



September 6th, 2016

Notice Of Meeting

You are invited to attend the Enterprise, Regeneration and Tourism Committee meeting to be held on **Monday, 12th September 2016** at **5:00 pm** in the **Boardroom District Council Offices Monaghan Row Newry.**

Chair: Cllr R Burgess

Vice: Cllr D Curran

Members: Cllr T Andrews

Cllr N Bailie

Cllr P Brown

Cllr W Clarke

Cllr S Ennis

Cllr G Hanna

Cllr H Harvey

Cllr T Hearty

Cllr D McAteer

Cllr B Quinn

Cllr M Ruane

Cllr G Stokes

Cllr Tinnelly

Agenda

- 1) **Apologies**
- 2) **Declarations of Interest.**
- 3) **Action Sheet - Minutes of Enterprise Regeneration & Tourism Committee Meeting held on Monday 8 August 2016. (Copy enclosed)**

[ERT Action Sheet \(Aug 2016\).pdf](#)

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Enterprise, Employment and Regeneration Items

- 4) **Warrenpoint Baths. (Copy enclosed)**

[Warrenpoint Baths.pdf](#)

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- 5) **Forkhill Green Space Scheme. (Copy enclosed)**

[Forkhill Greenspace Scheme.pdf](#)

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- 6) **Clanrye River and Public Realm Clean up. (Copy enclosed)**

[DFC Funds River and Public Realm CleanUp.pdf](#)

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- 7) **Kilkeel Strategic Partnership. (Copy enclosed)**

[Kilkeel Strategic Partnership - Sept 2016.pdf](#)

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- 8) **Letting of land at Delamont Country Park. (Copy enclosed).**

[Letting of lands at Delamont Country Park.pdf](#)

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- 9) **Newry Town Hall Schedule of Works. (Copy enclosed).**

- 10) **Newry Town Centre BID - Memorandum of Understanding. (Copy enclosed).**

Newry Bid MOU - Sept 2016.pdf

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Tourism, Culture and Events Items

- 11) **Down County Museum - opening times. (Copy enclosed)**

Down County Museum opening times.pdf

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- 12) **Green Tourism. (Copy enclosed)**

Green Tourism Award Sept 2016.pdf

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- 13) **Invitation to Tourism NI Board to come to NMD for a familiarisation trip. (Copy to follow)**

Exempt Information Items

- 14) **Slieve Gullion- Land Acquisition. (Copy enclosed)**

Item 14 is deemed to be restricted by virtue of Paragraph 3 of Part 1 of Schedule 6 of the Local Government Act (Northern Ireland) 2014 - Information relating to the financial or business affairs of any particular person (including the Council holding that information)

Slieve Gullion Land Acquisition.pdf

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For Noting

- 15) **Camlough Lake Rehabilitation Contract and Future Development Meeting - 25 August 2016. (Copy enclosed)**

Camlough Lake Rehabilitation Contract and Future Development.pdf

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- 16) **Tourism Strategy Workshops. (Copy enclosed)**

17) **NI Economic Strategy - call for evidence from the Department for the Economy. (Copy enclosed)**

ACTION SHEET – ENTERPRISE REGENERATION & TOURISM COMMITTEE – MONDAY 8 AUGUST 2016

AGENDA ITEM	SUBJECT	DECISION	FOR COMPLETION BY DIRECTOR – including actions taken/date completed or progress to date if not yet completed
ERT/115/2016	Warrenpoint Baths	A report be tabled at the next ERT Committee Meeting to be held on Monday 12 September 2016 regarding progress in relation to Warrenpoint Baths.	On agenda
ERT/117/2016	NIBSP – Proposed Interim Programme	Newry Mourne & Down District Council implement an Interim Business Start Up Programme commencing on 22 October 2016 for up to a maximum of 12 months at a maximum total cost of £109,440.	In progress
ERT/118/2016	PLATO Programme	Newry Mourne & Down District Council provide funding of up to a total of £16,000 to implement the PLATO Programme in the District.	In progress

ERT/119/2016	Regeneration Project Warrenpoint Municipal Park	<p>(a) To note and agree to the letter of offer from Heritage Lottery Fund, dated 4 July 2016, and the pre conditions contained therein, with regard to a Regeneration Project at Warrenpoint Municipal Park.</p> <p>(b) To implement the above project as per project application and requirements of funder to include:</p> <ul style="list-style-type: none"> - Recruit project staff - Appoint consultancy team as per delivery phase of original tender - Prepare tender documentation and procure contractor <p>(c) The Regeneration project for Warrenpoint Municipal Park will report to the ERT via the Project Steering Group which is already in existence.</p>	<p>(A) The Letter of Offer was noted and agreed and a letter confirming same will be sent to HLF.</p> <p>(B) Project Implementation has begun, The HLF Start up Meeting took place 26th August 2016. A mentor has been appointed to the project as per HLF practice. Further action cannot be taken until the Permission to Start Papers have been updated and submitted to HLF and then signed off by HLF. It is likely this will not happen until end of September 2016 given the most recent time frame provided by HLF.</p> <p>(C) Reporting line is noted and will be actioned.</p>
ERT/120/2016	Funding Derrymore House & Estate	(a) The Council prepares two funding applications for EU RDP Programme and Sport NI, for infrastructure investment in Derrymore House & Estate.	In progress

		(b) The Council re-allocates up to £10,000 from the existing budget of £50,000 reserved as match funding for the unsuccessful Space & Place to secure the technical assistance support required to prepare the two funding applications.	
ERT/121/2016	EU RDP Village Plans	In order to progress the development of new and updated Village Plans for at least 20 rural communities across the District, to approve the recommendations contained in Report dated 27 July 2016 from Mr C McCarney Enterprise Development Officer.	In progress
ERT/122/2016	Masterplans	<p>(a) Action Plans are tabled for discussion at relevant DEA Meeting to which all Councillors will be invited to attend.</p> <p>(b) Revised Action Plans following DEA consultation to be tabled at Council via ERT Meeting in September/October 2016.</p> <p>(c) Strategic Council Projects arising from the Plans be reported on via Strategic Projects Working Group.</p> <p>(d) All other projects be reported via ERT with a note of progress against each of the projects at (c) above.</p> <p>(e) Report to relevant DEAs every 6 months against progress on each of the Plans relevant to</p>	<p>Ongoing</p> <p>Ongoing</p> <p>Ongoing</p> <p>Actioned</p> <p>Actioned</p>

		DEA.	
ERT/123/2016	Camlough Lake Rehabilitation Contract	<p>(a) To consider Governance procedures for the Council and local user groups moving forward and make a recommendations to the ERT Committee.</p> <p>(b) To review vesting map.</p> <p>(c) To obtain an update on the timescale of vesting and update at the next meeting.</p> <p>(d) To consider funding opportunities for any future developments at Camlough Lake.</p> <p>(e) To determine if the Contractor can remove large boulders along the boardwalk which have emerged when the levels are low.</p>	<p>Actioned</p> <p>Actioned</p> <p>Actioned (SPR Managing Vesting)</p> <p>Ongoing EOI submitted for Rural Dev</p> <p>Raised with the contractor</p>
ERT/124/2016	Learning Journey to Scotland	To note contents of Report dated 8 August 2016 from Mr A Patterson Tourism NI Regional Manager, and that a digital tourism webinar initiative is brought forward for delivery to local tourism businesses in partnership with Tourism NI.	Noted
ERT/125/2016	Forward Planning-Slieve Gullion	Approve following recommendations arising from Slieve Gullion DEA Meetings held on: 25 January 2016 1 August 2016	Noted

		<p>(a) To clarify with SMT regarding the appointment of a design team to oversee the new toilet block project.</p> <p>(b) Note update on the Footsteps in the Forest event.</p> <p>(c) To erect temporary signs on the Aghadavoyle Road to urge traffic to drive slowly.</p> <p>(d) Agree recommended location proposed by Officials and outline design for toilet block/amenity at Slieve Gullion to facilitate detailed design to be prepared for consideration.</p> <p>(e) To consider minor aesthetic improvements to the attendant hut.</p>	
ERT/126/2016	Warrenpoint Public Realm Scheme	<p>To note the following recommendations agreed at the Task & Finish Public Realm Steering Group Meeting held on 22 June 2016, regarding Warrenpoint Public Realm Scheme (Church Street/The Square):</p> <p>(a) Transport NI to erect information signage on the Church Street Puffin Crossing to remind pedestrians of how the new signalling works.</p> <p>(b) Transport NI to review the sequencing/timing of the Church Street Puffin</p>	<p>Council Officials now working closely with TNI reps to ensure that the Puffin Crossing actions/recommendations are followed up on.</p>

		<p>Crossing lights and carry out further education through various media sources as to the operation of Puffin Crossings.</p> <p>(c) To proceed with the Dock Street Puffin Crossing and work with Transport NI to see how the carriageway lining of the 3 lanes can be adjusted to bring more structure to the flow of traffic on the street.</p> <p>(d) Transport NI continue to monitor traffic flow/parking on Dock Street, post the completion of the Public Realm Scheme.</p>	
<p>ERT/127/2016</p>	<p>Trade Engagement Tour Operator</p>	<p>Tourism Officers continue to conduct Tour Operator and Industry appointments and communications and ensure that outcomes are contained within the Tourism Strategy and Action Plans.</p> <p>*****</p>	<p>Noted</p>

Report to:	Enterprise Regeneration and Tourism Committee
Subject:	Warrenpoint Baths update report
Date:	Monday 12 th September 2016
Reporting Officer:	Marie Ward, Director Enterprise, Regeneration and Tourism
Contact Officer:	Martin Patterson, Enterprise Development Officer

Decisions Required

For consideration

1.0 Purpose and Background

At the August 2016 ERT Committee meeting, it was recommended that an update report on Warrenpoint Baths was tabled at the September 2016 ERT Committee meeting.

Over the last number of years attempts have been made to agree a way forward in relation to the Warrenpoint Baths. Previously the Newry and Mourne legacy Council had completed two 'development brief' processes to explore if the private sector interest however there was limited interest none of the applications progressed.

Following this process the Council appointed Milligan, Reside Larking as the consultant architect and a series of public consultation meetings and meetings with the relevant stakeholders were undertaken. This culminated in the presentation of a proposed development strategy that addressed the major concerns of each of the stakeholders, integrated them into the proposed scheme, reviewed and prioritised aspirations to ensure an agreed potentially deliverable scheme was produced.

The development proposal agreed by Newry, Mourne and Down District Council includes a major event space, changing facilities, business units (with leisure focus/seaweed baths/coffee dock), retention of front façade and storage.

Following the submission of the planning application in April 2015 and subsequent consultation, three reports (Noise Impact, Wave Impact and Flood) have been produced and submitted to planning officials. The planning application is now being finalised and should be ready for consideration by the Planning Committee in October/November 2016.

2.0 Key Issue

Once the planning application has been determined the Council will have to consider a number of options moving forward as the current building has a short life span (following a condition survey) and is currently being leased to the 'East Coast Adventure Centre'.

	<p>Council officials are exploring a number of funding avenues and have investigated the potential of Heritage Lottery funding a project in respect of Warrenpoint Baths. Under the current planning application, the future use of the bathing area would be somewhat different to its traditional purpose. The structure would no longer be utilised as a Bath. This change of use is significant if Council were intending to secure external funding from Heritage Lottery.</p> <p>These plans were discussed with HLF and they advised that the plans were not in line with HLF project objectives, the change of use is significant in this regard as the project would not restore the baths to their traditional purpose. The planned capital works are contrary to the essence of a Heritage Restoration project. In addition to this, according to a recent search conducted on the NIEA Listed Building Database it would appear that the structure is neither Listed nor of Architectural Significance, again this would negatively impact on an HLF application which would be competing with other projects in which structures may be Listed or of Architectural Significance.</p> <p>There are a number of other funding sources to explore however this will be determined by the Council's planning application and how we proceed thereafter which will be determined in October</p> <p>The outcome of the planning process will help to determine the options which are listed below;</p> <ol style="list-style-type: none"> 1) Proceed to 'development brief' with or without planning permission 2) Proceed as a Council project with or without planning permission 3) Refurbish the existing building 4) Demolish the building <p>These options will be detailed and prioritised following the planning process.</p>
3.0	<p>Recommendation</p> <p>A further detailed options report is tabled at the ERT Committee following the outcome of the Warrenpoint Baths planning application process. This will include prioritisation and financial implications for options 1 and 2, as option 3 and 4 are seen at this stage as last resort options.</p>
4.0	<p>Resource Implications</p> <p>There is currently no capital budget in place in the 2016/17 financial year. This will be determined by the option chosen at a future meeting. An initial assessment would be moving towards the lowest cost option 1.</p>
5.0	<p>Equality and good relations implications</p> <p>This potential project meets with all relevant equality and good relations policies.</p>
6.0	<p>Appendices</p> <p>Warrenpoint Baths concept drawing.</p>

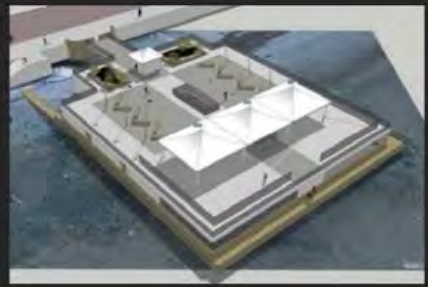
WARRENPOINT BATHS CIVIC SPACE

PAST

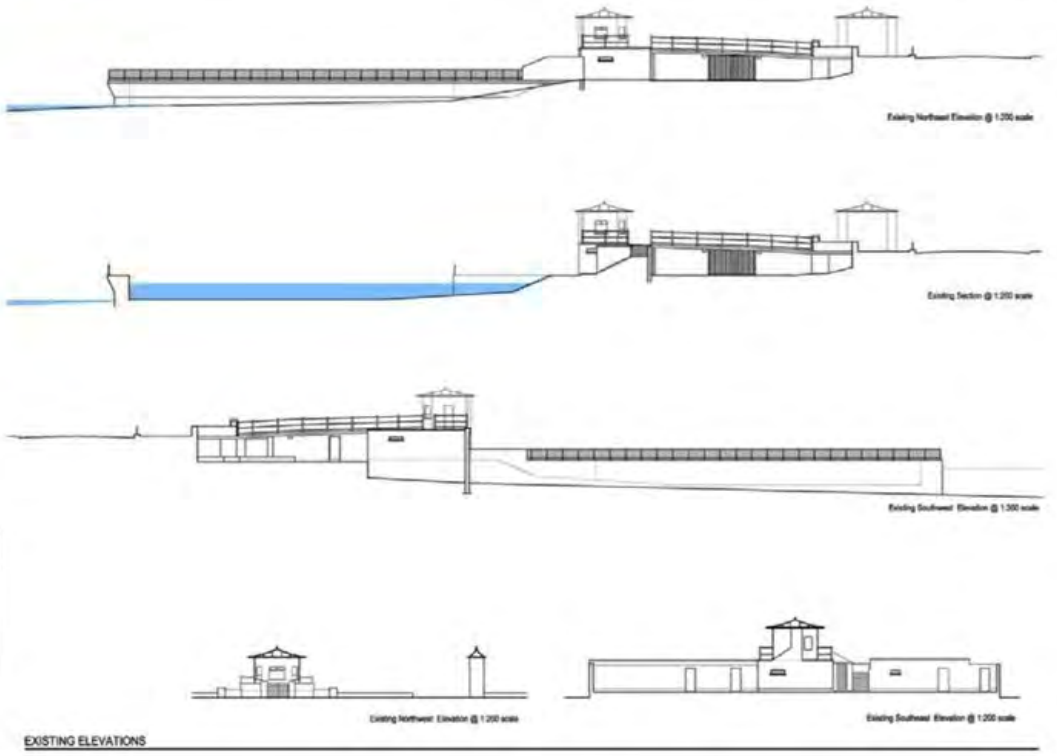
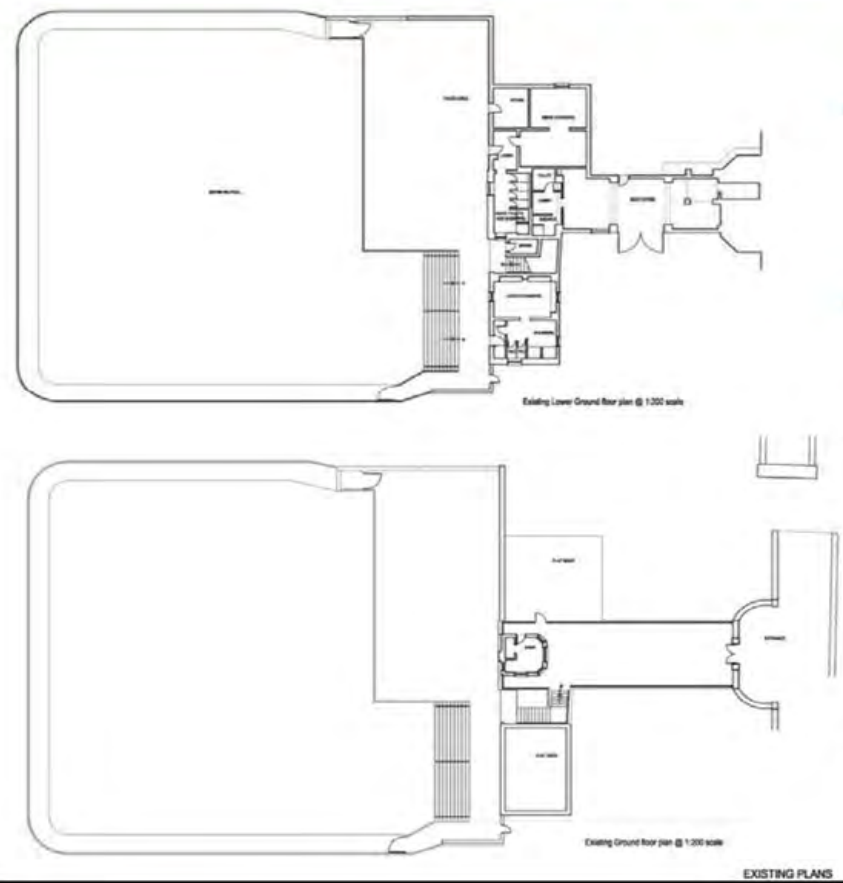


PRESENT

FUTURE



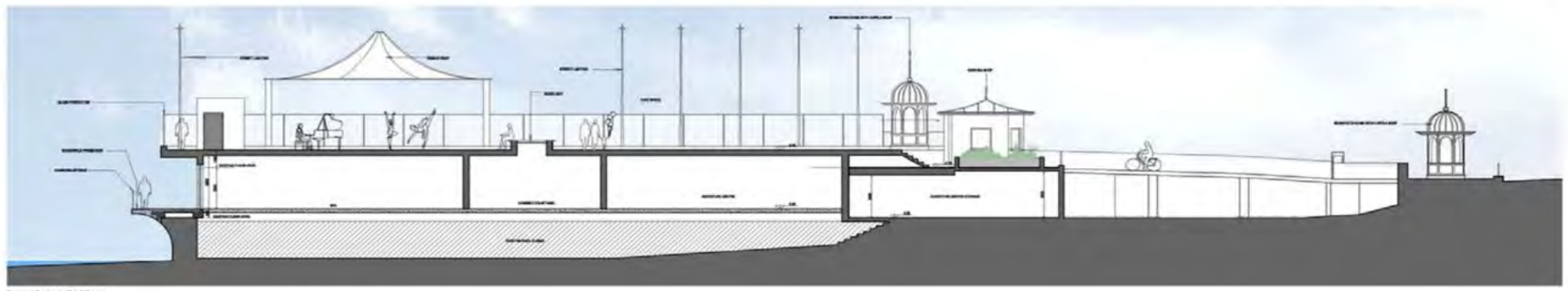
WARRENPOINT BATHS CIVIC SPACE



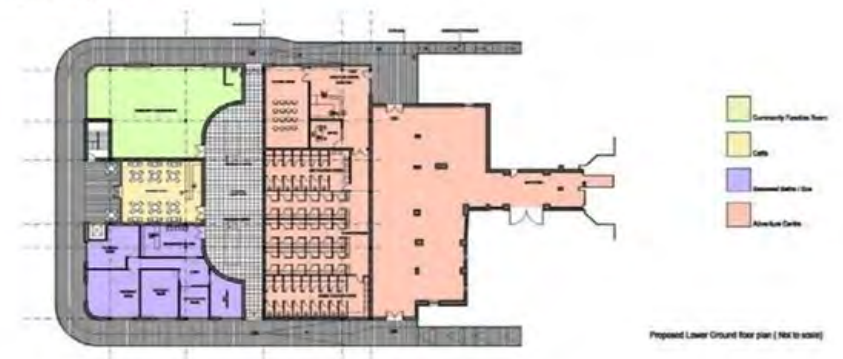
EXISTING ELEVATIONS

EXISTING PLANS

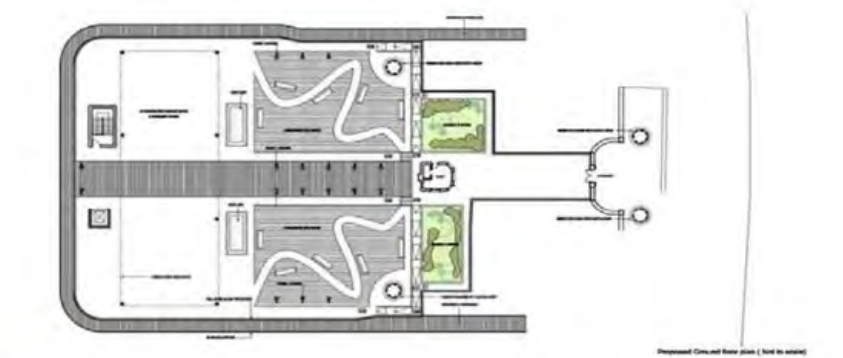




Proposed Section A @ 1:100 scale



Proposed Lower Ground floor plan (1st to 1st)



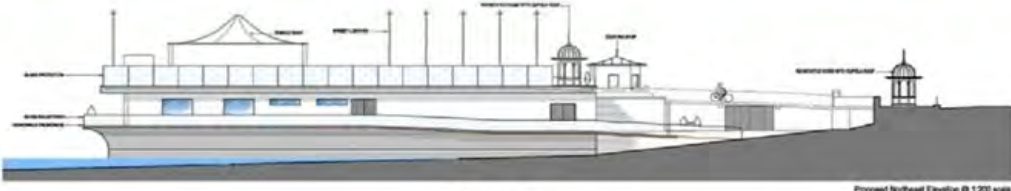
Proposed Ground floor plan (1st to 1st)

PROPOSED PLANS



HISTORICAL PHOTOS OF WARRENPOINT BATHS





Proposed Northeast Elevation @ 1:200 scale



Proposed Southeast Elevation @ 1:200 scale



Proposed Northwest Elevation @ 1:200 scale



- Community Public Area
- Cafe
- Swimming Pool Area
- Amenity Deck

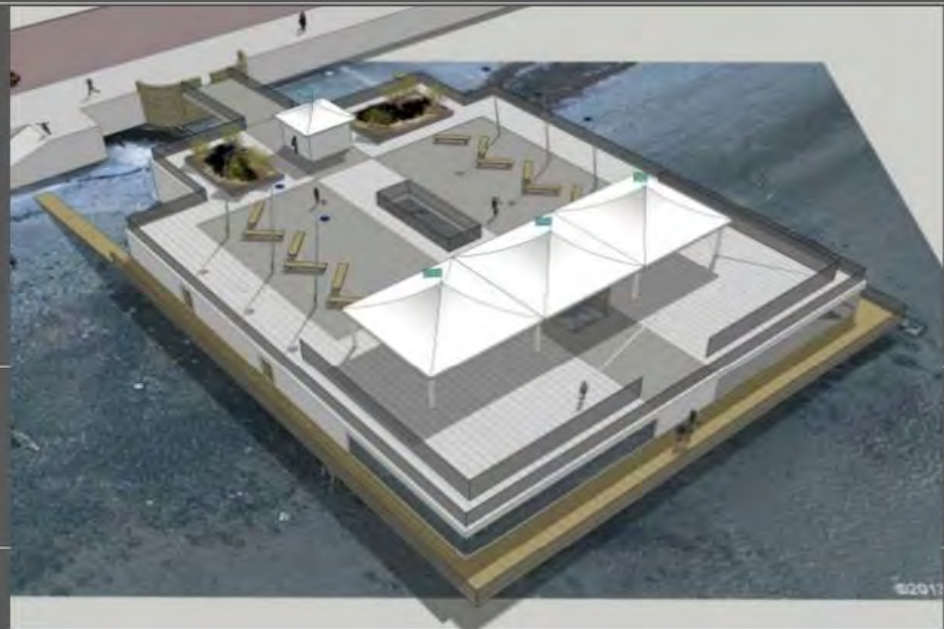


PROPOSED REBURFISHMENT TO WARRENPOINTS BATHS



Proposed Ground floor plan @ 1:200 scale





WARRENPOINT BATHS PROPOSAL



Report to:	Enterprise Regeneration and Tourism Committee
Subject:	Forkhill Greenspace Scheme
Date:	Monday 12 September 2016
Reporting Officer :	Marie Ward, Director of Enterprise, Regeneration and Tourism
Contact Officer :	Mr Jonathan McGilly - Assistant Director of Enterprise, Employment & Regeneration

Decisions Required

To note/agree etc the contents of the report and approve recommendations at Section 3

1.0	<p>Purpose and Background ERT approved in May 2016, that Council accept the Letter Of Offer of £250,000 from DARD for the Forkhill Greenspace Project and now proceed to appoint consultants and then contractors to have the works completed by 31st March 2017.</p> <p>With the above actions now proceeding, seeking further approval from ERT to allow Council to enter into and sign a Works License Agreement to carry out the site works and then a Maintenance Licence Agreement to allow for the longer term maintenance of the completed Forkhill Greenspace Project.</p>
2.0	<p>Key Issue Now important that both Licences are put in place to ensure that the project can proceed to on-site works starting in November 2016.</p>
3.0	<p>Recommendations 1.) Council to enter into and sign a Works License Agreement to carry out the site works and then a Maintenance Licence Agreement to allow for the longer term maintenance of the completed Forkhill Greenspace Project.</p>
4.0	<p>Resource Implications Council have a 2016/17 contribution of £100,000 to match fund the monies on offer from DARD and will have to budget in 17/18 to cover the longer term on-going maintenance costs associated with the site.</p>
5.0	<p>Equality and Good Relations implications In delivery of the scheme, the Council, DARD funder, consultants and contractor are fully mindful of the Section 75 legislation.</p>
6.0	<p>Appendices -N/A</p>

Report to:	Enterprise Regeneration and Tourism Committee
Subject:	Clanrye River (City Sections) & Public Realm Clean-up
Date:	Monday 12 September 2016
Reporting Officer:	Marie Ward, Director of Enterprise, Regeneration and Tourism
Contact Officer :	Mr Jonathan McGilly - Assistant Director of Enterprise, Employment & Regeneration

Decisions Required	
To note/agree etc the contents of the report and approve recommendations at Section 3	
1.0	<p>Purpose and Background</p> <p>Council Officials have been in discussion with the Department For Communities (DFC) about the poor/overgrown state of the Clanrye River Banks (City Sections) and the need for a deep cleaning of Public Realm pathways within a number of our City/Market towns.</p> <p>It is now proposed to formally write to DFC to request that funding is made available to undertake both the 'Clean-up of the Clanrye River (City Sections)' and 'Washing of the Public Realm Urban Pathways'.</p> <p>ERT approval is therefore sought to work in partnership with DFC, to try to obtain funding for both proposed projects and if successful, proceed to deliver on both schemes before the end of March 2017.</p>
2.0	<p>Key Issue</p> <p>With potential monies only available up-to end of March 2017, important to proceed with the various Business Case, Letter Of Offer, Procurement and Actual Works stages as quickly as possible.</p>
3.0	<p>Recommendations</p> <ol style="list-style-type: none"> 1.) Council request funding from Department For Communities (DFC) towards the 'Clean-up of the Clanrye River (City Sections)' and 'Washing of the Public Realm Urban Pathways'. 2.) Subject to successful Business Case being completed, accept/sign relevant Letter of Offers for both proposed projects and proceed to relevant procurement exercises to get the works completed.
4.0	<p>Resource Implications</p> <p>With a potential 10% match funding requirement from Council required in 2016/17, utilise the existing Public Realm Revenue Budget. Will continue to budget in 17/18 to cover the longer term on-going maintenance costs associated keeping our Urban Public Realms Clean.</p>
5.0	<p>Equality and Good Relations implications:</p> <p>In delivery of the schemes, the Council and DFC funder are fully mindful of the Section 75 legislation.</p>
6.0	<p>Appendices</p> <p>N/a</p>

Report to:	Enterprise Regeneration and Tourism Committee
Subject:	Kilkeel Strategic Partnership
Date:	Monday 12 September 2016
Reporting Officer:	Marie Ward, Director Enterprise, Regeneration and Tourism
Contact Officer:	Jonathan McGilly, Assistant Director, Enterprise Employment & Regeneration

Decisions Required

To note/agree etc the contents of the report and approve recommendations at Section 3

1.0	<p>Purpose and Background</p> <p>In March 2016 Newry, Mourne and Down District Council agreed and signed off on the high level appraisal of the Kilkeel Infrastructure Project and the interim road map for delivery which was to be progressed by Kilkeel Strategic Partnership. The purpose of this report is to agree funding and structure required to move this project forward in the ongoing absence of a lead government agency being identified.</p>
2.0	<p>Key Issue</p> <p>When the appraisal was finalised and signed by the partners to this project (KSP, NMDDC, INI, DARD) a road map for future delivery identified the next steps necessary to move the project forward. These were as follows:-</p> <ul style="list-style-type: none"> • Establish a lead Government Department • De-risk the project by <ul style="list-style-type: none"> (a) Engaging with vessel owners (b) Engaging with Seafood Processors (c) Assessment of other potential sites (d) Developing a submission to Minister on next steps with Terms of Reference for engineering and environmental studies required along with costings for next stages of project. <p>It has been estimated that the next stage of work identified above in the road map will cost up to £50K and this will include the costs of a national fisheries expert to advise on this phase of the project and assist with the drafting of the terms of reference for the engineering and environmental studies required for the following phase of the project. If SIB were to remain on board and lead the project on behalf of ISP as per progress to date an operating agreement would be required between SIB and each of the partners or with a lead partner acting on behalf the group. This underlined the need for a lead government department which to date has not been found due largely to elections and the review of government departments that has taken place in the intervening period.</p>
3.0	<p>Recommendations</p> <p>(i) Newry, Mourne and Down District Council act as lead partner for this stage only to ensure project moves ahead. This will involve Newry, Mourne and Down District Council signing operating agreement with SIB on behalf of partners (Seasource/ISP, DAERA, NM&DDC & INI). Subject to KSP leading on lobby to ensure a government department sponsors this project beyond this phase and Council writing to relevant Ministers (DAERA & DfC) requesting this is given urgent priority and placing on record Newry, Mourne and Down District Council's position on this matter.</p>

	<p>(ii) Newry, Mourne and Down District Council co fund this phase of the project in following way – 10% KSP/Seasource, 25% NMDDC, 65% DAERA & INI up to maximum of £50K total cost.</p> <p>(iii) Newry, Mourne and Down District Council work with SIB to finalise the operating agreement with SIB procuring direct any services required for this phase of the project ie experts to draft Terms of Reference etc.</p>
4.0	<p>Resource Implications £12,500 from Council budget – current year for project development costs.</p>
5.0	<p>Equality & Good Relations Implications Project has been developed bearing in mind all the equality regulations.</p>
6.0	<p>Appendices N/A</p>

Report to:	Enterprise Regeneration and Tourism Committee
Subject:	Letting of lands at Delamont Country Park
Date:	Monday 12 September
Reporting Officer:	Marie Ward, Director Enterprise, Regeneration and Tourism
Contact Officer:	Simon Boyle, Country Park Manager

Decisions Required

To agree the contents of the report and approve recommendations at Section 3

1.0	<p>Purpose and Background Re; Letting of Lands at Delamont</p> <p>The lands at Delamont Country Park 30.34 Hectares (75 Acres) Was divided in two lots to facilitate the Skiffie worlds boat races, this licence agreement ends in November 2016, Previous to this the lands have been let as one lot under licence for 5 years. The 5 year period allows lands to be improved and kept free of weeds As part of the present agreement the present tenant has first refusal on a 7.2 Hectares field if resewn in grass this season (arable crop this Year)</p>
2.0	<p>Key Issues</p>
2.1	<p>Depending on local demand the land may not attain the valuation as indicated by the council valuer (LPS) indicative valuation £100 per acre as opposed to £72 /acre in 2015 There may need to be a review clause in the licence agreement depending on any market changes due to Brexit.</p>
3.0	<p>Recommendations</p>
3.1	<p>That we seek expressions of interest for one Lot 30.34 hectares for sheep grazing/arable , with an indicative value of £100.00 per/acre and accept the offer of the highest value (as decision by SMT – SMT/246/2016) Expressions of interest to be sought in October 2016 for the five year period 01 April 2017 to 01 October 2021</p>
4.0	<p>Resource Implications</p>
4.1	<p>Officers time</p>
4.2	<p>Advertisement costs</p>
5.0	<p>Equality and Good Relations implications</p>
5.1	<p>None identified</p>
6.0	<p>Appendices</p>

Report to:	Enterprise Regeneration and Tourism Committee
Subject:	Newry Town Hall – Schedule of Works – User Groups Meeting
Date:	Monday 12 September 2016.
Reporting Officer:	Marie Ward, Director Enterprise, Regeneration and Tourism
Contact Officer:	Jacqueline Turley, Facilities Administrator

Decisions Required

To note/agree etc the contents of the report and approve recommendations at Section 3

1.0	Purpose and Background To meet with User Groups of Newry Town Hall to advise progress on works and agree dates for completion works 2017.
2.0	Key Issues Closure of Town Hall for 4 months to facilitate works. Impact on User Groups and their activities Audience NI embarking on Audience development Strategy for the area Open communication with Groups on progress of works
3.0	Recommendations 1. To close Newry Town Hall for Main Hall bookings 15 May – 15 September 2017. 2. Mood Boards be produced to inform all groups and others of progress of works. 3. Meeting be convened at later date with Director of ERT, User groups and Theatre Consultant to inform them of proposed works. 4 . Communication channels opened with Council and User groups. 5 . Consultation process to begin in Autumn with Arts Groups/relevant bodies for Audience Development Strategy.
4.0	Resource Implications Newry Town Hall Works Budget set for 2016/2017 – now 2017/2018 Budget agreed for Audience Development Strategy.
5.0	Equality and Good Relations implications Consultation with all groups, relevant agencies including Newry BID and Chamber of Trade and Commerce via Audiences NI, for Audience Development Strategy.
6.0	Appendices - none

Report to:	Enterprise Regeneration and Tourism Committee
Subject:	Newry Town Centre BID – Memorandum of Understanding
Date:	Monday 12 September 2016
Reporting Officer:	Marie Ward, Director Enterprise, Regeneration and Tourism
Contact Officer:	Jonathan McGilly, Assistant Director, Enterprise Employment & Regeneration

Decisions Required

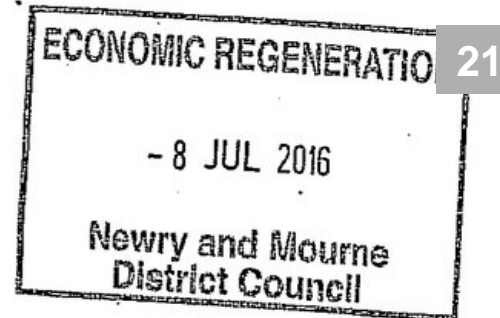
To note/agree etc the contents of the report and approve recommendations at Section 3

1.0	Purpose and Background To agree to sign the attached MOU between Newry, Mourne and Down District Council and the Department for Communities (DfC) in respect of Newry City Centre BID.
2.0	Key Issue Newry, Mourne and Down District Council in association with Newry BID submitted an application to DfC for additional funding towards professional services to support and enable Newry BIC to successfully support Newry BID area businesses in establishing a vibrant and economically successful city centre. This support will assist the BID company develop its Action Plan and give advice and guidance from experts to the newly established Board on the detail and legislative requirements around BIDs.
3.0	Recommendations Recommend Newry, Mourne and Down District Council sign the MOU and draw down funding as required.
4.0	Resource Implications None – amount of £3,000 will be matched from BID resources.
5.0	Equality Principles of equality and good relations apply.
6.0	Appendices Memorandum of Understanding

Copy



Department for
Communities
www.communities-ni.gov.uk



NEWRY TOWN CENTRE BID

MEMORANDUM OF UNDERSTANDING BETWEEN:

THE DEPARTMENT FOR COMMUNITIES,
AND
NEWRY MOURNE & DOWN DISTRICT COUNCIL

Date: July 2016

1. Overview

The Department for Communities established the Business Improvement Districts Academy (BID Academy) following the enactment of the Business Improvement Districts Act (NI) in March 2013. This was to provide a structured support system for emerging BID proposers in taking forward their proposals. The BID Academy's remit was to provide capacity building, support and other assistance to a number of pilot BIDS over a 2 year period. The aim was to allow prospective BIDs to get from starting position to ballot and, if successful, to set up of a BID Company and start of implementation.

