

# APPENDIX A

Response on behalf of

**Banbridge District Council**

**to the  
Independent Review of Economic Policy  
(DETI and Invest NI)**

**November 2009**

Banbridge District Council welcomes the opportunity to respond to the recent Independent Review into Economic Policy (DETI / Invest NI) and supports the views of the official NILGA (Northern Ireland Local Government Association) in its response to the Review.

Banbridge District Council believes this report and its recommendations will make an effective contribution to the future of the Northern Ireland economy and the future of economic development activity.

### **Background to the Independent Review**

The Independent Review of Economic Policy (IREP) was commissioned by the Minister of Enterprise, Trade and Investment, Arlene Foster MLA, in December 2008.

The purpose of the Review is to advise, in the context of the Executive's priorities for the economy, on the need to realign existing policies, or to devise new policies, in order to meet the Executive's goal of halving the private sector productivity gap between Northern Ireland (NI) and the UK excluding the Greater South East of England by 2015.

Given NI's favourable record in job creation, the widening productivity gap had been identified by DETI as NI's main economic challenge. It was recognised that up to 2008 existing policies did not appear to be leading to convergence in productivity. On the contrary, the gap had been widening for a number of years.

The aim of the Review has thus been to consider the extent to which DETI / Invest NI policy should change in order to stimulate convergence in productivity and ultimately living standards between NI and the rest of the UK. In addition, the Review was asked to identify issues falling to other departments that might compromise delivery of the productivity goal.

## **Improving Productivity in NI Businesses**

To this end, the Review makes recommendations to improve productivity, both for indigenous businesses and also to attract new investors to the region.

Banbridge District Council recognises that Foreign Direct Investment (FDI) is important if the Executive is to realise its ambition of building a more dynamic and innovative private sector. Banbridge District Council also agrees with the recommendations to support local businesses, which will remain the bed-rock of the NI economy.

In particular, Banbridge District Council would emphasise the importance of integrating our local SMEs into the supply chains of larger companies operating in the region and across the island. Such a policy will help attract larger and more value added companies to the District – of a type that typically offer higher wages and productivity levels. It will also make them more embedded in the District as they will be locating for access to support and resources, including access to our local SMEs, our skilled labour and the appropriate commercial and industrial facilities we are developing across the District.

Banbridge District Council commends that many of the proposals in the Barnett Review are budget neutral, with some even offering potential for savings. Banbridge District Council believes they also reflect the reality of the current fiscal environment, which is going to be much more constrained than in recent years.

Banbridge District Council acknowledges that Invest NI has contributed significantly to NI's economic performance in terms of employment growth. Offers of assistance through Selective Financial Assistance (SFA) were associated with 28,000 new jobs, 15,000 safeguarded jobs and £2.4bn of investment over the period 2002/03 - 2007/08.

Given that a stronger emphasis needs to be placed on developing Innovation and R&D in NI to attract, develop and retain high value investments, both indigenous and foreign owned, Banbridge District Council is disappointed that the total value of offers to companies for enterprise, Innovation /R&D and trade promotion (the stated aims in Invest NI Corporate Plans) amounted to only one quarter of all offers of financial support over the Review period (2002/03 - 2007/08).

Banbridge District Council is further disappointed that the assistance to attract companies new to NI only added a further 10%. Just over 40% of the budget was allocated to business expansion projects already operating in NI, with only 15% directed toward the support of new jobs.

Because of the requirement at an EU level to reduce regional aid ceilings, grants for business expansion which are due to be phased out towards 2013, Banbridge District Council believes that the resources should be redirected to provide greater levels of support to Innovation and R&D in indigenous and foreign owned companies, and also to attract companies new to the District and across NI in general.

### **The Role of Local Authorities**

Banbridge District Council would point to Local authorities' role as strategic leaders in place-shaping, responding to residents' ambitions and aspirations and working with partners to deliver necessary services at the local level. Banbridge District Council would also point to efforts that have been ongoing through three rounds of European funding to develop the capacity of the Local Government sector to fulfil a strategic role in the delivery of Local Economic Development (LED), particularly in the context of the RPA process.

