

## NORTHERN IRELAND CHAMBER OF COMMERCE AND INDUSTRY

### RESPONSE TO THE DRAFT PROGRAMME FOR GOVERNMENT FRAMEWORK 2016-2021 CONSULTATION – JULY 2016

#### 1.0 INTRODUCTION TO NI CHAMBER

Northern Ireland Chamber of Commerce and Industry (NI Chamber) welcomes the opportunity to respond to the Draft Programme for Government (PfG) Framework 2016-2021 Consultation.

NI Chamber was established in 1783 and is the largest independent business network in Northern Ireland with an active membership of over 1,200 businesses, representing 100,000 employees. The primary role of NI Chamber is to assist members as they seek to grow their business locally and internationally. Its members represent every area of the private sector economy including manufacturing, construction, professional services and the wider service sector. The NI Chamber Board consists of Chief Executives and Managing Directors from companies including Power NI; Ulster Carpets; Moy Park; Danske Bank; BT, Devenish Nutrition, Ernst & Young; Allstate Northern Ireland; ESB and Patrick Hurst from PHC Ltd.

#### 1.1 Introduction to NI Chamber Response

NI Chamber is in constant touch with its members to assess their views of the current state of the Northern Ireland economy and understand the key issues facing businesses here. Our most recent Quarterly Economic Survey (Quarter 2 2016), carried out in conjunction with BDO, has highlighted that while there were some positive signs around growth in the Northern Ireland economy, a sense of uncertainty was starting to creep in particularly for local manufacturers who were finding it difficult to maintain growth momentum. These findings reflect the views of members before the EU referendum results were announced.

The EU referendum result has provided unwelcome uncertainty to our members against what is an already challenging business environment. More than ever therefore NI Chamber believes that firm leadership by both the UK government and our own Executive is required at this time to provide stability, clarity and action. NI Chamber has recently set out business priorities in the wake of the EU referendum focusing on strategic issues of immediate concern to members and priorities established prior to the referendum result - <http://www.northernirelandchamber.com/wp-content/uploads/2016/07/9578G-NICCI-Stability-Clarity-Action-FINAL.pdf>. This document emphasises the need for the NI Executive to continue to make decisions that will improve the business environment in Northern Ireland, stoke business confidence and provide a much needed boost to economic growth.

NI Chamber welcomes the Draft Programme for Government Framework and its direction of travel which matters evermore so in the aftermath of Brexit and the uncertainty it has created. We welcome the spirit of cooperation in the new Framework and the fact that a new more inclusive approach has been taken that recognises the role of the private, voluntary and community sectors in supporting the Executive to deliver on its ambitions for our society. We endorse its focus on a different way of securing strategic and societal change in Northern Ireland, moving the emphasis away from activities as the arbiter of progress, towards making better outcomes - in other words, a focus on the real results. We also endorse the Executive's commitment to meet existing pledges including the implementation of the Fresh Start Agreement which paves the way for the devolution of corporation tax powers and a commitment to continue to deliver flagship projects announced in the last budget including major road schemes on the A5 and A6 along with the Belfast Rapid Transport project and Belfast Transport Hub.

We have studied the Draft Programme for Government Framework in detail and have consulted with our members across every sector to seek their views. Our key observations are outlined in the discussion below.

## 2.0 DRAFT PROGRAMME FOR GOVERNMENT FRAMEWORK (2016-2021)

### 2.1 The New Approach

NI Chamber believes that the Draft Programme for Government Framework represents 'Chapter 1' in the plan to develop Northern Ireland Inc. However, we do not believe that this document is a Programme for Government as such but rather a set of aspirations around the type of society we want in Northern Ireland. We appreciate that the next step is a set of action plans which will set out actions to help achieve successful outcomes. We would press at this point for much greater detail on what government is going to do to deliver on these outcomes and related indicators.

It is critical that the business community will be able to influence government on the way through this journey and NI Chamber is extremely keen to play its part. We would request that the development of action plans for those outcomes most closely aligned with business and the economy involve strong engagement with the local business community. This should be an iterative process involving the business community from inception to completion. NI Chamber has already identified a number of key actions in its recently published 'Stability, Clarity, Action' document (see link above) which focus on international trade, skills and business costs.

