

## CROSS SECTOR ADVISORY FORUM

### FIRST MEETING HELD ON

MONDAY 6 APRIL 2009

11.00 HRS – 12.45 HRS

IN

LONG GALLERY, PARLIAMENT BUILDINGS, STORMONT, BELFAST

#### Those Present:

Rt Hon Peter Robinson MP MLA	First Minister
Martin McGuinness MP MLA	deputy First Minister
Arlene Foster MLA	Minister for DETI
Conor Murphy MP MLA	Minister for DRD
Bruce Robinson	HOCS
Richard Bullick	Special Advisor
Dara O'Hagan	Special Advisor
Damian Prince	OFMDFM
Gerry Mallon,	CEO, Northern Bank
Henry Elvin,	Ulster Bank
Michael Kidd,	Head of Business Banking NI, Bank of Ireland
Joseph McGowan	First Trust Bank
Eleanor Gill	Member
Frank Cushnahan	Member
Julie Megrath	Consumer Council
Stephen McCully	Managing Director, NIE Energy Supply
Deirdre O'Hara	Energy Generators
Mark Prentice	General Manager, Firmus Gas
David Strahan	Managing Director, Phoenix Natural Gas
Iain Osborne	CEO, NI Authority for Utility Regulation (NIAUR)
Ann McGregor	NI Chamber of Commerce
Frank Bryan	Institute of Directors
John Irvine	Director of Commercial Development, Almac Group Ltd
Wilfred Mitchell	Federation of Small Businesses
Bill McGinnis	Employment and Skills
Colin McCarthy	Construction Industry Group
John Armstrong	MD Construction Employers Federation
Peter Bunting	Assist Gen Secretary, Irish Congress of Trade Unions
John Corey,	Chair, NIC Irish Congress of Trade Unions
Clarke Black	Ulster Farmers Union
Dr Ken Bishop	EU Policy Officer, NILGA
Kieron Brennan	CEO Irish League of Credit Unions (ILCU)
Tommy Jeffers	Ulster Federation of Credit Unions
Patricia Lewsley	Commissioner for Children and Young People
Seamus McAleavey	Chief Executive, NI Council for Voluntary Action

Frances Dowds      Director Anti Poverty Network

## **Apologies:**

Nigel Dodds	Minister for Finance and Personnel
Dame Joan Harbison	Older Persons Advocate
Robbie Smyth	Member

## **1. INTRODUCTIONS**

1.1 The First Minister opened the meeting by welcoming everyone present. A tour de table of introductions took place.

1.2 The First Minister made a few introductory remarks and explained that the pace and scale of the present economic downturn has been greater than anyone could have anticipated. The Executive had announced last December a package of initiatives to address the worst effects of the economic crisis, and it continues to keep matters under review. To protect the interests of people and businesses the Executive is prepared to make whatever changes necessary to prevailing strategies and policies including adjustment of budgets. He invited the deputy First Minister to make some introductory comments.

1.3 The deputy First Minister too welcomed everyone to the meeting. He endorsed the First Minister's comments about the unique depth and speed of the economic downturn. It is a global phenomenon from which we cannot hope to completely insulate ourselves. The Executive will do whatever it can within its gift to mitigate the impact of the economic downturn. He acknowledged that often in times of economic hardship, those who suffered the most were frequently those who were already the most socially disadvantaged. The Executive is conscious of its responsibilities to support local people through this difficult period.

## **2. TERMS OF REFERENCE**

2.1 The First Minister referred members to the terms of reference for the Forum. He explained that while these indicated that they should meet approximately every three to four months, this is not an immutable rule. The Forum can meet more frequently if this is required. He also suggested that the Forum may form sub-groups on key issues and report back to plenary Forum meetings.

2.2 The First Minister indicated that the central aim of today's discussions was to identify how the Cross Sector Advisory Forum can best provide input to the Executive's strategy for addressing the economic downturn. He was also keen to explore the Forum's initial views on the core issues that the Executive needs to address. If necessary this discussion could be followed up with substantive written submissions from members for consideration at the next meeting of the Forum.

2.3 Both the First Minister and the deputy First Minister stressed that the Group's discussions were intended to be a meaningful exchange of ideas resulting in practical outcomes to deliver practical remedies to the local economic problems.

### **3. CROSS SECTOR ADVISORY MEMBERS COMMENTS**

3.1 The First Minister opened the discussion to members by inviting comments on two points: namely how the Forum can best operate to advise on the Executive's strategy for addressing the impacts of the economic crisis on Northern Ireland; and identification of the key issues which should be addressed.

