

To
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BOMBARDIER AEROSPACE RESPONSE TO THE IREP RECOMMENDATIONS

Full List of IREP Recommendations **WITH BOMBARDIER COMMENTS IN
CAPITALS/BOLD**

Policy Development

- 1. As part of the review of structures within DETI (proposed in Chapter 8), the department should ensure that more resources are dedicated to policy development and monitoring

AGREE

- 2 DETI should appoint an independent economic advisor (with extensive experience as an economist) to strengthen capacity in economic policy making
DISAGREE – THIS NEEDS FURTHER CONSIDERATION AS PART OF THE REVIEW OF THE ECONOMIC RESEARCH INSTITUTE OF NI – IT'S NOT CLEAR THAT ONE INDIVIDUAL WILL BRING THE RIGHT EXPERIENCE TO ASSIST IN IMPROVING POLICY MAKING. ADVISORS SHOULD ALSO HAVE INTERNATIONAL BUSINESS EXPERIENCE TO INFORM POLICY-MAKING

Policy Delivery (Invest NI)

- 3. The concept of Invest NI 'clients' should be removed to allow Invest NI to work throughout the entire business base to raise awareness and provide support for businesses undertaking Innovation, R&D and exports

STRONGLY DISAGREE. THE REVIEW ARGUES THAT THE ECONOMY SHOULD BE EXPORT LED, BUT SURPRISINGLY MAKES NO COMMENT ON DETI/INVEST NI STRATEGIES TO FOCUS ON THE 6/7 KEY SECTORS WHERE THIS CAN BE ACHIEVED. WE BELIEVE THAT INVEST NI'S LIMITED RESOURCES MUST BE FOCUSED ON THOSE COMPANIES WITH THE AMBITION AND CAPABILITY OF GROWING THEIR EXPORT MARKETS. THERE IS A CASE FOR EXTENDING INVEST NI'S SOFT SUPPORT SUCH AS SEMINARS, INFORMATION ETC WITH SUPPORT FROM PARTNER ORGANISATIONS WHO COULD IDENTIFY SMALL COMPANIES WITH GROWTH POTENTIAL, SO THAT MORE COMPANIES CAN BE PULLED THROUGH TO GROWTH, AND THIS COULD PARTICULARLY APPLY TO COMPANIES IN RELATED SUPPLY CHAINS. HOWEVER IT IS FOOLISH TO RAISE EXPECTATIONS THAT MANY SMALL BUSINESSES SERVICING LOCAL MARKETS WILL BE ABLE TO

AVAIL OF GRANT SUPPORT ETC.. SUCH BUSINESSES OFTEN NEED ACCESS TO MENTORING OR ADVICE AND IF INVEST NI'S ROLE IS TO EXPAND HERE IT WOULD REQUIRE ADDITIONAL RESOURCES TO SUPPORT THIS ACTIVITY. OTHERWISE THIS RECOMMENDATION WOULD RESULT IN A SERIOUS LOSS OF FOCUS AND A SPREADING OF RESOURCES TOO THINLY.

**• 4 Invest NI should work to significantly reduce the number of its support programmes
AGREE. THIS SHOULD ALLOW INVEST NI TO BE MORE CLIENT FOCUSED RATHER THAN PROGRAMME FOCUSED**

**• 5. Most assistance delivered via SFA should be redirected between now and 2013 to provide greater levels of support to Innovation and R&D
STRONGLY DISAGREE. WHILE MORE OF INVEST NI'S BUDGET SHOULD BE DEVOTED TO R&D&I, IT SHOULD NOT BE AN EITHER/OR SITUATION. IT WOULD BE EXTREMELY DANGEROUS TO PLACE ALL RELIANCE ON R&D&I BECAUSE THE EU'S DEFINITION OF R&D&I IS LIKELY TO BE MUCH MORE RESTRICTIVE THAN THAT OF THE IREP REPORT AND BECAUSE R&D&I MAY BE SUBJECT TO STRICTER STATE AIDS RULES IN FUTURE – CURRENT CASES BEFORE WTO EVIDENCE THIS RISK. BOTH R&D&I AND SFA ARE ESSENTIAL. SEE ALSO REPLY TO Q6.**

