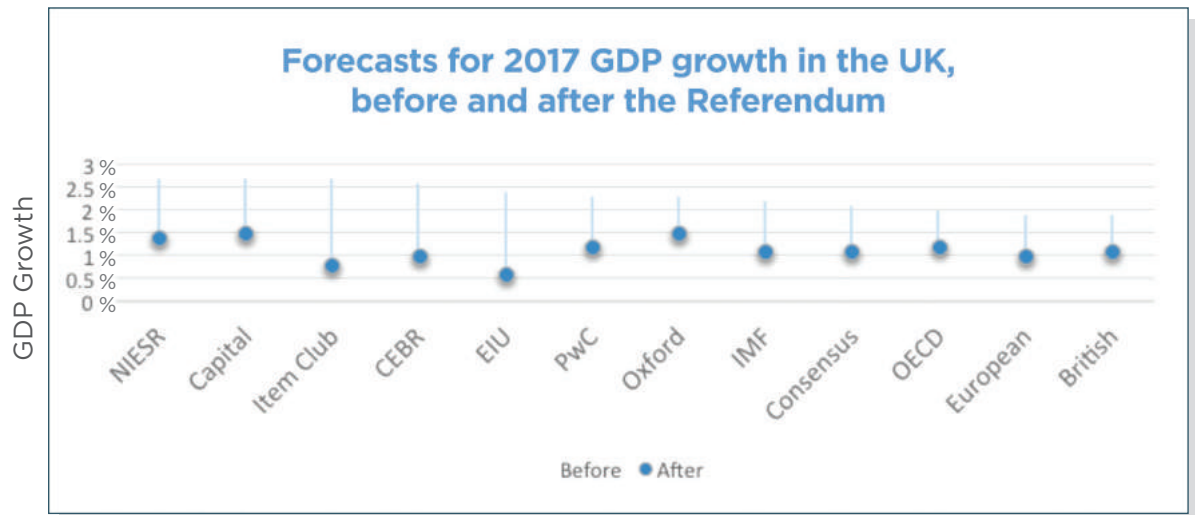
For NI, specifically, an early paper for the Assembly's Committee on Enterprise, Trade and Investment estimated that NI's economic output could be 3% lower as a result of Brexit, based on the UK's output being reduced by 2%. Similar figures were produced in research by Oxford Economics for the Department for Enterprise, Trade and Investment, which finds that on average across nine scenarios GVA growth in the UK economy will be 1.8% lower than baseline by 2030, for NI it was 2.8% lower.¹⁹ The Nevin Economic Research Institute have also released research, first on the sectors at particular risk from Brexit and then what the implications might be of a 'hard Brexit', where the UK leaves both the Single Market and the Customs Union.²⁰

The potential impact of Brexit on the economy of the Republic of Ireland is forecast as equally concerning. Research in 2015 estimated that Ireland would be far and away the worst affected EU member state by a UK exit with lower than baseline GDP, by 2030 of between 0.8% and 2.6%.²¹ The consensus since then, with research by the Economic and Social Research Institute (ESRI) leading the way, has been that due to the Republic's close trade, investment, energy and migration integration with the UK, the impacts would be largely negative, perhaps with the exception of gains in FDI. The analysis estimates that under a 'hard Brexit' (ie: the UK operating WTO rules) Ireland's GDP would be 3.8% lower after 10 years. Much of this may be driven by trade losses where Ireland could lose 30% of its trade with the UK under WTO tariffs and this amounts to 4% of its total trade compared to the EU average of half of that amount. The UK could lose 27% of its trade with the Republic of Ireland but this only amounts to 1.5% of total trade.²²

A picture has emerged for the Republic of Ireland of some sectors (and indeed regions where these are concentrated) being particularly exposed to risk due to UK trade being a high proportion of the sectoral total and also being a high proportion of the Republic's total trade with the UK. The sectors included in this include Pharmachem, Food & Drink, Traditional Manufacturing, Materials Manufacturing, Electrical Equipment and Transport Services.²³ The Agri-food sector has come in for particular attention with some estimates of a fall in exports of between 1.4% and 7% (depending on the scenario), even with a diversion of sales to other destinations.²⁴

With this almost completely negative consensus about the economic impacts of Brexit it is not surprising that Figure 4 shows that almost all forecasters monitored by the UK Treasury have reduced their forecasts for GDP growth in 2017 since the Referendum. Only one of the 41 City and non-City forecasters (Liverpool Macro Research) actually increased their forecasts for GDP growth in 2017 (in this case from 2.4% in May to 2.6% in November). However, it should be noted that the average in August 2016 for 2017 stood at 0.7% and, by December, this had risen to 1.1%, reflecting the better-than-expected indicators since the June result. Likewise, in both the Republic of Ireland and NI forecasts for growth in 2017 have also been downgraded due to worries about the impact of Brexit. Although, in Ireland, most of the 2017 forecasts for GDP growth since the Referendum are still above 3%, with the ESRI in December 2016 forecasting 3.5%. Indeed, much of the narrative concerns potential over-heating in Dublin, particularly in housing, the need to avoid fiscal loosening and the risk to US FDI from a Trump presidency.

Figure 4: 2017 GDP forecasts for the UK economy



Source: HM Treasury, Forecasts for the UK Economy, December 2016

However, it has to be said that much of these estimates are exactly that – speculations based on assumptions rather than measurement of something that has happened. And since the Referendum the early economic data is not showing much negative impact as yet on UK (or NI) domestic demand and business investment.²⁵ Figure 5 shows that most of the economic indicators have remained positive since June which may be a result of the quick response of the Bank of England (increasing the levels of quantitative easing and lowering interest rates) as well as the Treasury signals that the UK budget would not have to be balanced by 2020.

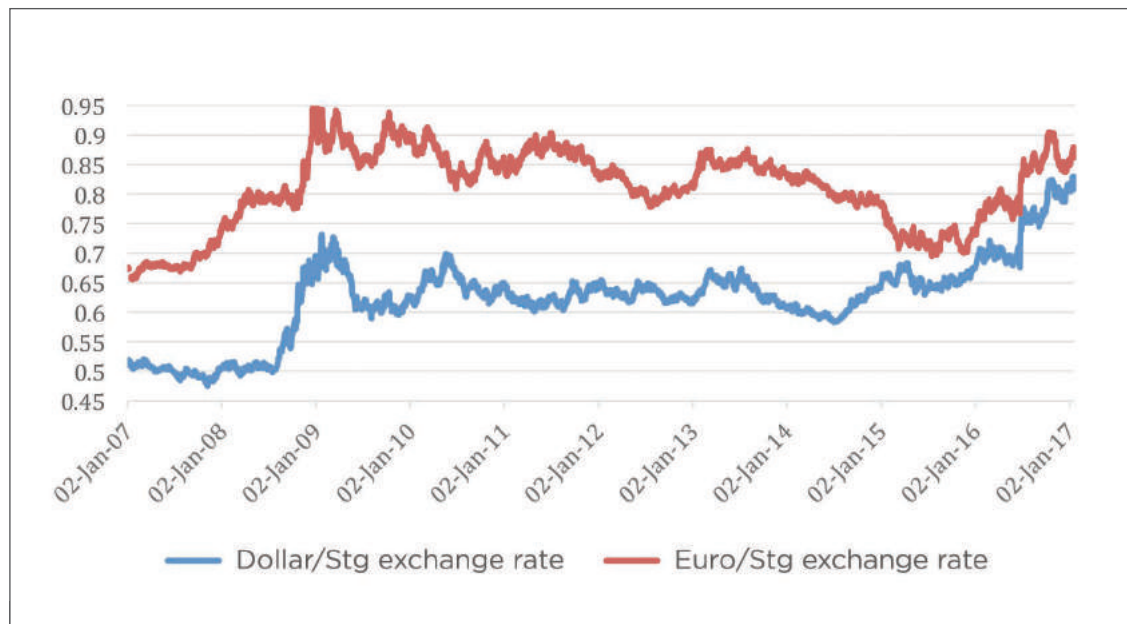
Figure 5: 2017 GDP forecasts for the UK economy

Indicators November/December 2016	Change since Brexit vote
FTSE 100	▲ +13%
Sterling into USD	▼ -16%
Sterling into Euro	▼ -8%
UK Retail sales (Jun vs. Nov)	▲
UK Consumer confidence (Jun vs. Sept)	▲
Economic Surprise Index (Jun vs. Sept)	▲
UK Claimant unemployment (Jun vs. Nov)	▼
UK New car sales (YoY to Nov 2016)	▲
NI PMI: Output/Business activity (Jun vs. Nov)	▲
NI PMI: New business (Jun vs. Nov)	▲
NI PMI: Backlogs (Jun vs. Nov)	▲
NI PMI: Employment (Jun vs. Nov)	▼
NI PMI: Input costs (Jun vs. Nov)	▲
NI PMI: Price charged (Jun vs. Nov)	▲
NI PMI: New export business (Jun vs. Nov)	▲

Sources: FTSE 100: London Stock Exchange (13/12/2016); Exchange rate: Bank of England (23/1/2017); Retail sales: ONS; Consumer confidence: GfK; Economic Surprise Index: Ulster Bank on behalf of Bloomberg; Claimant Unemployment: ONS; New car sales: SMMT; PMI: Ulster Bank.

Volatility in exchange rates has been the factor which has had the most immediate impact, in particular in the North West which operates an effective two currency zone for employees, businesses and retailers. The 13% weakening of Sterling against the Euro (shown in Figure 6) has not repeated the near-parity of late 2008 but the rapidity of the change between June and October (when Sterling fell by 20%) and talk of a continuing weaker Sterling is creating concerns. Indeed it is the very volatility (with a statement by the UK Prime Minister causing a 2% swing in one day) that concerns businesses.

Figure 6: Sterling vs Dollar and Euro, 2007-2016



Source: Bank of England

To conclude, the largely negative consensus about the economic impact of Brexit is similar across UK, NI and Republic of Ireland forecasts (both for the medium and long term). However, the positive economic indicators since the summer has strengthened criticism of these forecasts.²⁶ In the immediate aftermath of the Referendum result, the Nobel Laureate, Paul Krugman, made the point that threats of an impending recession in the UK were wrong though he went on to say that 'economists have very good reasons to believe that Brexit will do bad things in the long run'.²⁷

A broader issue for speculation and measurement is that voters were not persuaded by the arguments that there was a significant economic downside to leaving the EU, when they compared this to arguments about the control the UK would gain in areas like immigration policy. In one poll a majority of voters either did not trust the economic 'experts' or accepted what they said and still felt that, for other reasons, voting to Leave was more important.²⁸

2.3 Speaking to Key Informants - What we have been told so far

Derry City and Strabane District Council and Donegal County Council have been involved in a wide ranging consultation exercise to obtain the views and opinions of those in the education, health, business, agriculture, aquaculture, tourism, retailing, financial services, logistics, Community, Voluntary and Social Enterprise and the construction sectors.

During the time period August to February 2017 a series of meetings have been held in venues across the region with individuals, representatives and groups. This included the December Strategic Growth Conference at which 160 people from across the Region had the opportunity to hear presentations from a range of experts working in the field of economics and law on the possible implications of Brexit upon this Region. The conference included a panel discussion with academics and business people followed by a question and answer session for those attending.

In total we have engaged with well over 400 people to date who have had the opportunity to input into the process through a variety of platforms including social media.

It is the two Councils' intention that this process will continue throughout this next period as preparations are made for the UK to exit the EU.

Below we outline a range of the opinions expressed during this process. It should be noted that the opinions are those of the consultees and do not necessarily reflect those of DCSDC and DCC. Some of the respondents did not wish to be identified and we have adhered to their wishes on this matter.

Education

“ Significant numbers of our students come from all over Donegal to our College in NI. They do so because to access the same range of courses that are available here would require them travelling over a hundred miles within the Republic of Ireland. We are presently working very closely with our partner institutions in the Republic of Ireland to enable our NI students to complete their degree courses there. This collaborative approach is of great benefit to the students, in terms of the cost to them, as well as assisting the Colleges in recruiting more students. This will improve the pool of skills as students are more likely to remain here post qualification when they study locally rather than studying elsewhere, e.g. in Belfast, Liverpool or Dublin. ”

Other issues

- Will students from NI be able to access student loans to attend third level courses in RoI?
- Will their student contributions (fees) be covered by student loans?
- Much debate has taken place regarding the recognition of equivalent qualifications between RoI and NI with respect to third level entry in RoI – will the present pilot scheme which aims to increase the numbers of NI students in RoI colleges persist?
- Will we have access to the ERASMUS student exchange programme in NI?
- Will we be able to access Horizon 2020 and find partners?
- Will research staff from academic institutions be able to travel freely across EU and UK.

Health

“ Our co-operation in the area of health within the North West predates the Single Market or EU entry. The new Radiotherapy Unit in Altnagelvin will provide care for over 400,000 patients from the North West of NI and an additional 110,000 patients within Donegal. The ability of patients from Donegal to travel to the Unit, within an hour in most cases, will improve immeasurably their quality of life when accessing radiotherapy and chemotherapy services. The critical mass of patients that a collaborative approach by the two governments can provide makes the provision of new locally based services viable for health services on both sides of the border.

The service in NI has concerns that any restrictions on travel whether through simple congestion at border posts or the requirements for work visas will lead to a loss of some of those staff who presently commute from RoI from the health service into NI. In addition, any loss of recognition of qualifications on a cross border basis would make recruitment to NI difficult on an EU basis. ”

Other issues

- Would locums still wish to travel from RoI to NI if there were difficulties in sourcing insurance? Would non-EU nationals who have visas to work in EU require additional visas to work in NI?
- Within the sphere of research will institutions be able to share data outside of the EU e.g. academic institutions in RoI with NI research centres?
- Will those attending A&E be required to provide proof of identity and residence as is the case already in some parts of England?
- How will Brexit affect pensions of health workers travelling within NI and RoI during their careers – what about National Insurance contributions?

Tourism

“ Within the last five years we have as an industry invested heavily in promoting the North West through Derry~Londonderry City of Culture 2013, the Wild Atlantic Way and a series of bespoke campaigns around food and recreational activities – e.g. Clipper, and sub-regional marketing within Donegal and Inishowen. It is now paying dividends with record numbers of visitors across the North West. This needs to continue and the borders need to remain open to allow the tourism industry to reach its full potential. The strength of Sterling up until mid-2016 saw an increase in visitor numbers to the Republic of Ireland from GB alongside a general uplift in tourism within the DCSDC area (record levels of hotel occupancy in July/August 2016).

However, the rapid decline in the value of Sterling vis-à-vis the Euro (August 2016) has seen a slowing in tourism spend post August 2016 within Donegal with a corresponding increase in numbers of visitors to NI.

The continuing differential in VAT between RoI rate of 9% and NI of 21% in the area of tourism is of benefit to the sector in RoI but negates to some extent the benefit of the weakness in Sterling within NI.

Other issues

- Dislocation of tourism campaigns such as Wild Atlantic Way, which bring a benefit to all of the North West City Region.
- Is it possible that visitors to NI from RoI (if they are non-EU nationals) will require tourist visas?
- Will tourists be dissuaded from travelling through NI to Donegal from RoI as happened during the troubles?
- Will there be physical impediments to travel – border controls which will negatively affect numbers travelling through NI?

Enterprise

Any barriers to trade whether they be border controls, form filling (whether e-forms or not), or time delays in crossing the border will impose additional costs on business that other areas of the EU will not face.

Will those exporting through NI, Britain and on to Europe be faced with increased 'red tape'?

How much time will it take small firms who have no specialists in the area to complete customs declarations take. This will affect us regardless of whether they are in electronic format or not.

Our business has some experience of exchange rate 'buying forward' but this is extremely limited – currency invoicing and matching are concepts that we know little about and have no one within the company that can advise on issues such as these.

For our company with offices in Dublin and Donegal will non-EU staff be required to obtain a visa to travel from ROI through NI to get to office in Donegal? Although this sounds unlikely our staff are already asking questions such as these.

My firm presently is insured by one company for all our offices in the UK and Ireland. I have been advised that this may no longer be possible post-Brexit? I am worried this will impose additional costs on my firm.

At the minute the lack of information/uncertainty is negatively affecting investment levels – while there is much talk of the relocation of firms from London to Dublin there is little supportive evidence of actual moves.

Other issues

- How will any proposed reduction in Corporation Tax within NI affect ROI?
- What if UK (not NI alone) post Brexit matches the Irish Corporation Tax rate?
- Will imported inflation begin to erode the cost competitiveness that comes with a decline in the value of Sterling?
- Will the UK impose barriers on EU firms who wish to tender for UK contracts i.e. have a preference for UK companies
- Over time will there be a divergence in the harmonisation of standards – as UK fails to implement EU legislation resulting in reduction in access to EU market?
- Will there be a difficulty in recruiting specialists from outside the UK?
- Fear of trade and tariff barriers
- Cost of trade barriers
- Goods branded as EU goods will be lost
- Enterprise Zone within NI?
- Enhanced Capital Allowances
- Productivity/Competitiveness how to improve
- Cross-border Common Trade Area
- Cost of Energy will impact on costs post-Brexit
- Questions relating to Single Energy Markets

Construction

“ Within NI at the minute there are insufficient large capital projects to keep the largest firms employed, many are in England and Scotland working on large infrastructure projects and you can see this if you fly out to Britain on a Monday morning with many workers commuting there. We would like to see greater spending here and it has been promised but it is not enough. There are already problems around recognition of the NI Construction Skills Register Cards (CSR) in the Republic of Ireland and I am also aware of problems with the equivalent cards from the Republic the Solas Card not being recognized in Britain. Any restriction on workers travelling to the Republic would affect the construction sector massively, we want to see an ‘open border’. The other big issue for us would be procurement regulations for companies outside the EU, while we welcome any reduction in red tape that Brexit might bring, how will it impact on us bidding for work in the Republic or elsewhere. ”

Other Issues

- EU structural funds – possible loss of this very important for sector
- There is a need for finance for infrastructure possibly European Investment Bank
- Need for specific NI Infrastructural investment fund
- We believe access to single-market critical/essential for firms to survive and prosper
- NI companies may have to look at joint-ventures with Portuguese companies who have capacity – less likely that this would happen with Polish companies
- Connectivity major issue – poor roads constrain development
- Skills shortage is an issue and the apprenticeship levy is not welcomed as we are already paying a levy through CITB
- Projections regarding housing need as contained within HGI are inaccurate and need to change

Traded Services

“ Will there be a requirement on our legal firm who presently export their services into RoI/EU to have a legal presence in RoI? There are obviously substantial costs to us if that is the case. ”

- Cross Border tax/insurance – how will this work?
- Opportunities for back office – London overheats – lower costs
- Open office for DCSDC and DCC in Dublin/London

Retailing

“ The last decade in retailing has been full of ups and downs... the boom in consumer spending which peaked around mid-2009 saw border retailers in Northern Ireland and the Republic of Ireland do very well but following the economic recession in the Republic and cut backs in spending in NI we then went through an extremely difficult period as consumer confidence on both sides of the border was very low. Periodically as the exchange rate weakens here in the Republic we see an upsurge in shoppers to Donegal but it is difficult to rely on the effects of something we have no control over.

We began to see in late 2015 some increase in consumer spending within RoI as the strength of the Euro vis-à-vis Sterling drew shoppers South again. However, this effect was short lived as the impact of the rapid strengthening of the Euro post the EU referendum hit retail sales within the Republic of Ireland with a corresponding rise in purchases by RoI citizens in NI.

It's true to say that we welcomed the slight fall in the value of the Euro in relation to sterling which did much to lessen the numbers heading North to shop and it did not impact as much as we had anticipated, there seems to be a degree of improvement in consumer confidence within Donegal, despite the referendum result which will help us.

In NI while there has been an improvement in sales, investment decisions, particularly by national chains have been put on hold until we know much more about what Brexit means for those in border retail. The uncertainty associated with Brexit means that they cannot be sure of a return on their investment, this is particularly the case here on the border where the extreme volatility of the currency changes makes even short-term planning difficult.

Things like the VAT rate in the Republic for Tourism also affect us and shoppers head South on mini-breaks including shopping as the VAT rate gives them a price advantage on accommodation and eating out. ”

Issues raised

- Over time NI retail cannot be reliant on competitiveness driven by depreciation of the currency as this is not sustainable and inflation is returning with clothing and footwear prices already showing increases in Dec 2016.
- Need for regional (cross-border) retail marketing campaign to attract visitors, shoppers and day trippers to the area.
- Any restrictions on the ability of shoppers to travel cross-border or to import goods will be extremely damaging to the whole region.

Fishing - Ireland

“ The fishing industry in the Republic of Ireland contributes a lot to employment in Donegal and we are very concerned that our voice will be lost in the clamour that surrounds Brexit and any negotiations that will take place between Dublin, Belfast, London and Brussels. There are 2,600 employed in North and North West in aquaculture, fishery and processing with 26 seafood processing companies in the North region, that is a lot of wages going into this area which are at risk, some idea of the impact is that €81m of fish is landed at Killybegs.

If we don't get continued access to those zones within British waters then we will be in a very difficult position as much of our catch comes from these areas, 70% of our stocks are presently accessed are within GB zone (off Shetland Coast) and to the South West of Britain.

At present the Total Allowable Catch (TAC) is set each year and countries have a set percentage of this – thus as the TAC increases the amount that can be caught increases but not the share. We are worried that as Norway and Greenland have bi-lateral agreements with EU – in the future Ireland could lose out. ”

Issues Raised

- Access to fishing areas
- Potential share of TAC – post Brexit competing with rest of EU in smaller fishing grounds
- Not able to swap fish post Brexit
- EU negotiation with UK – UK will have upperhand as previous 1977 agreement suits them – Ireland then only 1 out of many – Spain, France, Denmark
- Hague Resolution 1976 provided an extra share for underdeveloped regions – UK and Ireland – this will be lost
- Issue of migratory stocks that other countries can potentially overfish
- Crab industry at risk as well – 60% of Ireland's Brown Crab landed in Donegal Post-Brexit then no access to UK to store and land discarded fish
- Labour mobility – visas may be issue with UK fisheries, boats that are registered in UK but foreign owners – what is likely to happen now post-Brexit when GB will have more flexibility to enact legislation
- Cross-border travel with product e.g. from Donegal through NI to Dublin etc. could be adversely affected by any restrictions on cross border freight
- Much of the legislation post-Brexit will be governed by extra-EU agreements e.g. Law of the Sea, Advisory Councils

Fishing - Northern Ireland

In general within NI those involved in fishing have adopted a wait and see attitude, if there is a reversion to the previous agreements pre-EU entry then they would favour that approach. Access to EU markets is critical to Northern Ireland with two thirds of fish exported from the UK, going to the EU.

Future access to the Single European Market is seen as essential if the fishing industry is to prosper within NI.

Agriculture - Ireland

“ The Dairy industry has been under severe pressure already as the price fell in the last year but the whole industry has changed with the majority of milk in NI exported for processing to the Republic of Ireland. I don't think those people suggesting border controls understand, at all, the numerous crossings that there are between Donegal and NI. Many farms now cross the border owning buildings and fields on both sides, how will that work? Much of the beef that is produced here goes direct to England for processing, where will the NI processors get their beef from or their workers if they introduce border controls or quotas or tariffs?

We are already suffering depopulation in the West of Donegal, this is going to make us more isolated and make this worse. As sheep are mostly in West of Donegal with Cattle in East, then depending on which sector is affected most – East may suffer more. ”

Other Issues

- Beef labelling key issue with foreign meat processed in Ireland labelled as Irish beef.
- Will there be a hard border at seaports and airports?
- Those involved in other agri-food products such as cheese have also lost significant market share in the UK market for the same reason as mushroom producers.
- Any border delays will impact significantly on produce that has a short shelf life.

Agriculture - Northern Ireland

- Dairy industry under severe pressure already – majority of milk in NI exported for processing to RoI – what will happen processors in RoI/Farmers in NI post Brexit. Much of the specialization in milk processing results in products traveling cross border at different stages of production process.
- Beef processors are already worrying about supplies of beef from RoI post-Brexit and their ability to recruit labour from outside UK.
- Any border delays will impact significantly on produce that has a short shelf life.
- Firms involved in beef processing, packing of fresh produce such as fruit and vegetables are heavily reliant on migrant labour, will this be still be available post Brexit.

Logistics Ireland

“ Our company is involved in moving goods from ports in NI through to RoI and vice-versa. Any border controls will impose additional costs on us as carriers that we will have to pass on to our customers. This is regardless of whether they are electronic controls or vehicles being stopped, any time delay costs money. On a daily basis 45 lorries travel through Bridgend to the Lisahally Port every day and others to Belfast for one contract. If controls were introduced then the quickest time to process required documentation for such movements would be ten minutes and that would be exceptional...it could take half a day. For 60,000 tonnes that would involve 2,400 truck movements and at the record clearance time of ten minutes that would equate to 400 hrs...with regulations requiring that ten hours is the maximum working day for a driver that would result in 40 idle days costing about 24,000 euro loss of earnings for the truck. This should give some idea of the risks involved to business in Donegal.

For my business (Courier Company) which relies on being able to deliver anywhere in RoI/NI within 24 hours and increasingly within the day ordered, how will border controls work? Will I need to set up a base in NI? ”

Logistics - Northern Ireland

Other Issues

- Could non-EU nationals who have visas in the Republic drive through NI to Donegal or to Dublin?
- Would trucks have to go through Sligo to get to Dublin at a significant additional cost? If so, who would bear the cost?
- Restricted number of entry points to NI could result in traffic congestion particularly on the A2 in Derry at Buncrana Road and the N14 Lifford/Strabane crossing.

Community Voluntary and Social Enterprise Sector

“ We have benefited in this Border region over the years from a variety of EU funds from a range of sources. These include ESF, ERDF, Peace I-IV and Interreg. Much of the Community, Voluntary and Social Enterprise sectors are dependent on these resources to continue to provide our services including training, employment support programmes, counselling and reconciliation work within some of the most disadvantaged areas within these islands. It is well recognised by government that the partnerships which have developed between the public, private and the CVSE sectors are amongst the strongest and effective in delivering services to those on the margins. If this EU funding was to cease then we need strong guarantees from government on both sides of the border that the funding gap will be made up by other resources. These projects bind together these communities and if governments’ stated policy of social inclusion is to be meaningful then they need to step up to the mark in this regard. While the EU Peace Bridge physically embodies the benefits of EU funding many more projects continue to work in the background on assisting vulnerable groups and individuals to address the issues that they have, as well as to transform the lives of many through innovative programme made possible through EU funding.