We would also call for a clear timescale for the development and implementation of these action plans with sufficient time built in to allow productive engagement with all relevant parties.

### 2.2 Strategic Outcomes

We believe it is a positive step forward to have the aspirations outlined by the 14 strategic outcomes with the overall purpose of *'Improving well-being for all – by tackling disadvantage, and driving economic growth'* in Northern Ireland.

It is our view however that while the aspirations of the 14 strategic outcomes are laudable, there is a need to prioritise (if not reduce) these outcomes to focus on the 4 or 5 which will impact most on our society. We believe therefore that there should be a small number of **priority** outcomes accompanied by **supporting** outcomes. Priority outcomes should include the aspirations to *'prosper through a strong, competitive, regionally balanced economy'*, be an *'innovative, creative society, where people can fulfill their potential'* and *'have created a place where people want to live and work, to visit and invest'*. We believe that outcomes such as *'we have more people working in better jobs'* and connecting *'people and opportunities through our infrastructure'* are supporting outcomes which directly feed into and influence the achievement of those priority outcomes. This should dictate the order of priority for the 14 outcomes highlighted in the Draft Programme for Government.

We welcome the fact that the Draft Programme for Government has included an outcome that recognises the critical role of government in supporting the well-being of society - *'We have high quality public services'*. However, NI Chamber believes that there should be an additional outcome, which focuses explicitly on the role of the NI Executive in the leadership and good governance of Northern Ireland. One suggestion is that *'We have an Executive that works in partnership to deliver major societal change for Northern Ireland'*. This would be a supporting outcome recognising the NI Executive role in supporting the achievements of a smaller number of priority outcomes.

### 2.3 Indicators & Measures

#### **A positive addition**

NI Chamber appreciates the clarity provided by the 42 indicators and measures in demonstrating how progress will be measured towards the achievement of the strategic outcomes. The indicators and measures, particularly in terms of jobs, skills and infrastructure, highlight many of NI Chamber's key priorities. NI Chamber cannot emphasise more strongly, for example, the importance of skills to our members and particularly the need for upskilling Northern Ireland's workforce. Our latest Quarterly Economic Survey (Quarter 2 2016) identified a lack of relevant skills as the most important issue driving recruitment difficulties among our members who also believe that this is hampering

economic growth. Members also stress the need to have the right physical infrastructure in place to support growth although note that much more rapid progression of key infrastructure projects is needed here.

### ***More than one measure required***

NI Chamber does have reservations however around the ability of some measures to adequately reflect changes to indicators and believes that some indicators need more than one measure to demonstrate progress. For example, progress on the indicator to *'increase the competitiveness of the economy'* is reflected in the Draft Programme for Government through external sales or sales outside Northern Ireland. We appreciate the challenges to maintaining a competitiveness index such as that developed by the Economic Advisory Group<sup>1</sup> but believe that some measure should be developed/used which benchmarks Northern Ireland's competitiveness at the very least against other UK regions and Ireland but ideally within a broader geographical context. For example, NI Chamber is actively involved in supporting exporters to sell goods and services outside the UK and believe that it is imperative to include a target around exporting, whether that is the number of exporters or the value of export sales from Northern Ireland.

The Private Sector NICEI (Northern Ireland Composite Economic Index) is an important measure to demonstrate how to *'increase the size of the economy'*. However, NI Chamber believes that the NICEI alone does not adequately reflect changes to the size of the Northern Ireland economy. We believe an additional measure should be included which demonstrates growth through the number of businesses or business base here recognising the role of entrepreneurship in economic growth. We note a lack of strong focus generally on entrepreneurship in the Draft Programme for Government (and in policy more widely) and would request that much more explicit focus is given to the importance of entrepreneurial activity and new business start-ups in driving economic growth and competitiveness here.

