

Draft Officer Response
REVIEW OF ECONOMIC POLICY IN NORTHERN IRELAND

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 29th September. A full copy of the Review can be accessed at 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 OF THE REVIEW'S CONCLUSIONS AND RECOMMENDATIONS

The Minister has announced a further short period of consultation on the Review's findings and recommendations which will close on 16th 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.
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Craigavon Borough Council's Response

Many of Professor Barnett's recommendations reflect the concerns of Craigavon Brough Council regarding DETI and Invest NI's Performance at a local level. Of most notable concern has been that:

- It is the Council's view that Invest NI simply cannot deliver to meet the needs of small firms across the Borough and that a specialised unit should be re-established, very much like the old LEDU¹, which was abolished to make way for the 'one-size-fits-all' Invest NI.
- Council is of the opinion that Invest NI's rigid eligibility criteria for its clients needs to be relaxed as it effectively locks out 97% of the small business base across the Borough. Invest NI in pursuit of its strategy only target around 3% of Northern Ireland firms that meet its criteria for direct assistance. In Craigavon, Officers are aware that there are approximately 350 active Invest NI clients and therefore over 2,000 businesses ineligible for Invest NI support.

Growth and exporting businesses are vitally important for the Borough's economy and DETI's policy must focus resources on indigenous businesses where sustained wealth creation and added value can be found and where export potential can be realised. There is a strong case emerging, particularly in the light of the Review of Public Administration for Councils to be given the necessary resources to assist existing businesses that do not qualify for Invest NI assistance. Since 1995, significant EU funds have been invested in building the capacity of Councils to take direct action in delivering local economic development, as is the case in Scotland and Wales.

¹ Local Enterprise Development Unit (LEDU) and the Industrial Development Board (IDB) were fused in 2002 by the Department of Enterprise Trade and Investment (DETI) to create Invest Northern Ireland (Invest NI)

- In the Craigavon Borough, Invest NI is responsible for the management of over 100 acres of industrial land at Halfpenny Valley Industrial Estate and Charlestown Road Industrial Estate along with other land banks in Craigavon. Invest NI has strict criteria that applicants have to meet before they can avail of this opportunity to develop their business. Despite the availability of space the private sector is not able to take up the opportunity to develop their business in these Industrial Estates unless they are Invest Northern Ireland clients. Craigavon Borough Council has been disappointed that the outcome of this rigid approach is that the acquisition and use of industrial land by Invest NI has failed to reach its potential in the Borough and this missed opportunity should be called into question.
- The duplication and sometimes conflicting policies of DETI and DEL in terms of supporting business creation and growth would in Council's view justify the merger of the two departments under DETI's lead. At present, Members feel that the lack of joined up government is causing confusion and inconsistency in the way that economic policy is designed and applied which is not in the best interests of local businesses and employers. Not only is DETI, and through it Invest NI, responsible for economic development but the remit of both Department of Agriculture and Rural Development (DARD) and DEL include support for businesses and it is not always clear if the approach to design and delivery of each department is strategically aligned. Craigavon Borough Council welcomes a joined up approach to the design and application of economic policy in Northern Ireland for the growth and development of our local businesses.

Conclusions

- The Minister set up the Review in 2008 with the purpose of carrying out a root and branch evaluation of DETI and Invest NI's performance since 2002. Unfortunately for Local Government and despite the opportunity provided by the Review of Public Administration there is little in the Review that indicates a greater or enhanced role for local Councils. Local authorities play an important role as strategic leaders, responding to business needs and opportunities seeking to improve the economic environment at a local level. Councils consistently work with partners to deliver necessary services and have the skills and experience to deliver quality business support services on the ground. At the very least, Councils must be given the necessary resources to assist existing businesses that do not qualify for Invest NI assistance. Barnett made a number of highly critical recommendations which expose shortcomings in economic policy designed and delivered from the centre of government without meaning full partnership with stakeholders that does not meet the strategic requirements of the private sector. It is very clear that in order to move forward DETI and Invest NI must work with all Local Authorities to design and deliver economic policy to ensure that the requirements of the private sector across Northern Ireland are met in full.

Purpose of the Report

The purpose of this report is to highlight the Review of Economic Policy in Northern Ireland which was launched by the Minister for Enterprise, Trade and Investment, to examine the findings and recommendations of Professor Barnett published on 29th September and to provide a response to the findings of the Review by 16 November 2009.

Recommendation

Officers recommend that Members consider the issues set out in the attached draft Officer response and along with any other views that Members may have, agree to make a submission to the Review Panel.

Background

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Officers have reviewed the findings and recommendations from Professor Barnett's report and, in order to formulate a response, have distilled some of the most notable and concerning issues for the Craigavon Borough Council. The draft Officer response is attached as appendix ??

Other headings are not applicable.

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