Any reduction in support as a result of the UK’s exit from the EU would be extremely detrimental to the socio-economic fabric of these communities and to individuals who are dependent on it to ensure the valuable contribution that they are now making to society continues. The governments must recognise the unique nature of this region and plan now to address this post-Brexit scenario. If they do not then the most vulnerable within these communities will suffer most from the withdrawal of EU funding. We need clarity now on both governments’ position on the matter as well as Brussels who have invested so much here with such positive results.”

Other Issues

- Sustainability of projects without EU – will central government fill gap – will it come out of NI block grant?
- Match funding
- Will some programmes be safe but others stopped
- Training and skills levels central to economic progress in region – how will this impact on ESF CVSE also educational institutions
- Who will decide what projects will survive and on what criteria?

3.0 The North West City Region Economy

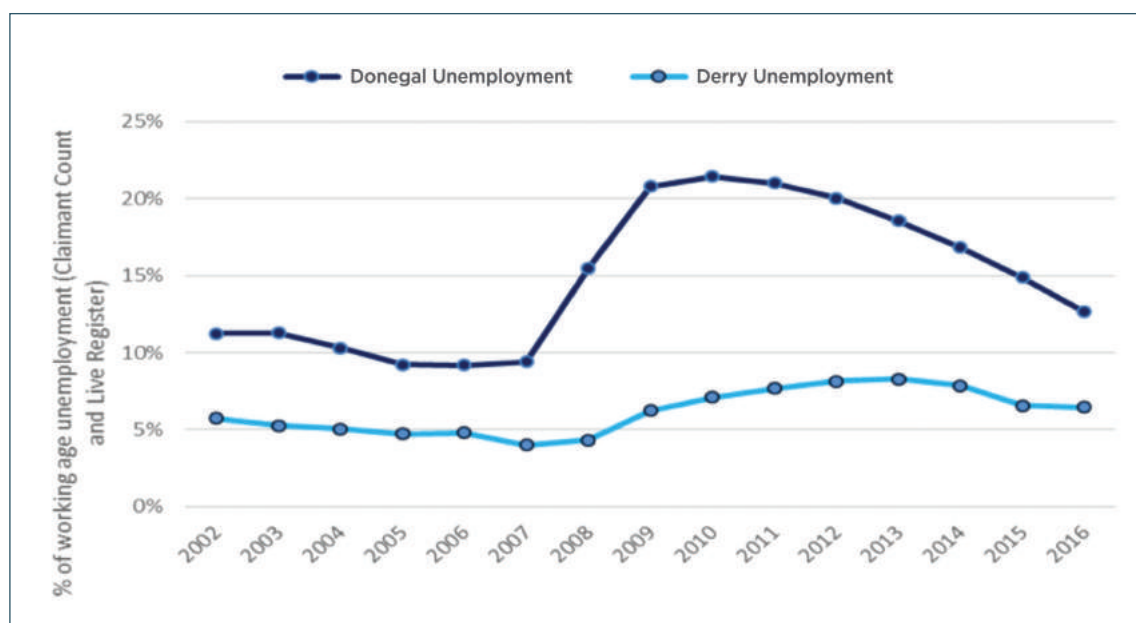
At a joint conference organised by the two Councils on December 2016, delegates heard about the challenges of delineating the economy of the NWCR as a unit due, in the main, to a lack of complementarity between datasets.²⁹ Creating a clear economic picture of the region or indeed providing an unified economic forecast for it is a work for further research. This section will briefly outline demographic, labour market and enterprise profiles and draws some general conclusions on the economy of the region.



3.1 Labour market

Unemployment rates, as shown in Figure 7, are recovering although they have not yet reached pre-recession levels. Inactivity rates in DC&SDC tend to be higher than the NI average (32.9% against 27.1% in 2015) and to some degree explain the differences in the measured rates of unemployment, while labour participation rates in Donegal lag behind the Republic's levels too (58.1% as against 61.9%). For those in employment the sectoral profiles are also similar with the public sector and retail dominating and almost half of those working employed in these sectors in both council areas. One major difference in the sectoral profiles is the greater importance of agriculture in Donegal which has a share of 8%, twice that of DCS&DC. Some of the difference can be explained by the much larger numbers of farms in the two areas but also their larger size (12% have 20+ hectares in DC&SDC compared to 48% in Donegal).³⁰

Figure 7: Unemployment rates in DC&SDC and Donegal, 2002-2016



Sources: NISRA Claimant Count and CSO Live Register.

3.2 Business demography

The data suggests that there were almost 15,000 businesses active in the NWCR in 2014 with a 70:30 split in these towards Donegal. Agriculture accounts for around 30% of enterprise numbers with other large shares for retail, hospitality/accommodation and construction. In terms of size, 90% of the enterprises are 'micros' (employing less than 10 persons), which is in line with the NI/Republic averages. However, while Donegal has only a slightly smaller share of large enterprises (employing more than 250), the share of total employment in these is much smaller than the average in the Republic of Ireland as a whole (7% as against 34%) with small businesses being much more labour intensive.

3.3 Considerations

One of the key issues of concern is the peripherality of the North West region, not only within the European context but also within the island of Ireland.³¹ This peripherality can only be addressed by a wider integration of the economy of the NWCR into all-island, UK and more global networks (or clusters) as well as the most optimal levels of connectivity to assist in that process. Part of that process will be the work of the two Councils seeking to make the most of the agglomeration effect and significant critical mass, which the North West City Region brings.

However, as noted by Martin Wolf of the UK economy, Brexit will not be merely a cause of problems, it will also highlight those weaknesses and vulnerabilities that already exist in regions.³² When looking at the NWCR there is a heavy reliance on the demand-side of the economy in the shape of shoppers (sometimes cross-border), tourists and public sector expenditure. Weaknesses which exist on the supply side, such as low productivity in businesses, lower levels of innovation and R&D or poor skills profiles will also be highlighted in any economic shift which results from Brexit. Capability, as well as connectivity, needs to be highlighted in any response to the risks and opportunities posed by Brexit.

There is also the issue that Brexit raises different levels of immediate concern in DC&SDC and Donegal, in terms of the economic impacts. For example, the weakening of Sterling (down at one stage almost 20% against the Euro and at its lowest level for 31 years against the Dollar) produced quite different responses among retailers, exporters and tourism operators who have been consulted for this report, depending on which side of the border they trade.

Finally, it can be argued that Brexit will have a differing impact on the economy of the North West, depending on the sector, size and ownership of businesses, but also poses an internal and an external challenge given the importance to the region of both cross-border and off-island flows. These are considered in the next section.

4.0 Initial areas for consideration for the North West City Region

Within this section of the report we will present a short sectoral review. These include Trade, FDI, EU Funding, Migration, Tourism, Consumer Spending and Border Management.

Figure 8: Potential areas of impact from Brexit



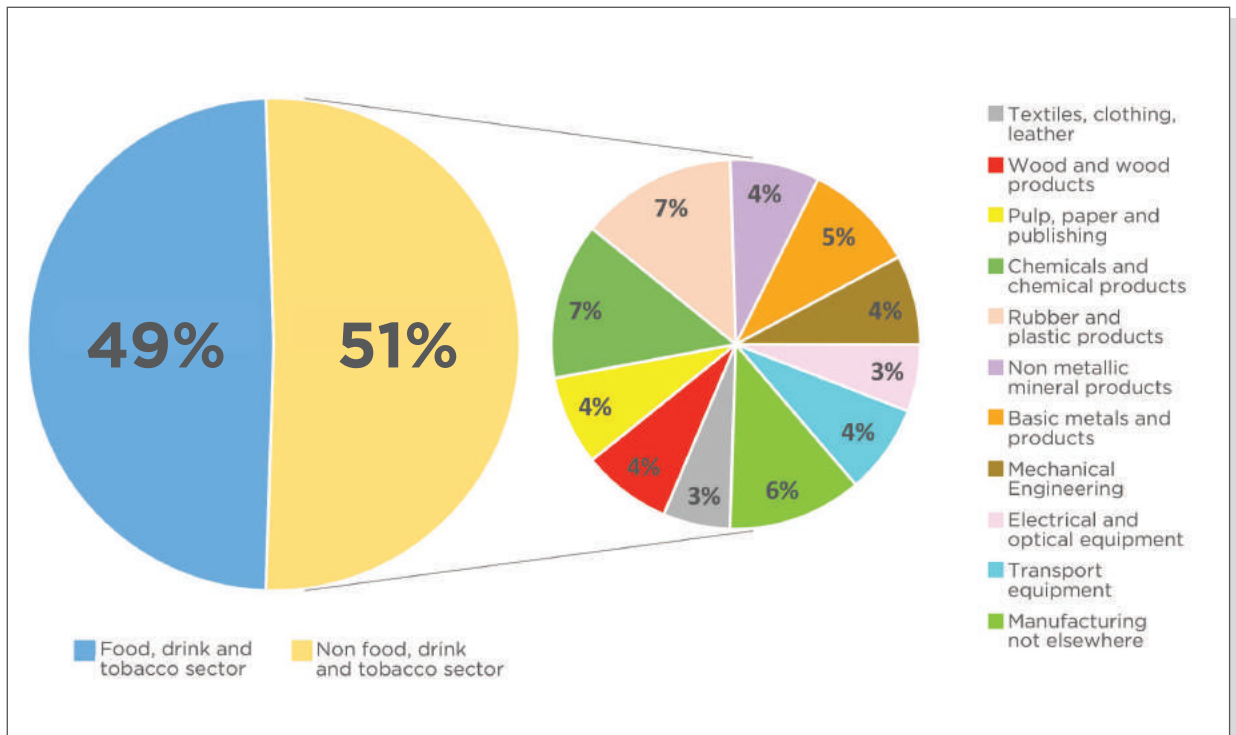
Sources: UUEPC

4.1 Trade: Cross-border and exports off the island

The total cross-border trade in goods in 2014 came to just over €3 billion and has shown four years of growth after a sharp recession between 2007 and 2010 when almost a quarter of the trade's value was wiped off.³³ However, it should be noted that the importance to the two economies of NI and the Republic of Ireland of cross-border trade is quite different and thus the potential impacts of Brexit are asymmetric. In short cross-border trade is of much more importance to the aggregate NI economy and firms than to that of the Republic of Ireland. While goods trade accounts for less than 2% of Ireland's total exports (or less than 1% of GNP), the combined cross-border sales of goods and services from NI accounts for approximately 10% of GVA. Although cross-border trade accounts for around a sixth of small firms' exports from the Republic, this is still dwarfed by the share in NI: two thirds of export sales.

While trade data is more difficult to assess for local areas, this asymmetry continues at a reduced level in the North West. Given the proximity of large parts of the Donegal County Council and DC&SDC Council areas to the border (54% of Donegal's border is with DC&SDC), cross-border trade is an important element of the local economy and probably reflects a level of economic integration not found further away from the border. For example, the InterTradelreland Business Monitor records that 34% of firms in the DC&SDC area and 38% of Donegal's are engaged in cross-border trade compared to 25% on the island as a whole. The percentage of their total output sold across the border is also much higher than the Island's average.³⁴

Figure 9: Sectoral share of cross-border goods trade in 2014



Source: InterTradelreland

As Figure 9 shows, 60% of cross-border trade is dominated by three sectors (Agri-food, chemicals, building materials) which are among the sectors which the Irish government found were at highest sectoral risk from Brexit in their analysis. Analysis of the HMRC data for 2015 shows that 69% of NI's Agri-food exports went to the Republic of Ireland in that year and 85% of exports of building materials. This suggests that particular sectors and, indeed, regions are more likely to be exposed to risks to cross-border trade than others and that this will need to be taken into account in any consideration of the issue.

Moving to exports off the Island, the UK market assumes much greater importance to the Republic of Ireland. In 2014 the Irish Department of Finance estimates that 17% of its total exports went to the UK (including NI). Moving to the Southern Border Counties (one of which is Donegal) the share of exports going to the UK rises to 29%, much higher than the national average.

However, these shares are dwarfed by the importance of the EU to NI exporters. In 2014 22% of NI's total exports went to other EU member states than the Republic, giving the total EU market a 58% share of all NI exports.³⁵ Invest NI data for exporters in DC&SDC and Causeway Coast and Glens Council suggest that at least a third of exports there go to EU markets, with more than half of this going to the Republic of Ireland.³⁶

The December conference heard that, in a gravity model of trade, proximity tends to lead to greater levels of trade.³⁷ The levels of firms in the North West engaged in cross-border trade and the importance of the GB market for exporters from both Donegal and DC&SDC tends to support that. Moving along the export pathway to other more distant markets increases trade costs for businesses and any additional barriers caused by a 'hard Brexit' would increase these, making necessary diversification more difficult.

Trade issues for consideration in the NWCR:

- There is a need to **better understand the sectoral exposure** in the NWCR. Although the initial consultations have shown that the Agri-food sector is a key one in both council areas, in terms of employment and numbers of firms, more analysis is needed to show how concentrated both Donegal and DC&SDC are in other risk-exposed sectors (traditional manufacturing, pharmachem, materials manufacturing), as well as what the particular sectoral needs might be.³⁸
- One area of **key information deficit is how trade moves between these islands and onward elsewhere**. Consulting with businesses, Londonderry Port and freight forwarders will be critical to understand the role of logistics and global value chains in what impacts Brexit may have on trade locally.
- While there is an understandable current focus on the short term impacts of currency fluctuation (although a point was made at the December conference that supports for managing volatility risk were not being taken up), there is a continuing need to address **the longer term issues around diversification and pathways to exporting**. It is useful to note that the Republic of Ireland has reduced the share of its exports going to the UK from 50% in 1973 to around 17% in 2015, but the dependence on a small number of geographic markets on both sides of the border is again highlighted by Brexit and is something which needs continually to be tackled perhaps by supports to make first time exporting lead on to other new markets.
- There also remains the issue of **too few exporters**. This is similar on both sides of the border with more than two thirds of firms not selling outside their local markets. Brexit or not, supports to diversify the export base (through the development of new and innovative products / services which can be sold beyond the local market) are as necessary as those to support businesses to move beyond a dependence on one export market.
- Related to this is a need to **better understand the trade dependencies at the enterprise level**. Currently the available evidence provides only a broad sweep of sectoral and some regional risk exposures and the consultations suggested that there are clear differences in orientation and market strategies perhaps between FDI and indigenous firms, as well as large and small firms. Understanding how Brexit may impact on individual market decisions by firms will be crucial to local economic development planning.
- Finally, the **opportunities to further integrate all-island supply chains, in particular in the Agri-food sector** (e.g. Irish firms currently control 60% of NI's dairy processing capacity) need to be explored, particularly in areas close to the border, and perhaps assisted where regulatory issues arise.
- Above all, there is a need not only to understand how cross-border trade will work under a "hard Brexit" at a regional level but to try and shape this in the forthcoming negotiations.

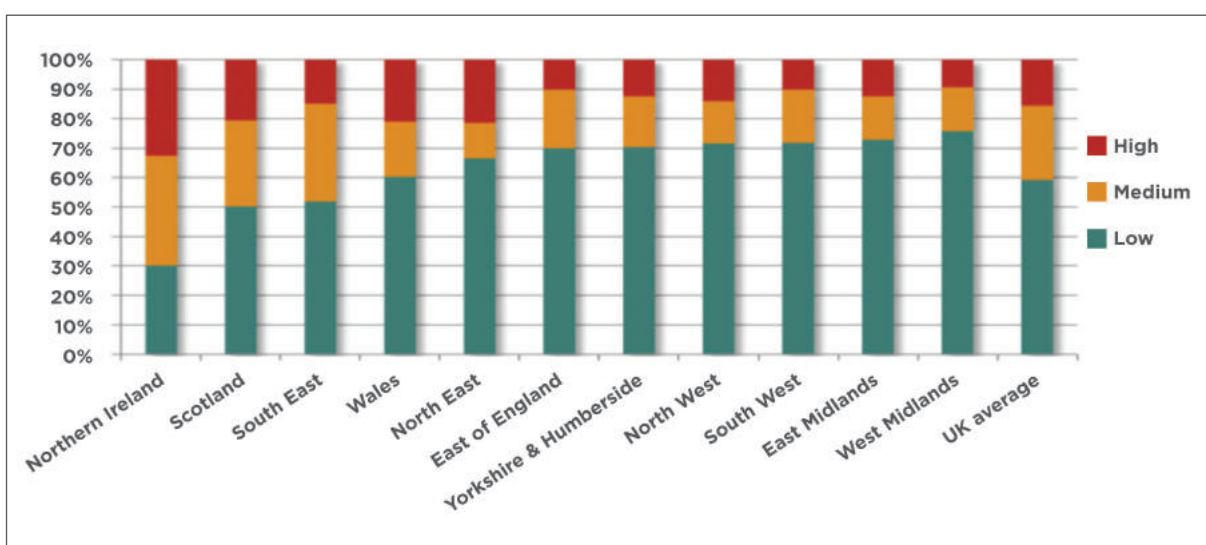
4.2 Foreign Direct Investment: A Success Story?

FDI* firms are a key element of economic growth in the North West City Region. Invest NI data shows that externally-owned firms have created 1,469 jobs since 2010/11 (8.6% of the NI total) in their North West region with software & business services firms accounting for most job creation. In terms of the origin of new FDI (£113m since 2010/11) for the North West, the highest share (75%) came from North America followed by the Republic of Ireland (12%), Japan (10%) and GB (2%). The rest of the EU comes to 0.5% suggesting that the North West is not a key location choice for EU-originating FDI seeking a gateway into the UK market with the exception of Irish firms.

In Donegal 1,336 jobs were added by agency-supported foreign-owned firms between 2006 and 2015 (an increase of 59% to 3,591), with 69% of the jobs created in internationally traded services, notably in Letterkenny.³⁹ This compares well to the Border Counties (an increase in employment of only 0.6% since 2006) and the Republic more generally (12% higher than in 2006). Donegal has seen a similar shift from manufacturing FDI to tradeable services which has occurred throughout the Republic where the latter has grown from a 44% share in 2006 to 66% in 2015.

The job creation record of foreign-owned firms located in the North West has been something of a success story in the recent past. With an expectation that we are likely to continue to (overly) rely on FDI to drive employment growth in the area, the locational choices in the light of Brexit are likely to come under scrutiny. Recent research⁴⁰ on locational choices for FDI in EU countries (including the UK) shows that corporation tax levels are the most important factor, particularly for businesses in services sectors and for investment from outside the EU. However, other important factors include market size, access to the Single Market, proximity, similar language and production costs. This suggests that investors, especially in services or from outside the EU, may find the Republic of Ireland to be an attractive alternative to the UK, even in the case of equal corporation tax rates. In terms of Northern Ireland, the prospects for FDI are more mixed depending on whether there is a 'hard Brexit' or if the UK remains in the Single Market (now increasingly unlikely). In the case of the latter scenario FDI specialists have estimated that as much as 70% of FDI in NI is at a 'medium or high' risk as it is more likely to serve the EU rather than the UK market.⁴¹

Figure 10: Risks to FDI employment in UK regions in event of not retaining membership of the Single Market

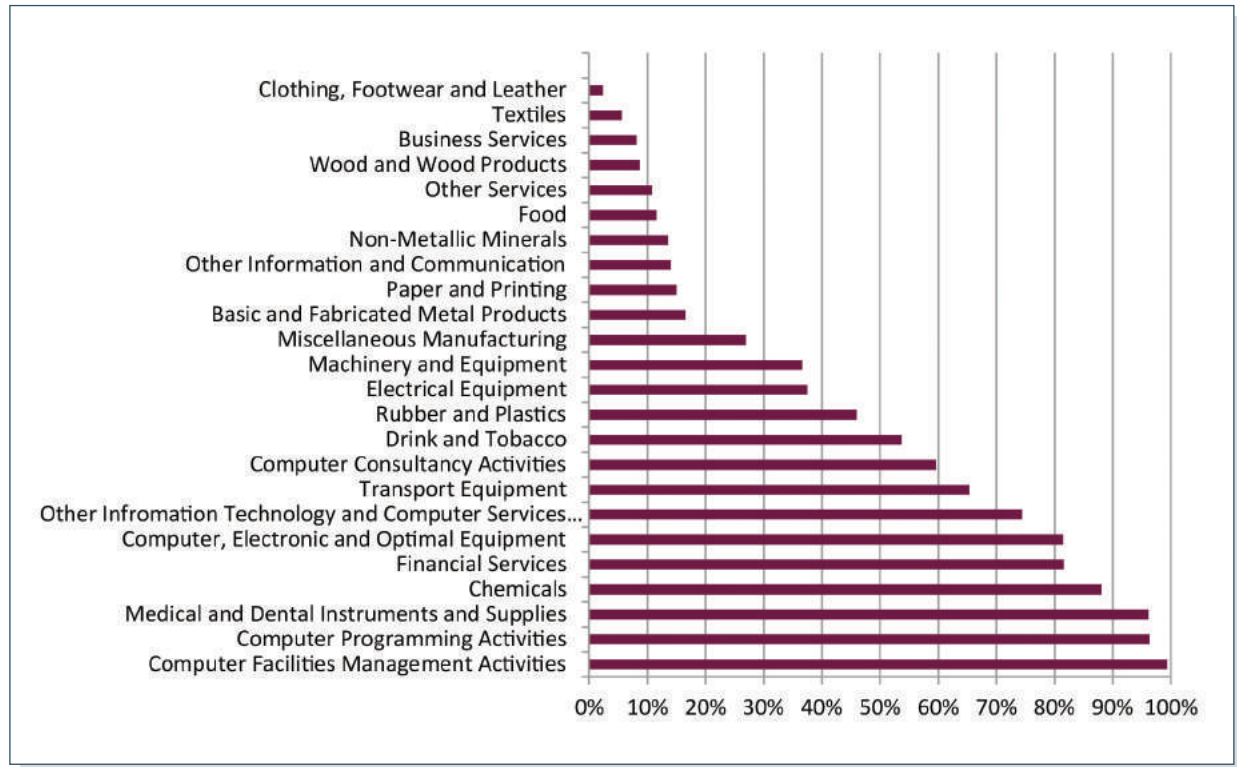


Source: WavTeq, The impact of Brexit

*FDI defined loosely given that the cross-border region comprises two jurisdictions

In general, within ROI those sectors which are predominantly foreign owned are less sensitive to the potential effects of Brexit as they are more geographically diverse in their exports. Conversely, indigenous firms who are more likely to be in the traditional sectors e.g. clothing, footwear, textiles and the fabrication of metal products have a lower propensity to export and where they do it is more likely in the first instance to NI and then to Britain.

Figure 11: Shares of employment by sector in foreign-owned firms in the Republic of Ireland, 2015



Source: Department of Jobs, Enterprise and Innovation, Employment Survey 2015

Figure 11 (above) thus provides a proxy measure of Brexit sensitivity applicable to Donegal.

FDI Issues for consideration in the NWCR:

- **Locational choices for FDI** from ESRI research across the EU definitively come down to lower Corporation Tax rates, market size, access to the Single Market, 'proximity' to the investor, low costs and high R&D capacity
- For NI a **decision whether or not to reduce CT to 12.5%** needs to be made quickly and will need to be combined with a proposition around market size being the UK market, costs and R&D/HE strengths
- For Donegal policy certainty around CT rates, access to the Single Market, and growing strength of the R&D base will be a key requirement.
- For the North West as a whole **connectivity needs to be improved** as does business innovation and market size will need to be addressed raising the opportunity for a **dual market focus** for the North West where FDI increasingly becomes a 'win-win' for the region.

4.3 EU funding: Crucial to the third sector and rural development

Access to EU funding has been raised as an important element within the debates on Brexit, although it should be noted that many of the English regions, as well as Wales, which have high amounts of EU funding, voted to leave the EU. However, it has been enough of an issue in Northern Ireland for the UK Treasury to need to issue reassurances about project funding that is in place being supported in the interim.

The need for such reassurances are clear given the estimate from the European Commission that €3.5 billion has been allocated to NI programmes from the EU for the 2014-20 period. €2.3 billion will be provided as CAP Direct Payments to farms and has been an essential income support for many of them (one estimate from DAERA is that the payments mounted to an average of 87% of farm incomes in NI in 2014/15).⁴² A further €251 million will be spent on other rural development and fisheries supports while funding for skills development and economic development (through ERDF and ESF) amounts to more than €500 million. The cross-border INTERREG programme will deliver €240 million and the PEACE programme a further €229 million. In sum, EU funding annually amounts to 2-3% of identifiable public expenditure in NI or 2.3% of regional GVA (second only to Scotland in these terms).

In the North West, the DC&SDC area has been a significant recipient of EU funding. In the 2007-2013 funding period among the significant infrastructure projects and community/employment programmes supported by EU funding were the North West Science Park, the Peace Bridge in Derry-Londonderry and the Rural Tourism Marketing Programme (which received almost £20m in funding). The Council area has also benefitted from EU money allocated by NI Government departments on a regional basis (e.g. c.£28m in CAP and Rural Development funding in 2015 alone) and a further c.£28m is committed from Peace IV, RDP, ERDF and ESF to 2018/2020. Finally, the higher education institutions (Ulster University and the NW Regional College) have been recipients of EU funding, from sources including ERASMUS, Horizon 2020 and other mobility/research schemes.

There is also a cross-border element to EU funding which has further developed cooperation between Derry City & Strabane District Council, Donegal County Council, and other stakeholders including businesses, community sector and civil society. For example, under the cross-border elements of the Peace I and II programmes 1995-2004) and the INTERREG I, II and IIIA programmes (1992-2006) partners in the North West took the lead in 25% of all funded projects, accounting for c.20% of funding.

In the Interreg VA programme there are hopes for further funding success and there are current bids for projects in the North West region which include c.€50m where either of the two Councils is a lead partner.

EU Funding issues for consideration in the NWCR:

- It will be crucially important to **accurately assess the full extent of EU funding across the council areas** (in addition to direct Council funding) in areas including rural development projects, economic development programmes (through ERDF and ESF), Community, Voluntary, Social Enterprise sector initiatives (through Peace, ESF, RDP, etc.), HE and FE skills, research and mobility funding (through ERASMUS, ESF, etc.) and future infrastructure projects supported by EU funding (e.g.: NW Science Park extension).
- Establishing the **extent of cross-border funding that is dependent on NI/RoI partnerships**.
- Ensuring that there is a future for some of the key projects beyond the Treasury guarantee and that the UK government will step in to replace EU funding beyond 2020. The areas to be covered (whether agriculture, community and voluntary sector, cross-border, etc.) also need to be clarified.
- Exploring opportunities for **alternative funding sources** and assessing how sustainable projects will be without EU funding.