Whilst welcoming the findings of the Independent Review of Economic Policy, Banbridge District Council, is deeply dissatisfied at the lack of recognition of the role of local authorities as bodies that are capable of making a unique and

complementary contribution to the social and economic prosperity of Northern Ireland.

The expansion of LED activities undertaken by Local Councils is highlighted by an almost zero base in the early 1990s, through to a commitment of around £30million per annum in 08/09, two-thirds of which is made up from rates contributions, with the remaining third coming from other sources, mainly EU funds.

Despite recent commitments by the Northern Ireland Assembly to give increasing responsibility for this work to local authorities with the Review of Public Administration (RPA), the Barnett review makes inadequate reference to the RPA and the subsequent increase in economic functions to be devolved to local authorities.

Banbridge District Council acknowledges the need for an integrated and coherent approach to economic development within the region and the role of partners in delivering a shared economic agenda, with an emphasis on the need to reform, modernise and improve service delivery.

However a strong institutional, legislative and financial framework is a pre-requisite if councils are to play a lead role in local economic development within their district. Equally, it is clear that the concept of joint planning and prioritisation of activity with partners at all levels of government – as well as in the community and private sectors – is essential.

### **Integrated Approach to Economic Development**

Banbridge District Council believes it is important to ensure that economic development activity creates a legacy for future generations and addresses the entrenched inter-generational problems facing deprived communities across the region. Banbridge District Council acknowledges the current **fragmented nature of service delivery** within the region with numerous agencies and departments pursuing economic development agendas with little shared coherence or strategic vision. Banbridge District Council agrees with the

recommendation that there is need for a real and sustainable change within the region through an agreed, coherent vision to which all partners are willing and committed to deliver.

Banbridge District Council would stress however that local government is ideally placed to co-ordinate and deliver an integrated approach to local economic development based upon the needs of our communities.

Although it is recognised the key role DETI and Invest NI play in the economy, Banbridge District Council would stress that these two organisations are only part of the wider **range of stakeholders** involved in developing the NI wide economy and addressing those issues such as the NI productivity gap. Other stakeholders include universities, colleges, sector skills councils, trade and sectoral bodies and others involved in enterprise and social economy networks.

Whilst it is appreciated the review identifies recommendations based upon a medium to longer timescale and that current market conditions such as the recession have not been considered, Banbridge District Council believes that the current difficulties in the economy caused by the recession will require a more **medium term approach** that needs to be reflected in the development of a future economic policy.

### **SME Development**

A key objective of local government is to **stimulate SME growth and competitiveness** through the locally based activities that meet the needs of the indigenous business sector. The role of local authorities in supporting SMEs and the social economy sector is not highlighted in this review, which Banbridge District Council feels is an omission given the important role they play as a partner on leading business development programmes and promotional activities.

It is evident that the establishment of Invest NI has coincided with a deterioration of the relationship that the majority of Local Authorities enjoyed with the previous LEDU local office network. In order to maximise the impact of

our work in this area and to avoid duplication of services, consideration should be given to collaborative development in programme preparation and design as well as greater information sharing between Invest NI and local councils and other support agencies.

Banbridge District Council would welcome the formalisation of the relationship between Invest NI and local councils in supporting businesses so that there is a clear focus identified for each partner.

Additionally, significant concern exists in relation to Invest NI's role on assessment and approval panels or as a consultee for Council bids to various European Programmes, most notably Rural Development and NI Sustainable Competitiveness Programme. We believe that more formalised channels of communication between local authorities and Invest NI would lead to the creation of a more transparent process.

It is also clear from the report that Invest NI does not have the resources (physical and financial) to support all those businesses in need of assistance. Current figures suggest that Invest NI work with 3% of the SME market across Northern Ireland. With respect to Banbridge District, this figure is even less than 3%, with Invest NI actively working with only 46 client companies in a District which boasts over 1,600 companies.

