



Annex C

Enterprise & Innovation Investment Sub-pillar

Investment Delivery Plan

SECTION 1: VISION / OBJECTIVES

INTRODUCTION

The Northern Ireland Executive's Programme for Government (PfG), with its associated Budget and PSA targets, identifies the economy as the Executive's number one priority of government. This is aligned with the Investment Strategy for Northern Ireland 2008 – 2018, within which 'Productive' forms one of the six Pillars supporting infrastructure investment and 'Enterprise and Innovation', which incorporates Invest NI's work, is a sub pillar. This context establishes the strategic framework within which Invest NI's Corporate Plan 2008 – 11 has been prepared, from which will flow annual Operating Plans setting out activities to be undertaken in pursuit of these objectives and targets.

Despite the growth of economic output in Northern Ireland being comparatively strong in recent years, by 2006 NI's output per head, a broad measure of economic prosperity, remained at only 81% of the UK average, placing NI joint 10th of the 12 UK regions. Research by DETI indicates that there are two factors behind the prosperity gap with the UK average, namely:

- Relatively low levels of labour productivity; and
- A low employment rate.

PROGRAMME FOR GOVERNMENT

The PfG has therefore outlined the following goal:

'Aim to halve the private sector productivity gap with the UK average (excluding the Greater South East) by 2015'

The PfG establishes two Public Service Agreements aimed at addressing these issues. These are PSA 1: Productivity Growth; and PSA 3: Increasing Employment.

PSA 1: Increase Manufacturing and Private Services Productivity

Invest NI will contribute towards the achievement of this PSA through undertaking activities which will focus on three core objectives. These are:

1. To promote a competitive and outward-looking economy;
2. To attract and support high quality investment, both foreign and locally-owned; and
3. To promote higher value-added activity through innovation and the commercial exploitation of R&D.

PSA 3: Increase employment levels and reduce economic inactivity by addressing the barriers to employment and providing careers advice at all levels.

Invest NI will contribute towards the achievement of this PSA through implementing a range of policies and programmes which will focus on two core objectives. These are:

1. To increase employment opportunities by attracting high quality inward investment and supporting domestic reinvestment; and
2. To promote business growth.

INVESTMENT STRATEGY FOR NORTHERN IRELAND 2008 – 2018

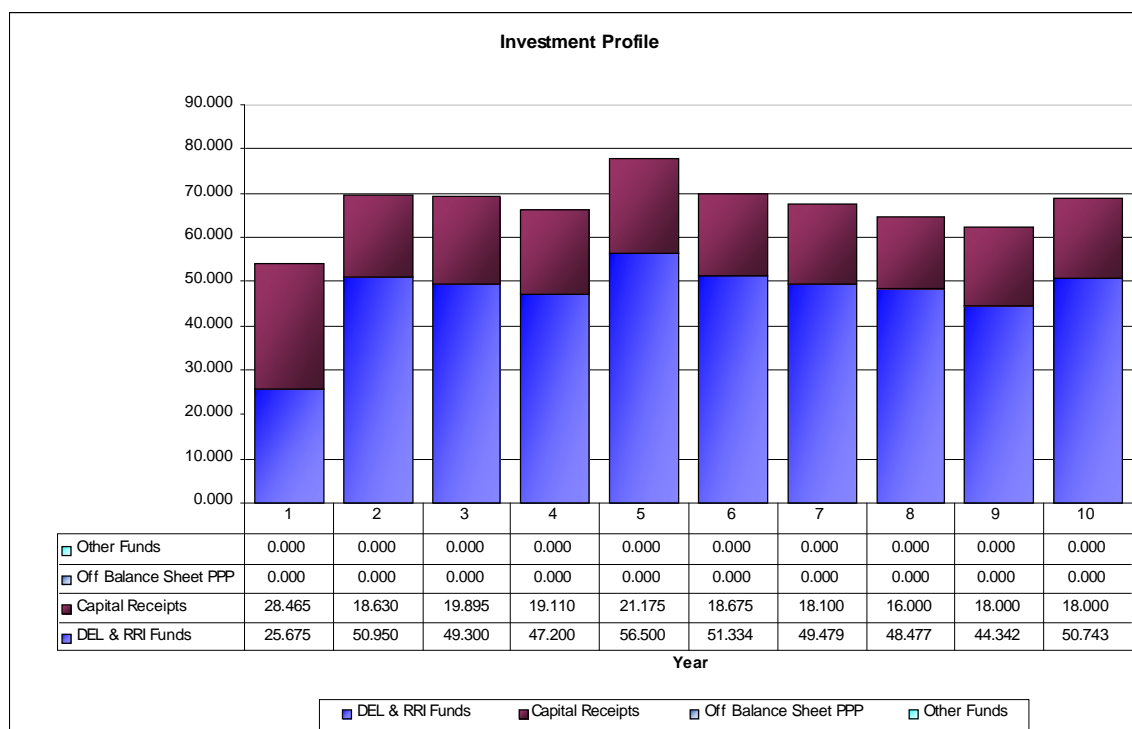
These Invest NI activities have also been structured to contribute towards the achievement of the key goals established for the 'Productive' Pillar of the Investment Strategy 2008 – 2018, through seeking to deliver:

- Sustained growth in the manufacturing and internationally tradeable services industry sectors, by supporting high added value projects from existing and prospective Invest NI clients; and
- Sufficient high quality serviced sites for industrial development at strategic locations across Northern Ireland to meet the demand from Invest NI clients, both local and foreign-owned, thereby supporting balanced industrial development and job creation across the region.

A key Invest NI milestone towards the achievement of these goals will be:

- By 2012 acquire and / or develop 200 acres of serviced land for Invest NI client companies in main hubs as defined by the Regional Development Strategy.

SECTION 2: FUNDING PROFILE & SOURCES (£m)



Notes:

1. Receipts relate to EU Competitiveness Operational Programme
2. Receipts are from asset sales, Capital clawback and repayment of loans & shares
3. Receipts are from EU Territorial Co-operation Fund

KEY PROGRAMMES - CAPITAL GRANT AND SHARES

Invest NI's principal scheme of assistance, through which support may be provided in the form of capital grant or shares, is Selective Financial Assistance (SFA), an approved State Aid. However, it would be inappropriate to simply view the provision of Invest NI capital grant allocations made under SFA as capital infrastructure projects. Neither can such allocations be divorced from the Agency's resource and administrative budget allocations; they must be considered together with the resource and admin allocations as these are integrated resources and not separate, discrete components.

Whilst the majority of Invest NI's budget allocation is expensed, through the provision of capital grants to businesses, expanded commentary is provided below on one specific area of activity - Invest NI's proposed Land Acquisition Strategy - due to its significant material nature. This project is substantial in financial terms and will have a material impact upon the NI economy.

LAND ACQUISITION STRATEGY

Invest NI acquires, develops and holds land exclusively for development by its client companies. These sites are sold at current market value and restrictive covenants within the leases ensure that they are retained for industrial development purposes. This approach has enabled client companies to plan development projects in the knowledge that land will be available at affordable prices and with a certainty of supply.

Invest NI's Property Solutions Unit acquires suitable land, procures the development of the relevant infrastructure (roads and services), manages the assets and leases sites in support of client companies implementing growth projects.

Invest NI's Board approved an Acquisition and Disposal Strategy in early 2006 giving, in principle, investment approval for a first phase of acquisition of land in the vicinity of the four main hubs as identified by the Regional Development Strategy (RDS), namely Armagh; Omagh; Strabane; and Newry. The next phase of acquisition is being developed at present and will come forward for review and approval within the 2008/09 financial year. This Strategy is central to Invest NI's continuing ability to provide sufficient land for industrial development, which in turn is a prerequisite for companies seeking to achieve sustained private sector growth in line with the Investment Strategy key goals.

Historically, land was held for economic development purposes in each of the 26 Council Areas. Since its inception Invest NI has been re-aligning its land holding in line with the RDS and concentrating on the provision of property solutions at the RDS main Hubs.

