

Delivery Agreement

PSA 1: Increase Manufacturing and Private Services Productivity

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I Vision

Background

1.1 In absolute terms, the growth of economic output in Northern Ireland (NI) has been comparatively strong. In 2006 the region had the second fastest annual increase in Gross Value Added (GVA) in the UK (5.6%) – marginally behind London (at 5.7%). However, 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 twelve UK regions (Wales is 12th at 77%).

1.2 Research by the Department of Enterprise, Trade and Investment (DETI) indicates that there are two factors behind the prosperity gap with the UK average:

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

1.3 Two Public Service Agreements (PSAs) have therefore been defined as part of the Programme for Government (PfG): improving productivity (PSA 1 – to which this Delivery Agreement relates) and increasing employment (PSA 3).

1.4 In terms of productivity, the PfG has outlined the following goal:

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

1.5 The Greater South East (GSE) includes London, the South East and the East of England. This area, comprising the London commuter belt, is one of extremely high value added economic performance, and, as a consequence, is an inappropriate benchmark for the NI economy.

1.6 This is a challenging goal for the NI Executive and other economy stakeholders, particularly as NI's productivity has been in relative decline. For example, economic forecasts used by DETI indicate that, on one measure, private sector productivity (relative to the UK excluding the GSE) is estimated to have fallen by almost six percentage points between 1996 and 2007.

Public Service Agreement – Aim

1.7 Overall measures of private sector productivity mask important sectoral variations. For example, whereas manufacturing productivity has improved relative to the UK excluding GSE (by 8% percentage points between 1996 and 2007), private services productivity has been on a more downward trend (falling by almost 12 percentage points over the same period). In light of this, the aim of PSA 1 is as follows:

‘Improve Northern Ireland’s manufacturing and private services productivity’

PSA Delivery Agreement

1.8 This document represents the Delivery Agreement (DA) that underpins PSA 1. The PSA framework provides only a high level overview of the objectives, actions, and associated targets that responsible Departments will undertake to deliver on the aim of PSA 1. The DA provides a much greater level of detail on these areas.

1.9 Section II considers the issues of measuring relative productivity and Section III outlines the delivery strategy and the departmental responsibilities in terms of each of the specific actions contained in PSA 1. The final section outlines the associated risks in terms of delivering this PSA.

Responsibility for delivery

1.10 Four drivers of productivity have been identified by the Economic Vision and the draft Regional Economic Strategy: enterprise; innovation; skills and infrastructure. Given the nature of the drivers, a number of NI Departments have responsibility for the delivery of PSA 1. Although DETI is in the lead, the Department for Employment and Learning (DEL) has a vitally important role to play in respect of skills. Moreover, the Department of Regional Development (DRD) is responsible for improvements to the transport infrastructure within NI. The Office of the First and Deputy First Minister (OFMDFM) will also support DETI’s efforts in relation to promoting NI as an investment location.

1.11 The private sector has also a crucial role to play in terms of delivery. Government will provide business support, infrastructure, and ensure that citizens are equipped with the appropriate skills to enter the labour market. Ultimately, however, it is the business community which makes investment and employment decisions, with company management responsible for the direction of the strategies and the productivity of their business activities. So, while this Delivery Agreement is concerned with Government actions to improve NI's manufacturing and private services productivity, this improvement must also be realised by the private sector.

II Measurement of the PSA

2.1 Productivity can be measured using either output per worker or output per hour worked. In order to obtain a sectoral breakdown of regional productivity, by manufacturing and private services, output per worker is the measure adopted for this PSA. Furthermore, PSA 1 defines productivity in terms of GVA per workforce job. This measure includes employee jobs, self-employment jobs, HM Forces and Government supported trainees, and the data is drawn from official sources (Department for Business, Enterprise and Regulatory Reform: Regional Competitiveness and State of the Regions).

Productivity Indicators

2.2 As outlined below, four indicators are used to measure progress in relation to productivity. The indicators provide the basis for monitoring the sectoral trends within manufacturing and private services productivity. The indicators are monitored in absolute terms (for NI only) and relative to the UK excluding the GSE.

2.3 The indicators for PSA 1 are:

Indicator 1 Manufacturing GVA per workforce job

Indicator 2 Manufacturing GVA per workforce job (relative to the UK excluding the Greater South East)

Indicator 3 Private services GVA per workforce job

Indicator 4 Private services GVA per workforce job (relative to the UK excluding the Greater South East)

2.4 Detailed information on these indicators is provided in the table below.

INDICATORS 1 - 4	MANUFACTURING AND PRIVATE SERVICES PRODUCTIVITY
Data provider	Department of Business, Enterprise and Regulatory Reform (BERR)
Data set used	Regional Competitiveness and State of the Regions
Baseline	The baseline year is 2007 (regional data carries a two-year lag)
Frequency of reporting	Annual
95% confidence interval	Unknown due to combining data sources

2.5 As outlined previously, the official metric for the PSA target will be published statistics on regional productivity. However, due to a two-year time lag for sectoral GVA data, DETI will monitor estimates of the four productivity variables via forecasts provided by Oxford Economics (OE).

2.6 The OE forecasts benefit from significant investment by Government Departments in recent years. OE's Northern Ireland Policy Simulation model (NI_PS) will be used to produce estimates twice yearly (Spring and Autumn). The model uses the latest published Northern Ireland data and incorporates current thinking on UK macro and industrial trends. The GVA data is tied to the official national statistics regional accounts data (currently available up to 2006 for totals and 2005 for industries). The estimates also contain the sub-sectors of manufacturing and private services, which will help monitor progress on PSA 1.

2.7 The overall aim of PSA 1 is underpinned by seven Departmental Strategic Objectives (DSOs), which relate to the key drivers of productivity that DETI and other Departments are seeking to influence. Section III details the actions that responsible Departments will take in relation to these DSOs and the relevant targets that have been established. Annex A sets out the measurement issues associated with the indicators that will be used to monitor progress against these targets. For the most part, the indicators will be monitored on a more frequent basis and are not subject to the time lag connected with official GVA data.

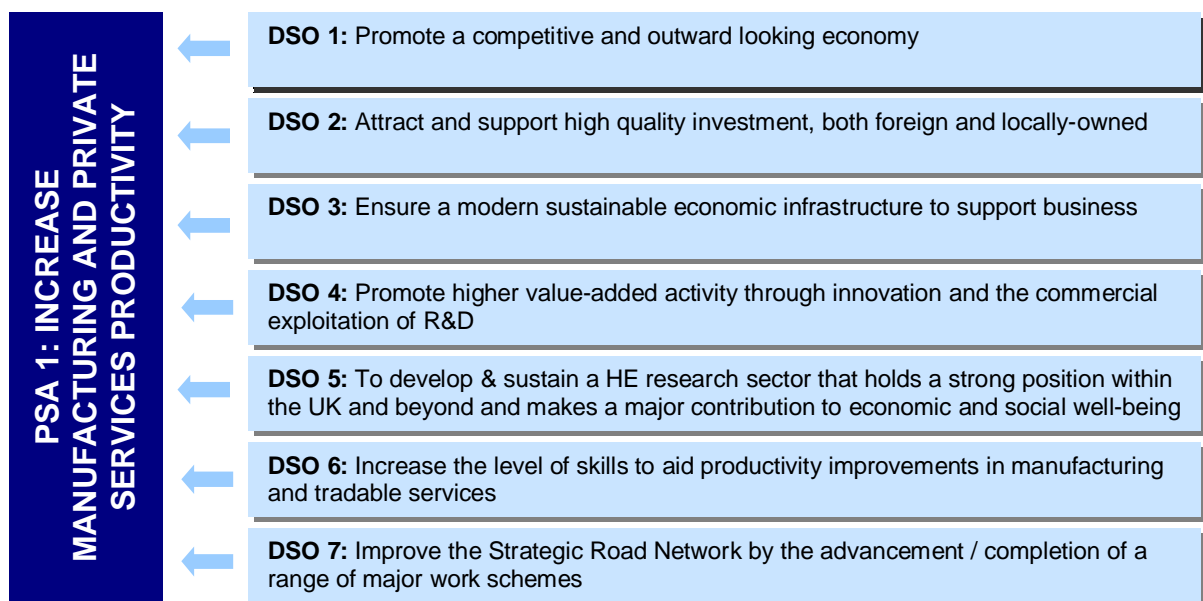
Definition of Key Terms

- 2.8 Productivity is defined as output (GVA) per workforce job; manufacturing is defined as SIC category D and private services is defined as SIC categories G-K and O.

III Delivery Strategy

3.1 As indicated previously, PSA 1 aims to ‘improve Northern Ireland’s manufacturing and private services productivity’ and is underpinned by seven Departmental Strategic Objectives (DSOs). These largely relate to promoting the drivers of productivity growth detailed previously – enterprise; innovation; skills and infrastructure. The DSOs are illustrated in Figure 3.1.

Figure 3.1: PSA Supporting Framework



3.2 The PSA / DSO framework details the key actions that the responsible Departments will undertake over the PfG period (2008/09 – 2010/11). The full framework is available at <http://www.pfgbudgetni.gov.uk/index/public-service-agreements.htm>.