The current Enterprise Development Programme is a case in point, making provision as it does for supporting 800 small businesses across Northern Ireland per annum. Banbridge District Council welcomes the recommendation to have a dedicated small business support service but would suggest that potential exists to locate this service within the newly constituted Councils across NI to reflect regional variations in requirement.

Banbridge District Council is in agreement that the NI economy needs a larger and more **dynamic private sector** to grow in the upturn.

Banbridge District Council recommends that local authorities play a key role in addressing some of the key recommendations of the review, particularly relating to SME development, including the:

- Facilitation of local business engagement in the supply chains of new investors;
- A review of industrial land provision in order to ensure that there is sufficient availability of workspace to provide for SME growth; and
- Development and implementation of a coherent policy on business incubation as currently there exists a serious lack of understanding in this key entrepreneurial strategy.

Moreover, Banbridge District Council would like to have seen the IREP pointing to the need for better coordination between enterprise support partners in order to make it easier for businesses to access the help that they need to grow their company.

### **Bridging the Productivity Gap**

Banbridge District Council endorses the recommendation as outlined within the report to propose **alternative approaches to improve productivity** and living standards in Northern Ireland.

Banbridge District Council is supportive of a **single integrated regional strategy** and proposes that all 11 councils should be instrumental in shaping the priorities and actions of this essential strategic document.

Banbridge District Council concurs with the view that NI must **improve investment in R&D and innovation** if it is to close the gap with other international competitors. It should be noted, however, that NI universities have lower research budgets than their UK counterparts – an issue that should be addressed. There is a need for greater levels of investment from the private sector – something which could prove difficult to cultivate in NI's predominantly SME environment.

The report also states that in order to address the productivity gap, productivity gains are required in sectors some of which are outside DETI's remit e.g. agriculture, transport, distribution etc. Local Authorities are already engaged in many of these sectors through existing initiatives therefore recognising the importance of involving these sectors to achieving the productivity gain this further enhances the **need to engage with local authorities when developing economic policies**.

Banbridge District Council agrees with the report's recommended measures that might be adopted to continue **attracting inward investment**, as well as growing indigenous firms.

Banbridge District Council agrees that **NI has substantial assets** – a comparatively highly skilled population and low cost office space – and would propose that this message needs to be promoted more widely in order to attract business investment to the region.

### **Full List of Recommendations**

**The review contains a full list of recommendations designed to maximise the competitiveness of the economy and help build a larger export base, and one that promotes and supports the importance of innovation and R&D. Banbridge District Council supports NILGA's comments as follows:**

#### **1. *Policy Development (DETI)***

##### **Recommendation:**

**As part of the review of structures with DETI (proposed in Chapter 8), the department should ensure that more resources are dedicated to policy development and monitoring.**

Banbridge District Council would welcome that as part of the recommended review of structures within DETI, that additional resources are dedicated to policy development. However **linkages should be made with current structures** currently involved with economic policy.

**Recommendation:**

**DETI should appoint an independent economic advisor to strengthen capacity in economic policy making.**

Banbridge District Council agrees with this recommendation. However it is important that the advisor is someone with international experience and has successfully assisted developed economies in achieving and increasing levels of productivity.

**2. *Policy Delivery (Invest NI)***

**Recommendation:**

**The concept of Invest NI ‘clients’ should be removed to allow Invest NI to work throughout the entire business base to raise awareness and provide support for businesses undertaking Innovation, R&D and exports.**

Banbridge District Council understands the definition that Invest NI currently uses in order to determine its clients focus but recommends that the term ‘client’ be revisited to suggest a more inclusive ‘partnership’. Banbridge District Council very much welcomes this recommendation, particularly if it leads to each of the more than 1,600 companies within Banbridge District become eligible for advice and assistance from Invest NI – and not merely the 46 so-called *Invest NI client companies*.

We feel that the services that local authorities offer can complement the Invest NI offering and we consider there is sufficient market for both parties to work together.

Banbridge District Council has taken cognisance of Invest NI’s client approach to date and has subsequently built its past and current business development support portfolios (such as the Banbridge District Council designed *Emerging Entrepreneurs Programme* and its *Business Support Programme*) on the development of the micro-enterprise and SME sector, which are not primarily export focused.