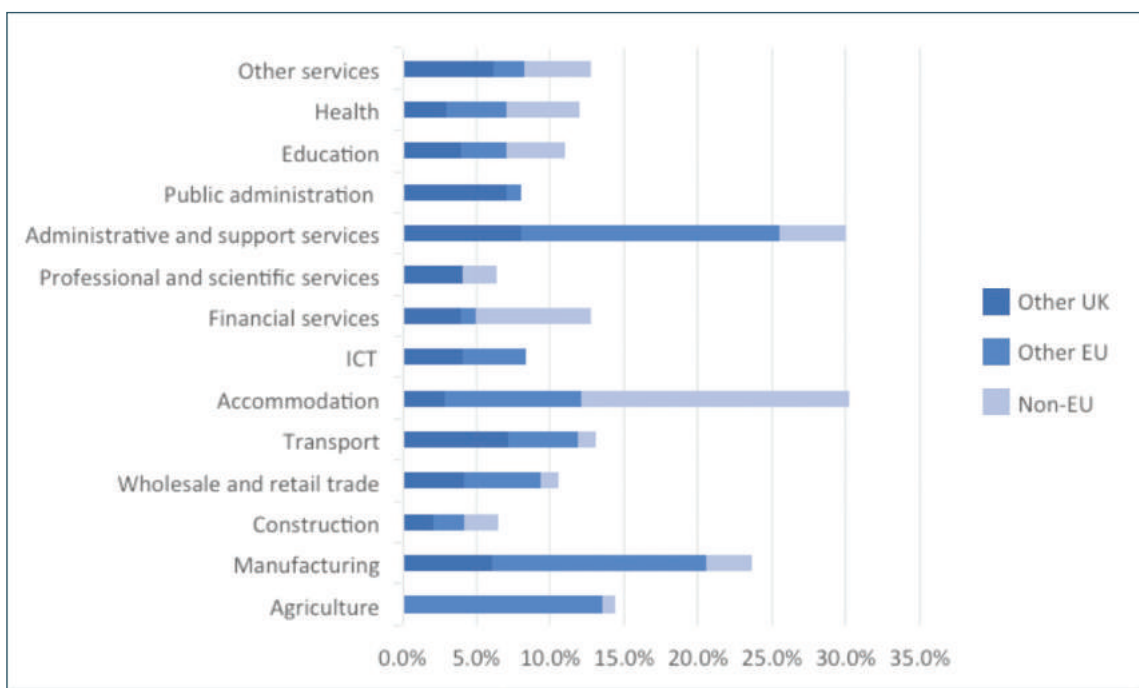
4.4 Migration: An internal and external issue

The question of immigration and discussions over control of this formed a central part of the Brexit debates and, indeed, may have been the crucial factor in influencing the overall vote in the UK. Research on the vote in NI suggest that immigration was less of a factor than in England or Wales. In NI since 2002 over 143,000 applications for National Insurance numbers have been made by overseas nationals. Demand for migrant labour, in particular that from other EU member states (which would include the Republic of Ireland), has been most important to the Administrative Services, Manufacturing and Agriculture sectors which all employ 25+% from outside NI, as shown in Figure 12. The largest actual numbers, given the sizes of employment, can be found in Health and Accommodation.

In the Republic of Ireland since 2002 there have been over 140,000 PPSN applications by foreign nationals and roughly 10% of these were allocated to UK nationals. Figure 13 shows where the sectoral demand exists with UK national found in largest shares in ICT, Administrative Services and Professional and Scientific Services. This suggest a high skills base for both FDI and indigenous firms, where employers will be keen to ensure freedom of movement for staff.

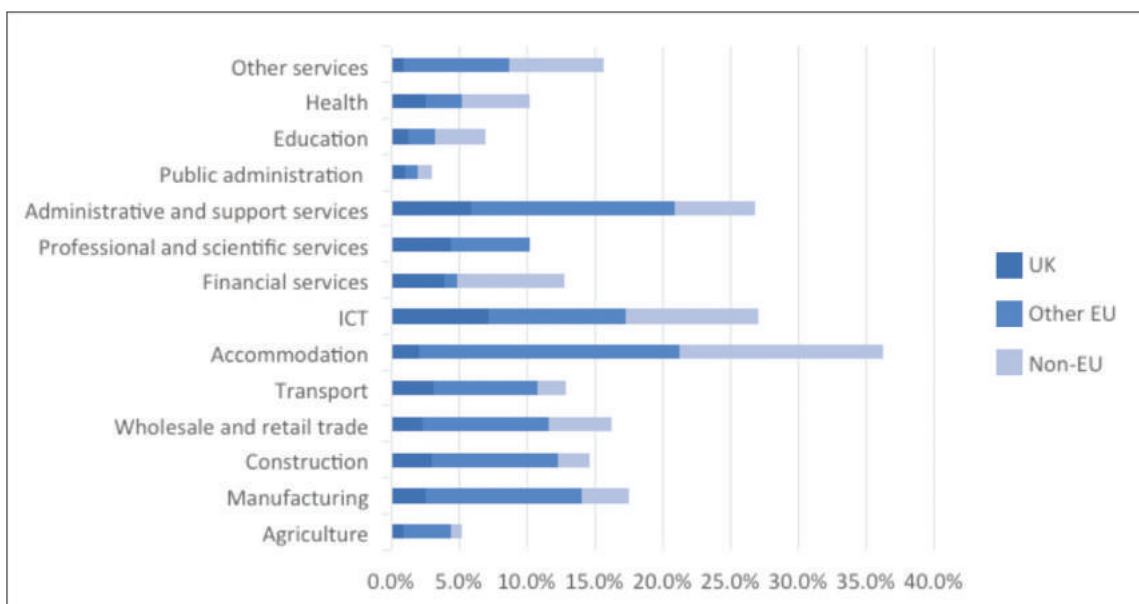
Although the CSO data is not disaggregated for County Donegal the ONS data shows that over 6,300 of the NI applications (7%) were made in the DC&SDC area, which equates to approximately 4% of the area's population. More than half (51%) of the applications have been made by nationals from other EU member states, with another quarter from non-EU countries.

Figure 12: Foreign nationals employed by sector in Northern Ireland, 2014



Source: Labour Force Survey

Figure 13: Foreign nationals employed by sector in Republic of Ireland, 2013



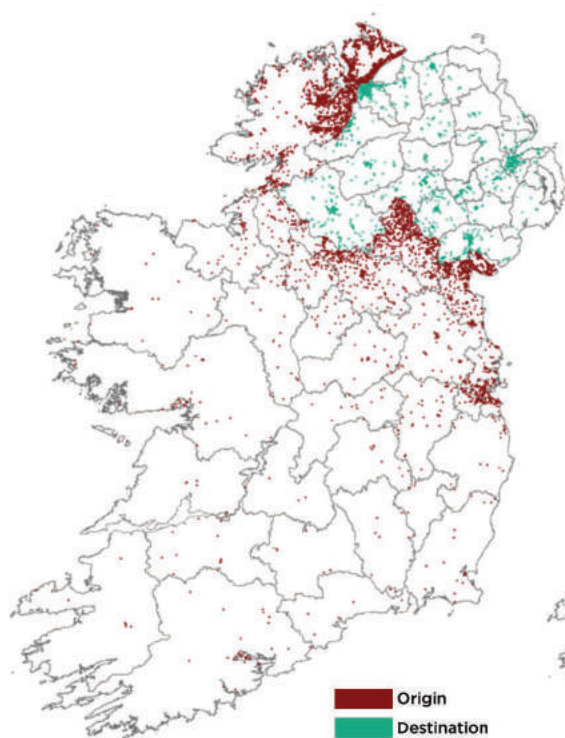
Source: CSO

Cross-border commuting

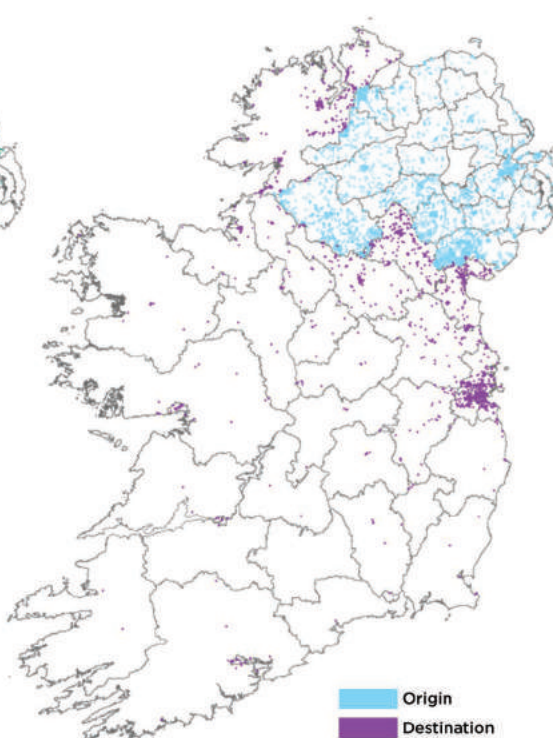
There is considerable debate about the numbers who cross the border everyday in both directions to go to work with the 2011 Censuses having a figure of 14,800 and a study by the Centre for Cross-Border Studies estimating the real figure (by surveying employers) to be between 23,000 and 30,000. Whatever the actual level, these figures are significant and place Ireland and Northern Ireland around the EU average for cross-border commuting while GB is at a much lower level.⁴³ Most of the commuting is in a North-to-South direction, much of this along the Belfast/Dublin Corridor. The exception to this is on the Derry/Donnegal border where the vast majority of cross-border commuting is into NI with much of the numbers coming from electoral districts right on the border outside Derry City, as the map in Figure 14 shows. In one major workplace in Derry City, the Ulster University campus at Magee, 15% of the staff have home addresses in County Donegal.

Figure 14: Cross-border commuting flows, 2011

Cross-border commuters from Ireland to work or study in Northern Ireland



Cross-border commuters from Northern Ireland to work or study in Ireland



Source: All-Island Research Observatory using Census 2011 data

Work has been completed in developing a strategic response to the peripherality inherent within the existing road network between Donegal and the rest of the island. The European standard for critical road networks is set out under the Trans European Network (TEN-T) core and comprehensive road networks. The completion of the ongoing TEN-T road projects in Donegal is vital to provide the required access to the region and to fully connect the area with Belfast, Dublin and Galway together with improvement of local and cross border linkages. The Donegal TEN-T includes improvements to the Letterkenny to Strabane, Letterkenny to Derry and Ballybofey Bypass roads and together link to the major roads connecting to Belfast, Dublin and Galway.

Migration issues for consideration in the NWCR

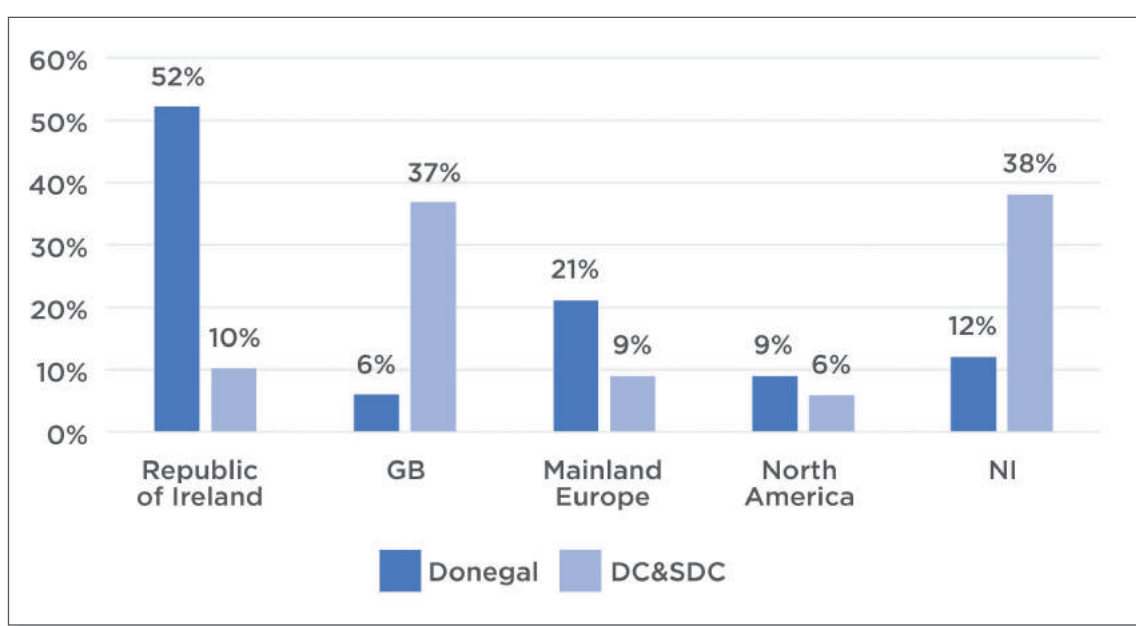
- Attracting people from outside the North West to live, work, invest and study, must be a key strategic aim for the region, whether for its local HE institutions, its FDI businesses or for its future start-up businesses.
- Policies to support skills-based migration and cross-border commuting will continue to be essential for some sectors (e.g.; Health, Education, ICT, etc.)
- The North West must agree on what type of border and migration policies will not only suit its current needs but also its future goals

4.5 Tourism: Successes but under-developed markets

The tourism industry is a very important one in the North West with approximately 7% of those in employment working in the sector, making it a similar employer to manufacturing businesses. Between Donegal and DC&SDC almost 800,000 visitors came in 2015 spending more than €200 million. However, there is a large difference between the size of the two markets with Donegal accounting for three times as many visitors and close to four times as much expenditure as DC&SDC. The 2015 figures come on the back of steady growth in recent years with the consultations reflecting an industry that feels there is potential to continue to develop visitor attractions, accommodation and looking to improving connectivity, in particular by road.

The consultations also refer to a dependence on what is described as the 'home markets' and this is detailed in Figure 15. Visitors from within the island of Ireland account for two thirds of those going to Donegal (with a high dependence of those visiting family and friends) and almost half of those visiting the DC&SDC area. The GB market is much less important for Donegal in terms of visitors, although they tend to have a much higher share of expenditure than their numbers suggest.

Figure 15: Place of origin of visitors to the North West in 2015



Sources: Tourism NI and Bord Fáilte.

Tourism issues for consideration in the NWCR:

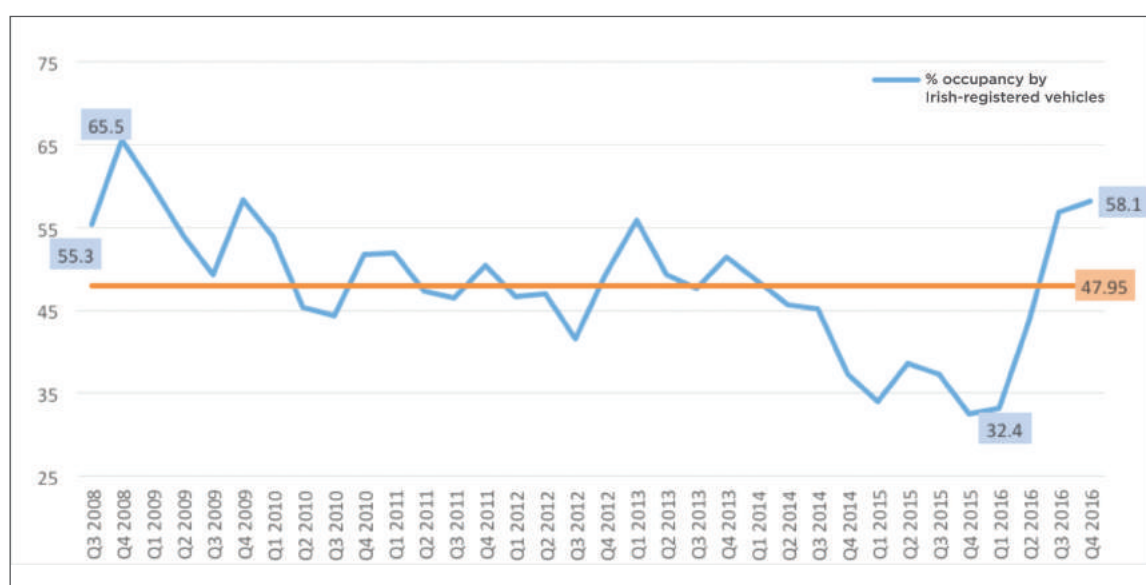
- The need to grow tourism numbers remains key – while DC&SDC has experienced good growth based on recent large events (e.g.. City of Culture 2013) and a number of cruise liners using Londonderry Port, Donegal is benefitting from the ‘Wild Atlantic Way’ promotion. However, consultations and the reliance on the island of Ireland market suggests that **both remain destinations that can be further developed.**
- A critical factor in achieving this success is to continue to grow the proportion of foreign visitors to the island of Ireland travelling north and west – in particular from mainland Europe.
- Therefore, **ease of movement across the border (or addressing any hint of difficulties of access) as well as connectivity to the major ports and airports** (Dublin and Belfast) is crucial to help realise tourism ambitions in the region.

4.6 Cross-border shopping: living with borders

The issue of cross-border shopping is never far away from the minds of people who live in border regions.⁴⁴ Well used to the arbitrage advantages that changes in exchange rates offer to consumers (and to the many cross-border commuters) there is a flourishing business for Bureau de Change outlets in towns like Newry, Derry, Letterkenny and Dundalk. Retailers also need to be acutely aware of the impact of changing exchange rates and threats to their businesses caused either by volatility or sharp rises and falls as have been seen since the Referendum. Given the importance of the retail sector in employment terms in both Donegal and DC&SDC, both having shares around 16%, then risks and opportunities associated with cross-border shopping have a broader economic impact.

Figure 16 shows the latest figures for the percentage shares of cars with Irish registration plates found in four shopping centres along the border (including one in the North West). It shows the sharp rise beginning in Q1 2016 as Sterling began to weaken before the Referendum and then the rapid rise over the following three quarters. Also noticeable is the fact that whilst the heights of late 2008 have not been reached Q4 2016 saw quite similar levels.

Figure 16: South-to-North cross-border shopping flows, 2008-2016



Orange line - Average % occupancy since 2008

Source: InterTradeIreland

Cross-border shopping issues for consideration in the NWCR:

- The exchange rate fluctuations are nothing new and differing levels of competitiveness within the retail sector is less of an issue now than in 2008-2009. There is also the issue that import inflation is likely to pass through to NI retailers in 2017 which may mean that the Q4 2016 levels seen in the figure above may be a highpoint.
- These flows are a zero-sum game for the North West as a whole and need to be treated in this way by the Councils in the region – from past experience almost 60% of cross-border shoppers came from within a 30 mile distance of the border.
- Consideration could be given to the creation of a regional shopping destination which is linked, in turn, to tourism and craft/artisan trails and offerings.

4.7 Cross-Border Cooperation and Management

There is a long tradition of cross-border cooperation across the North West City Region which can be drawn upon in dealing with the challenges likely to be posed by Brexit. This ranges from cooperation between business bodies such as Londonderry and Letterkenny Chambers of Commerce, joint work between Higher Education institutions in the region, health cooperation supported by CAWT to the strategic cooperation that has been developed between the two Councils – both at officer and elected member levels. The December conference heard more details of this developing partnership and how this report was commissioned by the two Councils to inform their thinking and future actions.

In terms of the future management of the border, Dr Katy Hayward pointed out how the Irish border has gone through several iterations in its history, at times simultaneously combining a hard and soft border. The presentation detailed how in the event of the border becoming an external border of the EU that customs checks on goods and people would be inevitable, though much depends on agreement on where the checks would take place and the extent to which technology might be used. In terms of the future of the Common Travel Area, the point was made that the EU border regime has always been characterised by exceptions to rules but that much would depend on what the UK wants in terms of controls of the movement of people and goods. The potential for bespoke arrangements for the management of the Irish border has yet to be fully explored.⁴⁶

4.8 Other issues

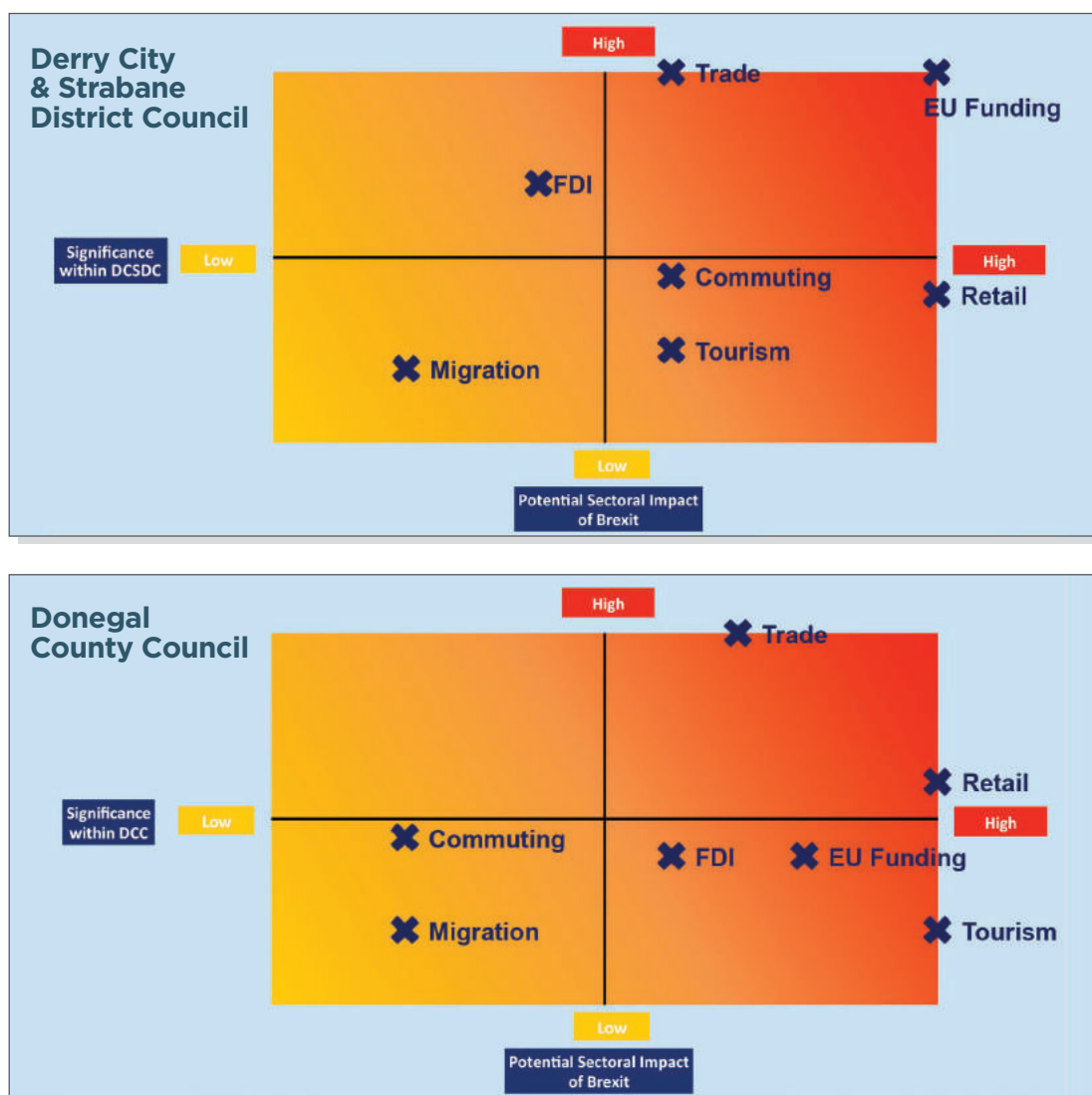
There are potentially many other areas where cross-border, British/Irish and UK/EU flows could be impacted by Brexit. The consultations have found that some sectors (such as fisheries in Donegal or the haulage industry) are likely to face particular challenges. Then there are other issues for citizens moving to study, retire or access healthcare on a cross-border basis. (For example, more than 2,300 students were crossing the border in 2014/15 to take up their enrolments in FE and HE institutions in either Derry or Letterkenny.) This report has not been able to encompass all of these issues and part of the ongoing monitoring and information process begun by the two Councils in the NWCR, will be to seek to ensure that these issues are highlighted in any future negotiations.

4.9 Conclusions

This section forms an initial attempt to explore the particular issues and impacts in different social, economic and funding areas which may arise from various Brexit scenarios. For each of the areas a series of considerations have been suggested, ranging from the need to gather further information (for example, on sectoral exposure to changes in trading regimes) to recommendations around infrastructure improvements (for example, connectivity upgrades for FDI and tourism).

Figure 17 provides a representation of the potential impacts of Brexit on DCSDC and DCC. The top diagram illustrates that within DC&SDC, EU funding is 'highly significant' and also likely to be 'highly impacted upon by Brexit'. The combination of the two characteristics places EU funding in the top right quadrant. In the bottom diagram within Donegal, trade is 'moderately significant' and 'highly impacted upon by Brexit' placing it in the top right quadrant. As more detail emerges as to the nature of the UK's exit then these sectors may move into different quadrants e.g. if there is agreement by the UK government to participate and contribute to EU funding such as Interreg.

Figure 17: Sensitivity to Brexit impacts and significance of the various areas in the North West region



The two Councils in the NWCR will explore each of these areas (and others which are noted such as education and healthcare) in more detail in the coming months with the intention of ensuring that those areas of greatest significance to the region remain high on the agenda of any negotiations. The next section will explore some possible forecasted outcomes for DCSDC and Donegal.

5.0 Possible outcomes

This section is based upon the UUEPC's modelling of outcomes in the long term for both DC&SDC and Donegal. This is done by applying a baseline scenario, in which some effects of Brexit are built in, and a lower scenario, based upon Brexit having much worse impacts than currently envisaged and which is based on the lower range estimates of independent forecasters for the UK economy.

5.1 Derry City and Strabane District Council area

Following the devolution of many economic development powers within Northern Ireland to local government the UUEPC has enhanced its NI economic model to provide forecasts at the Council area level. By providing local councils with a range of economic data (on demographics, labour market, GVA and employment by sector, etc.), the UUEPC is assisting them to identify the best economic policies for their local needs as well as the capacity to test out the outcomes and develop indicators for their new Community Planning process.