### ***What is a 'good job'?***

NI Chamber appreciates the thinking behind the development of a *'Good Jobs Index'* to reflect the creation and retention of higher value jobs in Northern Ireland. However, we would urge some caution in how this measure is defined. Will it focus, for example, on earnings alone (in higher value occupations) or include some measure of quality in the working environment (e.g. terms and conditions, hours worked, training and development)? There are many factors which influence job quality including business size, sector, occupation and geography making its assessment challenging. If the idea is to increase the number of better paid jobs then the NI Chamber suggests that a simple measure such as an increase in private sector median wages is used with perhaps targets across all deciles to measure improvements across the lowest and highest earners in society here.

### ***Better representation of business***

Our members have expressed some concern more widely that the Draft Programme for Government does not sufficiently engage with and represent the role of the business community in helping government achieve its common purpose to improve *'well-being for all'*. The business community will make a substantive contribution to many of the indicators and measures contained with the Framework including those around competitiveness, the size of the Northern Ireland economy, jobs, skills and innovation. Yet there is no indicator or measure(s) around support to the business community to deliver on these indicators and measures. For example, business costs are repeatedly mentioned as a key concern for NI Chamber members particularly in terms of energy costs, business rates and red tape. Businesses here need a secure, affordable and sustainable energy system, a business rates system that supports rather than penalises business and a reduction in red tape which is costly and burdensome to business<sup>2</sup>. NI Chamber requests that a further indicator is included in the Programme for Government which is explicitly targeted at *'Driving down business costs and taxes'*. We appreciate that these factors influence the *'competitiveness of the*

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<sup>1</sup> 'Competitiveness Index for Northern Ireland', EAG, SQW, Cambridge Econometrics, June 2013

<sup>2</sup> As recognised in the recent OECD Public Governance Review of Public Governance for Northern Ireland, 'Implementing Joined-Up Governance for a Common Purpose' 2016

economy' but believe that this is also true of a number of other indicators including 'increasing the proportion of people in good jobs' and increasing 'innovation in our economy'.

#### **Measuring well-being**

NI Chamber would also query the fact that there is no direct measure which assesses progress towards 'improving well-being for all' in Northern Ireland which lies at the heart of this Programme for Government. We are aware of work by NISRA, ONS, the Carnegie Trust and others in developing measures of well-being and believe that these should be reviewed to assess the most appropriate measure(s) to be included in the Programme for Government that adequately demonstrates improvements in well-being for the citizens of Northern Ireland going forward.

#### **Making the link**

We would also like to acknowledge that there are challenges in using some measures to demonstrate the progress of indicators and outcomes. Measures such as the employment rate, economic inactivity rate and spend by external visitors are all reflective of a multitude of factors both within but largely outside the control of the NI Executive. It is important to bear this in mind when reflecting on progress going forward.

### **3.0 SUMMARY**

It is clear that businesses in Northern Ireland want to see more positive momentum; they want an economy that they can be really proud of – generating more success stories, more winners and more champions. NI Chamber believes that this Draft Programme for Government represents a step change in the NI Executive's approach to how it helps deliver on these aspirations.

NI Chamber stands by to assist in any way it can to support a Programme for Government that helps grow the business sector that puts jobs, pride and dignity into our communities, that provides diversity of opportunities for a highly educated and skilled workforce that delivers timely world class infrastructure, and better more efficient public services. We believe that the business community can create fresh thinking and new ideas in how Northern Ireland does business including how to raise local revenues and reduce reliance on the UK government. We also believe that government here can play a stronger part in supporting the business community to come up with new ways of working in what could be a very different trading environment going forward.

NI Chamber would again emphasise the role that the business community in Northern Ireland can and should play in drafting the business-related actions that accompany this Programme for Government. This would provide some much needed certainty for our members around the role that government and the NI Executive will play in driving Northern Ireland forward as Brexit and its consequences unfold.

We look forward to evaluating the next version of the Programme for Government along with the Economic and Investment Strategies that accompany it. NI Chamber expects to have further and more detailed dialogue with the NI Executive and the new Departments when these documents are released for consultation and further detail on the advancement of these Strategies becomes available.

Thank you for your consideration of NI Chamber's response.

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