



Response on behalf of

MOYLE DISTRICT COUNCIL

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

November 2009

Introduction

Moyle District Council welcomes the opportunity to respond to the recent Independent Review into Economic Policy (DETI/Invest NI) as this influential report and its recommendations will make an effective contribution to the future of the Northern Ireland economy and the future of economic development activity.

General Comments

Moyle District Council, as a member of NIGLA, support the response submitted by NILGA on behalf of local authorities and would also like to note our dissatisfaction at the lack of recognition of the role of local authorities as a body that contribute to the social and economic prosperity of Northern Ireland.

Review of Public Administration

In support of the NIGLA response, Moyle would also like to stress the importance of the current and increasing role that local authorities play in local economic development that is firmly embedded into the economic development of the NI economy. The absence of due consideration of local authorities' current and future economic development activities pending RPA has implications for many of the reviews recommendations and subsequent delivery.

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. Moyle District Council's comments are as follows:

1. Policy Development

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.

Moyle: We would welcome a review of structures and more resources dedicated to policy development and monitoring.

Recommendation:

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

NILGA: Moyle agrees with this recommendation.

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.

Moyle: Moyle agrees with this recommendation

Recommendation:

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

Moyle: Moyle 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.

Moyle: 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 sub-ordinate debt or equity.

Moyle: Process and structures need to be in place with the various lending organisations prior to this 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.

Moyle: Moyle 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

Moyle: Moyle agrees with this recommendation and would suggest that councils are ideally placed to co-ordinate the distribution of tourism accommodation grants under the RPA.

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**
- **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**

Moyle: Moyle supports the need for providing direct support for businesses of all sizes undertaking Innovation, R&D and exports and is optimistic of the recommendations regarding a portfolio of new innovation policies being developed over time.

Moyle welcomes the development of new research capabilities and agree with the recommendation to develop industry-led innovation communities, as suggested in the Matrix report.

Moyle concur 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.

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.

Moyle: Moyle corresponds to Invest NI's export assistance becoming more dedicated and professional but have reservations to the two tiered proposed fee charging model as it may act as a obstacle for companies (SME's in particular) 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.

Moyle: Moyle agrees with this recommendation to start preparing a case for the retention of state aid limits.

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.

Moyle: Moyle welcomes an immediate and focused review of DETI and Invest NI's review of its overall strategic and sectoral approach to exploit the benefits of new telecommunications and connectivity. We are particularly interested in what attention both departments would give to improve services provided to the rural area.

To be successful, consultation needs to take place with the local Council and any new physical infrastructures should be promoted through the development of local economic initiatives.

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.

Moyle: Moyle 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.

Moyle : Moyle supports the need to update policies annually and agrees there should be quantifiable outputs that demonstrated how individual policies/organisations contribute to the PfG productivity goal.

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.

Moyle: Moyle agree with this recommendation and highlight that the information should be available to the local authority to assist with ongoing strategic economic development within their area

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).

Moyle: Moyle is in agreement with this recommendation.

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.

MOYLE: Moyle agrees with this recommendation.

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.

Moyle: Moyle strongly agrees with the NIGLA response to encourage the review to recognise existence of the activities already engaged in by Councils in the area of inward investment including taking full advantage of the extensive network of international linkages that has been built up over the past 20 years by local councils.

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.

Moyle: Moyle is confident it is not the only Council who has vacant land, owned by Invest NI that is not likely to build on in the near future. These land banks cause concern for the local authority as it gives the perception of lack investment by the local authority to attract demand for industrial land.

An analysis of the perceived need for industrial land would be supported where it could be entrenched within broader spatial regional policy.

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.

Moyle: Moyle already engages in a wide range of support mechanisms for the small business and social economy sectors 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.

MOYLE: Moyle agrees with this recommendation.

Recommendation:

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

MOYLE: Moyle concur with this recommendation and would welcome the opportunity to be seen as a strategic partner in order to produce a more overarching focus to 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'.

MOYLE: Moyle supports the recommendation citing a single "Department of the Economy" would be a welcome development.

Recommendation:

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

MOYLE: Moyle agrees with this recommendation and draws attention to the role the of local authority should have in the strategic process, absent in much of the review.

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.

Moyle : Moyle supports this recommendation.

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.

MOYLE: Moyle agrees with this recommendation and would like to see other organisations involved in policy development included any new structures.

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.

Moyle: Moyle agrees a small business unit with the responsibility for the development and coordination of relevant support to SME's is in theory a cost effective approach. However in practice, how this model would work need careful consideration especially given the rural nature of our economy.

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' that is remote from local needs and priorities on the ground 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.

Moyle: Moyle agrees with this recommendation.

Recommendation:

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

Moyle: Moyle 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.

Moyle: Moyle agree 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.

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

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.

MOYLE: Moyle agrees with this recommendation as mirrors the NIGLA response 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.

In addition to knowledge-based industries, Moyle would suggest that the creative industries and health science and green energy sectors be acknowledged as growth industries for Northern Ireland and meaningful support be provided to help the capacity and skills base within the region to accommodate this growth.

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.

MOYLE : Moyle 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.

MOYLE: Moyle agrees with this recommendation

14. Planning

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.

MOYLE: Moyle 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. The system should benefit the whole economy not just foreign direct investment.

Recommendation:

Planning Service should work to ensure that the legislative timetable for reform is met.

MOYLE: Moyle agrees with this recommendation.

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.

MOYLE: Moyle supports this recommendation however RPA and the transfer of functions need to be taken into account.

Recommendation:

The Pre-Application Discussion (PAD) process must be as efficient as possible and the time allocated for PAD should be included when reporting on timings for all applications.

MOYLE: Moyle agrees with the need for the PAD process to be as efficient as possible and the time allocated should be included when reporting on timings for all applications.

15. Conclusion

Moyle District Council supports many of the recommendations set out within the review, but as noted in our general comments we were disappointed with the how little attention was paid to the work of the local authorities in contributing to the PfG productivity goal.

We are dedicated to achieving sustainable economic growth and development for the region and we will continue to provide the best possible quality of life for the people of Moyle in ways that are socially, economically and environmentally sustainable.