



Response to Supporting Economic Recovery and Jobs – *Locally*

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Summary of Recommendations

1. The roles and functions of LEOs must be clearly defined. ‘Mission creep’ into areas already provided by the private sector must be avoided. There must be no duplication of services. The Terms of Reference (TOR) for LEOs must be clearly established.
2. Members of local business communities should be represented on LEOs at a governance level. The claim, in paragraph 1.7 of the Strategy, that local businesses will be consulted in decision making, should be copper-fastened at governance level.
3. The services provided by LEOs must be judged using clearly stated indicators. Performance metrics must reflect the specific needs of the relevant stakeholders.
4. Local authority revenue sources must be broadened to ease the burden on the business community. This must be achieved without compromising the quality of services provided.
5. All efforts must be taken to contain costs and produce savings at local government level. These savings should be passed on to the business community.

Foreword

Chambers Ireland is the country's largest business organisation, with 50 member chambers representing businesses throughout Ireland. We are dedicated to promoting competitiveness within the business community. In turn, this competitiveness can lead to economic growth, stability, and job creation and retention.

As an organisation that brings together business leaders from a wide range of local and regional areas, we recognise the benefit that local knowledge and ideas can bring to the task of creating a successful economy.

Our members have consistently worked alongside city and county councils to provide a range of services and supports for all those within the business community, whether they are established MNCs or SMEs in the first phase of doing business.

Local councils are often the bodies best placed to respond to the needs of the local community and economy; however, they can only perform their functions if they use the expertise available from local businesses who understand the local landscape.

As Ireland continues to take small steps on the road to economic recovery, it remains essential that the Government does all it can to contain costs and reduce spending. One element of this is the effort to stimulate job retention and creation. Chambers Ireland strongly supports the view that Governments must work towards creating the right business environment to allow for job creation. Therefore, we welcome the Action Plan for Jobs and the efforts to support economic recovery and jobs at a local level. However, it remains essential that these efforts are ambitious and seek to achieve the greatest possible outcomes.

The Action Plan for Jobs

On the 24th November 2011 the Government announced a multi-annual Action Plan for Jobs, with quarterly targets for delivery. The second quarterly review of the Plan was published on 19th July 2012. The report was largely positive, stating that 72 out of 77 measures had been completed. However, we are concerned that the measures that remain incomplete are those that have the greatest impact on the business community whom our members represent. These include the failure to accelerate the programme of revaluation of commercial premises, the delays on a new national waste policy, the failure to reach new targets and milestones for Next Generation Broadband, and the delays affecting the operation of the Microfinance Fund Facility.

Supporting Economic Recovery and Jobs - *Locally*

One element of the Action Plan for Jobs is the involvement of local authorities in a range of initiatives. Action 6.5 of the Plan requires the Department of the Environment, Community and Local Government (DECLG), the Department of Jobs, Enterprise and Innovation (DJEI), and local authorities to, "Develop a new sectoral strategy to promote employment, and support local enterprise by Local Government, to include measures in the area of business charges, local enterprise and business support arrangements, procurement support, local development and community based initiatives, the Green Economy and local government participation in employment support schemes. These measures will complement, and assist in the delivery at a local level, of other actions set out in this Action Plan."

As a first step to fulfilling this commitment, the Government has launched a draft strategy, ‘Supporting Economic Recovery and Jobs - *Locally*’. This builds upon the broader aim of the Programme for Government that seeks to align community and enterprise functions with the local government system.

This broad aim is shared by Chambers Ireland. We recognise the excellent work done by many local authorities; from providing essential services and infrastructure for businesses to creating a safe environment for families to live and work. However, we feel the strategy could go further and must be implemented in a way that fully utilises the skills and expertise of the local business community.

Recommendations

The purpose and roles of Local Enterprise Offices (LEOs)

Chambers Ireland has a number of concerns related to the integration on micro-enterprise support services within local authorities and the replacement of County Enterprise Boards (CEBs) with Local Enterprise Offices (LEOs).

The roles and functions of LEOs must be clearly defined. They must not encroach into areas already provided by the private sector. For example, many of our affiliate Chambers do excellent work through the Enterprise Europe Network. The services they currently offer include: developing businesses in new markets; using innovation, technology or knowledge transfer services; finding agents, consultants and suppliers in other European markets; accessing funds through European programmes; and sourcing research partners in Europe. LEOs must fill the gaps left by existing funding mechanisms and should not duplicate them in terms of funding and bureaucracy.

Terms of Reference (TOR) for all LEOs should be explicit and stated before they commence their functions. Local stakeholders should be consulted in the determination of these TOR.

In Northern Ireland, Local Enterprise Agencies are a network of not-for-profit companies designed to assist small business development and economic growth. Crucially, they are designed to “complement” the work of local and national government strategies.¹

Governance and LEOs

LEOs represent a new departure for Local Authorities and for Enterprise Agencies. In our view it is important for the local business community to be represented at governance level at their respective Local Authorities.

The case for this is strengthened by the successful track record of businesses and employers on County Development Boards. For instance, the Cork County Development Board, established to “address the issue of integration of Local Government and Local Development

¹ <http://www.enterpriseni.com/Home.aspx>

Systems”² included a range of ‘social partners’. This body was tasked with improving infrastructure, sustainable development, social inclusion and education.