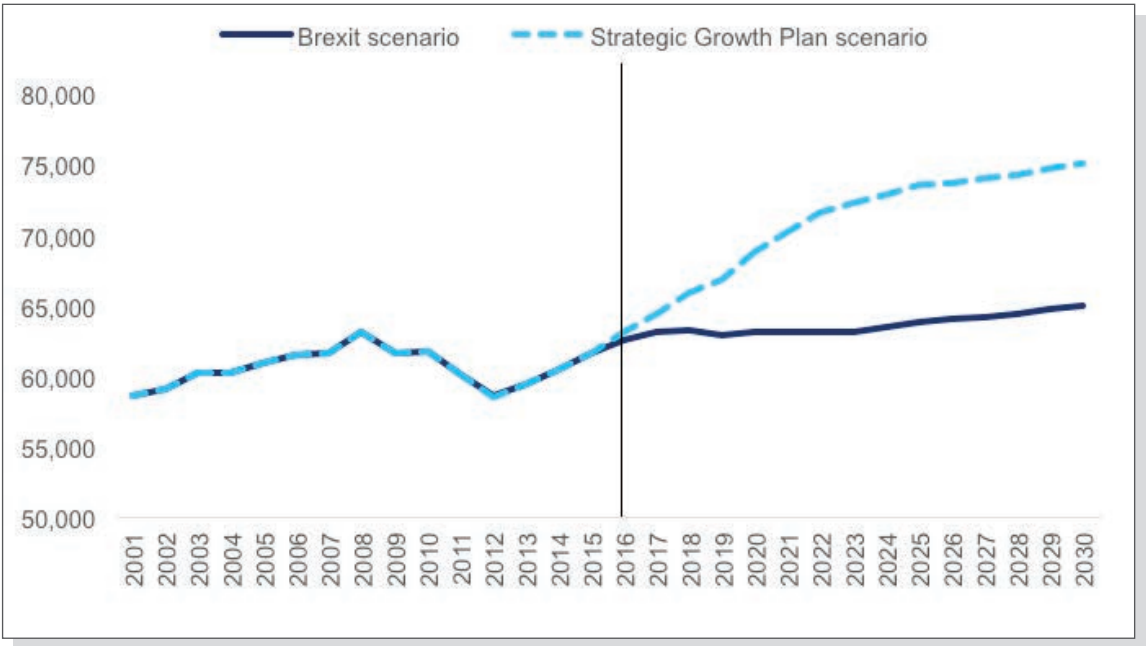
The Winter 2016 outlook includes three (upper, baseline and lower) scenarios. In the upper (and unlikely based on the last two decades' attempts to achieve convergence with UK productivity levels) scenario the assumption is that the NI economy begins to converge with the UK economy and in so doing adds on 87,000 jobs by 2026. The baseline scenario is based on certain assumptions for the UK economy around Brexit including reduced business investment in 2017-18, falling FDI in the next few years, long term migration capped at 185,000 per annum and consumer confidence remains as it currently is. In the baseline scenario NI adds 32,500 net jobs by 2026 but does little to converge with the UK. In the lower scenario (where even greater reductions in trade and investment apply leading to consumer confidence falling), NI loses 4,200 jobs by 2026, but this is seen as equally unlikely to the upper scenario.

This report has used three scenarios for forecasts for DC&SDC which are shown in Figures 18 and 19:

- A baseline scenario for the Council area drawing on the NI Winter 2016 Outlook baseline which includes a Brexit affect. This scenario, called **Brexit scenario** in Figures 18 and 19, would see 2,440 net jobs created in the Council area by 2030.
- An upper scenario, which is based upon other UUEPC research on the economic impacts of DC&SDC's proposed Inclusive Strategic Growth Plan. This scenario, called **Strategic Growth Plan scenario*** in Figure 18 has an additional 10,000 net jobs being created through a combination of capital projects (including the completion of the A5 and A6 roads) and other major tourism, regeneration and job creation projects and initiatives.
- Finally, a lower scenario which draws upon the NI Winter 2016 Outlook lower scenario where Brexit goes badly wrong in terms of impacts on trade, investment and the retail and tourism sectors. This scenario, named **"Hard" Brexit scenario** in Figure 19, sees 2,640 less jobs created by 2030 than would be the case in the baseline scenario. In this scenario the DC&SDC area would actually lose nearly 200 jobs between 2016 and 2030.

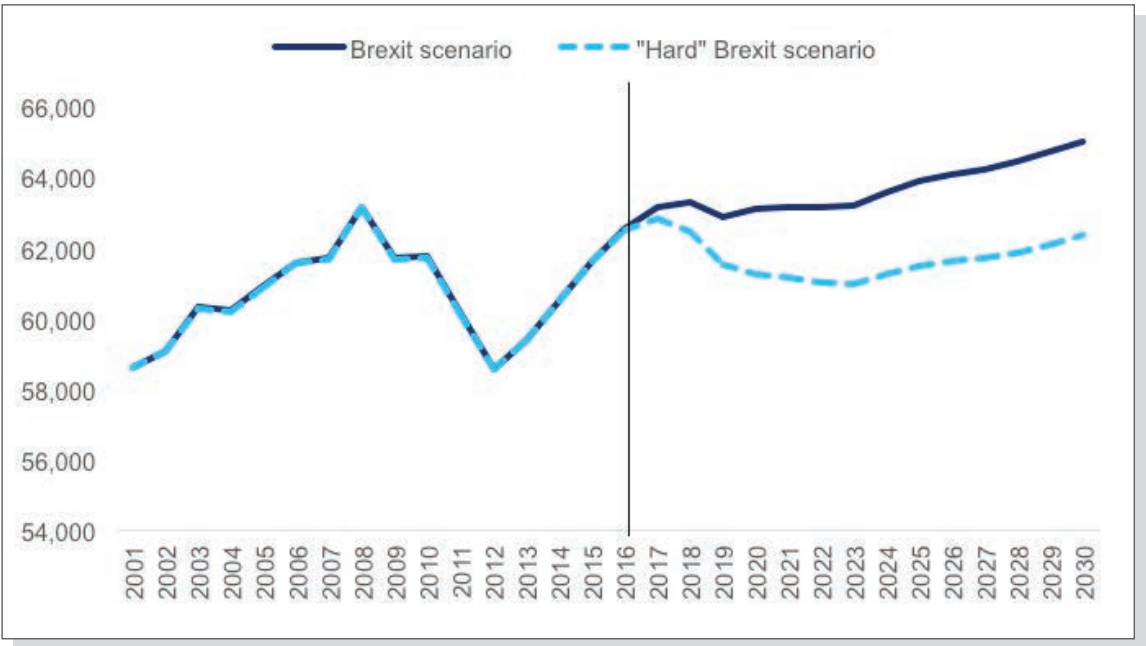
* The impacts of this, including all the caveats around skills availability and interdependencies between capital projects, has been the subject of a separate research project for DC&SDC in 2016.

Figure 18: DC&SDC Brexit and Strategic Growth Plan scenario employment forecasts



Source: UUEPC analysis

Figure 19: DC&SDC Brexit and “Hard” Brexit scenario employment forecasts



Source: UUEPC analysis

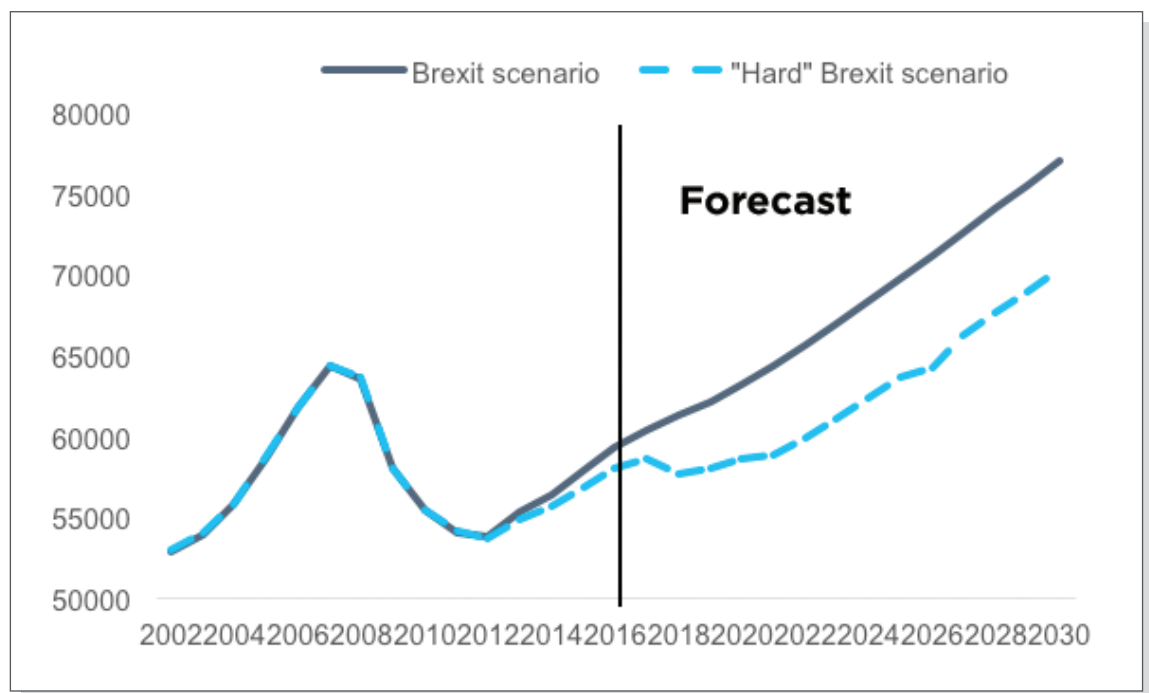
5.2 Donegal County Council Area

In Donegal the UUEPC has undertaken some preliminary modelling for the county and the results should be regarded as being very provisional. The model uses independent medium term economic forecasts, which have factored in impacts from Brexit on the Republic of Ireland's economy. It applies sectoral employment data from the 2011 Census in order to forecast employment effects at the level of County Donegal.

Two scenarios are used in Figure 20:

- A baseline scenario for employment in Donegal out to 2030 which is based upon forecasts for the Republic of Ireland including a Brexit effect. In this scenario, called **Brexit scenario**, employment is forecast to grow strongly, showing a net increase of almost 30% in those in employment.
- A lower scenario, called **"Hard" Brexit scenario**, which factors in the damaging effects on some sectors judged most at risk to reductions in trade (e.g.: agriculture, hospitality, retail, etc.), net employment is still forecast to grow by 21%, significantly less than the baseline but nonetheless a sign that Donegal's economy would continue to grow its jobs numbers.

Figure 20: Donegal Brexit and "Hard" Brexit scenario employment forecasts



Source: Provisional UUEPC analysis

6.0 Next steps

The rationale for the research for this report was that the North West City Region is in a unique position and that its complex cross-border connections and relationships required specific analysis in the light of Brexit. This report offers an initial analysis of possible outcomes for the two parts of the NWCR and some considerations concerning areas where Brexit might be expected to have an impact from trade to FDI and tourism to migration.

However, it is important to accept that the analysis is both initial and provisional in places, in part, because the Brexit story is a developing one and will continue to be once negotiations get underway. One commentator has put it well:

“ The truth about the impact of Brexit is that it is uncertain, beyond the ability of any human being to forecast and almost entirely dependent on how the process will be managed. ‘Don’t know’ is the technically correct answer. ”

The two Councils have begun a process of consulting with both local stakeholders and with central government to deal with any challenges and opportunities which Brexit may throw up. The purpose of this report has been to inform the Councils in developing their own strategy and potential initiatives to both mitigate against risks but also to seize those opportunities that will rise from this change. In shaping their approach, the Councils would do well to heed the advice from Professor Frances Ruane on managing the uncertainty created by Brexit “to prepare for the worst, work out what the vision is and hope for the best (armed with the best possible evidence to inform decision making).”

The call to be ‘close to the negotiations’ needs to be taken seriously but the question for Councils and other stakeholders in the North West will be how to...

Plan

- The two Councils and other local stakeholder should continue to avoid the temptation to (re)act in haste. Without good information, poor decisions could result.
- The focus should be on jointly gaining more understanding the specific detailed issues that may affect locally based businesses (especially exporters or those dependent on foreign skilled labour). And to understand how these issues will differ across sectors (e.g.: Agri-food, fisheries, etc.).
- To understand the Councils will need to continue consulting – in particular with central governments but not ignoring the local base.

Monitor and communicate

- Close attention to the UK’s exit negotiations (and the EU response) will be critical in shaping Council’s future strategies.
- Need to communicate coordinated ‘Brexit updates’ to stakeholders

Seek Opportunity

- Can the border become a bridge to EU funding opportunities for the two Council areas – is there an opportunity for a continuing EU Support Programme backed by the Irish and NI governments?
- Again can the border be a bridge to FDI opportunities based within the North West with market access to the EU and drawing on a commuting labour pool?

7.0 Emerging conclusions and potential mitigations

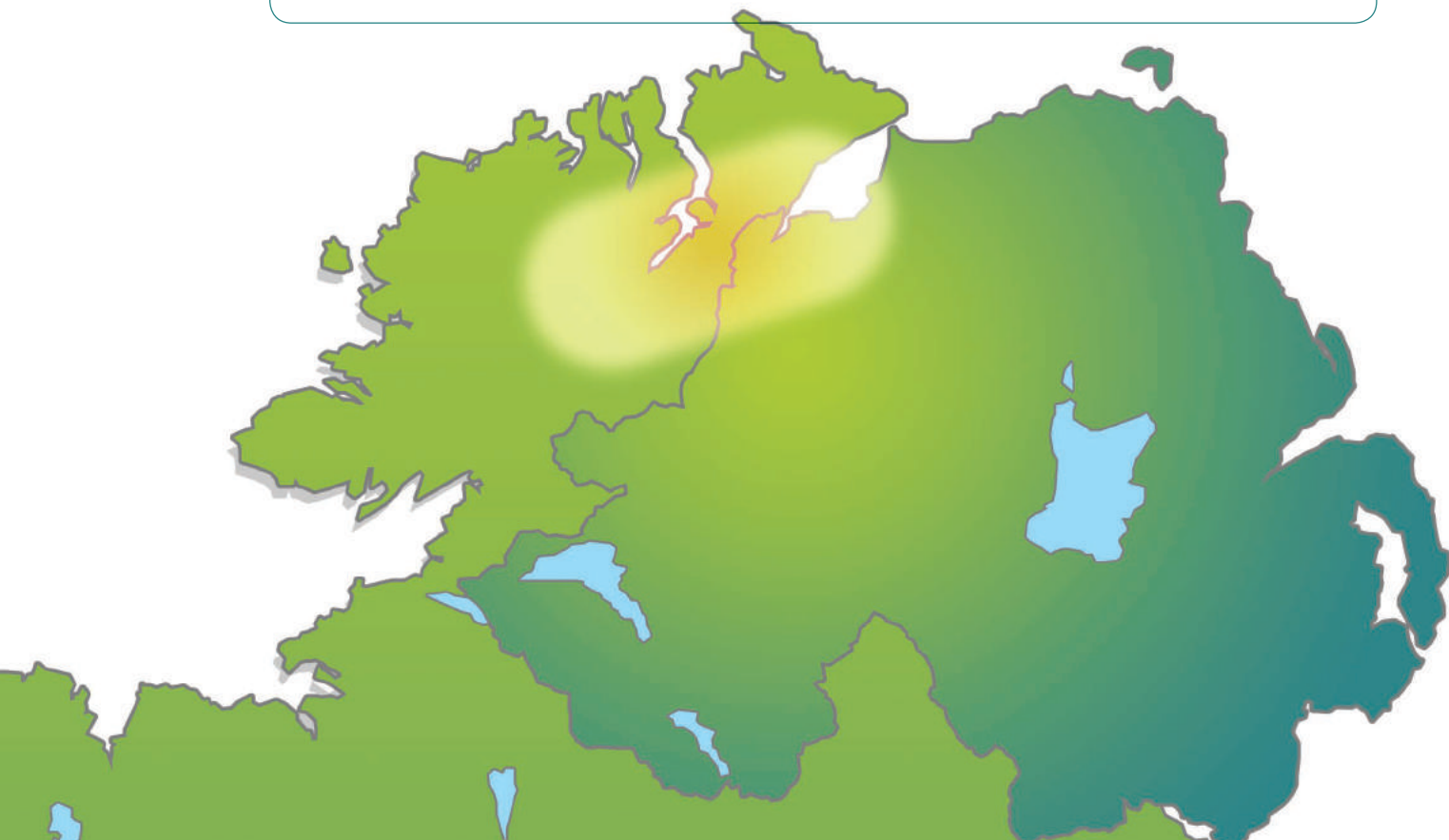
Optimal outcome

With this 'Initial Analysis Report' the two Councils and our partners have begun the process of exploring what the key issues are for those who live, work and visit the North West Region. The complex cross-border relationships that exist across trade, retail, commuting, tourism and access to public services suggest that this area is disproportionately sensitive to the effects of the UK's leaving the EU and the return of any hard form of border management. However, the strong collaborative framework that exists within the Strategic Growth Partnership leaves us well placed to put in place measures and actions that will both mitigate the challenges and exploit the opportunities that Brexit will bring to this region.

In the first instance the results of this analysis show that the free movement of goods, people and services across the border is essential and would result in an optimal outcome in this new dispensation that will exist post-Brexit.

The 'Initial Analysis' suggests that, when the UK leaving the EU is factored into the independent economic forecasts for Northern Ireland and the Republic of Ireland, the 'Brexit scenarios' for DCSDC and Donegal the former will see employment grow much more slowly than might have been anticipated, while the latter will see job creation but will continue to lag behind the national growth rates.

In a 'Hard Brexit scenario' of a decline in consumer expenditure alongside falling trade and business investment DCSDC will lose employment by 2030 while Donegal will have lost the opportunity to create an additional 7,000 jobs.



Strategic growth plan

In this context the role of the Councils and their collaborative growth plan becomes much more important. The completion of the 'Strategic Growth Plan 2016' for the DCSDC area provides us with robust up to date baseline information on the composition and needs of the district. Following detailed consultation and interrogation of the data by all of the key stakeholders we have been able to identify what the key constraints are on social and economic well-being here.

This consensus on the key economic drivers for the DCSDC area has enabled us to identify the priority interventions required to address the structural weaknesses which have retarded economic growth in the past.

The graphic overleaf illustrates the key interventions within the 'Strategic Growth Plan 2016'. We have had these tested by Ulster University Economic Policy Centre and the results are significant in the magnitude of change in employment levels (an additional 10,100 jobs by 2030) and Gross Value Added (an addition of £450m).

The actions captured in the graphic will have cross-border regional impacts for the North West Region. **The expansion of numbers at the Ulster University Magee campus, Letterkenny Institute of Technology and North West Regional College** will involve a further strengthening of the collaboration between Education Institutions in the region. **The completion of the A5 and A6 routes and the upgrade of the Letterkenny/Lifford road** will see a significant improvement of the infrastructure offering complemented by **the further development of the Airport, Port and multi-modal Transport Hub**. These interventions will be completed with the **development of our key regional economic sites in Ebrington, Fort George and Strabane town centre**. We have a confidence that these actions once delivered will transform the economic context within which this region operates, however, there is now a greater imperative to deliver these in the context of Brexit. Given that these priority actions are targeted upon improving the competitive position of the region then their application will contribute greatly to ameliorate the impacts of Brexit.



Strategic growth plan - priority actions



The expansion of the **Ulster University at Magee** and our other colleges



- **A5 Western Transport Corridor**
- **The A6**
- **The N14 Letterkenny/ Lifford road**
- **Increasing the frequency of inter-rail connectivity**
- **The development of our Airport & Port**
- **The A2 Buncrana Road Economic Corridor**
- **A multi-modal transport hub**
- **Significantly improving rural broadband connectivity**



Development of our key regionally economic sites in **Ebrington, Fort George and Strabane town centre**

North West City Region - Localised solutions

if we are to fully address and 'Brexit proof' this most sensitive of regions in terms of Brexit consequences then it is essential we begin to explore more innovative responses to the challenges and opportunities that it brings. These would include exploration of the potential of the following initiatives:

- **A Cross-Border Free Trade Zone**, raising questions around the operation of this within the zone, the operation (and location) of its external boundaries including the application of customs checks, use of technology and how to deal with rules of origin requirement.
- The introduction of **supports for firms wishing to bi-locate** in the North West Region in order to minimize some of the costs associated with Brexit, raising questions of whether this would take the shape of a cross-border business park, specialist assistance for those most affected – for example, advice to businesses on the issues likely to affect them in the new economic reality, the supply ultrafast broadband to assist firms to complete e-forms, etc..
- Explore **options for bespoke arrangements for free movement of Irish, UK, EU and non-EU citizens** from the introduction of an equivalent to the **Nordic passport union**, to the enhancement of the Common Travel Area to the introduction of **local border traffic zones** (as on the Polish/Russian border).

This initial work in preparing the region for the UK's exit from the EU will be widened and deepened as greater clarity is achieved and many of the information gaps will be filled. The provision of a robust evidence base will be a central element of this collaborative effort and the sharing of information on a cross-border basis is critical. In line with the work completed to date, additional consultation with those living and working here will be an essential component to ensure that this region prospers post 2017.

The work to date has identified a number of sectors where additional research and consultation is required to fully determine the challenges and opportunities of Brexit. In particular, we must examine more closely its potential impact on the Community, Voluntary and Social Enterprise sectors. Further analysis and consultation is also planned relating specifically to the rural area.

Notes

¹ Figures from the BBC website.

² John Garry, 'The EU Referendum vote in Northern Ireland: Implications for understanding of citizens' political views and behaviour', KESS policy brief, http://www.niassembly.gov.uk/globalassets/documents/raise/knowledge_exchange/briefing_papers/series6/garry121016.pdf accessed 16 Nov. 2016. For the UK vote in general see Matthew Goodwin and Oliver Heath, 'Brexit vote explained: poverty, low skills and lack of opportunities', 31 Aug. 2016 <https://www.jrf.org.uk/report/brexit-vote-explained-poverty-low-skills-and-lack-of-opportunities> accessed 14 Nov. 2016.

³ For more detail on these steps see the evidence of Professor Michael Dougan and Dr Stephanie Reynolds to the NI Affairs Committee, November 2016.

⁴ James Blitz, 'FT Brexit Briefing: Too close to Trump, Mrs May?', FT, 14 Nov. 2016.

⁵ There is some debate over this but much of what the Prime Minister would like is clear: see Janan Ganesh, 'Theresa May is decisive over Brexit but we choose not to listen', FT, 10 Jan. 2017.

⁶ James Blitz, 'FT Brexit Briefing: A thunderbolt from the judges', FT, 3 Nov. 2016.

⁷ For a good summary of these debates see Anand Menon and Brigid Fowler, 'Hard or soft? The politics of Brexit', NIESR Review, no. 238 (Nov. 2016), R9.

⁸ This can be found in André Sapir, 'Beyond hard, soft and no Brexit', Breugel blog post, 21 Oct. 2016, <http://bruegel.org/2016/10/beyond-hard-soft-and-no-brexit/>

⁹ For this letter see <https://www.executiveoffice-ni.gov.uk/sites/default/files/publications/execoffice/Letter%20to%20PM%20from%20FM%20%26%20dFM.pdf>. A brief reply merely mentions energy and the land border; see <http://www.bbc.co.uk/news/uk-northern-ireland-37610633> both accessed 3 Nov. 2016.

¹⁰ David Phinnemore, 'Northern Ireland and Brexit: struggling and divided over what next', The UK in a Changing EU project blog, 15 Nov. 2016; <http://ukandeu.ac.uk/northern-ireland-and-brexit-struggling-and-divided-over-what-next-2/> accessed 22 Nov. 2016.

¹¹ For the details see http://www.merrionstreet.ie/en/News-Room/News/Contingency_Framework_Summary.pdf.

¹² Department of Finance, Getting Ireland Brexit Ready (Oct. 2016).

¹³ 'Ministers criticise UK counterparts over Brexit stance', Irish Times, 14 Nov. 2016; the Irish government's appointee as EU Commissioner, Phil Hogan, has also recently stated that the Ireland/EU relationship will also change, see <http://www.bbc.co.uk/news/uk-northern-ireland-38554049>.

¹⁴ Joint NSMC Plenary Communique, 18 Nov. 2016 https://www.northsouthministerialcouncil.org/sites/northsouthministerialcouncil.org/files/publications/Paper%20NSMC%20P2%20%2816%29%20JC%20-%20Joint%20Communique%20C3%A9%2018%20Nov%202016_0.pdf

¹⁵ Graham Gudgin, Ken Coutts & Neil Gibson, 'The macro-economic impact of Brexit', Centre for Business Research, University of Cambridge, WP 483 (November 2016).

¹⁶ Craig Berry et al, 'UK regions, the European Union and manufacturing exports', SPERI British Political Economy Brief No. 23 (2016); Tom Hunt et al, 'UK regions and European structural and investment funds', SPERI British Political Economy Brief No. 24 (2016).

¹⁷ Hunt et al, 'EU funds', p. 5.

¹⁸ For this March 2015 paper see <http://crossborder.ie/site2015/wp-content/uploads/2015/11/2015-03-22-brexit-ceti-specialist-advisor.pdf>

¹⁹ Oxford Economics, 'The economic implications of a UK exit from the EU for Northern Ireland: A briefing paper (February 2016).

²⁰ Paul MacFlynn, 'The economic implications of Brexit for Northern Ireland', NERI WP 35 (April 2016); 'The implications of the 'hard Brexit' for Northern Ireland', NERI Quarterly Economic Observer (winter 2016). For interest from Brussels see Breugel, 'The impact of Brexit on Northern Ireland: a first look' (December 2016).

²¹ Bertelsman Stiftung / ifo, 'Brexit: Potential economic consequences if the UK leaves the EU', Policy Brief, 2015/05 (May 2015).

²² See Alan Barrett et al, 'Scoping the possible economic implications of Brexit on Ireland, research series no. 48 (2015); Adele Bergin et al, 'Modelling the medium to long term potential macroeconomic impact of Brexit on Ireland', WP No 548 (November 2016); Martina Lawless and Edgar Morgenroth, 'Product and sector level impact of a Hard Brexit across the EU', WP no. 550 (November 2016).