Newry which was one of the first pilot BID's has gone to ballot and has voted overwhelmingly in favour of the proposals.

They have set up their BID Company in March 2016 and are currently implementing their plans.

While the initial grant funding has helped Newry BID through the ballot, there continues to be a significant body of work around the setting up of the BID Company, the appointment of the BID Manager, the training of staff, and the billing and collection of levies.

To ensure that this extra work is carried out successfully the Newry BID has asked for some additional support in the form of a grant of £3000 with the BID providing 50% match funding.

Newry Mourne & Down District Council acting on behalf of the Newry Bid Company has requested a grant of £3000.00

2. Purpose of this Document

The purpose of this Memorandum of Understanding (MOU) is to provide clarity in terms of accountability, policy, operational and reporting procedures for each of the funders and in particular to:

- Establish the scope and duration of the project;
- Describe the roles and responsibilities of all funders;
- Set out the financial arrangements; and
- Detail the arrangements for monitoring performance in relation to the Revitalisation Improvement Scheme.

3. Scope and Duration

- The project will not start prior to 04 July 2016 and will be completed by 31 March 2017.
- Newry Mourne & Down District Council will undertake completion of the scheme and meet any costs incurred following cessation of the Department for Communities (DfC) Contract for Funding at 31 March 2017.

- The project's aim is in line with:
 - DFC's Vital and Viable guide – breathing new life into cities and towns; and
- The scheme will deliver:
- Professional Services support to enable Newry BID to successfully support Newry Traders in establishing a vibrant and economically successful town centre.

4. Roles & Responsibilities

The Department for Communities

- (a) The Department for Communities (DFC) is the Lead Funding Department and, in this role, has agreed that Newry Mourne & Down District Council will oversee the delivery of the project.

DFC has appointed **Lilian O'Neill** in the South East Regional Development Office as Project Officer, to oversee the project on behalf of DFC. The Project Officer will ensure;

- That a Contract for Funding (CFF) is issued to Newry Mourne & Down District Council;
- That a DFC representative will attend meetings with the Newry Mourne & Down District Council Project Manager if required.
- Monitoring arrangements are in place and appropriate minutes and reports as per CFF section 10;
- Monthly Progress Reports received from Newry Mourne & Down District Council are reviewed against objectives and Letter of Variance issued if deemed necessary;
- Financial accountability for the Newry Town Centre BID Project by reconciling the expenditure spreadsheet with any Claim for Payment and vouched documentation to allow payment under the terms of the CFF; and
- On completion of the project, a full evaluation is completed.

Newry Mourne & Down District Council

(b) **Jonathan Mc Gilly** will oversee the delivery of the project and will ensure;

- Regular meetings are held and copies of all adopted minutes are made available to DFC immediately following each meeting;
- DFC expenditure spreadsheet is continually maintained.
- That all goods/services are procured in line with Government Procurement Policy;
- That regular progress reports are issued to DFC in a timely manner;
- Provide an assurance that all work has been carried out to a satisfactory standard to enable payments to be released;
- Will provide a project evaluation report on completion of the project.

5. Financial Arrangements

Levels of funding are agreed as follows:

a) DFC

DFC will provide grant funding of up to a maximum of £3000 towards the project.

b) Newry Mourne & Down District Council

Newry Mourne & Down District Council will provide funding of £3000 towards the project.

6. Monitoring & Reporting

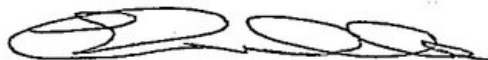
- DFC and Newry Mourne & Down District Council are responsible for monitoring the project; and
- Progress reports will be issued on a regular basis by Newry Mourne & Down District Council to DFC detailing progress against objectives.

7. Accountability

- Overall accountability for the delivery of the project rests with Newry Mourne & Down District Council, as 'Grant Recipient'. In addition Newry Mourne & Down District Council is accountable for ensuring that appropriate controls are in place in order to provide them with the necessary assurances.
- Each funding body will remain responsible for assessing progress against their own performance indicators.

FORMAL COMMITMENT TO MEMORANDUM

Signed
On behalf of DFC

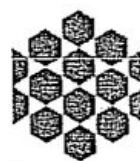


Dated

6/7/16

Signed
On behalf of Newry Mourne & Down District Council

Dated



Department for
Communities
www.communities-ni.gov.uk

Regional Development Office
South Eastern Team
Holt Building
Cecil street
Newry

Telephone: (028) 30253348

Liam Hannaway
Chief Executive
Newry Mourne & Down District Councils
Greenbank Industrial Estate
Newry

Our reference: RS/G/04/16

Date: 04th July 2016

Project Reference No	RS/G/04/16
Project Applicant	NEWRY MOURNE & DOWN DISTRICT COUNCIL
Project Title	NEWRY CITY CENTRE BID SUPPORT
Amount of Grant	£3000.00
Period of Grant	04 July 2016 to 31 March 2017

Dear Mr Hannaway

1. Award Approval

The Department for Communities ("the Department") is pleased to inform you that your application for Grant funding towards the above project/service has been successful.

Your application is approved on the basis of the details set out in the application form, which you completed on 29 June 2016 and any other detail provided throughout the assessment process prior to the date of this letter. Specifically, Grant is offered on condition that the project delivers its aims and produces the agreed performance targets/outputs and pattern of expenditure set out in this Contract for Funding. Approval is subject to your acceptance of all the conditions set out in this letter.

2. Definitions

In this Letter:-

“the Organisation” means Newry Mourne and Down District Council;

“the Project” means Newry City Centre Bid; and as further defined under (revenue) items below.

“the Grant” means a sum up to a maximum of £3,000.00; of which:

“ Revenue items” means fees for specialist professional support to Newry BID

“the project start and completion date” means the day by which the project must start and be completed so as to achieve the performance outputs as specified in paragraph 3 below.

“the performance outputs” means the performance outputs specified in the Schedule hereto (see section 18);

“the equality legislation” means the statutory provisions from time to time in force in Northern Ireland in relation to discrimination on the grounds of race, disability, sexual orientation, gender or political opinion;

3. Funding Period and Termination

The Organisation shall not commence the Project before 04th July 2016 and shall end the Project no later than 31 March 2017.

The Organisation will undertake completion of the scheme and meet any costs incurred following the cessation of this contract at 31 March 2017.

The Organisation should carry out and complete the Project in order to achieve the Performance Outputs by 31 March 2017. The final claim for payment should be submitted as soon as possible after the project end date.

The Department shall be under no obligation to make payment on foot of any claim received after the expiry of a period of 3 months from the Project completion date in the case of revenue and equipment Grants, or in the case of construction and refurbishment Grants, the expiry of a period of 12 months from the project completion date.

The Department reserves the right to terminate this Contract for Funding at any time by giving 3 months written notice to the Organisation of termination. Any liabilities properly incurred or earned before the date of termination will be payable by the Department in accordance with the terms of this Contract for Funding.

4. Preconditions

Prior to the release of the Grant under this Contract for Funding the Organisation shall.

- (i) Provide monthly update reports to the Department detailing progress against targets set out in section 18.

5. Default

If:-

- (i) any information provided by the Organisation or any representative of the Organisation in connection with or for the purposes of this

contract and whether before or after the date of this letter is misleading or incorrect in any material respect;

- (ii) the Organisation is in breach of any obligation on the part of the Organisation contained in this letter and such breach is incapable of remedy or if capable of remedy remains unremedied for a period of 30 days after written notice by the Department;
- (iii) an order is made or an effective resolution is passed for the winding up of the Organisation or a Receiver is appointed over the undertaking or a material part of the undertaking of the Organisation;
- (iv) the Organisation is unable to pay its debts within the meaning of Article 103 of the Insolvency (NI) Order 1989;
- (v) an administration order is made in respect of the Organisation,

then in any such event or events the Department shall be under no obligation to make any payment or further payments of the Grant and the Organisation shall forthwith on written demand by the Department repay the whole of the amount of the Grant paid under this letter or such lesser amount as the Department may at its sole discretion so determine. Furthermore in the event of the Organisation defaulting under section 5 (i) of the contract, criminal proceedings may be instigated against the Organisation under Article 4 of the Social Need Order (NI) 1986 as the Department may at its sole discretion so determine.

6: Grant Conditions

- (i) The Grant (a breakdown of which is set out in the Schedule hereto) shall only be made in response to claims in writing using the Department's official claim form.

- (ii) Claims for the Grant to the extent that they relate to expenditure by the Organisation on equipment, goods and services shall be accompanied by original receipts or paid invoices identifying such equipment or goods by reference to model or serial number or such other evidence as is acceptable to the Department for such expenditure. **NB The only exception to supplying original receipts with the Claim for Payment is where it has already been agreed with the Department that vouching will be carried out during verification visits.**
- (iii) The Grant towards agreed revenue or capital items may in exceptional circumstances be made in advance and claims in respect of such items shall accordingly be accompanied by an estimate of the expenditure on such items which the Organisation expects to incur during the period (which shall not exceed 3 months) to which the claim relates. Where payment is made in advance, original invoices in respect of actual expenditure incurred must subsequently be sent to the Department within agreed timescales. The Department will then make adjustments as necessary to the next claim. All further claims shall also be accompanied by verified evidence acceptable to the Department including **original** receipts and invoices for expenditure on such items during the immediately preceding claim period.
- (iv) Grant shall only be payable in respect of goods or equipment which are new, unless prior written consent from the Department is obtained.
- (v) Grant shall not be payable in respect of VAT recoverable by the Organisation.
- (vi) A dedicated current account must be maintained for the disbursement of all project expenditure. Details of the account must be provided on the form provided with this letter. The Grant will be paid directly into this bank account. The bank account should be identified as a Departmental funded project account and must be maintained by the Organisation for the purposes of the Project.

- (vii) Organisations involved in the delivery of multiple projects may already have a financial system using cost centres rather than multiple bank accounts. Such organisations may wish to negotiate with the Department to retain this system for the purposes of managing the project. These negotiations will require the Applicant to demonstrate to the Department's satisfaction that the systems in place guarantee a clear audit trail with regard to all aspects of the project finances. Should subsequent system checks reveal that the Department's requirements are not being met in this respect then the use of a dedicated bank account will become mandatory.
- (viii) The Department will make every effort to pay claims promptly but accepts no liability in respect of loss attributable to delay in the payment of claims or to any suspension, reduction or cancellation of Grant.
- (ix) The Organisation will ensure all Procurement is carried out in accordance with PGN 04/12. (see Annex A)

7. General Conditions

The Organisation shall:-

- (i) **Grant use** - apply the Grant solely for the purposes of carrying out and implementing the Project;
- (ii) **changes** - immediately inform the Department in writing of any circumstances which will or may affect the ability of the Organisation to carry out the Project; (Examples include: major changes to the project; the potential failure to meet agreed outputs/targets. This list is not exhaustive)
- (iii) not without the prior written consent of the Department vary or alter the Project; its use, financing or ownership; start and end dates;
- (iv) **constitution** - not alter or vary its memorandum or articles of association without the prior written consent of the Department;

- (v) **assignment** - not without the prior written consent of the Department assign or in any way encumber this contract for funding or any benefit derived or to be derived by the Organisation under it;
- (vi) **duplicate funding** - not seek, or make any application for or accept any financial assistance from any other Government Department, Agency or other funding body in respect of the expenditure for which Grant is or may be payable under the terms of this letter; provided always that the provision shall not apply to financial assistance which may be payable by another funding body but the Department shall be entitled to reduce the Grant available under this letter by an amount if equal to such financial assistance;

You have confirmed to the Department that

a) the following funding is in place for this project;

1. Newry Mourne and Down District Council are contributing £3,000.

You must advise the Department immediately if there are any changes.

- (vii) **insurance** - insure any items of an insurable nature which have been obtained with the benefit of the Grant to the full replacement value thereof and furnish the Department with copies of all relevant policies of insurance on demand by the Department;
- (viii) insure in the name of the Organisation all buildings or premises which are now or may in the future be erected and/or grant aided, against loss or damage by fire or theft, for a sum equal to the cost of their reinstatement or replacement and keep the same so insured;
- (ix) if the buildings or premises so insured, are in any part thereof destroyed or damaged, expend without delay the monies received under such insurance in rebuilding, reinstating or replacing the same;
- (x) **Financial controls** - establish and maintain effective financial control systems in relation to its operations generally but specifically in relation to the Project;

- (xi) Maintain proper and effective accounting records which identify individual financial transactions relating to all aspects of the Project, including original invoices and receipts;
- (xii) **provision of records** - from time to time upon request by the Department furnish the Department or the Comptroller and Auditor General for Northern Ireland with all such financial accounting and other information relating directly or indirectly to the Project as the Department or the Comptroller and Auditor General for Northern Ireland may request. Original documents or verified true copies must also be produced upon request. Failure to produce the original documents or satisfactory agreed substitutes could result in requests for repayment of Grant;
- (xiii) **access** - permit the Department, the Departments Agents and the Comptroller and Auditor General for Northern Ireland to enter upon any premises owned or occupied by the Organisation for the purpose of inspecting any asset or accounting record relating to the Project;
- (xiv) **retention of records** - ensure that all records and information relating to the implementation of the Project and its financing are retained for a period of not less than 7 years following the last payment of Grant under this letter and make any such record available to the Department and the Comptroller and Auditor General for Northern Ireland for inspection upon request by the Department or the Comptroller and Auditor General for Northern Ireland. If you intend to claim Grant on eligible expenditure made by others acting on your behalf you must ensure that you have a legally binding agreement with them which specifies what information is to be provided and when. You must ensure that those acting for you have original documentary evidence to support all the payments they make for you and for which you wish to claim Grant;
- (xv) **publicity** - include appropriate references to the assistance made available by the Department to the Organisation under this letter in any publicity or brochures or other material produced by or on behalf of the Organisation and in which the Project is mentioned.

In addition the Organisation will provide copies of all publicity material relating to the project including press cuttings, advertisements or other relevant details. Adequate advance warning should also be given of forthcoming events and/or launches etc. The Department shall be entitled to publish details of the assistance referred to in the Contract for Funding at such times and in such a manner as it may decide. The Organisation shall provide any further information about the project requested by the Department and shall permit the publication of that and any other related information;

- (xvi) **data protection** - acknowledge that information on applications for Grant assistance is stored on computer and in accordance with the Data Protection Act 1998, and that such information may be subject to the Freedom of Information Act 2000;
- (xvii) **overpayments** - shall repay the Department any overpayment forthwith on first demand or becoming aware that Grant has been overpaid, whichever first occurs;
- (xviii) **political or religious** - ensure that the Grant shall not be used for the purpose of or in anyway connected with the promoting of any political party or religious viewpoint. No aspect of the activity being funded should be party political in intention, use or presentation or likely to be perceived as discriminatory. Any activities, such as campaigning, by the Organisation must be in furtherance of, and ancillary to, its main purpose;
- (xix) **training** - attend and participate in such workshops and training sessions as the Department deems appropriate;
- (xx) **statutory charges (capital projects)** - acknowledge that the conditions of repayment of financial assistance may in accordance with Article 4(8) of the Social Need (Northern Ireland) Order 1986, be a Statutory Charge upon the property;
- (xxi) **legislation** - comply with the equality legislation to the extent that the same applies to the Organisation. No aspect of the activity being funded should be party political in intention, use or presentation or likely to be perceived as discriminatory on the grounds of race, disability, sexual

orientation, gender or political opinion. Any activities, such as campaigning, by the Organisation must be in furtherance of, and ancillary to, its main purpose;

- (xxii) **liability** - by accepting this letter acknowledge that the Department accepts no liability to the Organisation other than as expressly provided for, in and subject to, the terms and conditions stated in this letter. Further, the Organisation shall indemnify the Department against all actions, proceedings, costs, claims, demands and liabilities arising out of, in respect of, or in connection with this letter, caused or contributed to by the negligence or default of the Organisation, or by any circumstances within its control;
- (xxiii) **employment** - the Department accepts no responsibility or liability for the staff employed on the Project. The Applicant shall be the employer of staff required for the Project and shall be responsible for all matters in connection with their employment. The Applicant shall comply with the requirements of all EC Directives and legislation from time to time in force relating to working conditions, health and safety at work etc. The Applicant shall comply with the requirements of the Sex Discrimination (NI) Order 1976 and 1988, the Fair Employment and Treatment (NI) Order 1998, the Race Relations (NI) Order 1997, the Disability Discrimination Act 1995 and Section 75 of the Northern Ireland Act 1998 and any enactments amending, extending or replacing the same;
- (xxviii) **Conflict of Interest** – declare any actual or potential Conflicts of Interest which could exist as a direct consequence of the Organisation's use of the funding to be provided by the Department and record same in a Register of Conflicts;
- (xxiv) **Charity law**- ensure that the organisation operates within, and meets its obligations under charity law in Northern Ireland and further promotes, where relevant to the project, the charitable sector's obligations under the Charities Act (Northern Ireland) 2008.

8. Fraud

- (i) The organisation (and/or its representatives) may be prosecuted if it fails, without reasonable excuse, to comply with any condition subject to which financial assistance has been given to the organisation requiring it to inform the Department of any event whereby the financial assistance becomes repayable;
- (ii) The Department may by notice require the organisation to furnish to the Department such information, or to produce for examination on behalf of the Department such books, records or other documents, as may be specified in the notice for the purpose of enabling the Department to determine whether any condition subject to which the financial assistance is given is satisfied or is being complied with or whether the financial assistance has become repayable in whole or in part in accordance with any such condition;
- (iii) The organisation (and/or its representatives) may be prosecuted if in purported compliance with a notice issued under paragraph (ii) it knowingly or recklessly makes any statement or produces any document which is false in a material particular;
- (iv) The organisation (and/or its representatives) may be prosecuted under Article 4 of the Social Need Order (NI) 1986, if without reasonable excuse, it fails to comply with a notice under paragraph (ii);
- (v) It will be the responsibility of the Organisation to take whatever action is necessary to minimise the risk of fraud and to notify the Department immediately of any instances of attempted, suspected or proven fraud. Following a Departmental investigation all instances of suspected fraud will be reported to the Police and criminal proceedings may be instigated if deemed appropriate.

9. Sharing of Information

All Government Departments, Agencies and other funding bodies may share information to enable them to prevent and detect fraudulent applications and

to co-ordinate the processing of complementary applications. Accordingly, information provided by the Organisation during the application and assessment process, monitoring returns and any other information provided by the Organisation may be made available to other Departments/Agencies for the purpose of ensuring the accuracy of information and preventing or detecting crime. Such information may also be placed in the public domain.

10. Monitoring & Evaluation

The Department may from time to time monitor and evaluate the Project by reference to the Performance Outputs and the Organisation shall provide such information and assistance for these purposes as the Department may request.

The Department may also from time to time require the Organisation to provide evidence that the Organisation have fulfilled their statutory obligation in relation to HMRC in respect of PAYE and National Insurance contributions.

11. Withholding of Grant

If the Department has instructed an investigation to be carried out in relation to the Project, the Department shall be entitled pending the outcome of any such investigation to withhold payment of the Grant or any part or parts thereof; provided always that payment of the Grant shall be reinstated as soon as is reasonably practicable after the conclusion of the investigation unless an event of default under paragraph 5 has occurred.

The Department may withhold all or part of the Grant and may require all or part of the Grant to be repaid if it considers that you have not complied with any of the terms and conditions in this Contract for Funding.

12. Notice

Any letter, notice or demand by the Department shall be sufficiently served on the Organisation if it is delivered by hand at, or sent by post to, the Organisation's last known address.

13. Duration

The obligations of the Organisation under this letter shall remain in force for a period of 4 years following the date of acceptance of this letter; with the exception of 7 (xviii), which shall remain in force for a period of 7 years following the date of the last payment of Grant under this letter in line with legislative requirements.

14. Acceptance

This letter is issued in duplicate and accordingly if the Organisation is prepared to accept the foregoing offer please return one complete copy of this letter duly signed and dated on behalf of the Organisation.

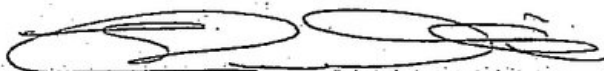
In accepting this offer the Organisation is agreeing to comply with the conditions contained in this letter and any guidance that the Department subsequently issues.

This letter may be made available to other Departments/Agencies and other funding bodies for the purposes of preventing or detecting fraud.

15. Availability

The foregoing offer shall remain open for a period of 4 weeks from the date of this letter. Failure to return one complete copy of this letter duly signed and dated on behalf of the Organisation within this period shall result in the offer being deemed as withdrawn.

Yours sincerely



Eileen McConville
Acting Deputy Director

16

OFFICIAL GRANT ACCEPTANCE

Project Reference No	RS/G/04/16
Project Applicant	Newry Mourne and Down District Council
Project Title	Newry City Centre Bid Support
Amount of Grant	£3,000.00
Period of Grant	04 July 2016 to 31 March 2017

I _____ have authority on behalf of
(Name of Chief Executive in Block Capitals)

(Name of Organisation in Block Capitals)

to accept the offer of Grant set out in the letter dated 04 July 2016 and agree to deliver the above project on the terms and conditions therein.

Signed by
(Chief Executive)

Witnessed by
(Registered Office Bearer)

Name in Block Capitals

Name in Block Capitals

Date

Date

17

BANK DETAILS

Project Reference No	RS/G/04/16
Project Applicant	Newry Mourne and Down District Council
Project Title	Newry City Centre Bid Support
Amount of Grant	£3,000.00
Period of Grant	04 July 2016 to 31 March 2017

Please complete Bank details below.

Name of Organisation: _____

Name of Account: _____

Bank Name : _____

Bank Address: _____

Sort Code: _____ Account Number: _____

Signed by
(Chief Executive)

Witnessed by
(Registered Office Bearer)

Name in Block Capitals

Name in Block Capitals

Date

Date

18 Project Targets and Output Measures

Target Date:	31 July 2016	Output Measure:	Business plans and associated budgets agreed. (update report)
Target Description:	Establish business plans and associated budgets for first and second year by 31 July 2016.		

Target Date:	31 July 2016	Output Measure:	Evaluation workshop Report
Target Description:	Ensure an evaluation workshop with the Board is delivered by 31 July 2016.		

Target Date:	30 September 2016	Output Measure:	Governance & Financial procedures in place. (update report)
Target Description:	Establish effective Governance and financial procedures by 30 September 2016.		

Target Date:	30 September 2016	Output Measure:	Board of Directors appointed. (update report)
Target Description:	Establish a credible and confident Board of Directors which is fit for purpose by 30 September 2016.		

Target Date:	30 September 2016	Output Measure:	Staffing and resources in place. (update report)
Target Description:	Ensure effective staffing and resources are in place by 30 September 2016.		

Target Date:	31 March 2017	Output Measure:	Objective report for year one.
Target Description:	Provide DfC with an objective evaluation report which outlines /		

	reviews the key findings and recommendations of the first financial year of the Newry City Centre Support Bid by 31 March 2017.
--	---

Target Date:	30 June 2017	Output Measure:	Customer satisfaction Report
Target Description:	Ensure a customer satisfaction survey is completed and forwarded to DfC with the aim of at least 10% of the Bid Levy Payers demonstrating an overall high satisfaction rate in the overall performance of the Bid (a minimum 75% positive response rate) by 30 June 2017.		

19 Breakdown of Grant Award (by financial year)

Eligible Expenditure Category and Breakdown	Total Grant Award	Year 1	Year 2	Year 3	Year 4
	From: 04/07/16 To: 31/03/176	From: 04/07/16 To: 31/03/176	From: To:	From: To:	From: To:
REVENUE					
Fees	£3,000.00	£3,000.00			
Sub Total					
Total Revenue	£3,000.00	£3,000.00			
CAPITAL					
Sub Total					
Total Capital					
Grand Total	£3,000.00	£3,000.00			

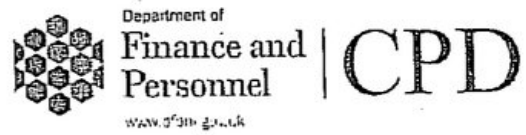
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Expenditure Schedule

* These are anticipated amounts and dates and should only be taken as a guide. Normally Grant / Revenue will be released on receipt of paid invoices/ receipts up to the maximum as detailed on the Breakdown of Grant / Revenue Award and paid quarterly during the period of the project.

Date(s) Expenditure Due To Be Incurred	*Anticipated Amount	Brief breakdown of Grant / Revenue amount against eligible expenditure category	*Anticipated Payment dates	Related Terms and Conditions (as per CFF)
04/07/16 to 30/09/16	£1,000	Newry City Centre bid support	01/10/16	1. Comply with all preconditions at section 4 of this Contract for Funding 2. Submit a Claim for Payment application to DfC by 31/10/16
01/10/16 to 31/12/16	£1,000	Newry City Centre bid support	01/01/17	1. Comply with all preconditions at section 4 of this Contract for Funding 2. Submit a Claim for Payment application to DfC by 31/01/17
01/01/17 to 31/03/17	£1,000	Newry City Centre bid support	01/04/17	1. Comply with all preconditions at section 4 of this Contract for Funding 2. Submit a Claim for Payment application to DfC by 30/04/17
Completion Date	Total Expenditure	Total Expenditure		
31/03/17	£3,000	DfC. £3,000.00		

Annex A



Procurement Guidance Note
PGN 04/12 (as amended)

PROCUREMENT CONTROL LIMITS AND THE BASIS OF CONTRACT AWARDS

Issued: 26 March 2015



Education &
Library Boards

Business Services
Organisation

**Housing
Executive**

northern ireland
water

Translink transportni

Annex A

PROCUREMENT GUIDANCE NOTES

Northern Ireland Public Procurement Policy was approved by the Northern Ireland Executive in 2002. In approving the policy the Executive took the decision that legislation was not necessary to ensure that Departments, their Agencies, non-Departmental Public Bodies and Public Corporations complied with the policy. Instead, it considered that compliance could be achieved by means of administrative direction.

These Procurement Guidance Notes are the administrative means by which the Northern Ireland Public Sector is advised of procurement policy and best practice developments. They are developed by Central Procurement Directorate (CPD), in consultation with the Centres of Procurement Expertise (CoPEs), and are subject to the approval of the Procurement Board.

Once endorsed by the Procurement Board, they are issued to the Departments for implementation and copied to CoPEs to develop, if necessary, procedures supporting the implementation of this guidance in their particular sector.

CPD is responsible for disseminating advice and guidance to the NI public sector on public procurement policies and for monitoring implementation. Procurement Guidance Notes are also published on [CPD's website](#).

The following Procurement Guidance Note was endorsed by the Procurement Board with effect from 21 May 2012 for use by those bodies covered by the Northern Ireland Public Procurement Policy.

Revision History	
First issued as a Procurement Guidance Note PGN 03/10	17 June 2010
Reissued as Procurement Guidance Note PGN 04/12	21 May 2012
Revised to take account of The Public Contracts Regulations 2015	26 March 2015

Annex A

CONTENTS PAGE

1 Purpose.....4

2 Background.....4

3 Procurement Control Limits.....6

4 Basis of the Award of Contracts.....8

5 Further Information.....10

Annex A Guidelines for Purchases up to £5,00011

Definition of Terminology

In the preparation of this guide, the term contractor/supplier has been used to denote an organisation that contracts directly with a Department, whether it is a supplier, a service provider or a construction contractor.

The term Department has been used to refer to those bodies subject to Northern Ireland Public Procurement Policy including Departments, Non-Departmental Public Bodies and Public Corporations.

The term eSourcingNI has been used to describe the current web-based portal used by the wider Northern Ireland public sector to advertise and tender its available contracts.

Annex A

1 PURPOSE

- 1.1 The purpose of this guidance is to set out the Procurement Control Limits (PCLs) and the basis for contract award for application in all procurements.
- 1.2 The PCLs are designed to ensure:
- an effective competition (competition is the best way of achieving and demonstrating best value for money);
 - a balance is struck between the value of the contract and the transactional cost of undertaking the procurement procedures; and
 - a proportionate approach is taken to procurement for low value requirements.

2 BACKGROUND

- 2.1 In Northern Ireland, public procurement is a devolved matter. Northern Ireland Public Procurement Policy applies to those bodies listed in Annex A of the policy document.
- 2.2 At the heart of Northern Ireland Public Procurement Policy is the achievement of 'Best Value for Money' (BVFM) through adherence to the 12 guiding principles of procurement. Included in these guiding principles is the principle of competitive supply which states that procurement should be carried out by competition unless there are convincing reasons to the contrary. Competition promotes economy, efficiency and effectiveness in public expenditure and also contributes to the competitiveness of contractors.

Annex A

- 2.3 All public sector procurement over the applicable EU threshold values¹ and to which an exemption does not apply, is regulated in the European Union (EU) through EU Procurement Directives which have been transposed in the UK (excluding Scotland) as The Public Contracts Regulations 2015 and The Utilities Contracts Regulations 2006 (as amended) – the “Regulations”.
- 2.4 In determining the value of a contract, for the purpose of assessing whether it is above the threshold, the value of all options and renewals must be taken into consideration. The Regulations provide methods for calculating the estimated value of a contract².
- 2.5 Departments must not split purchases or disaggregate project costs in order to circumvent the control limits set out in this guidance note.
- 2.6 The PCLs recommended in this note provide the optimum level required to ensure that the transaction cost of procurement procedures is efficient, whilst maintaining a sufficient level of competition to achieve best value for money. CoPEs may choose to make minor variations to these limits to suit the particular circumstances of their business. In such instances, CoPEs should ensure that the Head of CoPE and Accounting Officer are made aware of such instances and the reasons for the proposed actions.

¹ [https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/267937/PPN_1013 - New Threshold Levels for 2014.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/267937/PPN_1013_-_New_Threshold_Levels_for_2014.pdf)

² Regulation 6 of The Public Contracts Regulations 2015 and Regulation 11 of The Utilities Contracts Regulations 2006

Annex A

3 PROCUREMENT CONTROL LIMITS

3.1 Goods and non-construction services

3.1.1 The PCLs set out below are recommended for goods and non-construction services.

Table 1 – PCLs goods and non-Construction services

Value	Procedure
Up to £5,000	Departments must demonstrate that value for money has been secured. Guidance is attached at Annex A.
£5,000 to £30,000	A minimum of two tenders invited by the person authorised to procure for their organisations in accordance with a Service Level Agreement (SLA) with a CoPE; or A tender process undertaken by a CoPE.
£30,000 to EU Thresholds	Advertise on eSourcingNI. Tender process must be conducted in line with <u>Procurement Guidance Note 05/12: Procurement of Goods, Works and Services Over £30,000 and Below EU Thresholds.</u>
Above EU Thresholds	Advertise on eSourcingNI. EU Directives apply –advertise in the Official Journal of the European Union (OJEU).

Annex A

3.2 Construction works and services

3.2.1 Construction is a distinct area of procurement, with specialist requirements and forms of contract. All construction related contracts, irrespective of value, should be procured through or under the delegated authority of a construction CoPE or via a Service Level Agreement with a CoPE in accordance with the following PCLs. CoPEs may choose to make slight variations to these limits to suit the particular circumstances of their business (see paragraph 2.6).

Table 2 – PCLs construction works

Value	Procedure
Up to £5,000	Departments must demonstrate that value for money has been secured.
£5,000 to £30,000	Contractors must be registered on Constructionline ³ First six contractors from a randomly selected list generated by Constructionline are invited to tender.
£30,000 to EU Thresholds	Advertise on eSourcingNI Tender process must be conducted in line with <u>Procurement Guidance Note 05/12: Procurement of Goods, Works and Services Over £30,000 and Below EU Thresholds.</u>
Above EU Thresholds	Advertise on eSourcingNI. EU Directives apply –advertise in OJEU. Normally use the restricted procedure.

³ Constructionline is the UK's register of construction related contractors and consultants pre-qualified to work for public sector clients.

Annex A

Table 3 – PCLs construction services

Value	Procedure
Up to £5,000	Departments must demonstrate that value for money has been secured.
£5,000 to £30,000	Consultants must be registered on Constructionline First six consultants from a randomly selected list generated by Constructionline are invited to tender.
£30,000 to EU Thresholds	Advertise on eSourcingNI. Tender process must be conducted in line with <u>Procurement Guidance Note 05/12: Procurement of Goods, Works and Services Over £30,000 and Below EU Thresholds.</u>
Above EU thresholds	Advertise on eSourcingNI. EU Directives apply –advertise in OJEU. Normally use the Restricted Procedure.

3.3 Ensuring consistency and visibility

3.3.1 To ensure consistency and visibility in the award of contracts, CoPEs must use eSourcingNI as the electronic tendering portal for all bodies covered by the Northern Ireland Public Procurement Policy.

4 BASIS OF THE AWARD OF CONTRACTS

4.1 Contracts over the EU threshold must be awarded on the basis of the Most Economically Advantageous Tender (MEAT), this can include assessment on the basis of price/cost only as well as other methods including the 'best price/quality ratio' which can include social and environmental requirements provided they relate to the subject matter of the contract. Contracts should only be awarded solely on the basis of price/cost only if they are very simple straightforward projects. Where this is to be

Annex A

used the supporting rationale should be clearly set out in the procurement strategy and signed off by the Head of CoPE.

- 4.2 For contracts below the EU threshold, the basis of award must be either the Best combination of Price and Quality (BPQ) or lowest acceptable price⁴.
- 4.3 For contracts for the supply of standard goods, non construction services or below EU threshold construction services and works, the preferred basis of award should be the lowest price or lowest acceptable price. In this context, "standard" means when the goods, services or works can be clearly and simply specified, and are capable of being routinely delivered by a number of suppliers/contractors.
- 4.4 For more complex or strategic requirements involving the use of MEAT or BPQ the price quality ratio should be selected on the advice of a COPE. In either case the minimum quality element should be 30%.
- 4.5 All contracts with a value greater than £5,000 should be awarded on the Department's/CoPE's Conditions of Contract.
- 4.6 In exceptional circumstances it may be necessary to award a contract directly, without obtaining quotes or advertising, in which case Departments should consult Procurement Guidance Note 03/11- Award of Contracts Without a Competition.

