

## **1. Introduction**

Members will be aware of the above mentioned comprehensive report, prepared by a Review Panel chaired by Professor Richard Barnett, for the above mentioned Department and the Northern Ireland Executive.

Public sector intervention in the economy is a matter of great importance both in terms of outputs and governance, and the commissioning of the Review was driven by increasing value for money and impact for the tax payer and end user – to strengthen the Northern Ireland economy.

Members will note that Minister Foster encouraged responses to the review by November 16<sup>th</sup> 2009 following its recent publication. An Executive Summary, being approximately 13 pages of the 270 page report, is provided for guidance for members.

Although a total of 55 recommendations are detailed in the Review, the critical issues are highlighted below.

## **2. Key Considerations and findings**

(a) Members are asked to note that the Review tackles head on the importance of tourism to the emerging NI economy, in as much that at the outset (E8, page 4) the Review states that it had recognised the value of tourism beyond the strict confines of the Terms of Reference laid out by DETI – that is, looking at tourism in the context of Invest NI is only one part of the equation. Members should recognise the importance of the NITB's new Tourism Strategy for Northern Ireland, and should welcome the emphasis placed by the NITB's Chief Executive and senior team, in recent months, to engage with the local (Ards) industry in recognition of the new Destination Status of Strangford Lough.

(b) The need to raise productivity / GDP is clear, relative to the rest of the United Kingdom, with an analysis of what to do and how to do it" in terms of manufacturing and tradable services.

(c) The productivity gap is solved, in part, according to the Review, through a recommendation to reduce the rate of Corporation Tax here – yet legislation presently prevents this from happening.

(d) The need to enhance substantially the volume and type of investment in Research and Development, leading to a more innovative region and the branding of Northern Ireland as a more "cutting edge, globally respected" place to do business is within the legislative boundaries and is emphasised comprehensively in Section II (pages 103 – 129) of the overall report, summarised in the Executive Report offered to members on pages 7 and 8.

(e) The Review indicates a need to phase out grants for business expansion by 2013, particularly those which are a very small percentage of the total investment cost, with a redirection of investment potentially sanctioned by an independent commercially driven research unit (essentially a larger Industrial Research and Technology Unit acting like a limited company).

(f) The Review indicates the need to amalgamate the Department of Enterprise, Trade and Industry with the Department of Education and Learning and a committee co-ordinated by the First Minister's office to drive an economic development prioritisation plan.

(g) The Review indicates the need for Invest NI to be less risk averse, to develop a separate unit for small businesses, and have increased independence from DETI.

(h) Emphasis that the economy is the responsibility of multiple partners (not just DETI and DEL) is given, with Planning seen as being in need of a more performance driven, aligned approach.

(i) Regarding both DETI and Invest NI, the review firmly advocates an internal reorganisation.

(j) Invest NI should, the Review states, be accessible to all businesses rather than a small percentage of small and medium enterprises, as is currently the case.

### **3. Recommendation**

It is **recommended** that the Council responds as follows:

Ards Borough Council welcomes the principles and broad content of the Independent Review of Economic Policy.

It believes that the present structures and interventions not just within DETI and Invest NI but, also, of partner departments such as DRD and investment agencies such as Enterprise Northern Ireland are over complicated, ineffectively resourced and not integrated. However, the proposed realignment is not radical enough and the Council believes that within six months an independent efficiency audit should quantify the human resource and financial resource savings that could be made, with a series of targets designed to reduce costs and improve focus.

The Council believes that the answer to the Review's main aim, namely "to determine whether existing DETI and Invest NI policies, programmes and resources will contribute optimally to the delivery of the productivity goal contained in the Programme for Government" is no, they are not.

However, Ards Borough Council believes that rather than be judgmental through media criticism of one agency or Department, it would prefer to be part of the **local and sub regional** solution as espoused in the Review.

The Council welcomes the realignment from Invest NI to another element of DETI of the tourism accommodation investment initiatives, and recommends that NITB working in contractual partnership with local authorities would produce the optimum, knowledge driven solution to this issue.

The Council, similarly, supports the removal of the restriction of access to Invest NI services so that all businesses can be supported, but only in regard to specific initiatives such as the Short Term Aid Scheme and business information. It believes that key sectors such as construction, manufacturing, horticulture and agriculture and the creative economies need more focussed and criteria driven support. Again, it welcomes the recommendation to have a defined small business unit but recommends that this is a central policy driver – a small, focussed, small business team – and that through the Transfer of Functions proposals the local and sub regional delivery of this should be co-ordinated and managed by local authorities, subject to contracts and performance level agreements.

The Council, whilst welcoming the principles of a commercially driven research and development unit, asks that, before one is set up, the commercial advantages of utilising existing independent from government R&D bodies, such as those at the University of Ulster, are countenanced.

Finally, the Council believes that, in regard to skills development, vocational training master classes, commercial land and property requirements and business development advice, the Department must formally recognise and fully scope the interventions by local government, enterprise agencies and regional colleges, since this portfolio of activities are largely excluded from but have a direct, substantial bearing on the terms of reference of the Review. The Council believes that the Northern Ireland Local Economic Development Forum, representing as it does the full complement of economic development practitioners at local government level, has to be formally linked into the recommendations process and be part of the integrated solution.

It is **recommended** that the Committee approves the above suggested response.

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On behalf of Ards Borough Council