²³ Department of Finance, UK EU Exit: An exposure analysis of sectors of the Irish economy (October 2016).

²⁴ Teagasc, Brexit: Potential Implications for the Irish Agri-food Sector (April 2016).

Notes

²⁵ The OECD put a particular focus on uncertainty in their research: Rafal Kierzenkowski et al, 'The economic consequences of Brexit: A taxing decision', Economic Policy Papers No 16 (April 2016).

²⁶ Chris Giles, 'Brexit experts, confess to your errors and carry on', FT, 4 Jan. 2017.

²⁷ Paul Krugman, 'The macroeconomics of Brexit: Motivated reasoning?', The Conscience of a Liberal blog, 30 June 2016, <http://krugman.blogs.nytimes.com/2016/06/30/the-macroeconomics-of-brexit-motivated-reasoning/?module=BlogPost-ReadMore&version=Blog%20Main&action=Click&contentCollection=Opinion&pgtype=Blogs®ion=Body#more-39827> . It is fair to say that the vast majority of forecasters continued to say that the UK economy would not enter recession in 2016. Indeed, the average of the 21 forecasts received in September 2016 was 1.8%.

²⁸ Menon and Fowler, 'Politics of Brexit', R7 which notes that 69% of Leave voters felt that 'there probably isn't much in it either way' on the economic question.

²⁹ Presentation by Loretta McNicholas, Burt, Co. Donegal, 6 Dec. 2016. There have been attempts to address this issue in successive INTERREG programmes by the International Centre for Local and Regional Development's CrosPlan projects as well as data capture work in the three cross-border network areas. However, issues of compatibility remain in areas such as exports, labour market and business demography data to name three.

³⁰ Presentation by Loretta McNicholas, Burt, Co. Donegal, 6 Dec. 2016.

³¹ Point made in the presentation by Professor Frances Ruane, Burt, Co. Donegal, 6 Dec. 2016.

³¹ Point made in the presentation by Professor Frances Ruane, Burt, Co. Donegal, 6 Dec. 2016.

³² Martin Wolf, 'Economic ills of the UK extend well beyond Brexit', FT, 24 Sep. 2016.

³³ These figures are taken from the CSO and NISRA (Broad Economy Sales and Exports Statistics). Alternative data can be had from the HMRC which shows a higher total figure for cross-border trade of £3.75 billion in 2015, almost a third of total exports and imports for NI.

³⁴ These figures are compiled from data from the InterTradeIreland Business Monitor for Q2 2015 – Q3 2016.

³⁵ These figures come from the BESES data released by NISRA. Using different trade data other research has come to a similar conclusion: Breugel, 'Impact of Brexit on NI'.

³⁶ This Invest NI data comes from their client companies and excludes a category 'Other Western Europe' which probably causes an underestimation of the EU market share.

³⁷ Presentation by Professor Frances Ruane, Burt, Co. Donegal, 6 Dec. 2016.

³⁸ For example, a 70% share of total NI Agri-food exports is accounted for by cross-border sales to the Republic (meat and dairy products are the two main sub-sectors).

³⁹ Data from the 2015 Annual Employment Survey.

⁴⁰ R.B. Davies, Iulia Siedschlag and Zuzanna Studnicka, 'Corporation Tax and FDI in EU Countries: Policy Implications for Ireland', ESRI Quarterly Economic Commentary Special Article (summer 2016).

⁴¹ WavTeq, The impact of Brexit on FDI into the UK: Recommendations for Investment Promotion Strategy (July 2016).

⁴² DAERA, Farm Incomes 2014/15 (2016).

⁴³ For these figures see CSO & NISRA, Ireland and Northern Ireland, Census 2011 (2014); Centre for Cross-Border Studies, Border People Briefing No. 5; Breugel, 'Impact of Brexit on NI'.

⁴⁴ For some research on an earlier episode of this, using CSO data, see E. Magennis, S. MacFeely and A. Gough, 'A sense of proportion in cross-border shopping: What the latest statics show', Journal of the Centre for Cross Border Studies (2010).

Working Draft County Donegal Development Plan 2018-2024

Part A: The Strategic Contents

**Part B: Objectives and Policies
of the Plan**



**Comhairle Contae
Dhún na nGall**
Donegal County Council

March 2017

Contents

Part A: The Strategic Plan

Chapter 1	Introduction and Vision	1
Chapter 2	Core Strategy	8
Chapter 3	Towns and Villages	24
Appendix 1	Legal, Interpretation and Policy Context	32

Part B: The Objectives & Policies of the Plan

Chapter 4	Economic Development	38
4.1	General Economic Development	38
4.2	County Retail Strategy 2018- 2024	47
Chapter 5	Infrastructure	55
5.1	Transportation	55
5.2	Water & Environmental Services	64
5.3	Telecommunications	73
5.4	Flooding	77
Chapter 6	Housing	82
6.1	Housing Strategy	82
6.2	Urban Housing	87
6.3	Rural Housing	95
Chapter 7	Natural & Built Heritage	105
7.1	Natural Heritage	106
7.2	Built Heritage	112
7.3	Archaeological Heritage	116
Chapter 8	Natural Resource Development	118
8.1	Extractive Industry and Geology	118
8.2	Energy	121
Chapter 9	Tourism	127
Chapter 10	The Marine Resource and Coastal Management	138
Chapter 11	Community, Culture and the Gaeltacht	145
Appendix 2	Development Guidelines and Technical Standards	154
Appendix 3	Building a House in Rural Donegal. A Location, Siting and Design Guide	217

Part C	The Objectives & Policies of the Plan	Separate Document
Part D	The Environmental Report	Separate Document

List of Maps

Map 2.1:	Core Strategy Map
Map 5.1.1:	Ten-T Network
Map 5.1.2:	Strategic Transport Network
Map 5.1.3:	Roads to which T-P-4 applies
Map 5.1.4:	N14 Letterkenny to Lifford (and A5 via Strabane)
Map 5.1.5:	N15/N13 Ballybofey/Stranorlar
Map 5.1.6:	N56 Letterkenny Relief Road
Map 5.1.7:	N15 Lifford to Ballybofey-Stranorlar
Map 5.1.8:	N56 Mountcharles to Inver
Map 5.1.9:	N56 An Clochán Liath (Dungloe) to Glenties
Map 5.1.10:	N56 Inver to Killybegs
Map 5.1.11:	N56 Inver to Killybegs Buncrana Inner & Outer relief Roads
Map 5.1.12:	Muff bypass
Map 5.1.13:	Donegal Airport Safeguarding
Map 5.3.1:	Strategic infrastructure Corridors
Map 5.3.2:	Major ICT Wireless Network (Line of Sight)
Map 6.2.1:	Rural Area Types
Map 7.1.1:	Scenic Amenity
Map 8.2.1:	Wind Energy
Map 9.1:	Tourism
Map 10.1:	Marine
Map 11.1:	Community, Culture & Gaeltacht
Map 01.Appendix 1:	Public Rights of Way

List of Figures

Figure 1.1:	County Donegal and its regional context
Figure 1.2:	The relationship between the County Development Plan and the North West City Region
Figure 1.3:	Population change (%) in County Donegal, 1991 to 2016 by Electoral Division (ED);
Figure 1.4:	Population change in County Donegal over the period 2006-2016
Figure 2.1:	The 2 Phased Growth Strategy
Figure 2.2:	The Settlement Structure
Figure 2.3:	The Settlement Structure
Figure 3.1:	Spatial Distribution of 'Strategic Towns.'
Figure 01 Appendix 1:	Development Plan linkages with other Plans
Figure 4.1.1:	Factors of Competitiveness
Figure 5.4.1:	Example - Flood Zone Areas A, B and C
Figure 6.3.1:	Dwellings per Thousand of the Population by County, Q2 2016
Figure 9.1:	Donegal Overseas Visitors (000's)
Figure 9.2:	Donegal Domestic Visitors (000's)
Figure 9.3:	Donegal Key Tourism Attractions Visitor Numbers 2016
Figure 9.4:	Wild Atlantic Way Counties Overseas Visitors (2015)
Figure 01 Appendix 2:	Entrance Details For Residential Properties
Figure 02 Appendix 2:	Measurement for visibility Splays [X & Y distances]
Figure 03 Appendix 2:	Alternative visibility Splay for urban regional and local roads where overtaking is prohibited

List of tables

Table 1.1:	Components of Population Change in County Donegal (2006, 2011, 2016)
Table 2.1:	Population Targets
Table 2.2:	Targeted Distribution of Growth for Housing Land Supply
Table 2.3:	The Towns of the Settlement Structure
Table 2.4:	Strategic Status of Water Services Across Layers 1 & 2A
Table 2.5:	Population Projections
Table 2.6:	The Core Strategy Table
Table 2.7:	Planned Investment in Water Services contained in the Irish Water Capital Investment Plan 2017-2021
Table 3.1:	The 'Strategic Towns' Performing 'Special Economic Functions.'
Table 3.2:	The Reasons for Identification of 'Strategic Towns', Performing 'Special Economic Functions.'
Table 01 Appendix 1:	Population Increase set out in RPG's 2010 (to 2016 and 2022)
Table 4.2.1:	Retail types
Table 5.1:	Proposed transportation improvement projects as identified on Maps
Table 5.2.1:	Requirements for waste water treatment for multiple developments
Table 5.4.1:	Classification of Vulnerability for different types of development taken from Table 3.1 of The Planning System and Flood Risk Management - Guidelines for Planning Authorities (DoEHLG, 2009)
Table 5.4.2:	Matrix of Vulnerability versus flood zone as taken from Table 3.1 of The Planning System and Flood Risk Management - Guidelines for Planning Authorities (DoEHLG, 2009)
Table 10.1:	Coastal Management Strategies
Table 01 Appendix 2:	Roadside Boundaries in Rural Areas
Table 02 Appendix 2:	Internal Residential/Industrial Roads
Table 03 Appendix 2:	Vision Lines at accesses to Non-National Rural Roads, outside 60kph speed limit zone
Table 04 Appendix 2:	Stopping Sight Distances for Urban Areas within 60kph speed limit zone (SSD). Reduced SSD standards for application within cities, towns and villages. Reduced forward visibility increases driver caution and reduces vehicle speeds.
Table 05 Appendix 2:	Stopping Sight Distances for Urban Areas within 60kph speed limit zone (SSD). Reduced SSD standards for application within cities, towns and villages. Reduced forward visibility increases driver caution and reduces vehicle speeds.
Table 06 Appendix 2:	Stopping Sight Distances
Table 06 Appendix 2:	Car Parking Standards
Table 07 Appendix 2:	Dimensions Of Loading & Parking Bays
Table 08 Appendix 2:	National Monuments in State Ownership or Guardianship by OPW
Table 09 Appendix 2:	Historic Graveyards (in guardianship of Donegal County Council)
Table 10 Appendix 2:	Record of Protected Structures in the Glenties Municipal District
Table 11 Appendix 2:	Record of Protected Structures in the Inishowen Municipal District
Table 12 Appendix 2:	Record of Protected Structures in the Letterkenny Municipal District
Table 13 Appendix 2:	Record of Protected Structures in the Stranorlar Municipal District
Table 14 Appendix 2:	Record of Protected Structures in the Donegal Municipal District
Table 15 Appendix 2:	Record of Protected Structures in Buncrana
Table 15 Appendix 2:	Record of Protected Structures in Bundoran
Table 16 Appendix 2:	Record of Protected Structures in Letterkenny

PART A

The Strategic Plan

Chapter 1 Introduction and Vision

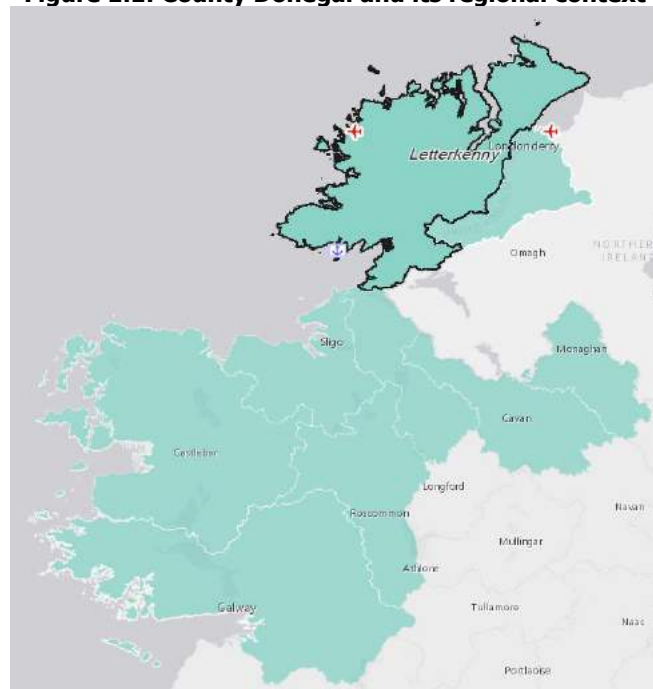
1.1 Introduction and Vision

The County Donegal Development Plan is the principal statutory land use plan for the County and it sets out a strategic vision for the future growth and development of the County over the 6 year life of the Plan (to 2024) and beyond to a 20 year timeframe (to 2038). This spatially-based strategic and framework seeks to manage and coordinate change in landuse in the County setting out a clear view ahead in development terms together with clear priorities to drive growth.

This County Development Plan (CDP) sets out an ambitious vision to 2038 that is to be a catalyst for positive growth and economic development in County Donegal where the aim for the County is to target population growth of approximately 173,000 people by 2024 and to consequently reach upwards of 200,000 people by 2038. It acknowledges the wider social, economic and environmental trends within which growth is to occur but it is purposefully focussed on the possibilities and opportunities for the county arising from its position as part of a much broader cohesive socio-economic and geographical area.

Within the wider context of the region, there are firmly established partnerships that are to be developed further in order to support a coordinated approach to deliver on regional priorities that are critical to facilitate the priorities of County Donegal. Given the diversity and geographical extent of County Donegal (Figure 1.1 refers), opportunities for regional cooperation are being harnessed across all of the county's borders through (i) the area of the Northern and Western Regional Assembly (NWRA) comprising the counties of Donegal, Monaghan, Cavan, Leitrim, Sligo, Mayo, Roscommon and Galway and; (ii) in the context of the North West City Region comprising all of Donegal County Council (DCC) and Derry City & Strabane District Council (DCSDC) areas, with Letterkenny and the City of Derry-Londonderry as its linked metropolitan areas. This area has been identified as the North West City Region and the Initiative has secured the establishment of a local government partnership between DCC and DCSDC and has been endorsed by both local authorities and, significantly, by both of the respective national governments.

Figure 1.1: County Donegal and its regional context



Capacity in the Region is evidenced through both the regional response to consultation on the National Planning Framework coordinated through NWRA and the joint work of DCC and DCSDC which is underpinned by the establishment of the North West Strategic Growth Partnership. The Partnership aims to work collaboratively to drive forward economic, environmental and social regeneration and prosperity in the North West City Region focussing across three pillars: economic development; physical development and; social and community planning. This County Development Plan, its Vision, Core Strategy, objectives and policies, support County Donegal's critical role in the wider region and in particular in the implementation of the North West City Region Initiative. It provides the statutory spatial planning framework for County Donegal within which the coordination and management of the North West City Region vision and our ambition as a County is expressed (Figure 1.2 refers).

Figure 1.2: The relationship between the County Development Plan and the North West City Region



There is significant capacity throughout our entire County to participate in and contribute to growth and development. It is important therefore that the particular strengths, opportunities and niche potential that exists within the different areas of the County be harnessed to produce benefits and meaningful change for all of Donegal's communities and consequently for the region. The capacity that is present in County Donegal exists from North to South, East to West, within our rural areas and within our towns and villages and therefore, by its very nature, it is diverse and unique. The entire County of Donegal is a great place to live, work and do business. It provides a unique component to our regional context, in particular to the development of a strong and growing North West City Region that has a critical mass of close to 400,000 people and is the 4th largest City Region on the island of Ireland.

The Vision of this Development Plan is stated as follows:

By 2038, County Donegal will be a connected place with a strong, competitive and innovative economy that is attracting and sustaining a population of upwards of 200,000 people, offering a quality of life ranked highest in the country and asserting a key role in the context of the North West City Region and within the area of the Northern & Western Regional Assembly.

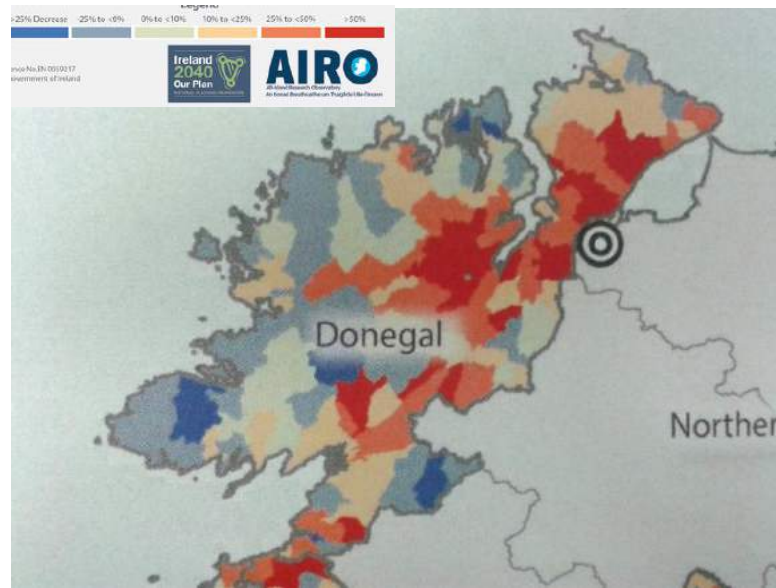
1.2 The National Planning Framework (NPF)

The NPF will supersede the National Spatial Strategy 2002-2020 (NSS) and will include a focus on economic development and investment in housing, water services, transport, communications, energy, health and education infrastructure. The NPF¹ is being prepared by the Department of Housing, Planning, Community and Local Government (DoHPCLG) and a number of publications and consultation papers (including a paper entitled, 'Issues and Choices') were made available on 2nd February 2017 to inform a consultation period and this is to be followed by a draft NPF in due course. The 'Issues and Choices' Paper published for consultation references the cross border relationship with Northern Ireland and in particular refers to the North West Strategic Growth Partnership as a successful cross border approach to provide a pathway for more effective performance at a spatial level. The 'Issues and Choices' Paper describes the approach as a place-based approach to accelerate sustainable growth, driven by local leadership and supported and guided by central policy. It outlines that a key output is to enhance the performance of the North-West area which is key to both the NI Executive's and the Irish Government's ambitions to realise the economic potential of the region. The County Donegal Development Plan is, in so far as is practicable aligned with the key issues that are emerging to date through the preliminary commentary around the NPF. In addition, the joint work of the North West Strategic Partnership Group is assisting in informing the NPF and outlining the potential of the North West City Region.

In terms of population change and growth scenarios, the NPF 'Issues and Choices' Paper describes the scale of Ireland's growth since the early 1990's (Figure 1.3 refers) as unprecedented and outlines that growth and change is set to continue. The Paper outlines that in the absence of an effective NPF, it is likely that current trends will continue in terms of dispersed settlement patterns outside the main urban areas, an increasing concentration of population and activity in the east of the country and rural areas less accessible to cities and larger towns are more likely to experience population decline. In contrast to settlement patterns, the Paper outlines that the spatial pattern of employment is mainly focussed on cities and large towns as the locations where there are larger pools of labour. The Paper suggests that the NPF process should consider alternative strategies to the continuation of current trends or 'Business as Usual' in order to deliver shared national goals. In this context, the vision of this Development Plan provides an alternative to 'Business as Usual' for County Donegal through a range of mechanisms including facilitating improvements in quality of life and well-being, encouraging both rural and urban regeneration, identifying and supporting employment potential throughout the County, taking care of our environmental resources and prioritising the development of infrastructure.

¹ www.npf.ie

Figure 1.3: Population change (%) in County Donegal, 1991 to 2016 by Electoral Division (ED);
Source: Extract from www.npf.ie



1.3 Population

As stated in section 1.1, the ambition for population growth through this Development Plan identifies potential for the county to reach upwards of 200,000 people by 2038 over a two phase approach to the development of the County, namely:

- Phase 1 relates to the period of the Plan, 2018-2024, providing for population growth at a rate of 1.1% annual increase to 2024 leading to a population of reaching 173,000 by 2024. In tandem, Phase 1 will be a period of determined 'interventions,' including setting out and implementing investment priorities, initiatives and appropriate targeted research that will aim to consequently stimulate and accelerate further growth into Phase 2.
- Phase 2 will provide for an accelerated average annual growth rate of 1.5% over the period 2024 to 2038 as the impact of the 'interventions' become apparent. Phase 2 would potentially lead to a target population of 209,000 persons by 2038. In addition, a continued intervention approach to target investment and programmes will be pursued throughout Phase 2. Chapter 2, Core Strategy, addresses future population growth and associated land supply in more detail.

Setting the population ambition in context, Table 1.1 and Figure 1.4 demonstrate population change and the components of population change in County Donegal over the census periods 2006, 2011 and 2016. The analysis demonstrates that a fast rate of population growth in County Donegal occurred over the period 2006-2011, of 9.4% (equivalent to 1.9% per annum) and this was at a faster rate than the State for the same period. The rate of growth over this period was the result of a high level of net migration² combined with a steady level of natural increase.

² This is the rate of people moving into a county less the number of people moving out of the same county.

Table 1.1: Components of Population Change in County Donegal (2006, 2011, 2016)

	2006	2011	2016	% change 2006- 2011	% change 2011- 2016	% change 2006- 2016
Population (no.)	147,264	161,137	158,755	9.42 (+1.8% per annum)	-1.5 (-0.3% per annum)	7.8 (+0.78% per annum)
Natural Increase(no.)	3,113	5,655	4,349	81.66	-23	39.7
Estimated net migration(no.)	6,576	8,218	-6731	24.97	-181.9	-202
Average annual births (rate per 1000 pop)	13.5	14.4	12.4	--	--	--
Average annual deaths (rate per 1000 pop)	8.0	7.0	7.0	--	--	--
Average annual Natural Increase³ (rate per 1000 pop)	7.4	7.3	5.4	--	--	--
Average annual Estimated Net Migration⁴ (Rate per 1000 pop)	11.5	10.7	-8.4	--	--	--

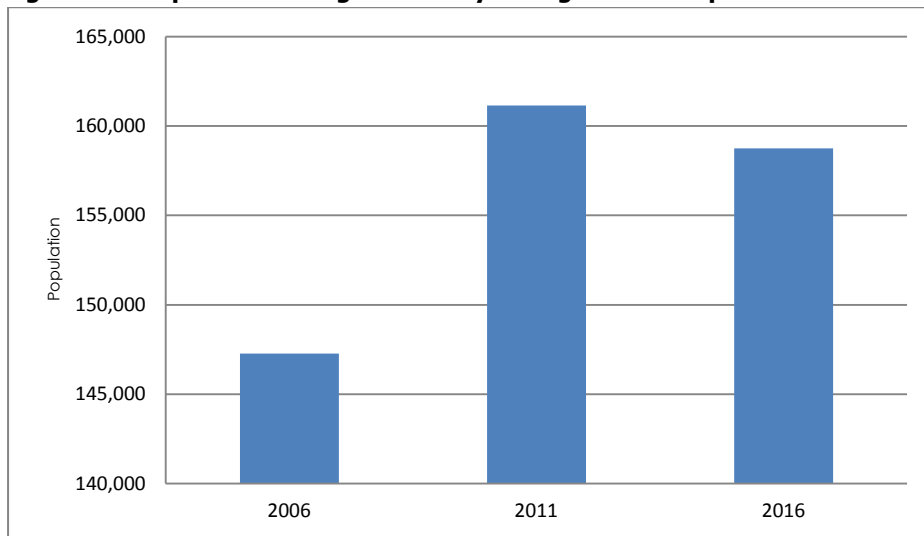
The publication of preliminary census 2016 data shows that trends changed over the period 2011-2016 (Table 1.1 and Figure 1.4 refers) showing that the population of County Donegal decreased by 1.5% to 158,755 persons (decrease of 2,382 persons) coinciding with economic downturn and recession. In terms of the components of population change during the census period 2011-2016, both the rate of natural increase fell and there was net outward migration in County Donegal. In the county however, the decrease in the rate of net migration is more notable in its trend than the reduced natural increase therefore indicating the predominance of migration patterns as a factor of County Donegal's recent population decline. This trend corresponds to the comparatively high levels of in-migration experienced over the period 2006-2011. In the context of the State, County Donegal experienced the most significant outflows of migration followed by South Dublin and Counties Limerick, Mayo and Galway. Although the rate of natural increase in County Donegal (5.4) in 2016 is lower than the state average (8.5), it does not mirror the rate of net migration (which is the lowest in the country) but rather it tabulates as the seventh lowest in the State over the census period 2011-2016.

Recognising the national economic conditions within which population change occurred over the period 2011- 2016, trends considered over a longer term period demonstrate more measured and sustainable growth patterns. Firstly, as shown in Figure 2.1, of Chapter 2, taking a longer term view over the period 1971-2016 (45 years), the population of County Donegal has increased by almost 50,500 persons demonstrating positive growth patterns whilst also demonstrating cycles of economic and population decline within this period. Secondly, positive population growth is also recorded over the 10 year period of 2006-2016 at a rate of 7.8% or 0.78% per annum.

³ This is defined as the number of births minus the number of deaths in a county

⁴ This is the rate of people moving into a county less the number of people moving out of the same county.

Figure 1.4: Population change in County Donegal over the period 2006-2016



1.4 Current Economic Climate

The national economic context for the Development Plan is one of demonstrating a return to economic growth together with a period of uncertainty in the light of the UK decision to exit the EU. The collaborative response to Brexit of Donegal County Council and Derry City & Strabane District Council is being provided through the North West Strategic Growth Partnership and the North West City Region Initiative. Significant work has been undertaken to date to consider the challenges and opportunities that are presented including the publication in February 2017 of a draft report entitled, 'Initial Analysis of the Challenges and Opportunities of Brexit for the Derry City & Strabane and Donegal County Council areas-The North West City Region.' The outputs of this work to date demonstrate that there is an even greater imperative to ensure that key, regionally significant growth priorities are realised such as the A5 and A6 roads projects. The enabling role of the Development Plan in identifying, coordinating and prioritising critical infrastructural investment, together with appropriately guiding the location of economic development, is a critical component of economic recovery in County Donegal and has direct links to the priorities set out in the County Donegal Local Economic & Community Plan (LECP) 2016-2022.