**• 6. Grants for business expansions should be phased out towards 2013, after which such grants are unlikely to be available under EU state aid rules
STRONGLY DISAGREE. THIS IS THE MAJOR WEAKNESS OF THE REPORT. IN EFFECT IT PROPOSES REMOVING SUPPORT FOR COMPANY EXPANSION AND FOR INWARD INVESTMENT. IN ADDITION TO THE REASONS ABOVE, WE DO NOT ACCEPT THAT SFA WILL NO LONGER BE AVAILABLE AFTER 2013. IT IS ALSO SURPRISING THAT THE REPORT MAKES NO ATTEMPT TO MEASURE THE VERY CONSIDERABLE OUTPUTS AND BENEFITS TO THE ECONOMY OF SFA SUPPORTED PROJECTS INCLUDING TAXES, SALARIES AND WAGES, LOCAL SUPPLY CHAIN CONTRACTS/SUPPLIER EMPLOYMENT/SUPPLIER TAXES, SKILLS PROGRAMMES ETC ETC THAT ARE MANY TIMES A MULTIPLIER OF THE AMOUNT OF GRANTS PAID OUT. BOMBARDIER COMPETES AGAINST COMPANIES IN CHINA, INDIA, RUSSIA, BRAZIL MEXICO, JAPAN, TAIWAN ETC. SUCH COUNTRIES SUPPORT THEIR INDUSTRIES FAR MORE STRONGLY THAN NI DOES AND THEY ARE NOT BOUND BY STATE AID RULES. CLOSER TO HOME, THE REPUBLIC OF IRELAND HAS A VERY ATTRACTIVE CORPORATION TAX RATE AND R&D&I INCENTIVES. ABANDONING SFA WOULD SIGNIFICANTLY REDUCE THE ATTRACTIVENESS OF N. IRELAND AS A PLACE TO INVEST/RE-INVEST AND FURTHER INCREASE NI COMPANIES' COMPETITIVE DISADVANTAGE.**

THERE APPEARS TO BE LITTLE RECOGNITION IN THE REPORT THAT NEW AND REPEAT INWARD INVESTMENT IS HIGHLY INTERNATIONALLY MOBILE. IF SFA IS UNAVAILABLE, SINCE ALMOST ALL COUNTRIES OFFER ATTRACTIVE R&D&I SUPPORT IN ADDITION TO OTHER INCENTIVES, N. IRELAND WILL BE UNABLE TO RETAIN INWARD INVESTORS LET ALONE COMPETE FOR NEW INWARD INVESTMENT? THE INCENTIVES OFFERED BY OTHER EU COUNTRIES NOT TO MENTION THOSE OF NORTH AMERICAN AND LOW COST COUNTRIES SUCH AS LOWER TAX REGIMES, GENEROUS R&D&I AND TRAINING SUPPORT, ENABLE THEM TO BE MORE ATTRACTIVE LOCATIONS. INVEST NI HAS GOT TO BE IN A POSITION TO OFFER A COMPETITIVE FINANCIAL PACKAGE TO RETAIN HIGH ADDED VALUE, HIGH PRODUCTIVITY, MOBILE INVESTMENTS. THE REPORT IS CRITICAL OF REPEAT ASSISTANCE BUT THERE IS CLEAR EVIDENCE THAT OTHER COUNTRIES PROVIDE THIS WITHOUT DUPLICATION OF PROJECT SUPPORT IN ORDER TO

FACILITATE DEVELOPMENT OF PRODUCTS AND COMPANIES, SUPPLY BASE CLUSTERS, AND EMBEDDING OF COMPANIES WITHIN THEIR LOCAL ECONOMIES.