SECTION 4: CONTRIBUTION TO THE OBJECTIVES OF INFRASTRUCTURE INVESTMENT

OVERVIEW

Invest NI's Corporate Plan 2008-11 has been prepared to take full account of the NI Executive's Programme for Government, which makes the economy its first priority, and the associated Investment Strategy for Northern Ireland 2008 – 2018. Invest NI's Corporate Plan therefore includes a key focus on Enterprise and Innovation, one of the Investment Strategy's 'Productive' sub pillars, and prioritises support towards increasing business productivity, the means by which wealth can be created for the benefit of the whole community on a sustainable basis. In this it also focuses on quality of employment, particularly through supporting job opportunities that increase salaries for a range of people with varying skills.

INVESTMENT STRATEGY FOR NORTHERN IRELAND 2008 – 2018

Invest NI's suite of support programmes is carefully structured to maximise their contribution to the key Investment Strategy goal of stimulating sustained private sector growth in the manufacturing and tradeable services sectors through providing support for high value-added projects from existing and prospective Invest NI client companies.

Through selective targeting of support towards sectors and companies engaged in knowledge-led and technology-based processes, Invest NI works to stimulate the creation of added-value employment opportunities with associated higher salaries, thereby contributing to government's objectives and targets relating to the achievement of strong economic growth.

This support is structured to encourage businesses to embrace innovation and R&D in particular, as a means of developing and expanding their capability. In addition to its work to stimulate greater exporting potential, and broadening the technology and skills base through attracting new inward investment, these activities seek to improve the overall competitiveness of Northern Ireland businesses.

LAND ACQUISITION STRATEGY

The Land Acquisition Strategy is central to Invest NI's ability to provide ongoing support for projects capable of contributing to strong economic growth in Northern Ireland. By facilitating the key industrial infrastructure, through the provision of serviced sites, Invest NI helps client companies to implement the type of growth projects which are central to the realisation of the objectives of the PFG in addition to meeting this Investment Strategy goal.

Invest NI's policy is to develop this infrastructure in the vicinity of the four main Hubs as defined in the Regional Development Strategy. All acquisitions and works projects will also be identified, project managed and procured through the CPD CPOE thereby ensuring that the requirements of the Sustainable Development Strategy are adhered to.

SECTION 5: DELIVERY ARRANGEMENTS

CAPITAL GRANT AND SHARES

The Capital Grant and Shares component of Selective Financial Assistance is central to Invest NI's work to stimulate sustained private sector growth in the manufacturing and internationally tradeable services sectors of industry, a key Investment Strategy goal.

Invest NI's utilisation of this scheme across a broad range of Enterprise and Innovation activities also contributes towards DETI's achievement of a series of PSA targets associated with its programme for Government aims and objectives.

The delivery of this support is subject to a structured approval and monitoring process, internally within Invest NI where cases fall within designated approval thresholds and in association with DETI, the DETI Minister or DFP, where appropriate.