3.3 The following paragraphs and tables provide a brief rationale for each of the supporting DSOs and detail the key actions and targets included as part of the PSA framework. Annex B maps a ‘programme toolkit’ against each of the actions, and their respective targets in the PSA framework, by DSO. This provides a greater level of detail on the specific activities and programmes that will be taken forward by Departments to achieve the targets established, and the direct output of these activities.

3.4 It must be noted that these targets are framed in the context of the prevailing economic conditions. Performance against these targets should therefore be considered in light of any material change in these conditions i.e. global economic slowdown.

3.5 Annex B also provides progress milestones in relation to these activities. It is important to note that these do not represent annual targets. The PSA framework sets 3-year targets to be achieved over the lifetime of PfG period (2008/09 – 2010/11) and these are provided in the tables that follow. Therefore, the milestones in Annex B are indicative, providing an indication of the anticipated profile of Departmental interventions. The actual profile of these activities will vary according to business requirements, and will be tailored over the lifetime of the PfG.

Department Strategic Objectives (DSOs)

DSO 1: Promote a Competitive and Outward Looking Economy

3.6 Increasing the level of exports is an important means of increasing output in a small open economy such as Northern Ireland (NI). Exports are also highly correlated with improvements to productivity, as increased competition from external markets will lead a more innovative economy. Promoting exports is therefore a key objective for PSA 1.

ACTIONS	TARGETS
<p>1. Invest NI will assist businesses that have a focus, or ambition to focus, on markets outside Northern Ireland or are seeking to generate wealth from outside Northern Ireland.</p> <p>2. Specific activity outputs:-</p> <ul style="list-style-type: none"> • 600 new first time exporters • Support companies to diversify into new markets • Improve the sales and marketing capability of NI businesses • Support 45 new start-ups exporting outside the UK and 300 exporting to GB 	<p>1. Maintain the CAGR* in external sales per employee by Invest NI manufacturing clients at 6%</p> <p>2. Increase in the CAGR* in external sales per employee by Invest NI tradable services clients to 4%</p> <p>3. The level of export sales as a percentage of total sales by Invest NI client companies, excluding the Top 25 exporting companies, to increase by 3 percentage points</p> <p>* CAGR = Compound Annual Growth Rate</p>

DSO 2: Attract and Support High Quality Investment, both Foreign and Locally-Owned

3.7 The NI economy is under-represented in high value-added sectors such as tradable services. Attracting increased levels of value added FDI is a proven route to strengthen regional economies such as NI. Boosting the levels of domestic investment can also be an important source of output and productivity growth.

ACTIONS	TARGETS
<p>1. Invest NI will prioritise its resources on:</p> <ul style="list-style-type: none"> • Existing client companies whose investment plans demonstrate increasing productivity • Attracting inward investment projects that will promote jobs with salaries above the Private Sector Median (PSM) or increase the value added in the relevant sector • New inward investment marketing activity that seeks to secure contestable projects that promote jobs with salaries above the NI PSM or increase the value added in the relevant sector <p>2. Specific activity outputs:</p> <ul style="list-style-type: none"> • Secure investment commitments of £1.2BN (<i>excluding potential support towards the Bombardier C-Series project</i>) • Support 90 inward investment projects • Support 45 new start-ups exporting outside the UK and 300 exporting to GB <p>3. Have an international strategy that identifies regions and sectors to promote a positive image of Northern Ireland and create opportunities for economic development, education, science and technology benefits and to promote (and sell) Northern Ireland's expertise.</p>	<p>1. Total annual wages and salaries secured of £345M, reflecting inward investment successes and growth from locally-owned clients</p> <p>2. 6,500 new jobs from inward investment:</p> <ul style="list-style-type: none"> • of which 5,500 will provide salaries above the Northern Ireland Private Sector Median • of which 2,750 will have salaries at least 25% above the Northern Ireland Private Sector Median <p>3. 70% of new FDI projects secured to locate within 10 miles of an area of disadvantage</p>

3.8 It is important to note that these targets, in particular those relating to employment, are framed in the context of the prevailing economic conditions. The predicted slowdown of the global economy and uncertainties in the financial markets may have a significant impact on the flows of FDI as companies adjust to revenue and cost pressures. The targets will be continually tracked and monitored against changing markets and, where appropriate, amended over the PfG period.

DSO 3: Ensure a Modern Sustainable Economic Infrastructure to Support Business

3.9 To support investment and growth, it is important to have an economic infrastructure that is both modern and sustainable. A well developed telecoms infrastructure and more competitive energy costs will help ensure NI is a more attractive destination for investment, and will also allow existing firms to compete in overseas markets. Reducing our dependence on energy from abroad, through developing renewable energy, will leave NI less vulnerable to global pressures from rising energy costs and allow the economy to be more sustainable in the long run.

ACTIONS	TARGETS
<p>1. Open up energy markets to external competition and ensure access to alternative energy sources. To support this, research will be taken forward on issues such as developing of the electricity grid, ensuring diversity and security of energy supplies and improving links with GB.</p> <p>2. Undertake a range of broadband stimulation activities to encourage the take-up and innovative use of telecommunications. Also, develop Northern Ireland's next generation network and establish a direct international communications link.</p> <p>3. Stimulate the construction of between 13 and 16 new workspace units.</p>	<p>1. Reduce energy costs relative to UK/EU regions by 2011</p> <p>2. As in PSA 22, secure 12% of electricity consumption in Northern Ireland from indigenous renewable sources by 2012.</p> <p>3. Increase broadband take-up to 75% of businesses by 2011 from a baseline of 60% in 2006</p> <p>4. Increase e-business activity by 10% by 2011 from its current low base</p> <p>5. Increase the availability of next generation network broadband speeds to 85% of businesses by 2011</p> <p>6. By 2009, reduce latency on communications between the North West and North America by approximately 25% and bring international communications costs in line with those in the major UK cities (e.g. Glasgow and Manchester)</p>

DSO 4: Promote Higher Value Added Activity through Innovation and the Commercial Exploitation of R&D

3.10 Innovation and R&D are central to productivity improvements. The development of new goods and services allows businesses to compete in global export markets, while improvements in the creation and delivery of existing products allow firms to work more efficiently.

ACTIONS	TARGETS
<p>1. Invest NI will:</p> <ul style="list-style-type: none"> • Secure Research & Development investment commitments of £120M • 300 companies to engage in Research & Development for the first time • Increase the commercialisation of intellectual property from NI's university and company research base <p>2. Support MATRIX, which will advise DETI on policies to better target resources to technology areas of greatest future potential and exploit core niche strengths in the R&D and science base.</p>	<p>1. Increase the BERD expenditure in Invest NI client companies with less than 250 employees by a 8% CAGR</p> <p>2. Increase the BERD expenditure in Invest NI client companies with greater than 249 employees by a 5% CAGR</p>

DSO 5: Develop and Sustain a Higher Education Research Sector that holds a Strong Position within the UK and beyond and makes a Major Contribution to Economic and Social Well-Being

3.11 A strong research base in Higher Education, coupled with an innovative business sector, is crucial to deliver productivity improvements. There are currently high levels of Higher Education R&D in Northern Ireland; however, it is important that there we develop and encourage strong linkages between this research and the needs of business.

ACTIONS	TARGETS
<p>1. Support MATRIX, which will co-ordinate business, Government and academia and develop a more effective relationship between industry and the R&D/science base.</p> <p>2. DETI/DEL/Invest NI to work with DFP to secure the necessary resources for permanent "Third Stream" funding in Northern Ireland's universities to increase knowledge transfer and co-operation between the tertiary education sector and local industry</p>	<p>1. Measurable improvements in research quality as measured by the Research Assessment Exercise (RAE)</p> <p>2. Increase by 10% the key Knowledge Transfer indicators as measured by the Higher Education – Business and Community Interaction Survey for the Academic Year 2010/11</p>

DSO 6: Increase the Level of Skills to aid Productivity Improvements in Manufacturing and Tradable Services

3.12 A skilled labour force is vital for a high value-added economy and the wider strategic objectives of PSA 1. Skills are one of the main attractions for foreign investment into the economy, and it is important to ensure that the future supply of skills is consistent with the demands of existing and prospective businesses. Relevant skills in Science, Technology, Engineering and Maths (STEM) are needed to support innovation and R&D, and businesses selling abroad also require a labour force with strong sales and marketing expertise. The Department for Employment and Learning (DEL) has lead responsibility in this area and it will continue to work with DETI and Invest NI to identify the priority areas for investment. The table below draws on PSA 2 (Skills for Prosperity) and outlines the actions and targets relevant to the Productivity PSA.