This is particularly important to address the current situation where the business community views local authorities primarily as a ‘tax taker’. All efforts should be made to ensure the business community is fully brought into the process of seeking assistance from LEOs or this could have a detrimental long term impact on the job creating sector of our society.

Given the experience of Chambers of Commerce, and the trust they have built up with local business communities, it would be beneficial to involve them at every stage of the development of LEOs.

Scottish Enterprise contains a number of Regional Advisory Boards to ensure, “the private sector and key stakeholders in specific regions have an influential role in our strategy. They are regionally-based boards advising us on the best way to maximise the contribution of each region to Scotland’s economic growth.”³ These bodies supply advice and guidance to ensure industry alignment and provide strategic direction.

With reference to paragraph 1.7 of the draft Sectoral Strategy which states “All local authorities are devising innovative responses to the jobs challenge, with projects tailored to meet local needs. These are developed and progressed in consultation with business and other local interests”, Chambers Ireland is strongly of the view that this sentiment should be copper fastened at a governance level.

Using metrics to evaluate LEOs and local authorities

LEOs must be judged using clearly stated indicators of success. Performance metrics must take account of the needs of the relevant stakeholders, in this case the needs of local businesses and potential entrepreneurs. The proposed metrics should go beyond simple financial measures and include an evaluation of the quality of service provided by LEOs. This would take account of issues such as hours of service and turnaround time. Furthermore, the performance measures should be benchmarked against commercial standards. As a key stakeholder, the business community should be part of the metric selection process.

The performance of local authorities, as the providers of these services, should also be subject to evaluation using similar metrics. These figures should be publicly available.

Related to performance is the issue of staffing. We believe open competition should be used in order to recruit individuals from outside the civil and public service. The most competent individuals with the broadest experience should be considered for positions within LEOs.

Cost and funding issues

We believe the Government should accelerate the introduction of annual broad based property tax and water charges for households to assist in rebalancing local authority

²<http://www.corkcoco.ie/co/web/Cork%20County%20Council/County%20Development%20Board/Strategy/Executive%20Summary>

³ <http://www.scottish-enterprise.com/about-us/our-leadership/regional-industry-advisory-boards.aspx>

revenue sources, and to ensure that the burden of any reduction in the General Purpose Grant will not fall to businesses.

We call for a review of the current regulations with respect to the payment of commercial rates for companies in genuine financial difficulty, with a view to implementing a Standard Code of Conduct across all Local Authorities for the management and modification of payment terms. The Code should reflect a consistent approach, regardless of location, be fair and reasonable with respect to ability to pay, and allow for a prompt appeals/resolution mechanism.

The Government should advance a range of solutions that would reduce costs on businesses and provide Local Authorities with sustainable sources of income:

- Implementation of the recommended actions of the Report of the Local Government Efficiency Review Group can realise estimated savings of almost €511m per annum. The savings that arise should be passed on to business in the form of reduced rates and charges;
- A mechanism for monitoring progress in cost savings and demonstrating the resultant reduction in costs to business should be set out at an early stage of the process;
- A broad based reduction in rates could be achieved by directing Local Authorities to lower their Annual Rate on Valuation for 2013. As a reduction in ARVs will lower Local Authority revenues, the imperative to accelerate the implementation of the Efficiency Review Group is strengthened;
- Accelerate the national revaluations process to ensure that commercial rates are most closely aligned with current market reality. Consider the introduction of outsourcing of valuations, self assessment or IT solutions (as is the case for many other taxes).

We welcome the initiatives designed to reduce the costs to business through waste management and water consumption; however, the water supply remains an issue for Chambers Ireland. Expensive, inefficient, with major leakage and capacity problems; it is badly in need of investment and improvement.

We urge the Government to introduce water charges on a 'user pays' basis as a way of easing the burden on the business community and creating a fairer and more sustainable income stream.

Cost cutting measures must be identified and implemented in the short term. This could be done by cutting wasteful expenditure and by sharing back-office services with other local governments without affecting efficiencies. Such services could include waste water treatment plants, recycling units, and sporting facilities.

Other issues

LEOs will only be successful if they have the support and trust of the business community. Guarantees must be given that there will be no transfer of data supplied by companies to other government bodies. As mentioned previously, many in the business community see local authorities solely as ‘tax-takers’; therefore, there is a danger that they will be reluctant to provide sensitive financial information.

We believe Government can support local enterprise at a local level through the outsourcing of specific ‘end to end’ tasks currently performed by local authorities. For example, ‘Illustrative Example 2’ in the Strategy deals with the restructuring of Galway City Council’s finance section to incorporate a ‘Debt Management System’. This function could easily have been outsourced to a private sector company who would have had the expertise to perform the task while allowing public sector staff to concentrate on their core responsibilities.

If LEOs are to be at the centre of local communities it is important that they act to support all local businesses, including retailers. This could involve ideas as simple as promoting the benefits of shopping locally: how it can sustain the local economy and how it can contribute to local events and charities.