This Development Plan highlights a role for settlements in driving significant economic development of the County by emphasising the importance of renewal and regeneration of our towns and villages where there are particular niche sectors, enterprise clusters or particular strengths, opportunities or assets that can be harnessed in a balanced manner. In tandem, this Plan aims to strengthen rural communities by supporting agricultural diversification, tourism and opportunities for rural economic development of an appropriate nature and scale, where local employment opportunities can be provided. Part B, Chapter 4, (Economic Development) addresses the local context for economic growth in further detail together with the identification of a framework within which new economic development will be guided.

1.5 Key Strategic Objectives of the County Development Plan

This Plan identifies the following key strategic objectives for the County:

- S-O-1:** To plan for population growth to 173,000 people by 2024 and subsequently to plan for further population uplift to upwards of 200,000 people by 2038 so as to secure critical mass in the County and thereafter to contribute to the critical mass of the North West City Region with Letterkenny and the city of Derry- Londonderry as it's key urban settlements.
- S-O-2:** To support growth of the County through an 'All of County Strategy' in order to ensure effective development and to harness particular strengths and opportunities that exist within the different areas of the County.
- S-O-3:** To support the role of Letterkenny as a linked urban area in the North West City Region in order to drive investment and produce consequential benefits throughout the entire County and to support regional growth in the context of the Northern & Western Regional Assembly.
- S-O-4:** To support the development and implementation of a sustainable economic model for County Donegal embracing growth in areas such as innovation, research and development, rural diversification, tourism initiatives, energy advances and the promotion of sustainable start up enterprises and as an integral component of accelerating the socio-economic growth in the North West.
- S-O-5:** To prioritise regeneration and renewal of the County's towns, villages and rural areas in order to support vibrant and strengthened communities and drivers of economic growth.
- S-O-6:** To protect, enhance and appropriately harness the unique quality and diversity of the environment in the County, through a wide range of measures, supported by proper planning and sustainable development.
- S-O-7:** To prioritise key infrastructural investment required throughout the County, such as in transportation networks, water services, waste disposal, energy and communications networks, the provision of education, healthcare, retail, and a wide range of community based facilities and to collaborate on delivery, including in the regional context.
- S-O-8:** To facilitate appropriate, sustainable development, innovation, research and technological advances in business, communications and energy development throughout the County and in a Regional, Cross Border and National context.
- S-O-9:** It is an objective of this Development Plan to implement the policies of the Development Plan.
- S-O-10:** To provide the strategic spatial framework to guide collaboration, investment, community development and sustainable growth.

Chapter 2 Core Strategy

2.1 Introduction

As proposed in Chapter 1, this Development Plan sets out an ambitious vision for the future growth and development of the County over the 6 year life of the Plan (to 2024) and beyond to a 20 year timeframe (2038). The Vision presents County Donegal as a connected place by 2038 with a strong, competitive and innovative economy that is attracting and sustaining a population of upwards of 200,000 people, offering a quality of life ranked highest in the country. It also states that County Donegal will assert a key strategic role in the context of the North West City Region and within the area of the Northern & Western Regional Assembly.

To deliver on this ambition, this Plan sets out an alternative growth scenario to 'business as usual' for County Donegal. This aligns with the commentary of the NPF 'Issues and Choices' publication which describes the spatial pattern of development in Ireland in recent decades having been that:

- Settlement has generally become more spread out and employment has generally become more concentrated into a smaller number of areas;
- Population growth has occurred on the edge of settlements;
- Employment growth has been most prominent in larger centres;
- Decline has generally occurred in less accessible rural areas, smaller towns and in some of the more established inner urban parts of cities and larger towns;
- There has been an increasing concentration of population and economic activity in the East of the country.

Chapter 1 sets out the broad context of population change in County Donegal showing the impact of out-migration over the 2011- 2016 census period as a significant factor in the 1.5% decline in overall population. Future scheduled releases of census results will provide more detailed information in this regard. The core strategy of this Plan, an alternative to 'business as usual', is to identify the land use and spatial measures that will contribute to a reversal of the level of out-migration; encourage and facilitate a sustainable economic environment to retain our young population (0-19 age cohort making up 29% of County Donegal's population in 2011) and; to increase the level of in-migration including those people who wish to return home to Donegal. In tandem, the core strategy recognises the role of settlements in driving the development of the County both in relation to the importance of Letterkenny and its metropolitan area and in relation to the network of strategic towns and other smaller rural towns as service centres and centres of particular economic potential and special function. Chapter 3 aims to identify and harness the potential that exists in our networks of towns across the County through a strategy for regeneration and renewal of rural communities. County Donegal is predominantly a rural county by its nature and therefore the 'Rural Area Types' identified in the Plan aims to recognise that the rural area is a complex resource on which there are competing demands and therefore it should be clearly reserved for housing for genuine rural need where all other considerations can be appropriately addressed. In addition, this Plan outlines that opportunities to provide attractive housing choices are to be sought such as through the development of serviced sites in rural towns. The unique nature of the border area and its associated population change underline the spatial inter-dependencies between north and south which are more relevant in the context of Brexit. The potential impact of Brexit and the opportunities that it may give rise to in County Donegal are referred to further in Chapter 1 and in Part B, Chapter 4, Economic Development.

A number of key areas are identified as priority areas that are critical to enable and facilitate the level of population growth that is envisaged. The priority areas are:

- Renewal and regeneration

- Roads and access
- Water services
- Economic development
- Natural resources
- Tourism
- Regional cooperation and collaboration

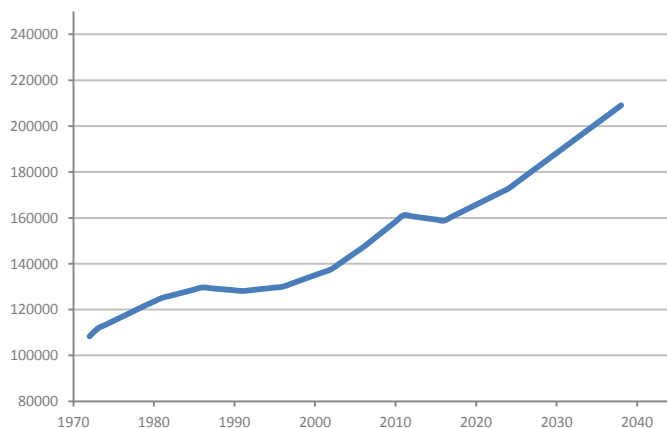
2.2 The Core Strategy and County Population Targets

The aim of the Core Strategy is as follows:

To set the coordinated framework within the County to deliver a connected place, enable economic growth, facilitate measures to deliver on high quality of life, guide population growth within an appropriate settlement structure and to cooperate effectively within the regional context.

The Core Strategy provides for two phases; phase 1 relates to the life of the Plan (2018- 2024) and Phase 2 relates to the longer term strategy leading to 2038 Figure (2.1 refers). Phase 1 will provide for an average annual growth rate of 1.1% over the life of the Plan (2018- 2024) thus sustaining existing levels of land supply for housing purposes, providing for a slow positive return to growth in the County, that is also stimulated by implementation of the North West City Region initiative. In tandem, Phase 1 will be a period of determined 'intervention,' that will consequently stimulate and accelerate further growth into Phase 2. Such 'intervention' will include distinctly spatial and plan-led dimensions but will extend beyond the spatial context and include a collaborative partnership response across the public and private sector. 'Interventions' include setting out and implementing investment priorities in roads infrastructure, water services and energy as examples; establishing enabling initiatives and programmes particularly in relation to regeneration and renewal of town centres; proactive interventions to support indigenous enterprise development and use of enterprise lands; targeted approaches to secure Foreign Direct Investment; and delivering critical strategy development/ research upon which further action will be identified.

Figure 2.1: The 2 Phased Growth Strategy.



As a consequence, Phase 2 will provide for an accelerated average annual growth rate of 1.5% from 2024 to 2038 as the impacts of the 'Interventions' become apparent. In tandem, a continued intervention approach to target investment and programmes will be pursued. Table 2.1 sets out the projections to be provided for in the County Development Plan. This will result in a projected population increase of 13,968 people by 2024, and a total population of 172,723.

Table 2.1: Population Targets

Current Position 2016	<ul style="list-style-type: none"> County Donegal population 2016 	158,755 persons
Phase 1; 2018- 2024	<ul style="list-style-type: none"> Average annual population (number) increase at a rate of 1.1% per annum Population increase by 2024 (over 8 years) at rate of 1.1% per annum Total Population of County Donegal (number) by 2024 at rate of 1.1% per annum 	1,746 persons 13,968 persons 172,723 persons
Phase 2; 2024- 2038	<ul style="list-style-type: none"> Average annual population (number) increase at a rate of 1.5% per annum Population increase by 2038 (over 14 years) at rate of 1.5% per annum Total Population of County Donegal (number) by 2038 at rate of 1.5% per annum 	2,590 persons 36,271 persons 208,994 persons

2.3 The Settlement Structure⁵

2.3.1 Summary of the characteristics of the Settlement Structure:

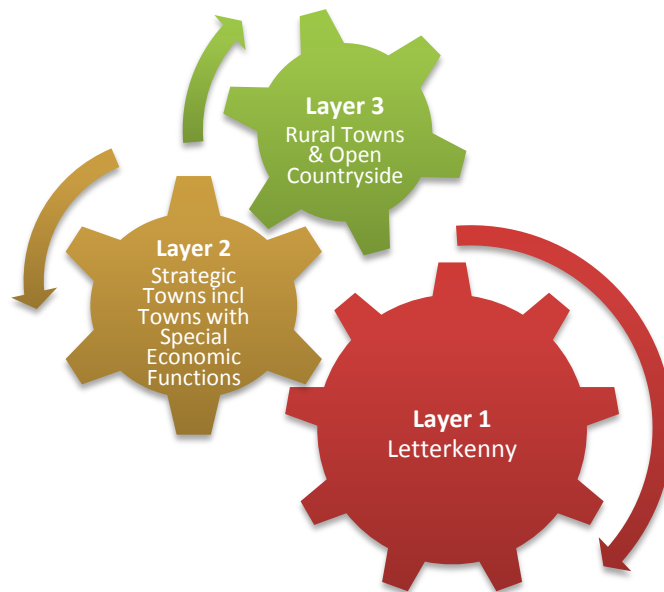
- The component parts of the structure function like interlinked gears.
- There are 3 component parts/layers:-
 - Letterkenny;
 - Strategic Towns; and
 - Rural Towns and Open Countryside
- 30% of the population uplift would be provided for in Letterkenny;
- 34% in the Strategic Towns; and
- 36% in Rural Towns and Open Countryside (Layer 3)
- Layer 2, the 'Strategic Towns', consist of 2 elements-
 - 2A settlements are identified in the context of population and special economic function; and
 - 2B settlements are identified due by their special economic function. Towns with a special economic function play a critical role in driving growth and development in the County.
- There is a distinction between the more simplified objective to ensure the adequate and appropriate supply of land zoned for the purposes of housing and the more strategic role of particular locations in the County that are critical in driving growth and development. Such locations are described as 'Towns with Special Economic Functions'.

⁵ The settlement structure and its component parts comply with the requirements of P & D Act 2000 (as amended), section 10 (2A)(f).

2.3.2 The component parts of the structure function like a 'gear' system

Figure 2.2 shows that the settlement structure functions like an interlinked geared system whereby its component parts make up a system of people and things. The component parts operate as a network because each part of the County is interlinked and interdependent and has particular capacity, strengths and opportunities that can be developed further. This approach recognises that rural areas and rural towns mesh with the functions and characteristics of larger towns and that larger towns and their rural hinterlands are interlinked with the characteristics of a strong Letterkenny. Likewise, Letterkenny cannot exist and strengthen further without its necessary connections with the rural area and the County's towns and the cumulative critical mass of population.

Figure 2.2: The Settlement Structure



2.3.3 The Component Parts/ Layers of the Settlement Structure.

The settlement structure is made up of 3 component parts that are described as 'layers' namely:

Layer 1: Letterkenny

Layer 2: Strategic Towns, made up of 2 parts:

- **2A:** Strategic towns in the context of housing land supply and due to their 'Special Economic Function' and;
- **2B:** Strategic Towns predominantly due to their 'Special Economic Function'.

Layer 3: Rural Towns and open countryside.

Broadly, the uplift in the County's population to 2038 of approximately 50,000 people would reasonably be distributed by growing Letterkenny (layer 1) and its critical mass by 15,000 people by 2038 (30%); by growing our strategic towns (layer 2) throughout the County by a combined total of 17,000 people by 2038 (34%), and by strengthening and sustaining our rural communities throughout our rural towns and open countryside (layer 3) by over 18,000 people by 2038 (36%). Table 2.2 sets out the estimated population of each layer in the settlement structure in 2016⁶ and the respective targeted population by 2024 and 2038 in relation to land supply for the purposes of housing. Figure 2.3 and Table 2.3 show the towns making up each layer of the settlement structure.

⁶ Scheduled publication of Census 2016 data for towns is expected April/ May 2016 and will provide up to date information on population change at town level.

Table 2.2: Targeted Distribution of Growth for Housing Land Supply

Layer	Estimated population 2016 ⁷	Targeted % share of population uplift by 2038	Additional pop by 2024	Population target by 2024	Additional pop by 2038	Population target by 2038
1 Letterkenny	19,302	30%	4,190	23,492	10,881	34,373
2 Strategic Towns	35,726	34%	4,749	40,475	12,332	52,807
3 Rural Towns & Open Countryside	103,727	36%	5,029	108,756	13,058	121,814
Total	158,755	100%	13,968	172,723	36,271	208,994

Layer 1: Letterkenny.

Letterkenny is identified as a layer in its own right within the settlement structure. As the largest town, it provides a broad range of services across the sectors including employment, education, health, cultural services, community services, entertainment and many more. Its growth and strengthening as a major centre of population together with its wider metropolitan area is important in the regional context particularly in terms of its relationship with Derry City. A strong, vibrant, connected Letterkenny with growing population will provide benefits across the County and within the region in terms attracting private sector investment in jobs and the economy and in securing investment in infrastructure that is critical to the county as a whole. The Core Strategy provides for sufficient land supply to accommodate an additional population of 4,190 people by 2024 and a further 10,881 people by 2038 (Figure 1.3 refers).

Layer 2: Strategic Towns.

Layer 2, the Strategic Towns is made up of two parts described as 2A and 2B. Layer 2A comprises 8 towns (figure 2.3 and table 2.3 refer) identified as strategic towns due to their existing population base and due to their infrastructural capacity to accommodate reasonable levels of new housing and therefore the core strategy guides reasonable levels of future housing development to these locations. These towns are also identified due to their particular 'Special Economic Function' including that they perform as key service centres at the sub-county level. Layer 2B comprises 15 other towns that are also identified as Strategic Towns in the county and these are shown in Figure 2.3 and listed in table 2.3. These towns perform special functions and play a critical role in driving growth and development in the County because of their existing special economic function or because there is potential in their existing assets/ resources/ location or their relationship with other parallel strategies that will boost economic development. The prioritisation of regeneration, renewal and developmental objectives in these towns is a priority over the life of the Plan as it is a critical intervention that will contribute to realising the population ambition for the County. Chapter 3: Towns and Villages, sets out their particular potential together with an outline of strengths, weaknesses, opportunities and threats and the strategic objectives that may assist in realising the full potential of each town. A limited level of new housing is anticipated in these towns in recognition that in general, there are significant infrastructural constraints that require innovative approaches to resolution. The focus in Layer 2B Strategic Towns is therefore to enhance the environment for economic activity and enable their growth. Overall, the core strategy targets sufficient land supply to accommodate an additional population to layer 2 of 4,749 persons by 2024 and a further 12,332 persons by 2038 (Table 2.2 refers).

⁷ Estimations based on equal application of -1.5% population change over the period 2011-2016 to all areas. Further Census 2016 data, including town level data, is scheduled for release during 2017.

Layer 3: Rural Towns and open countryside.

Layer 3 comprises the County's network of smaller rural towns together with their surrounding rural hinterlands. Generally, layer 3 provides for small scale clusters of urban development in rural towns and one- off rural housing supported by specific water services provided in the main as individual and private systems. The core strategy recognises that layer 3 is a critical component of the social, community and cultural identity of the County and that strengthening of rural communities is essential in order to ensure the survival of the unique character of the county. The rural areas of Layer 3 provide an important and diverse resource for the county as a place to live; to express cultural identity; to establish and strengthen rural communities; to provide a unique quality of life; to provide a natural tourism product; for health, recreation and wellbeing; for its natural resource potential and; for providing economic opportunities directly related to rural areas. Table 2.2 shows that in order to continue to support the strengthening of rural communities, the core strategy targets an additional population of 5,029 people by 2024 and a further 13,058 by 2038 forming an important component of the county's critical mass.

Figure 2.3: The Settlement Structure

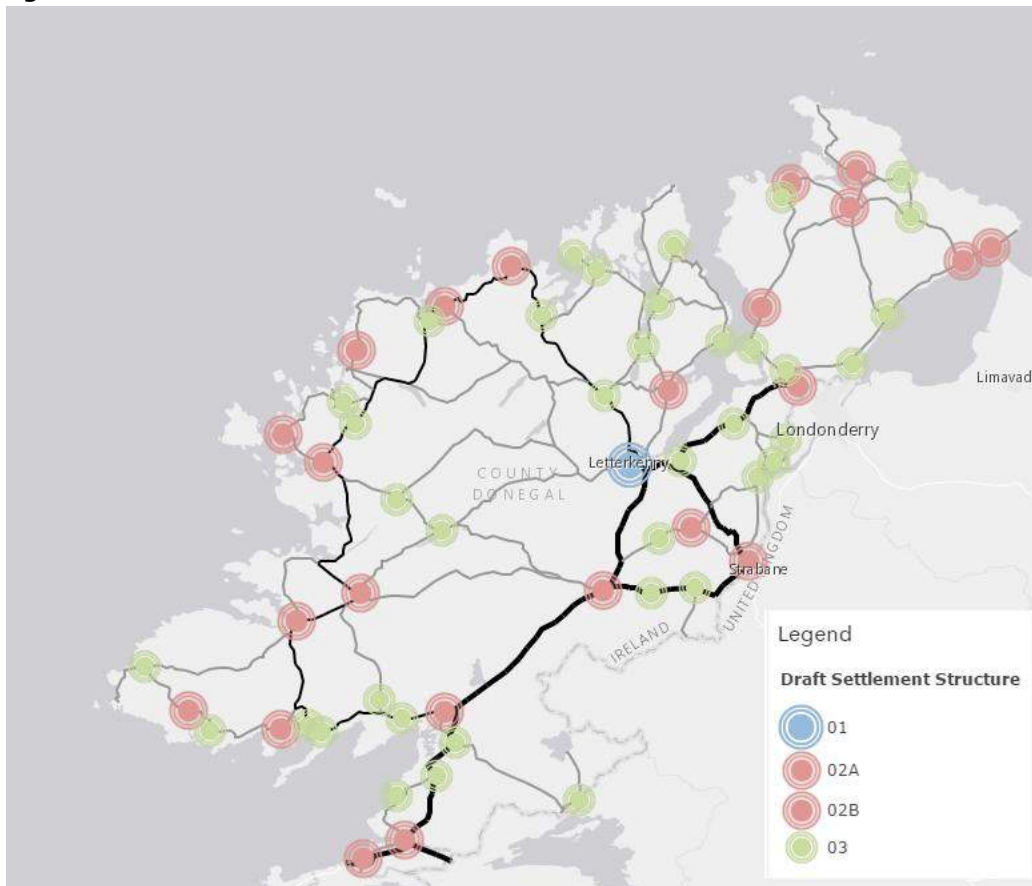


Table 2.3: The Towns of the Settlement Structure

Layer 1	Letterkenny				
Layer 2 The Strategic Towns	2A: Strategic towns in the context of housing land supply and due to their Special Economic Function				
	An Clochán Liath (Dungloe)	Ballybofey- Stranorlar	Ballyshannon	Buncrana	Bundoran
	Carndonagh	Donegal Town	Killybegs		
	2B: Strategic towns due to their Special Economic Function				
	Ailt an Chorráin (Burtonport)	An Bun Beg-Doirí Beaga (Bunbeg-Derrybeg)	An Charraig (Carrick)	An Fál Carrach (Falcarragh)	Ardara
	Ballyliffen	Bridgend	Dunfanaghy	Glenties	Greencastle
	Lifford	Malin	Moville	Ramelton	Raphoe
Layer 3 Rural Towns and Open Countryside	An Dúchoraidh (Doochary)	Anagaire (Annagry)	Baile na Finne (Fintown)	Ballintra	Bruckless
	Burnfoot	Carraig Airt (Carrigart)	Carrigans	Carrowkeel	Castlefinn
	Cill Chartaigh (Kilcar)	Clonmany	Convoy	Creelough	Culdaff
	Dunkineely	Fahan	Frosses	Gleann Cholm Cille (Glencolmcille)	Gleneely
	Gort an Chóirce (Gortahork)	Killea	Killygordon	Kilmacrennan	Laghy
	Loch an Iúir (Loughanure)	Manorcunningham	Milford	Mountcharles	Muff
	Na Dúnaibh (Downings)	Newtowncunningham	Pettigo	Portsalon	Quigleys Point
	Rathmullan	Rossnowlagh	St Johnston		

2.3.4 The Approach to Housing Land Supply

The approach to housing land supply is evidenced-based in identifying lands for larger scale housing to locations where the evidence shows that there is certainty of infrastructural capacity to accommodate this type and density of development and table 2.4 shows the current status in relation to water and wastewater infrastructure in each town making up layers 1 and 2A. Notwithstanding, innovative opportunities will be sought out and brought forward to secure other infrastructural improvements throughout the county and this is seen as an essential intervention in prioritising renewal and regeneration and in supporting the further development of the 'Strategic Towns' that are identified as layer 2B, due to their 'Special Economic Functions'. The evidence-based approach in relation to the identification of lands for housing for a short to medium time frame is critical in order that new home owners can be assured their investment will be in good places to live. At its most basic level, homeowners must be assured that they will have adequate water supply and waste water treatment; that there is no threat to our environmental resources due to inappropriate discharges and; that the legacy of unfinished housing estates and cost as regards resolution is not repeated. The approach recognises the role of rural housing in County Donegal and aims to cater for the level of demand that is anticipated to arise where there is clear evidence to demonstrate a genuine need to

live in the rural area (Part B, Chapter 6 refers) or where opportunities can be availed of to provide serviced sites in rural towns as a sustainable and attractive housing option. In order to provide for a robust and responsive approach, prescriptive land use zoning for the purposes of housing are not identified across layer 2B, Strategic Towns performing a 'Special Economic Function' and across rural towns and open countryside (layer 3).

Table 2.4: Strategic Status of Water Services Across Layers 1 & 2A

Layer 1	Water	Wastewater
Letterkenny	Capacity is available. Letterkenny Water Supply Scheme including a new Water Treatment Plant at Goldrum is a Major Programmes Project included on the Irish Water Investment Plan 2017-2021 comprising circa €22million investment. Target completion in 2018.	Capacity & treatment available.
Layer 2A	Water	Wastewater
An Clochán Liath (Dungloe)	Capacity issues to be resolved during PRW1 (2017-2021) assisted by replacement of approximately 9.7km of pipework as part of the Countywide Water Main Rehabilitation Project and intensification of find & fix activities to reduce existing leakage levels.	Capacity issues to be imminently resolved through the Glenties/ Dungloe Sewerage Schemes WWTP's. Capacity & treatment will be available once the WWTP is commissioned.
Ballybofey-Stranorlar	Capacity & quality available	Capacity issues to be resolved through the Ballybofey-Stranorlar Wastewater Network and WWTP projects as included on the Irish Water Investment Plan 2017-2021. Consultants engaged end of 2016 to design WWTP to appropriate population equivalent.
Ballyshannon	Capacity issues to be addressed through Ballyshannon Regional Water Supply Scheme as included on the Irish Water Investment Plan 2017-2021 comprising €15 million investment.	Capacity & treatment available
Buncrana	Capacity & quality available	Capacity & treatment available Design proposals for upgrading Westbrook Pumping Station are being considered. Improvements to commence regarding operation and storm water handling capacity at Westbrook pumping station by 2018 under the County Donegal Towns and Villages Project.
Bundoran	Capacity & quality to be improved through Ballyshannon Regional Water Supply Scheme as included on the Irish Water Investment Plan 2017-2021 comprising €15 million investment together with interconnecting network to be progressed as part of the Countywide Water Main Rehabilitation Project.	Capacity issues to be resolved imminently through the Donegal Group B Sewerage Scheme as included on the Irish Water Investment Plan 2017-2021. WWTP and network improvements are currently under construction. Capacity is available once the WWTP is commissioned.
Carndonagh	Capacity & quality available. Irish water Investment Plan 2017-2021 provides for decommissioning of Carndonagh WTP Carndonagh and revised supply from Pollam Dam.	Capacity & treatment available
Donegal Town	Capacity & quality available	Capacity & treatment available
Killybegs	Water processing capacity to be increased through Killybegs Regional Water Supply Scheme as included on the Irish Water Investment Plan 2017-2021 comprising €9 million investment.	Capacity issues to be resolved imminently through the Donegal Group B Sewerage Scheme as included on the Irish Water Investment Plan 2017-2021. Capacity & treatment will be available

once the WWTP is commissioned.

2.4 Population Projections

As required by the Planning & Development Act 2000 (as amended), table 2.5 sets out population projections having regard to the population ambition of the Plan, in respect of (a) individual projections for each town of a population of 1,500 or more in 2011 census and; (b) aggregate population projections for the remainder. For the purposes of clarity, table 2.5 also provides population projections in respect of An Clochán Liath (Dungloe) and Killybegs in order to provide a comprehensive set of projections for Layer 2A.