⁴ After unacceptably low prices have been excluded. Each case should be treated on its merits. There should be no automatic exclusion and tenderers whose tenders are considered to be significantly low should be given the opportunity to justify their prices.

Annex A

5 FURTHER INFORMATION

5.1 Any queries on this Procurement Guidance Note should be addressed to:

Procurement Policy Branch
Central Procurement Directorate
2nd Floor East
Clare House
303 Airport Road West
Belfast, BT3 9ED
Phone: 028 9081 6518
Email: procure.policy@dfpni.gov.uk

Construction Procurement Policy Branch
Central Procurement Directorate
2nd Floor East
Clare House
303 Airport Road West
Belfast, BT3 9ED
Phone: 028 9081 6871
Email: ConstructionProcurementPolicy@dfpni.gov.uk

Annex A

ANNEX A

GUIDELINES FOR PURCHASES UP TO £5,000

Purchases up to £5,000 will be classified as procurement expenditure but they are not subject to procurement rules. Departments must ensure that all purchases up to £5,000 are subject to value for money considerations and Managing Public Money Northern Ireland.

Departments should ensure that:

- (i) the purchase is not covered by an existing framework agreement, call-off contract or e-catalogue;
- (ii) the purchase is a one-off requirement;
- (iii) the total spend is up to £5,000; and
- (iv) the requirement is clearly specified.

When existing arrangements at (i) are not available, then departments should carry out a price check⁵ with at least two contractors/suppliers to ensure value for money has been achieved. Price checks should be documented and retained on file for audit purposes.

In the exceptional circumstance when it is not possible to obtain price checks (eg, emergencies) then an order may be placed directly with a contractor/supplier. In these cases, Accounting Officer approval is not required when the total spend is up to £5,000 but the reasons for the action should be recorded and retained for audit purposes.

This derogation does not apply to the procurement of consultancy services.

⁵ Could include internet price checks.

Report to:	ERT Committee
Date of Meeting:	September 2016
Subject:	Museum opening times
Reporting Officer (Including Job Title):	Marie Ward, Director Enterprise, Regeneration and Tourism
Contact Officer (Including Job Title):	Michael King, Museum Curator, Down County Museum

Decisions required:	
Committee is requested to approve change in opening hours for Down County Museum to match those of Newry and Mourne Museum	
1.0	Purpose and Background:
1.1	The purpose of this report is to bring to the attention of Committee the increase in visitor numbers at Down County Museum, the increased demand of groups and visitors to visit on Saturday mornings and the need to harmonise the opening times of Council-run museums, for which a proposal is presented.
2.0	Key issues:
2.1	Visitor numbers at Down County Museum have increased by over 100% since the opening of the High Cross Extension in September 2015 (June 2014-July 2015: 21017 visitors; June 2015-July 2016: 43883 visitors). This a result of a year when the tearoom was closed followed by a year with a new attraction – the High Cross Extension, including new farming and gaol history galleries.
2.2	The Museum was awarded 4 Stars by the TourismNI Visitor Attraction Grading Scheme in February 2016. Since then, the Museum has risen in the TripAdvisor rankings from 5 th to 2 nd place in the local Downpatrick area, now placed directly after Castle Ward.
2.3	There has been a sharp increase in group bookings during the last year, in particular for tours and visits on Saturday mornings.
2.4	Down Arts Centre, The St Patrick Centre and Down Cathedral are all open on Saturday mornings. Tour groups to the Mall and Down Cathedral from Dublin, Belfast and other locations are frequent on Saturday mornings throughout the year, and the museum should be in a position to cater to tourist groups and offer tearoom and comfort facilities in order to improve the tourist offering of the town. Museum staff would also be in a position to guide tourist groups arriving on the Mall by coach to other local attractions. The Cathedral View Tearoom in the Museum is especially popular and would encourage more business if open on Saturday mornings.
2.5	There is a current difference between the opening times of Down County Museum (Mon-Fri: 10am-5pm; Sat-Sun 1pm-5pm) and Newry and Mourne Museum (Mon-Sat 10am-4.30pm, Sun 1.30-5pm). There is a need to harmonise the opening times of Council museums and cater to the demand from groups and other visitors.
2.6	There is the opportunity to offer more workshops and educational activities if the Museum were open on Saturday mornings, as well as catering to increased tourist numbers visiting the High Cross Extension and local visitors using the family-friendly exhibitions and the tearoom for coffee and lunches.

3.0	Recommendations:
3.1	<p>It is recommended that the opening times for Down County Museum should be changed to those already in place at Newry, Mourne and Down Museum: Mon-Sat 10am-4.30pm, Sun 1.30-5pm. The 3 hours saved by closing the Museum half an hour earlier each day from Monday to Saturday would be allocated to increasing the Saturday opening times by 3 hours from 10am to 1pm, providing full day opening from 10am-4.30pm.</p> <p>The Museum's Cathedral View Tearoom currently closes at 4.30pm, so this will not be a reduction in tearoom opening hours. Consultations indicate that Tearoom opening on Saturday mornings can be arranged.</p> <p>Experience shows that the number of visitors generally drops between 4.30pm and 5pm, so that there will be no significant drop in visitor numbers as a result of this harmonisation.</p> <p>Booked room and tour bookings extending beyond 4.30pm can still be accommodated from Monday to Saturday as museum staff members will still be available to manage these until 5pm.</p> <p>This recommendation follows good practice in the context of ongoing harmonisation of services.</p> <p>It is recommended that this change is made from 1st October 2016.</p>
4.0	Resource implications
4.1	As a result of the re-allocation of 3 hours from the current front-of-house staff rota to a new rota, including Saturday morning opening, there is no increase in staff costs. The cost of gallery lighting will also be neutral.
5.0	Equality and good relations implications:
5.1	Access to museum buildings and services needs to be the same across the district in order to provide equal access to the public. Some members of the public, especially families, are unable to visit museums during the working/school week, and opening on Saturday mornings will therefore provide increased and fair access to museums across the district.

Report to:	Enterprise Regeneration and Tourism Committee
Subject:	Green Tourism - Top 100 Green Destinations in Europe
Date:	Monday 12 September 2016
Reporting Officer:	Marie Ward, Director Enterprise, Regeneration and Tourism
Contact Officer:	Mark Mohan, Senior Tourism Initiatives Manager

Decisions Required

To note the contents of the report and approve recommendations at Section 3

1.0	<p>Purpose and Background</p> <p>The legacy council of Down District, jointly with Ards Borough Council, Banbridge District Council and Newry & Mourne District Council, were successful in securing funding for the development and implementation of a Green Tourism Programme under the European Sustainable Competitiveness Programme for NI 2007-13.</p> <p>The Green Tourism Programme was match funded by Invest Northern Ireland and the four legacy local authorities. Down District Council was the lead Council partner.</p> <p>The project aimed to provide a range of business development support to help tourism and service related businesses take advantage of the outstanding natural and cultural assets of the Mourne, Ring of Gullion, Saint Patrick's Country and Strangford Lough areas - and to do so in ways that were environmentally, socially and economically sustainable.</p>
2.0	<p>Key Issues</p> <p>The programme was a great success, engaging in the first instance 155 businesses across the local authority areas resulting in 108 businesses being awarded 'Green Tourism' Accreditations. There were 19 Gold awards, 38 Silver and 51 Bronze, which now represents 91% of the total accreditations across NI.</p> <p>Furthermore the project won the 2016 award for Sustainable Tourism at the recent Northern Ireland Tourism NI awards gala event in Derry. This award was designed to recognise tourism businesses who can demonstrate their commitment to sustainability or environmental best practice.</p> <p>On the strength of this achievement an application was made to the top '100 Green Destinations' in Europe programme and following a recent review process we have been nominated as one of the Top 100 Green Destinations in Europe. To that end council has been invited to the public presentation of the awards at the Green Destinations Gala Dinner at World Tourism Day – Global Green Destinations, in Ljubljana Slovenia, to receive the ST Top 100 Official certificate, to present our success story or best practice to participants and media, and to speak with the media. Attendance at the Gala Dinner (27 Sept) and one of the conference days is free (either 27th or 28th) for up to five "destination ambassadors".</p>
3.0	<p>Recommendations</p> <p>Council approve the attendance of up to 5 delegates/destination ambassadors at the</p>

	Global Green Destinations conference and Gala Dinner on 27 September in Ljubljana, Slovenia
4.0	Resource Implications The cost of attendance (flights & accommodation for 2 nights) is approximately £550 per delegate
5.0	Equality and Good Relations implications This has a very positive message in terms of our equality and good relations in that the tourism destinations are representative of our entire district and recipients' of our Green Tourism accreditations are businesses from across the district and all our communities within.
6.0	Appendices N/A

1Agenda Item:	Camlough Lake Rehabilitation Programme
Report to:	Economic Regeneration and Tourism Committee
Subject:	Camlough Lake Rehabilitation Contract and future development at Camlough Lake
Date:	26 August 2016
Reporting Officer:	Marie Ward
Contact Officer:	Michelle Boyle

Decisions Required

1. To note update on contract progress
2. To accept revised vesting map as per attached drawing with additional lands
3. To note update on vesting timescale, procedure for vesting and funding opportunities for future development
4. Mr D Murphy to liaise with contract supervisor on site to identify boulders along fisherman walks that would be beneficial to have removed if achievable.
5. Council officials to liaise with groups involved in signage at the slipway to determine if they can be relocated to be displayed on the containers
6. Option 3 Figure 10 preferred option from the Masterplan to strive for in future development

1.0

Purpose and Background

The legacy Council of NMDC provided Secetariat for the Camlough Lake Sub Committee which overseen the recreational use at Camlough Lake and has been involved in discussion regarding the Rehabilitation Contract at the Lake.

The Rehabilitation Contract jointly funded by NI Water and Council is project managed by NI Water and commenced in May 16

The purpose of the meeting is to update members and local user groups on the contract progress and also discuss future development at the lake , post contract completion

2.0

Key Issues

The rehabilitation programme works are due for completion in Spring 2017.

The Council have agreed to vest the lake and some lands to facilitate access, maintenance and future development

Future development opportunities need to be considered to avail of funding opportunities

3.0	Recommendations As per decisions required
4.0	Resource Implications Capital provision available in this financial year
5.0	Equality Assessment All necessary consideration will be taken account of as part of detailed design
6.0	Appendices Report of meeting of Slieve Gullion DEA Councillors, and representatives of users group of Camlough Lake held on 25 August 2016 at Camlough Lake. Camlough Lake vesting maps and Masterplan drawings

Report of Slieve Gullion area Councillors and Camlough Lake representatives, meeting to discuss Camlough Lake held on Thursday 25th August 2016 onsite at Camlough Lake.

In the chair:	Councillor R Mulgrew	
In attendance:	Councillor P Byrne	
	Mr S Boyle	
	Mr D Murphy	
	Mr T Murphy	
	Mr M Richardson	NI Water
	Mr A Lavery	AECOM
	Mrs C Keaney	NMDDC
	Mrs M Boyle	NMDDC
	Mrs M Ward	NMDDC
	Mr S Crossey	NMDDC
Apologies:	Councillor K Loughran	
	Mrs C Murphy	
	Mr C Murphy	
	Mr P Mallon	
	Mr M McCourt	
	Mr A McCourt	

Councillor Mulgrew began by welcoming everyone to the meeting.

Update on works onsite

Mr Lavery gave a detailed overview on works to date.

He advised some unforeseen challenges had arisen however confirmed works were still on schedule for agreed completion date.

It was agreed regarding the boulders discussed at the last meeting that Mr D Murphy call to the site and speak with the Contract Supervisor with identifying what required in the first instance,

Vesting and future plans

Mrs Ward advised Council Officials met with Rory McShane and it was agreed that Mr Curtis department will be dealing with vesting. She confirmed someone from Mr Curtis department will be at future meeting to give an update.

Mrs Boyle brought the committees attention to the map discussed (copy enclosed) at the last meeting showing the area Council propose to vest. She advised in light of the masterplan and review onsite following the last meeting it would be beneficial to

include an extra piece of land as part of the vesting (shown on separate map, copy enclosed– area within broken line).

The committee agreed it would be an opportunity to include the extra piece of land. Mrs Ward advised vesting will be a lengthy process .

Mrs Boyle advised Council were still paying Richardson's and would continue to do so to such times that the vesting process is complete.

Mrs Boyle circulated drawings extracted from the Masterplan which summarized future developments. Following discussion it was agreed Option 3 Figure 10 was the preferred option to strive for in future development

Mrs Boyle advised an expression of interest has been submitted to the Rural Development Programme to undertake the detailed design of any future development priority. Mrs Boyle indicated other funding options may arise through programmes such as the Lottery.

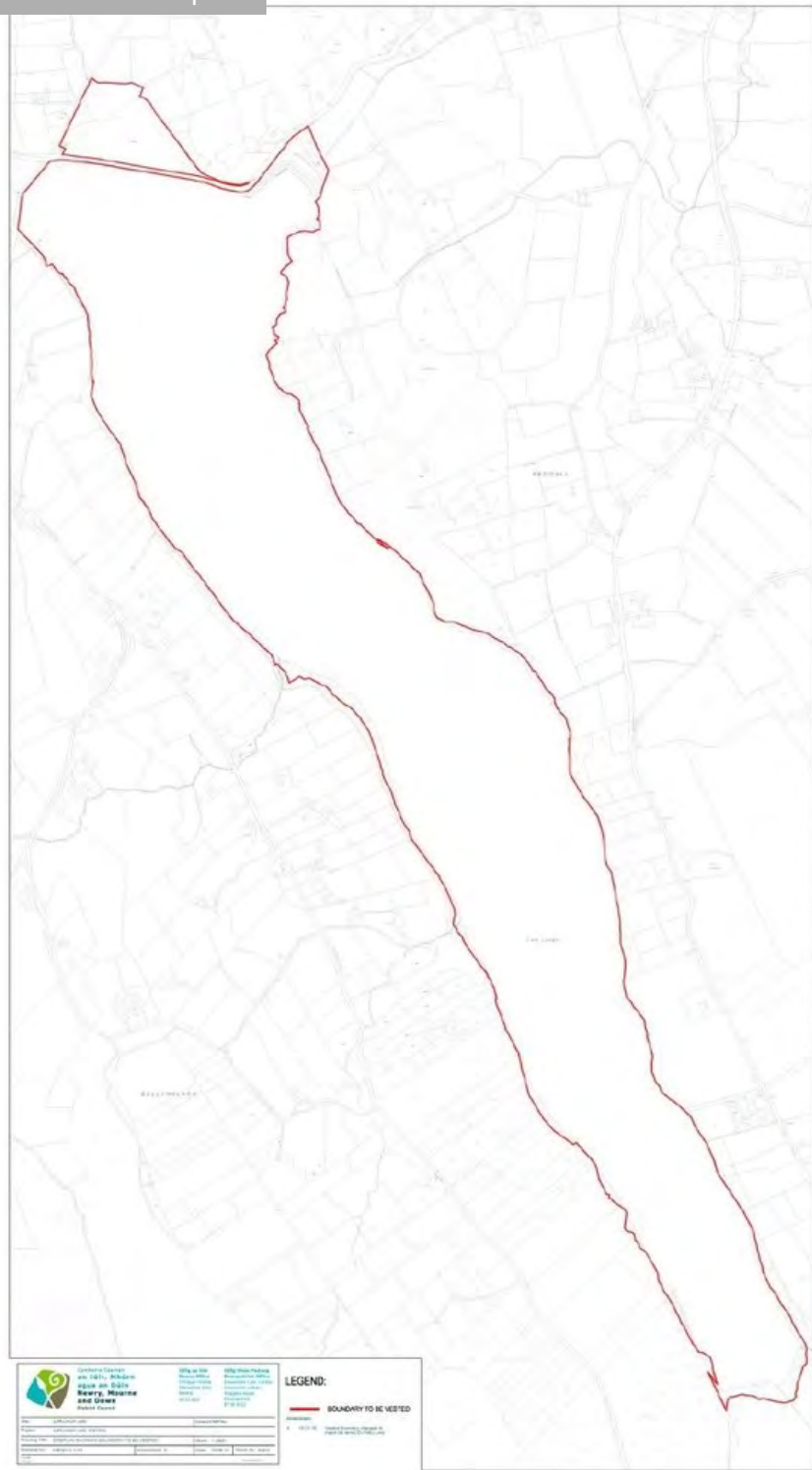
A discussion took place in relation to signage and it was agreed Mrs Boyle contact local groups in an attempt to determine if signage could be relocated

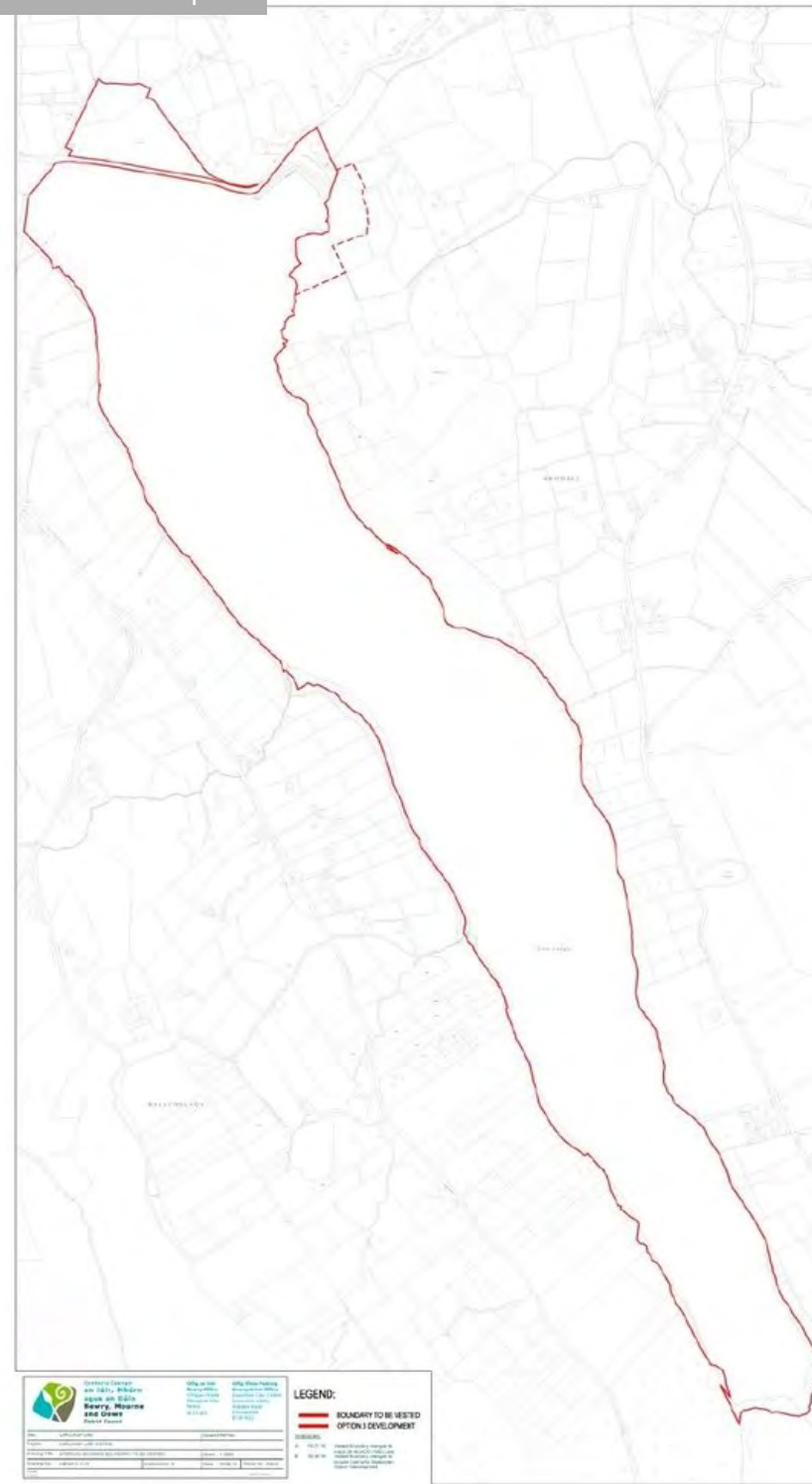
There being no further business the meeting concluded.

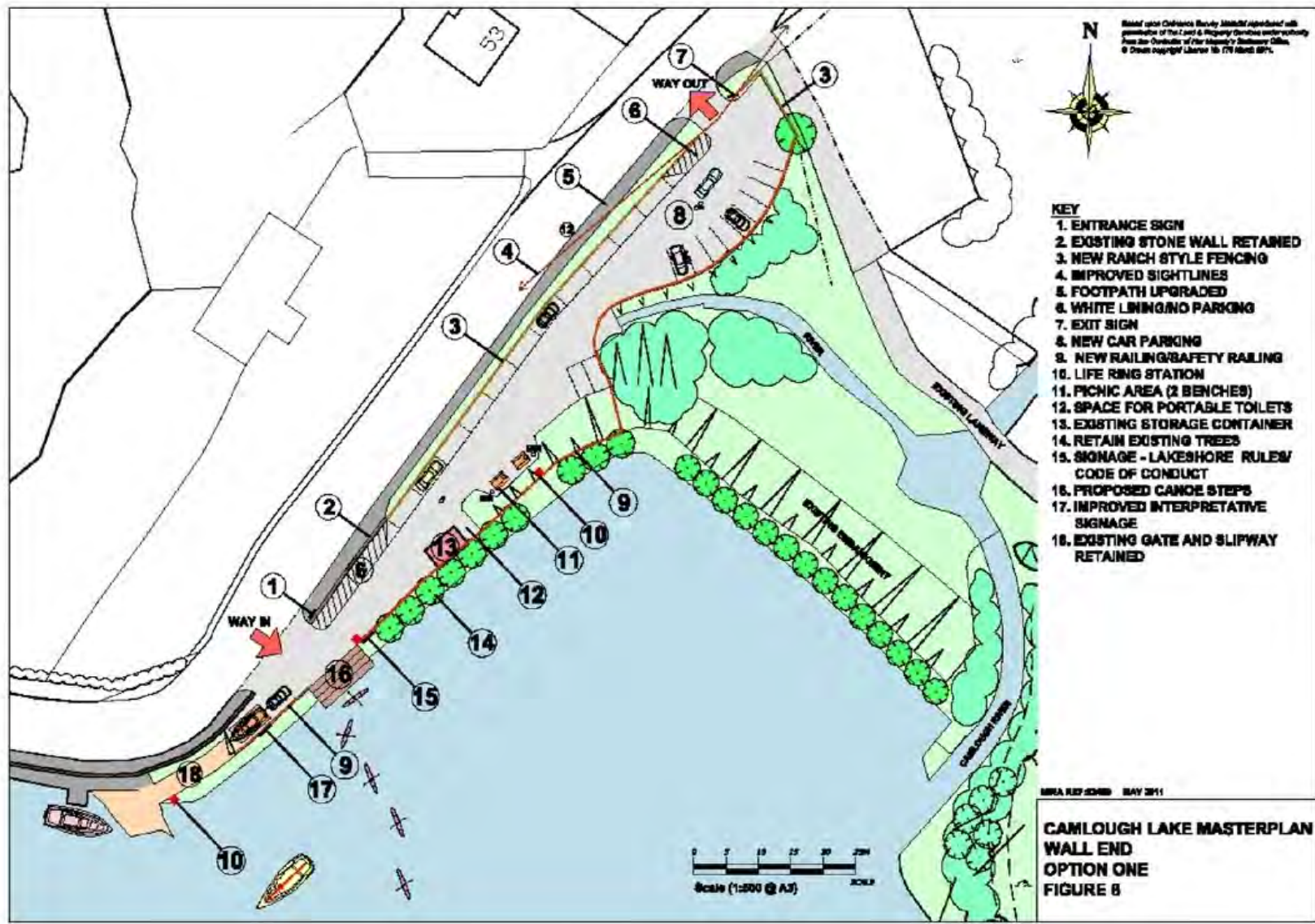
Signed: Mrs Michelle Boyle
Tourism Development Officer
MB/CK

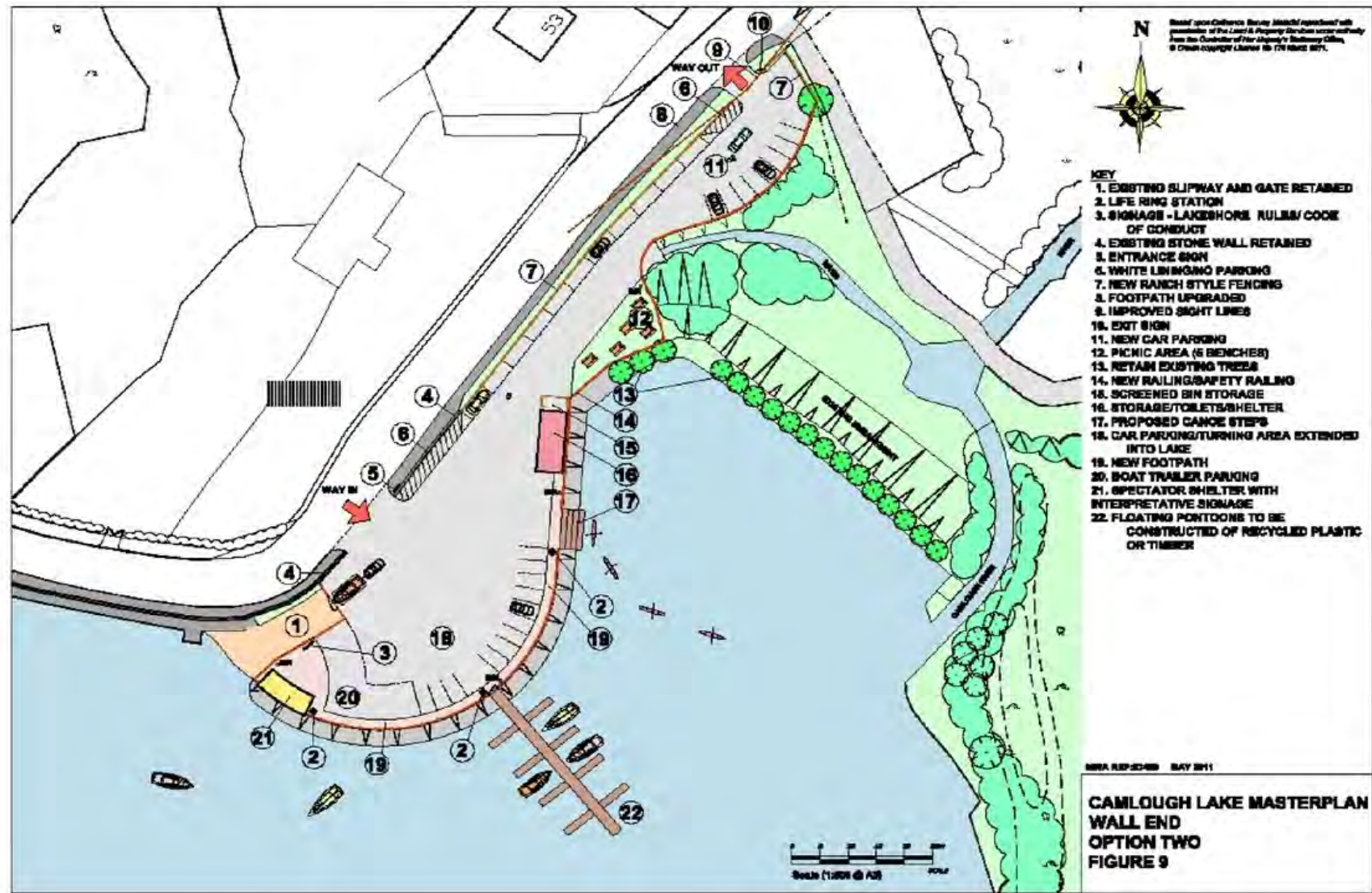
Camlough Lake

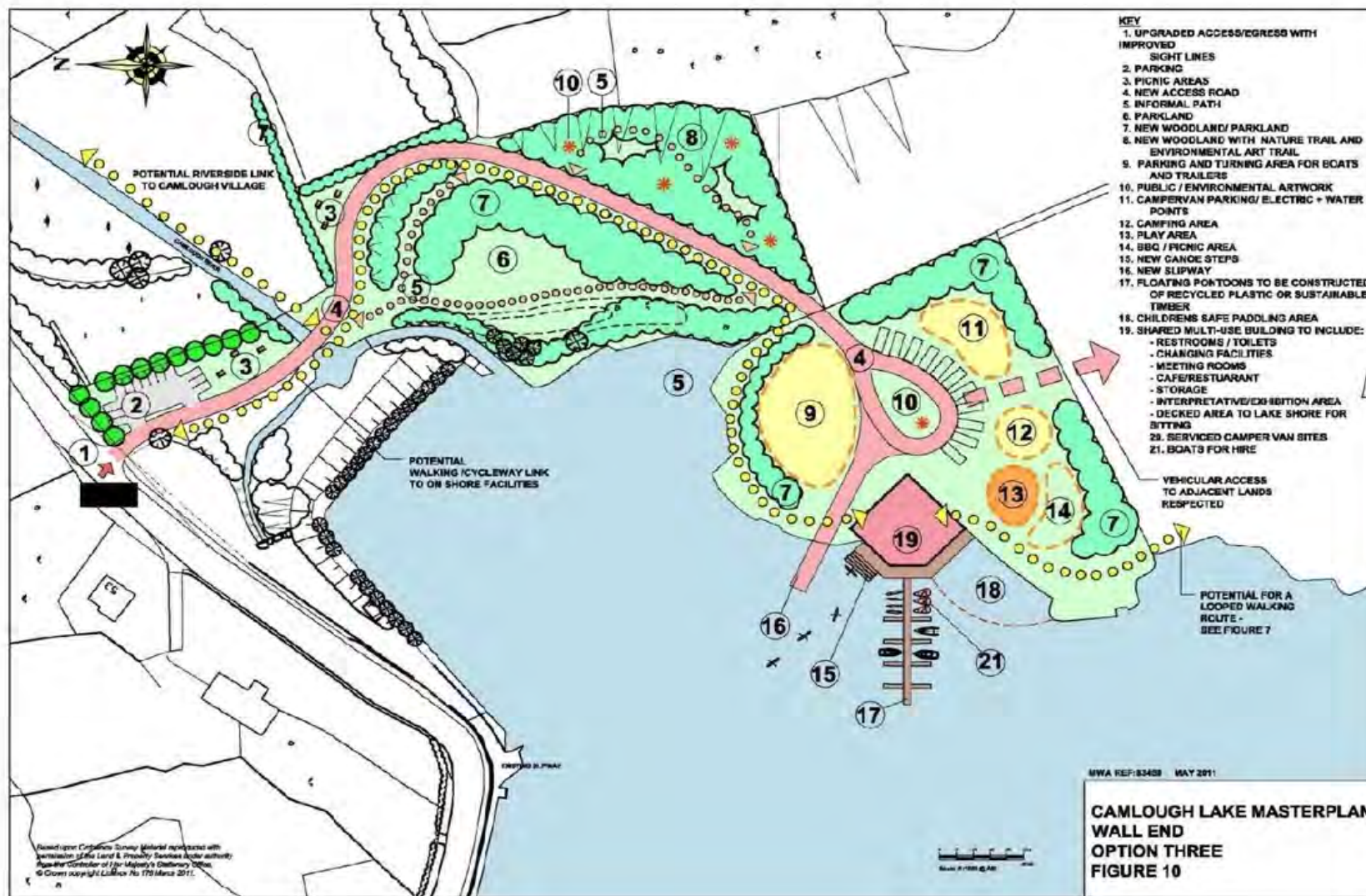
25 August 2016













Newry, Mourne & Down
Action Planning Workshop and Drop-In Discussions
September 2016

As you are aware NMD District Council is working on the development of a 5-year Tourism Strategy for the District. Considerable work has gone into assessing the current situation, understanding where the destination wants to be in five years, and identifying broad strategic directions to assist industry and local government in moving toward a longer-term vision.

Four strategic directions have begun to emerge:

1. A focus on experiences and telling the story
2. A commitment to game-changing projects and critical infrastructure
3. A compelling market presence and position
4. A joined up approach – leadership and product

We now need to discuss what is involved in taking these areas of activity forward and **how we can work together to make a marked difference in the sustainable growth of tourism.**

To promote further discussion, we are undertaking a series of **short interactive workshops (2 hours) and drop-in discussions** in different locations throughout the District:

<p>13 September – Down Arts Centre, Downpatrick</p> <ul style="list-style-type: none"> • Workshop: 11am – 1pm • Drop in: 2pm – 4pm 	<p>21 September – Canal Court Hotel, Newry</p> <ul style="list-style-type: none"> • Workshop: 10am – noon • Drop in: 6.30pm – 8pm
<p>14 September – the Lobster Pot, Strangford</p> <ul style="list-style-type: none"> • Workshop: 11am – 1pm • Drop in: 2pm – 3.30pm 	<p>21 September – Town Hall, Warrenpoint</p> <ul style="list-style-type: none"> • Workshop: 2.30pm – 4.30pm
<p>20 September – Burrendale Hotel, Newcastle</p> <ul style="list-style-type: none"> • Workshop: 3pm – 5pm • Drop in: 6pm – 8pm 	<p>22 September – Ti Chulainn, Mullaghbane</p> <ul style="list-style-type: none"> • Workshop 2pm – 4pm • Drop in 5pm – 6.30pm

During these workshops and drop-in sessions, we will be using the attached ‘framework discussion paper’ as a basis for our discussions – **please take time to review it.** TEAM-Tourism Consulting has been working with us throughout the tourism planning process and will be facilitating these discussions. We invite you to join Jennifer Houiellebecq and Sharon Scott at a convenient location and time to **discuss your thoughts and aspirations for tourism in the District, and to assist in identifying the most relevant steps that we should be taking in the next five years.**

The Department for the Economy is proposing to grow tourism to a £1 billion export industry by 2025. That will require a **growth rate of at least 6% per annum in overnight expenditure.** If NMD is to play its role in meeting the 2015 target and is to benefit from any catalyst national programmes or policies, we will need to be working in a very strategic and aligned manner. **These planning discussions will allow us to identify how, where, and when we can best accelerate tourism-related economic growth without compromising our community cultural and environmental values, and what will need to change if growth is to be achieved.** The discussion paper outlines areas that will need particular discussion and input from you.

We look forward to seeing you at one of the discussions and to exploring how a collaborative and more strategic approach that continues to build on our strengths and accomplishments can make a difference in **establishing NMD as a premier destination within all of Ireland.**

Please indicate which session you will attend by contacting:

Newry Visitor Information Centre at 028 3031 3170 or newryvic@nmandd.org OR
 Newcastle Visitor Information Centre at 028 4372 2222 or newcastle.vic@nmandd.org



Comhairle Ceantair
**an Iúir, Mhúrn
agus an Dúin**
**Newry, Mourne
and Down**
District Council

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Newry, Mourne & Down

Tourism Strategy Framework for Discussion

August 2016



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JOIN THE CONVERSATION	Back Cover



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- Tourism NI – copyright is acknowledged on each of these
- Google – only images that are designated free to use commercially

Front cover image - © Tourism NI

team 

Introduction – a discussion framework

Newry, Mourne and Down District Council is developing a Tourism Strategy for the period 2016 – 2020. **This document sets out a discussion framework** for the strategic direction of the visitor economy, and the role of the District Council and industry in achieving sustainable growth.

