



16th November 2009

Independent Review of Economic Policy
Invest NI
Bedford Street
Belfast

To Whom It May Concern:

The West Belfast Partnership welcomes the opportunity to comment on the *Independent Review of Economic Policy*. We support the need for Northern Ireland to grow its economy and become more competitive and productive.

The West Belfast Partnership has advocated for coherent investment in the west of the city and welcomes discussions with agencies and Departments tasked with economic growth and infrastructure development. The Review raises a number of key issues for the Partnership, namely, FDI, investment in INI sites in west Belfast, SME support and development, social economy sector, TSN and the need to skew resources, closer links with education and business and the planning reform.

The West Belfast Partnership Board is a coalition of interests, which seeks to involve everyone who works and lives within West Belfast in the task of generating economic, social, physical, cultural and educational development in an inclusive and accountable manner. Its aim is to improve the quality of life for West Belfast residents and to also contribute positively to the development of the city as a whole.

Given the number of recommendations and the level of detail we submit the following points for consideration, which are grouped in headings:

Role of SMEs and the Social Economy

There is a clear need to push on the SME sector and to grow the export potential of existing businesses. We welcome the report's emphasis on the need to link local companies to export intensive FDI and would like to highlight the important role the social economy can play.

Foreign direct investment is important for the development of any region but has particular emphasis in regenerating the west of the City. However small and medium-sized local businesses are equally important, including those that operate in the social economy sector. The economic downturn has affected the anticipated level of FDI. Therefore, given the present adverse conditions, it is even more important that small and medium-sized businesses and social economy enterprises be given the resources that they need to sustain themselves in the short term and to develop and grow in the longer term.

We need a new and innovative way of thinking if we are to sustain existing businesses and jobs and offset further job losses. Although a mix of different jobs is necessary, too many jobs have been low-waged and insecure. That has done nothing to raise living standards or tackle poverty and inequality at the heart of our economy.

There is a considerable lack of recognition of the role of local authorities as bodies that are capable of making a unique and complementary contribution to the social and economic prosperity of the City and the NI region. Despite certain commitments by the Northern Ireland

Assembly to give increasing responsibility for this work to local authorities with the Review of Public Administration, the review makes inadequate reference to the RPA and the subsequent increase in economic functions to be devolved to local authorities.

The role of local authorities in supporting SMEs and the social economy sector does not seem to be highlighted in this review however they play an increasingly important role as a partner to many local partnerships on leading business development programmes and promotional activities.

There is a greater need to acknowledge the importance of the social economy sector and its potential to reduce deprivation and increase labour force participation in disadvantaged areas. There is a need to encourage local investment opportunities, particularly for small and medium-sized enterprises and the social economy sector. Such investment will not only sustain and grow the economy, but it will develop communities. However, the budget and resources that have been allocated to the social economy sector by Invest NI do not reflect that.

The social entrepreneurship programme, which will be delivered in the three years up to March 2012, has been allocated just under £3 million for 2008-2012. The social economy fund, which is a special initiative aimed at the long-term unemployed in west Belfast and greater Shankill, runs alongside that programme. Through that, just under £4 million will be allocated to the social economy sector here. The fact that €40.8 million was allocated to such initiatives in the South of Ireland in 2007 alone and that Scotland has allocated £30 million between 2008 and 2011 shows how little is given to the social economy sector.

We would have concerns around the recommendation to develop a small business support unit, the purpose of which is to develop and co-ordinate relevant support to SMEs throughout NI. Given the current activities of West Belfast Partnership through their affiliation with Belfast City Council and the Council's increasing remit through RPA, the relationship between the small business support unit and local government LED teams needs close attention.

The recommendation to remove the concept/definition of Invest NI 'clients' raises significant questions which need addressed in terms of the interface between support offered by local councils and that of Invest NI. Local Councils, Belfast City Council in particular have, through linkages with local Partnerships and traders groups over recent years, played a key role in supporting the SME sector and subsequently both the Partnerships and the Councils have built up a great deal of expertise in this area and filled a gap in the enterprise pipeline.

However significant work has still to be done in engaging with the growing SMEs in the west of the City. One of the best known and effective Invest NI interventions to address start-up rates in the region has been the Start a Business Programme delivered through the Local Enterprise Agencies. While the focus on the programme to date has been on volume of start-ups, the new programme appears to place more of a focus on the quality of business starts, particularly those in the high-end sectors. While this approach may have been appropriate prior to the economic downturn, there may now need to be further consideration of this proposed approach, given that self-employment may now become an option for some "necessity entrepreneurs" as a result of becoming unemployed or being made redundant.

The concept of innovation within the private sector needs to be communicated particularly in those areas and sectors which are traditionally low in the adoption of innovation and the successful implementation of the innovation policies recommended is highly dependant upon the ability to engage the wider private sector, Local Enterprise Agencies, Partnership Boards and Traders Associations.

We have an opportunity to maximise social and employment opportunities for everyone through, for instance, their public procurement processes, which will secure jobs and create new employment opportunities for those in most need.

There is a possibility to relocate public sector jobs in order to help workers who have to travel and to help to develop rural economies.

Business support and expansion

The West Belfast Partnership Board are apprehensive that the report recommends phasing out support for business expansion. That is a concern, because there is space to move smaller businesses into our export market. As well as these issues surrounding business expansion we are yet to see the potential of the £10.3 million spent on landscaping the former Mackie site. There is still no strategy in place for generating employment and inward investment there. The former Mackies site is 12.5 acres, additional to this there are another 36 acres in the hands of Invest NI throughout west Belfast, yet almost half of that land lies vacant. We consider that this can act as a brake on entrepreneurship and is at odds with the business start-up and growth targets. We consider that this could be addressed by closer planning between the Belfast City Council, Invest NI and West Belfast Partnership Board to secure the optimal use of all assets. The Partnership would call on INI to focus on filling empty sites through a focused action that that brings in high quality jobs and contributes to infrastructure development in the surrounding areas.