Table 2.5: Population Projections

	2011 pop	Estimated 2016 pop ⁸	Projected Additional pop by 2024	Projected pop by 2024
Letterkenny	19,588	19,302	4,190	23,492
Buncrana	6,839	6,735	1,215	7,950
Ballybofey- Stranorlar	4,852	4,781	838	5,619
Donegal Town	2,607	2,568	461	3,029
Carndonagh	2,534	2,495	460	2,955
Ballyshannon	2,503	2,467	419	2,886
Bundoran	2,140	2,108	377	2,485
Lifford	1,658	1,633	73	1,706
Bunbeg- Derrybeg	1,553	1,528	73	1,601
Killybegs	1,297	1,279	210	1,489
An Clochán Liath (Dungloe)	1,183	1,165	210	1,375
Remainder	114,383	112,694	5,442	118,136
County Total	161,137	158,755	13,968	172,723

2.5 The Core Strategy Table

Table 2.6 provides information on the level of land zoned in this development plan across the settlement structure for the purposes of housing including mixed use. As outlined in the footnotes that accompany the table, the identified shortfall/ excess in housing units that can potentially be delivered by the land zoning set out in this Plan are to be addressed through a Local Area Plan (LAP) programme. The LAP programme will deliver appropriate land supply consistent with the population targets and HLR of this Plan through the following sequence:

- (i) Publication of a draft Local Area Plan in respect of An Clochán Liath, Ballybofey- Stranorlar, Ballyshannon, Carndonagh, Donegal Town and Killybegs (and also including Bridgend) to follow the publication of the draft County Development Plan 2018- 2024 and its core strategy. (Target for draft LAP is mid 2017).
- (ii) Preparation of a draft Local Area Plan in respect of Letterkenny (Target commencement 3rd quarter 2017).
- (iii) Preparation of draft Local Area Plans in respect of Bundoran and Buncrana (Target commencement 4th quarter 2018).

⁸ 2016 population estimate on basis of equal application of decline of -1.5% since 2011.

Table 2.6: The Core Strategy Table

Layer in the Settlement Structure	Location	Core Strategy population allocation to 2024	No. of housing units required ⁹	Housing Land Requirement (Ha) ¹⁰	Potential number of housing units that could be supplied through the HLR ¹¹	Existing zoning(ha) (As at 1st February 2017)	No. of housing units the existing zoning provides for	Proposed zoning (primarily Residential-1st phase; Ha)	Proposed zoning (Other land) (Ha)	Housing yield (Units) from Primarily Residential lands- 1 st phase	Housing yield (Units) from Other lands- 1 st phase	Shortfall/ excess (units) ¹²
1	Letterkenny	4,190	1,552	116.4	2,328	66	1401	55.2	15.2	1203	286	-839
2	Strategic Towns	4,749	1,759	219	2,628	132.76	1565	82.26	38.8	1,190	283	-1,133
2A	Buncrana	1,215	450	56	672	65	694	25.63	38.8	478	258	64 ¹³
	Ballybofey- Stranorlar	838	310	39	468	10.3	124	10.3	0	124	0	-344
	Donegal Town	461	171	21	252	6.8	82	6.8	0	82	0	-170
	Carndonagh	460	170	21	252	11.5	138	11.5	0	138	0	-114
	Ballyshannon	419	155	19	228	0	0	0	0	0	0	-228
	Bundoran	377	140	17	204	22.86	332	22.93	0	307	25	128 ¹⁴
	Killybegs	210	78	10	120	0	0	0	0	0	0	-120
	(An Clochán Liath) Dungloe	210	78	10	120	5.1	61	5.1	0	61	0	-59
2B	Strategic Towns with Special Economic Functions	559	207	26	312	11.2	134	0	0	0	0	-312 ¹⁵
3	Rural Towns & Open Countryside	5029	1863	233	2,796	7.6	91	0	0	0	0	-2,796 ¹⁶
N/A	County Total	13,968	5174	568	7,752	206.36	3057	137.46	54	2393	569	-4,768

⁹ Based on average household size of 2.7 people/ household (census 2011)

¹⁰ Includes 50% additional for market choice in line with Core Strategy Guidelines. Applied density of 20 units/ha in Letterkenny and 12 units/ha elsewhere.

¹¹ Applied density of 20 units/ha in Letterkenny and 12 units/ha elsewhere.

¹² Shortfall in Letterkenny, Ballybofey-Stranorlar, Donegal Town, Carndonagh, Ballyshannon, Killybegs and An Clochán Liath (Dungloe) to be delivered through Local Area Plans.

¹³ Excess to be addressed through a monitor and manage approach.

¹⁴ Excess to take account of the considerable home market in Bundoran providing for supply of residential units. Further excess to be addressed through a monitor and manage approach prior to the preparation of a Local Area Plan.

¹⁵ No prescribed residential zonings across layer 2B in order to provide robustness & flexibility in the approach. Other policies of the Plan will guide the sustainable & incremental growth of towns identified as layer 2B.

¹⁶ No prescribed residential zonings across layer 3 in order to provide robustness and flexibility in the approach. Other policies of the Plan will guide the sustainable and incremental growth of one- off housing in open countryside and housing in rural towns identified as layer 3.

2.6 Housing Strategy

The Housing Strategy contained in Part B, chapter 6, aims to encourage and facilitate a level of housing supply that will meet the housing needs of all sectors of Donegal's population. The analysis of need for social and affordable housing reflects the changing settlement patterns referred to in section 2.1 and highlighted through the NPF consultation process and reasserts the need that an alternative approach to 'business as usual' is essential in terms of appropriately meeting need. The associated changing demographics is evidenced in demand for social and affordable housing as the current profile indicates that 1 & 2 bedroom accommodation would meet 70% of overall need (household size is reducing) and that there is need for elderly and special needs accommodation (life expectancy is longer).

The Housing Strategy outlines that the approach to meeting the social and affordable housing needs in Donegal is based on the five pillars of the Governments Strategy, 'Rebuilding Ireland, An Action Plan for Housing and Homelessness', published in July 2016 with a focus on the specific needs of the County. The five pillars are summarised as:

- Pillar 1- Address Homelessness
- Pillar 2- Accelerate social housing
- Pillar 3- Build more homes
- Pillar 4- Improve the rental sector
- Pillar 5- Utilise existing housing

Aligned with the core strategy to enable renewal and regeneration, the Housing Strategy indicates that there is a key need to refocus an element of supply of social and affordable housing to bringing privately owned vacant and derelict units back into productive use particularly within the main centres of towns and villages. The Housing Strategy outlines that opportunities will continue to be examined to develop new units on existing landbank including a targeted approach where turnkey developments are appropriate. This approach aligns with the settlement structure in terms of housing land supply and requires that innovative resolutions to infrastructure deficits are sought.

2.7 Transportation Strategy

The Transportation Strategy set out at Part B, chapter 5 supports the Core Strategy and Settlement Structure. It identifies a strategic transportation framework that provides for important and essential connectivity of Letterkenny and the Strategic Towns to other key centres outside the County and provides for the important intra- county connections to the network of Rural Towns throughout the County. The need for investment in new roads access and improvements to existing roads infrastructure within the county is a priority intervention to be sought through the life of the Plan. Map No. 2.1, the Core Strategy Map, demonstrates the relationship between the strategic transportation framework and the settlement hierarchy and demonstrates the importance of the onward and external connections through the A5 Western Transport Corridor and A6 road projects, the Ten- T Network and in particular the Letterkenny Relief Road and the N14 Letterkenny/ Lifford road. These onward and external connections and our focus on achieving the cross border commitments and delivery of these programmes is essential to economic growth. In addition, the benefits of the N4 (Dublin-Sligo) road redevelopment represent a strategic and important piece of infrastructure to County Donegal. The strategic transportation framework and economic strategy of the plan acknowledge the important role of quality infrastructure such as road, rail, air and sea in attracting new investment, business and enterprise.

2.8 Water Services Investment Priorities

Table 2.4 outlines the strategic status of water services including investment in relation to Letterkenny and towns identified as Strategic towns Layer 2A indicating that appropriate capacity is available to accommodate reasonable growth. Table 2.7 lists the current water services investment

identified on the Irish Water Capital Investment Plan 2017-2021. In addition to the projects listed in table 2.7, innovative resolutions to infrastructural deficiencies will be pursued throughout the county with a particular reference to deficiencies identified within layer 2B towns described as 'Towns with Special Economic Functions.'

Table 2.7: Planned Investment in Water Services contained in the Irish Water Capital Investment Plan 2017-2021

Water or Wastewater	Project name
Drinking Water	Ballyshannon Regional Water Supply Scheme Ph1 - New WTP and extension to Ballymagourty, Cashelard and Bundoran
Drinking Water	Donegal Countywide Watermain Rehabilitation Contract No.1
Drinking Water	Gortahork/Falcarragh Water Supply Scheme
Drinking Water	Inishowen Regional Water Supply Scheme Trunk Mains
Drinking Water	Inishowen Regional Water Supply Scheme - Upgrade of WTP
Drinking Water	Killybegs Regional Water Supply Scheme Upgrade of WTP and extension to Glenties/Ardara
Drinking Water	Letterkenny WTW Goldrum
Drinking Water	Lettermacaward Regional Water Supply Scheme - Upgrade of WTP and extension to Portnoo, Fintown and Glenties/Ardara
Drinking Water	Lough Mourne Regional Water Supply Scheme - Upgrade of WTP
Drinking Water	Owenteskna Water Supply Scheme - Upgrade of WTP
Wastewater	Ballybofey/Stranorlar WW Network
Wastewater	Ballybofey-Stranolar WWTP
Wastewater	Ballyliffen WWTP
Wastewater	Bridgend WWTP
Wastewater	Buncrana WW Network
Wastewater	Burnfoot WWTP
Wastewater	Burtonport H.E. WWTP
Wastewater	Burtonport WW Network
Wastewater	Carrigart WWTP
Wastewater	Donegal (Group B) Sewerage Schemes Wastewater Treatment Plants
Wastewater	Dunfanaghy-Portnablagh WWTP
Wastewater	Fahan WWTP
Wastewater	Falcarragh WWTP
Wastewater	Kerrykeel WW Network
Wastewater	Kerrykeel WWTP
Wastewater	Kilcar WWTP
Wastewater	Kilmacrenan WW Network
Wastewater	Kilmacrennan WWTP
Wastewater	Letterkenny Sewerage Scheme (Network) All contracts
Wastewater	Milford WW Network
Wastewater	Milford WWTP
Wastewater	Mountcharles WW Network
Wastewater	Moville WWTP

Water or Wastewater	Project name
Wastewater	Ramelton WW Network
Wastewater	Ramelton WWTP
Wastewater	Raphoe WWTP
Wastewater	Rathmullan Septic Tank Nr. 2 (WWTP)
Wastewater	Rathmullan WWTP

2.9 Implementation and Monitoring Programme

An implementation and monitoring programme will be established in order to identify and monitor the interventions undertaken to deliver on the core strategy and to deliver on the population ambition of the Plan. The programme will also examine the uptake of housing land established through the core strategy.

2.10 Core Strategy Objectives

- CS-O-1:** To enable growth of County Donegal's population by 14,000 persons by 2024 and to enable further accelerated population growth of 36,000 people by 2038 delivering County Donegal as a connected place with a strong, competitive and innovative economy and offering a quality of life ranked highest in the country.
- CS-O-2:** To assert County Donegal as having a key role in the context of the North West City Region and within the area of the Northern & Western Regional Assembly.
- CS-O-3:** To implement a settlement structure consisting of the 3 layers namely, Letterkenny (Layer 1), 'Strategic Towns' (layer 2A and B) and 'Rural Towns and Open Countryside' (Layer 3) and to ensure that housing land supply is consistent with the identified Housing Land Requirement (HLR).
- CS-O-4:** To support the growth of Letterkenny and its metropolitan area as driver of population and economic growth in the County and to make appropriate provision for approximately 4,200 additional persons by 2024.
- CS-O-5:** To support the growth of a network of 'Strategic Towns' (Layer 2) as key locations of population growth (providing for an additional approximate 4,500 persons by 2024) and/or as places performing 'Special Economic Functions'.
- CS-O-6:** To support vibrant 'Rural Towns and Open Countryside' (Layer 3) by providing for an additional population of approximately 5000 persons by 2024 and by:
- (a) Ensuring that new residential development in rural areas is prioritised and reserved to supply genuine rural need in line with the requirements pertaining to 'Rural Area Types' throughout the county (Part B, Chapter 6 Rural Housing refers).
 - (b) To seek opportunities for renewal and regeneration of rural towns.
 - (c) To protect specified rural areas from intensive levels of urban generated housing development.
- CS-O-7:** To align investment in infrastructure with the priorities for growth established in the settlement structure unless, in specific instances, environmental considerations dictate

otherwise or innovative opportunities arise for strategic investment of regional significance at alternative locations.

- CS-O-8:** To pursue opportunities for innovation in order to enable further investment in critical infrastructure particularly in relation to 'Towns with Special Economic Functions'.
- CS-O-9:** To coordinate and promote the delivery of key roads and access infrastructure (including the A5 Western Transport Corridor and A6 road projects, the Ten- T Network, Letterkenny Relief Road and the N14 Letterkenny/ Lifford road) with the other relevant authorities including partners in the North West Strategic Growth Partnership and within the Northern & Western Regional Assembly so as to result in effective strategic connections to and throughout the County.
- CS-O-10:** To prioritise investment in key strategic connections between Letterkenny and the Strategic Towns together with links to transport corridors serving the rest of the County.
- CS-O-11:** To support economic growth throughout the county through:
- (a) The preparation of an Economic Baseline and Strategy Report to inform consideration of the spatial implications of potential and planned economic growth.
 - (b) Participation in a regional approach in order to assert a key strategic development role in the North West City Region and as part of the Northern & Western Regional Assembly area.
 - (c) The establishment of Letterkenny as a centre for economic growth across the sectors, in particular through the promotion of the existing business park, consolidation of the town centre including the prioritising of improvements to public realm, the delivery of key road and access infrastructure, through a proactive approach to enable the delivery of key regeneration sites.
 - (d) The establishment of Strategic Towns including Towns with Special Economic Functions as critical drivers of growth outside of Letterkenny due to their existing special economic function or because there is potential in their existing assets/ resources/ location or their relationship with other parallel strategies that will boost economic development.
 - (e) The prioritisation of regeneration, renewal and developmental objectives in 'Towns with Special Economic Function' over the life of the Plan.
 - (f) The identification and harnessing of opportunities arising from the impact of Brexit for new economic investment particularly within the border region.
 - (g) The preparation of a Tourism Development Strategy together with support and enabling of appropriate tourism related development particularly in rural towns and open countryside (Layer 3).
- CS-O-12:** To require growth of towns in a sequential manner outwards from the core so as to make best use of existing and planned infrastructure to the benefit of local communities and effective urban growth.
- CS-O-13:** To promote the integration of land use and transportation so as to encourage modal shift and the development of sustainable transport policies.
- CS-O-14:** To seek the effective resolution of unfinished residential development.
- CS-O-15:** To prepare Local Area Plans in respect of Letterkenny and the Strategic Towns identified in Layer 2A, together with Settlement Framework Plans for the towns in Layer 2B.
- CS-O-16:** To implement the relevant zoning objectives set out at Part C of this Plan.

2.11 Core Strategy Policies

- CS-P-1:** It is the policy of the Council that proposals for development in Letterkenny shall be considered in the light of all relevant material planning considerations, relevant policies of the County Development Plan including Part C, Chapter 12, 'Objectives and Policies of Letterkenny' and other regional and national guidance/policy, relevant environmental designations and particularly Map 12.1B (Land Use Zoning) and Map 12.1A (Urban Design Framework).
- CS-P-2:** It is the policy of the Council that proposals for development in Buncrana and Bundoran shall be considered in the light of all relevant material planning considerations, relevant policies of the County Development Plan including Part C Chapters 12 and 13, 'Objectives and Policies of Buncrana' and 'Objectives and Policies of Bundoran' and other regional and national guidance/policy, relevant environmental designations and particularly Map 13.1A (Buncrana Land Use Zoning) and Map 14.1 (Bundoran Land Use Zoning).
- CS-P-3:** It is the policy of the Council that proposals for development in An Clochán Liath (Dungloe), Ballybofey-Stranorlar, Ballyshannon, Bridgend, Donegal Town, Carndonagh & Killybegs shall be considered in the light of all relevant material planning considerations, relevant policies of the County Development Plan and other regional and national guidance/policy, relevant environmental designations and particularly in the light of the relevant Settlement Framework Maps and accompanying text contained in Part C of this Plan. (Note: a Local Area Plan is being prepared in respect of the identified towns and when, adopted, the Local Area Plan will supersede the relevant Settlement Framework Maps and accompanying text to provide a more detailed planning framework).
- CS-P-4:** It is the policy of the Council that within the boundaries of towns identified as Strategic Towns due to their 'Special Economic Function' (Layer 2B) and in rural towns identified as Layer 3, applications for development will be assessed in the light of all relevant material planning considerations including any identified land use zonings, availability of infrastructure, relevant policies of the Development Plan, other regional and national guidance/policy and relevant environmental designations.
- CS-P-5:** It is the policy of the Council to guide development of towns in a sequential manner, outwards from the core area in order to maximise the utility of existing and future infrastructure provision, promote the achievement of sustainability, avoid 'leap- frogging' to more remote areas and to make better use of under-utilised land.
- CS-P-6:** It is a policy of the council to ensure that developments in urban areas give effect to the 12 Design Criteria set out in the publication Urban Design Manual – A Best Practice Guide (DoEHLG, 2009).
- CS-P-7:** It is a policy of the Council to consider proposals that seek to resolve existing unfinished residential development, including through appropriate reconfiguration of developments, and such proposals shall be considered outside the population targets set by the core strategy.

Chapter 3 Towns and Villages

3.1 Introduction

Aim:

To unlock the potential of towns and villages through regeneration and renewal so as to strengthen the social, community and economic capacity and vitality of towns and strengthen rural communities.

Chapters 1 and 2, Introduction and Core Strategy, identify the importance and key role of Donegal's rural communities in contributing to positive growth and economic development throughout the County and to growing County Donegal's population to over 200,000 people by 2038. County Donegal's rural communities are an asset to be valued and nurtured. The diversity in the opportunities that our rural communities give rise to is significant and has the potential to differentiate the County from other places, particularly in terms of the quality of life offering that is available. The County's towns and villages are at the centre of rural communities because they are important locations for service delivery, gathering, expression of identity, rural enterprise and social and community supports. This Plan recognises the importance of rural towns and villages in supporting the wider rural community and therefore seeks to enable their revitalisation and regeneration as a key strategic intervention. To this end, Chapter 2, the Core Strategy of the Plan, targets some 70% of the projected population growth towards that part of the County outside Letterkenny.

This approach is consistent with national policy in terms of the emerging themes in the NPF and in particular through the Government's publication, 'Realising Our Rural Potential- Action Plan for Rural Development', January 2017. The Action Plan highlights the vital role that rural Ireland plays in shaping Ireland's economic success including through its heritage and culture and it aims to unlock the potential of rural Ireland's positive attributes through a framework of supports at National and local level. The Action Plan is based around five key thematic pillars, each with a series of objectives and actions. The five pillars are:

- Pillar 1: Supporting Sustainable Communities
- Pillar 2: Supporting Enterprise and Employment
- Pillar 3: Maximising our Rural Tourism and Recreation Potential
- Pillar 4: Fostering Culture and Creativity in Rural Communities
- Pillar 5: Improving Rural Infrastructure and Connectivity.

Pillar 1 in particular, recognises the role of rural towns and villages as the heart of rural communities and outlines the importance of implementing measures to breathe life back into rural towns and enable them to become vibrant places and emphasises that a more integrated approach across Government Departments, and Agencies and at local level is required. The actions identified to support Pillar 1 include schemes such as the Town and Village Renewal Scheme, the CLÁR Programme, expansion of Tidy Towns Competition, increased delivery of small housing schemes in towns and villages, implementation of the Framework for Town Centre Revival and roll out of the National Town Centre Health Check Programme.

3.2 The Strategy for Renewal and Regeneration of Towns and Villages

Reflecting the National Action Plan, significant progress and implementing measures are already being undertaken throughout County Donegal's towns and villages and this ongoing activity is already contributing to their renewal and regeneration to varying extents. Examples of progress and implementing measures include:

- The actions identified in the County Donegal Local Economic & Community Plan 2016-2022.
- The role of the network of Tidy Towns Committees in place-making.
- The work of established community organisations in implementing local social, community and economic development initiatives and including place-making projects.
- Implementation of the County Donegal Heritage Plan (example of relevant project relates to the development of guidance in relation to traditional shop fronts).
- Implementation of the Town and Village Renewal Programme across 5 towns (Ballyshannon, Ballybofey-Stranorlar, An Clochán Liath (Dungloe), Carndonagh and Raphoe). Total investment of €440,000.
- Implementation of Social Inclusion Community Activation Programme (SICAP) - 2017 spend €1.9m.
- Implementation of the LEADER / Rural Development Programme - €10million over the period (2015-2020), for community-led initiatives around the themes of enterprise/employment, social, and the environment.
- Implementation of €5.5 million PEACE IV programme of capital projects such as playgrounds, community halls, and community gardens.
- Donegal County Council's ongoing capital investment in environmental and roads improvements.
- Rural Economic Development Zone programme that has funded, inter alia, finishing works to the Glenties Enterprise centre, and town and village renewal works in Ballyshannon.

The Core Strategy of this Plan establishes a strategic framework to focus renewal and regeneration of towns through which collaborative, multi- agency and cross sectoral approaches can be managed. The Strategy also provides a framework of readiness in the event that national programmes/ initiatives are announced that will support the renewal and regeneration objectives of the Plan. Whilst it is an objective of the Council to recognise the potential of all smaller towns and villages, and thus whilst the Council will co-operate with any prospective public and/or private sector partners in delivering any such sustainable and policy-compliant projects, the Plan identifies a smaller number of towns (Layer 2 of the settlement structure) for particular regeneration, renewal and revitalisation focus. These settlements have been selected in a strategic, co-ordinated manner to ensure an equitable distribution of this focus across the County having regard to the anticipated key drivers of growth in the areas outside of Letterkenny and the inherent qualities and attributes of the selected smaller towns and villages to deliver such anticipated growth.

The strategy for renewal and regeneration of towns is provided across two categories and the particular towns identified are shown in Figure 3.1 and listed in Table 3.1:

1. 23 towns described as the County's 'Strategic Towns' that perform a 'Special Economic Function' identified in the settlement structure of the Core Strategy as Layer 2 (A & B).
2. 7 towns/ rural areas of smaller scale (included in Layer 3 in the settlement structure) for which a focus on regeneration and renewal, primarily through enhancement schemes, will strengthen communities.

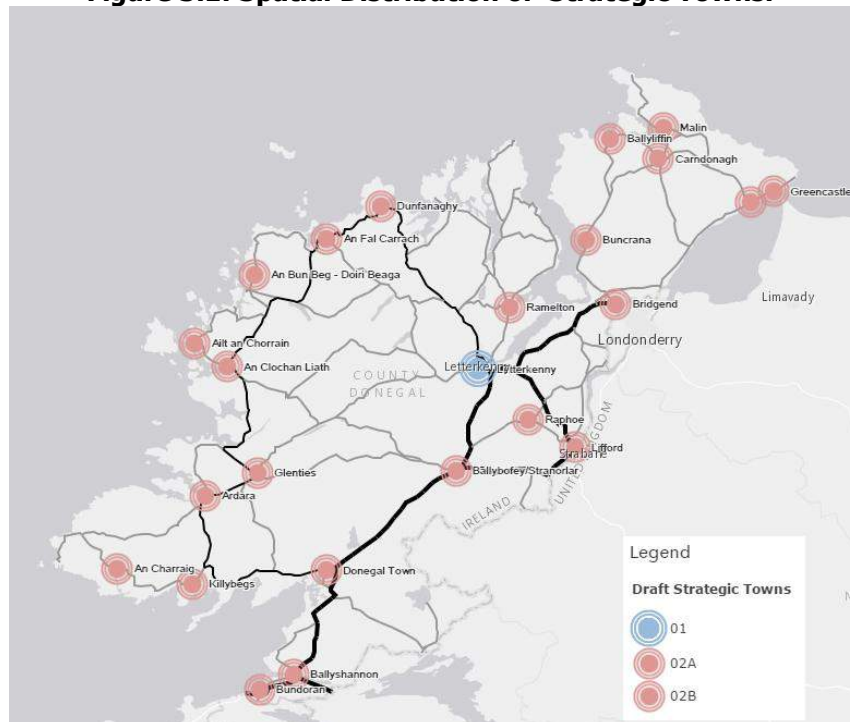
Towns with 'Special Economic Function' in Layer 2(A and B) of the Settlement Structure are all described as the County's 'Strategic Towns'. The distinction between 2A and 2B in Chapter 2, is largely for the purposes of appropriate distribution of the projected population growth having regard to the greater infrastructural capacity and critical mass of the Layer 2A settlements to service a significant proportion of this projected growth. For the purposes of this Section of the Plan, there is no distinction to be drawn between Layers 2A and 2B. The Council is equally committed to driving the

agenda for both groups of settlements. However, in order to retain some consistency with the structure applied to the settlements in the Core Strategy and only for ease of reference the Layer 2A and 2B approach is retained in the paragraphs below.

Figure 3.1 shows the spatial locations of the Strategic Towns with 'Special Economic Function', (Layer 2A and B) distributed throughout the county. As well as specific reasons for identification of particular towns, there are 6 common themes of existing or potential special economic functions that cut across the 'Strategic Towns' including:

1. Tourism and the Wild Atlantic Way;
2. Built and archaeological heritage;
3. The Irish language;
4. Sport and recreation;
5. Cross border location and;
6. The marine.

Figure 3.1: Spatial Distribution of 'Strategic Towns.'



Settlement framework maps/ land use zoning maps in respect of each of the 'Strategic Towns' can be viewed in Part C of this Plan and Section 3.3 of this chapter sets out a brief description of the particular thematic areas of potential in relation to each of the 23 towns. Examples include:

- Lifford (which is positioned to take advantage of its border location including opportunities that may arise as a result of Brexit);
- Moville (positioned to take advantage of its coastal location, marine opportunities, location along the Wild Atlantic Way and its built heritage);
- An Falcarrach (Falcarragh) and Gleann Cholm Cille (Glencolmcille) (positioned to take advantage of their coastal location, along the Wild Atlantic Way and as key towns in relation the Irish Language;
- Raphoe (positioned to take advantage of its built and archaeological heritage and its tourism potential).