3.2 John Armstrong, MD Construction Employers' Federation pointed out that the construction industry was a key provider of jobs in Northern Ireland. However, before the economic decline, it comprised a workforce of approximately 84,000. This had decreased by 20,000 in recent months. He urged the Executive to focus resources on construction infrastructure so as to sustain existing employment and avoid a worsening unemployment situation, and also to improve the infrastructure of schools, hospitals and roads.

3.3 Colin McCarthy, Construction Industry Group agreed that the construction industry was a key element of employment in Northern Ireland. Building on John Armstrong's comments, he suggested that long-term planning was necessary to ensure that appropriate skills were available to fill jobs created by infrastructure investment within the next 4-5 years, such as relevant apprenticeships schemes and professional training. Such a long-term plan would result in a well organised and sustainable industry once the recession was eased. It would also build confidence within the industry and the wider economy.

3.4 Peter Bunting, ICTU, agreed about the importance of the construction industry. It was key to the growth of the economy in Northern Ireland. The loss of jobs in this industry meant, amongst other things, a loss of skills to young people in the midst of unfinished apprenticeships. This also made small sub-contracting firms incapable of sustainable operation. He also suggested that we explore options for requiring the use of local raw materials and pointed to the example where some local companies had large stockpiles of locally produced materials such as bricks.

3.5 Peter Bunting also mentioned that manufacturing was a crucial feature of the local economy, given its historical skills in this area. He commented that investing in sustainable local manufacturing was important both for social cohesion and encouraging economic security through the growth of local supply chains. He felt there was a need to develop procurement measures in public tendering that support and encourage small enterprises, and require the appointment of a specific number of local apprenticeships.

3.6 Peter flagged up the importance of the Green New Deal scheme, and also suggested:

- The Executive should establish a Workers' Protection Fund, similar to the UK pension fund provided sometime ago. Funding could be provided for this by savings in budgets for the use of consultants;
- Build up strong protection rights for those losing jobs;
- Explore multi flexible security for people being made redundant, citing practices used in Nordic countries. Their social support model allowed for workers made redundant to retain a percentage of earnings, linked with a retraining programme, in preparation for re-entering employment.

Peter Bunting suggested that the European Localisation Fund could be a source for resourcing a redundancy/retraining/skills package.

3.7 Frances Dowds, Director of the Anti Poverty Network, emphasised the need for the Executive to consider the impact of the economic downturn on those groups of individuals and communities already socially disadvantaged. She felt that the Strategy Business Review, proposed by the Department for Social Development will result in massive job losses and should be withdrawn.

1.8 Frances also suggested that the Executive should:

- focus on investment on indigenous construction;
- develop specific types of training – the current NVQ level qualifications available to the voluntary and community sector were insufficient to increase access to employment;
- address the gap in private and social housing rentals which were causing significant hardship and diminished the capacity of many entering employment;
- regulate as a matter of urgency loan companies, who are charging extortionate levels of interest rates;
- encourage local MPs to lobby Westminster to increase the rates of national social benefits.

3.9 Frank Bryan, Institute of Directors, welcomed the First Minister and deputy First Minister's suggestion of the establishment of sub groups to facilitate productive engagement, as well as the need for effective outcomes. He indicated that such sub groups should identify specific actions. It would be important that agreed identified actions were time-bound, challenging and would make real positive impacts. Frank emphasised that it was important

that the agreed actions of the Forum had the active support of the NI Executive to make a difference.

3.10 Frank mentioned the need to focus investment on maintenance of roads, schools and hospitals; ring-fencing NI Enterprise Guarantee Scheme; and Tourism Funds. He commended the work of the Matrix panel in setting out recommendations for businesses, universities and Government. These provide a clear drive to get people back into employment.

3.11 Frank also supported the Green New Deal initiative, indicating that there was worldwide demand for energy renewal, and we should seize the opportunity take the lead on this. He also supported the Vernon Review.

3.12 Eleanor Gill, Head of Consumer Council, indicated that it was important to develop and build the trust and confidence of ordinary consumers who wanted action from Government. Eleanor said that the Cross Sector Advisory Group had a vital role to play in building that confidence and providing input to leadership on addressing the issues of the current economic downturn.

3.13 Eleanor suggested that there was a need to deliver affordable energy and insurance costs which were comparably higher here than in GB. Also, improving the infrastructure – up-grading the sewerage system, developing the gas network and roads - would create accessible jobs.

3.14 Eleanor commented that the local high cost of living generally needed to be addressed and the Executive should ensure that the recent fall in oil prices were passed on to the consumer. This was not the case currently. For example gas, electricity, public transport costs remain persistently high.

3.15 She also suggested that high bank charges should be regulated and the focus of the benefits system should be on opting out rather than opting in.