ACTIONS	TARGETS
<ol style="list-style-type: none"> 1. Publication of a report of a review of Labour Market Information in NI by 2008 2. Skills Expert Group develop, regional Employment and Skills Action Plans 3. Sector Skills Councils develop Sector Skills Agreement 4. Implementation of Success through Skills: the Skills Strategy for NI by 2015 5. Improve opportunities for adults to update their essential skills of numeracy, literacy and ICT through implementation of the Essential Skills Strategy 6. Implementation of the Further Education (FE) Strategy for Northern Ireland, in particular increasing the proportion of college provision that is at Level 2 and Level 3 7. Increase Apprenticeship training completion rates under Training for Success (and residual Jobskills). 8. Strategy and framework for Careers Education, Information, Advice and Guidance (DE/DEL) in place 	<ol style="list-style-type: none"> 1. A better match between skills demand and skills supply 2. Action Plan developed by March 2009 3. All Agreements in place by December 2008 4. To have all component projects of Success through Skills launched by 2010/11 5. A review of Success Through Skills will be completed during 2008 for publication in Spring 2009 6. By March 2011, 42,000 adult learners will have achieved a recognised qualification in Essential Skills 7. Increase the proportion of the working age population who are qualified at skill level 2 and above to 80% by 2015 8. Increase the proportion of Further Education enrolments at Level 2 from 29% in 2005/06 to 32% in 2010/11 9. Increase the proportion of the working age population who are qualified at skill level 3 and above to 60% by 2015 10. Increase the proportion of Further Education enrolments at level 3 from 57% in 2005/06 to 60% in 2010/11 11. Increase Apprenticeship training completion rates under Training for Success (and residual Jobskills) to

<p>9. Introduce Learning for Life and Work into the School Curriculum by 2011</p> <p>10. Support schools to secure access to the wider range of courses required under the Entitlement Framework</p> <p>11. Implementation of the FE Strategy for Northern Ireland, in particular the provision of an economically focused curriculum in FE colleges that will support the Northern Ireland economy by meeting the identified skills needs of individual employers</p> <p>12. Development and implementation of a HE strategy</p> <p>13. Take steps to increase uptake in stem subjects</p> <p>14. Increase links with local industry to promote STEM</p>	<p>44% at Level 3 by 2009/10</p> <p>12. After consultation to launch Careers Education, Information, Advice and Guidance Strategy CEIAG and an implementation plan by June 2008</p> <p>13. All children in post-primary provision in schools receive curriculum input on Learning for Life and Work by 2011</p> <p>14. Increase in the quality of FE and training provision as assessed by ETI</p> <p>15. Increase the proportion of Further Education enrolments in Northern Ireland's priority skills areas from 25% in 2005/06 to 28% in 2010/11</p> <p>16. Increase the proportion of Further Education enrolments that are on NQF courses from 91% in 2005/06 to 95% in 2010/11</p> <p>17. Increase the proportion of Further Education college enrolments that are on professional and technical courses from 82% in 2005/06 to 90% in 2010/11</p> <p>18. Increase the quality of higher education provision as assessed by QAA</p> <p>19. Increase by 5% the numbers studying STEM subjects in post 16 cohort by 2011</p> <p>20. By 2011, to have implemented a joint DE/DEL strategy to address the shortage of skills in science, technology and mathematics disciplines</p>
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DSO 7: Improve the Strategic Road Network by the Advancement / Completion of a Range of Major Work Schemes

3.13 In addition to improving the economic infrastructure outlined in DSO 3, the development of the physical infrastructure will also support productivity and attract investment into NI. This involves developing the transportation network on strategic corridors, for which the Department for Regional Development (DRD) has lead responsibility. The table below draws on PSA 13 (Improving the Transport Infrastructure) and outlines the main actions and targets relevant to the Productivity PSA.

ACTIONS	TARGETS
<p>1. Complete the following Strategic Road Improvement Schemes within the PfG period:</p> <ul style="list-style-type: none"> • M1/Westlink and M2 Upgrades • A4 Annaghilla single carriageway realignment with eastbound 2+1 lane • A4 Dungannon to Ballygawley dualling • A5 Tullyvar single carriageway realignment with climbing lanes • A1 Beech Hill to Cloghogue dualling • Four additional grade separated junctions on the A1 between Sprucefield and Loughbrickland • A26/M2 Ballee Road East Link • A4 Henry Street/Sligo Road, Enniskillen • A32 Cherrymount Link, Enniskillen • A32 Dromore – Irvinestown – Enniskillen realignments • A29 Carland Bridge realignment • A20 Newtownards Southern Distributor • A20 Newtownards Frederick Street Link <p>2. Progress a number of other Strategic Road Improvement Schemes including:</p> <ul style="list-style-type: none"> • A6 dualling Randalstown/M22 – Castledawson • A2 dualling from Maydown to City of Derry Airport • A2 Widening at Greenisland • A5 Derry to Aughnacloy • A6 Derry to Dungiven • A8 Belfast to Larne 	<p>1. By 2015, reduce journey times on the Key Transport Corridors by 2.5% compared to 2003.</p>

IV Risks

4.1 The stretching productivity goal, contained in the Programme for Government, is directed at improving the value added performance of the NI economy. Under this, the aim of PSA 1 is to improve NI's manufacturing and private services productivity. It is, however, important to recognise that a wide range of external factors, outside the Executive and Assembly's control, have a significant influence on overall economic performance. The ability to deliver on the aim of PSA 1 and the wider PfG goal is subject to these external influences. For example:

- **Economic downturn** – A global economic downturn, or more particularly, a downturn in the key target markets of GB, RoI and USA, would have an adverse impact on the gross value added of existing business (salaries and profits) as a result of reduced external and export sales and reduced business expenditure on research and development. A downturn would also adversely impact on the ability to attract new inward investment, both first time and reinvestment;
- **Increased competition from Eastern Europe and India / China** - There are risks to the competitiveness and sustainability of existing businesses, and to the potential viability and survival of new business start-ups from increased competition. Competitive pressures will increase as Eastern European countries move from manufacturing into tradable services, and also as India and China develop their capacity in certain sectors e.g. textiles, pharmaceutical and manufacturing;
- **Skills** – the availability of adequate numbers of suitably skilled and experienced people is central to the delivery of this PSA, particularly technology-based skills. Failure to maintain an adequate supply of skilled labour, particularly in the priority areas of financial & business services and ICT, would have a detrimental impact on delivery;
- **Significant currency movements** - could impact on companies' exporting potential and investment plans;

- **Material changes to the underlying competitive cost base** – e.g. industrial rates, insurance costs, energy costs (including global oil prices and EU carbon pricing strategies), interest rates generally;
- **Land acquisition** – major concern that land will neither be affordable nor viable to acquire for economic development (at a competitive industrial-use price);
- **Planning** – concerns that insufficient good-quality land will be zoned for industrial use following completion of various regional Area Plans;
- **Domestic property prices** – concerns that a continued rise in house prices will be a deterrent to people seeking to return to Northern Ireland to take up job opportunities; and
- **Public acceptance of proposed energy infrastructure developments** - e.g. interconnectors, enhancement of electricity grid, wind turbines etc.

4.2 A range of risks relevant to PSA 1 are recorded, as appropriate, on Departmental Risk Registers. They are managed by the relevant Departmental Boards.

4.3 Performance against PSA 1 should be monitored and interpreted in the context of the external factors outlined above. Where possible, targets set at DSO level have been framed relative to a UK benchmark, to take into account the broad range of external factors which could impact on the delivery of this PSA. However, targets have generally been set in absolute terms to reflect the fact that the Executive's area of influence is the companies / individuals in receipt of assistance (for which there are no benchmarks readily available / comparable).

Annex A: Measurement of Supporting DSOs

The details of the indicators used to measure the PSA have been set out in Section II. This annex will provide details of how targets set under each DSO will be measured.

DSO 1	PROMOTE A COMPETITIVE AND OUTWARD LOOKING ECONOMY
Indicators	1. External sales per employee by Invest NI clients 2. Export sales as a percentage of total sales by Invest NI client companies
Data provider	DETI Manufacturing Sales and Exports Survey
Frequency of reporting	Annual

DSO 2	ATTRACT AND SUPPORT HIGH QUALITY INVESTMENT, BOTH FOREIGN AND LOCALLY-OWNED
Indicators	3. Annual wages and salaries by Invest NI clients 4. Inward investment jobs
Data provider	Invest NI monitoring of Divisional activity
Frequency of reporting	Annual

DSO 3	ENSURE A MODERN SUSTAINABLE ECONOMIC INFRASTRUCTURE TO SUPPORT BUSINESS
Indicator	5. Energy costs
Data provider	Market regulators BERR Energy Markets Outlook DETI monitoring
Frequency of reporting	Mixed

DSO 3	ENSURE A MODERN SUSTAINABLE ECONOMIC INFRASTRUCTURE TO SUPPORT BUSINESS
Indicator	6. Electricity consumption from renewable sources
Data provider	Northern Ireland Electricity (NIE)
Frequency of reporting	Quarterly

DSO 3	ENSURE A MODERN SUSTAINABLE ECONOMIC INFRASTRUCTURE TO SUPPORT BUSINESS
Indicators	7. Broadband take-up by business 8. e-business activity
Data provider	Northern Ireland Statistics and Research Agency (NISRA) Industry data
Frequency of reporting	Mixed

DSO 3	ENSURE A MODERN SUSTAINABLE ECONOMIC INFRASTRUCTURE TO SUPPORT BUSINESS
Indicators	9. Availability of next gen broadband speeds 10. Latency on communications 11. Cost of international data transmission
Data provider	DETI project monitoring
Frequency of reporting	Mixed

