



THE JOBS PLAN

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Introduction

The Jobs Plan is the first ever joint policy document by eight of Northern Ireland's leading business organisations, allowing the business community to speak with one voice on the big economic challenges we all face. Together we represent every sector of our economy, covering small and large businesses in every part of Northern Ireland.

The Jobs Plan sets out an economic framework and includes a comprehensive agenda for real change in the local economy, one in which the private sector will again take the lead in providing jobs and investment.

We hope The Jobs Plan stimulates debate and focuses policy on the future of our economy. We welcome your comments and feedback.

CBI Northern Ireland
Centre for Competitiveness
Construction Employers Federation
Institute of Directors
Momentum
Northern Ireland Chamber of Commerce
Northern Ireland Food & Drink Association
Northern Ireland Independent Retail Trade Association

Facing up to reality

Northern Ireland faces stark challenges and choices. The decade of strong domestic demand fuelled by cheap credit and growing public expenditure is over and we need to recast our goals and policies. We now face a protracted reduction in domestic demand, tight credit conditions for businesses and householders, combined with a sharp reduction in public capital investment and public procurement. It is clear that many of the structural weaknesses and vulnerabilities in the economy have resurfaced.

Despite numerous economic strategies over the decades, there is little evidence that the underlying performance and income gap between Northern Ireland and the rest of the UK has changed. Our biggest challenge will be creating the jobs for the unemployed and for thousands of school, college and university leavers over the next few years. We need to grow the private sector and ensure it can compete successfully in a globalised economy.

This document highlights opportunities which our politicians and businesses must use to their advantage. We need to make the right choices to deliver jobs, tackle disadvantage and the disengaged. There are lots of successful businesses in Northern Ireland represented by our members and we are up for the challenge of playing our part in economic recovery and restoring much-needed confidence.

This manifesto sets out a clear way forward: we have come together to demonstrate the importance of a united voice, a clear vision, and a deliverable agenda.

What sort of economy are we trying to achieve?

Our vision is to create a balanced, competitive and sustainable economy with increasing job opportunities:

- It will include a mix of our traditional sectors, notably in food and drink, engineering, construction, retail and tourism together with new high tech, green tech and creative industries.
- It will include fast growing smaller companies and new enterprises, combined with high value Foreign Direct Investment.
- This will require dynamic cities, vibrant town centres and regeneration and diversification in our rural areas.
- The economy will be driven by a strong export performance, augmented by an effective marketing campaign to promote the attributes of Northern Ireland to potential investors and visitors.

'All stakeholders have a vital role to play by working together to achieve our vision of a competitive and sustainable Northern Ireland economy.'

Terence Brannigan, Chairman, CBI Northern Ireland

Achieving this vision will require action to address five key challenges:

- How do we build confidence to encourage investment?
- How do we deliver economic growth to help create 94,000 jobs?
- How do we secure finance to increase investment in our infrastructure?
- How do we make the most of our talent?
- How do we increase the productivity and outcomes from the public sector?



Building confidence to encourage investment

The Executive and Assembly must provide strong and decisive leadership delivering smart and strategic decisions. Recent evidence confirms that political and economic stability is essential to attracting investment, which in turn will lead to the creation of the jobs we need in our local communities. This requires:

- Maintaining the economy as the No 1 priority – without such a commitment addressing disadvantage and improving our environment will not be achieved.
- Demonstrating collective responsibility, a new united sense of purpose, and a commitment to a lean and streamlined government capable of responding with urgency and agility to economic conditions and opportunities.
- Securing widespread agreement on a programme for government and budget with clear priorities and ambitious and challenging goals, effectively communicated to the public.
- Being open, transparent and accountable on delivery and implementation.
- When devising new policy or making decisions, everyone in government should ask themselves – will this contribute to growing the Northern Ireland economy?

“There is much talk about tough decisions. Instead we need smart decisions; smart policy and investment decisions that will deliver both wealth creation and job creation, and that will deliver the physical and governance infrastructure to support sustainable economic growth for the region.”

