

## **BACKGROUND**

In December 2008, the Minister for Enterprise, Trade and Investment, Arlene Foster, launched an Independent Review of Economic Development Policy (IREP) in Northern Ireland chaired by Professor Richard Barnett. The Review was to specifically address the economic development policies and programmes which are the responsibility of the Department of Enterprise, Trade and Investment (DETI) and through it, Invest Northern Ireland (INI). Professor Barnett released his findings and recommendations on 29<sup>th</sup> September. A full copy of the Review can be accessed at [www.irep.org.uk](http://www.irep.org.uk) and Members might find the Executive Summary at the front of the document as a convenient and a concise overview.

## **SUMMARY**

The Minister has announced a further short period of consultation on the Review's findings and recommendations which will close on 16<sup>th</sup> November. Professor Barnett concludes that Invest Northern Ireland has effectively failed in the strategic objectives set for it by the NI Executive in its Programme for Government to raise productivity and living standards relative to the rest of the UK. Professor Barnett made 58 recommendations, a number of them highly critical of Invest NI in terms of its strategic focus and the implementation of its policy objectives. In particular Barnett challenges the missed opportunity to build a world-class R&D centre of excellence for NI with the two universities at the core, which was one of the goals that DETI and Invest NI had set in their strategic plans. He further recommends a series of strategic actions as follows:

- Greater clarity on the roles and responsibilities of economic policy within the Northern Ireland (NI) public sector, with DETI and Invest NI taking lead responsibility; DETI and the Department of Employment and Learning (DEL) should be merged
- Better co-ordination in the delivery of the key factors influencing economic policy in NI, including more tailored support for businesses in NI
- Invest NI developing into a more responsive and less compliance-driven business development agency
- A much greater emphasis on supporting Innovation and Research & Development and also exports for companies throughout NI, both indigenous and foreign owned firms, and
- A smaller and more focused mix of policies and programmes, to help attract and retain a greater level of value added inward investment, with increased integration of small and medium sized enterprises into relevant supply chains
- A relaxation of Invest NI's eligibility criteria so that more firms are able to access the full range of business support services
- The local education system should prepare now to meet the anticipated increased demand for higher level skills in the Science, Technology, Engineering and Mathematics (STEM) programme and other Innovation relevant subjects,

arising from the increased prioritisation of Innovation and Research & Development

- The Executive should ensure that the third Investment Strategy for NI takes a much greater economic focus by committing more investment into projects that will maximise NI’s future economic performance
- As part of the reform programme, the Planning Service should have processing time targets which are competitive and comparable with those countries and regions against which NI is competing for mobile international investment.

**RESPONSE**

Armagh City and District Council welcomes the opportunity to comment on the recent Independent Review into Economic Policy (DETI/Invest NI) as this review and its recommendations will be the foundation for the future of economic development policy and activity. However Armagh City and District Council would like to stress consultation with regards to the preparation of this said review, the consultation has not been proactive in the context of engaging with local Councils, who are the core providers of Economic Development at a Local Level. This is clear from the outset in Chapter 1 which highlights in the Terms of Reference; the Departments however at no point looks at the Delivery Mechanisms at Local Level such as the Councils or indeed organisations such as Local Enterprise Agencies or Colleges of Further Education. Indeed local authorities are capable of making a unique and complementary contribution to social and economic prosperity. Local authorities have a role as strategic leaders in shaping and responding to develop and deliver needs based plans. Indeed Armagh City and District Council has committed since the year 2002 in excess of £1.2 million towards economic development for this region of pure Council Funds, and not withstanding the further inward investment attracted from economic growth and development via other funding streams such as INTERREG II, III, IV, Rural Development Funding, Building Sustainable Development Programme and Northern Ireland Tourist Board etc. This would portray the following to Councils: -

- Lack of recognition about Councils Role in Strategic Delivery
- Lack of Recognition as to the Financial Commitment Councils are Currently Making to Local Economic Development
- Lack of recognition of a Strategically Combined Approach to Economic Development i.e. needs to be more partnership based and “less silo based”.