Why is there a need for a Tourism Strategy?

1. Tourism is a key economic sector within the District and was worth £47.7 million to the local economy in 2015.
2. The District is an area rich with tourism assets, natural beauty and cultural heritage. The juxtaposition of the Mourne Mountains and the sea is unique in the country, and the area is already a highly popular destination within Northern Ireland – attracting external markets is now a key challenge.
3. The Review of Public Administration in 2015 resulted in new political boundaries, and the Local Government Reform Programme has strengthened Council's new roles in relation to local development planning, tourism and economic development. These changes need to be taken into consideration when looking at the future potential of tourism within the area.
4. Strengthening tourism is a high priority for the Council and it has set the goal of the District becoming one of the premier tourism destinations on the island of Ireland. This strategy is designed to be the road-map to achieve this goal.
5. Tourism priorities are being redefined for Northern Ireland as a whole – a new strategy for NMD ensures that the District is firmly in alignment and in a strong position to leverage these priorities.



I have seen landscapes which, under a particular light, made me feel that at any moment a giant might raise his head over the next ridge. C.S. Lewis (in reference to the Mourne Mountains – the 'setting' for his Narnia Tales)

A land of myths and giants and viewscapes inspiring epic tales.



Market and industry trends

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There are a range of factors and trends that are impacting tourism within the destination. Many are global in nature and not unique to NMD. Nevertheless, they need to be taken into account in planning and will invariably shape the priorities to be identified.

- 1. Increase in demand for experiences.** Visitors today are seeking deeper, authentic and memorable experiences that allow them to connect emotionally with the local destination and community culture.
- 2. A growth in themed tourism.** Themes can differentiate a destination, highlight its unique selling propositions, provide a framework for experience development, clustering, packaging and marketing, and have become increasingly important in positioning and branding a destination.
- 3. Changing demographics and generational trends.** There are certain demographic characteristics associated with key cohorts – particularly the Baby-Boom Generation and the Millennials that influence preferences and trip planning behaviour.
- 4. Customer segmentation** research has provided a further understanding of travel values and preferences, and has assisted in identifying niche segments that are likely to have an interest in visiting NMD.
- 5. Technology and technological innovation** continues to have an impact on the creation of compelling experiences, and how visitors participate in these experiences or select tourism products.
- 6. Volatility of global affairs,** such as fluctuations in currency exchange, and issues impacting traveller security and well-being are all factors that can cause unexpected changes in market trends, and need to be fully understood. Brexit is a prime example of events that can have an immediate effect on visitation trends.



The national strategic context – tourism in N. Ireland

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2015 Performance



**4.5m
trips**

No change on 2014 on total overnight trips in NI.
Domestic visitors fell by 4% and external visitors rose by 5%.



**15.4m
nights**

Total overnight trips in NI rose by 2%.
Domestic overall nights fell by 5%, while external visitors rose by 6%.



**£760m
spend**

An increase of 1% on 2015.
The domestic market fell by 8% in its value while external visitors' expenditure rose by 5%.



**Supports
58,000 jobs**

The strategic emphasis

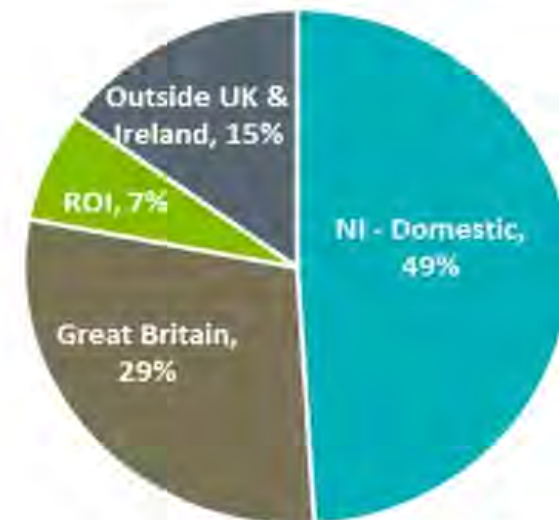
GOAL: grow tourism to a £1 billion export industry by 2025

Tourism NI and the Department for the Economy are currently in the process of developing a NEW ten-year tourism strategy for NI. The vision for the country is that it will become an internationally competitive and inspiring destination.

Anticipated areas of strategic emphasis include :

- The **need for a major proposition** that will have high international appeal and can readily complement the three key propositions in the Republic of Ireland – The Wild Atlantic Way, Ireland's Ancient East, and Dublin.
- The **importance of developing unique and compelling experiences** that will align with the major proposition and are rooted in a 'sense of place'.

Place of origin 2015



Source: Northern Ireland Annual Tourism Statistics 2015 – published May 2016

- A **visitor-centric approach** that is based on a strong understanding of visitor expectations and motivations.
- A **partnership-based model for the delivery of tourism** that creates a high level of synergy through the effective collaboration of the public and private sectors, with government continuing to play a key enabling role.
- A particular **focus on strategic export markets**, which in turn will require a commitment to quality and to leveraging unique attributes that differentiate the destination.
- An emphasis on **ensuring longer-term relevant skill-sets**.

The NMD policy context

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The corporate context

Tourism has been clearly identified by NMD District Council as a key area of focus within the **Corporate Plan 2015-2019**.

This commitment is further emphasised in the **Economic Regeneration & Investment Strategy 2015-2020** where tourism is both a standalone and an integrated theme – one of five. The overarching tourism related objectives are:

1. To become the destination of choice in NI
2. To become NI's premier outdoor/adventure destination
3. To become one of NI's finest events destinations

This Tourism Strategy will provide the framework for progressing these goals.



The enabling context

The overarching national and regional strategic planning context is one that supports the sustainable development of tourism through a myriad of policies and programmes. The Background Report prepared by TEAM and NMD's Tourism Position Paper both provide comprehensive summaries of this context, and the range of departments, agencies and organisations that have the potential to strengthen the development of tourism.

Policies of particular relevance include;

- The **Draft Programme for Government Framework 2016-2021** emphasising the importance of nurturing tourism as a high-performing export-led sector. A greater emphasis on co-designing and co-delivering the Programme and securing strategic alignment between outcomes at all levels is anticipated.
- The **Strategic Planning Policy Statements for NI** published in 2015 that facilitate sustainable tourism development, safeguard tourism assets, support its role in growing the regional economy, and promote a high standard of quality and design.
- The **Regional Development Strategy 2035** which provides the strategic planning framework, and the Regional Guidance statements.
- The **Rural Development Programme** supporting an enhanced level of tourism infrastructure in rural areas to assist in diversifying rural economies.
- A series of **local Area Plans and Masterplans**, many of which highlight proposals designed to strengthen local and regional tourism assets.

Overview of strategic context

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NATIONAL

Programme for Government Framework 2016-21 (Draft) – recognises the economic importance of tourism and the potential to grow the tourism industry into a high-performing export-led sector

Tourism 2015 – forthcoming ten-year strategy for tourism in NI: GOAL – **grow tourism to a £1 billion export industry by 2025** (i.e. a target growth rate of 6% per annum)

Rural Development Programme + enabling policies – e.g. **Strategic Planning Policy Statements**

Sector plans and policies – NI Forests, golf, cycling, food tourism, literature and screen tourism

NI Visitor Information Plan 2016-2020 (Draft)

NMD CORPORATE

NMD Corporate Plan 2015-2019

... goal of becoming one of the premier tourism destinations on the island of Ireland

NMD Economic Regeneration & Investment Strategy 2015-2020

1. To become the destination of choice in NI
2. To become NI's premier outdoor/adventure destination
3. To become one of NI's finest events destinations

Newry, Mourne & Down Tourism Strategy 2016-2020

Newry, Mourne and Down Community Planning Framework (underway)

- We are a confident, welcoming outward looking society to visit and invest
- We are an innovative and creative society
- We prosper through a strong competitive, regionally balanced economy
- We live and work sustainably – protecting the environment
- We connect people and communities through our infrastructure

REGIONAL - NMD

Regional tourism plans – e.g. Destination Mourne Mountains Tourism Management Plan 2013-2018

AONB and designated landscape plans

Local and regional outdoor recreation and access plans – e.g. Camlough Lake Masterplan

Tourism product development plans – e.g. Mourne Coastal Route draft Masterplan; Maximising the Tourism Potential of St Patrick

Feasibility studies – e.g. Slieve Donard Gondola Lift Project

Infrastructure studies – e.g. Tourist Accommodation Scoping Study

Local area regeneration plans and masterplans – e.g. Downpatrick Town Centre Masterplan; Newry City Centre Masterplan; South East Coast Masterplan

Event plans and policies

Tourism performance & market analysis in NMD District 2015



404,442 overnight trips

- NMD accounts for 9% of all overnight trips in NI – this is down 3 points on 2014.



1.06m nights

- NMD accounts for 7% of all nights in NI. This is down 3 points on 2014, and represents a 3% decline on NMD nights on the previous year.
- Average length of stay in NMD is 2.6 days (2014 data), which is the lowest in NI.



£47.7m spend

- Total visitor spend in NMD is £47.7 million representing 6% of all visitor spend in NI.
- In 2015 visitor spend in NMD declined by 12% over 2014, while NI as a whole experienced a 1% increase
- In 2014 the average spend per night is £36, which is the second lowest for a Local Government District in NI.



Supports 4,780 jobs

- NMD accounts for 9% of all tourism jobs in NI (2013 data)



55% room occupancy

- In 2015 the average hotel occupancy rate for hotel rooms is up 3 points on the previous year to reach 55%. The average rate for NI overall is 67%.
- B&B room occupancy for the District in 2015 is 17% (second lowest LGD) and 29% for self catering rooms

Source: Local government District tourism statistics (additional Tables) NISRA, 2015.

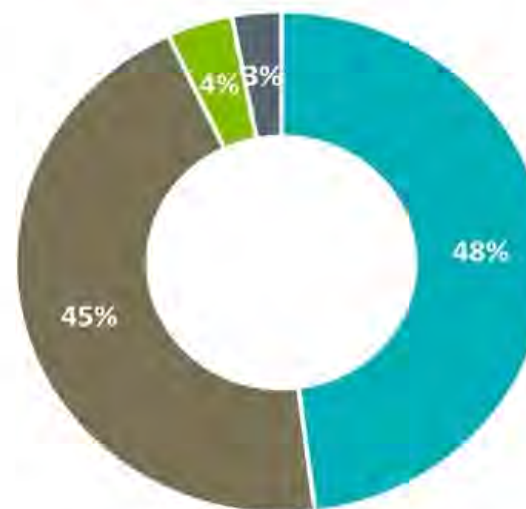
Market analysis

- 66% of all visitors to NMD in the period 2013-15 are domestic visitors.
- 48% of the trips to NMD are for holiday/pleasure/leisure and 45% are for the purposes of visiting friends & relatives



Origin of Visitors 2013-2015
3-Year Rolling Average

- N. Ireland
- Gt. Britain
- Mainland Europe
- N. America
- ROI & Other



Reason for Visit 2013-2015
(3-Year Rolling Average)

- Holiday/pleasure/leisure
- Visit friends/relatives
- Business
- Other

Key target markets

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CULTURALLY CURIOUS



KEY WORDS – Curiosity, authenticity, insight, independence, immersion in culture, off the beaten track, exploration

FOCUS – Broadening the mind, active sightseeing, historical buildings and attractions, World Heritage sites, events, artisan food and local specialities

GREAT ESCAPERS



KEY WORDS – Slow travel, relaxation, rebalancing, getting away from it all, connecting with loved ones

FOCUS – Breath-taking landscapes, ancient sites, remote places, landmarks, restaurants offering fresh, local food, authentic pubs, ease of getting away

SOCIAL ENERGISERS



KEY WORDS – Excitement, energy, fun & laughter, adventure, spontaneous, social, the 'wow' factor

FOCUS – Entertainment, festivals, contemporary culture and music, clubbing, water sports, the pub experience, shopping, sightseeing

Growth prospects

The markets with the most promising fit for what NMD has to offer, are those GB and overseas markets that were highlighted in the DETI workshop for the forthcoming Northern Ireland Tourism Strategy. These are the **Culturally Curious**, the **Great Escapers**, and the **Social Energisers**. In addition, the following **ROI segments** remain important target markets for this Tourism Strategy.

TIME TOGETHER

KEY WORDS – Romance, cool nightlife, gentle walking, shopping, relaxation

FOCUS – Good quality food and drink, natural scenery, contemporary cultural experiences, landmarks

MATURE COSMOPOLITANS

KEY WORDS – Curiosity, authenticity, insight, exploration, eating out, natural beauty

FOCUS – Relaxation, good quality food and drink, scenic drives, theatre experience, authentic pub experience, good value, key attractions

FAMILY FUN

KEY WORDS – Fun, quality time, safe, child orientated attractions and entertainment, memories

FOCUS – Value for money offers, family accommodation, café, activities

YOUNG & LIVELY (ROI only)

KEY WORDS – Entertainment, energy, social, urban, cool nightlife, the 'wow' factor

FOCUS – City experience, contemporary culture and music festivals, events, the local scene, street animation

Appraising the current situation

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How was this appraisal undertaken?

To date the planning process has involved:

- Extensive desk research on national, regional and local policies, strategies, and plans relating to tourism, economic development, infrastructure, land-use planning, and additional areas such as heritage and culture.
- Participation in the Department for the Economy/ Tourism NI planning process for the forthcoming NI Tourism Strategy.
- Regional industry forum and discussion-presentations with key national and District stakeholders, and with the NMD Tourism Task and Finish Group.
- Extensive one-on-one consultation with national governmental organisations and agencies, and key players within the District.
- Stakeholder electronic survey with 86 respondents.
- Site visits of towns, villages, and attractions.

NMD Strengths

An assessment of the industry and the destination has highlighted significant strengths and a strong basis for building a destination that can compete more effectively in the external markets.

- **Outstanding scenic beauty** with the unique combination of mountains, coast, market towns and fishing villages.
- **An exceedingly rich cultural heritage** with a tapestry of legends and a wealth of authentic arts, culture and music – includes strong literary and film associations (Game of Thrones and Narnia).
- **Maritime, industrial and farming heritage.**
- Strong domestic recognition for **adventure and outdoor-based recreation**, and increasing strengths in mountain biking opportunities. Improved access infrastructure on public lands and recent enhanced cooperation between public land owners.
- World renowned **golf** courses.
- **Strong local government commitment** to facilitate the development of tourism.
- Significant **emphasis on sustainable tourism** and the development of opportunities within a carefully managed framework – particularly within the AONBs.

Strategic issues

In analysing opportunity there is a need to assess it strategically from the consumer's perspective, and to keep this assessment in alignment with the strategic approach of DfE and Tourism NI. Clearly there is a significant potential to strengthen the competitiveness of the destination and to build on the wealth of natural and cultural assets. However, there are a range of issues and factors that are currently constraining growth and need to be addressed in the tourism strategy.

1. There is an **over-dependence on NI visitors** and a **high degree of seasonality**. This is not a unique issue, but it does indicate that the emphasis should be on growing the external higher-yield markets and attracting visitors year-round.
2. NMD is well positioned between two main gateways (Belfast and Dublin) and is approximately one hour from each of these major markets. In translating this advantage into growth, the current situation is one where **day visitation dominates** and the potential benefits of location have failed to accrue.
3. NMD has significant tourism products and assets but no unified market identity. There is a long list of 'things to do', but **no cohesive sense of 'promise' or strategic positioning** which has the effect of a seemingly disjointed destination experience in the market place.
4. There is a wealth of **stories and themes** that can be utilised for the development of immersive experiences. While there has been an effort to build new experiences (particularly in the upland areas), there has not been a regional approach to developing consensus on the key stories as yet.
6. In the absence of a unified identity the **messaging in the marketplace is fragmented**, varies in quality, and at times is duplicated. This fragmentation carries over into the digital promotion of the area.
7. **Transportation linkages** within the District are weak and the lack of sufficient **signage** in areas is problematic.
8. The **planning of countryside infrastructure is not sufficiently integrated** to maximise outdoor recreation opportunities. Management remains fragmented.
9. The **accommodation base has inherent weaknesses** relating to the type, quantity, quality and location. Considerable effort has been put toward identifying accommodation needs, particularly where the absence of adequate accommodation is clearly constraining growth. Downpatrick is a prime example of an area that needs further investment in new room stock.
10. NMD is primarily an 'outdoor' destination and there is **limited wet weather product**. This exacerbates the issues associated with seasonality. Furthermore, the District **lacks a strong 'flagship' product or experience**.
11. The **role of towns** in driving visitor spend and acting as effective gateway locations is understood in theory, but further emphasis is needed in realising this potential and ensuring that there is a strong sense of place, and an evening economy that aligns with the target markets.
12. Industry is generally characterised by limited effective networking and collaboration, and the **absence of a cohesive approach to developing tourism**.

Vision

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VISION 2020 (draft)

Newry, Mourne & Down is a premier, year-round destination in Ireland recognised for its EPIC experiences in outdoor adventure, its rich tapestry of cultural heritage, and its authentic local life. The District's stories of the past are embraced and the distinctive appeal of the area is highlighted in new stories of fun, challenge and engagement. The entrepreneurial and customer-focused industry works collaboratively to promote and deliver EPIC moments and advance the sustainable growth of tourism.

OUR PROMISE – Delivering EPIC moments

GOALS

1. To focus on developing new and strengthening existing visitor experiences that will deliver 'EPIC moments'.
2. To enhance the positioning of NMD as a destination that delivers 'EPIC moments'.
3. To work collaboratively toward assisting NI achieve its targeted growth rate of 6% per annum in overnight expenditure.
4. To build a unified and entrepreneurial industry that is customer-focused.
5. To strengthen industry capacity and community awareness of tourism.
6. To ensure that the development of tourism is undertaken sustainably and contributes to the enhancement of social, cultural and environmental values.



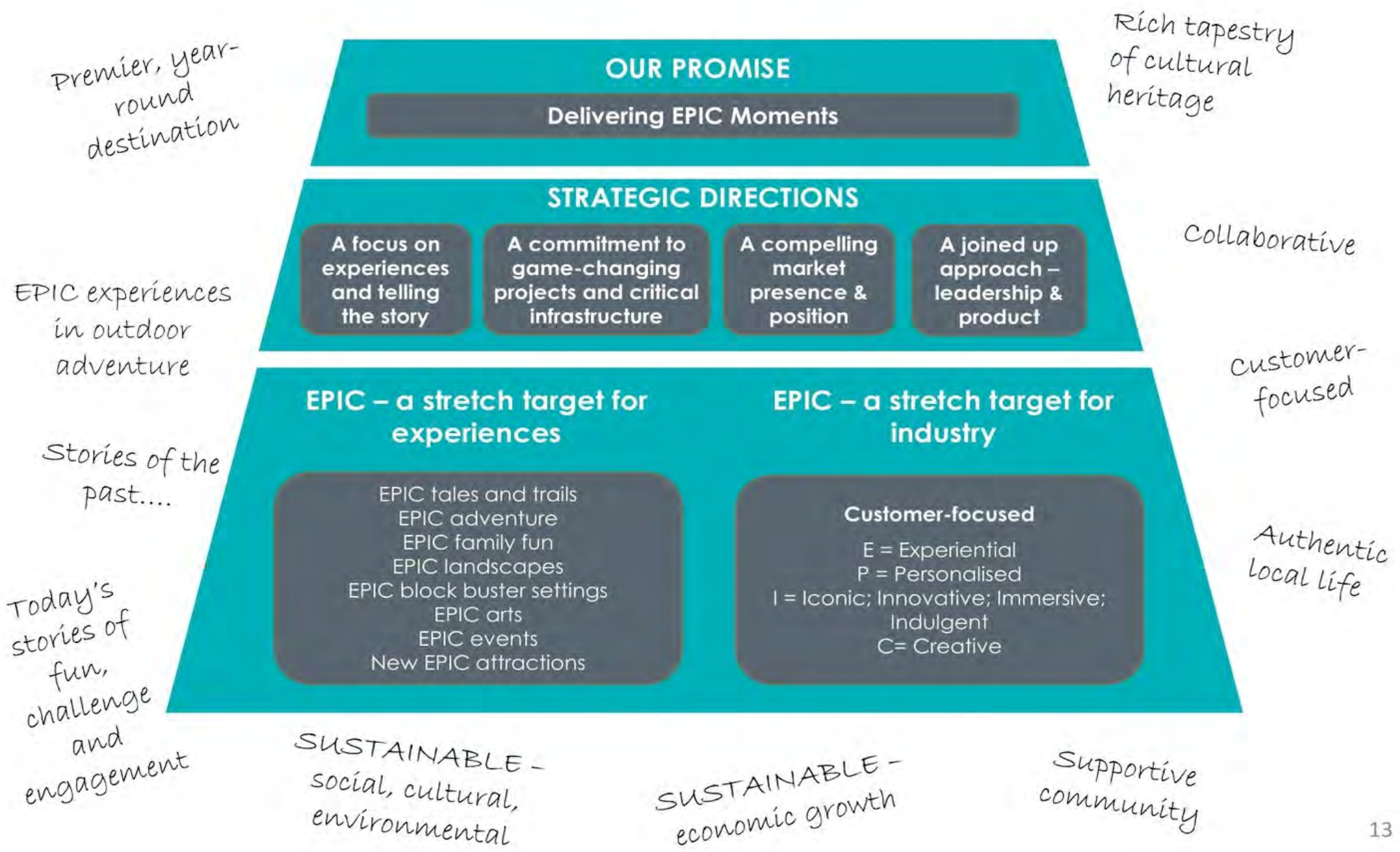
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**EPIC – “heroic” “impressively great”
“remarkable” “majestic”**



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Strategic framework



A new mindset

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Tourism is a critical economic driver in NMD. It plays a key role in creating jobs; diversifying the rural economy; ensuring the viability of smaller community businesses; celebrating local cultural heritage values; providing a rationale for maintaining the integrity of landscapes and ecosystems; and, a business case for investing in community infrastructure and sense of place.

Achieving the vision and goals will be the basis for realising these benefits and improving the overall well-being of NMD residents. To be successful, however, will require **a new mindset – one that sees tourism as everyone's business, and one that understands the value of tourism to everyone.**

An emphasis on collectively pursuing the four strategic directions will create the momentum that is needed to make a difference.

1. A focus on experiences and telling the story
2. A commitment to game-changing projects and critical infrastructure
3. A compelling market presence and position
4. A joined up approach – leadership and product

On first appearances, these strategic directions may not seem to offer a fresh approach. The challenge, however, requires working together to move forward on each direction in an integrated manner. **To bring the concept of EPIC to life necessitates thinking, planning, working and delivering in a collaborative and cohesive manner** that puts aside any tendencies toward a more parochial approach.

The reconfiguration of Council boundaries offers new opportunities to rethink the role of partnerships within the District, and working relations with agencies and stakeholders external to the District. **Identifying and pursuing these opportunities within this strategic framework and in alignment with the forthcoming NI Tourism Strategy is a fresh approach** and one that will generate measurable success.



The conversation moving forward

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The proposed planning workshops and ongoing stakeholder consultation have an important part to play in determining future priorities. There are clear issues to be addressed and impressive strengths to be leveraged. Advancing the conversation on the four strategic directions, gaining consensus on priorities, and developing 'ownership' for a new way forward are critical next steps of the planning process.

The discussions are likely to consider the following:

1. A focus on experiences and telling the story

- Identifying the key stories and themes as the basis for developing new experiences, including events
- Recognising the need for a stronger thematic/clustered approach to developing the destination
- Adopting the principle of a hierarchy of experiences and developing key signature experiences that epitomise the strengths of the destination and can act as major 'hooks', together with supporting experiences

2. A commitment to game-changing projects and critical infrastructure

- Reaching consensus on game-changing projects and determining shorter and longer-term steps
- Working with the NMD Council to assist in prioritising existing community and tourism infrastructure proposals
- Identifying new growth markets on the basis of capital investment in infrastructure

3. A compelling market presence and position

- Exploring how to utilise the concept of EPIC as the basis for strengthening the market position of NMD and its visitor experiences – i.e. the use of the concept to motivate industry in delivering exceptional experiences
- Determining cost-effective solutions to communicate effectively with visitors – including digital and social media strategies
- Developing a clear region-wide understanding of the market position
- Identifying visitor information needs

4. A joined up approach – leadership and product

- Assessing more effective ways of working together to promote and deliver experiences – a joined-up approach relates both to a new collaborative style of working and a new way of defining visitor destinations and destination or sector experiences
- Evaluating industry capacity to deliver EPIC moments and labour requirements to ensure successful growth

These discussions will play a significant role in shaping the strategy and action plan.



Appendix: Tourism performance in NMD District 2015

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LGD	Number of trips	% of NI trips	Total spend	% of NI spend	Av. Length of stay (2014 data)	Av. spend/night (2014 data)	2013-15 % domestic visitors	Hotel rooms + other rooms	Av. hotel room occ.
Antrim & N'abbey	204,290	4%	£34.2m	4%	3.6	£51	42%	631+1,788	61%
Ards & N. Down	376,755	8%	£51m	7%	3.5	£28	52%	299+568	54%
ABC	149,449	3%	£22.5m	3%	3.3	£37	43%	208+266	55%
Belfast	1,361,193	29%	£278m	37%	3.2	£67	30%	3,386+2,711	77%
CCG	911,388	20%	£136.8m	18%	3.6	£49	66%	723+4,221	59%
Derry & Strabane	223,172	5%	£42.5	6%	3.5	£49	38%	659+1,051	59%
Fermanagh & Omagh	341,051	7%	£54.6m	7%	2.8	£60	66%	415+1,360	59%
Lisburn & Castlereagh	130,924	3%	£24.9m	3%	4.0	£48	21%	255+224	52% (2014)
MEA	382,224	8%	£45.6m	6%	3.6	£47	52%	479+463	64%
Mid Ulster	155,708	3%	£22.3m	3%	2.9	£43	51%	238+271	48%
NEWRY MOURNE DOWN	404,442	9%	£47.7m	6%	2.6	£36	66%	529+1,294	55%

Join the conversation.....

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"All our dreams can come true, if we have the courage to pursue them." (Walt Disney)

"A dream doesn't become reality through magic; it takes sweat, determination and hard work."
(Colin Powell, former US Secretary of State)

13 September

Down Arts Centre, **Downpatrick**

- Workshop: 11am - 1pm
- Drop in: 2pm - 4pm

14 September

The Lobster Pot, **Strangford**

- Workshop: 11am - 1pm
- Drop in: 2pm - 3.30pm

20 September

Burrendale Hotel, **Newcastle**

- Workshop: 3pm - 5pm
- Drop in: 6pm - 8pm

21 September

Canal Court Hotel, **Newry**

- Workshop: 10am - noon
- Drop in: 6.30pm - 8pm

21 September

Warrenpoint Town Hall

- Workshop: 2.30pm - 4.30pm

22 September

Ti Chulainn, **Mullaghbane**

- Workshop 2pm - 4pm
- Drop in 5pm - 6.30pm

Please indicate which session you will attend by contacting:

Newry Visitor Information Centre at 028 3031 3170 or newryvic@nmandd.org OR
Newcastle Visitor Information Centre at 028 4372 2222 or newcastle.vic@nmandd.org

Report to:	Enterprise Regeneration and Tourism Committee
Subject:	Refocus of the Northern Ireland Economic Strategy - Call for Evidence response
Date:	Monday 12 th September 2016
Reporting Officer:	Marie Ward, Director Enterprise, Regeneration and Tourism
Contact Officer:	Martin Patterson, Enterprise Development Officer

Decisions Required

For consideration.

1.0 Purpose and Background

The Department for the Economy (DfE) launched a 'Call for Evidence' on the 4th August 2016 to assist in the refocus of the Northern Ireland Economic Strategy (NIES). The strategy is attached to this report. The comments received in response to this call for evidence document will inform the development of the refocus of the Executive's Economic Strategy.

It is currently planned to launch a draft refocused Economic Strategy alongside the PfG Delivery Plans in autumn 2016. The Call for Evidence provides a timely opportunity to provide views and shape the refocused Economic Strategy. It contains a number of questions which have been designed to provide a structure for the submission of views.

The Call for Evidence document is available to view or download from the Department's website at <https://www.economy-ni.gov.uk/> However, if you do not have access to the internet or would like a copy of the document in an alternative format, please contact the Council's Economic Development Unit.

In addition to this Call for Evidence, there will be opportunity for the Council to provide additional views during further engagement events at a later stage in the development process, following the launch of the public consultation.

2.0 Key Issue

The response document has been attached to this report however the main points highlighted are;

- SOLACE have responded to this strategy 'call for evidence' on behalf of all Councils
- The recent 'Brexit' impact on our District business and tourism activity
- Potential reduction in EU funding opportunities that support existing and new projects and programmes
- Additional consultation with Councils particularly now with the transfer of

	<p>function responsibility such as planning service, economic development and community planning</p> <ul style="list-style-type: none"> • Flexibility in the approach due to the diverse nature of the 11 District Council areas in NI • Innovative ways of communicating and sharing resources and data • Priority focus for Newry on broadband and mobile phone access, job creation, tourism development, R&D and general infrastructure development
3.0	<p>Recommendation</p> <p>Approve this report subject to any additional comments from elected members.</p>
4.0	<p>Resource Implications</p> <p>N/A</p>
5.0	<p>Equality and good relations implications</p> <p>N/A</p>
6.0	<p>Appendices</p> <p>NI Economic Strategy and Newry, Mourne and Down DC response document</p>



Northern Ireland

www.northernireland.gov.uk

Economic Strategy

Priorities for sustainable growth and prosperity



building a better future



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Economic Strategy

Priorities for sustainable growth and prosperity

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MINISTERIAL FOREWORD

This Economic Strategy has been developed by locally elected politicians to meet the particular needs of our economy. It follows two periods of public consultation where we have set out the Executive's vision and priorities for sustainable economic growth and prosperity. I am pleased that various organisations and people have taken the time to respond to our draft Economic Strategy. I have separately published a paper which summarises the responses and how they have informed this final Economic Strategy.

The Strategy is being launched at a time of sustained uncertainty in the global economy and we recognise the impact this continues to have on businesses and individuals throughout Northern Ireland.

The overarching goal of this Strategy is to improve the economic competitiveness of the Northern Ireland economy. In order to achieve this, we are committed to strengthening our competitiveness through a focus on export led economic growth. This means we are prioritising the need to deepen and diversify our export base in order to increase employment and wealth across Northern Ireland. The key drivers of this will be innovation, R&D and the skills of our workforce. As the Strategy outlines, there are certain sectors and markets where we



believe we have the greatest potential to succeed. Equally, we recognise the need to be responsive to national and international market opportunities and we will therefore keep the Strategy under review to ensure that we identify emerging market and technology opportunities.

We also need the right mix of policies to boost our competitiveness and export performance and this includes the power to vary the rate of corporation tax. That is why the Programme for Government and Economic Strategy contain a commitment to secure these powers in a timely and affordable manner. However, irrespective of the outcome on corporation tax, we are confident that the actions outlined in this Strategy will strengthen our economic competitiveness.

Notwithstanding the external threats that may hamper economic growth, we have outlined the strengths and opportunities of the Northern Ireland economy that give us confidence for the future. In developing a more competitive economy, we have identified the twin goals of rebalancing the economy towards higher value added private sector activity, and the need to undertake a more immediate rebuilding phase to address the impact of the global downturn on the local economy and labour market. In Sections 5 and 6 we outline the actions and investments we are taking forward to strengthen our competitiveness under these twin goals.

Following the conclusion to the public consultation on the Economic Strategy, we have included additional actions and targets, particularly in the areas of youth unemployment, investment and exports, which reinforce our ambition to strengthen and grow the private sector in Northern Ireland. All of the targets will be rigorously monitored to ensure implementation of

**MINISTERIAL
FOREWORD**

our commitments. Furthermore, once the outcome in devolving corporation tax powers is known, we will reassess the degree to which we can further strengthen the ambitious nature of our overarching economic goals.

The Economic Strategy has been developed by a Sub-Committee of the Executive to prioritise action on the economy. I chair the Sub-Committee in my capacity as Minister of Enterprise, Trade and Investment and other members comprise the Ministers involved in key aspects of economic development policy (the Ministers for Employment and Learning, Education, Finance and Personnel, Regional Development and the Junior Ministers from OFMDFM).

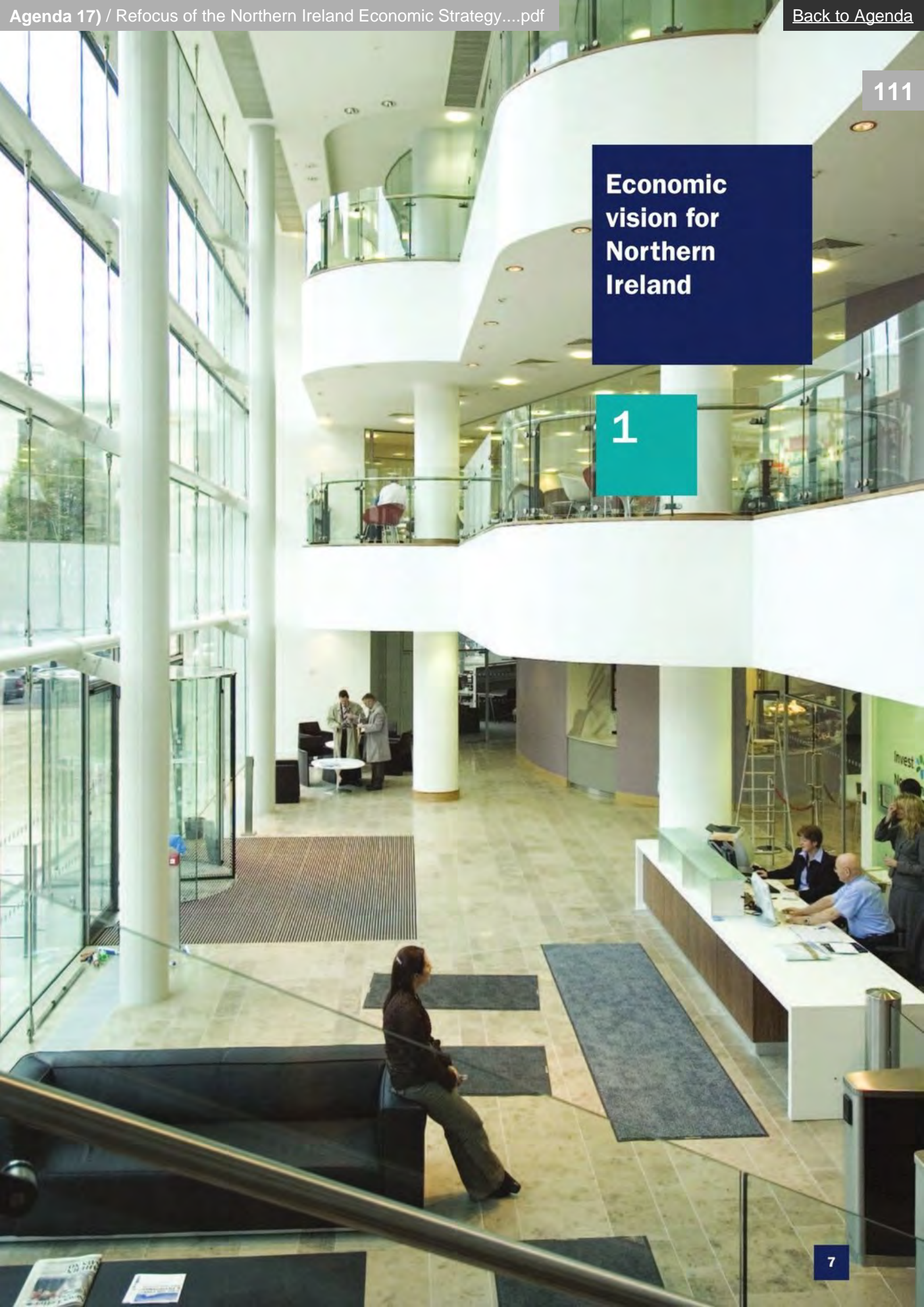
But such partnership needs to be wider than the Executive and public sector. It also needs to include companies and the workforce within the private and community and voluntary sectors, for it is these groups who remain the key drivers of economic growth, particularly with the ongoing pressures on consumer and public expenditure. It is only as we work together, toward our shared Economic Vision, that we will be able to transform our local economy for the benefit of everyone in Northern Ireland.

