

RESPONSE TO INDIVIDUAL IREP RECOMMENDATIONS

No	Recommendation	Response
The Co-ordination of economic policy in Northern Ireland		
1	If Northern Ireland is to achieve a step change in economic performance, the economy should remain the top priority of the Executive for many years to come	<ul style="list-style-type: none"> Accept that the economy should continue to be prioritised long-term. This will need to be agreed with the Executive in the context of developing the next PfG in Summer / Autumn 2010.
2	As part of the review of strand one institutions, the core economic functions (covering existing DETI and DEL areas of responsibility) should be brought together under a single 'Department of the Economy'	<ul style="list-style-type: none"> Agreed. The DETI Minister has written to the Executive on 25 January 2010 to seek agreement that creating a Department of the Economy is considered in the context of the strand one review.
3	The FM / dFM and the Executive should establish a permanent sub-committee to prioritise action on the economy, to be chaired by the Minister for the Economy (in the interim, the Enterprise, Trade and Investment (ETI) Minister)	<ul style="list-style-type: none"> Agreed. The DETI Minister has written to the Executive on 25 January 2010 to seek agreement that a sub-committee of the Executive is established.
4	The Executive sub-committee should agree an economic strategy, building on the findings of the IREP, as a matter of urgency	<ul style="list-style-type: none"> Agreed. The DETI Minister has written to the Executive on 25 January 2010 to seek agreement that the Executive sub-committee should develop an economic strategy. The strategy should be completed well before the end of this calendar year and in time to inform the Executive's next Programme for Government and Budget.

DETI and Invest NI assistance to industry		
5	The concept of Invest NI 'clients' should be removed to allow Invest NI to work throughout the entire business base to raise awareness and provide support for businesses undertaking Innovation, R&D and exports	<ul style="list-style-type: none"> Agreed. DETI Minister has asked INI Chief Executive to develop proposals for a tiered portfolio of support to increase innovation and export growth across a much wider business base than currently is the case. Proposals to be developed by September 2010.
6	Invest NI should work to significantly reduce the number of its support programmes	<ul style="list-style-type: none"> Agreed. Invest NI to review the number and breadth of programmes and bring forward proposals by June 2010.
7	Most assistance delivered via SFA should be redirected between now and 2013 to provide greater levels of support to Innovation and R&D	<ul style="list-style-type: none"> Noted. Invest NI and DETI to continue to use SFA to help re-build the economy in the aftermath of the recession. DETI / INI implementation group to consider how a further shift towards R&D&I might be addressed by the Executive in the development of priorities, actions, and targets in the 2011-14 PfG and DETI & Invest NI Corporate Plans. The relevant implementation group to bring forward recommendations on when and where Invest NI should be deploying SFA to improve productivity. Recommendations to be developed by June 2010.
8	Grants for business expansions should be phased out towards 2013, after which such grants are unlikely to be available under EU state aid rules	<ul style="list-style-type: none"> Noted. It is important that the realities of business investment are recognised where a company will make an initial investment before progressing subsequent expansions. This could involve setting higher job quality thresholds than those currently in place. It may also involve supporting certain strategically important projects and those projects in areas of particular economic need. As per recommendation 7 the Implementation group to bring forward recommendations on when and where we should be using SFA by June 2010.

9	Business expansion not involving Innovation and R&D should, where necessary, be supported in the form of co-investment in companies that have already been successful in securing funding from the private sector. Invest NI assistance should be in the form of sub-ordinate debt or equity	<ul style="list-style-type: none"> • Noted. As part of Recommendation 7 and 8 the Implementation group to consider the potential use of debt instruments in appropriate circumstances. Proposals to be developed by June 2010.
10	Invest NI should further reduce its support for company training, and concentrate support mainly to small firms and to projects with a high Innovative content, where retraining is necessary to realise a substantial rise in productivity	<ul style="list-style-type: none"> • Noted. The evidence underpinning this recommendation is drawn from an evaluation of the Company Development Programme (CDP) and this programme has been superseded by Business Improvement Training Programme (BiTP). • An evaluation of BiTP is currently being commissioned and this will be completed by Autumn 2010. This work will confirm whether the issues identified by IREP still persist. • Consideration of this recommendation by the implementation group will take place once the findings from the evaluation become available.
11	Invest NI should transfer its budgets relating to tourism accommodation back to DETI to be redistributed to a more appropriate body	<ul style="list-style-type: none"> • Agreed. The responsibility for tourism accommodation will be transferred to DETI for redistribution in the context of the implementation of the new Tourism Strategy and the development of the next Programme for Government.
12	A new institution for commercially-oriented research should be explored in NI, along the lines pioneered by the successful VTT institute in Finland. The institution should be outside the University system and not subject to the constraints of the Research Excellence Framework (REF). It is envisaged that this would incorporate a number of existing near market research organisations in NI and would be charged with reviewing and taking forward the MATRIX agenda	<ul style="list-style-type: none"> • Agreed. DETI has already commenced a review of best practice in economic development policy in other small open economies throughout the world – including in Finland – with an aim of identifying transferrable lessons for Northern Ireland. • The research is due to report by Spring 2010.

