

INDEPENDENT REVIEW OF ECONOMIC POLICY - FEEDBACK

You asked for views on the recommendations of the Independent Review of Economic Policy. I have focused my comments on those sections of direct relevance to my role as the Northern Ireland Adviser on Employment and Skills.

In this role, I have a particular interest in ensuring funding is directed at employment and skills policies which will have the greatest impact in improving productivity and growing the NI economy.

Recent research from the UK Commission shows that a one percent rise in productivity would help generate a significant increase in jobs and an additional £400 million for the local economy. Driving productivity requires the skills agenda to be effectively integrated into the region's economic plan and requires significant investment in skills at all levels.

To grow our economy and make it more productive we need more focus on innovation and R & D to create the added value products and services for international markets. We also need to grow our export markets and develop our leaders and managers so that they can convert new products and services into profitable businesses.

To achieve this we need a coordinated economic policy with skills placed firmly at the heart of driving forward growth. As the economy faces more stringent budget cuts we need new innovative policies and improved collaborative working to develop higher value added products to enable us to compete in the global market places. This needs to be underpinned by the correct mix of skills at all levels.

For the above reasons I welcome the recommendations in the Report which puts the economy as a top priority and advises that the skills agenda is fully integrated into the ambit of economic policy. I, therefore, feel it makes sense to bring together the core economic functions of DETI and DEL into a single Department of Economy.

In relation to improved coordination of economic policy, I agree there are too many advisory groups and multiple stakeholders in this area and that the Economic Development Forum and the Cross Sector Advisory Forum should be replaced with one permanent sub-committee under OFMDFM, to prioritise action on the economy. For such a committee to be effective it needs to include the views of a wide cross-government group, including skills, agriculture, health etc as these are important components of the future economy.

I agree with the recommendation that a small advisory body is established to provide independent advice on the economy. As skills are a critical part of the

economic agenda, some thought will need to be given to how this advisory group would work alongside my own Advisory Group on employment and skills.

There are clear benefits to be gained from more effective liaison arrangements between DETI, DEL, and Invest NI to ensure we match skills supply to the demand of our local employers and, especially, to future investors.

I welcome also the suggestion that Invest NI transfer its budgets relating to tourism accommodation back to DETI to be redistributed to a more appropriate body as activity in this area is misaligned with the mission of Invest NI.

I welcome the emphasis on the need for new innovation policies and, in particular, that industry led innovation communities, as suggested in the MATRIX report should be developed as a pilot in collaboration with business, academic and government. I also agree that more research is needed in universities to develop new products to bring to the marketplace to help grow high value added jobs in the economy and also to support local businesses to integrate R&D based innovation into their operations.

There is benefit in exploring the opportunities of a new institution for commercially-oriented research but more work needs to be carried out on the effectiveness of such a model in Northern Ireland.

The suggestion that Invest NI direct most of its assistance to provide greater levels of support to innovation and R&D would help cement these policies.

Whilst exports are a key driver for the economy and we need to raise our professionalism in this area, I do not agree with the suggested fee-charging model as the UK Trade and Investment Initiative has been cumbersome for companies to work with and has not achieved the desired outcomes.

Given my role in skills I agree with all of the recommendation in this area. DEL, DETI and Invest NI need to work together to develop management and leadership skills to grow the local economy. I have already established a task group to take forward work in this area and consider this to be a key priority area of work going forward.

More work is needed to achieve world class training in sales and marketing to help sell our products on international markets. In particular, I agree with the recommendation that the local education system prepares now to meet the demand for higher level STEM skills and to prepare our young people to achieve technical and professional qualifications at higher levels 4 and 5.

It is generally recognised that locations containing high productivity firms, offering high wages will attract and retain skilled workers. It is, therefore, important to raise our aspirations from lower level skills and low paid jobs, to encouraging and

investing in our people to raise their skills levels, so that we can sell higher skills and attract higher paid jobs to Northern Ireland.

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