3.16. Seamus McAleavey, NI Council for Voluntary Action, commented that the full impact of the global recession had not yet completely unfolded on the voluntary sector in Northern Ireland. He expected that it would do so this year. Therefore, he anticipated an imminent increase in demand for their advice services; particularly in the areas of debt, housing, mental health as more people become unemployed.

3.17 Seamus reported that NICVA had made a submission to the Economic Development Forum on measures to transform and modernise the voluntary sector. These included organisational mergers aimed at sustaining services within limited resources. He highlighted that with inevitable increase in demand for voluntary sector services changes in its structures would be a major challenge for people looking for advice and support.

3.18 Seamus supported the suggestion to establish a number of sub-groups, using the Economic Development Forum set up by Minister Arlene Foster as a model.

3.19 Seamus McAleavey also supported the Green New Deal Scheme, and a drive to reinforce and encourage home energy efficiency measures, such as insulation. In addition, a change was needed in the balance of core renewable energy. Referring to recent statements made by the US President, Seamus indicated that the creation of 'Green' jobs should be taken forward, and he would be keen to be involved in that.

3.20 Clarke Black, Ulster Farmers Union, indicated that the significant EU funding received for the farming industry should be prioritised to maximise competitiveness.

3.21 Clarke also indicated that the agricultural industry had significant potential to contribute to renewable energy in the management of waste.

3.32 He suggested that the Executive should use the current weak exchange rate to promote the benefits of exporting Northern Ireland's food supply.

3.33 Clarke commented that food market issues cut across a significant number of departmental portfolios but this did not appear to be fully recognised. He considered that the burden of recovery could be reduced if departments worked more closely together in this area.

3.34 Patricia Lewsley, Commissioner for Children and Young People, echoed the view about the need to re-build the confidence of the public and for the Forum to identify measurable actions.

3.35 Patricia suggested the need to ring-fence funds for apprenticeship training. Vocational and third level qualifications were especially important for young people who will find it more difficult to get jobs in an environment where adults, who are more likely to have work experience / qualifications, are increasingly becoming unemployed.

3.36 Patricia also indicated that there was a need for more joined-up government to enable funding to be utilised more effectively, not least in the area of services for children.

3.37 Iain Osborne, NI Authority for Utility Regulation, indicated that the proportion of public funding for energy supply was disproportionately low and remained under private sector control. This impacted on costs.

3.38 Iain also commended the Green New Deal Scheme. He supported the view that this should be a priority for action to maximise the economic benefits for Northern Ireland. He advised that carbon costs were projected to get higher if not addressed quickly, and we should seize the opportunity now to identify energy efficiency measures.

3.39 Iain also felt that steps should be taken to give all consumers of oil heating the option to convert to gas. This would allow the Executive to more easily achieve its targets on fuel poverty. He commented that 70% of NI

householders currently use oil heating. Recognising that public sector funding was limited, he urged the Executive to maintain a careful watch on all areas and prioritise financing for the most pressing issues.

3.40 John Corey, NIC Irish Congress of Trade Unions, agreed that the Cross Sector Advisory Forum should form sub-groups to identify key priority areas to be addressed.

3.41 John indicated that the Executive needs to focus on addressing the impacts on families, communities and individuals of the volume of workers currently losing jobs. He pointed out that the benefits system, and training and employment initiatives in existence in the previous recession were very different to that of today.

3.42 John suggested that it was important for the public to have confidence that the Executive had in place a co-ordinated and comprehensive programme to support people from the outset of redundancy through to the development of appropriate skills programmes to facilitate re-engagement in employment. He recognised that the Department for Employment and Learning and the Department of Social Development worked in partnership on this, but he expressed the view that co-ordination between departments needed to be on a larger scale.

3.43 John expressed concern about the impact the increased number of people entering unemployment would have on the operational delivery of benefits. System reform and the associated proposals for the downsizing of the public sector were already underway at a time when stability and support were most needed.

3.44 He suggested that it was important that banks recognised that they had a social responsibility. Banks should be considering what contribution they can make to alleviate the hardship of customers made redundant and with little income.

3.45 Wilfred Mitchell, Federation of Small Businesses, indicated that small businesses in Northern Ireland were hit harder than their counterparts in GB, and suggested that a freeze on further regulations on small businesses would alleviate difficulties.

3.46 Wilfred agreed there was a need to regulate the activities of local banks to ensure their diverse range of customers receive as fair a service as possible.

3.47 He also supported the reforms of public procurement and the recommendations of the Matrix Panel. These should be a key area for improving local business employment, as well as providing measures to support hi-tech facilities for agricultural community. The need for appropriate training programmes for young people was also an urgent priority.

3.48 Kieron Brennan, Irish League of Credit Unions, agreed with members who had expressed concern that the most vulnerable and disadvantaged people suffering financial hardship should not be subjected to loan companies who were charging extortionate levels of interest rates. He recommended that regulation of this activity should be tightened as a matter of urgency.