DSO 4	PROMOTE HIGHER VALUE-ADDED ACTIVITY THROUGH INNOVATION AND THE COMMERCIAL EXPLOITATION OF R&D
Indicator	12. BERD expenditure in Invest NI client companies
Data provider	DETI Business Expenditure on Research & Development Survey
Frequency of reporting	Annual

DSO 5	DEVELOP AND SUSTAIN A HIGHER EDUCATION RESEARCH SECTOR THAT HOLDS A STRONG POSITION WITHIN THE UK AND BEYOND AND MAKES A MAJOR CONTRIBUTION TO ECONOMIC AND SOCIAL WELL-BEING
Indicator	13. Improvements in research quality
Data provider	Research Assessment Exercise (RAE)
Frequency of reporting	Infrequent

DSO 5	DEVELOP AND SUSTAIN A HIGHER EDUCATION RESEARCH SECTOR THAT HOLDS A STRONG POSITION WITHIN THE UK AND BEYOND AND MAKES A MAJOR CONTRIBUTION TO ECONOMIC AND SOCIAL WELL-BEING
Indicator	14. Knowledge transfer indicators
Data provider	Higher Education – Business and Community Interaction Survey (HE-BCI)
Frequency of reporting	Annual

DSO 6	INCREASE THE LEVEL OF SKILLS TO AID PRODUCTIVITY IMPROVEMENTS IN MANUFACTURING AND TRADABLE SERVICES
Indicator	15. Adult learners achieving a recognised qualification in Essential Skills
Data provider	Awarding bodies that accredit learners with their final certificates
Frequency of reporting	Monthly

DSO 6	INCREASE THE LEVEL OF SKILLS TO AID PRODUCTIVITY IMPROVEMENTS IN MANUFACTURING AND TRADABLE SERVICES
Indicator	16. Proportion of the working age population qualified to skill level 2 and above 17. Proportion of the working age population qualified to skill level 3 and above
Data provider	DETI Labour Force Survey
Frequency of reporting	Quarterly

DSO 6	INCREASE THE LEVEL OF SKILLS TO AID PRODUCTIVITY IMPROVEMENTS IN MANUFACTURING AND TRADABLE SERVICES
Indicator	18. Training for Success completion rates
Data provider	Department for Employment and Learning (DEL)
Frequency of reporting	Every six months

DSO 6	INCREASE THE LEVEL OF SKILLS TO AID PRODUCTIVITY IMPROVEMENTS IN MANUFACTURING AND TRADABLE SERVICES
Indicator	19. Proportion of Further Education college funded provision in NI's identified priority skills areas 20. Proportion of Further Education college funded provision in professional and technical areas 21. Proportion of Further Education college funded provision on National Qualification Framework (NQF) courses
Data provider	FE colleges
Frequency of reporting	Annual

DSO 6	INCREASE THE LEVEL OF SKILLS TO AID PRODUCTIVITY IMPROVEMENTS IN MANUFACTURING AND TRADABLE SERVICES
Indicator	22. Numbers studying STEM subjects
Data provider	Department of Education (DE), Department for Employment and Learning (DEL) and Department of Enterprise, Trade and Investment (DETI)
Frequency of reporting	Yet to be established

DSO 7	IMPROVE THE STRATEGIC ROAD NETWORK BY THE ADVANCEMENT / COMPLETION OF A RANGE OF MAJOR WORK SCHEMES
Indicator	23. Journey times on Key Transport Corridors
Data provider	Department for Regional Development (DRD)
Frequency of reporting	Once at period end (2015)

Annex B: Delivery Tables

DSO 1: PROMOTE A COMPETITIVE AND OUTWARD LOOKING ECONOMY					
PSA FRAMEWORK		PROGRAMME TOOLKIT			
ACTION	TARGET	PROGRAMMES / WORK STREAMS	OUTPUTS	MILESTONES	RESPONSIBILITY
<p>INVEST NI WILL ASSIST BUSINESSES THAT HAVE A FOCUS, OR AMBITION TO FOCUS, ON MARKETS OUTSIDE NORTHERN IRELAND OR ARE SEEKING TO GENERATE WEALTH FROM OUTSIDE NORTHERN IRELAND</p>	<p>1. Maintain the CAGR in external sales per employee by Invest NI manufacturing clients at 6%</p> <p>2. Increase the CAGR in external sales per employee by Invest NI tradable services clients to 4%</p> <p>3. The level of export sales as a percentage of total sales by Invest NI client companies, excluding the Top 25 exporting companies, to increase by 3 percentage points.</p>	<p>TRADE INITIATIVES</p> <p>Invest NI will assist the internationalisation of client companies through its 'Passport to Export' Programme. Passport to Export offers a comprehensive range of support and advice in five priority areas tailored to the growth objectives of individual businesses:</p> <ul style="list-style-type: none"> • Export Skills and Knowledge – Encouraging capability development through delivery of a programme of workshops to develop companies' marketing, sales and export potential and initiatives to prepare for exporting. • Market Visits – Enabling companies to undertake market visits through undertaking over 50 trade missions in each of the next three years visiting both established and high growth emerging markets such as India and China as well as some of the world's leading trade fairs. 	<p>The combined output of these actions will be to:</p> <ul style="list-style-type: none"> • Encourage 600 new first time exporters • Support 1,200 further companies to diversify into new markets <p>These targets will be achieved by developing the export capability of businesses through:</p> <ul style="list-style-type: none"> • Delivery of export Skills and Knowledge Workshops for over 1,300 delegates • Supporting market visits for 1,500 participants 	<p>Annual milestones for the overall outputs:</p> <ul style="list-style-type: none"> • Encourage new first time exporters: <ul style="list-style-type: none"> 2008/09: 175 2009/10: 200 2010/11: 225 • Support companies to diversify into new markets: <ul style="list-style-type: none"> 2008/09: 375 2009/10: 400 2010/11: 425 <p>These outputs will be achieved through the following indicative in-year annual milestones:</p> <ul style="list-style-type: none"> • Export skills and knowledge workshops for 450 delegates • Supporting market visits for 500 participants 	<p>Senior Officials: Jeremy Fitch / Ian Murphy</p>

		<p>BUSINESS STARTS</p> <p>Invest NI will continue to implement its comprehensive suite of enterprise development activities aimed at stimulating a more entrepreneurial culture in Northern Ireland which is supportive of business start-up and growth:</p> <ul style="list-style-type: none"> • Export Start - Invest NI will continue to proactively market its range of business support programmes targeted at creating and growing Export Start businesses, with the ability to export to our neighbours in Great Britain. • Global Start - The agency will also continue to work closely with a broad range of local stakeholder groups, including the universities, to focus on increasing the number of Global and Export Start businesses, created with global export potential. 	<p>The combined output of these actions will be to:</p> <ul style="list-style-type: none"> • 300 Export Start companies created exporting to GB • 45 Global Start companies created exporting outside the UK 	<p>Indicative in-year annual milestones are:</p> <ul style="list-style-type: none"> • 100 Export start Projects exporting to GB in each year • 15 Global Starts exporting outside the UK in each year 	<p>Senior Official: Ian Murphy</p>
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DSO 2: ATTRACT AND SUPPORT HIGH QUALITY INVESTMENT, BOTH FOREIGN AND LOCALLY-OWNED

PSA FRAMEWORK		PROGRAMME TOOLKIT			
ACTION	TARGETS	PROGRAMMES / WORK STREAMS	OUTPUTS	MILESTONES	RESPONSIBILITY
<p>INVEST NI WILL PRIORITISE ITS RESOURCES ON:</p> <p>EXISTING CLIENT COMPANIES WHOSE INVESTMENT PLANS DEMONSTRATE INCREASING PRODUCTIVITY</p> <p>ATTRACTING INWARD INVESTMENT PROJECTS THAT WILL PROMOTE JOBS WITH SALARIES ABOVE THE PRIVATE SECTOR MEDIAN OR INCREASE THE VALUE ADDED IN THE RELEVANT SECTOR</p> <p>NEW INWARD INVESTMENT MARKETING ACTIVITY THAT SEEKS TO SECURE CONTESTABLE PROJECTS THAT PROMOTE JOBS WITH SALARIES ABOVE THE NI PRIVATE SECTOR MEDIAN OR INCREASE THE VALUE ADDED IN THE RELEVANT SECTOR</p>	<p>1. Total annual wages and salaries secured of £345m, reflecting inward investment successes and growth from locally owned clients</p> <p>2. 6,500 new jobs from inward investment:</p> <ul style="list-style-type: none"> o of which 5,500 will provide salaries above the NI private sector median o of which 2,750 will have salaries at least 25% above the NI private sector median <p>3. 70% of new FDI projects secured to locate within 10 miles of an area of economic disadvantage</p>	<p>NEW FOREIGN DIRECT INVESTMENT (FDI)</p> <p>Invest NI will secure new FDI through focusing on target sectors most beneficial to the economy. In this it will proactively target key geographical markets for FDI including USA; UK; RoI; India; and mainland Europe.</p> <ul style="list-style-type: none"> • Selective Financial Assistance (SFA) - focusing on companies in the manufacturing and internationally tradable services sectors and supporting projects which enhance capability, increase value added and promote high quality employment opportunities. Over the three-year PSA period, SFA will focus on projects which result in increased productivity for recipient companies. • Land Acquisition Strategy - Invest NI has a commitment to implement the Draft Investment Strategy target of 200 acres of land being acquired for industrial use by 2012. 	<ul style="list-style-type: none"> • Total annual wages and salaries secured of £345m, reflecting inward investment successes and growth from locally owned clients • 90 inward investment projects will be supported, offering: <ul style="list-style-type: none"> o 6,500 new jobs o of which 5,500 will provide salaries above the NI private sector median; o of which 2,750 will have salaries at least 25% above the NI private sector median • 70% of new FDI projects secured within 10 miles of an area of economic disadvantage • 75% of land acquisition to be in areas of economic disadvantage <p><i>Note that achievement of the targets are dependent on successfully acquiring 200 acres of land by 2012 to underpin the activities needed to realise these indigenous growth and inward investment targets.</i></p>	<p>Annual milestones for the PSA targets:</p> <ul style="list-style-type: none"> • Total annual wages and salaries secured of around £115m in each year, derived from inward investment and growth from locally-owned clients; • Around 30 inward investment projects will be supported in each year, offering: <ul style="list-style-type: none"> o 2,200 new jobs o of which 1,870 will provide salaries above the NI private sector median; o of which 930 will have salaries at least 25% above the NI private sector median • 70% of new FDI projects secured within 10 miles of an area of economic disadvantage. • Precise annual targets are inappropriate for the Land Acquisition Strategy due to the uncertainty of when land may become available for acquisition. However, Invest NI will aim to acquire around 50 acres in each year 2008 – 11. 	<p>Senior Officials: Jeremy Fitch / Ian Murphy</p>

