

VARNEY REVIEW of the
COMPETITIVENESS of
NORTHERN IRELAND

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Varney Review of the Competitiveness of Northern Ireland

Call for Evidence

Context

As announced at the publication of Sir David Varney's *Review of tax policy in Northern Ireland* on 17 December, Sir David has been asked by the Chancellor to conduct a further review of the Northern Ireland economy, building on his recent work and focusing on identifying measures to promote private sector investment and enhance competitiveness in Northern Ireland.

The Terms of Reference of this review are:

“Building on Sir David's earlier analysis and agreement from all parties about the unique circumstances of Northern Ireland (in relation to the opportunities provided by the peace process, the need to strengthen the private sector, to create increased employment opportunities and to reform the public sector) this review will explore in more detail how to expand the private sector and to enhance Northern Ireland's competitiveness. In this context, the review will look at incentives for supporting the sustainable growth of businesses, investment and employment in Northern Ireland and the implications for reducing the historic dependency on the public sector. This will include examination of incentives for growth in Northern Ireland that fall within the responsibility of the Northern Ireland Executive and the UK Government”

As part of the review, Sir David will be seeking views from as many stakeholders as possible, in Northern Ireland, Great Britain and the Republic of Ireland. The review team is looking for evidence on the particular challenges and opportunities for the Northern Ireland economy.

Sir David will aim to report in good time for the US Investment Conference, which is likely to take place in May. In order to support such a timetable, the call for evidence will therefore last for four weeks and will close on **25 February 2008**. Sir David would be grateful for responses as soon as possible, however, to help inform the review's work.

This document sets out the issues on which the review team would particularly welcome responses, although responses on any issues felt relevant to the Northern Ireland economy, and not covered below, would be welcomed. The objectives for this call for evidence are to:

- **provide evidence** that the review team can use to develop its analysis, helping the team to maximise the evidence base to develop a clear understanding of the opportunities and challenges Northern Ireland faces; and
- **highlight issues** on which Sir David should focus his attention, shaping the direction that the Review takes over the forthcoming months.

Not all issues will be relevant to all respondents. Please use the headings as a guide only and feel free to provide other information as appropriate.

How to reply

Please send submissions to the review team by **25 February 2008**. These should be sent, ideally by e-mail, to nireland.competitiveness@hm-treasury.gov.uk or if by post to:

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Questions

1. **We are looking for evidence on the most important factors for businesses considering moving to or from Northern Ireland.** In particular we would welcome evidence on:
 - the advantages Northern Ireland offers and the types of investment that are particularly suited to Northern Ireland's economy;
 - the relative weaknesses of the Northern Ireland economy that act as potential barriers to investment decisions;
 - the significance of access to the rest of the UK or the Republic of Ireland;
 - the role of government policy in determining investment, including the role of political stability; and
 - what further steps could be taken to improve the conditions for investment in Northern Ireland, including changing the focus of government investment.

2. **We are looking for evidence on the opportunities and challenges for Northern Ireland businesses starting up and/or attempting to grow or sustain their growth.** In particular we would welcome evidence on:
 - whether access to finance presents particular difficulties for Northern Ireland businesses compared to the rest of the UK or the Republic of Ireland, and in particular access to venture capital;
 - the uptake and effectiveness of financial support and incentives from government to support business growth;
 - the role of non-financial support in supporting start ups and business growth;
 - other barriers to either starting or growing a business in Northern Ireland compared to the rest of the UK or the Republic of Ireland; and
 - what further steps could be taken to support enterprise and growth of Northern Ireland businesses, including whether there is scope for further streamlining and/or rationalisation of delivery mechanisms.

3. We are looking for evidence on the role of the public sector in Northern Ireland economy. In particular we would welcome evidence on:

- areas in which the private or third sectors could play a stronger role in improving public sector outcomes and in delivering services;
- areas in which efficiency in public service delivery could be increased;
- the management of public assets in Northern Ireland and ways in which this could be improved; and
- whether there is evidence of public sector crowding out and what might be done to reduce it; and
- what further steps could be taken to improve the contribution of the public sector to supporting economic growth in the private sector, including whether there is scope to rebalance public spending priorities further.

4. We are looking for evidence on how the level of public and private innovation might support Northern Ireland growth. In particular we would welcome evidence on:

- whether Northern Ireland companies face particular barriers in accessing financial or non-financial support for R&D or other innovation, compared to other UK or ROI businesses;
- the effectiveness of links between businesses and academic institutions, particularly concerning the commercialisation of research;
- the significance of workforce skills in driving innovation; and
- what further steps could be taken to improve the levels of innovation and strengthen the science base in the Northern Ireland economy.

5. We are looking for evidence on how the skills of the Northern Ireland workforce might be improved to support the economy. In particular we would welcome evidence on:

- the qualifications of school leavers and graduates and their suitability to match the demands of employers;
- the level and quality of employer-led training;
- the attractiveness of Northern Ireland as a place of study, and opportunities to increase its attractiveness;

- the causes of out-migration by graduates and opportunities for retaining Northern Ireland graduates and attracting high skilled labour from outside Northern Ireland;
- what further steps could be taken to improve the skills levels of the Northern Ireland workforce; and
- what the impact of demographic changes might be and how to maximise any potential advantages for Northern Ireland.

6. We are looking for evidence on how to reduce levels of economic inactivity and unemployment in Northern Ireland. In particular we would welcome evidence on:

- particular causes of incapacity in Northern Ireland, and steps which could be taken to reduce incapacity;
- particular barriers to economic activity;
- whether there is scope for further labour market and welfare reforms;
- the effectiveness of existing schemes in supporting those who are seeking entry to the labour market;
- the scope for further developing local employment partnerships providing private sector job opportunities for the unemployed; and
- what further steps could be taken to increase levels of participation.

7. We are looking for evidence on the competitiveness of Northern Ireland markets. In particular we would welcome evidence on:

- whether Northern Ireland businesses suffer particular barriers to entry into UK or Republic of Ireland markets on account of Northern Ireland's geographic or jurisdictional position;
- whether there are particular Northern Ireland markets that provide high barriers to entry to firms wishing to enter the market;
- what Government intervention could help to increase the level of competition in Northern Ireland markets;
- the scope for increased competition in the public sector; and
- the scope for further deregulation and reducing burdens on business.

8. We are looking for evidence on how to support the economy in Northern Ireland in a regional and international context. In

particular, we would welcome evidence on:

- the opportunities for economic growth presented by further developing the all-island economy;
- the opportunities for improving economic growth by closing the gap between Belfast and other parts of Northern Ireland, in particular the North West;
- the opportunities for further integration with the wider UK economy, including opportunities to link up public services;
- the challenges and opportunities for Northern Ireland presented by globalisation; and
- how to maximise the economic opportunities presented by the peace process and normalisation, including building on Northern Ireland's links with the US, EU and other countries; promoting tourism; and promoting Northern Ireland's success as it creates a more integrated and stable society.