3.49 Kieron reported that the ILCU had met with the Citizen Advice Bureau on a scheme operating in the South of Ireland which provided advice on how to manage income more efficiently.

3.50 David Strahan, Phoenix Natural Gas, reported that a recent survey has shown that a reduction in gas costs. Phoenix Natural Gas was now in a position to deliver lower prices to its customers.

3.51 He suggested that the extension of the natural gas network had the potential for creating hundreds of jobs. David fully supported the New Green Deal Scheme and suggested that this should be a high priority,

3.52 Henry Elvin, Ulster Bank, agreed with comments already made that the current economic recession is quite different from any previously experienced. It was important to be positive and strive to lift Northern Ireland out of the economic recession.

3.53 Henry acknowledged that with regard to the housing market, banks – like everyone else, should have foreseen that rising prices were not sustainable, but unfortunately that was not the case. There was now, nonetheless, evidence that the stalemate in house sales in Northern Ireland may have reached its peak, and some encouraging movement on sales has been made.

3.54 Henry reported that through the Enterprise Financial Guarantee Scheme, the Ulster Bank was refocusing efforts to support industry.

3.55 Michael Kidd, Bank of Ireland, indicated that banks recognised that it had a diverse range of customers, and it was in their interests to do whatever it could to contribute to re-gaining a strong economy.

3.56 Deirdre O'Hara, Energy Generators supported suggestions made for priority to be given to Green Energy initiatives, indicating that we depend too much on imports over which we have little control. Energy Generators have identified wind power as being a significant untapped energy source. Currently, it has been difficult to obtain planning permission for wind energy locally.

3.57 Deirdre indicated that Energy Generators would be happy to work in a sub-group of the Cross Sector Advisory Group to advance proposals on wind generation.

## 4. CONCLUSIONS

4.1 The First Minister thanked everybody for their comments and, based on views expressed, summarised the need for the Forum to establish sub-groups on key areas, as follows:

- (i) Infrastructure, planning and procurement.
- (ii) Skills, training and education.
- (iii) Hardship, poverty, debt and energy.
- (iv) Jobs, innovation, tourism, manufacturing and employment.
- (v) Agriculture.
- (vi) Banking, finance and lending.
- (vii) Housing and property.

4.2 The First Minister then invited Ministers Foster and Murphy to comment on what they had heard from the Forum members, and on work currently being taken forward within their ministerial portfolios.

4.3 Minister Foster commented that the meeting had been productive. She did not see the Economic Development Forum as duplicating the work of this Forum. The Minister agreed that the views expressed about apprenticeship training needed to be considered closely and with input from the Department for Employment and Learning.

4.4 It was important to build confidence, and although the Finance Guarantee Scheme had been slow to progress, Minister Foster was now hopeful that the Scheme would gain momentum in the near future.

4.5 Minister Foster reported that the DETI-led inter-departmental working group on the Green New Deal Scheme had recently completed a scoping exercise on off-shore energy. She also cautioned that it should be recognised that social tariffs would need to be paid for and their introduction would mean that some consumers – perhaps mainly business – would have to pay more.

4.6 Minister Murphy reminded the Forum that there has already been a huge amount of investment in infrastructure of roads, rail and water. There has been major road construction, and North / South meetings have resulted in substantial funding from Dublin (£400m). Significant investment has also taken place in railways with contracts signed for new trains on the Derry/Belfast line. In addition, substantial investment has been spent on water and sewerage infrastructure (£100m).

4.7 Minister Murphy also reported that the Executive was very focused on the issue of Procurement and has asked departments to build in more detail on social contracts in the tendering process.

4.8 The deputy First Minister thanked everyone for attending the Forum and acknowledged the breadth of knowledge and expertise of the group to be most valuable. It was important that departments and organisations do not work in silos and share experiences and practices to provide solutions on the way forward. It is recognised that it is important that the Executive demonstrates that it is dealing with the economic crisis, particularly for those most disadvantaged in society.

4.9 The First Minister will be making a statement about the Forum in the Assembly on 20 April 2009. However, if members wish to make further observation on this meeting they should be sent to Damian Prince, OFMDFM, email [damian.prince@ofmdfmi.gov.uk](mailto:damian.prince@ofmdfmi.gov.uk), who would be providing a paper on the basis of comments received for the next meeting.

### **5.1 Date of next Meeting**

5.1 It was agreed that the next meeting would take place at the end of June 2009; date to be confirmed.

5.2 Members were encouraged to meet in sub-groups before the plenary Forum meeting should this prove suitable.

5.3 The meeting ended at 12.45 hrs.