Each of the towns identified will present with differing strengths, weakness, opportunities and threats and in many cases, it is recognised that physical infrastructure in terms of water services will represent a challenge to be addressed. The achievement of tangible outcomes in respect of the towns identified will require the buy-in of, and close working relationships between, a range of public, private and community sector organisations on a settlement-by-settlement basis. Notwithstanding, Donegal County Council is committed to these more rural parts of the County and therefore a programme to examine opportunities for appropriate strategic interventions in these areas will be initiated in consultation with all relevant stakeholders including local communities, the private sector and other public sector agencies. The programme will in the first instance address 8 towns identified as Layer 2A as significant work has already been undertaken to prepare a Local Area Plan in respect of the particular towns.

Table 3.1: The 'Strategic Towns' Performing 'Special Economic Functions.'

Layer 2 The Strategic Towns	2A: Strategic towns in the context of housing land supply and due to their Special Economic Function				
	An Clochán Liath (Dungloe)	Ballybofey- Stranorlar	Ballyshannon	Buncrana	Bundoran
	Carndonagh	Donegal Town	Killybegs		
	2B: Strategic towns due to their Special Economic Function				
	Ailt an Chorráin (Burtonport)	An Bun Beg-Doirí Beaga (Bunbeg-Derrybeg)	An Charraig (Carrick)	An Fál Carrach (Falcarragh)	Ardara
	Ballyliffen	Bridgend	Dunfanaghy	Glenties	Greencastle
	Lifford	Malin	Moville	Ramelton	Raphoe

Seven other towns/ rural areas of smaller scale (contained in Layer 3 in the Settlement Structure) have also been identified for which a focus on regeneration and renewal, primarily through enhancement schemes will strengthen communities. The Council's commitment to smaller towns and villages is reflected in the Core Strategy wherein a further 33 such smaller towns and villages in the County are identified as part of Layer 3 of the settlement structure (Table 2.3, chapter 2 refers). The Core Strategy allocates 36% of the projected population growth to this Layer including the open countryside and the development management policy framework contained in the Plan has been framed so that the principle of appropriately-scaled development is acceptable in layer 3 towns and villages, subject to detailed policy considerations. Many of the smaller towns and villages in Layer 3 are predominantly residential in character and it is anticipated that their existing character and function will remain as primarily residential clusters of housing. However, these settlements play a vital role in providing accommodation for a significant proportion of the County's existing population and in supporting rural communities. The seven settlements are:

1. Churchill
2. Convoy
3. Dunkineely
4. Kilmacrennan
5. Mountcharles
6. Newtowncunningham
7. St. Johnston

3.3 The thematic areas of potential in relation to each Strategic Town

As outlined in section 3.2, there are 6 common themes that cut across the 23 towns identified as 'Strategic Towns' due to their 'Special Economic Function,' as well as other specific reasons for identification. Table 3.2 identifies the relevant themes or specific reasons for identification. Note; the themes identified should not be taken as an exhaustive list as there may be other areas of potential to be built upon.

Table 3.2: The Reasons for Identification of 'Strategic Towns', Performing 'Special Economic Functions.'

Town	Reasons for Identification as a 'Strategic Town', Performing a 'Special Economic Function.'
An Clochán Liath (Dungloe)	Tourism & Wild Atlantic Way. Irish Language. Centre for delivery of Local Authority services.
Ballybofey- Stranorlar	Development Centre focussing on the towns as a Centre of Excellence for Sport and Recreation. Educational hub. Proximity to Northern Ireland border and associated cross border context. Extent of retail offering.
Ballyshannon	Development Centre with a focus on cultural heritage and enterprise. Heritage town with significant built heritage resources. Tourism and Wild Atlantic Way. Area of important archaeological heritage.
Buncrana	Development Centre (in conjunction with Carndonagh) with a focus on tourism. Tourism and the Wild Atlantic Way.
Bundoran	Development Centre with a focus on marine tourism. Tourism and Wild Atlantic Way.
Carndonagh	Development Centre (in conjunction with Buncrana) with a focus on tourism. Tourism and the Wild Atlantic Way. Centre for delivery of Local Authority services.
Donegal Town	Development Centre with a focus on tourism. Tourism and the Wild Atlantic Way. Centre for delivery of Local Authority services.
Killybegs	Development Centre with a focus on the establishment as an Innovation Hub for marine resources, including food, energy and ocean energy. Marine- Port and fishing related industry. Tourism and Wild Atlantic Way. Tourism associated with cruise liners. Area of important archaeological heritage.
Ailt an Chorráin (Burtonport)	Tourism and Wild Atlantic Way. Marine. Identified as a having particular potential for appropriate town enhancement scheme to strengthen communities.
An Bun Beg-Doirí Beaga (Bunbeg-Derrybeg)	Gaoth Dobhair Development Centre with a focus on business development Tourism and Wild Atlantic Way. Irish language.
An Charraig (Carrick)	Tourism and Wild Atlantic Way (including proximity to Sliabh Liag Signature Point).
An Fál Carrach (Falcarragh)	Tourism and Wild Atlantic Way. Irish language. Identified as a having particular potential for appropriate town enhancement scheme to strengthen communities.
Ardara	Tourism (and linked to Glenties) and Wild Atlantic Way. Heritage town with significant built heritage resources.

Town	Reasons for Identification as a 'Strategic Town', Performing a 'Special Economic Function.'
Ballyliffen	Tourism and Wild Atlantic Way. Identified as a having particular potential for appropriate town enhancement scheme to strengthen communities.
Bridgend	Proximity to Northern Ireland border and associated cross border context.
Dunfanaghy	Tourism and Wild Atlantic Way.
Glenties	Tourism (and linked to Ardara).
Greencastle	Tourism and Wild Atlantic Way. Marine.
Lifford	Proximity to Northern Ireland border and associated cross border context. Centre for delivery of Local Authority services.
Malin	Tourism and Wild Atlantic Way (including proximity to Slabh Liag Signature Point).
Moville	Tourism and Wild Atlantic Way. Heritage town with significant built heritage resources. Marine (linked with Greencastle)
Ramelton	Heritage town with significant built heritage resources.
Raphoe	Heritage town with significant built heritage resources. Area of important archaeological heritage. Tourism and Wild Atlantic Way

3.4 Objectives

- TV-O-1:** To support initiatives for renewal and regeneration of County Donegal's towns and villages with a particular focus on 'Strategic Towns' identified as Layer 2 in the settlement structure.
- TV-O-2:** To identify appropriate regeneration and renewal initiatives, primarily through enhancement schemes to strengthen communities in specific Layer 3 rural towns/areas namely; Churchill, Convoy, Dunkineely, Kilmacrennan, Mountcharles, Newtowncunningham and St. Johnston.
- TV-O-3:** To harness and maximise the economic potential of the County's towns and villages that may contribute to the sustainable economic growth of the County.
- TV-O-4:** To support initiatives to strengthen and improve the physical environment of towns and villages and encourage positive place-making.
- TV-O-5:** To support collaboration across the public, private and community & voluntary sectors in order to progress the regeneration and renewal of towns and villages.
- TV-O-6:** To seek innovation in addressing infrastructural constraints in the County's 'Strategic Towns'.
- TV-O-7:** To identify 'vacant' sites and 'regeneration sites' in towns identified as Layer 2A, in accordance with the Urban Regeneration and Housing Act 2015 and in order to encourage revitalisation.

3.5 Policies

- TV-P-1:** It is the policy of the Council to encourage proposals aimed at harnessing particular 'Special Economic Functions' of the County's 'Strategic Towns' subject to other policies of this Plan including Part C and subject to the proper planning and sustainable development of the area.
- TV-P-2:** It is the policy of the council to encourage proposals for small scale residential development, including social housing schemes in towns and villages that will contribute to revitalisation and renewal subject to other policies of this Plan including Part C and subject to the proper planning and sustainable development of the area.
- TV-P-3:** It is the policy of the Council to seek quality in proposals for new development within town centres in order to contribute to positive place-making.
- TV-P-4:** It is a policy of the council to ensure that development proposals within Town Centres or built up urban areas:
- Provide for distinctive buildings of a high architectural quality which contribute to a distinct sense of place and a quality public realm.
 - Create strong street frontage by either, adhering to the established building line in the immediate area or establish a new building line immediately adjoining the public road adjoining where a reasonable opportunity exists to do so. A greater setback will be permitted where the development would provide for the creation a high quality urban place with sufficient landscaping/planning, street furniture etc.
 - Respects, where appropriate, the context of the adjoining buildings, adjacent streetscape or buildings in the immediate area, in terms of design, height, scale and mass etc.
 - Respects the style, architectural detailing (in terms of design/arrangement of fenestration, fascia/soffit treatment, general finishes and materials), eaves height, roof pitch, roof line, and overall building form and height, as appropriate, in areas characterised by traditional vernacular or high quality streetscape.
 - Creates buildings of a human scale, by providing for a fine grain of development, in terms of overall scale, fenestration, size/proportions, signage and detailing and appropriate breaking of building forms along street frontages into narrow horizontal distances.
 - Promote, where appropriate, visual interest through modulation and detailing of architectural elements (e.g. detailing/treatments of eaves, windows, frontages, slight variations in roof lines, setback etc).
 - Utilise, where appropriate adaptable and accessible design on the ground floor to ensure their future re-use for alternative functions (e.g. retail/commercial etc).
 - Avoid the use of industrial type cladding, or the glazing of extensive area of the proposed development.
- TV-P-5:** It is a policy of the council to consider proposals for contemporary architecture within town centres which:
- Provides for a high quality design and utilises high quality durable materials.
 - Is sympathetic to the overall height, scale, and mass, and would not be otherwise incongruous with, the adjacent buildings or streetscape.
- TV-P-6:** It is the policy of the Council to ensure that development proposals make efficient use of land and do not otherwise hinder the future development potential of backlands within urban areas.

TV-P-7: It is a policy of the Council that proposals for shop fronts shall, as appropriate:

- Be of a high quality in terms of overall design, colour and materials.
- Respect the architectural characteristics of the subject building, in terms of scale, proportion, finishes, materials and relationship to upper levels.
- Respect the existing streetscape and traditional shop fronts in the area including in terms of scale, proportion, plot width, overall grain of development, arrangements of fenestration, facia treatment, colouring scheme, materials, and finishes.
- Avoids the use of excessively scaled box facias, plastic canopies over shop fronts, external security shutters, brash colours, flashing or neon lighting.
- Otherwise be in accordance with the policies for built heritage contained in Part B, Chapter 7.

PART A: Appendix 1

Legal, Interpretation and Policy Context

1.1 Legislative Framework for the Plan

This County Development Plan 2018-2024 has been prepared in accordance with the requirements of the Planning and Development Acts 2000 to 2016 and the Development Plan Guidelines 2007 and other Government guidance in the form of Guidelines and Circulars.

The Development Plan sets out the Council's strategic land use objectives and policies for the overall development of the County up to 2024 and beyond. The Plan relates to the functional area of Donegal County Council, and for the first time, includes the towns of Letterkenny, Buncrana and Bundoran.

The Vision and Core Strategy of this Development Plan demonstrates that the development objectives set out in the Plan are consistent as far as practicable with National and Regional development objectives set out in the National Spatial Strategy, 2002-2020 and the Border Regional Planning Guidelines, 2010-2022. The Vision and Core Strategy aim to assist in informing and addressing the emerging issues arising from preliminary commentary associated with the National Planning Framework (NPF) and Regional Economic & Spatial Strategy (RSES) processes. The Development Plan is also subject to a Strategic Environmental Assessment (SEA) demonstrated through the Environmental Report that accompanies the Plan and a report on the Appropriate Assessment (AA) as required under the Habitats Directive.

Interpretation

In this Plan save where the context otherwise requires:-

"The Council" means Donegal County Council.

"The County Council" means Donegal County Council.

The County" means the administrative area of the Council for the purposes of the Planning Acts consisting of the entire County of Donegal.

"The Plan" means the County Donegal Development Plan 2018-2024.

"CDP" means the County Donegal Development Plan 2018-2024.

Document Layout

The County Donegal Development Plan 2018-2024 is comprised of the following documentation:

1. The Written Statement

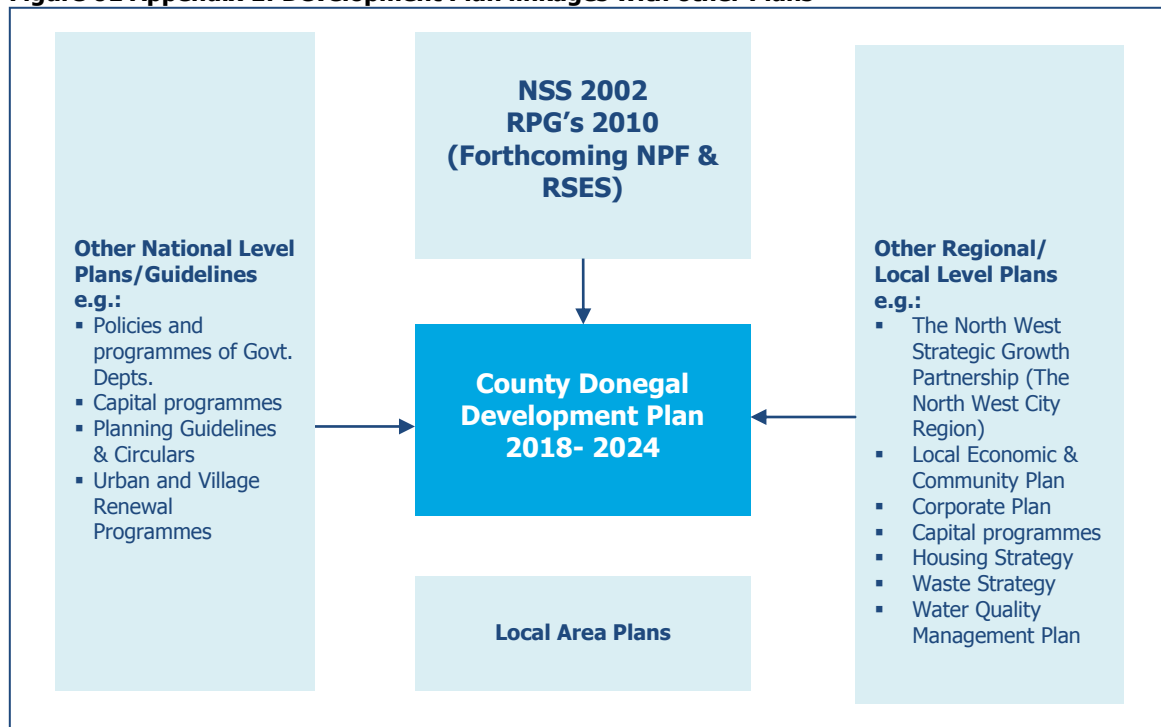
2. Maps/Plans
3. Appendices

For the avoidance of doubt, where there is conflict or disparity between maps and text, the written statement takes precedent.

1.2 Planning Context

The County Donegal Development Plan 2018-2024 is set within a hierarchy of strategic planning policy across the National, Regional and Local contexts. Figure 01 Appendix 1 demonstrates the relationship of the Plan with other plans, both land use and non-land use plans. Taken together, the suite of plans are to deliver a coordinated and integrated development approach for the region. The Plan is required to be consistent, in so far as practicable, with the current national and regional planning frameworks (the National Spatial Strategy 2002 (NSS) and the Border Regional Planning Guidelines (RPG's) 2010) and its consistency is demonstrated clearly in Chapter 2: Core Strategy.

Figure 01 Appendix 1: Development Plan linkages with other Plans



National and Cross Border Context

The Strategic Issues Papers in respect of the National Planning Framework (NPF).

The NPF is being prepared by the Department of Housing, Planning, Community and Local Government (DoHPCLG) and a Strategic Issues Paper was published for consultation on 2nd February 2017 to be followed by a draft NPF in due course. The NPF will supersede the National Spatial Strategy 2002-2020 (NSS). The NPF will include a focus on economic development and investment in housing, water services, transport, communications, energy, health and education infrastructure. The strategic issues paper published for consultation references the cross border relationship with Northern Ireland and in particular refers to the North West Strategic Growth Partnership as a successful cross border approach to provide a pathway for more effective performance at a spatial level. The strategic issues paper

describes the approach as a place-based approach to accelerate sustainable growth, driven by local leadership and supported and guided by central policy. It outlines that a key output is to enhance the performance of the North-West metropolitan area which is key to both the NI Executive's and the Irish Government's ambitions to realise the economic potential of the region. The County Donegal Development Plan is, in so far as is practicable aligned with the key issues that are emerging to date through the preliminary commentary around the NPF. In addition, the joint work of the North West Strategic Partnership Group is assisting in informing the NPF and outlining the potential of the North West City Region.

National Spatial Strategy 2002-2020

The NSS 2002-2020 and its 'Update and Outlook Report' published in 2011 is the current national planning framework and it is to be superseded through the finalisation of the NPF referred to previously. The NSS was designed to achieve a sustainable balance of social, economic, physical development and population growth across the Country. The NSS emphasised the central role of designated Gateways, in functioning as the economic drivers for their Region and, in the context of County Donegal and the North West region, the NSS designated a linked Gateway for Letterkenny-Derry. It also identified the potential for co-operation on key strategic planning issues with Northern Ireland with a particular focus on strategic infrastructure links within and across the island of Ireland. As the NSS is the current planning framework in the national context, the County Donegal Development Plan 2018-2024 has been prepared to achieve consistency with the NSS, particularly in relation to the work of the North West Strategic Growth Partnership, which aims to realise the full potential of the North West City Region. The Plan also recognises our strategic alignment in the context of our partner counties within the area of the Northern & Western Regional Assembly.

National Planning Policy Guidelines

The Planning Acts require planning authorities to have regard to Ministerial Guidelines. Among the most directly relevant in relation to the preparation of the Development Plan are:

- Strategic Environmental Assessment (SEA), 2004
- The Planning System and Flood Risk Management, 2009
- Sustainable Rural Housing Development Guidelines, 2005
- Retail Planning Guidelines, 2012
- Sustainable Residential Development in Urban Areas and the Design Manuals, 2009
- Sustainable Urban Housing: Design Standards for New Apartments, 2015
- Development Plans Guidelines, 2007
- Wind Energy Development Guidelines, 2006

The full suite of guidelines are available at www.housing.gov.ie

The Regional Development Strategy for Northern Ireland 2035, Building a Better Future (RDS 2035)

The RDS 2035 was published in 2010 as the spatial strategy of the Northern Ireland Executive. It recognises the role Belfast plays in generating regional prosperity and that Derry-Londonderry is the focus of economic growth in the North West region. It is supported by 8 aims as follows:

- Support strong, sustainable growth for the benefit of all parts of the Region.
- Strengthen Belfast as the regional economic driver and Londonderry as the capital of the North West.
- Support for towns, villages and rural communities to maximise their potential.
- Promote development which improves health and well-being of communities.
- Improve connectivity to enhance the movement of people, goods, energy and information between places.

- Protect and enhance the environment.
- Take actions to reduce the regions carbon footprint and facilitate adaptation to climate change.

The RDS 2035 defines the North West as Londonderry, Strabane and Limavady, along with the greater part of County Donegal. It describes Derry City as the core settlement and as a key cross-border and international gateway providing access by road, rail and sea to the North West.

Regional Policy Context

The North West Strategic Growth Partnership

As outlined in Section 1.1, the North West Strategic Growth Partnership is a cooperative cross border initiative, jointly led by Donegal County Council and Derry City & Strabane District Council to realise the full potential of the North West City Region and is an approach that is consistent with the objectives for the region set out in the NSS and the RDS as well as the RPG's 2010. In addition, the regional approach to the future development of the North West is informing and addressing emerging issues from the preliminary discourse in relation to the forthcoming NPF. The Partnership aims to work collaboratively to drive forward economic, environmental and social regeneration and prosperity in the region and focuses across three pillars of economic development; physical development and; social and community planning. The County Development Plan, its objectives and policies aim to support the vision of the North West Strategic Growth Partnership.

The Border Regional Planning Guidelines (RPG's) 2010-2022

The Regional Planning Guidelines¹⁷ set out a long-term strategic planning framework for the proper planning and development of the Region (comprising of the Counties of Donegal, Sligo, Leitrim, Cavan, Monaghan and Louth) to provide for sustainable communities. The Guidelines are the current regional planning framework that the County Development Plan is consistent with, in so far as practicable and are closely aligned with the National Spatial Strategy and also the Regional Development Strategy in Northern Ireland.

The key strategic goals of the RPG's relate to the development of Letterkenny as the strategic driver of growth for the County; to facilitate integrated sustainable development between urban and rural areas; to improve connectivity and mobility links; to promote innovation, economic growth and competitiveness; to facilitate emerging sectors to provide sustainable jobs and; to protect and enhance the quality of the natural environment and built heritage.

Map 3.1 contained in the RPG's (September 2010) demonstrates the spatial settlement strategy for the border region. This strategy identifies the importance of the Strategic Western Corridor linking Letterkenny-Derry-Ballybofey/Stranorlar-Donegal Town-Ballyshannon-Bundoran and the Sligo Gateway. It further shows onward connectivity from the Gateways to Northern Ireland and through Sligo to Galway. The importance of the A5 road project to upgrade the Derry to Dublin strategic transport corridor is also clear through the identification of the Northern Cross, and its linkages to the Western Corridor are evident as well as the associated benefit for the North West region.

In relation to economic development the issues arising from the RPG's in respect of the development plan relate to the need to ensure the supply of large-scale land and infrastructure required for major investment, sufficient zoned industrial and commercial lands and consideration of the sequential approach in this regard. In addition, the RPG's indicate the need to make provision for agricultural diversification and rural enterprise such as

¹⁷ Border Regional Authority, 2010

afforestation and renewable energy subject to appropriate environmental considerations. The RPG's also note the need to provide opportunities for the establishment of enterprises based on the processing of natural products as well as recognizing the importance of the retail sector and the level of retail leakage to Northern Ireland. Furthermore, in the context of major enterprise and industrial development, the RPG's note that there must be policies for the development of such major enterprise and industry in locations where waste water treatment systems with capacity to produce waste water discharges of a standard that will not impact negatively on downstream European sites, can be provided.

The RPG's outline a Core Strategy for the Region establishing the population growth framework, housing targets and 'Housing Land Requirement' (HLR) for each local authority to 2016 and to 2022. The adoption of the previous County Donegal Development Plan 2012-2018 marked the preparation of the County's first Core Strategy and ensured consistency with the Core Strategy of the RPG's 2010. Chapter 2 of this Plan (Core Strategy) outlines in more detail, the population growth provided for through the Development Plan to 2024 (the end of the life of the Plan) in terms of supply of land for the purposes of housing. It also identifies towns and villages that have particular renewal/ regeneration and economic potential by reason of their existing function and characteristics. As outlined in more detail in section 1.3 and in Chapter 2 the growth provided for in this Development Plan targets positive and ambitious growth to drive a strong North West City region, strong functioning urban centres, and vibrant rural communities. The population ambition of this Plan is consistent with and set within the current population targets of the RPG's 2010 and, for information purposes, Table 01 Appendix 1 sets out the population increase set out in the Core Strategy of the RPG's to 2016 and 2022.

Table 01 Appendix 1: Population Increase set out in RPG's 2010 (to 2016 and 2022)

Location	RPG's 2010 Projected Population increase 2010-2016	RPG's 2010 Projected Population increase 2016-2022
Letterkenny	2,700	2,700
County Donegal (described as the remaining share) (excluding Letterkenny)	10,227	10,413
Total projected population for County Donegal (i.e. Letterkenny and the rural remainder)	171,337	184,450

The Regional Planning Guidelines, 2010 will be superseded in due course through the preparation of a Regional Spatial & Economic Strategy (RSES) to be prepared by the Northern and Western Regional Assembly. The RSES will be consistent with the finalised NPF and it will coordinate across local authority and wider public policy levels in support of the NPF.

Local Policy Context

The County Donegal Local Economic & Community Plan 2016-2022 (LECP)

The County Donegal Local Economic & Community Plan 2016-2022 (LECP) aims to promote economic development and community development in the County over the next 6 years and its preparation and adoption ensured alignment and consistency with the operative County Development Plan at that time (the CDP 2012-2018). This Development Plan for the period 2018- 2024 is also aligned horizontally with the LECP providing appropriate land use and spatial support for the objectives of the LECP and in effect, the LECP will operate as one of the implementing tools to assist in the delivery of the ambitious growth strategy set out in this Plan. The LECP is a partnership Plan which addresses the issues, needs and opportunities of the County across all of the sectors and which consists of a significant

regional, (including cross border) dimension. In this regard, the work of the North West Strategic Growth Partnership will provide a mechanism to deliver on a number of elements of the County Donegal LECP and its Northern Ireland counterpart through the community planning process. The Vision of the County Donegal LECP is to: *'To connect Donegal's people and places, harness it's economic opportunities and to achieve strong, healthy, inclusive and sustainable communities.'*

The vision underpins the 7 priority Goals of the County Donegal LECP as follows:

1. To Develop Donegal as a Connected Place
2. To Harness Donegal's Natural and Human Capital
3. To Value, Sustain and Develop Our Culture and Creative resource
4. To Promote Sustainable, Inclusive and Healthy Communities
5. To Develop Donegal as a Lead Region for Learning, Research and Innovation
6. To Develop the 'Donegal' Brand
7. To Promote Entrepreneurship, Investment and Enterprise

Local Area Plan for 7 Strategically Located Towns

A Local Area Plan in respect of 7 strategically located towns (An Clochan Liath [Dungloe], Ballybofey- Stranorlar, Ballyshannon, Bridgend, Carndonagh, Donegal Town, Killybegs), is being prepared and is anticipated for adoption early 2018. The Local Area Plan will be consistent with the Core Strategy of this County Development Plan as regards land supply for the purposes of housing and it will build upon their strategic designation as key service centres in the County, also described as Development Centres in the LECP. Therefore, the Local Area Plan will aim to support and promote their economic and community development with a particular alignment to the spatial relationship with elements of the County Donegal LECP.

In addition, Local Area Plans will be prepared in respect of the towns of Letterkenny, Buncrana and Bundoran and will ensure consistency with the Core Strategy of this County Development Plan.

1.3 Strategic Environmental Assessment and Appropriate Assessment

The Environmental Report that accompanies this Plan sets out the Strategic Environmental Assessment of the Development Plan. This process has been carried out in accordance with the Planning & Development (Strategic Environmental Assessment) Regulations 2004 (as amended in 2011). The Environmental Report also consists of information on the findings of the Appropriate Assessment (Natura Impact Report) of the Plan. The parallel processes consisting of the preparation of the Development Plan together SEA and AA ensures the integration of environmental considerations throughout the drafting of the Plan.