A recent research study commissioned by Banbridge District Council revealed that as many as 91% of businesses only trade locally, often within Banbridge District. Only 9% reported that they were already exporting (i.e. doing business outside Northern Ireland). Banbridge District Council would therefore welcome the opportunity to introduce its own export development programme to increase the level of exporting businesses across the District.

The recommendation to **remove this concept/definition of Invest NI 'clients'** therefore raises significant questions which need addressed in terms of the interface between support offered by Councils and that offered by Invest NI. Local authorities have had lead responsibility for the development of the SME sector and have built up a great deal of expertise in this area and have filled a gap in public sector support. We recognise that SME support needs attention but would ask for clarification in terms of the implications the removal of this definition will have for local government. Banbridge District Council would wish to see a clear definition of the roles and responsibilities of both Invest NI and local authorities in terms of supporting the SME sector.

Banbridge District Council is looking forward to the publication of the new **enterprise strategy**. However recognition of the integral role of local councils in developing enterprise and wider local economic development initiatives must be provided. As such we are eager to play a full role in the future development of an Enterprise Strategy for Northern Ireland.

**Recommendation:**

**Invest NI should work to significantly reduce the number of its support programmes.**

Banbridge District Council agrees with this recommendation.

**Recommendation:**

**Grants for business expansions should be phased out towards 2013, after which such grants are unlikely to be available under EU state aid rules.**

Although it is recognised that business expansion grants will be affected by changing EU State Aid rules, Banbridge District Council would be concerned as to the ability of the private sector to raise finances to undertake business expansion projects post 2013.

In many areas of Northern Ireland, a combination of inward investors and indigenous large businesses provide the backbone to the local economies, providing employment opportunities as well as sub-contracting opportunities to local small businesses. Caution must be given to the removal of business expansion grants to ensure private sector funding is available so as to not impede the growth of the private sector.

**Recommendation:**

**Business expansion not involving innovation and R&D should, where necessary, be based supportive in the form of co-investment in companies that have already been successful in securing funding from the private sector. Invest NI assistance should only be in the form of subordinate debt or equity.**

Banbridge District Council agrees there has been an over reliance from the private sector on Government grants and this has stagnated the development of the co-investment type organisations. Implementation of this recommendation would go some way to enabling this support structure to grow. However, the willingness of banks and lending institutions to lend monies to business especially over the past twelve months would give cause for concern. The process and structures need to be in place with the various lending organisations prior to this even being considered as an option. It is evident that existing difficulties in obtaining finance from the risk averse financial institutions which are currently operating in NI need to be overcome. Further to this, the willingness of Banks and lending institutions to lend monies to business especially over the past twelve months would give cause for concern. Again, the

process and structures need to be in place with the various lending organisations prior to this even being considered as an option.

**Recommendation:**

**Invest NI should further reduce its support for company training, and concentrate support mainly to small firms and to projects with a high Innovative content, where retraining is necessary to realise a substantial rise in productivity.**

Banbridge District Council agrees with this recommendation.

**Recommendation:**

**Invest NI should transfer its budgets relating to tourism accommodation back to DETI to be redistributed to a more appropriate body**

Banbridge District Council believes the budgets relating to tourism accommodation should be transferred to local authorities.

**3. *Portfolio of Innovation Policies***

**Recommendations:**

**A portfolio of new innovation policies should be developed over time, but should initially include four elements:**

A new institution for commercially-orientated research should be explored in NI, along the lines pioneered by the successful VTT institute in Finland. The institution should be outside the University system and not subject to the constraints of the Research Excellence Framework (REF). It is envisaged that this would incorporate a number of existing near market organisations in NI and would be charged with reviewing and taking forward the MATRIX agenda;

Additional research in Universities and public sector bodies should be aligned closely with the needs of industry in NI and potential inward investors in NI.

Furthermore, the development of specific new research capabilities should be used as an incentive to attract potential investors.