13	Industry-led Innovation communities, as suggested in the MATRIX report, should be developed as a pilot to bring together business, academia and Government and exploit available market opportunities	<ul style="list-style-type: none"> • Agreed. A number of industry-led innovation communities have been established and their development will be monitored as IREP suggests. The prototyping and learning phase for these communities will last from January 2010 through to September 2011.
14	More should be done to support Innovation in service sector firms beyond software, which we believe is well served. The concept of Innovation in the service sector should include the broad range of areas outlined in the definition of Innovation (presented in Chapter 5)	<ul style="list-style-type: none"> • Agreed. Invest NI to determine how to support Innovation in the services sector as part of its overall review of support for innovation and export growth across the wider business base (linked to Recommendation 5). Proposal to be developed by September 2010.
15	Additional support for Innovation and R&D should not involve new public expenditure but instead be financed from savings in grant support for investment by existing firms and in property development	<ul style="list-style-type: none"> • Noted. However new initiatives may require additional public expenditure. • Invest NI has already skewed more resources toward R&D&I support in recent years and plans to increase this in the next Corporate Plan period. Implementation Group to consider how this process can be accelerated. • DETI is currently undertaking an evaluation of Invest NI's activity in the property market and this will be completed by late Spring 2010. The implementation group will consider the findings of this evaluation and make recommendations on Invest NI future interventions.
16	Invest NI's export assistance should become more dedicated and professional, adopting a similar model to the fee-charging export agencies identified in Chapter 6, with two tiers of charges depending on whether the company is an SME or large firm	<ul style="list-style-type: none"> • Agreed. Invest NI to bring forward proposals to introduce a new fee-charging structure for selected export services by March 2010. • The Department & Invest NI had already planned to evaluate Invest NI's support in this area and work is due to be completed by December 2010. • Invest NI to develop further proposals as appropriate for enhancing export support - in light of the evaluation findings – and to advise the relevant implementation group.

17	As soon as practicable, DETI and other relevant departments should commence work on preparing a case for retaining state aid limits that support the changes outlined in this Review	<ul style="list-style-type: none"> • Agreed. DETI officials to begin preparing a case, with other relevant bodies, to seek to maximise state aid cover for any future SFA type programmes, and other programmes designed to support business competitiveness, particularly in the areas of Innovation and R&D post December 2013.
18	Promoting greater energy efficiency / conservation in the private sector should be accorded a higher priority in the 2009 Strategic Energy Framework (reflecting, where appropriate, the current and ongoing work of the Green New Deal for NI)	<ul style="list-style-type: none"> • Agreed. Energy efficiency and sustainable energy will be key issues in the Strategic Energy Framework to be published by April 2010.
19	DETI and Invest NI should undertake an immediate and focused review of its overall strategic and sectoral approach to capitalise on the benefits of new telecommunications connectivity in NI	<ul style="list-style-type: none"> • Agreed. MATRIX / DETI have started work on a telecoms study of market opportunities and will develop this review by Spring 2010. • The current Telecoms Strategic Action Plan 2006-10 will be evaluated by December 2010. DETI will be carrying out a SWOT analysis and horizon scanning exercise as part of an evidence based approach to formulating the new Strategic Plan for 2011-2015 – to be completed by June 2011.
20	Aside from those funds designed to support seed stage projects, Invest NI should disengage its direct involvement with venture capital (VC) funds. Rather than direct participation in the market, Invest NI should act as a facilitator between companies and VCs. In the case of seed stage VC funds, Invest NI should avoid placing restrictions on the market as outlined in Chapter 3	<ul style="list-style-type: none"> • Disagree. Recent evaluations confirm that an equity gap continues to exist in NI covering seed and development stages with deal sizes up to £2m. This is in line with other UK regions. Invest NI should therefore continue to intervene where appropriate to support the development of the venture capital market.
21	A study should be undertaken to determine how NI can more rapidly shift the pattern of inward investment towards higher value sectors	<ul style="list-style-type: none"> • Agreed. This will be taken forward in the context of the development of the new DETI and Invest NI Corporate Plan, drawing on the analysis of best practice economic development policy referred to in recommendation 12 above.