		<ul style="list-style-type: none"> • Overseas Offices Networking - staff will market the NI inward investment proposition to appropriate companies with FDI potential through targeted company visits and networking events • Inward Visit Programmes - will be arranged to enable potential investors to visit NI to learn what is on offer and to meet with established inward investors with positive investment experiences 	<p>Specific activity outputs:</p> <ul style="list-style-type: none"> • Inward visit programmes for 360 potential investors 	<p>Interim milestone for FDI activities:</p> <ul style="list-style-type: none"> • Inward visit programmes for 120 potential investors per year 	
<p>HAVE AN INTERNATIONAL STRATEGY THAT IDENTIFIES REGIONS AND SECTORS TO PROMOTE A POSITIVE IMAGE OF NORTHERN IRELAND AND CREATE OPPORTUNITIES FOR ECONOMIC DEVELOPMENT, EDUCATION, SCIENCE AND TECHNOLOGY, BENEFITS AND TO PROMOTE (AND SELL) NORTHERN IRELAND EXPERTISE</p>	<ol style="list-style-type: none"> 1. Extend the Northern Ireland Bureau's representation to New York and the Far East to contribute and support foreign direct investments 2. Increase the number of consulate representations in Northern Ireland 3. Deliver 10 summer internships for students in third level education from disadvantaged backgrounds within influential offices in Washington DC 	<p>INTERNATIONAL STRATEGY</p> <ul style="list-style-type: none"> • Activities contained within the International Strategy 	<ul style="list-style-type: none"> • Increased awareness of Northern Ireland as an investment destination in target markets and sectors. 	<ul style="list-style-type: none"> • Complete the International Strategy by April 2008 	<p>Senior Official: John McMillen, OFMDFM</p>

DSO 3: ENSURE A MODERN ECONOMIC INFRASTRUCTURE TO SUPPORT BUSINESS

PSA FRAMEWORK		PROGRAMME TOOLKIT			
ACTION	TARGETS	PROGRAMMES / WORK STREAMS	OUTPUTS	MILESTONES	RESPONSIBILITY
OPEN UP ENERGY MARKETS TO EXTERNAL COMPETITION AND ENSURE ACCESS TO ALTERNATIVE ENERGY SOURCES. TO SUPPORT THIS, RESEARCH WILL BE TAKEN FORWARD ON ISSUES SUCH AS DEVELOPING OF THE ELECTRICITY GRID, ENSURING DIVERSITY AND SECURITY OF ENERGY SUPPLIES AND IMPROVING LINKS WITH GB	1. Reduce energy costs relative to UK / EU regions by 2011 2. As in PSA 22, secure 12% of electricity consumption in Northern Ireland from indigenous renewable sources by 2012	ENERGY COSTS <ul style="list-style-type: none"> Implementation of EU Directives on electricity and gas markets. Embedding of all-island single wholesale electricity market (SEM) to contribute to: <ul style="list-style-type: none"> further opening up of energy markets within the context of the EU's Internal Market; securing a diverse, viable, and environmentally sustainable long-term energy supply for NI; and work with NIAUR to ensure SEM delivers downward competitive pressure on energy prices. Address NI retail competition issues for electricity and gas to deliver consumer choice and lower costs. Develop policy on security of supply for electricity and gas on a cross border basis, in context of linkage with GB. Develop proposals for harmonisation of gas market with RoI. 	<ul style="list-style-type: none"> NI legislation put in place to ensure compliance with EU requirements. The SEM will promote greater competition through an open and fair all-island wholesale electricity market that will put a downward pressure on prices and deliver greater security and diversity of electricity supplies for the mutual benefit of consumers in NI and RoI. Domestic customers having greater choice of electricity supplier which should lead to lower retail prices. Common arrangements in gas will provide for harmonised island tariff and operational structure, linkage with GB market and security of supply, and promote wider access for the mutual benefit of consumers in NI and RoI. 	2009: Updated Strategic Energy Framework 2009: Work programme to implement Common Arrangements for Gas (subject to cost benefit analysis)	Senior Official Head of Energy, Jenny Pyper
		RENEWABLE ENERGY <ul style="list-style-type: none"> Develop arrangements for coordinating energy research and investment on a cross border basis. Collaboration with neighbouring jurisdictions on sustainable energy research projects that deliver mutual benefits: e.g. <ul style="list-style-type: none"> all-island Electricity Grid Study – further specific studies (e.g. dynamic data, cost benefit 	<ul style="list-style-type: none"> Further all-island Grid Study work will develop baseline information on options available to the Departments (DETI and DCENR) in order to agree policy and inform the regulatory authorities and energy industry of the targets that are feasible for increased generation levels of renewable electricity to 2020 and beyond; and the associated grid reinforcement and investment implications for NI and RoI. Provision of detailed technical information needed to determine feasibility of a NI / 	Electricity consumption from indigenous renewable sources: Baseline: 2008: 5.5% 2009: 7% 2010: 10% 2012: 12% 2008: Commence offshore grid study research.	

		<p>analysis of options, grid design, impact of demand side management) to build on overall Grid Study report with the aim of increasing the contribution of renewables and enabling greater access to alternative energy sources;</p> <ul style="list-style-type: none"> ○ offshore marine electricity grid study; ○ outworking of gas and carbon capture and storage and LNG studies; and ○ non-wind renewable energy projects – bioenergy / marine <ul style="list-style-type: none"> • Development of high level sustainable energy campaign to include long-term branding. • Support for energy efficiency programmes in the small commercial sector. • Support for renewable energy technologies. • Revision of NIRO to include enhanced support for lesser developed non-wind technologies. 	<p>Scotland / Rol offshore grid development and investment, including linkage to development of all-island Electricity Grid with the aim of providing long term access to marine energy sources.</p> <ul style="list-style-type: none"> • Assessment of potential for bioenergy as a renewable energy source in NI including, where appropriate, areas of market failure. • Assessment of potential for marine energy in NI waters and environmental considerations in a Strategic Environmental Assessment. • Development of sustainable brand will help co-ordinate awareness across NI of both energy efficiency and renewable energy. • Support for energy efficiency measures in the small commercial sector will contribute significantly to energy savings target. • Support for renewable energy technologies will continue to address market failure and lead to a longer term sustainable market. • Information to inform energy policy and facilitate industry decisions/involvement in potential for gas and carbon capture storage, and access to LNG. 	<p>2008/09: Development of cross-departmental approach to sustainable energy.</p> <p>2008: Strategic Environmental Assessment undertaken.</p> <p>2009/10: Support programme in small commercial sector developed and launched (subject to EU State aid clearance, if necessary).</p>	
<p>UNDERTAKE A RANGE OF SIMULATION ACTIVITIES TO ENCOURAGE THE TAKE TAKE-UP AND INNOVATIVE USE OF TELECOMS. ALSO, DEVELOP NORTHERN IRELAND'S NEXT GENERATION NETWORK AND ESTABLISH A</p>	<ol style="list-style-type: none"> 1. Increase broadband take-up to 75% of businesses by 2011 from a baseline of 60% in 2006 2. Increase e-business activity by 10% by 2011 from its current low base 3. Increase the availability of next generation network broadband speeds to 85% of businesses by 	<p>NEXT GEN NETWORK SERVICES</p> <ul style="list-style-type: none"> • Targeted intervention to increase access to next generation broadband access speeds for businesses in NI • Engagement with potential telecoms providers to lever appropriate private sector investment • Award of contract(s) for provision of same 	<p>Exploitation and enhancement of the existing extensive telecommunications networks in NI facilitating:</p> <ul style="list-style-type: none"> • Growth and productivity of existing business and targeting of FDI • Emergence of next generation "knowledge worker" communities (i.e. highly skilled individuals making lifestyle choices on working patterns / environment using available technology) • Accessibility of key services (government, education, health etc), particularly in rural areas 	<p>2008: "Green Book" Business Case completed</p> <p>2009: Procurement procedure completed</p>	<p>Senior Official: Head of Strategic Policy Division, Fiona Hepper</p>