Industry-led innovation communities, as suggested in the MATRIX report, should be developed as a pilot to bring together business, academia and Government and exploit market opportunities, including closer linkages through InterTradeIreland, to the more than 1,000 FDI companies that have been successfully attracted to locate in our neighbouring Republic of Ireland.

More should be done to support innovation in service sector forms beyond software, which we believe is well served. The concept of Innovation in the service sector should include the broad range of areas outlined in the definition of Innovation.

Banbridge District Council advocates the need for providing support for businesses undertaking **Innovation, R&D and exports** but recommends there must be greater clarity and understanding of the concepts of innovation, R&D and exports which need to be communicated and understood by all stakeholders operating within the economic development environment.

Banbridge District Council is encouraged by the recommendations regarding a portfolio of new innovation policies being developed over time. However, the concept of innovation within the private sector needs to be communicated particularly in those sectors traditionally low in the adoption of innovation. The recommendations identified to develop a more commercially oriented research institution are welcome. However the successful adoption of the innovation policies recommended is highly dependant upon the ability to engage the wider private sector.

Banbridge District Council welcomes the development of new research capabilities which can be used in Northern Ireland's value proposition to attract potential inward investors. Banbridge District Council would also emphasise the need for current research capabilities, particularly from within the Universities, to be utilised more effectively for these purposes too.

Banbridge District Council agrees with the recommendation to support innovation in service sector firms beyond software as the NI economy is moving from a manufacturing dominated environment towards a service sector environment. In order to address the productivity gap in the future we will need our service businesses to innovate to keep up and succeed in the marketplace.

**Recommendation:**

**Invest NI's export assistance should become more dedicated and professional, adopting a similar model to the fee-charging export agencies identified in Chapter 6, with two tiers of charges depending on whether the company is an SME or large firm.**

Banbridge District Council would have concerns as to the proposed changes to **Invest NI's export assistance**. Although the recommendation to make it more dedicated and professional is welcome, the proposed fee charging model may act as a barrier from companies seeking advice on exporting or beginning to export entirely.

**4. *Policy Delivery (DETI)***

**Recommendation**

**As soon as practicable, DETI and other relevant departments should commence work on preparing a case for retaining state aid limits that support the changes outlined in this Review.**

Banbridge District Council agrees with this recommendation to start preparing a case for the retention of state aid limits as a reduction in state aid limits would impact upon the ability of LED to deliver business development support to the existing SME and micro-enterprise market.

**Recommendation:**

**DETI and Invest NI should undertake an immediate and focused review of its overall strategic and sectoral approach to capitalise on the benefits of new telecommunications connectivity in NI.**

Banbridge District Council believes that in order to capitalise on the benefits of **new telecommunications connectivity** in NI, consultation with local authorities should be undertaken to encourage adoption through local economic development initiatives and to ensure connectivity of new physical infrastructures for initiatives such as Project Kelvin for which it has recently been announced that a connection to Newry should be made. Banbridge District Council believes that a connection to Project Kelvin should also be made to Banbridge.

Banbridge District Council believes more resources should be devoted to capitalise on the benefits of new telecommunications connectivity for the rural areas of the District that can not as yet receive Broadband technology.

## **5. *Policy Performance***

### **Recommendation:**

**DETI, as the funding department, should report on the strategic performance of Invest NI, with the co-operation of Invest NI statistical staff.**

Banbridge District Council agrees that as the main policy provider, DETI should take overall responsibility for the monitoring of Invest NI's performance against targets.

### **Recommendation:**

**Relevant policies and accompanying resources should be updated annually to quantifiably demonstrate how individual policies/organisations contribute to the PfG productivity goal.**

Banbridge District Council would endorse the need to update policies annually and agrees there should be a clearer link between intervention and the overarching PfG productivity goal. However, when reporting on how individual policies/organisations contribute to the PfG productivity goal, consideration of LED activities and how they too contribute to the PfG productivity role should be considered in order to get a complete picture of performance against overarching outputs. DETI and Invest NI should not be the only organisations considered.