THERE SHOULD BE AN ACTIVE POLITICAL CAMPAIGN IN BRUSSELS TO HAVE CURRENT SFA LIMITS RETAINED. WITH A PROLONGED RECESSION AND REDUCED PUBLIC EXPENDITURE FOR SOME YEARS LIKELY, INVEST NI MUST HAVE A COMBINATION OF SUPPORT PROGRAMMES AND BE ABLE TO SUPPORT THE EMPLOYMENT IMPERATIVE

• 7, Business expansion not involving Innovation and R&D should, where necessary, be supported in the form of co-investment in companies that have already been successful in securing funding from the private sector. Invest NI assistance should be in the form of sub-ordinate debt or equity

STRONGLY DISAGREE. ITS UNREALISTIC. SUCH FUNDING IS EITHER UNAVAILABLE IN MANY SECTORS OR IS FAR TOO EXPENSIVE. THERE IS MARKET FAILURE IN AEROSPACE.

• 8 Invest NI should further reduce its support for company training, and concentrate support mainly to small firms and to projects with a high Innovative content, where retraining is necessary to realise a substantial rise in productivity

STRONGLY DISAGREE. IT IS INCONSISTENT WITH SECTION 9 OF THE REPORT AND THE REPORT'S RECOMMENDATIONS TO MOVE TOWARDS AN EXPORT-LED, HIGHER VALUE ECONOMY DRIVEN BY INNOVATION AND R&D, AND HIGHER PRODUCTIVITY. IT IS AN EXTRAORDINARY SUGGESTION IN AN INCREASINGLY GLOBALISED ECONOMY WHERE SKILLS AND COMPANY COMPETITVENESS ARE FUNDAMENTAL TO INDIVIDUAL ECONOMIES. IT IGNORES THE COMPETITIVE THREAT TO EUROPEAN MANUFACTURING IN GENERAL FROM NORTH AMERICAN AND LOW COST COUNTRIES. TRAINING SUPPORT SHOULD BE FOCUSED ON DELIVERING HIGH VALUE OUTPUTS AND MORE INNOVATIVE ACTIVITIES COMBINED WITH UPSKILLING OF THEIR EMPLOYEES TO ENABLE COMPANIES TO COMPETE AND MOVE UP THE VALUE CHAIN. THERE NEEDS TO BE MORE GOVERNMENT FOCUS ON TRAINING AND UPSKILLING, NOT LESS.

TRAINING SUPPORT IS ALSO A VITAL INCENTIVE FOR INWARD INVESTORS. WE STRONGLY CHALLENGE THE ASSERTION AT PARA 9.17 THAT THE "FLOW OF SKILLS INTO THE LABOUR MARKET IN NI IS A KEY STRENGTH" THERE IS NO LABOUR POOL IN NI FOR AEROSPACE AND MANY OTHER SECTORS. AS A COMPANY WE HAVE TO UNDERTAKE ALL SKILLS AND OTHER TRAINING FOR OUR BUSINESS. A HIGH PROPORTION OF GCSE STUDENTS FAIL TO ACHIEVE 5 A-C GRADES. WE AGREE THAT ADDITIONALITY OF TRAINING SUPPORT HAS TO BE ENSURED IN EACH CASE. HOWEVER THE VAST MAJORITY OF TRAINING IS FINANCED BY COMPANIES. REMOVAL OR REDUCTION OF SUPPORT WOULD ELIMINATE OR REDUCE SUCH TRAINING INCLUDING APPRENTICE, LEADERSHIP AND MANAGERIAL, AND OTHER SKILLS THAT ARE ESSENTIAL FOR THE EXISTING ECONOMY AS WELL AS THE FUTURE SKILLS BASE.

•9 Invest NI should transfer its budgets relating to tourism accommodation back to DETI to be redistributed to a more appropriate body

AGREE

Portfolio of Innovation policies

• 10 A portfolio of new Innovation policies should be developed over time, but should initially include four elements:

– 10.1 A new institution for commercially-oriented research should be explored in NI, along the lines pioneered by the successful VTT institute in Finland. The institution should be outside the University system and not subject to the constraints of the Research Excellence Framework (REF). It is envisaged that this would incorporate a number of existing near market research organisations in NI and would be charged with reviewing and taking forward the MATRIX agenda