22	A study of industrial land provision should be commissioned to determine why there is a perceived need for Invest NI to purchase large amounts of land over the next few years	<ul style="list-style-type: none"> • Agreed. An evaluation of land and property services is currently underway and scheduled to report in late Spring 2010.
23	DETI and other relevant departments should undertake a study to establish how the social economy might be further helped to reduce deprivation and increase labour force participation in disadvantaged areas within NI	<ul style="list-style-type: none"> • Agreed. The relevant implementation group will develop Terms of Reference – to be agreed with relevant stakeholders – and the study will be commissioned as soon as practicable.
24	DETI, DEL and Invest NI should work together to more effectively implement their existing liaison arrangements	<ul style="list-style-type: none"> • Agreed. DETI and Invest NI will continue to work with colleagues in DEL to strengthen these arrangements. • As part of the incentive to attract new investments and expansions in Northern Ireland, DEL and Invest NI will take forward a pilot designed to offer an assured provision of a skilled workforce tailored to the specific needs of the companies based on a successful model of support in North Carolina. The details will be announced by the DEL Minister in the near future. • Invest NI and DEL are also collaborating in the development of an integrated framework for Management and Leadership to improve support in this important.
25	DETI should undertake an internal review of its structures to ensure that the allocation of staff is more fully aligned with its policy objectives	<ul style="list-style-type: none"> • Agreed. The Permanent Secretary has begun to review the DETI structures to ensure that resources are appropriately allocated to priority areas - particularly in relation to the Department's policy analysis and development function. This will be completed by June 2010.

26	The core functions of strategic policy development and performance monitoring should be brought together within any revised DETI structures. The department should also provide the necessary support, professional and otherwise, to the Executive sub-committee on the economy	<ul style="list-style-type: none"> • Noted. This will be considered as part of the review of DETI staffing structures.
27	Invest NI should consider an internal reorganisation that reflects the differing skill sets required to support FDI, exports, Innovation / R&D and small business support	<ul style="list-style-type: none"> • Agreed. Invest NI Chief Executive to consider changes to the organisation structure to align resources pending the outcome of the review of Recommendations 5,14 & 28. To advise the implementation group of any steps he plans to take by December 2010.
28	A small business unit should be created within Invest NI, with responsibility for the development and co-ordination of relevant support to SMEs throughout NI	<ul style="list-style-type: none"> • Agreed. Invest NI Chief Executive to consider how the development of a Small Business Unit could fit within the model to provide a more dedicated resource to supporting small businesses throughout Northern Ireland (Recommendations 5 and 14). Invest NI to bring forward a proposal by September 2010.
29	World class training in sales and marketing should be provided for relevant Invest NI staff (particularly those working in international offices). In addition, staff should be recruited with relevant experience to meet the demands of investment decisions that are increasingly based on Innovation and R&D	<ul style="list-style-type: none"> • Agreed. Invest NI is committed to providing world class training for its staff and will be launching a new initiative for its internationally based staff in February 2010. Once rolled out, consideration will be given to widening this initiative to cover all client facing roles.

Autonomy, flexibility and decision-making		
30	Invest NI should be allowed more freedom to operate, with DETI having less involvement in operational matters, to enable the organisation to be more entrepreneurial and responsive to business needs	<ul style="list-style-type: none"> Agreed. DETI and Invest NI support this recommendation. Practicalities to be explored further by the implementation group, with a view to having new governance arrangements established by April 2010.
31	To help achieve greater autonomy for Invest NI, their delegated authority limits should be both simplified and increased significantly. The current DFP delegated limits for mobile SFA (currently £10m) should also apply to Innovation and R&D projects	<ul style="list-style-type: none"> Agreed. DETI officials have held discussions with DFP to explore how the current delegated limits might be extended. To be developed further as part of the relevant implementation group, with a view to having new departmental governance arrangements established by April 2010.
32	Invest NI should be given greater autonomy and flexibility in managing its budgets, including End Year Flexibility (EYF) where required	<ul style="list-style-type: none"> Agreed. Implementation group to explore what greater flexibility might be possible in this area and report back by April 2010.
33	An NI version of the Central Project Review Group (CPRG) should be established, incorporating Invest NI, DETI and DFP, in order to speed up the decision making process for major industrial assistance cases	<ul style="list-style-type: none"> Agreed. Officials from DETI and DFP to agree the mechanisms that need to be established for the CPRG to be operational from April 2010.
34	Project appraisal rules should be re-assessed to ensure that projects involving investment in Innovation and R&D, which generally present uncertain and wider outcomes, are not placed at an unreasonable disadvantaged.	<ul style="list-style-type: none"> Agreed. Officials from Invest NI, DETI and DFP to agree a more appropriate methodology for appraising investment in innovation and R&D. Proposals to be developed by June 2010.