**Recommendation:**

**The Invest NI data collection system needs to be developed as a single database, to be maintained by DETI. The IREP database, constructed specifically for the Review, will be transferred to DETI to help facilitate this process.**

Banbridge District Council agrees with this recommendation but would strongly advise that all stakeholders involved in local economic development should also have access to this information to facilitate a more joined up approach in terms of overall programme development and support for local companies.

**6. *Finance***

**Recommendation:**

**Aside from those funds designed to support seed stage projects, Invest NI should disengage its direct involvement with venture capital (VC) funds. Rather than direct participation in the market, Invest NI should act as a facilitator between companies and VCs. In the case of seed stage VC funds, Invest NI should avoid placing restrictions on the market as outlined previously (Chapter 3).**

Banbridge District Council is in agreement with this recommendation. However in consideration of the increasing emphasis on innovation and R&D the removal of direct activity within the VC market needs to be carefully managed.

Traditionally companies that are highly innovative and/or engaged in R&D would be the likely target for VC funding and as such any removal of direct involvement by Invest NI in this market may affect the deliverability of other recommendations.

In terms of additional sources of finance, the willingness of banks and other lending institutions in providing finance for business start up and expansion activity, particularly in recent months/years, provides significant cause for concern.

The retention of direct involvement in **seed corn funding** is welcomed but must be developed in line with local authorities who will be given the responsibility for entrepreneurship through RPA.

Banbridge District Council recommends that Invest NI's venture capital initiatives should be linked to and support local economic development activities undertaken by local councils to ensure indigenous locally operating businesses have accessibility to VC funding.

## **7. *Project Appraisal***

### **Recommendation:**

**Project appraisal rules should be re-assessed to ensure that projects involving investment in innovation and R&D, which generally present uncertain and wider outcomes, are not placed at an unreasonable disadvantage with NI.**

Linking in with the above point on VC funding, Banbridge District Council believes the removal of Invest NI's involvement in VC funding may affect the ability of enterprises with greater risk associated with their activities to access funding.

## **8. *Further Research***

**Recommendation:**

**A study should be undertaken to determine how NI can more rapidly shift the pattern of inward investment towards higher value sectors.**

Banbridge District Council would strongly encourage that any study that is commissioned must capture and take account of the activities already engaged with by Councils in the area of inward investment.

**Recommendation:**

**The need to provide industrial land should be analysed to see if the perceived need for Invest NI to purchase large amounts of land is correct.**

Banbridge District Council would be concerned at evidence that substantial swathes of Invest NI land across Northern Ireland remain vacant and believes that there is a clear need as identified in the report to remove the bureaucratic barriers that inhibit businesses from accessing services and support for development on Invest NI land. Not only is Invest NI lands vacant and under-utilised but several private sector sites are also readily available for inward investment but are not being promoted and marketed by Invest NI to potential inward investors. The current processes are ineffective, unduly complex and elongated.

Banbridge District Council believes that partnering with Local Authorities and drawing on their information regarding industrial lands in their district would bring a better focus to the need for additional investment in land by Invest NI.

In order to maximise the potential of available land in any given Council area for industrial and commercial developments, Banbridge District Council further believes that a formal consultation process needs to be established between Invest NI, the Local Authority and the private developers in the District who also possess suitable tracts of land for development. When promoting development sites, Invest NI need to give equal consideration to private sector lands.

**Recommendation:**

**DETI and other relevant departments should undertake a study to establish how the social economy might be further helped to reduce deprivation and increase labour force participation in disadvantaged areas within NI.**

Banbridge District Council would point to the fact that several Councils already engage in a wide range of support mechanisms for the SME and social economy sector and this role is expected to increase with responsibility for this sector being given to local councils through RPA.

**9. *Co-ordination of Economic Policy***

**Recommendation:**

**If Northern Ireland is to achieve a step change in economic performance, the economy should remain the top priority of the Executive for many years to come.**

Banbridge District Council agrees with this recommendation.