Francis Martin, President, Northern Ireland Chamber of Commerce

Delivering economic growth to help create 94,000 jobs

With domestic demand constrained most growth in the economy will come from increasing our market share in external markets – which will in turn stimulate local demand. This will require a focus on three key areas:

- An export-led growth strategy – harnessing the ambitions of local companies to increase exports to over £8.2bn by 2020 (currently £5.6bn) and doubling our tourism revenues to £1bn by 2020.
- The growth of key sectors which can demonstrate competitive advantage.
- Attract high quality jobs through foreign direct investment.

The potential job opportunities are set out in Exhibit 1.

Exhibit 1 – Potential job opportunities by 2020*

- **ICT sector** – potential to create 10,000 jobs.
- **Agri-food sector** – delivering a 40% growth in the food and drinks industry to £4.5bn could generate up to 7,500 direct jobs and another £600m of new external sales a year (with another 7,500 jobs within the overall supply chain).
- **Health tech** – small but fast growing sector could deliver 5,900 high value jobs.
- **High-value manufacturing** – over 1,700 new jobs.
- **Tradeable services** - 21,000 jobs.
- **Tourism sector** – the potential to double revenues by 2020 creating over 10,000 jobs (and possible as many as 15,500 jobs).
- **Creative industries** – over 11,700 jobs.
- **Green/clean tech** – over 1,600 jobs in clean tech. Delivering a comprehensive Green New Deal programme with £70m of public capex towards leveraging a £200m investment in retrofitting 100,000 houses over next three years would create 2,300-3,500 jobs by 2014/15.
- **Induced and indirect jobs** – as a result of achieving the above growth it is estimated that approximately 48,800 jobs will be created in a range of sectors, including 8,700 in retail, 5,600 in hotels and restaurants, 4,700 in business services and over 2,000 in the construction sector.

**Sources: Oxford Economics report, January 2011 (based on their ‘aspirational’ scenario), NIFDA and Momentum. Note there is some overlap between sectors and double counting – this has been removed in the total jobs figure.*

“Creating a better environment for our entrepreneurs will encourage growth and lead to more jobs being created.”

Paddy Doody, Chairman, NIIRTA

Achieving these outcomes will require:

A low and competitive rate of corporation tax and consideration of other fiscal incentives to transform Northern Ireland's ability to secure investment, and create an entrepreneurial driven economy. This will require a new inward investment strategy focused at 'profit centres' rather than cost centres. This is essential as changes to EU rules will limit traditional financial assistance. The first step is to devolve tax powers to the Northern Ireland Assembly.

Maintaining an economic development support budget which can sustain high levels of job creation – typical costs per job support by Invest NI indicates an annual cost of c£40m per annum to achieve this jobs scenario.

Development of 100-200 'growth-led' companies through making available a package of intensive support measures, including mentoring support to build the necessary enterprise capabilities – in areas including leadership and management development, sales and marketing, technical and innovation skills, etc. Companies would self-select, with each committed to doubling its turnover by 2015.

Improving access to wider sources of finance other than debt finance – to include a more active role for private equity, venture capital and co-investment funding as well as increased use of business angel funding and encouraging investment by multinationals in smaller businesses. Micro-funding for new start-ups also needs to be improved.

Radically better performance within the planning system to improve certainty and speed up decision making – to include publication of Planning Policy Statement (PPS) 5 to support Town Centres and a new PPS 24 to give greater emphasis on economic considerations in planning determinations, combined with the development of 'planning zones'.

Minimising the costs of employment regulations which are an excessive burden on job creation – especially for smaller companies – with more effective impact assessments.

These measures can be supplemented by specific actions to strengthen aspects of the economy:

- Exploiting our science and technology capabilities by speeding up implementation of the MATRIX recommendations.
- Using tourism and regeneration to support our cities as key economic drivers together with the development of vibrant town centres.
- Keeping business costs competitive, including business rates, and using the rating system to help change behaviour and reward sustainable businesses. For example, introduce incentives for environmental improvement and investment in low carbon technologies.



“Substantially expanding the private sector in Northern Ireland requires a focus on both attracting foreign direct investment projects and encouraging the development of a thriving indigenous industry which can compete successfully in global markets.”

Ed Brown, Chairman, Momentum.