35	Given the non-executive composition of the Invest NI Board, it should cease to perform executive functions and focus on providing strategic direction and oversight	<ul style="list-style-type: none"> • Noted. The Invest NI Board will continue to focus on providing strategic direction and oversight. However, the Board provides a valuable challenge function to casework submissions and have approval authority for casework submissions at an appropriate level. This function will be reviewed in line with proposed new delegated authority limits (Recommendation 31).
36	A senior member of the DETI Departmental Board should be represented on the Invest NI Board	<ul style="list-style-type: none"> • Disagree. Current DFP guidance is that there should not be joint membership, although it is important that there continues to be good communication at senior level.
37	High level experience in international business and expertise in economic development should be sought when the Invest NI board is reconstituted	<ul style="list-style-type: none"> • Agreed. These criteria will continue to be applied in future Board appointments.
38	For projects involving financial assistance to industry, ex-post assessments of value for money should be taken on a portfolio basis	<ul style="list-style-type: none"> • Agreed. To be considered by the relevant implementation group with a report by September 2010.
39	The DETI / Invest NI Accounting Officer Memorandum should be reviewed in light of the revised governance arrangements implemented as part of the IREP	<ul style="list-style-type: none"> • Agreed. The implementation group to consider whether changes to Accounting Officer Memorandum are needed / appropriate following decisions on governance arrangements.
40	The Management Statement and Financial Memorandum (MSFM) should be reviewed and revised, where appropriate, in light of the recommendations contained in this report	<ul style="list-style-type: none"> • Agreed. The implementation group to consider whether changes to MSFM are needed / appropriate following decisions on governance arrangements.

Policy development and monitoring		
41	As part of the review of structures within DETI (proposed in Chapter 8), the department should ensure that more resources are dedicated to policy development and monitoring.	<ul style="list-style-type: none"> Agreed. The Permanent Secretary has begun to review the DETI structures to ensure that resources are appropriately allocated in priority areas - particularly in relation to the Departments policy analysis and development function. This will be completed by June 2010.
42	DETI, as the funding department, should report on the strategic performance of Invest NI, with the co-operation of Invest NI statistical staff	<ul style="list-style-type: none"> Agreed. DETI will assume responsibility for producing the next Invest NI Performance Report which will be published after the end of the current Corporate Plan period.
43	Relevant policies and accompanying resources should be updated annually to quantifiably demonstrate how individual policies/organisations contribute to the PfG productivity goal	<ul style="list-style-type: none"> Agreed. Where appropriate, this will be reflected in the next DETI and Invest NI Corporate Plans (2011-2014). Furthermore, DETI / Invest NI do not have sole responsibility for delivering on the PfG productivity goal. This will also need to be considered in the context of the development of the PfG for 2011-2014.
44	Wherever data availability / quality allows, 'impact' targets for economic development should be expressed in relative terms (to the UK average or appropriate subsection of UK regions) rather than in absolute terms	<ul style="list-style-type: none"> Agreed. Many of DETI / Invest NI top level strategic targets are already defined in relative terms. Where possible, this will be reflected in the next PfG and DETI & INI corporate plan (2011-2014).
45	When reporting on performance, DETI / Invest NI should include target specifically for investments new to NI (expressed as a share of equivalent jobs coming into the UK)	<ul style="list-style-type: none"> Agreed. Invest NI's Operating Plan for 2010/11 will include targets specifically for investments new to Northern Ireland from April 2010, and where data availability allows, these will be expressed as a share of equivalent jobs coming into the UK.