WE STRONGLY SUPPORT THE IMPLEMENTATION OF THE MATRIX PROPOSALS AND THE CENTRES OF EXCELLENCE CONCEPT. HOWEVER THE VTT PROPOSAL NEEDS CAREFUL INVESTIGATION TO ENSURE SUCH A BODY IS REALLY RELEVANT TO NI REQUIREMENTS GIVEN ITS LARGE SCALE AND RESOURCES WITH 2000+ EMPLOYEES. ALSO THE NEED TO ENSURE THAT IT IS NOT CROSS-SUBSIDISED BY DEFENCE WORK WHICH WOULD NOT BE AVAILABLE IN NI. THERE ARE RECENT SUCCESSFUL MODELS IN UK [AND ROI] THAT ARE PRODUCING EXCELLENT COMMERCIALISED RESEARCH THAT ARE WORTHY OF INVESTIGATION AND WE SUGGEST A JOINT WORKING PARTY OF GOVT/UNIVERSITIES/INDUSTRY EXPLORE OTHER MODELS.

– 10.2 Additional research in Universities and public sector bodies should be aligned closely with the needs of industry in NI and potential inward investors to NI. Furthermore, the development of specific new research capabilities should be used as an incentive to attract potential investors

STRONGLY AGREE THAT THERE IS A NECESSITY FOR CENTRES OF COMPETENCE CLOSELY ALIGNED TO THE NEEDS OF THE ECONOMY AND WITH STRONG INDUSTRY LEAD PARTNERS.

HOWEVER IT IS NOTED THAT THE REPORT REFERS TO “ADDITIONAL RESEARCH” AND NOT EXISTING RESEARCH. PUBLIC FUNDING LEVELS FOR RESEARCH IN UNIVERSITIES THROUGH RESEARCH COUNCILS ETC IS MANY TIMES GREATER THAN THAT AVAILABLE FOR CLOSER TO MARKET RESEARCH BY CONSORTIA OF INDUSTRIES AND UNIVERSITIES AND IS HEAVILY “BLUE SKY” RESEARCH ORIENTATED. THERE IS A STRONG CASE TO REVIEW OVERALL FUNDING OF UNIVERSITY RESEARCH TO ENSURE MORE OF THE EXISTING RESEARCH EXPENDITURE FROM PUBLIC FUNDING SOURCES IS CLOSELY ALIGNED WITH THE NEEDS OF THE ECONOMY AND HAS MORE COMMERCIAL RELEVANCE. WE NEED TO SHARPEN THE WAYS THAT THE UNIVERSITY SYSTEM APPROACH THE BUSINESS OF WEALTH CREATION.

– 10.3 Industry-led Innovation communities, as suggested in the MATRIX report, should be developed as a pilot to bring together business, academia and Government and exploit available market opportunities

STRONGLY AGREE. MATRIX RECOMMENDATIONS SHOULD BE TAKEN FORWARD WITH SOME URGENCY AND WITH APPROPRIATE GOVT SUPPORT

– 10.4 More should be done to support Innovation in service sector firms beyond software, which we believe is well served. The concept of Innovation in the service sector should include the broad range of areas outlined in the definition of Innovation (presented in Chapter 5)

AGREE, ALTHOUGH ITS DIFFICULT TO SEE HOW THIS MIGHT BE ATTAINED

• 11 Additional support for Innovation and R&D should not involve new public expenditure but instead be financed from savings in grant support for investment by existing firms and in property development

STRONGLY DISAGREE. THE INDUSTRIAL CARD MUST BE PLAYED WITH FAR GREATER DETERMINATION BY GOVERNMENT AND RESOURCES MUST BE BEEFED

UP IF THE ECONOMY IS THE NO 1 PRIORITY. AS ONE EXAMPLE, THE REVIEW SUGGESTED IN 10.2 WOULD RELEASE MORE FUNDS FOR CLOSER TO MARKET R&D&I.