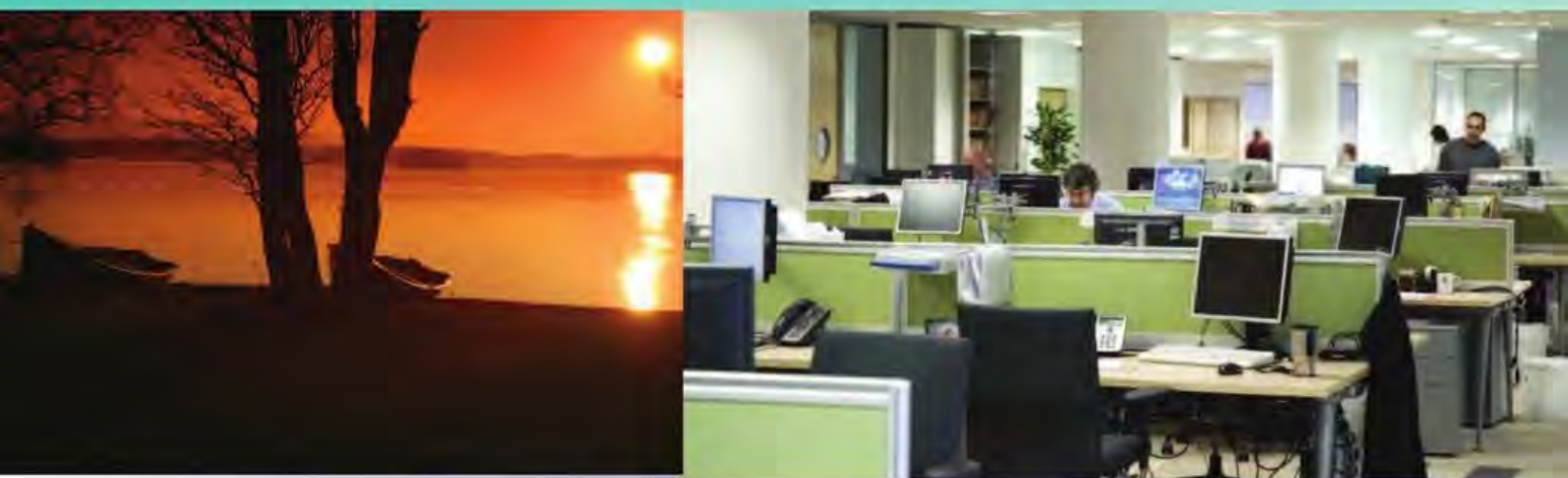


Arlene Foster
Minister of Enterprise, Trade and Investment
March 2012

Economic vision for Northern Ireland

1



**1**

ECONOMIC VISION FOR NORTHERN IRELAND

INTRODUCTION

- 1.1 - The Executive is committed to working in partnership to build a safe, peaceful, fair and prosperous society where everyone can enjoy a better quality of life now and in the years to come. We need a strong economy to deliver this goal and this Economic Strategy sets out how we plan to grow a prosperous local economy over the short, medium and longer term to 2030.
- 1.2 - Building growth and prosperity requires co-ordinated action from all sectors. It will require assistance from across government, and we acknowledge the continued support of the UK Government to help rebalance the economy. However, we recognise that companies and the workforce remain the key drivers of economic growth, particularly with the ongoing pressure on consumer and public expenditure.
- 1.3 - Significant volatility remains throughout the global economy and we must keep the Strategy under review. As we move closer to the end of the current budget period, an updated version of the Strategy will be launched to ensure we have the right actions and targets for the period beyond 2014/15.



VISION FOR 2030

1.4 - The ultimate aim of this Strategy is to improve the economic competitiveness of the Northern Ireland (NI) economy, as this remains the international benchmark against which developed economies continue to be measured. To that end, we are determined to increase employment and wealth opportunities for all.

1.5 - Our economic vision for 2030 is:

'An economy characterised by a sustainable and growing private sector, where a greater number of firms compete in global markets and there is growing employment and prosperity for all'

1.6 - The vision is long term in nature and reflects the reality that it will take some time to rebalance our economy and build a stronger private sector.

1.7 - Our commitments are built on an extensive assessment of global best practice in economic development. A summary of this work has been included in Section 3. This research leads us to conclude that we will not be able to make the necessary step change in our economy without significant new policy levers. That is why this Strategy assumes a successful outcome to the current negotiations with the UK Government on granting the Executive powers to vary the rate of corporation tax. In parallel, we recognise the need to progress the measures within our own control to make the NI economy more competitive. Therefore, irrespective of the outcome on corporation tax, we are confident that the actions outlined in this Strategy will strengthen our competitiveness.

1.8 - We have set out our framework for growth (Section 4) and the economic priorities that will help deliver the economic vision (Sections 5 and 6). In addition, and unlike previous economic strategies, we have separately published a comprehensive action plan to emphasise our commitment to implementing change.

EXECUTIVE'S ECONOMIC PRIORITIES

1.9 - The strategic framework for growth is outlined in Section 4. This shows that the path we have chosen to economic competitiveness is to increase employment and wealth by building a larger and more export-driven private sector. Increased prosperity will create opportunities for all sectors of the economy and we also believe that this approach will tackle disadvantage and help address our wider issues of social deprivation and division.

1.10 We have summarised below our key economic priorities. -They are aimed at **rebalancing** the economy to improve the wealth, employment and living standards of everyone in NI. Alongside this, we are taking a number of immediate and complementary actions aimed at **rebuilding** the economy to address the impact of the global economic downturn, particularly on employment.

Rebalancing the NI Economy

1.11 The NI economy has been overly dependent on our public sector for too long. We need to rebalance our economy by growing the private sector and in order to achieve this we plan to:

- -stimulate *innovation, R&D and creativity* so that we widen and deepen our export base;
- -improve the *skills and employability* of the entire workforce so that people can progress up the skills ladder, thereby delivering higher productivity and increased social inclusion;
- compete effectively *within the global economy* and be internationally regarded as a good place to live and do business;
- encourage *business growth* and increase the potential of our local companies, including within the social and rural economies; and
- develop a modern and sustainable *economic infrastructure* that supports economic growth.

1.12 A summary of the key rebalancing initiatives is outlined in the table below, with further detail provided in Section 5. This includes how we might exploit the benefits from securing additional policy levers such as corporation tax and air passenger duty.

Key Rebalancing Measures

Innovation, R&D and Creativity

- Support £300m investment by businesses in R&D, with at least 20% coming from SMEs
- Support 500 businesses to undertake R&D for the first time and secure 120 Collaborative Projects in R&D
- Support 200 projects through the Creative Industries Innovation Fund by 2015
- Support our Universities to establish 8 spin-out companies by 2013
- Support our Universities and Further Education colleges to undertake 155 knowledge transfer projects on behalf of local businesses by 2014

Skills and Employability

- Increase to 70%, the proportion of young people leaving school having achieved at least 5 GCSEs at A*-C (or equivalent) including English and Maths by 2020
- Deliver 210,000 qualifications at Levels 2, 3, 4 and above by 2015, through Higher Education, Further Education, Essential Skills and Training
- Increase skills in subject areas important to the NI economy such as STEM (implement the actions within the STEM Strategy) and Sales & Marketing
- Improve support to companies and increase the number of people gaining skills in management and leadership

Business Growth

- Promote £400m of investment and 6,300 jobs in locally owned companies (with 50% paying salaries above the Private Sector Median) and a further 6,500 new jobs in new start-up businesses
- Increase visitor numbers and revenue to 4.2m and £676m respectively by December 2014
- Support projects that improve competitiveness, encourage diversification of the rural economy, improve quality of life in rural areas and that protect and enhance the environment, including through the introduction of National Parks
- Reform planning by introducing spatial Local Development Plans; a marine spatial plan and deliver faster and more predictable processing of planning applications
- Invest in social enterprise growth to increase sustainability in the voluntary and community sector

Competing Globally

- Agree with the UK Government on devolving the power to vary corporation tax in a timely and affordable manner to the NI Executive / Assembly
- Develop direct air links with international long haul markets by eliminating Air Passenger Duty on direct long haul flights departing from NI
- Promote £375m of investment and 5,900 jobs from inward investors with 75% paying salaries above the Private Sector Median
- Allocate £3m per annum for the Assured Skills programme to help attract and embed FDI and meet the skills needs of indigenous companies creating new employment
- Increase the value of manufacturing exports by 20% and the value of exports to the emerging economies by 60% by 2014/15
- Develop an agri-food strategy and action plan to drive export led growth in the agri-food sector to 2020

Economic Infrastructure

- Progress the upgrade of key road projects and improve the overall road network to ensure that by March 2015 journey times on key transport corridors are reduced by 2.5%
- Encourage the achievement of 20% of electricity consumption from renewable sources and 4% renewable heat by 2015
- Improve the landscape in public areas to promote private sector investment in towns and cities across Northern Ireland
- Develop Regional Sports Stadiums as agreed with the IFA, GAA and Ulster Rugby

Prioritisation

- 1.13 Our Economic Strategy recognises the need to build on our existing strengths as well as exploit new opportunities in the global economy. We have a great many local firms who are already competing successfully overseas. We will continue to do all we can to assist these firms and also work with new exporting companies to increase and diversify our export base. To that end, and following a recommendation made in the Independent Review of Economic Policy (IREP), Invest NI will work to support the entire business base to help drive forward the priorities of innovation, R&D and exports.
- 1.14 Equally, we recognise the need to target those areas which have the greatest potential for growth. The science/industry MATRIX panel has identified a number of markets which we will look to further exploit. These are:
- **Telecommunications & ICT**
 - **Life & Health Sciences**
 - **Agrifood**
 - **Advanced Materials**
 - **Advanced Engineering**
- 1.15 It is within these areas where we already have considerable strengths on which to build. For example, based on the companies identified by the MATRIX panel, the identified markets account for almost 80% of manufacturing exports and 77% of Business Expenditure on R&D (BERD). Therefore, it will be through further investment in these areas that we will be able to build on the progress made in the previous Programme for Government (PfG), which had growing a dynamic and innovative economy as its top priority.
- 1.16 In addition, MATRIX is conducting further analysis into the market opportunities presented by the green economy sector, with a view to informing how the Executive can further support businesses in this area. The first stage will examine the emerging market opportunities presented by the **sustainable energy** sector and subsequent phases will include transport and construction.
- 1.17 Although the above areas are mainly manufacturing based, they rely on other sectors of the economy to fully exploit their potential opportunities. For example, the services sector is, and will remain, a key sector including:
- **Business Services**
 - **Financial Services**

1.18 It is also important to develop the potential of other sectors that have and will continue to make important contributions to the development of the NI economy. They include:

- **Creative Industries**
- **Tourism**
- **Social Economy**
- **Rural Economy**

1.19 While we will be focusing on these areas, we recognise the need to be responsive to new national and international market opportunities. That is why the Department of Enterprise, Trade and Investment (DETI) has established a unit which will work closely with business leaders, academia and other departments to identify emerging market and technology opportunities. It will identify the likely challenges and opportunities which lie ahead for our economy over the next decade and more, and develop a strategic approach to exploiting these.

Rebuilding the NI Economy

1.20 We are rebalancing our economy to create jobs, wealth and prosperity. -However, the global downturn has had a sharp impact on the local labour market and we have decided to take some extra steps to help boost business activity and rebuild the economy. Specifically, we are taking action to:

- promote accessible employment opportunities particularly in areas of economic disadvantage; and
- provide training and re-skilling to those who are unemployed or inactive because of the downturn and address wider barriers to employment so that people do not become detached from the labour market.

1.21 We also recognise the particular impact that the recession has had on young people and we have included a range of additional measures to directly address this issue. They are aimed at encouraging young people to enter employment, education and training.

1.22 We have undertaken a number of actions with further initiatives already underway as shown overleaf.

Short to Medium Term Rebuilding Measures

- Promote £225m of investment and 6,300 jobs with 4,000 to be created by March 2014 under the Jobs Fund
- Develop and implement a strategy to reduce economic inactivity through skills, training, incentives and job creation
- Help the construction industry by delivering key road and rail projects and approximately 8,000 social and affordable homes over the budget period
- Deliver 6,000 work experience and training opportunities for young people by 2015 in priority sectors
- Stimulate 1,150 new employment opportunities in rural areas under the Rural Development Programme by 2015
- Develop and start to implement a Childcare Strategy with key actions to provide integrated and affordable childcare
- Implement the Social Investment Fund to improve pathways to employment, tackle systemic issues linked to deprivation, increase community services and address dereliction
- Increase the number of working age customers in receipt of work-focussed benefits to support them to move into work
- Move 114,000 working age benefit clients into employment by March 2015
- Provide an Employer Subsidy for businesses to recruit individuals who have been unemployed or economically inactive for a period of more than 13 weeks
- Offer a period of supported self-employment for those interested in running their own business
- Explore options to further address graduate unemployment, with a particular focus on ensuring that our actions assist with the longer term rebalancing agenda

Cross Cutting Principles

1.23 We are determined that the wealth and prosperity we are seeking will be used to help reduce poverty, promote equality and tackle existing patterns of disadvantage and division. We are also committed to building an economy that provides opportunities for the present, without compromising the ability of future generations to meet their own needs. We will be guided by the following principles when rebalancing and rebuilding our economy:

- **Balanced sub-regional growth:** we will ensure that all sub regions are able to grow and prosper, whilst recognising the importance of Belfast and Derry/Londonderry as key drivers of regional economic growth;
- **Equality:** we will ensure that no section of the community is left behind; and
- **Sustainability:** we will ensure that we provide prosperity and opportunities for both present and future generations.

INDICATORS & TARGETS

- 1.24 We are determined to implement the actions set out in this Strategy and to measure performance regularly and transparently. There will be full accountability for those charged with delivering the various actions. We have also sought to rationalise and significantly reduce the number of indicators and targets we use to measure our performance. We also recognise that, in certain areas, there is a need to improve the coverage and timeliness of indicators so that we can effectively report on performance.
- 1.25 The key performance indicators for the short, medium and longer term are outlined in Figure 1, with more detail provided in Section 7. We will publish an updated Economic Strategy, including a detailed list of actions and targets for the post 2014/15 period, when the outcome of the UK Government's next Spending Review is known.

Overarching Economic Goals

- 1.26 We are proposing to measure our long term performance against the following strategic indicators:
- increase the level of exports and external sales as a proportion of NI output; -
 - increase the proportion of the working age population in employment; -
 - NI private sector output growth to exceed the UK average; and -
 - NI's economic competitiveness to improve relative to other developed - economies.
- 1.27 We have already undertaken work to benchmark our performance on economic competitiveness relative to other countries and regions. We are continuing to refine our approach to this and the Economic Advisory Group, working with the Department of Enterprise, Trade and Investment, is undertaking further analysis on NI's competitiveness during 2012.
- 1.28 We have also published short and medium term targets for each of the identified key indicators on the NI Economic Strategy website¹. Once the outcome of the ongoing work on devolving corporation tax powers is known, we will reassess the degree to which we can further strengthen the ambitious nature of these overarching economic goals. We are also working to ensure that we are able to respond quickly and decisively. For example, we are concluding research that quantifies the specific implications of a reduced rate of corporation tax on the demand for skills, work readiness and Research & Development (R&D) in NI.

¹ This material is accessible at: www.northernireland.gov.uk/economic-strategy

Figure 1: Key Performance Indicators & Targets



- 1.29 It is also important to recognise that we cannot, in isolation, tackle the economic challenges we face. To help deliver on our priorities, we are committed to fostering and promoting our North/South and East/West linkages through day to day contact between the relevant administrations, and through the North South Ministerial Council and the British Irish Council.
- 1.30 We will also continue to support the work of Invest NI and InterTradeIreland in delivering economic growth. This includes the promotion of a competitive enterprise environment and co-operating to ensure the optimal utilisation of economic resources to drive trade and wealth creation.

IMPLEMENTATION

- 1.31 The Strategy has been developed by a Sub-Committee comprising the Ministers in charge of the departments with greatest responsibility for economic growth. The committee is chaired by the DETI Minister and the group will continue to play a key role in overseeing implementation.
- 1.32 Performance will be tracked, and regularly updated against the Key Indicators set out in Figure 1. We will publish annual reports on progress against the actions we are committed to deliver, as outlined in the Comprehensive Action Plan. This will include an annual assessment of the wider health of the NI economy.
- 1.33 The Strategy will also be underpinned by relevant strategies and related action plans to progress each of the Executive's economic priorities. We are currently engaging with key stakeholders to produce supporting strategies covering Innovation / R&D and Enterprise / Business Growth and an Employer Engagement Plan has been published to support the delivery of the NI Skills Strategy.
- 1.34 This Strategy also represents the economic pillar of the Executive's Programme for Government (PfG). The arrangements put in place to monitor implementation of the PfG will also cover the PfG actions outlined in Sections 5 and 6. In addition, we recognise that the actions will be supported by a wide number of cross-cutting strategies and Departmental Corporate Plans.

**The Northern
Ireland
economy:
Performances
and challenges**

2





2

THE NORTHERN IRELAND ECONOMY: PERFORMANCE AND CHALLENGES

INTRODUCTION

- 2.1 - The economic performance of the Northern Ireland (NI) economy has been extensively documented in the earlier consultation on the framework for growth². This included an assessment of the impact of the global recession on the local economy and the wider structural challenges that remain. This analysis has been further developed in an overview of the NI economy which is available on the Economic Strategy website³.
- 2.2 - In light of the above, the aim of this section is threefold. Firstly, it highlights the economic context within which the strategy is being framed. Secondly, it summarises the main strengths and opportunities that the strategy is seeking to develop and exploit. Thirdly, it concludes on the need to deepen and diversify our export base in order to improve our economic competitiveness.

² http://www.detini.gov.uk/northern_ireland_economic_strategy_-_initial_consultation_paper__priorities_for_sustainable_growth_and_prosperity.pdf

³ A comprehensive evidence base has been developed to inform this Economic Strategy. This material is accessible at: www.northernireland.gov.uk/economic-strategy



ECONOMIC CONTEXT

2.3 A number of critical factors combine to set the context for this Economic Strategy. They include:

- the continued uncertainty in the global and national economies and the impact on the NI economy; -
- the capacity for companies to access suitable finance to fund their business plans; -
- the impact of the UK-wide welfare reform agenda on the local labour market and wider NI economy; -
- the scope for the NI Executive to support company development under revised EU Regional Aid guidelines; and -
- the long standing structural issues that continue to hamper economic growth in NI. -

The Global Economy

2.4 The majority of the advanced economies have suffered significant declines in economic output and the recovery remains slow. Furthermore, there are significant uncertainties which continue to limit the scale and speed of the global recovery. One of the most significant risks is the high levels of public sector debt in developed economies which have necessitated significant reductions in public expenditure. Several countries have had their credit rating downgraded and, in the most severe cases, EU and wider international support has been needed to keep certain economies afloat. This debt, along with weak economic growth, has led to uncertainty on the forecasts for global and national economic recovery.

- 2.5 - The NI economy is inevitably influenced by these developments, with external trade and Foreign Direct Investment (FDI) remaining important sources of employment and wealth.
- 2.6 - The region has also been impacted by the UK Government reductions in public spending, with the 2010 Spending Review reducing the resources available to the Executive. The total fall in the Executive's Departmental Expenditure Limit over the current budget period is 2.9%, with resource spending remaining relatively flat and capital spending falling by more than one-third. These figures are net of inflation which will further erode our spending power.

The Economic Downturn

- 2.7 - The accompanying overview of the NI economy highlights the degree to which the local economy has been affected by the global recession. The majority of sectors have experienced falls in output, with the construction sector particularly hit (output has fallen by 30% since the start of 2008 and 37% since its peak at the beginning of 2007). Other sectors have also experienced reductions, with business & financial services contracting by around one-quarter (26%) since 2008. Retail and manufacturing have also reported large reductions in output, although the pattern is not universal. For example, some sectors, most notably the agri-food sector, have reported increases in output during the downturn.
- 2.8 - The slowdown in the private sector has had a significant impact on the local labour market, with the number of employee jobs in NI falling by almost 35,000 since the employment peak in June 2008. The construction and manufacturing sectors have experienced the largest overall falls in job numbers. Retail has accounted for the largest decrease within services, followed by business & finance (where the job losses have not been in the same order of magnitude as the decline in output).
- 2.9 - The scale of total job losses in NI – equivalent to 4.9% of workforce jobs in June 2008 – has been reflected throughout the UK, with Scotland (-5.7%) and Wales (-3.2%) also reporting significant reductions. English regions have also fallen, although the reductions have, on average, been much less (the average fall for English regions was 2.0%).
- 2.10 The job losses in NI have resulted in a significant rise in the number of persons claiming unemployment benefits (which has increased by almost 38,000 since the beginning of 2008, or 161%). Although the percentage increase is much greater than for Great Britain (GB), the unemployment rate of 7.2% remains below GB (8.4%) and significantly below the RoI (14.6%) and EU average (9.8%).

- 2.11 The level of economic inactivity experienced a sharp rise at the beginning of the downturn, although the rate has subsequently fallen back to 27.2%. While this remains above GB, the gap is now narrower than it has been over much of the past two decades. This recent decline has been mainly due to fewer persons sick or disabled (which increased at the start of the downturn) and those looking after the family or home.
- 2.12 The rise in unemployment is an unwelcome but expected consequence of the global downturn. An important element of this Economic Strategy is therefore to ensure that employment opportunities are maximised, not least because recent research⁴ highlights that the longer a person remains unemployed, the less likely they are to find employment. This is especially true for young persons (aged 18-24) who are at most risk of entering prolonged periods of inactivity. For example, between 2007 and 2011 the number of under 25s out of work in NI increased by 155%, which represents the largest increase of all the UK regions. There is therefore an imperative to ensure that those seeking employment have the necessary skills to take advantage of the potential opportunities.

Access to Finance

- 2.13 Following the public consultations, a large proportion of respondents highlighted the ongoing issue of access to finance. Data provided by the British Banker's Association shows that new lending by the main NI banks is decreasing. This is further reinforced by a survey which showed a marked decline in the ability of companies in NI to access finance (the success rate of loan applications in NI fell from 92% in 2007 to 65% in 2010). This trend appears to stem from reduced resources being available for lending within local banks as they seek to repair their balance sheets. Alongside this, many companies who invested in property assets outside their main business are now finding it difficult to access capital to fund their core activity.
- 2.14 The Executive continues to press our local banks to play an active role in initiatives aimed at improving business access to finance. In addition, we continue to press the UK Government on the need to find a way of separating bad property loans from the core business lending of banks. However, despite these efforts, we recognise that credit for business expansion remains both constrained and expensive. Furthermore, in common with many other UK regions, NI has traditionally lacked the vibrant venture capital and debt finance markets that are necessary to support economic growth. It is in response to this, and also recognising the constraints identified previously, that we have outlined actions in Section 5 that will help address this key strategic issue.

⁴ Stam & Long (2010) *Explaining Exits from Unemployment in the UK, 2006-09 Economic & Labour Market Review*, Vol 4, No 9.

Welfare Reform

- 2.15 The Coalition Government has introduced a Welfare Reform Bill which aims to introduce changes to the benefit system throughout the UK. We continue to assess the impact of the welfare reform initiatives on our economy, but already it is clear that it will significantly increase the number of people registered as unemployed and hence an increase in the pool of labour available for work.
- 2.16 These reforms will create a major challenge for the economy, particularly in terms of ensuring that we promote employment opportunities and improve the employability and skills of the labour force. That is why stimulating employment is a key aspect of this strategy, not just in terms of the rebuilding phase but also as we work to rebalance the economy over the longer term.
- 2.17 We recognise that many of those joining the labour market as a result of the welfare reform process will be far removed from being job ready and will require significant practical help and support to ensure they are able to fully engage in the labour market. The challenge in preparing such groups for work of any kind is significant and requires new thinking and the development of innovative and flexible responses from the Executive, supported by the business community and the third sector. However, successfully addressing these issues, while difficult in the short term, will lay the foundations for sustainable economic growth in the longer term.

Changes to Regional Aid

- 2.18 The Independent Review of Economic Policy (IREP) outlined the nature and extent of the changing rules on Regional Aid which set the maximum level of financial support that the Executive can provide to individual projects (as a proportion of total investment or equivalent project costs).
- 2.19 Although the limits for aid relating to areas such as innovation / R&D and training remain unchanged, the changes to Regional Aid⁵ from 1 January 2011 have significantly limited the scope for the Executive to support businesses, with permissible aid ceilings being reduced for projects within Belfast and across the rest of NI.
- 2.20 With further potential changes to Regional Aid, the implications for local economic development are very significant. We are therefore committed to ensuring that we achieve the best possible outcome for Regional Aid ceilings and coverage for the post 2013 period and Section 5 highlights the ongoing efforts we are taking in this regard.

⁵ Regional Aid is assistance for investment in the setting up of new business, the expansion of an existing business or business diversification into new products.

Longer Term Challenges

2.21 Alongside the impact of the recession, NI continues to face a range of long term challenges that hamper economic growth. These issues are more fully outlined in the accompanying overview of the NI economy, but they are summarised below:

- living standards have persistently lagged behind GB, with the main factors being lower levels of **employment** and **productivity**. The economic forecasts for these variables, as highlighted in figure 2, also show the scale of the challenge ahead;
- growth in output and jobs has tended to be in relatively low value added areas, which has resulted in **average wages** remaining significantly below the UK;
- an over reliance on the **public sector** as a driver of economic growth in NI. The comparatively small private sector also contributes to a very large fiscal deficit⁶;
- the economy has historically been **under-represented in higher value added sectors** such as finance and business services;
- a large proportion of the population is registered as **economically inactive**, with social exclusion levels well above other parts of the UK;
- almost half of the working age population in receipt of **incapacity benefit** have been diagnosed with mental and behavioural disorders; and
- significant numbers of households which have experienced intergenerational **poverty** or joblessness and are far removed from job readiness and the labour market.

2.22 Recent economic forecasts suggest that the local economy will grow on average by 2.0% per annum up to 2020, compared with UK growth of 2.4% per annum⁷.

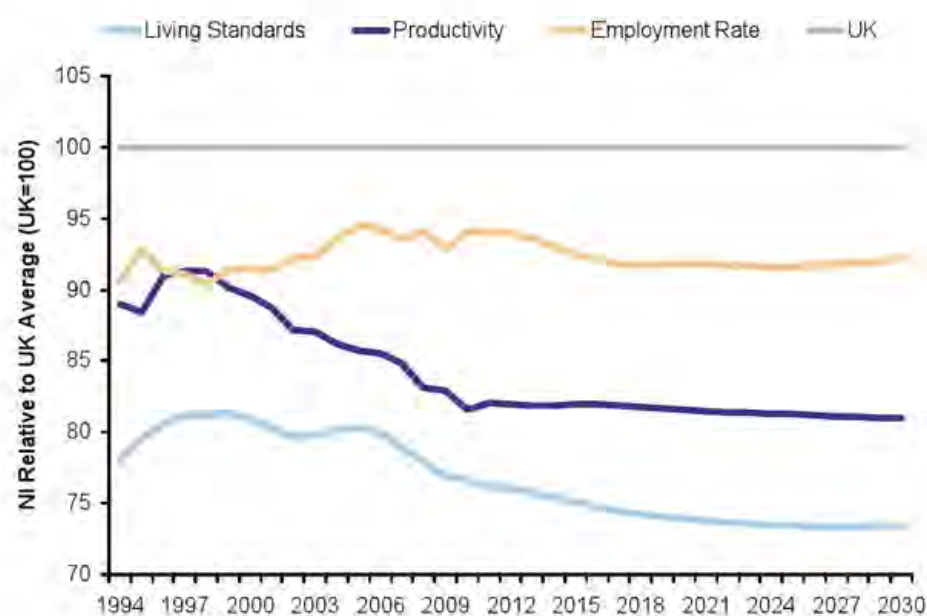
2.23 As shown in Figure 2, without the concerted action proposed, Oxford Economics consider that the comparatively low levels of economic growth are not expected to lead to any convergence with the UK. Relative living standards are expected to decrease to around 75% of the UK average by 2030. Productivity is also forecast to continue to decrease, to stand well below its late 1990s peak. Job growth is anticipated on a lower scale in NI than in the recent past which results in a slight fall in the forecast for the relative employment rate.

2.24 It is in light of these structural challenges that the strategic goals of rebalancing and rebuilding the economy have been developed to help grow the economy and strengthen competitiveness.

⁶ <http://www.dfpni.gov.uk/northern-ireland-net-fiscal-balance-report>

⁷ Oxford Economics

Figure 2: Economy Forecasts (NI v UK)



Source: Oxford Economics

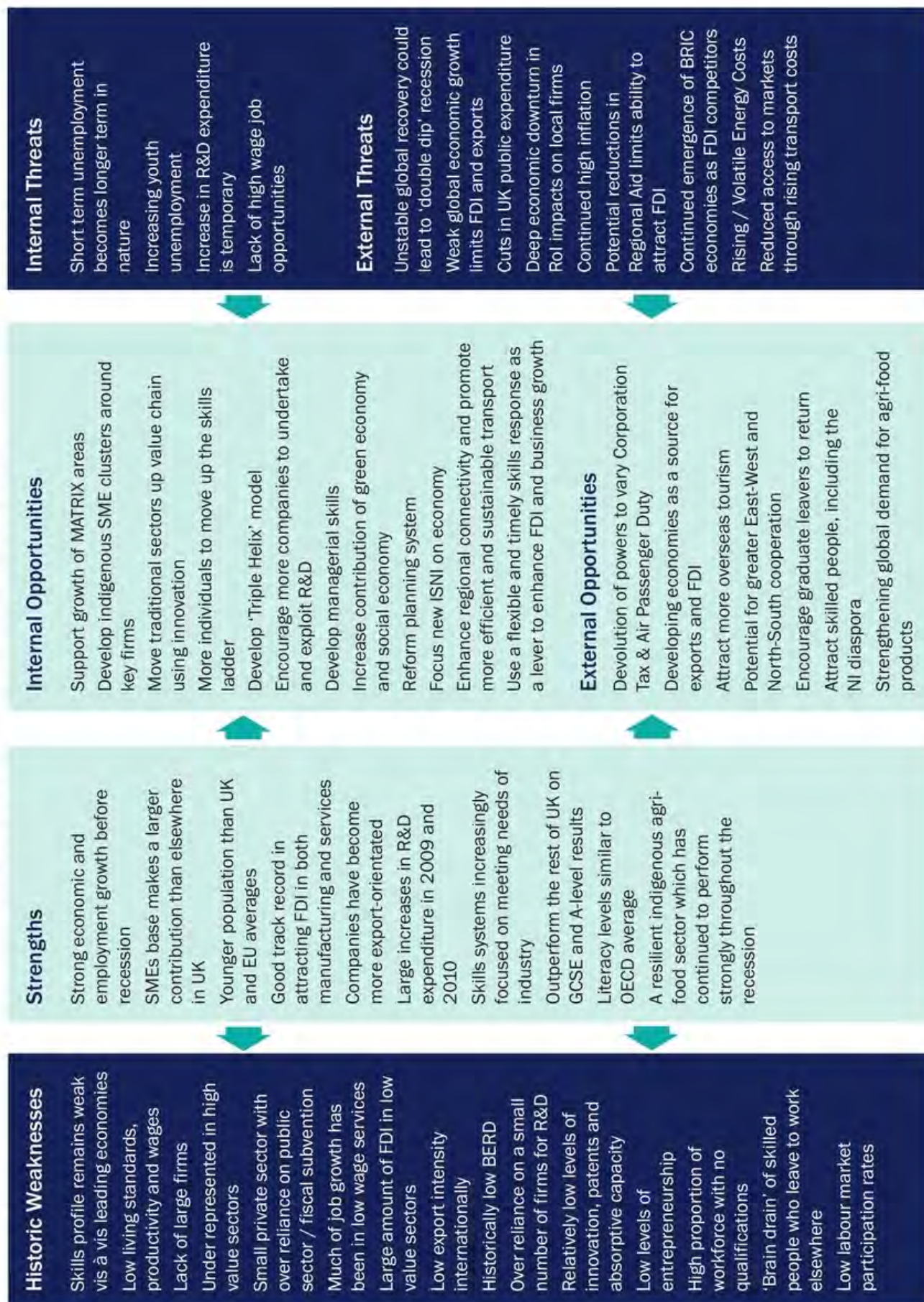
THE NI ECONOMY: STRENGTHS & OPPORTUNITIES

2.25 This section of the Strategy has outlined some of the external and internal factors that impede economic growth in NI. These and other issues are included in the chart overleaf (Figure 3). In outlining the Strengths, Weaknesses, Opportunities and Threats (SWOT) facing the NI economy, we place a particular focus on those factors we need to develop and exploit in order to accelerate economic growth and competitiveness.

2.26 The aim is to rebuild and rebalance the economy based on the skills and strengths of our people. We have one of the youngest and fastest growing populations in Europe. Our students continue to outperform their counterparts elsewhere in GB, with literacy levels similar to the OECD average, although we also recognise the long tail of underachievement. Nevertheless, the performance of our school leavers continues to improve with 59% achieving at least 5 GCSEs at A*-C (or equivalent) including English and Maths in 2009/10 (compared to 52.6% in 2005/06). Only 1.7% of school leavers had no formal qualifications in 2009/10 (down from 3.2% in 2005/06). Although the skills profile of the workforce remains weaker than many other OECD countries, this largely reflects a historical outward migration of skilled people as they seek opportunities elsewhere.

2.27 We therefore need to ensure that opportunities exist which will encourage our talented people to remain in NI for employment and to progress up the skills ladder. For those who have moved abroad, there is the potential to attract them back by

Figure 3: SWOT Analysis of the NI Economy



creating high-value job opportunities. We also need to bring back into employment those who have lost their jobs during the recession or have become detached from the labour market.