46	The Invest NI data collection system needs to be developed as a single database, to be maintained by DETI. The IREP database, constructed specifically for the Review, will be transferred to DETI to help facilitate this process	<ul style="list-style-type: none"> • Agreed. Invest NI and DETI to develop improved data linkages to ensure greater uniformity and ease of access to relevant performance information.
47	The ETI Minister should stand down the EDF and establish a small advisory body comprising expertise on regional economic development (drawn from business and economics) to provide independent advice on the economy	<ul style="list-style-type: none"> • Agreed. DETI to stand down the Economic Development Forum, and replace with a small advisory group comprising representatives from business, skills and economics. • EDF members were notified of these changes on 25 January 2010 and the new group will be operational by April 2010.
48	DETI should appoint an independent economic advisor (with extensive experience as an economist) to strengthen capacity in economic policy making	<ul style="list-style-type: none"> • Agreed. This will be incorporated within the advisory group highlighted above.
49	Stakeholders involved in economic development should continue to engage with the ETI Minister on a bilateral basis	<ul style="list-style-type: none"> • Agreed.
Recommendations specific to other departmental areas of responsibility		
50	Additional research in Universities and public sector bodies should be aligned closely with the needs of industry in NI and potential inward investors to NI. Furthermore, the development of specific new research capabilities should be used as an incentive to attract potential investors	<ul style="list-style-type: none"> • Supportive. DETI / Invest NI officials to discuss and explore the implications of this proposal with relevant officials through the co-ordination of economic policy implementation Group.

51	The local education system should prepare now to meet the anticipated increased demand for higher level skills in STEM and other Innovation relevant subjects arising from the increased prioritisation of Innovation and R&D	<ul style="list-style-type: none"> • Supportive. DETI / Invest NI officials to discuss and explore the implications of this proposal with relevant officials through the co-ordination of economic policy implementation Group.
52	The current focus on technical and professional qualifications, including apprenticeships and vocational training, should be extended to emphasise higher level qualifications at levels 4 and 5	<ul style="list-style-type: none"> • Supportive. DETI / Invest NI officials to discuss and explore the implications of this proposal with relevant officials through the co-ordination of economic policy implementation Group.
53	DEL, DETI and Invest NI should work to significantly develop management and leadership skills in NI and support the proposal for government to sponsor a 'Management Masterclass' to identify and develop the best managers from local industry and the public sector	<ul style="list-style-type: none"> • Supportive. DETI / Invest NI officials to discuss and explore the implications of this proposal with relevant officials through the co-ordination of economic policy implementation Group. • Invest NI and DEL are also collaborating in the development of an integrated framework for Management and Leadership to improve support in this important area.
54	The Executive should ensure that the third ISNI plan takes a much greater economic focus by committing more investment into projects that will maximise NI's future economic performance	<ul style="list-style-type: none"> • Supportive. DETI / Invest NI officials to discuss and explore the implications of this proposal with relevant officials through the co-ordination of economic policy implementation Group.

55	In the context of reform, the Planning Service should be given processing time targets which are comparable and competitive with those countries and regions against which NI is competing for mobile international investment	<ul style="list-style-type: none"> • Supportive. DETI / Invest NI officials to discuss and explore the implications of this proposal with relevant officials through the co-ordination of economic policy implementation Group. • DETI welcome's the proposals on planning reform which have recently been put to the Executive by the Environment Minister – a number of the Minister's proposals align with the recommendations made in the Independent Report.
56	Planning Service should work to ensure that the legislative timetable for reform is met	<ul style="list-style-type: none"> • Supportive. DETI / Invest NI officials to discuss and explore the implications of this proposal with relevant officials through the co-ordination of economic policy implementation Group. • DETI welcomes the proposals on planning reform which have recently been put to the Executive by the Environment Minister – a number of the Minister's proposals align with the recommendations made in the Independent Report.
57	The Strategic Projects Team should deal with all applications relating to investment new to NI. In addition, in terms of what constitutes a 'regionally significant development', a clear definition and qualifying criteria should be developed and agreed between DoE, DRD, DETI and Invest NI	<ul style="list-style-type: none"> • Supportive. DETI / Invest NI officials to discuss and explore the implications of this proposal with relevant officials through the co-ordination of economic policy implementation Group. • DETI welcomes the proposals on planning reform which have recently been put to the Executive by the Environment Minister – a number of the Minister's proposals align with the recommendations made in the Independent Report.

58	The Pre-Application Discussion (PAD) process must be as efficient as possible and the time allocated for PAD should be included when reporting on timings for all applications	<ul style="list-style-type: none">• Supportive. DETI / Invest NI officials to discuss and explore the implications of this proposal with relevant officials through the co-ordination of economic policy implementation Group.• DETI welcomes the proposals on planning reform which have recently been put to the Executive by the Environment Minister – a number of the Minister’s proposals align with the recommendations made in the Independent Report.
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