**Recommendation:**

**DETI, DEL and Invest NI should work together to more effectively implement their existing liaison arrangements.**

Notwithstanding the recommendation to establish a Department of the Economy, Banbridge District Council would welcome a more effective and efficient liaison arrangement between DETI, DEL and Invest NI but would suggest that local authorities should be included in these arrangements in order to produce a more holistic picture of ongoing economic development activity.

**Recommendation:**

**As part of the review of strand one institutions, the core economic functions (covering existing DETI and DEL areas of responsibility) should be brought together under a single 'Department of the Economy'.**

Banbridge District Council welcomes the recommendation proposing the creation of one single department, a 'Department of the Economy' with responsibility for both skills and the economy.

**Recommendation:**

**The Executive sub-committee should agree an economic strategy, building on the findings of the IREP, as a matter of urgency.**

Although the findings of the IREP should feed into the regional economic strategy and the proposed integrated local strategies, Banbridge District Council believes that the findings should not be considered in isolation to the formulation of an economic strategy. As the author states the wider economic environment was not considered and recent economic conditions i.e. recession was not considered. Banbridge District Council is disappointed and gravely concerned that the findings do not take account of RPA and the implications on economic activity and also do not recognise the current and future role undertaken by local authorities.

**10. *Governance Arrangements***

**Recommendation:**

**DETI should undertake an internal review of its structures to ensure that the allocation of staff is more fully aligned with its policy objectives.**

Banbridge District Council recommends that the internal review also considers the allocation of staffing in Invest NI and DEL.

**Recommendation:**

**The core functions of strategic policy development and performance monitoring should be brought together within any revised DETI structures. The department should also provide the necessary support, professional and otherwise, to the Executive sub-committee on the economy.**

Banbridge District Council agrees with this recommendation. However, it is important to note there are a wide range of other organisations involved in policy development and performance monitoring including Councils. These other organisations should be consulted.

**Recommendation:**

**A small business unit should be created within Invest NI, with responsibility for the development and coordination of relevant support to SMEs throughout NI.**

The promotion and encouragement of enterprise development is critical to the economic vitality of the region and aligns with the priorities of local authorities in supporting economic development.

Banbridge District Council acknowledges that a vigorous enterprise culture is central to the success of the District and welcomes the focus on supporting an innovative culture, particularly within the SME sector, which is a major growth engine for the NI economy.

Although Banbridge District Council welcomes the development of an Enterprise Strategy for Northern Ireland serious concerns exist around the lack of official response in the creation of this document. This has resulted in an absence of a co-ordinated approach for enterprise activity. Although we recognise the impact of the Barnett Review's findings on this strategy, Banbridge District Council requests that dialogue from DETI takes place on developments surrounding this document.

Banbridge District Council would have concerns in relation to the recommendation to develop a small business support unit. The remit of such a small business support unit would be to develop and co-ordinate relevant support to SMEs throughout NI. However, given the ongoing work towards transition involved by each of the local authorities in the period up to RPA, the relationship between the small business support unit and local government LED teams needs to be given careful consideration.

It is proposed under RPA that the responsibility for the Enterprise Development (EDP), Social Economy (SEP) and youth entrepreneurship (Prince's Trust and Advantage NI) programmes are transferred to councils. However, the recommendation contained within the document does not take this into account. The creation of a small business unit outside of the structures of the transfer of functions under the RPA implementation process would diminish the work currently being completed through local authority economic development projects.

The degree of local awareness which councils possess is critical if future policy-making is to be focused on the appropriate areas where there is most need. A centrally-managed and controlled small business unit will not achieve those objectives.

**Recommendation:**

**Given the non-executive composition of the Invest NI Board, it should cease to perform executive functions and focus on providing strategic direction and oversight.**

Banbridge District Council agrees with this recommendation.

**Recommendation:**

**A senior member of the DETI Departmental Board should be represented on the Invest NI Board.**

Banbridge District Council agrees with this recommendation.

**Recommendation:**

**High level experience in international business and expertise in economic development should be sought when the Invest NI board is reconstituted.**

Banbridge District Council agrees with this recommendation but would highlight that the Board must also have sufficient local representation.

