

Jacqui Rose
Department of Enterprise, Trade and Investment
Strategic Planning, Economics and Statistics Division
Netherleigh
Massey Avenue
Belfast BT4 2JP

12th November 2009

Dear Ms Rose

Re: Independent Review of Economic Policy (DETI) and (Invest NI)

Please see attached Dungannon & South Tyrone Borough Councils response to the Independent Review of Economic Policy (DETI) and (Invest NI).

In summary Council welcomes the review but would have a serious concern regarding the level of consideration given to the role of local authorities in the future proposals, particularly given the achievements to date by Councils in its local economic development delivery. There would also be concern as to the level of consideration given to regional disparity of investment in both infrastructure and enterprise and innovation growth both of which are integral to business development and growth and economic development.

It would be important that in finalising recommendations for moving forward that a working group of all key players would be established including representation from local government.

Yours sincerely

Iain Frazer
Acting Chief Executive

Dungannon & South Tyrone Borough Council Comments

1. Role of Local Government in future economic policy

Council would have serious concern regarding the lack of consideration given to the role of local authorities in the future of economic development of the region.

Council has voiced its concern previously regarding the lack of local economic development functions transferring to local authorities as part of the RPA; however it was partly relieved to read in the recent PWC report that it would be taking account of the recommendations of the Barnet review regarding the future of economic development in local government. However given that any reference to local government is limited to non-existent in the review it will be difficult to give consideration as part of the RPA.

A key role of the review of public administration is to strengthen local government and create customer focused services at the local level with greater transparency and accountability. These are key areas identified in the Barnet review in Section III of the report, which focuses on the balance between accountability, risk taking and speed in decision making. Local government provides for flexible and quick delivery to address local issues alongside a high level of transparency and accountability.

In 1992 Councils were given powers to undertake economic development activity which were further enhanced in 2002 to allow them to hold, acquire and develop land for economic development purposes. Local government has proven to be the very effective in its delivery of local economic development and was praised for its job creation numbers and low level of cost per job compared to other government delivery agents.

Council would agree that closer links between skills development and enterprise development are critical. It would also suggest that urban regeneration which is a critical aspect of economic development is also given such consideration.

The development of an economic strategy is important however this needs to be an integrated strategy with all the key players, including local government as a main partner. It also needs to include other departments that have a major impact on economic development such as that of Planning, the Department of Regional Development and others. An integrated strategy with all key partners would allow for greater customer focused delivery, maximum use of resources and greater accuracy of monitoring.

Reference to a small business unit within INvestni, this should be a shared facility between INvestni and local authorities and be based in a local office coterminous with the new local Councils. This would allow for an integrated and customer focused approach in small business support, given the roles currently proposed for devolvement to local government including: small business development, women and enterprise, social economy and small business start up and entrepreneurship promotion and development.

2. Analysis of Policies

Whilst it is recognised that low productivity has been a key factor in NI not being able to make progress on a convergence of living standards compared to the UK average, it is critical that the indicators for income and employment are also given similar consideration. The indicators for productivity and employment both show NI last in terms of the UK regions and second last for the income indicator, source Economic and Labour Market review 2009 ONS data. Evidence would suggest the decline on traditional industries has been a factor alongside reliance on low income industrial sectors. It would be important that effort is concentrated on identifying and planning a preferred regional asset base to attract investment and as rightly stated not to rely on low wage levels and the attraction of low paid industry. The problem of relying on low income industries is evident at a local level with resultant social issues in health and education and other socio economic factors.

Energy cost differentials across the UK regions would need serious consideration as part of the review to allow our current companies and future investment to be competitive at home and in the export market.

It is important that policy analysis is set in context within social and environmental development. IN the past these links have not been made by economic delivery agents and may need to be clearly stated and defined in economic policy recommendations.

The review would need to give further consideration to regional disparity of investment both in analysis and in proposed recommendations. Whilst it is accepted that regional equity of investment may be given consideration at strategy level it would also need to be a key principle in any future policy proposals. This would also support in meeting the RDS 2025.

As a Council Dungannon & South Tyrone Borough Council has raised concerns previously regarding the lack of incentive to promote the West of the region for foreign direct investment. It has also raised concerns regarding the level of monetary investment to the area as a percentage of the overall investment budget.

Whilst it is important to allow companies the scope to locate where they can operate more effectively, this is a prerequisite to infrastructural development. Companies will locate where there is good transport networks, ICT networks, energy networks and R&D networks; the quality of which are based on government investment which is currently not to an equitable standard across the region.

Policy analysis relating to finance and financial management have not been taken into account. Banking and lending to small business and critical to any future success for economic policy, complementary to this is financial management of businesses and enterprises. Whilst it may be difficult to legislate that business have a strict surplus over expected liabilities this should be a feature of small business development and support. Similarly the importance of good business planning is crucial to business loans.

3. Proposed Recommendations

Council would in general agree with the delivery proposals however as stated above it would be important that the recommendations are provided in light of future delivery, taking account of local government as a main provider in economic development.

Prioritisation of resources would be critical to ensuring the policy recommendations happen, as would continuous best value review of spend to ensure that resources are targeted more effectively. Again it may be useful to reference previous reviews of its local government economic development delivery and cost per job in comparison to central government. Similarly local government has created strong links with local colleges in addressing skills development and business innovation; both of these were key priorities for Dungannon & South Tyrone Borough Council in its past and recent local economic development plan.

The reference to existing businesses being the bedrock of the economy and the need to look at the innovative development of a larger business base is important. It is critical that any future strategy provides for flexible and customer focused delivery and that agencies work together to suit business rather than businesses having to work across agencies for different needs.

Council would be keen to see greater support for linking businesses in the supply chain to larger companies. This model has been the back bone of the success of engineering in the Mid Ulster area and in particular Dungannon & South Tyrone Borough, through Powerscreen International.

Innovation and R&D is welcomed, and the need to look at this in a wider context balancing business drive with levels of research. The development of innovation centres is important and good practice should be built upon in each of the RPA Regions, an excellent pilot exists in the Dungannon & South Tyrone Borough where Council has worked closely with the South West College to develop a highly effective Business Innovation Centre. Future innovation centre should link closely to the proposed small business units.

Skills development is critical to a future economic development policy and should be embedded and planned from within industry, support agencies schools, and colleges.

Other areas of importance are Strategic Business Alliances which have proven to be highly effective when based on effective market analysis and maximising the potential of new sectoral markets such as green technology.