LAND ACQUISITION STRATEGY

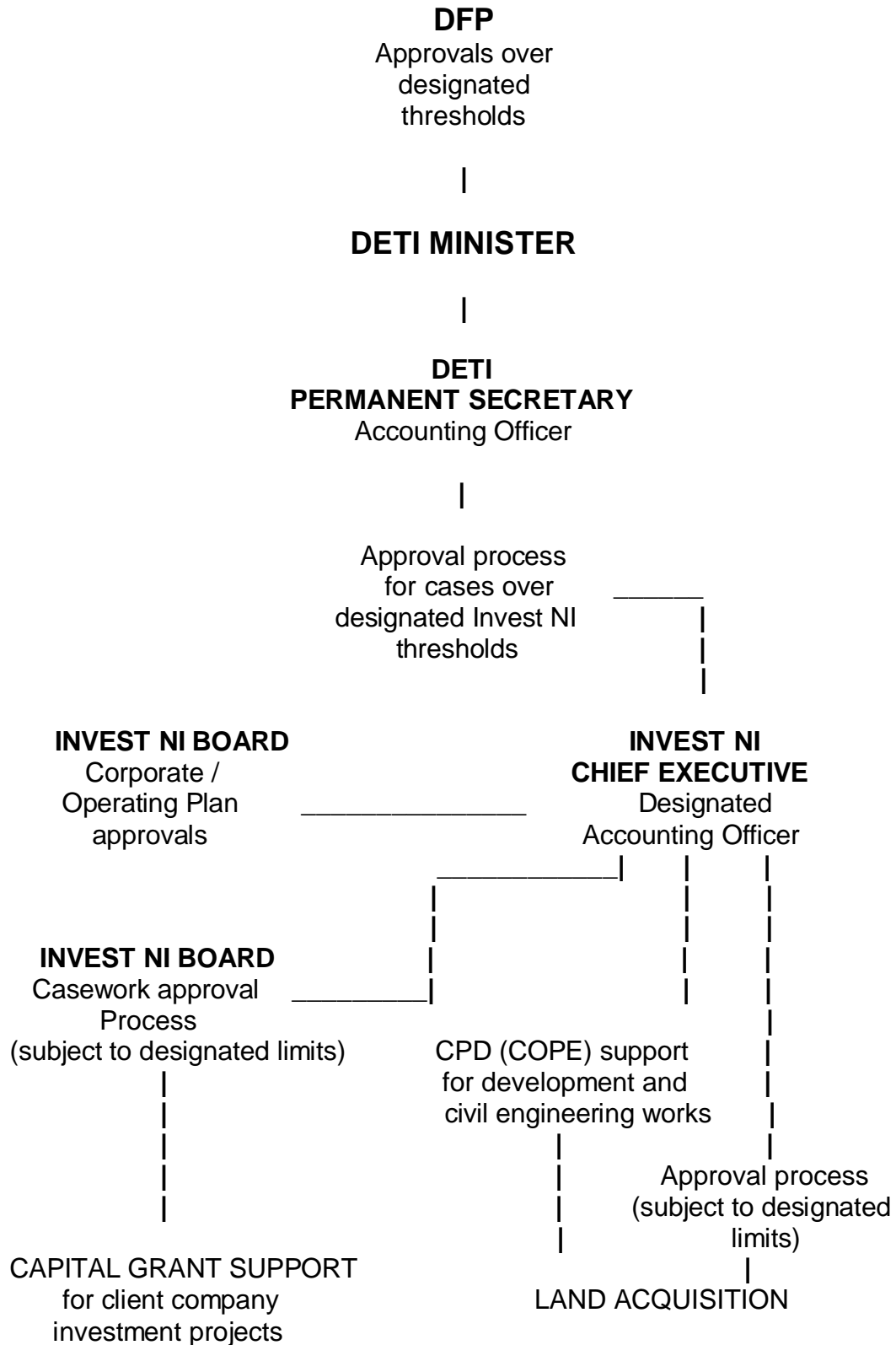
All Invest NI acquisitions of Land are approved and managed in line with Government policy and practice through an integrated project team, led by Invest NI and with suitably skilled and experienced team members. This includes professional and Technical input from DFP Land and Property Services and DFP Central Procurement Department.

It is anticipated that a large proportion of the Land Acquisition Strategy costs will relate to land assembly rather than physical development. The development and civil engineering works projects will be procured through the CPD Centre of Procurement Excellence, thus ensuring that the requirements of the Sustainable Development Strategy are adhered to.

A formal governance process has been put in place to manage each acquisition as a deliverable project within an overall framework. Each project will be subject to review and approval in line with the normal Invest NI / DETI / DFP approval processes.

An outline Investment Delivery Chain in relation to these projects/programmes is attached for reference.

INVESTMENT DELIVERY CHAIN



SECTION 6: RISK MANAGEMENT PROCEDURES

STATE AIDS

As indicated in Section 3, Invest NI's principal scheme of assistance, which underpins its Enterprise and Investment support programmes, is Selective Financial Assistance (SFA), an approved State Aid under the European Commission's Regional Aid Guidelines 2007-2013.

Following the removal of Northern Ireland's Objective 1 status in 1999, the level of support which Invest NI is capable of providing through this scheme has been subject to a phased reduction. For example the maximum rate of SFA that Invest NI can offer large companies in Northern Ireland will fall from 30% at present to 15% in 2011 with a further reduction to 10% for large companies located in inner Belfast.

Invest NI is able to deploy its SFA scheme as the UK government has designated it an economic development region. The extent to which Invest NI will be able to continue to utilise this form of support will be dependent both on the position taken by the European Commission in drawing up its Regional Aid Guidelines beyond 2013 and how Northern Ireland is viewed in a UK economic context.