Armagh City and District Council has achieved the following between 2002 and 2007: -

<b>Activity</b>	<b>Outputs</b>
Business Starts (Companies)	<b>503</b>
Enter Enterprise Programme	<b>31 (42 Contacts Made)</b>
Craft Development	<b>7 (23 Contacts Made)</b>
Achievers in Workplace (Companies)	<b>3 (26 Contacts Made)</b>

Achievers in Workplace (Graduates)	<b>3 (32 Contacts Made)</b>
Business Competitiveness Programme	<b>4 (12 Contacts Made)</b>
Business Management Training	<b>21</b>
Super Computer Programme	<b>4 Companies</b>
A-Connect Programme	<b>12 Businesses</b>
Urban Support Programme	<b>103</b>
Cross Border Programmes	<b>Additional BRP/DC/Urban</b>

There are certainly other Departments which have embraced this approach, one being the Department of Agriculture, who is delivering AXIS 3 of the Rural Development Programme 2007-2013 via a Local Approach spearheaded by Local Authorities.

Within the section of the document referring to the Economic Summary Armagh City and District Council would agree with the summary of the Key Findings however there is no reference within the Summary Findings to the current economic downturn which is certainly highlighted under this section e.g. 2.3 with falling employment figures. As a Council we feel this should be in some way summarised with regards to the Economic Profile to show a more comprehensive view of the current Economic Market all those Departments, Councils, Economic Development Agencies are operating within.

Further to this the Review of Public Administration is mentioned briefly within the main body of the report i.e. Section 4.24, 7.23, 8.30 and 9.67. The Council feel this is reflective of the amount of consultation that has been allowed to Council with particular reference to this report i.e. Council has not been part of the process and effectively is making their views known at the end stage. If Councils are going to have functions transferred to them which is alluded to within this report, the Council feel this has not been sufficiently addressed with the RPA Group of Armagh City and District Council, Banbridge District Council and Craigavon Borough Council, with regards to future implications of delivery.

Through the Review of Public Administration enhanced powers will be granted to local authorities. To support this the transfer of functions legislative responsibility for LED needs to be enhanced to reflect the changing role of local government. A strong institutional, legislative, and financial framework is a prerequisite for Council's to play a lead role in local economic development in their district. Linked to this joined up planning between all partners in central government, community and private sector is important.

### **The Recommendations:**

#### **Policy Development**

Councils would welcome both facets of this recommendation for both resources and key advisors however Council would stress it would be essential that this resource unit and the Independent Economic Advisor should develop relationships with the Councils and Other Delivery Agencies on the Development of Economic Policy for the immediate term and post RPA.

### **Policy Delivery (INVESTNI)**

Council would support this facet and the need for INVESTNI to work with the entire business base, however Council would stress this should not be on an exclusive basis, and that the Council would point out that there is sufficient market for Invest NI and Council to work together and complement each other. A clear segregation of the roles and responsibilities of local authorities and Invest NI in supporting the SME sector would bring considerable clarity and benefits. Local Authorities should not be excluded from working with Businesses and Investors because they are a 'potential INVEST NI Client' and that a more effective joined up approach to Business Development is adopted.

Further to this Armagh City and District Council also agree Programmes and their delivery must be reduced however cognisance must be taken of current criteria, and the effects programme reductions could have on specific sectors. For example in the case of Armagh City and District Council only 2% of companies are supported by INVESTNI, this means 98% currently cannot access their programmes. Furthermore in relation to their Growth and Exporting Programmes these would be of particular importance to Armagh City and District Council area due to the Councils Proximity to the Border.

In relation to the reduction of Invest NI's Training Budgets Council would agree with this however would stress this is something which cannot be dissolved completely and high level training and mentoring must be provided to ensure businesses Grow and remain competitive. The Council would further note that careful consideration be given to the phasing out of expansion grants. Caution must be taken to ensure private sector funding is available so as not to impede the growth of this sector.

Armagh City and District Council would concur the budgets relating to Tourism Accommodation revert back to with DETI to be redistributed to an appropriate body. Armagh City and District Council would suggest it may be possible to take a similar approach as DARD has taken with the Rural Development Programme Axis 3.3.