- 12. Invest NI's export assistance should become more dedicated and professional, adopting a similar model to the fee-charging export agencies identified in Chapter 6, with two tiers of charges depending on whether the company is an SME or large firm
POTENTIALLY AGREE. IT IS DISAPPOINTING THAT NO FURTHER RECOMMENDATIONS ON HOW TO ACCELERATE EXPORTS WERE IDENTIFIED IN THE IREP DESPITE THIS BEING IDENTIFIED AS BEING OF CRITICAL IMPORTANCE. THIS RECOMMENDATION POTENTIALLY COULD BE VERY IMPORTANT IN THIS REGARD – A REGIONAL FOCUS WOULD BE MORE TARGETTED THAN NATIONAL ECGD.

Policy Delivery (DETI)

- 13 As soon as practicable, DETI and other relevant departments should commence work on preparing a case for retaining state aid limits that support the changes outlined in this Review

THIS RECOMMENDATION IS AMBIGUOUS. IF THIS RECOMMENDATION IS TO MAKE A CASE FOR RETAINING EXISTING STATE AID LIMITS FOR SFA, THEN WE STRONGLY SUPPORT IT. SECURING EU STATE AID APPROVAL TO RETAINING SFA POST-2013 IS VITAL FOR THE NORTHERN IRELAND ECONOMY. WITHOUT IT NI WILL BE UNABLE TO RETAIN LET ALONE ATTRACT MOBILE INWARD INVESTMENT. PART OF THE APPROACH SHOULD INCLUDE INVEST NI BEING ABLE TO PROVIDE MORE SUPPORT FOR R&D&I. BUT DEVELOPING A STRONGER R&D FOCUSED ECONOMY AND HIGHER LEVELS OF INNOVATION AND PRODUCTIVITY WILL TAKE SEVERAL YEARS TO DEVELOP AND THEREFORE INVEST NI WILL NEED EVERY SUPPORT MECHANISM AVAILABLE TO IT.

- 14 Promoting greater energy efficiency / conservation in the private sector should be accorded a higher priority in the 2009 Strategic Energy Framework (reflecting, where appropriate, the current and ongoing work of the Green New Deal for NI)
AGREE PROVIDED THIS DOES NOT MEAN INCREASING COMPANIES' COSTS. THE REVIEW'S ASSERTION THAT THE DIFFERENTIAL IN ENERGY PRICES IS REDUCING AND MAY DIMINISH FURTHER IS AT VARIANCE WITH THE FACTS. ENERGY COSTS ARE BETWEEN 3 AND 4 TIMES THAT OF OUR MAIN INTERNATIONAL COMPETITORS AND HAVE A MATERIAL AFFECT ON OUR INTERNATIONAL COMPETITIVENESS AND THAT OF OTHER EXPORTERS. RECENT ENERGY PRICE INCREASES OF 25%+ ARE FURTHER EVIDENCE. NORTHERN IRELAND IS VERY UNCOMPETITIVE IN THE AREA OF UTILITY COSTS AND GOVERNMENT NEEDS TO BE FAR MORE CONCERNED ABOUT ENSURING COMPETITIVE CONDITIONS IF THE ECONOMY IS TO BECOME MORE EXPORT LED.

- 15 DETI and Invest NI should undertake an immediate and focused review of its overall strategic and sectoral approach to capitalise on the benefits of new telecommunications connectivity in NI

AGREE

Policy Performance

- 16 DETI, as the funding department, should report on the strategic performance of Invest NI, with the co-operation of Invest NI statistical staff
GOVT MUST ENABLE INVEST NI TO FOCUS ON LONGER TERM PERFORMANCE MEASURES ie WHAT IT TAKES TO MAKE THINGS HAPPEN COMBINED WITH A CAN-

DO ATTITUDE. SIGNIFICANTLY FEWER BUREAUCRATIC HURDLES/APPROVAL PROCESSES MUST BE PUT IN PLACE. INVEST NI MUST HAVE THE FLEXIBILITY TO CRAFT NECESSARY INCENTIVES WHICH MEET BUSINESS REQUIREMENTS. PARA 3.36 STATING THAT “NO ORGANISATION SHOULD HAVE PRIMARY RESPONSIBILITY FOR REPORTING ON ITS OWN PERFORMANCE” IS A STRANGE STATEMENT. INVEST NI MUST HAVE PRIMARY RESPONSIBILITY, WHILE DETI HAS A ROLE IN ENSURING LONGER TERM PERFORMANCE MEASURES AND GOALS ARE MET