Deprivation and the legacy of the conflict

Over a three-year period, west Belfast received the lowest number of offers of assistance across Northern Ireland as a whole and only received 5% of Invest NI's investment. That was despite several of the wards in the area being in the top ten indices for social and economic deprivation and despite one third of Belfast's population living in the area. For many, this is just another example of how Invest NI has failed people in disadvantaged areas. There are clear indicators that the current economic policy is not delivering for large sections of the population that are in most need. Those areas are consistently worst served by Invest NI. Those inequalities must be challenged and prioritised and must become the focus of corrective action.

The legacy of the conflict is evident in west Belfast with interface walls and barriers and we welcome current discussions on the need to regenerate interfaces. However, the reality of the situation is that interface communities always rank within the worst terms of multiple deprivation and interfaces themselves are a deterrent to investment due to their proximity to barriers, on going violence and civil disorder and the lack of infrastructure. In west Belfast the large INI site on the Springfield Road interface continues to lie vacant despite calls from community and political representatives for investment. The Review should prioritise areas such as this for development.

We feel that INI should set targets for investment into deprived communities. We would like this to take the form of an action plan that is review on a bi-annual basis. The West Belfast Partnership would welcome the opportunity to take part in the monitoring of this plan.

Value for Money

For too long, Invest NI has failed to provide value for money. Too often, the promise of jobs has been grossly inflated, and companies have pocketed grants and given little in return. Many companies, such as Visteon, Seagate and Valence received grants from Invest NI only to up and leave when they found cheaper labour elsewhere.

In looking at the review of economic policy in the region the main basis of the appraisal focuses on the how well Invest NI has used its resources to incentivise productivity improvements. However whilst the review team was less than precise in its presentation of Invest NI evidence, Invest NI does itself no justice by relying on figures which, first, show nothing of the trends in productivity of clients and, second, make the peculiar argument that because productivity is higher for its clients than other firms that this somehow shows an achievement.

We believe that the review team, despite some comments to the contrary, did acknowledge that Invest NI had encouraged investment of £4.5bn over the seven years and that this was linked to 30,000 new jobs promised and 15,000 jobs safeguarded. However the report could be more persuasive if the number of people employed in client businesses had increased - it has not. Employment in client companies increased by only 332 to reach 86,850 in 2007, up

from 86,322 in 2003. Not exactly a significant change at a time when the economic activity of Northern Ireland was at its peak.

More accountability is required in public spending to ensure that the most deprived members of society receive the same economic and social equality of opportunity as everyone else. Given the huge amounts of public money that Invest NI spends, there must be an onus to ensure that it is spent in an equitable and accountable manner.

We support the assertion that “the right mix of governance institutions can have a substantial impact on the competitiveness of local and regional economies” and we consider that local partnerships are an important element of that mix and look forward to a more productive working environment with Invest NI, DETI, Belfast City Council and other government departments and agencies working in the field of economic development.

Department of the Economy

The West Belfast Partnership welcomes closer working between DETI and DEL, especially in relation to links with Further Education and skills development. We believe that the Department of Education should also be included in this work and place emphasis on the need to foster entrepreneurship in primary aged children as well as teaching the STEM subjects at an early age and offer up to date career advice and guidance to secondary aged pupils.

In relation to the establishment of a Department of the Economy we are concerned this would become an other quango and stress the need for clear objectives at the onset.

Planning

We believe that a more efficient and effective planning service is needed and in the recent Planning Reform consultation put forward a number of suggestions that will enhance the proposed changes. In the past number of years much of planning in west Belfast has been largely ad hoc and often developer-led. The West Belfast Partnership has advocated for a coherent approach to development and land use in order to maximise the impact of regeneration and argued for community consultation and infrastructure development.

The WBPB agrees that some form of processing time target be introduced when dealing with economically significant planning applications. This will ensure that N. Ireland remains on a par with its competitor ensuring that they do not possess a competitive advantage. At present inefficiencies in the planning system are stifling the economic growth of N. Ireland as investors may view the N. Ireland economy as uncertain and unresponsive to genuine investment opportunities.

Planning Service should endeavour to meet their obligation in ensuring the reform programme is rolled out in tandem with the RPA process in 2011. The WBPB commends Planning Service in demonstrating a commitment to delivering effective short term reforms to include the establishment of a Strategic Projects Team and the PAD Process. It is recognised that long term objectives will require legislative changes which are increasingly complex and time consuming.

It is felt that the Review Panel should be involved in informing Planning Service on how applications relating to new investment for N. Ireland are handled. It is felt that this should focus particularly on applications associated with 'regionally significant development'. A clear definition and qualifying criteria for this should therefore be developed. It is felt that the development of a three tier planning system will go some way in informing what applications should be deemed as highest priority.

The WBPB welcome the introduction of the PAD process as it offers speculative investors and businesses the opportunity to engage with statutory agencies prior to formally entering the statutory planning process. It results in higher quality applications and ultimately more efficient processing times which are advantageous to both the applicant and statutory agencies involved in the development process.

Conclusion

Finally, the Review suggested that in order to maximise economic growth in Northern Ireland ISNI3 should have more economic focus. The Partnership would accept this assertion but add that the focus should be skewed towards those communities that are ranked in the worst 10% in terms of multiple deprivation and include a programme of infrastructure developments coupled with a coherent investment strategy for these areas.

If you require further information or would like to discuss this further, please do not hesitate to contact me.

All the best.

Yours Sincerely,

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