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RE: INDEPENDENT REVIEW OF ECONOMIC POLICY (DETI AND INVEST NI)

Dear Jacqui

Thank you for your invitation to respond to the independent review of economic policy. The review document is very comprehensive (270 pages) and a series of small-scale regional consultation workshops would have proven valuable to the many local economic development stakeholders.

I agree that the review is considered only as a start in addressing the wider productivity gap. I would hope that the new structure recommended within the review would lead to enhanced productivity in existing relatively low areas such as agriculture, transport, construction and distribution.

Given the future constraints on public expenditure I would have expected social economy enterprises to be included in the future recommendations as they fall under the remit of DETI and Invest NI. Particularly so, given the recent public consultation on the draft social economy enterprise strategy.

I agree that there needs to be a greater recognition and distinction of remits amongst all local economic development stakeholders concerning assistance for 'growth starts', 'opportunity entrepreneurs' and 'necessity entrepreneurs'.

I strongly agree with your belief that increased prosperity for Northern Ireland could be significantly addressed by building a more vibrant tourism sector. I would include the evening economy.

The thrust of the report is to prioritise Innovation and R&D investments more aggressively. This is to be commended but incubation and support infrastructure to creative industries and highly innovative companies is currently weak. Whilst this is a priority, so too is the infrastructure to support it. Hence I disagree with the view that 'infrastructure is not a major constraint on raising NI's productivity'. As detailed in the review, hopefully the third Investment Strategy for Northern Ireland (ISNI) plan will take a much greater economic focus.

I agree that there is a need to increase speed of decision making to react to current market conditions. Furthermore, there needs to be a greater balance drawn between accountability and the level of bureaucracy and form filling which businesses are subjected to. This is often a key complaint from our local businesses concerning Invest NI and many are put off by the process.

I strongly agree with the statement below

'HM Treasury's drivers of productivity are a necessary, but insufficient framework for regional economic growth. They fail to sufficiently prioritise exports and inward investment as the key drivers at the regional level to grow the economy'.

Regarding recommendations designed to realign economic policy in NI (detailed in Chapter 7) the review refers to regional aid ceilings, as having 'low levels of additionality'. This match funding is a key resource to local economic development. It is used to develop and deliver local business development programmes. Although small-scale, the programmes are significant to the businesses that avail of them. Currently, our Council led programmes are over subscribed and play an important role in feeding into DETI and Invest NI's regional growth targets.

Opportunities for economic growth could be achieved by a single Department of the Economy. A particular opportunity would be to reduce economic inactivity. However, further cross-departmental working is required and the proposed revised structure should facilitate this.

Whilst there is merit in the concept of Invest NI 'clients' being removed there is still a need for eligibility criteria to be applied to ensure no duplication between local economic development stakeholders (in particular between Invest NI, Councils and Local Enterprise Agencies). Invest NI offer a large and complex number of programmes (57 in total). I anticipated that the review would have provided greater detail on the number of programmes delivered directly by Invest NI as opposed to a third party. While the review supports the rationalisation of programmes the question arises as to how Invest NI will do this. One potential option which they seem to be exploring is to 'transfer programmes' rather than 'functions' to Council's under the review of public administration (RPA). This raises concerns on a number of levels. The role of local authorities in the delivery of current and proposed future local economic development programmes has been completely overlooked by the review. While a 'small business unit' function is to be welcomed I would propose that there is merit in the new local authorities implementing these services directly to local businesses through their existing Economic Development structures. Local authorities are currently engaging independently with business across all regions and across all sectors throughout NI. A model of this type would be able to deliver more quickly and flexibly to meet the needs of small business.

A consultation with tourism accommodation providers via regional tourism partnerships should be conducted to gauge feeling concerning INI's related

budgets being transferred back to DETI. Their views should also be obtained concerning the 'more appropriate body' to which funds should be redistributed. I agree that there are other bodies with a more clearly defined objective to develop the tourism sector in NI.

I agree that efficiency and conservation in the private sector should be accorded a higher priority in the 2009 Strategic Energy Framework.

I agree that the Invest NI data collection system needs to be developed as a single database. I would go further to suggest that the local authority's economic development sections register businesses onto the database so that local authority, DETI and Invest NI business development participants avail of all complimentary programmes.

I would suggest that the proposed Executive Sub Committee strategy includes a section on local economic development and gives recognition to local business development programmes implemented by local authorities through their economic development strategy.

Concerning the option for the Economic Development Forum (EDF), favour would be given to close the EDF and to establish a small advisory body, comprising expertise on regional economic development.

I trust that you will keep us informed of how the review progresses following the consultation exercise.

Yours sincerely

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