- 17 Relevant policies and accompanying resources should be updated annually to quantifiably demonstrate how individual policies/organisations contribute to the PfG productivity goal

AS WITH 16, THIS MUST NOT NEGATE A NEW FOCUS ON LONGER TERM PERFORMANCE MEASURES AND FEWER BUREAUCRATIC HURDLES FOR INVEST NI

- 18 Wherever data availability / quality allows, ‘impact’ targets for economic development should be expressed in relative terms (to the UK average or appropriate subsection of UK regions) rather than in absolute terms

AGREE ALTHOUGH CARE MUST BE TAKEN IF ALL TARGETS ARE EXPRESSED AS A SMALL PERCENTAGE OF A UK TARGET

- 19 When reporting on performance, DETI / Invest NI should include targets specifically for investments new to NI (expressed as a share of equivalent jobs coming into the UK)

AGREE

- 20 The Invest NI data collection system needs to be developed as a single database, to be maintained by DETI. The IREP database, constructed specifically for the Review, will be transferred to DETI to help facilitate this process

AGREE

Finance

- 21 Aside from those funds designed to support seed stage projects, Invest NI should disengage its direct involvement with venture capital (VC) funds. Rather than direct participation in the market, Invest NI should act as a facilitator between companies and VCs. In the case of seed stage VC funds, Invest NI should avoid placing restrictions on the market as outlined in Chapter 3

WE BELIEVE THAT INVEST NI HAS A ROLE TO PLAY IN ENCOURAGING THE EUROPEAN INVESTMENT BANK, FINANCIAL INSTITUTIONS AND EXTERNAL PRIVATE EQUITY TO INVEST IN NI.

Project Appraisal

- 22 Project appraisal rules should be re-assessed to ensure that projects involving investment in Innovation and R&D, which generally present uncertain and wider outcomes, are not placed at an unreasonable disadvantage

STRONGLY AGREE.

Further Research

- 23 A study should be undertaken to determine how NI can more rapidly shift the pattern of inward investment towards higher value sectors

STRONGLY AGREE

- 24 A study of industrial land provision should be commissioned to determine why there is a perceived need for Invest NI to purchase large amounts of land over the next few years

AGREE

- 25 DETI and other relevant departments should undertake a study to establish how the social economy might be further helped to reduce deprivation and increase labour force participation in disadvantaged areas within NI

AGREE. THERE SHOULD BE CLEAR TARGETS SET TO ENSURE PROGRESS IS ACCELERATED

Co-ordination of Economic Policy

- 26 If Northern Ireland is to achieve a step change in economic performance, the economy should remain the top priority of the Executive for many years to come

STRONGLY AGREE. TO ENABLE THIS TO HAPPEN THE GOVT MUST PLAY THE INDUSTRIAL CARD WITH MUCH GREATER DETERMINATION AND SUBSTANTIALLY INCREASE RESOURCES AND HELP TO CREATE MORE COMPETITIVE CONDITIONS.

- 27 DETI, DEL and Invest NI should work together to more effectively implement their existing liaison arrangements

AGREE

- 28 As part of the review of strand one institutions, the core economic functions (covering existing DETI and DEL areas of responsibility) should be brought together under a single 'Department of the Economy'

AGREE

- 29 The FM / dFM and the Executive should establish a permanent sub-committee to prioritise action on the economy, to be chaired by the Minister for the Economy (in the interim, the Enterprise, Trade and Investment (ETI) Minister)

STRONGLY AGREE. THIS WOULD ENHANCE THE EXECUTIVE'S EXISTING COMMITMENT TO MAKING THE ECONOMY THE TOP PRIORITY IN THE PROGRAMME FOR GOVERNMENT

- 30 The Executive sub-committee should agree an economic strategy, building on the findings of the IREP, as a matter of urgency

AGREE TO AN ECONOMIC STRATEGY BUT SUBJECT TO OUR STRONG RESERVATIONS OR DISAGREEMENT ABOUT SOME OF THE IREP RECOMMENDATIONS.