- 2.28 The economy has a strong indigenous Small and Medium Enterprise (SME) base, with many becoming involved in high-value activities such as exporting and investment in Research & Development (R&D) and innovation. As a result, we have the opportunity to further develop these areas and work towards an economy based on innovative firms competing in export markets. The MATRIX report has already shown the strengths that NI has in high-technology areas and the market opportunities that are available to us. Moreover, NI's Universities and Further Education colleges are increasing the range and depth of their interaction with business, which is helping to underpin the commercialisation of the NI research base.
- 2.29 To complement our local SME base, we also have a strong track record in attracting Foreign Direct Investment (FDI) in both manufacturing and services. Many large multinational employers have invested in the local economy and they continue to be attracted by the improving skills base, the increasing speed and flexibility with which we are meeting company skill requirements and the cost-competitive environment. We are also clear that the ability to vary our own rate of corporation tax would help us attract more value added FDI and integrate these companies into the local economy through supply chain and other linkages. Further detail on this is provided in Section 5.
- 2.30 The tourism sector also provides enormous opportunities for our economy. -We have set out ambitious targets to further grow the sector and the revised Regional Transportation Strategy recognises the need to improve connections to key tourism sites. The announcement by the UK Government that Air Passenger Duty (APD) will be reduced on direct long haul flights from NI (and the decision to commence the process of devolving APD to the NI Assembly) will also be used to strengthen the attractiveness of the region as a business and tourism destination.
- 2.31 In the short to medium term, 2012 is a critical year with key events such as the 100th Titanic anniversary, the Cultural Olympiad and other events around the Olympics/Paralympics, as well as the completion of several key capital projects such as the Metropolitan Arts Centre and hosting the Irish Open at Royal Portrush in Summer 2012. A total of £300m of infrastructure investment will come on stream, including the completion of key tourism attractions at Titanic Belfast and the Giant's Causeway Visitor Centre. In 2013, the World Police and Fire Games will be held in Belfast and Derry/Londonderry will also be the UK City of Culture. This offers further opportunities to showcase the region to visitors from across the world and change the global perceptions of NI as a place to live, work, invest and visit.

- 2.32 The global market outlook for agricultural commodities and foodstuffs also indicates a very favourable market balance over the coming decade and beyond. The agri-food industry is well positioned to capitalise on these emerging opportunities, and the reform of the EU Common Agricultural Policy will create additional opportunities to enhance the competitiveness agenda for the sector.
- 2.33 There is also scope for the NI Health Services to drive innovation by engaging more with high-technology companies. Furthermore, given that the health sector typically has a highly skilled workforce, including many from STEM disciplines, enhanced opportunities for closer working will help the private sector to prosper through leveraging of public sector skills and expertise.

EXPORTS AND REGIONAL ECONOMIC GROWTH

- 2.34 The public sector remains an important part of the NI economy. -That is why the Executive remains committed to securing the necessary public sector reforms as outlined in the Programme for Government. However, as this section highlights, the constraints on public expenditure mean that the public sector cannot deliver the levels of growth necessary for a major improvement in economic performance. The onus for growth therefore rests with the private and the community / voluntary sectors, working in partnership with the public sector.
- 2.35 In the responses to the public consultations, there was overwhelming support for the priority attached to exports. This was expected given the size of the domestic market and the reality that exporting (including supply chain support to companies that export) represents an important means of improving economic growth and competitiveness. This export-based approach has been followed by many other successful small open economies internationally.
- 2.36 It is well established that economies benefit from external trading⁸. At the firm level, there are also a number of studies which highlight that exporting companies are larger, more productive, pay higher wages and are more capital intensive than those which focus mainly on domestic markets⁹. Evidence also suggests that there are benefits not just from entering export markets, but also from increasing export-intensity¹⁰.
- 2.37 While companies benefit from being in more competitive external markets¹¹, evidence suggests that it is the best performing and most competitive firms that will look to expand into export markets themselves¹². In terms of supporting export

8 Krugman and Obstfeld (2002) *International economics: Theory and policy*, Addison Wesley, 6th Edition

9 Bernard, A.B. and Jensen, J.B. (1999) *Exceptional exporter performance: Cause, effect or both?*, *Journal of International Economics*, 47

10 Greenaway, D. and Kneller, R. (2008) *Exports, productivity and agglomeration*, *European Economic Review*, 52

11 Wagner, J. (2002) *The causal effects of exports on firm size and labor productivity: First evidence from a matching approach*, *Economics Letters*, 77

12 Wagner, J. (2005) *Exports and productivity: A survey of the evidence from firm level data*, *The World Economy*, 30

growth, the focus therefore needs to be as much on raising company productivity through investing in innovation, R&D and skills as well as encouraging local firms to enter new markets.

- 2.38 We need to significantly increase our export focus if we are to achieve our economic goals, but the challenge is to both grow exports and diversify into new markets. A large majority of sales outside NI are presently destined for either GB or the RoI, which is too narrow. The EU and North America represent large markets to further develop export sales, but we also need to build much greater trade alliances with the fast growing emerging economies such as Brazil, Russia, India and China.
- 2.39 There is also a close link between exports and FDI. -In small economies, foreign companies generally use their base to export goods and services. For example, 78% of NI manufacturing exports came from externally-owned companies in 2009/10¹³. Similarly, RoI exports from its Industrial Development Agency (IDA) clients totalled €110bn in 2009 and accounted for over 75% of total Irish exports. The key routes for NI to deliver export-led growth are therefore to ensure local companies are internationally competitive through investing in areas such as innovation, R&D and skills, whilst also attracting export-focused foreign investors.

SUMMARY

- 2.40 The economic challenges facing the NI economy are significant. -We continue to feel the impacts of the downturn in the global economy and it will be some time before economic performance and employment returns to pre-recession levels.
- 2.41 The economic forecasts suggest that, unless immediate and co-ordinated action is taken, there is unlikely to be any material convergence to living standards experienced elsewhere in the UK. However, the preceding analysis has identified a range of strengths and opportunities – both local and external – that, if harnessed, could create a step-change in economic performance.
- 2.42 Given the constraints facing the public sector, the onus for economic growth is very much with the private and community / voluntary sectors. Ultimately it will be companies, the workforce and other organisations that will make the necessary investments to increase employment and wealth. However, the Executive has an important role to play in setting the framework for growth and outlining the necessary actions to stimulate growth in areas such as innovation, R&D, skills, education, exports, FDI and entrepreneurship. This also means identifying and supporting business growth in areas where there is the greatest potential, whilst ensuring that the necessary economic infrastructure is in place to capitalise on the existing strengths and opportunities.

¹³ This figure refers to all companies with ownership outside NI (if GB-owned firms are not included the equivalent figure is 53%).

**Growing the economy:
Lessons from
global best
practice**

3





3

GROWING THE ECONOMY: LESSONS FROM GLOBAL BEST PRACTICE

INTRODUCTION

- 3.1 - Our economy faces a unique set of economic strengths and weaknesses. Nonetheless, as we work toward our economic vision, there is still much to learn from the experience of other developed economies.
- 3.2 - As part of the work in developing this strategy, we have carried out an extensive review of global best practice in economic development. We have sought to identify the particular success factors that have stimulated economic growth and investment. An important element of this work has been to consider the applicability of various policies and programmes to the challenges facing us.
- 3.3 - From the evidence gathered, the clear conclusion is on the need to strengthen our competitiveness by improving export performance. There is no single route map to export success, with certain economies, particularly in Sweden and Finland,



achieving success by investing heavily in innovation and R&D. Other countries such as Singapore and the Republic of Ireland (RoI) have developed their economies on the basis of a low corporation tax strategy and a pro-business regulatory environment. In all cases, the need to develop a world class education and skills system is critical for economic growth.

FRAMEWORK FOR ECONOMIC GROWTH

- 3.4 - The work on global best practice was used by the Executive Sub-Committee on the economy to develop the framework for economic growth (outlined in section 4). This framework has been endorsed by all key stakeholders during the consultation exercises and has helped inform and prioritise our collective actions, initially over the short to medium term, as we work toward securing our economic vision.
- 3.5 - In the medium to longer term, the framework will remain in place, not least because one of the features of other successful economies is that they ruthlessly pursue an economic growth agenda, with the economy consistently regarded as the top priority.

Executive's Economic Priorities

- 3.6 - The evidence base has also helped to identify the key actions under each of the pillars that underpin the economic framework, both in terms of the rebalancing and rebuilding agendas. The aim of this section is therefore to summarise, under each of our economic priorities, the key findings from the review of global best practice. Thereafter, we outline the actions being taken by the Executive to achieve our vision for the economy to secure sustainable growth and prosperity.

3.7 - It should be recognised that this section represents a brief summary of a very extensive work programme. Therefore, as part of launching this Economic Strategy, we have also included access to the full research projects that can be accessed on our dedicated Economic Strategy website: www.northernireland.gov.uk/economic-strategy.

Stimulating Innovation and R&D

3.8 - The review of best practice illustrates the vital role innovation and R&D plays in economic development. One important feature of this priority is that it can only be successful if it is allowed to develop over the longer term. The key lessons are as follows:

- significant government expenditure needs to be directed towards innovation and R&D, with much of this aimed at developing research capacity and the commercialisation of research;
- small economies have focused innovation policy on sectors where they have competitive advantages and historic strengths;
- the majority of research activities in advanced innovation economies take place on a collaborative basis between businesses, higher education and public research institutes;
- countries are moving beyond providing support for individual company R&D projects;
- government support for innovation and R&D is mainly targeted at SMEs that lack the resources and capabilities to take forward projects;
- a competitive approach for research funding is often followed with companies and research institutes showing the economic impact and technological novelty of a project requiring support; and
- most successful small, open economies have a dedicated innovation agency, and many are setting up public research institutes.

Investment in Skills and Employability

3.9 - Investment in skills and employability is a vital part of economic success in the countries reviewed. For example, a skilled and employable workforce has provided the bedrock for growth in countries / regions such as Singapore, Sweden, Finland, New Zealand and North Carolina.

3.10 It is the skills base that has provided the platform for successful innovation, export focus and productivity growth. Investment in skills has also acted as a powerful magnet for high value investment, particularly inward investment. The central messages are:

- a sustained focus on skills and employability is critical;
- education and training should be of a high quality with outputs focused on economic needs;
- the skills that are produced must be relevant, and harnessed and utilised to their full potential;
- strong management and leadership skills are important to improve firm level and sectoral productivity and growth;
- investment in vocational and technical training ensures the economy can rapidly respond to changing skills needs;
- building research capacity in the economy requires improvements in research skills, which has been achieved through funding long-term research programmes and attracting leading external researchers to work alongside domestic researchers;
- supporting top-performing international companies requires highly-skilled public sector agencies, as well as sufficient autonomy and incentives to promote a pro-business ethos;
- barriers to employment and employability must be addressed comprehensively; and
- stakeholder engagement is essential to deliver the employability, skills and economic growth agenda.

Connections to the Global Economy

3.11 Successful regions / countries all have strong and growing connections to the global economy. The key lessons include:

- successful small open economies have an intense focus on export markets, achieved through a combination of developing globally competitive indigenous firms and attracting regional headquarters and subsidiaries of foreign-owned companies;
- a low rate of Corporation Tax is a key policy tool used by small economies successful in attracting value added Foreign Direct Investment (FDI);
- all economies were found to explicitly target high value FDI sectors based on key industry strengths in the local economy;

- the research strengths of the economies are viewed as a key part of the value proposition to attract high value FDI companies;
- small economies often base economic activity around anchor institutions, which can be either indigenous companies supported to grow into large multi-nationals, key FDI companies or public sector organisations (Universities and medical research institutes); and
- ensuring that the skills system matches the current and future needs of the economy and can act as a central lever in attracting, retaining and growing high value inward investment and supporting the development of globally competitive firms.

Encouraging Business Growth

3.12 In all of the countries / regions reviewed, they each recognise the need to develop competitive indigenous companies. The key routes to growing successful businesses include:

- working closely with large and often foreign owned companies to develop and strengthen local supply chain linkages;
- ensuring SMEs have adequate access to finance to support their business plans;
- improve the regulatory environment to ensure that it is efficient and pro-business; and
- recognition that every country and region needs to specialise in certain niche areas / sectors.

Developing Economic Infrastructure

3.13 Best practice economies have also worked to ensure that there is strong infrastructure in place to support economic growth. Common policy approaches include:

- building a modern and efficient transportation system to strengthen connectivity within and between countries / regions which is essential for moving both goods and people;
- increasing investment in areas such as telecommunications to improve capacity as digital and knowledge based economies; and
- investing in public infrastructure (eg health and education projects) to improve the standard of living and the attractiveness of the country / region to internationally mobile investment and workers.

Promoting Employment and Improving Employability

3.14 Given the instability in the global economy, the review of best practice also considered actions being undertaken to promote employment and strengthen employability. Some examples of the approaches being taken include:

- incentives are used to promote employment in areas of economic disadvantage;
- promoting the social economy and its contribution to economic growth, particularly in targeting disadvantaged groups, neighbourhoods and individuals;
- provide incentives aimed at getting disadvantaged people into work; and
- linking employers and the unemployed through promoting available incentives (to both local and foreign owned companies) as well as ensuring employment agencies and the public Employment Service are pro-active in working with firms.

SUMMARY

3.15 This section of the Strategy has set out our approach in reviewing global best practice in economic development, the key priorities identified and the type of actions being undertaken by other successful countries / regions. This work has informed our framework for economic growth and the actions we are pursuing with our economic stakeholders.

**Framework
for economic
growth**

4





4

FRAMEWORK FOR ECONOMIC GROWTH

INTRODUCTION

- 4.1 - The focus of our strategy is on developing export-led economic growth as the best means of increasing employment and wealth in Northern Ireland (NI) and improving our overall competitiveness.
- 4.2 - Based on the research undertaken by the Executive Sub-Committee on the economy, an overarching framework for economic growth has been developed. Feedback from the public consultations has indicated strong support for the framework and the proposed priorities.
- 4.3 - Figure 4 provides a graphical representation of the framework and how the themes interact to deliver the NI Executive's vision of the economy for 2030.



EXECUTIVE'S ECONOMIC PRIORITIES

4.4 - In order to deliver the longer term priority of the Executive, five strategic **rebalancing** themes have been developed. These themes are:

- Stimulating innovation, R&D and creativity;
- Improving employability and the level, relevance and use of skills;
- Competing in the global economy;
- Encouraging business growth; and
- Developing our economic infrastructure.

4.5 - The targeting of resources under these themes will bring forward actions and interventions which deliver increases in the size, structure and strength of our private sector. This should enable local companies to exploit opportunities and compete successfully in export markets, delivering both wealth and employment creation. It is recognised that none of these strategic themes operate in isolation, rather they are inter-dependent and action is required across each if our vision for the economy of 2030 is to be delivered.

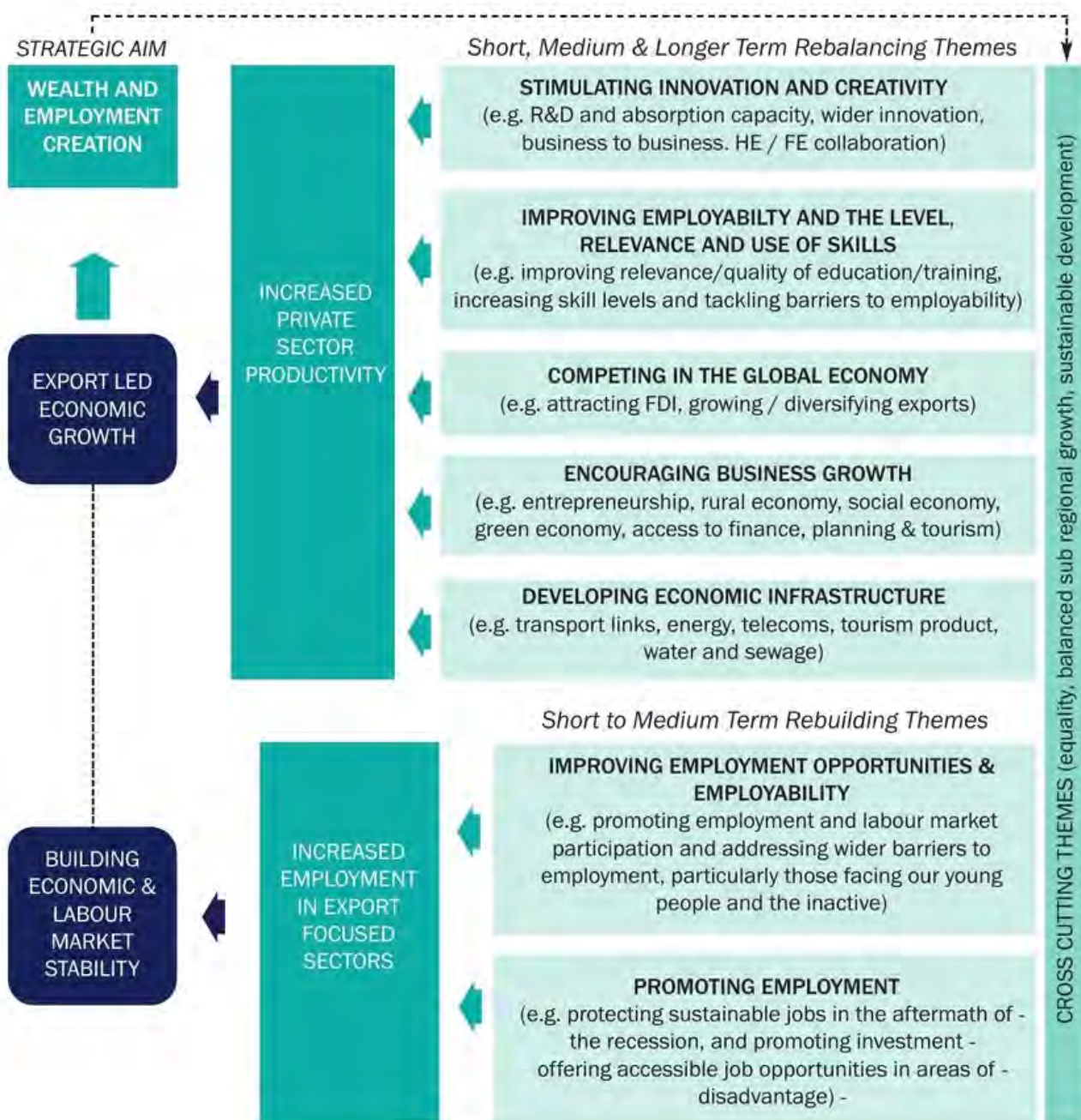
4.6 - As the recession has had a significant impact on our economy, in particular on the local labour market, the Economic Strategy also includes the following short to medium term labour market **rebuilding** themes:

- Improving employment opportunities and employability; and
- Promoting employment.

4.7 - These themes are designed to promote economic and labour market participation, while at the same time building capability in the labour force which will be the foundation of future export-led economic growth in the economy.

4.8 - During the public consultations, it was proposed that an additional theme should be included, namely public sector reform. We recognise and accept that maximising public sector efficiency is vitally important, not least given the size of the sector relative to the overall economy. However, the emphasis of this Strategy is on developing a stronger and more export based private sector. The wider issue of public sector reform is addressed within the Programme for Government which sets the Executive's commitments to deliver high quality and efficient public services.

Figure 4: Strategic Framework for the Economic Strategy



**Priorities
for growth:
Rebalancing
the NI economy**

5





5

PRIORITIES FOR GROWTH: REBALANCING THE NI ECONOMY

INTRODUCTION

- 5.1 - We need to rebalance the Northern Ireland (NI) economy by growing a stronger private sector which will deliver value-added economic growth. This section outlines the steps we are taking to achieve this and the 2030 vision for the NI economy. In the section that follows, we outline the shorter term actions being taken to rebuild the economy in the aftermath of the global economic downturn.
- 5.2 - We require access to the right mix of policy levers if we are to rebalance the economy and this includes more fiscal flexibility. In particular, we have concluded that the single measure that would have the most transformative impact on the economy would be the ability to lower the rate of corporation tax. We have welcomed the UK Coalition Government's commitment on this and we have a Programme for Government (PfG) commitment to secure a successful outcome to the ongoing negotiations. We look forward to this power being devolved to the NI Executive in a timely and affordable manner.



5.3 - In outlining the steps we are taking to rebalance the economy over the short, medium and longer term, we have included a brief assessment of the impact of devolving corporation tax powers to NI, alongside the other complementary measures required to maximise its impact on the economy. In summary, this section illustrates how we will work to harness our own initiatives, alongside those from the UK Government, to rebalance the NI economy toward stronger private sector and value added growth. Indeed, irrespective of the outcome on corporation tax, we are confident that the measures outlined in this Strategy will strengthen our competitiveness.

5.4 - In identifying our economic priorities, we realise that economic growth must create a fairer and more equitable society for all our citizens and sub-regions. We have therefore identified a number of cross cutting themes that have helped inform the priority actions outlined in the Strategy. These themes cover the need for balanced sub-regional growth, equality and sustainability and they are outlined at the end of this section.

Independent Review of Economic Policy

5.5 - Prior to outlining our rebalancing priorities, it is important to recognise the important role that the Independent Review of Economic Policy (IREP) has played in determining our Economic Strategy.

5.6 - The Review was commissioned by the Minister of Enterprise, Trade and Investment and the majority of the recommendations were accepted for implementation. While the review was focused on the policies and activities of DETI and Invest NI, the panel made several recommendations which impacted on the responsibilities of other Departments. They are currently being taken forward by DETI and other

relevant Departments involved in economic development and significant progress has been made in several key areas including:

- establishing an Executive Sub-Committee on the Economy to prioritise cross-departmental action on the economy;
- improving the co-ordination of economic policy between DETI, Invest NI and DEL to ensure that the demand and supply of skills are aligned to the needs of business;
- forming an Economic Advisory Group, chaired by Kate Barker, a former member of the Bank of England's Monetary Policy Committee, to provide the chair of the Executive Sub-Committee on the Economy with independent economic advice;
- granting increased autonomy to Invest NI, in line with the approach adopted by other successful economic development bodies;
- enabling Invest NI to support the entire business base in NI and to prioritise growth in the key areas of innovation, R&D and exports; and
- making the Planning Act (NI) 2011 and introducing operational changes to streamline planning processes to allow for faster and more predictable decision making.

5.7 - The DETI Minister also outlined in her statement to the NI Assembly in March 2011 that the remaining IREP recommendations would be progressed within a comprehensive Economic Strategy and we have published a paper providing an update on the IREP recommendations and how they influenced the development of the Economic Strategy¹⁴.

REBALANCING THE ECONOMY

5.8 - The public consultation on the framework for economic growth confirmed the need to invest in innovation, R&D and the skills of our workforce in order to rebalance the NI economy. We begin by outlining the key actions and commitments in these areas and then follow with our remaining economic priorities.

STIMULATING INNOVATION, R&D AND CREATIVITY

5.9 - As part of our review of global best practice, we gathered extensive evidence which demonstrates the strong links between innovation and value-added economic growth. The key lessons have been outlined in Section 3, and we are clear on the need to devote significant resources to develop our capacity, particularly in the key MATRIX market sectors¹⁵. This prioritisation recognises the need to develop our existing strengths as a comparatively small regional economy. This includes an

¹⁴ - This material is accessible at: www.northernireland.gov.uk/economic-strategy

¹⁵ - MATRIX' twenty-three recommendations for accessing market opportunities relate to the wider areas of Telecommunications & ICT; Life & Health Sciences; Agrifood; Advanced Materials and Advanced Engineering. Full details can be found in the [MATRIX](#) reports.

increased focus on supporting and growing our areas of excellence in advanced manufacturing and engineering over the next decade and beyond.

- 5.10 As part of addressing this priority, we recognise that encouraging companies to embrace ambitious growth plans, including increased emphasis on exports and external sales, is a critical part of stimulating innovation and R&D. This highlights how our priorities interact with each other in order to drive forward sustainable growth and prosperity.

Progress to Date

- 5.11 We have made some progress in building the dynamic innovative economy that was at the heart of the previous Programme for Government (PfG). In summary, this includes:

- supporting an unprecedented 52% rise in total R&D expenditure since 2008, rising to £521m which is the highest figure on record;
- leveraging £327m in additional Business Expenditure on Research & Development (BERD), with 341 companies engaging in R&D for the first time;
- launching a research challenge fund which encourages the agri-food industry and public sector research establishments to collaborate on innovative, high quality technological development projects;
- establishing a Creative Industries Innovation Fund which has made awards to date totalling £3.7m to 134 business projects and 22 sectoral body projects;
- establishing the Innovation Fund & Employer Support Pilot Programme to assist the Further Education sector deliver a skilled workforce and provide a vehicle for other aspects of innovative FE college support for industry and entrepreneurship;
- supporting our local Universities by increasing mainstream research funding by over 11% between 2007/08 and 2010/11; and
- funding Knowledge Exchange in our Universities and Further Education colleges through the HE Innovation Fund and Connected programme at an annual rate of £4m since 2007.

Challenges that Remain

- 5.12 Notwithstanding the progress to date, it is clear that much remains to be done in order to stimulate innovation, R&D and creativity. For example, although R&D performance in 2010 was close to the UK average, we recognise that NI has historically trailed behind the UK average on this measure and, in turn, the UK itself significantly lags behind the most innovative economies such as Finland and Sweden on overall R&D spend. Furthermore, in terms of NI's wider innovation performance, slightly over half of our local firms were active in innovation during the 2006-08 period, which is the lowest figure for all the UK regions.

5.13 In addition, HM Treasury public spending statistics indicate that NI spends about the UK average supporting Science & Technology. However, much of this spend is in one sector, agriculture, and there is a need to expand into other areas including biotechnology, health research, engineering and other science-based activities. Furthermore, we must also ensure that, over the coming decade and beyond, greater emphasis is placed on supporting high technology manufacturing industries and the MATRIX reports have identified some of the key areas on which to build.

Related Strategies

5.14 A number of strategies and action plans are helping to drive forward progress in this area, they include:

- DARD's Evidence and Innovation Strategy identifies the key strategic research areas for the agri-food and rural businesses sector;
- DCAL's Strategic Action Plan for the creative industries recognised the sector as an important driver of economic and social innovation. A framework for future growth and development of the creative sector will be published early in 2012;
- DEL's Success through Skills – Transforming Futures recognises that skills are the bedrock of an innovation-based knowledge economy, from the schools system, to further and higher education and lifelong learning;
- A Higher Education (HE) Strategy for NI is scheduled for publication early in 2012 and this will highlight the importance of the HE sector to R&D and innovation; and
- DHSSPS's R&D Strategy Research for Health and Wellbeing identifies the need to support and develop the clinical research capacity and infrastructure.

Innovation and R&D: Key Actions

5.15 In addition to the above strategies, DETI is currently developing an Innovation, R&D and Creativity Strategy which will underpin this key economic priority. Work on this is already well advanced and discussions are being held with various stakeholders. The key priorities will include steps to strengthen collaboration and the commercialisation of knowledge. The Strategy will be launched later in 2012.

5.16 We have outlined in the summary box a list of the **key** actions we are undertaking in the current budget period to stimulate innovation, R&D and creativity. However, we recognise that building a more dynamic and innovative economy is a long term project and one which requires significant investment over the lifetime of this Strategy. Indeed, as our review of global best practice has highlighted, it is through sustained investment in innovation and R&D that countries such as Finland and Sweden have been able to emerge as world leaders in this area.

In working to **rebalance** the NI economy during the current budget period, and to stimulate Innovation, R&D and Creativity, **we will:**

- Support £300m investment in R&D, with at least 20% from SMEs
- Support 500 businesses to undertake R&D for the first time and secure 120 Collaborative Projects in R&D -
- Expand the Collaborative Network Programme targeting future market opportunities
- Provide £54m funding for University research and investing in collaborative HE/FE engagement with business in 2011/12 -
- Support our Universities to establish 8 spin-out companies by 2013
- Support our Universities and FE colleges to undertake 155 knowledge transfer projects on behalf of local businesses by 2014 -
- Support businesses and academia to apply for national and EU funding / programmes. Ensure 100 applications for transnational R&D funding -
- Invest £4m via the Creative Industries Innovation Fund and wider sectoral initiatives to stimulate innovation, R&D and creativity
- Significantly increase cross-border innovation and trade activity
- Provide funding of up to £3m per annum for new R&D projects through the Agri - Food and Biosciences Institute Research Programme -
- Secure up to £5.6m additional investment in agri-food R&D through the DARD - Research Challenge Fund by March 2015 -
- Ensure the adoption of at least 1,500 technologies in the land based and food sectors on an annual basis -

5.17 Given the importance of this priority, we will continue to identify how best we can support investment in innovation and R&D. To this end, we have identified a number of complementary actions which we will seek to pursue over the medium to longer term as we build a more knowledge based NI economy. These include:

- exploring how the NI Science Park can further evolve into an Open Innovation Centre that could create the environment where partnerships and collaboration can flourish across sectors;
- progressing the alignment of publically funded research with our economic priorities in order to increase the potential for greater knowledge transfer between business and academia;
- examining ways to increase the rate of commercialisation of publically funded research and public sector Intellectual Property;
- fostering the degree of innovation through increased use of innovative forms of public procurement;
- enhancing the support to companies and research organisations who wish to participate in EU R&D and Innovation funding programmes such as Framework 7 and its proposed successor Horizon 2020;

- working to identify areas where there can be greater collaboration between the health sector and business in order to improve patient care and develop economic development opportunities; and
- examining the need for the establishment of an Innovation Council to ensure that, at the highest level, the Executive, Academia and Business work together to further embed innovation across the NI economy.

5.18 The Strategy for Innovation, R&D & Creativity will outline in greater detail the actions we are undertaking, both for the current budget period and also over the medium to longer term.

IMPROVING EMPLOYABILITY AND THE LEVEL, RELEVANCE AND USE OF SKILLS

5.19 The most important asset for the NI economy remains our people. -As we work to progress the skills priority, we recognise there are various dimensions that need to be pursued in tandem. For example, we need to develop further our understanding of the changing demand for skills and ensure that our skills system can respond to that demand. In doing so, we recognise that a flexible and responsive skills system acts as an increasingly important influence on decisions by firms about where to locate and how much to invest.

5.20 To enhance employment and productivity, we need to develop skills at all levels in NI, including employability and essential skills, to ensure that people can progress up the skills ladder. Raising the skill levels for the least skilled has been shown to help them move into employment and also progress within the work place. Investment in Science, Technology, Engineering and Maths (STEM) skills; improved management & leadership; and, sales & marketing skills will also form a critical foundation for economic growth.

5.21 At the school level, we need to deliver a renewed focus on raising standards in literacy, numeracy and ICT capabilities. We also need to develop pupils' wider interpersonal and problem solving skills to equip them for the workplace. At the post-primary level, we need to ensure that all our young people have access to a broader and better range of academic and applied courses that meet their needs and aspirations, and lead to clear progression routes in educational achievement.

5.22 We also recognise the critical importance of good health at an early age in enhancing cognitive functions and in reducing school absenteeism and early drop-out rates. This enables higher educational attainment, a more fulfilling life for the individual and a greater contribution to the local economy.

Progress to Date

5.23 We have made good progress in improving employability and the level / utilisation of skills within the NI economy. For example:

- since April 2008, the number of adult learners achieving a qualification in literacy, numeracy and ICT skills has increased by over 80,000;
- in the three years to March 2011, the Employment Service helped almost 97,000 people find work;
- the numbers of working age that are qualified to levels 2, 3, 4 and above has increased by 51,000 since 2008 improving the NI skills profile;
- we are on target to have created an additional 300 PhD graduates in - economically relevant subjects by July 2013; -
- we have helped leverage over £160m of skills investment within export focused companies, including investment in management and leadership of some 800 companies and over 3,000 individuals;
- we have delivered the 'Made not Born' events throughout NI to promote the importance of management and leadership in business;
- we have worked to strengthen the rural workforce by securing over 1,600 FE & HE enrolments in programmes offered by the College of Agriculture, Food and Rural Enterprise (CAFRE), as well as delivering industry training programmes to over 10,000 participants per annum;
- we have introduced a school improvement policy (Every School a Good School), a new Literacy and Numeracy Strategy (Count, Read, Succeed) and a revised curriculum, all aimed at improving literacy, numeracy and ICT skills; and
- we worked with the ICT, Tourism and Financial Services sectors to put in place Future Skills Action Plans to address specific skills issues within each of these sectors.

5.24 We have made good progress on educational attainment. -Between 2006 and 2010, the proportion of school leavers achieving at least 5 GCSEs A*-C including GCSE English and Maths has increased by 6.4 percentage points from 52.6% to 59.0%, and the proportion of school leavers achieving 3 or more A Levels at grades A*-E has increased by 11 percentage points from 39.8% to 50.8%.

Challenges that Remain

5.25 The accompanying economic analysis outlines a range of significant challenges that remain. For example, many of the countries identified in our review of global best practice have skills profiles that are much stronger than in NI. While, a recent OECD assessment¹⁶ showed that our young people performed significantly above the

¹⁶ - The Programme for International Student Assessment (PISA), OECD 2009

OECD average in science and in line with OECD averages in reading and maths, several countries (including Finland, New Zealand, Australia, Singapore and Canada) significantly outperformed NI pupils in these disciplines.

- 5.26 There is a clear need to continue increasing the attainment of those entering the NI labour market and, since over 60% of the 2030 workforce has already completed compulsory education, we also need to up-skill those that are already of working age. Recent research has shown that the skill requirements of jobs in NI will change over the next decade. Over half will require higher level professional and technical skills and HE level qualifications (up from around one third currently) and the number of jobs requiring low level qualifications will subside significantly¹⁷.
- 5.27 There are also pressing issues relating to economic inactivity, with NI continuing to have the highest levels in the UK, with around 40% of the inactive having no qualifications. It is recognised that many of those who are economically inactive face significant barriers to employment, including skills and accessibility issues. These barriers must be overcome so that all sections of our community are able to benefit from growing economic prosperity.
- 5.28 There are similar challenges as we work on the relevance and utilisation of skills within the NI economy. Just over a fifth of recent graduates in employment in NI were shown to be working in what could be regarded as non-graduate jobs¹⁸. In addition, there is evidence that around one quarter of new NI domiciled graduates live, work and / or study outside the region. Some of this can be attributed to the labour market impact of the economic downturn, but graduate underutilisation has been a longer term phenomenon.
- 5.29 We therefore need to ensure our skills resource is deployed more fully in this regard. Employers have a significant role to play, particularly in terms of developing management and leadership practices and skills. Recent research indicates that management and leadership practices in NI are below Italy, GB and Poland¹⁹. The challenge will be to encourage companies and individuals to strengthen their management capabilities to improve skills utilisation, productivity, growth and competitiveness. We must also work to develop sales & marketing professionals, alongside foreign language skills, if NI companies are to compete successfully in global markets.
- 5.30 In relation to tuition fees, maintaining the current balance between public funding and user contribution reflects the Executive's priority to grow the local economy through maximising participation in higher education. Our policy in this area also

¹⁷ Forecasting Future Skill Needs in Northern Ireland (DEL, 2009) -

¹⁸ Higher Education Statistics Agency (HESA) -

¹⁹ Management Matters (2011) -

recognises the critical role that local Universities play in producing graduates to meet existing and new economic opportunities.

- 5.31 It is recognised that healthier people are more productive and securing good health and well-being can also lead to wider benefits for society as a whole. That is why we are working to implement health strategies which will enhance people's opportunities to secure employment and make a positive contribution to the economy.

Related Strategies

- 5.32 There are a number of strategies and action plans that outline the sustained emphasis we place on improving employability and the level, relevance and utilisation of skills. They include:

- The NI Skills Strategy – Success through Skills – Transforming Futures remains the key document in driving forward the skills agenda in NI;
- Component strategies include Preparing for Success which outlines the actions being taken to improve the provision of careers education, information and advice;
- Success through STEM outlines how STEM skills will be increased in line with demand;
- 'Working for Success' (the forthcoming Employment Service Strategy) will seek to help people into employment and assist employers fill vacancies;
- Leading to Success – the Management and Leadership Strategy;
- FE Means Business – the Further Education Strategy for NI;
- The emerging HE Strategy which will outline how Higher Education can contribute to the strengthening of NI's position as an outward-looking innovative economy;
- Pathways to Success – the Executive is bringing forward a Strategy to address the issue of those young people not in Education, Employment or Training (NEETs); and
- The school improvement policy (Every School a Good School), Literacy and Numeracy Strategy (Count, Read, Succeed), the Entitlement Framework and a revised curriculum will continue to ensure a focus on raising literacy and numeracy standards in schools and the availability of a wider range of applied and academic courses to assist progression in educational attainment.