DIRECT INTERNATIONAL COMMUNICATIONS LINK	2011 4. By 2009, reduce latency on communications between the North West and North America by approximately 25% and bring international communications costs in line with those in the major UK cities (e.g. Glasgow and Manchester)	ICT ADVISORS AND DEMONSTRATION CENTRES	Establishment of 2 fully resourced ICT centres offering:	2008: "Green Book" Business Case approvals secured 2009: Centres fully operational 2009: 2% increase in e-business baseline activity for participating businesses 2010: 5% increase in e-business baseline activity for participating businesses 2011: 10% increase in e-business baseline activity for participating businesses	Senior Official: Head of Strategic Policy Division, Fiona Hepper
		BROADBAND FUND	Structured, financial assistance / support for businesses, councils etc wishing to invest in technology trails and innovative uses of broadband facilitating:	2008: "Green Book" Business Case approvals secured 2009: Conduct review of project to inform future funding decision or allocation of funds to NGN project	Senior Official: Head of Strategic Policy Division, Fiona Hepper
		INTERREG IV DIRECT INTERNATIONAL CONNECTIVITY	Development of an enhanced telecommunications infrastructure delivering:	2009: Award contract for delivery of international connectivity solution 2009: Project delivered/facility operational (no weather / environmental impact) 2010: Project delivered/facility operational (weather / environmental impact)	Senior Official: Head of Strategic Policy Division, Fiona Hepper

DSO 4: PROMOTE HIGHER VALUE ADDED ACTIVITY THROUGH INNOVATION AND THE COMMERCIAL EXPLOITATION OF R&D

PSA FRAMEWORK		PROGRAMME TOOLKIT			
ACTION	TARGETS	PROGRAMMES / WORK STREAMS	OUTPUTS	MILESTONES	RESPONSIBILITY
INVEST NI WILL: SECURE RESEARCH & DEVELOPMENT INVESTMENT COMMITMENTS OF £120M 300 COMPANIES TO ENGAGE IN RESEARCH & DEVELOPMENT FOR THE FIRST TIME INCREASE THE COMMERCIALISATION OF INTELLECTUAL PROPERTY FROM NI'S UNIVERSITIES AND COMPANY RESEARCH BASE	1. Increase the BERD expenditure in Invest NI client companies with less than 250 employees by a 8% CAGR 2. Increase the BERD expenditure in Invest NI client companies with greater than 249 employees by a 5% CAGR	BUSINESS EXPENDITURE ON R&D (BERD) Invest NI will secure enhanced levels of BERD investment, both within existing indigenous business and new mobile investment, through increased participation in a wide range of R&D programmes designed to encourage near market R&D and industrial R&D. These include principally: <ul style="list-style-type: none"> • BERD Programme - Invest NI proposes to develop a programme which will incorporate its existing range of business related R&D programmes, including Start; Compete; Product & Process Development; and industry-related Centres of Excellence, all of which have the potential to offer increased levels of financial support, especially for SMEs 	<ul style="list-style-type: none"> • The new innovation business support programmes will deliver £120m investment in R&D. • 300 companies to engage in R&D for the 1st time delivered through the new Innovation business support programmes encouraged via Innovation Advisers 	<ul style="list-style-type: none"> • Investment in R&D: 2008/09: £40m 2009/10: £40m 2010/11: £40m • 100 companies each year to engage in R&D for the first time. 	Senior Official: Tracy Meharg
		R&D INFRASTRUCTURE DEVELOPMENT Invest NI will continue to support the development of the R&D infrastructure by investing in and promoting leading edge applied research. <ul style="list-style-type: none"> • Competence Centres - Invest NI will assess the demand for sector specific Competence Centres. It is anticipated that a number of Competence Centres will be established by Higher and Further Education to support SMEs. 	Contributing to the overall PSA targets will be: <ul style="list-style-type: none"> • 7 Centres of Excellence / Competence Centres established 	<ul style="list-style-type: none"> • Competence Centres: 2008/09: 3 2009/10: 2 2010/11: 2 	Senior Official: Tracy Meharg

		<p>HIGHER / FURTHER EDUCATION (HE/FE)</p> <p>Invest NI will provide support to HE/FE technology transfer activities to ensure that research results and outputs are commercialised in a timely and effective manner.</p> <ul style="list-style-type: none"> • Proof of Concept Programme - Invest NI proposes to launch a mainstream programme, following successful completion of a pilot. • HEIF mainstream funding - Invest NI proposes to provide funding to University Technology Transfer activities. • Venture Capital Fund - Invest NI proposes to establish an FSA approved VC fund to increase the number of equity investments in technology businesses emanating from HE or business spin-outs. 	<p>Contributing to the overall PSA targets will be:</p> <ul style="list-style-type: none"> • 60 Proof of Concept projects • Increase commercialisation of IP from NI's universities and company research base – delivered through the HE/FE technology transfer programmes including HEIF • 26 projects through the NISPO Venture Capital Fund 	<ul style="list-style-type: none"> • 20 Proof of Concept projects each year • NISPO Venture Capital Fund: <ul style="list-style-type: none"> 2008/09: 6 projects 2009/10: 10 projects 2010/11: 10 projects 	<p>Senior Official: Tracy Meharg</p>
<p>SUPPORT MATRIX, WHICH WILL ADVISE DETI ON POLICIES TO BETTER TARGET RESOURCES TO TECHNOLOGY AREAS OF GREATEST FUTURE POTENTIAL AND EXPLOIT CORE NICHE STRENGTHS IN R&D AND SCIENCE BASE</p>	<p>N/A</p>	<p>MATRIX</p> <p>MATRIX, the Northern Ireland Science Industry Panel, a business led expert panel, has been established by DETI to advise NI government on the commercial exploitation of R&D and science and technology in Northern Ireland.</p> <p>By identifying key areas of science, technology and innovation in which Northern Ireland has a lead over its competitors, and advising on the policy required to exploit these strengths and deliver economic success, MATRIX will help to ensure the sustainability of Northern Ireland's economic growth in the face of increasing competition from high value global markets.</p>	<p>Matrix will:</p> <ul style="list-style-type: none"> • Encourage the business community - in partnership with the public and academic sectors - to take a leadership role in the development of the region's R&D, innovation and knowledge-based economy • Advocate the development of the regional economy through the exploitation of the R&D and science base and the promotion of innovation; • Champion and develop a more effective and productive relationship between industry and the regional R&D and science/technology base; • Maintain a strategic view of science and research exploitation for the region to maximise the future success of Northern Ireland's R&D and 	<p>During 2008/09:</p> <ul style="list-style-type: none"> • MATRIX/Horizon Recommendations to be brought before Minister and implementation phase commences • Second round of Horizon Panels to be completed and submitted to the overarching MATRIX panel for consideration and thereafter presented to the DETI Minister; <p>During 2009/10:</p> <ul style="list-style-type: none"> • Second Round of reports to MATRIX; • Third MATRIX report to DETI Minister. 	<p>Senior Official DETI Strategic Policy Division, Fiona Hepper</p>

			<p>innovation based economy;</p> <ul style="list-style-type: none"> Act as an influential and central point of coordination in building the case for developing and exploiting areas of most future economic value in the science and R&D base; <p>Specific outputs are:</p> <ul style="list-style-type: none"> Provide reports/advice directly to DETI and the DETI Minister. 	<p>During 2010/11:</p> <ul style="list-style-type: none"> Third Round of reports to MATRIX; Fourth MATRIX report to DETI Minister. 	
<p>IMPLEMENTATION OF THE FE STRATEGY FOR NORTHERN IRELAND, IN PARTICULAR THE DIRECT SUPPORT THAT FE COLLEGES CAN PROVIDE TO EMPLOYERS IN AREAS SUCH AS INNOVATION, PRODUCTIVITY, DESIGN AND BUSINESS</p>	<p>1. By December 2008 to have established baselines and monitoring arrangements to measure the volume of direct support that further education colleges provide to employers, and to measure the level of employer satisfaction with the support provided</p>	<p>HORIZON</p> <p>MATRIX is supported by the HORIZON Programme - a focused and time-bound series of horizon scanning / technology & market foresight panels. Each of the Horizon Panels will be responsible for bringing proposals to MATRIX on how best to position Northern Ireland for competitive advantage over the short, medium and longer terms (spanning periods between 5,10 and 15 years). Each panel will draw up a series of recommendations which will be presented to DETI and the DETI Minister.</p> <p>FURTHER EDUCATION COLLEGES</p> <p>Through the new six college structure, the FE sector will have the capacity and resources to respond effectively to the changing needs of business and industry.</p> <p>In addition to producing individuals with the skills and qualifications at various levels required by the economy, Further Education (FE) Colleges also provide a range of direct services to employers.</p>	<p>Horizon will:</p> <ul style="list-style-type: none"> Develop advice for the exploitation of NI's key strategic technology capabilities and market opportunities; Help to define the immediate, medium and long-term priorities for R&D and science exploitation; Provide suitable advice on how the recommendations of the Regional Innovation Strategy relating to R&D and science may be most effectively implemented; <p>Specific outputs are:</p> <ul style="list-style-type: none"> Develop reports to guide the future focused recommendations of the main MATRIX panel <p>N/A</p>	<p>N/A</p>	<p>DEL Senior Official: (TBD)</p>

**DEVELOPMENT AND
INCUBATION**

Working through local Workforce Economic Forums, as well as direct partnerships with local employers, Colleges provide:

- **Assistance to local businesses** to enhance the skills of their workforce, and improve their productivity and competitiveness;
- **Innovation and incubation facilities** for local and prospective businesses; and
- **Customised training** on employers' premises, or "off-site" using colleges' equipment and other resources.