Securing finance to increase investment in our infrastructure

Maximising investment in infrastructure is essential to improving our productivity and in helping reform public services. Capital investment is of fundamental importance in stimulating and supporting economic development, in improving the competitiveness of the business environment and reducing regional imbalances. We recognise the need to prioritise expenditure to support economic recovery and stimulate jobs in the construction/building sector.

We believe a sustainable investment strategy can be delivered by:

- Shifting £100m of revenue expenditure into the capital budget over each of the next four years.
- Considering the use of EIB loans and other instruments to leverage additional finance on the back of existing assets and revenue streams – e.g. the public sector housing stock. This also applies to the Green New Deal which envisages £72m of public sector capital leveraging through EIB and other loans – a total physical investment of over £200m in 100,000 households over the next three years.
- Using public-private partnerships to leverage investment and maximise value for money including the development of new funding models such as joint ventures.

Capital investment will need to be prioritised to support economic growth, encourage investment and improve our connectivity:

- Complete the planned improvements in the strategic road network, with a particular focus on addressing bottlenecks, and invest in public transport services to enhance connectivity and mobility.
- Facilitate investment in our ports and airports to improve our international connectivity.
- Build an infrastructure which can deliver more sustainable, competitive and secure energy supplies.
- Ensure the availability of affordable, reliable high speed broadband, both fixed line and mobile across Northern Ireland.
- Modernise and rationalise the education estate.
- Continue to invest in our water and sewerage assets to ensure customer needs and EU obligations are met – and help to improve our environmental resources.

“Investment in our infrastructure and buildings is a major stimulus for economic development.”

Mark Lowry, President, Construction Employers Federation

Making the most use of our talent

We must ensure that education/training provision is aligned with the needs of an export-led, technology-driven economy. This will require focused investment in leadership and management skills, marketing and sales skills, and in vocational/technical and innovation skills. Above all, it means raising the ambitions and vision of our people.

To support the immediate economic recovery we need to:

- Deliver a transformational programme to support the leaders and managers in fast growth companies and deliver ‘skills ready’ individuals to new FDI.
- Improve careers advice and guidance to help align the choices which our young people make with the opportunities available in this export-led economy.
- Prioritise economically relevant skills, including STEM skills, and investment in vocational and technical skills (at levels 3 and 4) ensuring the outcomes meet business needs.
- Develop more effective linkages between businesses and our FE and HE sectors.

To tackle disadvantage we must provide all our young people with the employability skills required to succeed in the future economy.

This will mean dealing with the systemic failures in education, improving literacy and numeracy standards across our education system starting in the Primary sector. A key goal must be to increase the number of pupils achieving 5 A-C grades at GCSE level (including maths and English) to 70% by 2014 – this is critical to addressing the high levels of disadvantage in our society.

“Developing more of the right skills, knowledge and attitudes for growth within both our business leadership and workforce will help Northern Ireland stand out from our competitors.”

Joanne Stuart, Chairman, Institute of Directors



Increasing productivity and outcomes in the public sector

We must deliver a leaner and fitter public sector with an outcome-focused culture, prepared to manage risk and a determination to contribute to our economic prosperity. With high-quality public services a key part of Northern Ireland’s competitiveness a successful economy must have access to high quality health and education outcomes, while the development of our cultural, arts and sports facilities are important assets which will help develop tourism.

There is considerable need to develop more ‘joined-up’ delivery of services, and address the high cost of servicing a ‘divided community’.

With major constraints on public expenditure over the next four years the focus of action must be on:

- Controlling costs – including wage bill and pension costs.
- Improving value for money and enhancing productivity – including more extensive benchmarking and learning from best practice combined with improved performance management.
- Making better use of existing assets.

-
- Re-structuring and re-engineering core services to enhance outcomes – this should include outsourcing and more extensive use of ‘shared services’.
 - Transferring selected non-core services into the private sector.
 - Smarter public procurement, with greater thought and consideration to ensuring that procurement helps drive local economic development.
 - Reducing the number of government departments as well as reducing the duplication of services caused by our divided society.
 - Seeking opportunities to deliver more efficient services through cross-border co-operation.

“There is considerable scope to radically change and improve the value for money of our public services – and a strong argument for a fundamental review of performance.”