Skills: Key Actions

- 5.33 Despite the progress to date, it is evident that key challenges remain. More must be done to better anticipate and deliver the strategic skills and employability requirements and to respond to future economic challenges and opportunities. We

also need to continue encouraging employers to engage fully in the skills agenda so they can see the merits of raising the skill levels of their employees and utilise those skills effectively. This approach will help employers to capture gains in productivity and competitiveness. Action in these areas will remain important as we move beyond the current budget period.

5.34 We have outlined in the summary box a list of the **key** actions we are undertaking to progress the skills priority. In recognising that a sustained policy focus on skills and employability is critical to long term economic success, we will continue to prioritise

In working to **rebalance** the NI economy, and improve the employability and the level, relevance and use of skills, **we will:**

- Maintain HE tuition fees for local students studying here at current levels subject - only to inflationary uplifts, while providing additional student places in areas of - economic relevance -
- Deliver 210,000 qualifications at Levels 2, 3, 4 and above through Higher Education, Further Education, Essential Skills and Training encouraging people to move up the skills ladder
- Secure over £110m of investment in skills from companies
- Increase skills in subject areas important to the NI economy such as STEM - (implement the actions within the STEM Strategy) and sales & marketing. -
- Improve support to companies and increase the number of people gaining skills in management and leadership
- Introduce by summer 2012 a framework that assists companies and individuals to identify their key management development needs
- Introduce a single point of contact for employers so that they can identify and - access the relevant support -
- Increase the number of people graduating with Foundation Degrees
- Continue to invest £18m per annum in education, knowledge and technology - transfer in the land based food and rural sectors -
- Increase the number of people completing qualifications/attaining skills as they - move from benefits into employment -
- Work across departments to tackle the increasing issue of those Not in - Employment, Education and Training (NEETs) -
- Work with Belfast and Derry City Councils and other stakeholders to develop - strategic employment strategies for each city -
- Work with employers in the priority sectors, and with education and training - stakeholders, to address current and future skills issues (including the ongoing - work with the ICT sector) -

activity in this area over the medium to longer term with a view to improving the skills profile of the work force at all levels. In particular, we will ensure a larger proportion of school leavers have the literacy and numeracy skills required to contribute effectively to economic growth in NI. Our ambition is to close the skills gap with the top performing countries and regions across the globe.

5.35 Building on what has already been achieved, alongside the investments we are committed to deliver over the immediate budget period, we will also seek to develop additional initiatives which will:

- maintain our strategic focus on improving the international standing of the NI skills profile by moving people up the skills ladder and enhancing STEM, management and leadership, employability and the essential skills of literacy, numeracy and ICT;
- through the Assured Skills programme, support FDI and the expansion of existing businesses by assuring companies that the skills they require will be available;
- develop further our understanding of the changing demand for skills and ensure that the skills system can respond to that demand with speed and flexibility;
- contribute to the delivery of the European Union's 2020 strategy for smart sustainable and inclusive growth by developing a European Social Fund (ESF) 2014-2020 programme aimed at enhancing employability and increasing the overall employment rate, in particular for those groups at a disadvantage in the labour market;
- drawing from the experience of other countries, we will work with employers to help them maximise the utilisation of skills within their existing workforce and so improve competitiveness;
- help prepare our young people for the future world of work by ensuring that materials and teaching resources have a much greater focus on the NI business and science base;
- examine ways of encouraging employers to offer appropriate work placements and scholarships particularly in STEM subjects;
- as the economy grows, encourage skilled people (including those non domiciled in NI) to consider NI as a place to live and work;
- promote early resolution of workplace disputes as an alternative to formal litigation through employment tribunals;
- ensure our health strategies and actions (including the new Public Health Strategy) contribute to developing and supporting a healthy and productive workforce; and
- ensure we equip those detached from the labour market with the necessary skills required to fully engage with the world of work.

ENCOURAGING BUSINESS GROWTH

- 5.36 In order to secure our vision for the economy, it is vital that we grow the private sector and make it easier to do business in NI. This theme covers initiatives which will benefit businesses across all sectors of the economy, including the steps being taken to improve access to finance, the planning system and business regulation.
- 5.37 This priority includes initiatives aimed at promoting enterprise and business start-ups. It also covers actions aimed at exploiting market opportunities in emerging sectors, including the low carbon / green economy, in order to meet the key global challenges such as climate change and waste management.
- 5.38 We also recognise that there are unique challenges faced by businesses operating in specific sectors. This priority therefore includes actions aimed at promoting the social economy, tourism and initiatives designed to contribute to the development of competitive and sustainable rural businesses.

Progress to Date

- 5.39 The importance of this priority is shown by the substantial investment delivered in recent years. For example, this includes:
- securing £1.2bn investment commitments by both foreign and locally owned businesses, which helped lever approximately £345m in annual salaries over the last PfG period;
 - supporting almost 8,000 new business starts and 600 companies were assisted to take their first steps in exporting;
 - implementing a £100m package of measures under the Rural Development Programme to improve economic opportunities and the quality of life in rural areas;
 - implementing a £49m package of support for investments in skills and capital equipment to enhance the competitiveness of the agri-food sector under the Rural Development Programme;
 - exploiting the opportunities associated with the development of the sustainable energy sector through capital investment, information provision, skills development and research;
 - developing – in association with companies – world class research capabilities within our Universities in areas such as marine energy, solar, clean energies, bioenergy, turbines and environmental technology;
 - building the capacity of local businesses to sustain new technologies through the Further Education's Carbon Zero initiative;

- supporting 90 projects (including the Signature Project schemes), of over £160m to stimulate tourism revenue and visitor numbers;
- supporting new social economy businesses with the potential to grow, helping them to build the skills and capabilities to make an impact on the local economy;
- increasing the speed and predictability of decision making on planning applications, particularly on regionally significant projects;
- working to improve the overall regulatory environment in NI; and
- Executive Ministers meeting with local banks to stress the importance of bank lending on a competitive basis to SMEs, including the launch of an independent appeals process for those who feel they have been unfairly denied credit.

5.40 These efforts have laid the foundations for encouraging business growth in NI but we recognise that there is further work to do.

Challenges that Remain

5.41 As the accompanying analysis has shown, NI has proportionally the fewest business start-ups (but the highest survival rates) of all the UK regions. This indicates the lack of competition in the local business base; an issue which has been a longstanding concern.

5.42 The IREP report also identified that while industrial support had helped enhance the growth of small businesses, especially within manufacturing, NI had not been able to sufficiently create many exceptional 'high-flying' companies.

5.43 As outlined in Section 2, access to finance remains a key issue for business growth across the UK, but especially within NI. For example, our local banking sector is in a unique position in that it lacks a major indigenously owned institution with each of our four main high street banks being externally owned. This can mean that UK initiatives to increase access to finance may be less effective in NI. Also, relative to the UK average, we have a higher proportion of SMEs who, due to their size, tend to be more reliant on bank lending as a source of finance.

5.44 In addition, as with many other UK regions, NI has suffered from a lack of venture capital and debt finance markets. This can be attributed to a number of factors, including the relatively small size of the region, a historically conservative approach to business growth, reluctance by some business owners to sacrifice equity and the relatively modest size of potential deals.

5.45 We have ensured that over 85% of businesses across NI have access to broadband services of up to 40Mbps and we invested in a number of small localised networks

offering fixed wireless broadband services. However, we recognise that with three quarters of NI's 69,000 VAT/PAYE registered businesses located in rural areas, there is a particular need to improve access to and speed of broadband in those rural areas that remain un-served by our previous investments. In addition, it is also necessary for us to address rural transport needs. These and other related issues such as the changes to Regional Aid present an enormous challenge as we endeavour to stimulate a pro-business environment within NI.

Related Strategies

5.46 Given the importance of this area to the overall strategy, the Executive, through DETI and Invest NI, is working to develop an accompanying Enterprise Strategy. Work is already underway and we have begun discussions with local Councils and other stakeholders with an aim to publishing later in 2012.

5.47 Within the various areas covered under this priority, there are a number of related strategies which include:

- Invest NI's Access to Finance strategy makes available over £100m of equity and debt funding, financed from a combination of government and private sector sources, to help many of our innovative and high growth potential companies secure the necessary funding streams;
- The Executive's Rural White Paper aims to provide a strategic framework for rural policy, in particular to provide rural businesses with appropriate support and maximise the employment opportunities for rural dwellers;
- The Executive's Strategic Energy Framework identifies a number of key challenges such as fuel diversity, cost and security of supply for power generation and the need to reduce emissions, which points to the need for further development of the Green Economy;
- The Social Economy Enterprise Strategy set out a range of areas for action which supported the growth of the sector;
- The NI Better Regulation Strategy sets out the key strategic actions for regulatory reform. In addition, there are key regulatory reform initiatives being taken forward by DARD to reduce the regulatory burden on the agri-food sector; DOE in developing an environmental better regulation white paper; and DEL in undertaking a review of employment law; and
- Development of a range of priorities for the tourism sector which will provide the policy direction for the sector to 2020 and include a series of ambitious targets to increase the contribution of the sector to the NI Economy.

Business Growth: Key Actions

5.48 In recognition of the progress to date and the challenges that remain, we have outlined in the summary box a list of the **key** actions we are undertaking to progress this priority. The forthcoming Strategy for this priority will also provide greater detail on the actions we are undertaking, both for the current budget period and also over the longer term.

In working to **rebalance** the NI economy, and encouraging business growth, we will:

- Promote 6,300 jobs in locally owned companies, with 50% paying salaries above - the NI private sector median -
- Support £400m of investment in locally owned businesses
- Promote 6,500 jobs in new start-up businesses
- Enable 300 SMEs to access funding through INI's Access to Finance Strategy - to include a £50m loan fund for SMEs -
- Support 160 Social Economy start ups
- Invest in social enterprise growth to increase sustainability in the voluntary and - community sector -
- Work to ensure that NI achieves the best possible outcome in relation to Regional - Aid ceilings and coverage post 2013 -
- Support the implementation of the 'One Plan' in the regeneration of the North-West
- Maximise expenditure under the existing EU Sustainable Competitiveness - Programme and prepare for future EU funding -
- Encourage rural businesses through diversification into non-agricultural activities, - by supporting 1,200 micro-enterprises -
- Encourage and develop the green economy and develop the sustainable energy - sector -
- Deliver faster and more predictable processing of planning applications and - achieve new, more stretching performance targets -
- Improve the regulatory environment of NI through the NI Better Regulation Forward Work Programme and key strategic reform initiatives in DARD, DEL and DOE
- Deliver key tourism events for 2012 & 2013, to help increase visitor numbers to - 4.2m and revenue to £676m by end of 2014 -
- Successfully conclude on the negotiations with the UK Government to secure the - power to vary the rate of corporation tax in a timely and affordable manner -

- 5.49 As we seek to position NI as one of the best regions in Europe to start and grow a business, we accept the need for sustained action and reform to create the conditions that will allow businesses across the whole economy to flourish. We also recognise the need to tackle particular barriers to growth in specific sectors.
- 5.50 We will build on existing initiatives that seek to ensure NI businesses, at all levels of development, have the finance necessary to support their growth ambitions. We will also work to further improve the regulatory environment, including taking forward a review to ensure an effective employment law framework which will stimulate business confidence while maintaining the rights of individual employees. This will build on the ongoing work to develop employment relations best practice.
- 5.51 As with the other economic priorities, the actions we will take under this theme will contribute to greater export-led economic growth and strengthen the relative competitiveness of the NI economy. As we move beyond the immediate budget period we will:
- continue to support local businesses to develop linkages with globally – competitive companies and research organisations; -
 - further develop the Venture Capital (VC) market in NI, by developing ways of increasing the level of investments from externally based VC companies into NI companies;
 - develop a 2014-2020 Rural Development Programme (co-financed from the EU) that supports economic growth in NI through measures addressing innovation, knowledge transfer, improved competitiveness and job creation in rural areas; and
 - support the tourism sector, focusing investment on strategically significant areas including developing the capability of the industry and the quality of the visitor experience and delivering sustained marketing programmes to priority customers.

COMPETING IN THE GLOBAL ECONOMY

- 5.52 We need to compete more effectively within the global economy. -This means attracting and embedding greater levels and higher quality inward investment into NI and also extending the vision of many of our local companies to expand their operations globally, including on a North-South and East-West basis.
- 5.53 We also need to ensure our workforce has the necessary skills to facilitate international trade, and this includes developing our multi-lingual skills and improving the professional sales and marketing abilities in an international context. It includes approaches which will ensure a flexible and timely response to deliver the skills base required by inward investors and expanding locally based companies.

Progress to Date

- 5.54 We have made significant progress in this priority and we remain an attractive region for business investment. For example, we have been able to secure significant first time investments and business expansion projects from companies such as Bombardier, Almac, Seagate, NYSE, Allstate, Caterpillar and Citi.
- 5.55 The increasing speed and flexibility with which we are meeting company skill requirements is becoming a particularly strong and unique selling point for NI. This is also something we will enhance further through investment in the Assured Skills programme.
- 5.56 Despite the downturn in the global economy, we have been able to secure some notable successes over the previous PfG period:
- promoting over 7,500 new FDI jobs, with over 40% providing salaries 25% above the NI private sector average;
 - securing 7% of FDI attracted to the UK, well in excess of our economy share (2.5%);
 - establishing Belfast as an internationally recognised city for financial services technologies;
 - supporting over 700 firms to enter export markets for the first time and over 1,500 companies diversifying into new markets;
 - providing specific programmes aimed at company directors' export leadership skills;
 - deploying an Assured Skills programme to ensure the delivery of a range of interventions that guarantee potential inward investment companies, or existing companies wishing to expand, that we are able to meet future skills and training needs (supporting the training of 400 newly recruited staff at a cost of just over £1m);
 - providing companies (particularly SMEs) with skills expertise and, if necessary, bespoke training through a specialised team of skills advisers; and
 - supporting ambitious businesses in exploiting trade opportunities in various emerging markets.

Challenges that Remain

- 5.57 With reduced public expenditure, due to the UK Government's deficit reduction plans, and declining consumer expenditure, the onus for economic growth remains on company investment, especially to increase exports. As we later outline, this is an important consideration in devolving the power to vary corporation tax to the NI Executive / Assembly. This is because the evidence outlined in Section 3 and

elsewhere highlights that corporation tax remains a key tool to attract value-added FDI, which typically is export-intensive.

5.58 This Economic Strategy prioritises export-led economic growth and we need to be clear on the scale of the challenge ahead. For example:

- Countries such as Belgium (with exports of goods and services comprising 80% of GDP in 2010), Singapore (211%²⁰), the RoI (99%), Switzerland (54%) and Finland (40%) have achieved high living standards and productivity by focusing on external economies in the absence of a large domestic market;
- comparable export data is not available for NI, but exports of goods (at 19% of GVA) are broadly the same as the UK average. The overall export performance of the UK (at 29% of GDP) is significantly below other successful economies, which indicates that NI also lags well behind these export-focused countries;
- over two-thirds of manufacturing sales made outside NI were destined for either GB or the RoI. NI clearly needs to diversify its export base;
- many NI companies with an exportable product or service are reluctant to take the first step; and
- any further reductions in Regional Aid would limit the ability of the Executive to attract mobile investment projects.

Related Strategies

5.59 The Enterprise Strategy currently being developed to encourage business growth will also cover initiatives to strengthen our capacity to compete globally.

5.60 Within the various areas covered under this priority, there are a number of related strategies and they include:

- Invest NI's Trade Strategy seeks to increase the number of exporters and encourage those already exporting to diversify into new markets; and
- Focus on Food – A Partnership Strategy for the Food industry to help drive growth and greater internationalisation through innovation, supply chain management, improvements in market understanding, capability development and sustainable waste and energy management.

Competing Globally: Key Actions

5.61 We are working through a much wider business base to encourage NI companies to become more integrated into the global economy. In order to achieve this, we will:

²⁰ Exports exceeding GDP indicates that multi-national firms are exporting goods not produced in the source country

- increase the volume of exports from NI-based enterprises, and raise the number of companies exporting by providing market development and capability support to help companies enter and succeed in their chosen markets;
- create the necessary conditions, including further development of a flexible and responsive skills system, to increase the level and quality of international investment entering NI; and
- develop supporting supply chains around key anchor companies (whether indigenous or internationally owned) which embed economic activity within NI.

5.62 We have outlined in the summary box a list of the **key** actions we are undertaking to deepen and diversify the export base in NI, particularly in terms of targeting trade opportunities in the emerging markets.

5.63 The supporting Enterprise Strategy will also outline in greater detail the actions we are undertaking, both for the current budget period and also over the longer term. Our investments in this budget period are aimed at ensuring that we place the NI economy on a higher growth path over the medium to longer term and it is vital that we maintain this focus throughout the lifetime of this strategy.

In working to **rebalance** the NI economy, and improve NI's ability to compete globally, - **we will**

- Promote 5,900 jobs from inward investors with 75% paying salaries above the - NI Private Sector average -
- Allocate £3m per annum for the Assured Skills programme to help attract and - embed FDI and meet the skills needs of indigenous companies creating new - employment -
- Secure total investment of £375m by establishing and growing externally owned - companies -
- Encourage first time exporters by promoting 60 start ups selling outside UK markets
- Promote 440 new start ups selling to GB
- Increase the value of manufacturing exports by 20% and the value of manufacturing exports to the emerging economies by 60% by 2014/15
- Develop an agri-food strategy and action plan to drive export led growth in the sector to 2020
- Develop direct air links with international long haul markets by eliminating Air - Passenger Duty on direct long haul flights departing from NI -
- Explore the market opportunities for export growth in fast growing developing - economies -
- Successfully conclude on the negotiations with the UK Government to secure the - power to vary the rate of corporation tax in a timely and affordable manner -

5.64 Therefore, as we seek to further improve the attractiveness of NI as an inward investment location and encourage companies based here to become more focused on external markets, we will:

- further hone the focus of our FDI effort to target investment aligned to global market opportunities and our research strengthens as identified by MATRIX and our ongoing foresight work;
- improve our support to assist local companies compete internationally by forging strategic partnerships/relationships with specified regions in fast growing emerging economies, where there are alignments with NI research capabilities and global market opportunities;
- work in collaboration with partners (local government and business organisations) to develop and deliver a full range of support, and remove unnecessary duplication, for companies throughout the export lifecycle covering those who are already competing in international markets to those considering exporting for the first time;
- support the development of local export-focused clusters targeting niche global markets; and
- work with the UK Government to devolve corporation tax varying powers in a timely and affordable manner (as outlined later).

DEVELOPING ECONOMIC INFRASTRUCTURE

5.65 We need a modern and sustainable economic infrastructure to support economic growth and help realise our 2030 vision for the economy. Investment in areas such as transport, energy, telecommunications, water and sewerage, tourism and cultural venues have all become important factors within developed economies.

5.66 The positive relationship between a modern and sustainable economic infrastructure and economic growth has been well established²¹. The quality of the business environment, including transport infrastructure, has been identified as a significant factor alongside issues such as access to markets, labour supply and business accommodation²², all of which impact on the ability of locations to attract, develop and retain competitive businesses. We also recognise that it is the major urban centres which provide the catalyst for growth in NI and a modern infrastructure is necessary to ensure that the benefits of economic growth are accessible to all.

21 - Balázs Égert, Tomasz Kozluk and Douglas Sutherland, Infrastructure and Growth: Empirical Evidence, OECD Economics Department Working Papers, No. 685, OECD Publishing, Paris, 2009

22 - McQuaid et al, The Importance of Transport in Business' Location Decisions, DfT, London, January 2004

- 5.67 We previously illustrated that a skilled workforce, over-and-above natural resources, are vital for business success. Therefore, the ability to attract and retain a highly qualified workforce from an increasingly mobile pool has led to increased importance being attached to quality of life issues in business location decisions²³.
- 5.68 In light of the above, this priority covers initiatives aimed at improving transport, energy, communications and water and sewerage infrastructure, as well as our tourism and cultural products. It includes urban and town centre regeneration initiatives which provide the infrastructure to stimulate private sector investment. In particular, it recognises the importance of Belfast and Derry/Londonderry as important drivers of regional economic growth. This priority is also about ensuring improved linkages within NI, as well as improved connectivity, including on a North-South and East-West basis.
- 5.69 We also recognise the important role that capital expenditure by the public sector plays in supporting the construction sector. For example, some 80% of DHSSPS capital funding is directed towards construction and this plays an important role in underpinning the sector during the current downturn.

Progress to Date

- 5.70 The Executive continues to invest in the economic infrastructure of NI, and aspects of our existing infrastructure are justifiably recognised as world class. For example:
- Since 2002, we have delivered, to date, over £3.2bn in transport investment, resulting in significant improvements to regional and local transport linkages;
 - the €30m Project Kelvin initiative has delivered direct international connectivity to North America, improved connectivity with mainland Europe and enhanced cross-border telecommunications with the RoI;
 - the quality of our internal connectivity has been lifted significantly with almost £51m investment in fibre to cabinet technology, making available broadband services of up to 40Mbps to at least 85% of the business community across NI;
 - we have invested in our health infrastructure, including the new South West Hospital at Enniskillen; the Critical Care Unit at the Royal Victoria Hospital; the Neurology Unit, Musgrave; the Mental Health Unit, Gransha; and the Sexual Assault and Referral Centre at Antrim Hospital;
 - during the period 2008-2011, we have invested £67m in our Higher Education infrastructure;
 - we have invested in the IT infrastructure in the higher and further education institutions to allow an integrated download connectivity of 1GB across all campuses;

23 - Salvesen and Renski, The Importance of Quality of Life in the Location Decisions of New Economy Firms, Centre for Urban and Regional Studies, University of North Carolina, January 2003

- the creation of the Single Electricity Market (SEM), which began cross-border trading in wholesale electricity in November 2007 is already promoting greater competition, enhancing security and diversity of supply and bringing efficiencies through economies of scale;
- we have invested in various water and sewerage projects, with £1bn capital investment up to 2010 and a further £488m planned up to 2013;
- we have invested £42m to help councils divert waste from landfill through reuse and recycling. NI is now recycling an extra 9,939 tonnes of household waste every year;
- we have legislated to reform the planning system and consulted on a new framework for local government in which planning and other powers will be devolved to councils;
- through our Local Air Quality Grant Scheme, we have granted £1.7m to Councils;
- by 2012 almost £300m will have been invested in our tourism infrastructure; and
- we have invested in our clinical research infrastructure to enable the undertaking of research and clinical trials by locally-based investigators which supports inward investment across a range of disciplines.

Challenges that Remain

- 5.71 Notwithstanding the progress to date, much remains to be achieved, particularly in terms of prioritising investment in our 'economic' infrastructure. This was a key finding from the Independent Review of Economic Policy (IREP), which highlighted that investment in infrastructure tended to have a greater focus on education and health, although they recognised the increases in the 'productive' sector (see paragraph 5.74 for definition).
- 5.72 The tighter public expenditure environment is presenting challenges for all public services, but particularly for capital investment. In the 2010 Spending Review, the NI Executive's resource Departmental Expenditure Limit (DEL) budget is forecast to rise by 1% (between 2010/11 and 2014/15), whereas the capital DEL budget is planned to fall by over 34%. This pressure, alongside rising inflation, has meant that we have had to delay certain capital investment projects.
- 5.73 There is also the challenge of balancing the needs of the economy with the environment. For example, in acknowledging the benefits of an improved transport infrastructure, we recognise that road transport is now the single largest source of emissions, accounting for 32% of all CO₂ emissions in NI. However, meeting the future needs of the economy and facilitating higher levels of economic growth, particularly in export orientated sectors, will necessitate increased capacity on the transportation network across NI and improved connectivity. While this requires continued investment to improve our infrastructure, we can also dramatically

increase capacity by using the infrastructure in a smarter way, improving our competitiveness and reducing the environmental impact of transport.

- 5.74 NI has also low levels of electricity generated from renewable sources, with gas, coal and oil accounting for 90% of power generation. This leaves the region vulnerable to fluctuations in both supply and pricing, and it also presents important environmental considerations.

Related Strategies

- 5.75 The overarching policy document for this economic priority remains the Investment Strategy for NI (ISNI). This sets out the investment programme of over £5 bn that will be injected into the local economy over the current Programme for Government period and which directly assists the construction and related sectors of our economy. The Investment Strategy identifies the priority areas for investment. They are:

- **Networks:** Roads, Public Transport, Gateways, Telecoms & Energy;
- **Skills:** Schools, FE & HE, Youth Services, Libraries;
- **Health:** Primary Care, Public Safety & Technology, Hospitals, Fire & Rescue, Modernisation;
- **Social:** Regeneration, Social Housing, , Culture, Arts, Sports & Inland Waterways;
- **Environment:** Water & Waste Water, Waste Management, Flood Risk - Management, Climate Change; -
- **Productive:** Enterprise & Innovation, Tourism, Rural Development & Primary Industries, Public Sector Reform; and
- **Justice:** Police, Prison, Forensic Services.

- 5.76 In addition to ISNI, DRD's Regional Development Strategy sets out how future growth is to be focused on the urban areas of Belfast and Derry/Londonderry, supported by key centres across NI with an emphasis on co-operation between places rather than competition. This is consistent with the IREP report which outlined the need to identify major (urban) centres as catalysts for growth across the region, while ensuring strong linkages between where firms are best located and where workers wish to live.

- 5.77 Our Marine Bill provides for a marine spatial planning system, with our first marine plan due in 2014. This will increase competitiveness and benefit all users of our seas by providing a mechanism for balancing competing priorities. The marine plan will provide greater certainty as to what uses (eg renewable energy) are likely to be acceptable and where.

- 5.78 In light of the changing context, and taking account of recent trends in transport, DRD are proposing a new approach to regional transportation. This new approach seeks to build on what has been achieved to date and suggests a better way of prioritising strategic transportation interventions. It provides for a refocusing of transport policy that concentrates on moving people and goods rather than vehicles, with a complementary focus on better maintaining our existing infrastructure and using it in a smarter way.
- 5.79 Through the Telecommunications Action Plan for NI we will seek to build upon our early mover status as one of the first regions of the UK to deliver extensive next generation broadband rollout. To ensure our competitive advantage in this area is not eroded, we will continue to work with the telecommunications industry to explore options which build on previous investments that have delivered an extensive fibre-access platform, which is important to delivering next generation services across all of NI.
- 5.80 We have already secured funding under the UK Government's Broadband Delivery UK (BDUK) strategy which will ensure that all premises in NI will be able to access a service of at least 2Mbps. In addition, we are working to determine how best we can rollout the next generation of services involving the upgrade of mobile networks to improve 3G coverage and to support delivery of 4G services from 2013 onwards.
- 5.81 The NI economy faces a major energy challenge over the next decade and needs to overhaul the energy infrastructure to ensure it will be fit for purpose through to 2050 and beyond. Our Strategic Energy Framework outlines the direction for NI energy policy over the next ten years, and sets out four key energy goals of:
- Building competitive markets;
 - Ensuring security of supply;
 - Enhancing sustainability; and
 - Developing our energy infrastructure.
- 5.82 The SEF also sets new and ambitious renewable energy targets for 2020, while also recognising this brings significant implications for investment in new energy infrastructure.
- 5.83 We have set a collective goal for the tourism sector 'to double the income we earn from tourism by 2020'. We recognise the ambitious nature of this goal and there is a continued need for public investment in many areas, and across a range of partners, to deliver a distinctive world class tourism product throughout NI.

- 5.84 In recognising the role of urban and town centre regeneration initiatives to overall economic growth, DSD's draft framework for Urban Regeneration and Community Development aims to boost the economy and tackle disadvantage through the creation of confident, competitive and connected communities. In addition, DOE's new approach to urban planning and design will help revitalise urban centres, making them more attractive places to live, work and invest.
- 5.85 In terms of planning and regeneration, our Councils will lead a community planning process and work with a range of agencies and interests to develop and implement a shared vision for promoting the well-being of their area. They will create spatial Local Development Plans, providing a realistic vision of how their areas should change and what they should be like in the future. They will also manage most development in their areas and enforce planning decisions which will help place a sharper focus on local economic development.

Developing Economic Infrastructure: Key Actions

- 5.86 In recognising the challenges and opportunities presented by investment in our economic infrastructure, the summary box outlines some of the **key** actions we are undertaking to progress this priority.

In working to **rebalance** the NI economy, and develop our economic infrastructure, **we will:**

- Maintain, manage and improve the road network with an aim of reducing journey times on key transport corridors by 2.5% compared with 2003 by 2015
- Spend over £500m on a programme of measures to secure more sustainable - modes of travel and achieve an annual average of 77m passenger journeys by - public transport -
- Improve the strategic transport network by the advancement and completion of a range of major works projects, such as sections of the A5 & A8 and upgrade of the Coleraine to Derry/Londonderry railway line
- Maintain a high quality of drinking water and improve compliance with waste - water standards by investing over £600m in water and sewerage infrastructure -
- Deliver the objectives of the Strategic Energy Framework
- Ensure that all premises in NI have access to broadband services of at least 2 mbps; increase 3G mobile coverage and optimise mobile networks for delivery of superfast mobile broadband services (4G) and increase access to high-speed telecoms services
- Develop an holistic approach to urban planning which fosters vitality, viability and excellence in urban design, making our towns and cities better places to live, work and invest

- Create sustainable, welcoming and accessible urban centres by having up to date masterplans for each city & town in NI
- Complete key Tourism Signature Projects and exploit the 2012 and 2013 tourism opportunities for NI
- Develop Regional Sports Stadiums by 2015 as agreed with the IFA, GAA and Ulster Rugby
- Devolve to councils responsibility for creating spatial Local Development Plans to manage most development within their areas
- Increase certainty for investors in the marine area by developing a marine spatial plan and further streamlining certain energy licences
- Provide new opportunities for sustainable economic development in our most scenic areas by legislating for the designation of National Parks
- Legislate to modernise the planning system, resulting in faster decisions on planning applications, faster and fairer appeals, and stronger and simpler enforcement and a new duty to further sustainable development and well being
- Maintain and improve the Health and Education Estate infrastructure

5.87 By its nature, the planning and delivery of infrastructure investment takes place over the medium to longer term. We also recognise the need to manage our investments without negatively impacting on the environment and quality of life.

5.88 Building on what we have delivered to date, we will seek to:

- ensure that spatial Local Development Plans are developed and implement our reformed, plan-led development management system;
- implement our marine spatial plan;
- invest to improve our transport infrastructure, and do so in a smarter and more sustainable way;
- overhaul our energy infrastructure to ensure it will be fit for purpose through to 2050. This will include long term investment in the electricity grid, exploring prospects for further development of the natural gas network, encouraging proposals aimed at increasing the security of our energy supply and underscoring our commitment to further integration of EU gas and electricity markets;
- continue to make targeted interventions in telecommunications infrastructure to ensure that we keep ahead of our competitors;
- continue to explore options for further investment in our tourist / cultural amenities, including a fully integrated conference & exhibition facility, development of a new links golf course, upgrading our museums and cultural assets and creating efficient visitor friendly gateways; and
- continue to undertake Urban Regeneration Schemes in areas experiencing dereliction and neglect and redevelop underused sites.

CORPORATION TAX

- 5.89 In conjunction with the commitments already outlined, we believe that securing the ability to vary (and significantly lower) the rate of corporation tax would also enable us to rebalance the NI economy toward greater private sector and value added growth.
- 5.90 In working to secure this lever in a timely and affordable manner, it is clear that this would represent an unprecedented investment in our private sector. As key agents in economic growth, the companies in receipt of such support must ensure that they make the corresponding investments in jobs, skills, innovation and other areas in order to further strengthen their economic competitiveness.
- 5.91 We also recognise that lowering corporation tax would be an important but, by itself, insufficient measure to transform the local economy. In parallel, we must work to improve other areas to grow the private sector in NI and ensure greater export led economic growth. We have therefore outlined other measures that would exploit the benefits from this and other policy initiatives.

Potential Impact on Local Companies

- 5.92 Before considering the impact of lower corporation tax on FDI companies, it is important to recognise the additional benefits that this policy measure could have for indigenous firms in NI. A lower corporate tax rate would allow local companies to retain more of their profits, which could then be re-invested into business expansion plans.
- 5.93 A lower rate of corporation tax would also have the effect of reducing the cost base of local companies, which will make them more competitive in export markets. Indigenous firms face intense competition in these global markets, therefore improvements to their export competitiveness may help secure additional orders. This again would help local businesses grow and create enhanced employment opportunities.

Importance of Corporation Tax for FDI

- 5.94 Research highlights the impact that Foreign Direct Investment (FDI) can have on the economy. Multi-national firms tend to be larger and more productive than domestic firms, and they operate in high-skill / high-wage areas. Attracting FDI, and building it around existing and indigenous companies, is central to achieving our economic vision.

- 5.95 A range of studies have demonstrated the importance of corporate taxes in attracting FDI. Key factors influencing FDI decisions include corporate taxes, market size, labour costs and agglomeration (FDI track record)²⁴. These, alongside a well skilled and educated workforce, are vital if a country or region is to compete effectively for value added FDI.
- 5.96 The experience of the RoI is also relevant, with low corporation tax being a key attribute of their value proposition to internationally mobile FDI. Despite the recession and the fiscal crisis, the RoI remained second only to Singapore in its ability to attract inward investment in 2010²⁵. The Irish government's commitment to maintaining its low corporation tax at a time of major spending cuts and tax increases is also indicative of the importance attached to this as a policy lever to grow the economy.

Potential Impact on FDI into NI

- 5.97 The research undertaken by the NI Executive, and the independent Economic Advisory Group, highlights the impact that lower rates of corporation tax could have on the NI economy²⁶.
- 5.98 Corporate tax is a fundamentally different policy lever to what has previously operated within NI. Currently our value proposition, to attract FDI, remains our skilled workforce and competitive environment (supported by a range of financial incentives that are permissible under Regional Aid guidelines). A lower rate of corporation tax would not only increase the volume of FDI, but also allow us to better compete for higher value added investments that were previously beyond our grasp.
- 5.99 There are already a number of relatively high value areas where NI has demonstrated that it can effectively compete, and where low corporation tax could help stimulate further investment. To help identify the potential sectors, an analysis of NI FDI against RoI FDI, by sector during 2003-10, was carried out²⁷ and supplemented by market intelligence from Invest NI. The sectors and activities where NI could potentially attract additional FDI with low corporation tax are outlined below in Table 1.

24 DETI Sponsored Research – full research paper available later in 2012

25 <http://www.nationalirishbank.ie/PDF/About-the-Bank/Press-release/NIB-10-Investment-Performance-Monitor.pdf>

26 In these studies, it was assumed that corporation tax was reduced significantly to 12.5% (<http://www.eagni.com/fs/doc/publications/impact-of-corporation-tax-on-ni-eag-report-final-report.pdf>)

27 Internal DETI analysis

Table 1: Potential Areas for Additional FDI with Low Corporation Tax

	Sectors	Activities / Sub-Sectors
Build on existing successes in some sectors	<ul style="list-style-type: none"> • Software & IT • Aerospace 	<ul style="list-style-type: none"> • Design, development & testing • Technical support centres • R&D
Become much more competitive in other sectors	<ul style="list-style-type: none"> • Financial services • Business & professional services • Life & health sciences • Advanced manufacturing • Creative industries 	<ul style="list-style-type: none"> • Fund management, Mergers & Acquisitions, Private equity • Headquarters, Sales & Marketing, Account management & support • Medical devices, Pharmaceuticals, Biotechnology • Electronic components, Semiconductors • Social media / gaming customer support, Advertising Mobile app development

Implementing a Low Corporate Tax Rate

5.100 - Securing the powers to lower the rate of corporation tax rate in NI represents our clear commitment to grow the private sector and expand job opportunities. In lowering the rate of corporation tax, we would continue to demonstrate that the economy remains the top priority. As we pursue this agenda, we need to implement the deployment of corporation tax in a planned, transparent and affordable manner.