## 11. *Advisory Bodies*

### **Recommendation:**

**The ETI Minister should stand down the Economic Development Forum and establish a small advisory body, comprising expertise on regional economic development (drawn from business and economics) to provide independent advice on the economy.**

Banbridge District Council welcomes the recommendation for a small advisory body, comprising expertise on regional economic development to be established and the recommendation to include representatives from the local community. Banbridge District Council would stress that local authorities must be considered as a representative on the new advisory body in consideration of their current and growing responsibility for local economic development.

Banbridge District Council welcomes engagement with stakeholders involved in economic development. However, the type of relationship and the groups involved should determine the nature of the engagement.

## 12. *Skills*

### **Recommendation:**

**The local education system should prepare now to meet the anticipated increased demand for higher level skills in STEM and other Innovation relevant subjects arising from the increased prioritisation of Innovation and R&D.**

Banbridge District Council agrees with the proposal that resources are to be focused on meeting the demand for higher levels skills. However Banbridge District Council would argue that increasing employment levels cannot be done by completely ignoring the lower value added sectors as these can potentially provide an avenue through which people can get into employment or back into employment. There needs to be considerable focus on skills development, with work required on what skills are needed for the current and future employment opportunities.

The significant challenge to maintain and improve the skills base suggests a need to retain and attract back graduates and well-qualified persons into the labour market. This should be aimed at NI students graduating locally, NI students graduating in GB and NI professionals working in GB, ROI and beyond. Such a flow of skilled labour could help to address managerial and diversity of graduate subject weaknesses.

**Recommendation:**

**DEL, DETI and Invest NI should work to significantly develop management and leadership skills in NI and support the proposal for government to sponsor a ‘Management Masterclass’ to identify and develop the best managers from local industry and the public sector.**

Banbridge District Council agrees with this recommendation.

**13. *Infrastructure***

**Recommendation:**

**The Executive should ensure that the third ISNI plan takes a much greater economic focus by committing more investment into projects that will maximise NI’s future economic performance.**

Banbridge District Council agrees that there should be greater economic focus on projects that will maximise NI’s future economic performance as this will further enhance and benefit the attractiveness of NI from an investor perspective. As such, Banbridge District Council believes that the review should consider the role of the Strategic Investment Board (SIB) in delivering a world class infrastructure for Northern Ireland.

**Recommendation:**

**In the context of reform, the Planning Service should be given processing time targets which are comparable and competitive with those countries and regions against which NI is competing for mobile international investment.**

Banbridge District Council supports the recommendation that the **Planning Service** should be given processing time targets which are comparable and competitive with those countries and regions against which NI is competing for mobile international investment. However, scope needs to be included that will result in improvements to the timeline of planning applications for SME's and NI indigenous planning applications especially in light of European funding timescales which can be greatly affected by planning processing timescales.

**Recommendation:**

**The Strategic Projects Team should deal with all applications relating to investment new to NI. In addition, in terms of what constitutes a 'regionally significant development', a clear definition and qualifying criteria should be developed and agreed between DoE, DRD, DETI and Invest NI.**

Banbridge District Council believes it is evident that the development of planning policy has at times been at odds with priorities set by other government departments such as Agriculture & Rural Development and Enterprise Trade and Investment. The time taken to process planning approvals is a serious cause for concern and has, in some instances, proven to be a deterrent for investment opportunities. Banbridge District Council believes that the introduction of realistic but challenging planning approval targets can help enhance Northern Ireland's reputation as a pro-business environment capable of meeting investors' infrastructural needs.

**14. Conclusion**

Banbridge District Council supports many of the recommendations set out within the review, however, there are a number of specific comments and issues that have been outlined within this response document which we would like to see reflected in the final review document.

What is most concerning is that the scope of this review has been limited to the roles and remits of DETI and Invest NI with little consideration of the important functions performed by other economic development players, particularly local authorities.

Banbridge District Council remains supportive of all efforts to improve the economic performance of the region and trust that we can make a useful contribution to the debate on the future economic policy for Northern Ireland.