

# Delivering the future we all want

NI Assembly & Business Trust
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Joanne Stuart



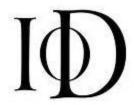
### Agenda

- The Institute of Directors
- The economic reality
- Vision for a sustainable economy
- Priorities for action
  - Growth
  - Skills
  - Cash
- Conclusion



#### The Institute of Directors

- A UK-wide body 47k individual business leaders
- Around 1000 in Northern Ireland
- Members from the full range of industry sectors and all company sizes
- Prime objective to support business leaders by:
  - providing professional development
  - arranging events for networking and sharing experiences
  - lobbying to create a business-friendly environment
- Member of Business Alliance



#### The Economic Reality - Private Sector

- Unsustainable private sector / public sector ratio
  - Must tackle the economic deficit (lower public spending)
  - Only private sector growth will get us out of recession
  - Size of public sector has stifled private sector growth
  - Low productivity, SME economy, scale, development of skills
- Unemployment 6.6% (UK 7.8%, Rol 13.3%)
  - Unemployed more than 1 year 43.1% (rising)
  - Young People 15.9%
  - Economically inactive 28.8% (UK 23.4%)
- NI Region still contracting
  - Private sector business activity has fallen for 33 consecutive months (Ulster Bank PMI)
- Squeeze on cash flow
  - Longer payment terms
  - Difficulties accessing credit



#### The Economic Reality – Public Expenditure

- Size of Public Sector not sustainable
  - Spend per head in 08/09 22% more than UK average
- Public Expenditure cuts
  - Decade of continued public sector growth
  - Estimates between £1.2bn and £2bn over next 4 years
- Rising Public Sector Pay
  - 50% of Departmental Expenditure Limit (£4.3bn), 2% uplift for 2010/11
  - ASHE Report public sector pay 40% above private sector (up 8% last 6 months)
- Capital receipts shortfall
- Committed to £400m+ of subsidies
  - water charges deferral, free prescriptions, NICS back pay, freeze on rates
- We cannot depend on Westminster making us a 'special case'
  - Unless we have a radical plan to rebalance our economy

#### IoD vision

A sustainable economy which underpins our social and environmental aspirations

- Pro-business environment
- Dynamic and rapidly expanding private sector
- World-beating public services with efficient and effective public administration
- World-class education and skills
- Supported by world class infrastructure

#### Three Priority Areas for Regional Economic Strategy

- Economic Growth
  - Re-balance the economy, Export led, Sustainable, Increase Productivity
- Skills
  - Support economic growth, Innovation, Creativity
- Cash
  - How to fund business growth, raise revenue, invest to save

#### **Actions for Growth**

- Economy must be seen to be #1 priority in PfG
  - Political Leadership and collective responsibility
  - Decision making to maximise economic benefits
  - Prioritisation (Resources, McCarthy like Review)
  - Planned cuts in public sector not random across the board
- Public sector must make space for private sector to grow
  - Make planning a facilitator of economic growth not a blockage
  - Reduce bureaucracy and streamline public sector
    - Decision Making
    - Audits / Parliamentary Questions / Fol's
  - RPA Implementation
    - LG / NDPB / Departments
- Identify areas of the public sector that could be better run by the private sector / social enterprise sector / partnership
  - MOT Testing, NI Water, Ports, Transport, Prisons, Tourism Attractions
  - PPP model for NI
  - Partnership and shared vision key (HRConnect)
  - Could this be the 'special case' Invest to Save pot for re-engineering public service delivery

### Facilitating Private Sector Growth

- Export Led Growth
  - Identifying new markets (MATRIX)
  - Scale (Collaboration)
  - Development of Skills
    - STEM / ICT
    - Selling / Partnering / Commercialisation
    - US / NI Mentorship Program
  - R& D and Innovation
    - Bombardier Centre of Excellence / Spin Outs / Supply Chain
- Foreign Direct Investment
  - Pro business environment
  - Maximising overseas goodwill
  - Proactive skill development
  - Job creation v's wealth creation
- Stimulate Demand in sustainable industries
  - Tourism, Creative Industries, Green / ICT/ Health / High Value Manuf /
  - MATRIX / PLACE stimulating city centres
- Enterprise Zone Tax incentives / Corporation Tax

## **Funding Business Growth**

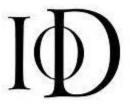
- Work with business to address pressures on cash flow
  - Payment Terms (prompt payment LG / Edu / Health)
  - Fair Payment Charter (flow through to sub-contractors)
- Accessing Credit
  - Better implementation of government schemes (Green Paper)
  - Regional reporting on lending
- Private Investment
  - Culture
  - Co-operation with Republic of Ireland to tackle cross-border tax issues
    - All Island syndicates
  - Continue to develop co-investment fund (Scotland £72M / NI £3m)

### Raising Revenue / Invest to Save

- Review subsidies in terms of cost to economy
  - Water Rates £200m (rising to £400m)
  - Freeze in Domestic and non-domestic rates £55m
  - Free Prescriptions £13M
- Think creatively about raising revenue
  - Ulster Savings Certificate £300m to £400m
  - Increase MoT charges £25M
  - Recommendations of the Capital Assets Realisation Report?
- Invest to Save
  - Green New Deal
    - Jobs, energy price stability, security of supply, renewable energy targets
    - Tackle Fuel Poverty
- Private sector investment Economic Infrastructure
  - Water & Sewerage, Infrastructure, Roads, Public Transport
  - Private funding of infrastructure projects
  - Venture capital / pension funds scale
  - Create Northern Ireland Infrastructure Bank

### Conclusion

- Accept the economy must be seen to be #1 priority
  - Leadership and culture
  - Collective Responsibility
  - Economy-proof decisions and budget allocations
- Make the hard decisions now so, we can take advantage of the opportunities
  - Proactive not reactive
- Re-engineer Public Service delivery
- Excellence in Implementation
  - Clarity on the process, responsibilities, budgets, priorities, timelines (CSAF Report did not measure up)
  - Appropriate structures in place to deliver
  - Capabilities within people tasked to deliver
  - Resources priorities will be made with recognition that other programmes may be cut at the expense of the economic strategy
- It is not about doing the same things for less but doing things differently



### Thank you for your time

IoD Northern Ireland
4 Royal Avenue
Belfast
BT1 1DA
028 9023 2880

<u>iod.northernireland@iod.com</u> <u>www.iod.com/northernireland</u>