



Belfast City Council

Report to:	Development Committee
Subject:	Independent Review of Economic Policy – Consultation Response
Date:	11 November 2009
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Relevant Background Information

The purpose of this report is to bring to the attention of the Development Committee details of a consultation on the Independent Review of Economic Policy (Department of Enterprise, Trade and Investment and Invest NI).

Members will be aware the Review was commissioned by the Minister of Enterprise, Trade and Investment, Arlene Foster MLA, in December 2008 and was undertaken by an independent panel, chaired by Professor Richard Barnett, Vice Chancellor of the University of Ulster. Other members of the panel included Professor Brian Ashcroft, University of Strathclyde and Board member of the Economic Research Institute of NI; Dr Graham Gudgin, Centre for Business Research, University of Cambridge, and Oxford Economics; Professor Michael Moore, Queen's University and Harvard University; Mr John Wright, former international banking director and current Chairman and non-executive director of a number of companies in the UK and overseas.

The Review Panel was asked to determine whether existing DETI and Invest NI policies, programmes and resources will sufficiently contribute to the economic goals of the Programme for Government and to make recommendations designed to strengthen the NI economy.

Key recommendations put forward by the report include:

- Core economic functions (covering DETI and Department for Employment and Learning (DEL) areas of responsibility) should be brought under a single 'Department of the Economy'
- The Executive should establish a permanent sub-committee, chaired by the ETI Minister, to prioritise action on the economy. The sub-committee should oversee the development and implementation of an economic strategy, building on the

- findings of the Independent Review of Economic Policy, as a matter of urgency
- More emphasis needs to be placed on developing a portfolio of policies to promote Innovation and Research and Development (R&D), and there are a number of specific recommendations in this regard
 - Invest NI should have a more focused, dedicated and professional approach to strengthening export performance in both manufacturing and tradable services
 - Invest NI should be allowed more freedom to operate, enabling the organisation to be more responsive to business needs
 - A small business unit to be created within Invest NI and the approach of working only with 'clients' should cease

The IREP Executive Summary is attached in Appendix 1.

The Council's proposed consultation response is attached in Appendix 2.

The closing date for responses is 16 November, 2009.

Key Issues

The Council welcomes the opportunity to respond to the recent IREP as this seminal report and its recommendations will make an effective contribution to the future of the Northern Ireland economy and the future of economic development activity.

The Council supports many of the recommendations set out within the review however there are a number of specific comments and issues that have been outlined within our response document which it would like to see reflected in the final document.

Key issues include:

- The Council is deeply dissatisfied at the 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 recent commitments by the Northern Ireland Assembly to give increasing responsibility for this work to local authorities with the Review of Public Administration, this review makes inadequate reference to the RPA and the subsequent increase in economic functions to be devolved to local authorities. As a report that seeks to consider the period to 2015, these represent significant weaknesses.
- This review and its key recommendations has significant implications for the Council's existing support for business start up and development activities and our sectoral development work.
- The role of local authorities in supporting SMEs and the social economy sector is not highlighted in this review, which we feel is an omission given the important role we play as a partner on leading business development programmes and promotional activities.
- Concerns exist 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 local authorities, and their 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 councils and that of Invest NI. Local authorities

have, by default over recent years, played a key role in supporting the SME sector and have subsequently built up a great deal of expertise in this area and filled a gap in the enterprise pipeline.

- The concept of innovation within the private sector needs to be communicated particularly in those sectors 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.
- Concerns exist as to the proposed changes to Invest NI's export assistance. Although the recommendation to make it more dedicated and professional is welcome, the proposed fee charging model may act as a barrier from companies seeking advice on exporting or beginning to export entirely.

Recommendations

It is recommended that Members note the proposed consultation response (attached).

Decision Tracking

No decision tracking as the report is for notation only.

Key to Abbreviations

IREP– Independent Review of Economic Policy
LED – Local Economic Development
RPA – Review of Public Administration
SME – Small to medium sized enterprises
R&D – Research and Development
DETI – Department of Enterprise, Trade and Investment
DEL – Department for Employment and Learning
ETI – Enterprise, Trade and Investment

Documents Attached

Appendix 1 – IREP Executive Summary
Appendix 2 - Council's Proposed Consultation Response

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