### **Portfolio of Innovation Policies**

Armagh City and District Council would accept the rationale of Innovation Policies however as a Council we would caution the level of understanding in relation to what local businesses and companies see Research and Development and Innovation as, and we would recommend further work should be carried out to ensure there is no understanding differential. Further to this the Council would welcome the thoughts generally on the development of research initiatives as this will assist in the overall development of our potential economic growth and development. Consideration to linkage with investors and other research centres of excellence will be important in delivery.

Council would highlight caution with regards to changes to the INVESTNI Growth and Export Programme as a fee-charging agencies as this is an area which is extremely important to Armagh City and District Council's Economy and due to our proximity to the Border. The changing model in a current period of Economic Slow down, maybe an inhibitor to companies seeking advice on exporting or beginning to export entirely.

### **Policy Delivery (DETI)**

The Council would agree with the proposals within this section of the report and projects such as Project Kelvin show clearly the Departments Capability in leading the way on Connectivity.

This Council would also agree with the proposal that DETI and other agencies commence preparation of a business case for retaining stats and limits to support the recommendation of this review.

### **Policy Performance (DETI)**

Armagh City and District Council are content with the Policy Performance and the recommendations in Section 7 regarding this facet. DETI is best placed to: -

- Report and the strategic performance of InvestNI
- Updating Central Policy
- Collation and Presentation of Data

### **Finance**

Armagh City and District Council would agree in Principle with this approach however in relation to the SEED Stage it will be crucial to adopt a joined up approach and Local Authorities should be an Integral Part of this Process.

### **Project Appraisals**

Armagh City and District Council would agree this process needs to be defined and clear.

### **Further Research**

Armagh City and District Council again would have concerns regarding the INVESTNI Land and Industrial Estate, and feel that the criteria set by Invest NI to access the facilities for business use are and will continue to inhibit businesses from utilising them. This is something Council feel should be addressed and the criteria designed in such a way that it would open such facilities to a wider economic audience.

However Council would concur with the Comments on the Social Economy facet of the report and would again stress that there must be a joined up approach to its furtherance, in particular with the Department of Education and Department of Social Development and indeed Council's as some of the functions refer to disadvantaged areas.

### **Coordination of Economic Policy**

The Council would agree with the report recommendation that if Northern Ireland is to advance a step change in economic performance that the economy should remain a top priority for the Executive for many years to come.

Furthermore the Council would recommend that notwithstanding the recommendation to establish a Department of Economy, there should also be greater liaison and engagement with local authorities in these new arrangements.

The Council agree the recommendation that the **Executive Sub Committee** on Economic Strategy building on the findings of the IREP as a matter of urgency. As indicated in the report, the review does not take into account the current economic climate. In developing an Economic Strategy it is critical the current environment is contextualised and also the implications of RPA functions of an SME nature transferring to local government considered.

### **Governance Arrangement**

The Council agrees with the proposed Internal Review of Structure and Performance Monitoring.

In relation to the creation of a small business unit with Invest NI, the Council recognises the need for a strategic and coordinated framework for business support, however the creation of a small business unit outside of the structures of the transfer of funding under the RPA process would diminish work currently being completed at a local level. Also Councils are central to future economic policy making and a central business unit will not achieve this objective. The Council agrees with the recommendation proposed in relation to Invest NI Board, focus, and composition.

### **Advisory Bodies**

The Council welcomes the creation of a small advisory body with expertise on regional and economic development and would wish to see local government representation at this forum.

### **Skills**

The Council would agree with the recommendation that the education system must prepare to meet the anticipated demand for higher skills/innovation in the future.

### **Infrastructure**

The Council agrees that the 3<sup>rd</sup> ISNI Plan should have greater economic focus and be targeted at projects/investments that will contribute to future economic performance.

### **Planning**

The Council would agree with the need for time targets in processing applications for which NI is competing for mobile international investment. In addition the Council agree that the strategic project teams should deal with applications which constitute regional significant development. The introduction of realistic yet robust planning approvals process will enhance Northern Ireland's reputation as a progressive environment capable of meeting investor's needs.

**Conclusion**

ACDC welcomes the opportunity to respond to the Independent Review of EC Polity Report. The Council welcomes many of the recommendations proposed in the report, however the Council would also like to see a stronger role for local government in taking forward the recommendations proposed. Local authorities have an important role as strategic leaders working in partnership with others to contribute to the social and economic prosperity.