Governance Arrangements

- 31 DETI should undertake an internal review of its structures to ensure that the allocation of staff is more fully aligned with its policy objectives

AGREE

- 32 The core functions of strategic policy development and performance monitoring should be brought together within any revised DETI structures. The department should also provide the necessary support, professional and otherwise, to the Executive sub-committee on the economy

AGREE

- 33 Invest NI should consider an internal reorganisation that reflects the differing skill sets required to support FDI, exports, Innovation / R&D and small business support

AGREE

- 34 A small business unit should be created within Invest NI, with responsibility for the

development and co-ordination of relevant support to SMEs throughout NI
POTENTIALLY AGREE. THE TWO ROLES FORESEEN – THE DEVELOPMENT OF SME'S AND THE COORDINATION OF COUNCILS' SMALL BUSINESS DEVELOPMENT ACTIVITY - ARE VERY DIFFERENT. THE FORMER SHOULD BE CORE TO INVEST NI TO FACILITATE MORE EFFECTIVELY THE DEVELOPMENT OF LOCAL SUPPLY CHAINS.

• 35 World class training in sales and marketing should be provided for relevant Invest NI staff (particularly those working in international offices). In addition, staff should be recruited with relevant experience to meet the demands of investment decisions that are increasingly based on Innovation and R&D

WE NEED TO SHARPEN THE WAYS THE CIVIL SERVICE AND THE UNIVERSITY SYSTEM APPROACH THE BUSINESS OF WEALTH CREATION. DIRECT PRIVATE SECTOR EXPERIENCE IN SALES AND MARKETING AND IN R&D&I IS FAR MORE PREFERABLE THAN TRAINING. INVEST NI AND OTHER DEPARTMENTS SHOULD INCREASE DIRECT INTAKE FROM THE PRIVATE SECTOR TO ENSURE GREATER TALENT.

• 36 Invest NI should be allowed more freedom to operate, with DETI having less involvement in operational matters, to enable the organisation to be more entrepreneurial and responsive to business needs

STRONGLY AGREE. IN OUR OPINION THIS IS THE MOST IMPORTANT POSITIVE RECOMMENDATION IF INVEST NI IS TO BE MORE OUTCOME FOCUSED AND ENTREPRENEURIAL. INVEST NI'S FOCUS SHOULD BE ALLOWED TO BE ON LONGER TERM PERFORMANCE MEASURES AND THERE SHOULD BE SIGNIFICANTLY FEWER BUREAUCRATIC HURDLES/APPROVAL PROCESSES. THEY MUST HAVE THE FLEXIBILITY TO CRAFT NECESSARY INCENTIVES WHICH MEET BUSINESS REQUIREMENTS.

• 37 To help achieve greater autonomy for Invest NI, their delegated authority limits should be both simplified and increased significantly. The current DFP delegated limits for mobile SFA (currently £10m) should also apply to Innovation and R&D projects

STRONGLY AGREE. THIS WILL REDUCE BUREAUCRACY AND DELAYS AND RELEASE ADMINISTRATION RESOURCES FOR MORE PRODUCTIVE PURPOSES.

• 38 An NI version of the Central Project Review Group (CPRG) should be established, incorporating Invest NI, DETI and DFP, in order to speed up the decision making process for major industrial assistance cases

STRONGLY AGREE

•39 Given the non-executive composition of the Invest NI Board, it should cease to perform executive functions and focus on providing strategic direction and oversight

POTENTIALLY AGREE. HOWEVER THERE MAY BE ACCOUNTABILITY ISSUES.