Throughout the CSR period, the Sector will also work closely with Invest Northern Ireland, DETI, and the Department of Education to:

- support inward investment projects;
- develop indigenous companies; and
- build innovative technology transfer capability across Northern Ireland.

This support will be delivered as an integral part of each college's annual College Development Plan.

DSO 5: TO DEVELOP AND SUSTAIN A HIGHER EDUCATION RESEARCH SECTOR THAT HOLDS A STRONG POSITION WITHIN THE UK AND BEYOND AND MAKES A MAJOR CONTRIBUTION TO ECONOMIC AND SOCIAL WELL-BEING

PSA FRAMEWORK		PROGRAMME TOOLKIT			
ACTION	TARGETS	PROGRAMMES / WORK STREAMS	OUTPUTS	MILESTONES	RESPONSIBILITY
DETI / DEL / INVEST NI TO WORK WITH DFP TO SECURE THE NECESSARY RESOURCES FOR PERMANENT "THIRD STREAM" FUNDING IN NORTHERN IRELAND'S UNIVERSITIES TO INCREASE KNOWLEDGE TRANSFER AND CO-OPERATION BETWEEN THE TERTIARY EDUCATION SECTOR AND LOCAL INDUSTRY	1. Measurable improvements in research quality as measured by the Research Assessment Exercise (RAE) 2. Increase by 10% the key Knowledge Transfer indicators as measured by the Higher Education – Business and Community (HE-BCI) Survey for Academic Year 2010/11	RESEARCH EXCELLENCE Quality-related Research (QR) Funding <ul style="list-style-type: none"> Core research funding allocated on the basis of the Research Assessment Exercise (2008) Special Research Infrastructure Initiatives <ul style="list-style-type: none"> Support Programme for University Research (SPUR) Research Capital Investment Fund Knowledge Transfer Funding <ul style="list-style-type: none"> Higher Education Innovation Fund Higher and Further Education Collaboration Fund ("Connected") 	<ul style="list-style-type: none"> Measurable improvements in research quality as measured by the Research Assessment Exercise (RAE) 	<ul style="list-style-type: none"> RAE 2008 results December 2008 Annual publication of the Higher Education – Business and Community Interaction (HE-BCI) Survey 	DEL Senior Official: Director of Higher Education, Fergus Devitt
		KNOWLEDGE TRANSFER Funding to make permanent the following two Knowledge Transfer funding streams: Higher Education Innovation Fund (HEIF) <ul style="list-style-type: none"> Knowledge Transfer funding for sustaining the work of the HEIs' Regional Offices and other core activities (DEL) Funding for addressing gaps in the HEIs' current provision of Knowledge Transfer services (Invest NI) Higher and Further Education Collaboration Fund ("Connected") <ul style="list-style-type: none"> Funding to enable the HE and FE sectors to identify and meet, in a coordinated and holistic fashion, the knowledge transfer needs of businesses in particular, and also the wider community. 	<ul style="list-style-type: none"> By 31/03/12, to have achieved a 10% increase in the key Knowledge Transfer indicators as measured by the Higher Education - Business and Community Interaction (HE-BCI) Survey for Academic Year 2010/11 (HE-BCI 2011 survey published 2012). <i>{Note: DEL's current metrics based NI HEIF 2 allocations run from AY 2007/08 to AY 2010/11. The key HEBCI metrics inform these funding allocations}</i> The establishment of a largely formula driven funding stream for the HEIs' core Knowledge Transfer activities that is both predictable and permanent in order to facilitate planning and the retention of key business and community facing staff. The establishment of a permanent funding 	<ul style="list-style-type: none"> Review of Higher Education Innovation Fund in 2009/10. Review of Higher and Further Education Collaboration Fund ("Connected") in 2009/10. 	

			stream for the joint provision by the HE and FE sectors of Knowledge Transfer services to industry and the wider community.		
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DSO 6: INCREASE THE LEVEL OF SKILLS TO AID PRODUCTIVITY IMPROVEMENTS IN MANUFACTURING AND TRADABLE SERVICES

PSA FRAMEWORK		PROGRAMME TOOLKIT			
ACTION	TARGETS	PROGRAMMES / WORK STREAMS	OUTPUTS	MILESTONES	RESPONSIBILITY
<p>PUBLICATION OF A REPORT OF A REVIEW OF LABOUR MARKET INFORMATION IN NI BY 2008</p> <p>SKILLS EXPERT GROUP DEVELOP REGIONAL EMPLOYMENT AND SKILLS ACTION PLANS</p> <p>SECTOR SKILLS COUNCILS DEVELOP SECTOR SKILLS AGREEMENT</p>	<ol style="list-style-type: none"> 1. A better match between skills demand and skills supply 2. Action Plan developed by March 2009. 3. All Agreements in place by December 2008. 	<ul style="list-style-type: none"> • Publish a review of Labour Market Information (LMI), which will consider how the information available can be used to better inform the choices of individuals, identify future needs and identify what improvements in LMI are required to make it more accurate, complete and timely • Develop a Regional Employment and Skills Action Plan, which will recognise and articulate the skills needs at local and regional levels. This will be informed by the work of the Skills Expert Group and the six Workforce Development Forums • Each of the 25 sector skills councils is required to put in place a Sector Skills Agreement for its sector. The Agreements are essentially contracts between employers, their Sector Skills Council and the providers / funders of education and training. They are designed to influence the shaping and supply of relevant educational and training provision as well as raising employers' commitment to skills. 	<ul style="list-style-type: none"> • As outlined under targets 	<ul style="list-style-type: none"> • Review of LMI published by 2008 • Priority and potential growth identified by the relevant economic authorities in early 2008 • All SSA's approved by December 2008 	<p>DEL Senior Official: Catherine Bell</p>
<p>IMPLEMENTATION OF SUCCESS THROUGH SKILLS: THE SKILLS STRATEGY FOR NI BY 2015</p> <p>IMPROVE OPPORTUNITIES FOR ADULTS TO UPDATE THEIR ESSENTIAL SKILLS OF NUMERACY, LITERACY AND ICT THROUGH IMPLEMENTATION OF THE ESSENTIAL SKILLS STRATEGY</p> <p>IMPLEMENTATION OF THE FURTHER EDUCATION (FE) STRATEGY FOR NORTHERN IRELAND, IN PARTICULAR INCREASING THE PROPORTION OF COLLEGE</p>	<ol style="list-style-type: none"> 1. To have all component projects of Success through Skills launched by 2010/11. 2. A review of Success through Skills will be completed during 2008 for publication in Spring 2009 3. By March 2011, 42,000 adult learners will have achieved a recognised qualification in Essential Skills. 4. Increase the proportion of the working age population who are qualified at skill level 2 and above to 80% by 2015. 5. Increase the proportion of Further Education enrolments at 	<ul style="list-style-type: none"> • Have all current component projects of success through skills launched by 2010/11. The current implementation plan consists of several component strategies, including the Management and Leadership Strategy, "Leading...to Success", the Careers Education, Information, Advice and Guidance Strategy, "Preparing for Success", and the Quality Improvement Strategy "Success through Excellence" • Success through skills is due for review in 2008, as per the commitment set out in the programme for implementation. The review will look at how DEL continues to implement the strategy and will take account of developments since its launch. • The Essential Skills programme will be expanded so 38,000 adult learners will achieve a recognised qualification in literacy and numeracy, and 4,000 adult learners will achieve a recognised qualification in ICT. Work will also commence on the early screening and assessment of the essential skills needs of benefit recipients of working age. 	<ul style="list-style-type: none"> • As outlined under targets 	<ul style="list-style-type: none"> • Literacy and Numeracy Strategy consulted on in early 2008. 	<p>DEL Senior Official: Catherine Bell</p>