5.101 - In such a crucial area, where investments are long term in nature, businesses need a high degree of certainty. Setting out our intentions in advance of implementation would provide that certainty. It would also enable DETI, DEL and Invest NI to adapt their policy approach and target new opportunities. Any announcements on corporation tax will set out the following:

- The goal / level to lower the rate of corporation tax;
- The timing of any steps towards that goal;
- Our plans to ensure the impact on the public finances is managed; and
- Our work to reassess all aspects of the NI economic / value proposition to maximise the return on our investment.

Taking Advantage of Lower Corporation Tax

5.102 - We have always been clear that lowering corporation tax will not be sufficient on its own to transform our economy and we need to take complementary measures which will further develop and diversify our export base. These measures are outlined below (Figure 5).

Figure 5: Taking Advantage of Lower Corporation Tax



5.103 - In advance of devolving the powers to vary corporation tax, we will undertake further in-depth analysis on maximising the impact on the NI economy. However, the section below represents our initial assessment of what steps we need to take in order to fully exploit the opportunities presented by lowering the rate of corporation tax in NI.

Research Capabilities

5.104 - While low corporation tax would make NI more competitive in attracting investment across all sectors, the impact on R&D facilities may be lower as these typically incur costs rather than generate profits. Therefore, our ability to attract

high value R&D investments is also reliant on ensuring that NI has a strong research base for both new FDI firms and local companies looking to grow through innovation.

- 5.105 - NI currently has a wide variety of research strengths which can be utilised by the sectors likely to be impacted by lower corporation tax. This is evident in our Universities, as well as in public research institutes and local industry. For example, we have proven strengths in aerospace, advanced manufacturing, agri-food, life sciences, software & IT and financial services. The challenge is therefore not so much to develop new research capabilities but rather ensure that NI can better utilise its current research strengths.

Skills

- 5.106 - Having the appropriate skills to meet the needs of companies is a vital part of ensuring that NI can take full advantage of a low rate of corporation tax. NI needs to have a skills base which is sufficiently flexible and responsive to the needs of globally competitive employers. While the new Assured Skills programme is already delivering in that regard, demand for this type of response will only increase in a lower corporation tax environment. The sectors likely to create jobs from a low tax rate require a wide range of skills, including:

- **Business services:** sales & marketing, business studies, law, IT, management, languages;
- **ICT:** software development, computer science, engineering;
- **Financial services:** finance, accountancy, law, computer science;
- **Advanced manufacturing:** engineering, chemistry, composites, electronics, computer science;
- **Health & life sciences:** biological sciences, physics, chemistry, technology, engineering; and
- **Creative industries:** design, animation, visual effects, software.

- 5.107 - Notwithstanding corporation tax, the demand for higher level qualifications in areas such as STEM, law and market facing creative arts & design is likely to increase. In addition to specific technical skills, companies will also require high standards of literacy, numeracy and ICT, as well as greater management and leadership competencies. Given these issues, we are assessing how the demand for skills and innovative capacity will alter in a lower corporation tax environment. This includes identifying the lessons we can learn from how the skills systems in other economies have altered to best drive the benefits of a lower tax regime.

5.108 - As the demand for skills increases in a lower corporation tax environment, the opportunities to market NI as an attractive place to live and work will also increase, giving strength to the drive to attract skilled people into the local labour market.

Local SMEs

5.109 - Local SMEs will gain from working with new and multinational companies attracted by low corporation tax. NI currently has a strong local base within software, business services, pharmaceuticals and advanced manufacturing which can link into the supply chains of foreign companies. There is also the potential to support the development of innovative clusters between local SMEs in key FDI sectors, particularly in pharmaceuticals and semiconductors.

Competing in the Global Economy

5.110 - Although NI has managed to achieve successes in attracting FDI, a low rate of corporation tax would significantly increase our competitiveness across a much broader range of sectors. This has implications for how we promote NI globally as a location for investment and jobs. Existing relationships with multi-national companies could be used to leverage additional investment from companies already located in NI. However, significant promotion would also be needed in areas where NI has not previously been competitive for inward investment to develop expertise and build contacts with potential new investors.

Economic Infrastructure

5.111 - Growing new and existing sectors through lower corporation tax would require the appropriate economic infrastructure to be in place to support investments. We must ensure that, across key infrastructure areas such as energy, transport, water, property and telecommunications, we have the necessary capacity and capability to absorb increasing levels of economic activity.

5.112 - To realise our ambitions, we need to continue investing in our strategic network and gateways to improve our connectivity. That includes working closely with other administrations on these islands and engaging with Europe to ensure that our infrastructures join together for the benefits of local businesses and people.

5.113 - Telecoms is a further area where NI's economic infrastructure needs to meet the demands of companies, not just within ICT firms but across all sectors. While our telecommunications infrastructure is significantly ahead many of our competitors, potential investments, such as Tier 4 data centres to host advanced large-scale

systems for web-based and data-intensive companies, may require the further upgrading of our current telecoms infrastructure.

INTERNATIONAL AIR ACCESS

- 5.114 - As part of rebalancing the NI economy, we need to ensure quick and easy access for international investors. Clearly the demand for this will increase significantly with the growing business base that would follow with reductions in corporation tax in NI. The same issue is true for indigenous companies and for visitors travelling to NI for pleasure.
- 5.115 - The recently announced reduction in Air Passenger Duty (APD) for direct long haul flights will assist in retaining the existing flight from Belfast to Newark. However, over the longer term, NI's ability to compete globally can be improved by developing new direct links with international long haul markets that will ultimately support increased inward investment, exporting and in-bound tourism. The UK Government will devolve APD powers to the NI Assembly through the 2012 Finance Bill and this will allow the Executive to bring forward legislation to reduce the rate of APD for direct long haul flights departing from NI to zero.

REGIONAL AID

- 5.116 - As outlined earlier, Regional Aid plays a key role in attracting new FDI, as well as encouraging indigenous and foreign owned companies to expand or re-invest. As the Independent Review of Economic Policy highlighted, the changes in Regional Aid from January 2011 have necessitated a new approach to supporting company investment.
- 5.117 - In part, these changes have strengthened our resolve to secure the powers to vary corporation tax in NI. However, we also recognise the importance of Regional Aid as a tool to grow and improve the economic competitiveness of NI, particularly our sub-regions. We will therefore continue to work to ensure that post 2013, when the new Regional Aid guidelines will be put in place, that we are able to provide the necessary support for economic development. However, the onus will remain on companies to bring forward viable business plans for assistance.

CROSS CUTTING THEMES

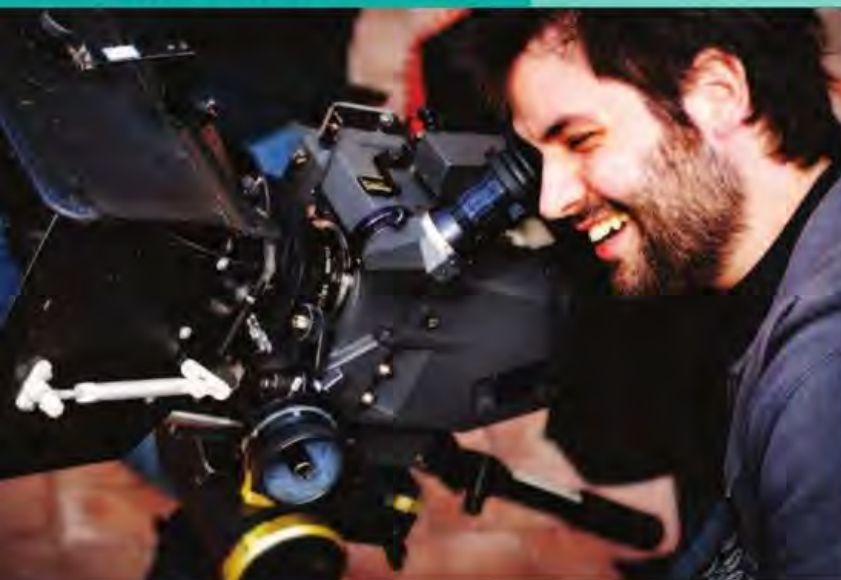
- 5.118 - In developing actions and initiatives under the identified themes, we have been guided by the principles of Balanced Sub-Regional growth, Equality and Sustainability.

- 5.119 - Many of the actions identified in this section will ensure that economic growth is spread across NI. This does not mean that each place will perform the same role, or that economic growth will be uniform. Rather we will work to ensure that each part of NI is able to realise its full potential, and the distinctive strengths and opportunities of our sub-regions are fully exploited.
- 5.120 - The actions identified will also ensure that economic growth is spread to all sections of our society. This goes beyond ensuring that initiatives do not discriminate against any section of society, but rather we have included actions which will be taken to address particular challenges. The most immediate and effective way out of deprivation is through employment and our collective actions will promote equality by increasing opportunities and addressing barriers to employment that impact individuals and communities. These steps must also be seen alongside the broader Executive initiatives that are aimed at tackling disadvantage.
- 5.121 - The principles of sustainability also cut across all aspects of this Strategy. Our actions are aimed at providing economic prosperity and opportunities for current generations, without compromising the ability of future generations to enjoy a quality of life that is both positive and rewarding. By 'sustainability proofing' the actions identified in this strategy, we will ensure the NI economy retains and improves its competitiveness over the longer term.

**Priorities
for growth:
Rebuilding the
NI economy**

6





6

PRIORITIES FOR GROWTH: REBUILDING THE NI ECONOMY

INTRODUCTION

- 6.1 - In our accompanying economic analysis on the Northern Ireland (NI) economy, it is clear that we have been hit hard by the global recession and banking crisis. Economic output has fallen significantly across all sectors, and the construction industry has been particularly impacted. The slowdown in the private sector has also had an adverse and ongoing impact on the local labour market.
- 6.2 - It is for this reason that we have identified the need to take some urgent actions to rebuild the local labour market in the aftermath of the recession. We recognise that the type of support under this theme is, in some aspects, distinct from our mainstream focus outlined in the previous section. This is to support indigenous firms to be more competitive through improvements in innovation and workforce skills, as well as the attraction of high value added FDI projects. However, we believe the current labour market conditions provide a strong rationale for short-term interventions focused primarily on job creation, improving employability and re-skilling / up-skilling.



- 6.3 - In pursuing this approach, we recognise the significant negative impacts that arise from protracted periods of unemployment, as individuals lose their skills and become less employable. We believe it is better to provide some form of employment, even on a short-term basis, to avoid the risk that those made unemployed as a result of the downturn are permanently detached from the labour market and unable to take advantage of the opportunities arising from the economic recovery. We also recognise the need to provide opportunities to re-skill and up-skill with a view to building capacity for future growth as recovery takes hold.
- 6.4 - We also recognise our younger people will be particularly impacted by the economic downturn. By taking measures to reduce the exposure of young adults to sustained periods of unemployment, we are working to improve their economic prospects, and ensure that their knowledge and energy is retained for the good of the NI economy.
- 6.5 - The rebuilding initiative is also supported by the Independent Review of Economic Policy (IREP) which outlined that forecasts for employment pointed to job creation being slower in the short to medium term. As a result, the report highlighted the need, during periods of recession, for the Executive to make certain interventions to support employment and other considerations.
- 6.6 - Within the rebuilding priority, there are two issues that our actions seek to address – the need to increase employment levels and improve employability. Together these themes will ensure that individuals impacted by the recession are provided with the necessary opportunities to seek and secure suitable employment. They also cover investments that are aimed at increasing employment through promoting accessible job opportunities, particularly within areas of economic disadvantage.

Progress to Date

6.7 - Prior to outlining our actions, it is, of course, important to recognise that this priority marks a sustained effort by the Executive to address the challenges facing the NI economy following the global downturn. For example, some of the steps we have already taken include:

- Establishing an accelerated support fund to assist businesses affected by the downturn;
- Delivering a series of 'Challenges and Opportunities' seminars for businesses throughout NI;
- Introducing a Short Term Aid Scheme to provide businesses with support in maintaining significant employment and retaining key staff as they planned and restructured for the future;
- Rolling out a 'Pathways to Work' initiative to engage or re-engage those inactive due to health conditions and/or disabilities;
- A Business Improvement Technique programme delivered by Further Education (FE) colleges to assist businesses increase their productivity;
- Introducing an 'Employment and Support Allowance' to create a gateway to work for participants;
- An Apprenticeship Scheme allowing redundant apprentices to complete their training;
- The Graduate Internship Programme (GIP) and Graduate Acceleration Programmes (GAP) which provided over 300 graduates with valuable work experience and additional training opportunities;
- The Intro Programme provides 100 places a year for graduates to develop their management skills with NI companies (89% of these graduates have been employed at the end of the programme);
- The Young Persons Employment Initiative (YPEI) offered 50 unemployed young people opportunities to gain valuable work experience in a local government setting;
- Launching initiatives on neighbourhood renewal to help target those - communities throughout NI suffering most from deprivation; and -
- Delivering increases in professional and technical enrolments and higher education enrolments across the FE sector.

6.8 - The above measures were also supplemented with other initiatives outlined in Budget 2010 and include:

- Holding rate relief at 70% for the manufacturing sector until March 2015;
- Limiting business regional rate increases to only 2.7%;

- Bringing forward proposals to double relief provided through the small business rate relief scheme;
- Transferring over £250m from current expenditure to capital investment; and
- Allocating some £1.5bn of capital investment for roads, public transport and water & sewerage over the budget period.

Related Strategies

6.9 - One objective of this Economic Strategy is to identify complementary strategies and action plans that are already progressing certain economic priorities identified by the Executive and its Sub-Committee on the economy. In terms of the rebuilding theme, key related strategies include:

- The NI Success through Skills – Transforming Futures which aims to raise the skills levels of the whole workforce and increase the levels of social inclusion by enhancing the employability of those currently excluded from the labour market;
- DEL's forthcoming 'Working for Success' will seek to transform the quality and effectiveness of the Employment Service;
- DSD's Neighbourhood Renewal Strategy which aims to tackle disadvantage and build communities that are confident, vibrant and sustainable by encouraging investment, skilling people and supporting social economy programmes;
- DARD's Rural Development Programme which includes an objective to create employment opportunities through promoting entrepreneurship and developing the economic infrastructure in rural areas; and
- DHSSPS's Investing for Health Strategy which aims to improve the health and well being of the population recognises the interrelationship between improved health and well being and economic development. A successor to Investing for Health is currently under development and this will further emphasise this interrelationship.

Rebuilding the Economy: Key Short to Medium Term Actions

6.10 We have outlined in the summary box a list of the **key** short to medium term actions we are undertaking to progress the rebuilding theme. More detail is provided in the implementation plan that will be launched shortly.

6.11 We recognise that ongoing volatility within the global economy creates further uncertainties for local business. We will therefore continue to keep these short term measures under review and, when necessary, we will move swiftly to take action to support local businesses.

In working to **rebuild** the NI economy, we will

- Support investment of £225m and promote 6,300 jobs (4,000 to be created by March 2014) through the Jobs Fund
- Develop and implement a strategy to reduce economic inactivity through skills, training, incentives and job creation
- Move 114,000 working age benefit clients into employment by March 2015
- Deliver 6,000 work experience and training opportunities for young people by 2015 in priority sectors
- Help the construction industry by delivering key road and rail projects and approximately 8,000 social and affordable homes over the budget period
- Maximise the social benefits of investment through the use of social clauses in construction, supplies and services contracts
- Stimulate 1,150 new employment opportunities in rural areas under the Rural Development Fund by 2015
- Develop and start to implement a Childcare Strategy with key actions to provide integrated and affordable childcare
- Implement the Social Investment Fund to improve pathways to employment, tackle systemic issues linked to deprivation, increase community services and address dereliction
- Increase the number of working age customers in receipt of work-focussed benefits to support them to move into work
- Develop and implement a Financial Capability Strategy for consumers
- Provide an Employer Subsidy for businesses to recruit individuals who have been unemployed or economically inactive for a period of more than 13 weeks
- Offer a period of supported self-employment for those interested in running their own business
- Publish for consultation a Public Health Strategy in 2012, recognising the interrelationship between improved health and well being and economic development
- Explore options to further address graduate unemployment, with a particular focus on ensuring that our actions assist with the longer term rebalancing agenda

6.12 In light of the above, we have recently announced the 'Boosting Business' initiative which will put in place a comprehensive range of measures to assist companies throughout NI. While this new initiative will be short term in nature, many of the wider objectives are also consistent with the longer term rebalancing priorities required to support business growth. Further detail on the 'Boosting Business' initiative can be accessed www.boostingbusinessni.com.

7

INDICATORS AND TARGETS

INTRODUCTION

- 7.1 - We recognise the importance of monitoring the progress of this Economic Strategy to ensure that the Executive's actions are contributing towards a more competitive economy and achieving the ultimate Economic Vision of this Strategy.
- 7.2 - The monitoring of indicators and targets will allow us to gauge the effectiveness of these actions. It also allows for any reprioritisation of resources and interventions, particularly given the continued uncertainties in the global economy.
- 7.3 - Section 1 details an intentionally focused set of key performance indicators which are structured to help achieve our overarching economic goals. This section details a more comprehensive and wide-ranging set of indicators and targets, inclusive of the priority targets described previously, and specifies how these indicators will be measured and the regularity of their assessment.

ECONOMIC COMPETITIVENESS

- 7.4 - Economic competitiveness can be defined as 'the set of institutions, policies and factors that determine the level of productivity of a country²⁸'. The level of productivity sets the prosperity that a particular economy can achieve, the return from investments and ultimately the rate of economic growth.
- 7.5 - In prioritising economic competitiveness, it is important to understand the key factors underpinning this and overall economic growth. Central, but not exclusive, to the overall achievement of improved competitiveness for the economy will be the successful

²⁸ World Economic Forum

and appropriate introduction of devolved corporation tax powers to the Northern Ireland (NI) Executive/Assembly. This measure will help boost business investment and enable us to attract a much wider range of Foreign Direct Investment (FDI) that will contribute to export led economic growth.

- 7.6 - To assess the competitiveness of the NI economy we will implement a comprehensive and widely-recognised assessment methodology. This will allow for the effective benchmarking of the local economy against our competitors and highlight progress over time as the Executive's strategy is put into action. As with the other performance measures, the process of measuring NI's competitive position will be taken forward annually and reported on by the Executive.

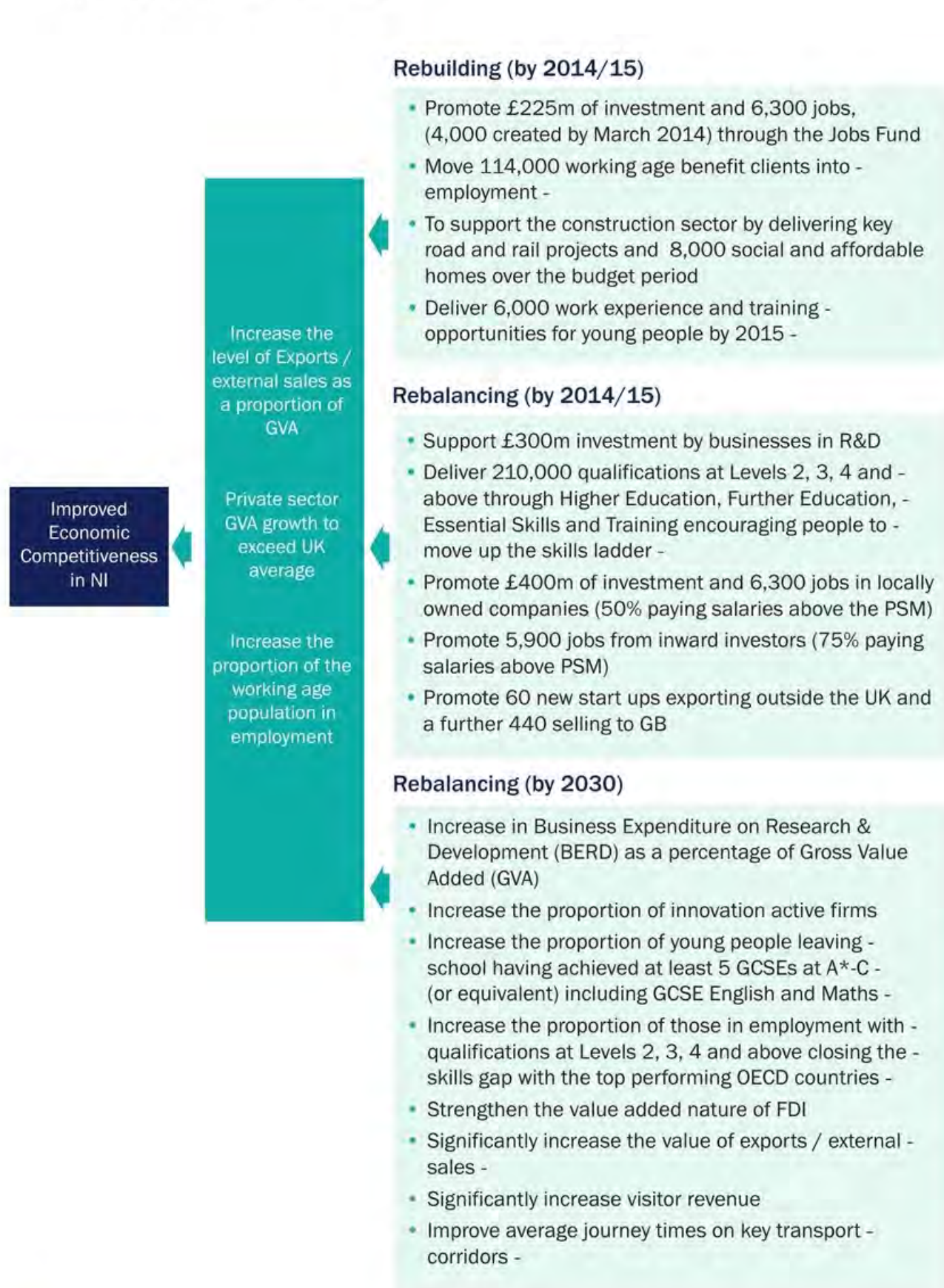
Export Performance and GVA Growth

- 7.7 - As recognised in Section 2, given the size and structure of the local economy it is imperative that we target the benefits that can be achieved through an increased focus on private sector exporting. This includes deepening the export base, and the targeting of developing and fast-growing economies, as well as more established countries / regions, as destinations for our products and services.
- 7.8 - The emphasis on exporting in the Economic Strategy is illustrated in **Figure 4**. The rate of growth in exports compared to the overall growth in the economy will be a key indicator for this strategy. Securing this will provide the evidence that we are rebalancing the NI economy away from its traditional dependence on the public sector toward greater private and export-led growth.
- 7.9 - Currently, the data collected on the level of exports from the local economy is largely restricted to the manufacturing sector, with limited information collated from the services sector. To ensure the appropriate measurement of exports, we are taking the necessary steps to improve the coverage and, where possible, the timeliness of our current surveys on export performance.
- 7.10 Achieving the target of greater private sector output growth, relative to the UK average, will also be an important indicator on rebalancing the NI economy. Given that current economic forecasts suggest that, without a step change in economic policy, the local economy will grow on average by 2.2% per annum up to 2020, compared with UK growth of 2.7% per annum, we believe this is a challenging but realistic target.

Contributing Indicators

- 7.11 The momentum for the improved economic outcomes detailed above will rely on the successful resourcing, implementation and achievement of a number of targets by the Executive and wider stakeholders. These Key Performance Indicators are detailed in **Figure 6**.
- 7.12 Progression of our economic performance indicators will be transparently monitored and regularly updated as new data becomes available. We will publish annual reports on progress against the actions we are committed to deliver. This will include an annual assessment of the wider health of the NI economy.
- 7.13 Once the outcome of the proposal to devolve corporation tax powers is known, we will undertake further work to reassess the degree to which we can further strengthen the ambitious nature of these overarching economic goals.

Figure 6: Performance Indicators



Refocus of the Northern Ireland Economic Strategy: Call for Evidence

RESPONDENT INFORMATION

Please complete the following information

Name:

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FREEDOM OF INFORMATION

The Department for the Economy (DfE) will publish a summary of responses following completion of the call for evidence process. Your response and all other responses may be disclosed on request. The Department can only refuse to disclose information in exceptional circumstances. Any automatic confidentiality disclaimer generated by our IT system will be taken to apply only to information in your response for which confidentiality has been specifically requested. Before you submit your response, please read the paragraph below on the confidentiality of consultations and it will give you guidance on the legal position about any information given by you in response to this call for evidence .

The Department will handle any personal data you provide appropriately in accordance with the Data Protection Act 1998. The Freedom of Information Act gives the public a right of access to any information held by a public authority, namely, the Department in this case. This right of access to information includes information provided in response to a consultation. The Department cannot automatically consider as confidential information supplied to it in response to a consultation. However, it does have the responsibility to decide whether any information about your identity should be made public or treated as confidential.

CONSULTATION

The comments received in response to this call for evidence document will inform the development of the refocus of the Executive's Economic Strategy. It is the Executive's intention to undertake a further, formal consultation on the draft refocused Economic Strategy once this has been prepared.

Responses should be sent to:

Department for the Economy
Economic Strategy Team

Room 124
Netherleigh
Massey Avenue
Belfast
BT4 2JP

Or to:

ni-economic-strategy@economy-ni.gov.uk

By 5.00pm on Friday 19th August

For further information:

Tel: (028) 905 29478

The Department cannot accept responses by telephone. General enquiry calls may be made to the above number.

Which of the following best describes you?

Private Sector:

Public Sector:

Voluntary/Community Sector:

Individual:

Other (please specify):

Please tick this box if you do not wish your response to be published.

REFOCUS OF THE NORTHERN IRELAND ECONOMIC STRATEGY

The Northern Ireland Executive's [Economic Strategy](#), published in 2012, sets out how the Executive plans to grow a prosperous local economy over the short, medium and long term to 2030. The ultimate aim of the Strategy is to improve the economic competitiveness of the Northern Ireland economy through a focus on export-led economic growth.

It sets out a vision to 2030 of

“An economy characterised by a sustainable and growing private sector, where a greater number of firms compete in global markets and there is growing employment and prosperity for all”.

The five key themes identified in the Economic Strategy to rebalance the economy in order to improve wealth, employment and living standards in Northern Ireland are to:

- stimulate **innovation, R&D and creativity** so that we widen and deepen our export base;
- improve the **skills and employability** of the entire workforce so that people can progress up the skills ladder, thereby delivering higher productivity and increased social inclusion;
- **compete effectively within the global economy** and be internationally regarded as a good place to live and do business;
- encourage **business growth** and increase the potential of our local companies, including within the social and rural economies;
- develop a **modern and sustainable economic infrastructure** that supports economic growth.

The Economic Strategy was designed as a living document, to be kept under review. Following the Assembly elections of May 2016 and the development by the new Executive of a draft outcomes focused Programme for Government, the Executive wishes to consider how the Economic Strategy should be refocused to reflect current economic conditions and developments in key policy areas, including the commitment contained in the “Fresh Start” political agreement to lowering the rate of Corporation Tax and how we can ensure we maximise the economic benefits from a lower rate. The refocus of the Economic Strategy will also reflect the outcomes and indicators proposed in the Executive's draft [Programme for Government Framework 2016-2021](#)

The intention is that a draft of the refocused Economic Strategy will be the subject of formal consultation during the autumn before it is finalised along with the overall Programme for Government, Investment Strategy, Social Strategy and Budget later in the year. The Department for the Economy wishes to offer stakeholders and interested parties an opportunity to submit views to help inform thinking on the draft

Economic Strategy in advance of the formal consultation, hence this call for evidence.

The questions below are designed to help provide a structure for the submission of views on the development of the refocused draft Economic Strategy, however, you should not feel constrained by this format and the Department will welcome views submitted on any aspect of the Economic Strategy in any format.

Vision, key objectives and themes

Questions 1-4

- 1. How can the Economic Strategy best take forward the direction set in the draft Programme for Government framework and in particular the proposed outcomes, indicators and measures in relation to aspects of economic policy?**

The Strategy should be taken through an inclusive joined-up approach across all Government Departments.

A key and willing partner in the delivery of the Strategy is the 11 local Councils through the Community Planning processes and implementation strategies that the Councils are currently preparing.

Further discussion needs to take place directly with Councils in terms of their potential delivery role, the sharing of data and resources.

- 2. Do you agree that the 2030 vision set out in the Economic Strategy remains valid? If not, have you any suggestions as to how that vision should be adjusted?**

Yes, the vision set out in the Strategy remains valid. A balanced and flexible approach should be taken however moving forward given the many uncertainties that may arise; e.g. potential Brexit implications.

3. Do you agree that promoting export-led economic growth should remain the overarching priority for the Executive in its Economic Strategy? Please comment.

Newry, Mourne and Down District Council existing and potential new businesses, due to it's location and available resources, would benefit greatly from prioritising and promoting export led growth.

A key characteristic of a successful economy is an increasing number of companies, especially small to medium sized businesses that are exporting.

Companies that export their goods and services tend to be more productive, more innovative, employ more highly skilled staff and are more open to collaborating in international markets to build a global reputation. Exporting companies grow faster and are more likely to identify opportunities for market development and diversification.

Our Council have already identified the need for export programmes through our Corporate Planning, Community Planning, Economic, Regeneration and Tourism strategy consultations and on a more practical level our proposed Growth and Jobs application to be submitted to Invest NI for consideration.

4. Do you consider the current rebalancing themes to be the appropriate drivers of growth to meet the longer-term challenges faced by the Northern Ireland economy? Please comment.

Agree with the 5 rebalancing themes to:

- stimulate **innovation, R&D and creativity** so that we widen and deepen our export base;
- improve the **skills and employability** of the entire workforce so that people can progress up the skills ladder, thereby delivering higher productivity and increased social inclusion;
- **compete effectively within the global economy** and be internationally regarded as a good place to live and do business;
- encourage **business growth** and increase the potential of our local companies, including within the social and rural economies;
- develop a **modern and sustainable economic infrastructure** that supports economic growth.

As indicated above, it is crucial that these themes are applied across each of the Government Departments so that for example, children and young people are better supported to achieve qualifications that will help make them work-ready for employment opportunities. Newry, Mourne and Down District Council area has a very young population and this needs to be harnessed in tandem with our education system.

A modern economic infrastructure should include competitive energy costs for businesses, an accessible transport network for their workforce and services that will sustain and grow the rural economy on NI.

Key Challenges/ Way Forward

Questions 5-9

5. How can the Economic Strategy ensure progress on improving the balance of growth and employment across the region?

The Strategy needs to have a flexible and balanced approach and be subject to regular and rigorous monitoring against baseline and reporting to delivery partners. It should have clear links with Councils' Community Plans and the monitoring and evaluation processes that will be put into place to hold partners to account.

Regular communication with the relevant stakeholders on the ground would ensure progression in the current changing economic climate.

6. What are the key challenges for businesses and key sectors and how can the refocused Economic Strategy address these?

- Lack of large companies to stimulate and grow supplier chains: *develop indigenous SMEs around key firms*
- Under representation in high value sectors:
move traditional sectors up the value chain and support the growth of the Matrix areas (telecoms, agri-food, life & health sciences, advanced materials and advanced engineering)
- Too few companies exporting and engaging in R&D:
encourage more small businesses to export for the first time and to invest in R&D
- Weak skills profile and retaining skilled staff:
develop managerial skills
- Over dependence on public sector markets and corresponding cuts in public expenditure:
encourage firms to diversify
- High energy costs relative to other regions:
expedite the interconnector scheme and invest in renewables including solar and tidal
- External transport links impact on competitive of local companies:
enhance regional connectivity and promote more efficient and sustainable transport; expand the air routes development initiative
- Broadband connectivity in rural areas:
Identify effective and sustainable solutions to address rural 'not spots'
- Low productivity:
enable more individuals to move up the skills ladder
- Brexit implications particularly in the Newry, Mourne and Down District Council area which is a border location

7. What new activities should the Executive consider to help create the conditions for economic growth?

Encouragement of all relevant stakeholders to communicate effectively and more often. E.g. one stop shop for all information through and management information system which is tailored to District Council's unique business makeup.

Much more needs to be done to integrate education with the workplace to help build a culture of entrepreneurship and vocational skills from a young age using role models and best practice from more successful economies.

Support innovation in the public sector, including local Councils, to become a more effective resource to drive economic growth.

Make better use of the two universities and Regional Colleges as stimulators of innovation and growth through knowledge transfer.

8. What should the Executive do to create a more effective partnership working approach to wider economic development?

Community Planning offers a valuable platform to support the delivery of the PfG providing that certain conditions are met. It is crucial that there are strong working relationships between all Government Departments and Councils so that we can share resources and minimise unnecessary duplication. It is equally important that the language used in the PfG and in the new Economic Strategy accurately reflects the goals and aspirations set out in the 11 Community Plans that will be produced by the Councils by the summer of 2017.

9. What role can your organisation play in contributing to the Executive's economic ambitions?

All 11 Councils are committed to the successful and sustainable development through the implementation of their economic strategies, business plans and programmes which aim to increase employability and raising skills levels and to regenerating urban and rural communities. Newry, Mourne and Down District Council have already consulted, developed and commenced implementing these activities through tailored projects and programmes.

We are contributing substantial direct and indirect resources into local economic development and achieving this in partnership with other relevant economic organisations such as the enterprise agencies, colleges, chambers of commerce etc.

The PfG indicators and outcomes cannot be realistically achieved without an effective and transparent partnership with local Councils and local economic partners.

Local government needs to be at the core of delivery through for example facilitating the planning process and developing innovation solutions to meet business needs. Collaboration will be key to creating the right conditions, for example working with education providers at all levels to ensure that our young people have access to the opportunities they need and deserve to reach their full potential.

With the restructuring of local government comes the opportunity for local Councils to develop and deliver innovative models of partnership working and joint ventures which again will help to drive economic growth for example to act as a catalyst for regeneration where schemes would not be viable to the private sector without public sector intervention. An example of this innovation is that Newry, Mourne and Down District Council is currently implementing and further developing a 'management information system' which is collating as many registered businesses in our District (currently 7,500 VAT registered businesses in our Council area) and once collated we will be in a position to sign post, advise, offer direct intervention and generally assist any business that has identified a need.

An opportunity also now exists with Local Government's new planning functions to deliver a more efficient service and become a key catalyst to promote economic development and investment.

Additional Comments

Please record any other factors which you feel could be considered to deliver a more effective refocused Economic Strategy for Northern Ireland?

Newry, Mourne and Down District Council have a vibrant business community and seek to be recognised as dynamic and connected region of enterprise and economic growth.

High on our Council's agenda are the current issues surrounding the potential implications of 'Brexit'.

The economic strategy for NI should take into consideration the diversity in the various Council areas and recognise the Council's economic development unit's are best placed to deliver the outputs of the strategy in partnership with all relevant local stakeholders within the Statutory, public and private sectors.

Our Council have commenced implementing our own Enterprise, Regeneration and Investment Strategy which is in line with both the NI Economic Strategy and our own region's needs and requirements.