BOARD MEMBERS CAN BRING A RANGE OF EXPERTISES/EXPERIENCE/PERSPECTIVES TO ASSESSMENTS OF LARGE PROJECTS, THAT ARE ESSENTIAL IN MAKING DECISIONS

• 40 A senior member of the DETI Departmental Board should be represented on the Invest NI Board

WE QUESTION WHETHER THIS IS NECESSARY GIVEN THE OTHER CHECKS AND BALANCES THAT EXIST. PERHAPS OBSERVER STATUS WOULD BE MORE APPROPRIATE AND IN VIEW OF POTENTIAL CONFLICTS OF INTEREST.

- 41 High level experience in international business and expertise in economic development should be sought when the Invest NI board is reconstituted
STRONGLY AGREE. THIS SHOULD ALSO APPLY TO SENIOR INVEST NI EXECUTIVE POSTS AS WELL

- 42 Invest NI should be given greater autonomy and flexibility in managing its budgets, including End Year Flexibility (EYF) where required
STRONGLY AGREE.

- 43 For projects involving financial assistance to industry, ex-post assessments of value for money should be taken on a portfolio basis. The DETI / Invest NI Accounting Officer Memorandum should be reviewed in light of the revised governance arrangements implemented as part of the IREP
STRONGLY AGREE

- 44 The Management Statement and Financial Memorandum (MSFM) should be reviewed and revised, where appropriate, in light of the recommendations contained in this report
AGREE

Advisory Bodies

- 45 The ETI Minister should stand down the Economic Development Forum and establish a small advisory body, comprising expertise on regional economic development (drawn from business and economics) to provide independent advice on the economy
AGREE THAT A SMALLER MORE FOCUSED BODY IS DESIRABLE TO INCLUDE THOSE WITH INTERNATIONAL BUSINESS EXPERIENCE AT A SENIOR LEVEL

- 46 Stakeholders involved in economic development should continue to engage with the ETI Minister on a bilateral basis
STRONGLY AGREE

Skills

- 47 The local education system should prepare now to meet the anticipated increased demand for higher level skills in STEM and other Innovation relevant subjects arising from the increased prioritisation of Innovation and R&D
STRONGLY AGREE

- 48 The current focus on technical and professional qualifications, including apprenticeships and vocational training, should be extended to emphasise higher level qualifications at levels 4 and 5.

AGREE PROVIDED THEY ARE RELEVANT TO THE ECONOMY AND THIS DOES NOT DETRACT FROM APPRENTICESHIPS AND VOCATIONAL QUALIFICATIONS (WHICH BY THE WAY ARE ALSO A ROUTE TO HIGHER LEVEL QUALIFICATIONS.)

- 49 DEL, DETI and Invest NI should work to significantly develop management and leadership skills in NI and support the proposal for government to sponsor a “management masterclass” to identify and develop the best managers from local industry and the public sector

STRONGLY AGREE. A TALENT ACCELERATION PROGRAMME FOR GRADUATES, MANAGERS AND NEW BUSINESS START UP ENTREPRENEURS IS ESSENTIAL AND SHOULD MAKE THE USE OF THE NI/IRELAND DIASPORA

- 50 The Executive should ensure that the third ISNI plan takes a much greater economic focus by committing more investment into projects that will maximize NI's future economic performance

STRONGLY AGREE GIVEN THE LIKELY SCENARIO OF CONSTRAINTS ON PUBLIC EXPENDITURE IN FUTURE

- 51 In the context of reform, the Planning Service should be given processing time targets which are comparable and competitive with those countries and regions against which NI is competing for mobile international investment.

AGREE

- 52 Planning Service should work to ensure that the legislative timetable for reform is met.

AGREE

- 53 The Strategic Projects Team should deal with all applications relating to investment new to NI. In addition, in terms of what constitutes a "regionally significant development" a clear definition and qualifying criteria should be developed and agreed between DoE, DRD, DETI, and Invest NI.

AGREE SUBJECT TO SUCH INVESTMENT BEING SIGNIFICANT AND THAT APPROPRIATE PRIORITY IS STILL GIVEN TO SIGNIFICANT INVESTMENT BY COMPANIES ALREADY LOCATED HERE.

- 54 Pre-Application Discussion(PAD) process must be as efficient as possible and the time allocated for PAD should be included when reporting on timings for all applications.

AGREE