<p>PROVISION THAT IS AT LEVEL 2 AND LEVEL 3</p> <p>INCREASE APPRENTICESHIP TRAINING COMPLETION RATES UNDER TRAINING FOR SUCCESS (AND RESIDUAL JOBSKILLS)</p>	<p>Level 2 from 29% in 2005/06 to 32% in 2010/11.</p> <p>6. Increase the proportion of the working age population who are qualified at skill level 3 and above to 60% by 2015.</p> <p>7. Increase the proportion of Further Education enrolments at level 3 from 57% in 2005/06 to 60% in 2010/11.</p> <p>8. Increase Apprenticeship training completion rates under Training for Success (and residual Jobskills) to 44% at Level 3 by 2009/10.</p>	<ul style="list-style-type: none"> • DE will implement a revised literacy and numeracy strategy and complementary school improvement policy from the 2008-09 school year. • Implementation of the Further Education (FE) Strategy for Northern Ireland. DEL will agree appropriate targets with individual colleges through the annual College Development Planning (CDP) process, which will deliver 3% increase in the proportion of colleges' funded provided at levels 2 and 3. • Training for Success consists of three strands: level 2 apprenticeships, level 3 apprenticeships and job ready. Increases in completion rates will be achieved through direct engagement with employers, training suppliers and participants. Increased retention rates will be achieved through the assessment and monitoring of the quality of training provided as well as the provision of appropriate training support to remedy and identified deficiencies. 			
<p>STRATEGY AND FRAMEWORK FOR CAREERS EDUCATION, INFORMATION, ADVICE AND GUIDANCE (DE/DEL) IN PLACE</p> <p>INTRODUCE LEARNING FOR LIFE AND WORK INTO THE SCHOOL CURRICULUM BY 2011</p> <p>SUPPORT SCHOOLS TO SECURE ACCESS TO THE WIDER RANGE OF COURSES REQUIRED UNDER THE ENTITLEMENT FRAMEWORK</p> <p>IMPLEMENTATION OF THE FE STRATEGY FOR NORTHERN IRELAND, IN PARTICULAR THE PROVISION OF AN ECONOMICALLY FOCUSED CURRICULUM IN FE COLLEGES THAT WILL SUPPORT THE NORTHERN IRELAND ECONOMY BY MEETING THE IDENTIFIED SKILLS NEEDS OF</p>	<p>1. After consultation to launch Careers Education, Information, Advice and Guidance Strategy CEIAG and an implementation plan by June 2008.</p> <p>2. All children in post-primary provision in schools receive curriculum input on Learning for Life and Work by 2011.</p> <p>3. Increase in the quality of FE and training provision as assessed by ETI</p> <p>4. Increase the proportion of Further Education enrolments in Northern Ireland's priority skills areas from 25% in 2005/06 to 28% in 2010/11.</p> <p>5. Increase the proportion of Further Education enrolments that are on NQF courses from 91% in 2005/06 to 95% in 2010/11.</p> <p>6. Increase the proportion of Further Education enrolments that are on professional and technical</p>	<ul style="list-style-type: none"> • The Careers Education, Information, Advice and Guidance (CEAIG) strategy and implementation plan aims to develop effective career decision makers leading to increased participation in education, training and employment. The focus will be on putting in place a framework to ensure people of all ages have access to good quality CEAIG. • Learning for Life and Work into the School Curriculum aims to prepare young people for the demand of life and work as individuals, as contributors to society and in the context of an ever changing local and global economy. This requires an emphasis on acquiring transferable skills and capabilities to produce more effective and flexible life-long learners. • The entitlement framework aims to ensure that young people have access to a broad and balanced range of courses, both general and applied, when they are making choices about educational pathways at ages 14 and 16. • Implementation of "Further Education Means Business" will focus on ensuring that the curriculum provided by the six new area based colleges in Northern Ireland is matched to the skills and workforce development needs of employers and the economy. • A new strategy for the HE sector will be developed and begin to be implemented over the CSR period. • DEL contracts the Quality Assurance Agency (QAA) to ensure that teaching provision is of good quality. The QAA carries out 	<ul style="list-style-type: none"> • As outlined under targets 	N/A	<p>DEL Senior Official: Catherine Bell</p>

<p>INDIVIDUAL EMPLOYERS</p> <p>DEVELOPMENT AND IMPLEMENTATION OF A HE STRATEGY</p>	<p>courses from 82% in 2005/06 to 90% in 2010/11.</p> <p>7. Increase the quality of higher education provision as assessed by QAA</p>	<p>institutional audits, collaborative audits and health checks in Northern Ireland.</p>			
<p>TAKE STEPS TO INCREASE UPTAKE IN STEM SUBJECTS</p> <p>INCREASE LINKS WITH LOCAL INDUSTRY TO PROMOTE STEM</p>	<p>1. Increase by 5% the numbers studying STEM subjects in post 16 cohort by 2011.</p> <p>2. By 2011, to have implemented a joint DE/DEL strategy to address the shortage of skills in science, technology and mathematics disciplines.</p>	<ul style="list-style-type: none"> • The joint review of STEM is underway and is considering a strategy for the further development of STEM subjects in schools and FE colleges. This will consider issues such as: <ul style="list-style-type: none"> ○ Teacher supply ○ Comparative lack of integration amongst the components of STEM ○ Need to better develop links between schools, FE and industry ○ Improve the general publics understanding of the importance of STEM to the economy and society • The Sector Skills Council for science, engineering and manufacturing technologies (SEMTE) will improve careers promotion and sector attractiveness for its industries through: <ul style="list-style-type: none"> ○ Co-ordination of careers activities ○ Strengthening employer links with schools, FE colleges and universities ○ Employer support for careers initiatives 	<ul style="list-style-type: none"> • As outlined under targets 	<p>N/A</p>	<p>DEL Senior Official: Catherine Bell / Robson Davison</p>

DSO 7: IMPROVE THE STRATEGIC ROAD NETWORK BY THE ADVANCEMENT / COMPLETION OF A RANGE OF MAJOR WORK SCHEMES

PSA FRAMEWORK		PROGRAMME TOOLKIT			
ACTION	TARGETS	PROGRAMMES / WORK STREAMS	OUTPUTS	MILESTONES	RESPONSIBILITY
<p>COMPLETE THE FOLLOWING STRATEGIC ROAD IMPROVEMENT SCHEMES WITHIN THE PFG PERIOD:</p> <ul style="list-style-type: none"> • M1/WESTLINK AND M2 UPGRADES • A4 ANNAGHILLA SINGLE CARRIAGEWAY REALIGNMENT WITH EASTBOUND 2+1 LANE • A4 DUNGANNON TO BALLYGAWLEY DUALLING • A5 TULLYVAR SINGLE CARRIAGEWAY REALIGNMENT WITH CLIMBING LANES • A1 BEECH HILL TO CLOGHOGUE DUALLING • FOUR ADDITIONAL GRADE SEPARATED JUNCTIONS ON THE A1 BETWEEN SPRUCEFIELD AND LOUGHBRICKLAND • A26/M2 BALLEE ROAD EAST LINK • A4 HENRY STREET/SLIGO ROAD, ENNISKILLEN • A32 CHERRYMOUNT LINK, ENNISKILLEN • A32 DROMORE – IRVINESTOWN – ENNISKILLEN REALIGNMENTS • A29 CARLAND BRIDGE REALIGNMENT • A20 NEWTOWNARDS SOUTHERN DISTRIBUTOR • A20 NEWTOWNARDS FREDERICK STREET LINK <p>PROGRESS A NUMBER OF OTHER STRATEGIC ROAD IMPROVEMENT SCHEMES INCLUDING:</p> <ul style="list-style-type: none"> • A6 DUALLING RANDALSTOWN/M22 – CASTLEDAWSON • A2 DUALLING FROM MAYDOWN TO CITY OF DERRY AIRPORT • A2 WIDENING AT GREENISLAND • A5 DERRY TO AUGHNACLOY • A6 DERRY TO DUNGIVEN • A8 BELFAST TO LARNE 	<p>1. By 2015 reduce journey times on the Key Transport Corridors by 2.5% compared to 2003</p>	<ul style="list-style-type: none"> • DRD Roads Service will improve the Strategic Road Network by the advancement/completion of a range of major works schemes. 	<ul style="list-style-type: none"> • As outlined under targets 	N/A	<p>DRD Senior Official: John White</p>

Annex C: Management Arrangement

1. The Minister for Enterprise, Trade and Investment is the lead Minister for PSA 1. However, this is in conjunction with the Ministers for the Department of Employment and Learning (DEL) and Regional Development (DRD), who are responsible for specific elements of PSA1.
2. To monitor progress on PSA 1, DETI will establish an inter-departmental steering group chaired by the Under-Secretary responsible for Policy (who will also act as the Senior Reporting Officer for PSA 1). The Group will meet on a six-monthly basis and membership will be at Grade 5/6 level, drawn from lead officials with responsibility for delivery (as outlined in Annex B) and monitoring.
3. Members of the group will report to their respective Departmental Boards and provide a short summary paper on key progress in terms of PSA 1 and its strategic objectives. The Group will have the following responsibility:
 - Owning the Delivery Strategy as a whole and monitoring progress against the actions;
 - Reviewing the governance structure as necessary;
 - Leading the continued development of the evidence base on productivity and the factors which encourage / hinder improvements;
 - Managing risks to ensure the successful delivery of the PSA;
 - Understanding and managing interfaces between different policy areas with an impact on the PSA;
 - Highlighting gaps in the Delivery Strategy, in the light of new evidence, and working to initiate any extra activities required.