Stephen Kingon, Chairman, Centre for Competitiveness

The role of business

The business organisations recognise that all stakeholders have a role to play in growing the economy. Our members will be responsible for creating new jobs and wealth but it should be borne in mind that the business community and the representative bodies contribute, and will continue to contribute, much more:

- The business bodies support our members to grow their businesses.
- The business bodies provide professional development, mentoring and encourage innovation.
- The business community engages with schools, colleges and universities, contributes to careers education and promotes STEM, and provides role models and experience of the world of work.
- Businesses support the Graduate Acceleration Programme.
- Businesses help to sell Northern Ireland to international investors.
- Business shares best practice with the public sector.
- Business supports Business in the Community / Arts & Business / Social enterprises.



Summary: the top actions to create more jobs

- Decisive political leadership to create stability and confidence.
- Create a more competitive tax base to help support an ambitious export-led economic recovery, while reducing barriers to growth and job creation.
- Deliver a sustained investment strategy through the increased use of alternative sources of finance.
- Ensure skills provision is re-aligned to meets the future needs of the economy.
- Reform and re-engineer how public services are delivered to enhance productivity and outcomes.

"Together we must make the right choices to deliver jobs and tackle disadvantage."

Tony O'Neill, Chairman, NIFDA



CBI

The CBI is the UK's leading business organisation, speaking for some 240,000 businesses that together employ around a third of the private sector workforce. With offices across the UK as well as representation in Brussels, Washington, Beijing and Delhi, the CBI communicates the British business voice around the world.



Centre for Competitiveness

Established by the private sector, the Centre for Competitiveness (CforC) is an independent, not for profit, membership organisation, dedicated to actively supporting the development of an internationally competitive economy in Northern Ireland. Through our global partnerships and blue chip member networks, CforC provides organisations with the latest global best practices in Collaborative Working, Innovation, Productivity and Quality Excellence.



Construction Employers Federation

The Construction Employers Federation is the representative body for the construction contracting industry in Northern Ireland. It represents some 1,400 construction companies of all sizes and from all sectors of the construction industry including house building (social and private), civil engineering and general contracting. The combined turnover of CEF member companies equates to approximately 72% of the industry total.



Institute of Directors

The Institute of Directors supports its members in their role of leading their companies by providing business information and advice, professional development training and networking opportunities, and by lobbying to improve the environment in which their businesses operate. Members are individual business leaders, who represent the full spectrum of business sectors from agriculture to high tech and who run companies of all sizes. IoD Northern Ireland has almost 1,000 members from over 800 companies.



Momentum

Momentum is the trade association for the ICT industry in Northern Ireland and draws its membership from the majority of ICT businesses in the region. The organisation represents an industry comprising of more than 700 companies that employ 22,000 people and generate annual revenues of greater than £500 million.



Northern Ireland Chamber of Commerce

Northern Ireland Chamber of Commerce is the largest chamber in Northern Ireland and one of the fastest growing in the British Chambers of Commerce network. Formed in 1783, we have represented the interests of business and commerce across Northern Ireland for over 227 years. We now have a large and active membership of over 1,000 businesses, from the smallest SME and sole trader to the largest corporations, plcs and institutions. The Chamber supports local business by providing unrivalled networking opportunities, promoting members' commercial interests, and assisting member businesses to develop new and expanded export trade potential.



Northern Ireland Food and Drink Association

Northern Ireland Food and Drink Association is the trade body for food and drink manufacturers based in Northern Ireland. We represent over 80% of the sector by turnover. The industry as a whole employs 20,000 people directly, supporting another 72,000 more in farming and support services. In 2009 the industry achieved sales of £3,200m of which over 2/3 was sold outside Northern Ireland.



Northern Ireland Independent Retail Trade Association

The Northern Ireland Independent Retail Trade Association is the representative body for the independent retail sector in Northern Ireland. Although the Association was only formed in Spring 2000 it already represents the interests of over 1,300 independent retail members throughout the Province. We have members in every village, town and city in Northern Ireland. Our collective membership employs more than 30,000 staff and has an annual turnover of over £3 billion to the Northern Ireland economy. For further information visit www.niirta.com.



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