LAND ACQUISITION STRATEGY

Risk management for each project within the overall acquisition strategy will be carried out in line with Office of Government Commerce (OGC) and Central Procurement Directorate's guidelines and procedures.

Risk Potential Assessments are developed in line with DFP Achieving Excellence guidance and in line with Dear Accounting Officer letter DAO033/03.

INVEST NI**Capital Grant and shares**

Capital Grant made available through the provision of Selective Financial Assistance relates to projects delivered by third parties, namely Invest NI client companies. This contributes towards the principal elements of Invest NI's objectives and targets as established in its Corporate Plan 2008-11, which are in turn included within DETI's PSA targets for the same period. As such, they are subject to robust monitoring and reporting, on a quarterly basis, to DETI.

They also provide the basis for detailed and expanded in-year targets which are incorporated in Invest NI's annual Operating Plans. Performance against these objectives and targets is monitored closely on a monthly basis, with outputs and, where appropriate, variations against profile reported to Invest NI's Top Management Team. A report on progress is also brought to the attention of Invest NI's Board at half-yearly intervals.

Invest NI reports publicly on its end year performance through a detailed press release issued shortly after the end of each financial year and through the subsequent publication of its annual report and accounts, which is laid in the Northern Ireland Assembly. It also publishes a comprehensive Performance Report which provides detailed information and associated analysis of the impact of its performance.

Land Acquisition Strategy

In addition to the comprehensive internal Invest NI project and financial monitoring outlined above, Land Acquisition projects will be reported in line with the OGC / DFP achieving excellence standard reporting and such other reporting arrangements as considered appropriate.

ANNEX 1: Summary of major investment in [sub-pillar]

Project title & description (including description of tangible outputs expected from the investment)	Capital value (£m) Current prices	Anticipated procurement route	Indicate next gateway stage	Anticipated date of advertisement to market	Estimated completion date/delivery date	Location
<p>NOTE: Invest NI's activities are predominantly company specific interventions under existing schemes (SFA; Compete; Start, etc) and as such are <u>not</u> procurement projects.</p>						
<p>Note to table:</p> <p>¹ Please select from (a) PFI/PPP; (b) Design and Build; (c) Conventional Procurement.</p> <p>² Gate 0: Strategic Assessment; Gate 1: Business Justification; Gate 2: Procurement Strategy; Gate 3: Investment Decision; Gate 4: Readiness for Service; Gate 5: Benefits Evaluation</p>						

ANNEX 2: POLICY FRAMEWORK

Investment under this sub-pillar is informed by the following strategic and policy frameworks. These documents should be referenced for a fuller understanding of the context in which investment under this sub-pillar is being delivered.

As a service delivery body, Invest NI is responsible for developing and delivering programmes and activities to support the achievement of the economic development policy objectives set out in DETI's 'Economic Vision for Northern Ireland' which seeks to achieve greater wealth creation and better employment opportunities for all. Invest NI's performance across a broad range of Enterprise and Innovation activities contributes to DETI's achievement of a series of PSA targets associated with these Economic Vision aims.

Corporate Plan 2008-11

Greater wealth and economic growth within Northern Ireland will be generated by increasing the number and quality of businesses with sufficient scale to compete globally. In addition to enhancing the competitiveness of existing businesses, NI needs to attract more activity in the higher- productivity sectors and to support the commercialisation of intellectual property from our public and private research bases.

Invest NI will work with any manufacturing and tradable services business that has export potential and the prospect of improving productivity by becoming more internationally competitive.

In its Corporate Plan 2008 - 11 Invest NI's priority actions to increase productivity will be:

- to realise the potential of existing businesses (shorter term focus);
- to shift the sectoral focus towards higher value-added sectors (medium to longer term focus); and
- to support frontier companies at the leading edge of innovation and technology (longer term focus).

Link to Invest NI Draft Corporate Plan

http://www.investni.com/index/about/what_invest_ni_does/corporateplan08.htm

ANNEX 3: SUB PILLAR CONTACT DETAILS

Key Contacts

Name, address, telephone number, e-mail in each case

Responsible Department:	DETI Netherleigh Massey Avenue BELFAST BT4 2JP
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Delivery agencies:	
Centre of Procurement Expertise (COPE):	DFP Central Procurement Directorate
SIB contact:	Martin Spollen