

# INVEST NI OPERATING PLAN 2014 – 2015

## INTRODUCTION

### **Strategic Context**

Invest NI's primary role is to support the Executive's overall objectives of both rebuilding and rebalancing the Northern Ireland economy and increasing the overall standard of living by driving productivity growth and increasing employment. At present, Invest NI is responsible for the delivery of five of the Northern Ireland Executive's 2011-15 Programme for Government (PfG) economic priorities. These are:

- Contributing to rising levels of employment by supporting the promotion of over 25,000 new jobs.
- Achieving £1 billion of investment in Northern Ireland economy.
- Increasing the value of manufacturing exports by 20%.
- Supporting £300 million investment by businesses in R&D, with at least 20% coming from Small and Medium sized Enterprises.
- Aiding the liquidity of Small and Medium Enterprises through a £50 million loan fund

The 2014/15 financial year marks the final year of the implementation of the PfG, the Northern Ireland Economic Strategy and Invest NI's Corporate Plan. Invest NI's key financial and non financial objectives are outlined in the agency's Corporate Balanced Scorecard, a copy of which is provided at 3 below.

Stimulating innovation and creativity across the business base, improving productivity and driving export focused business growth remain critical to our success in achieving these objectives.

Through our change management programme, Transform, Invest NI will continue to provide our people with the skills, knowledge, systems and processes they need to

deliver an enhanced level of customer experience and aim to build on the Customer Service Excellence (CSE) accreditation the agency achieved during 2013/14.

Increasingly economic and business surveys are indicating that the wider economic climate will continue to improve through 2014/15, with economic recovery and growth on a firmer footing than it was a year ago. Whilst the short term economic outlook is positive, increased levels of business investment and innovation, further development of workforce skills and a renewed focus on export markets are essential to achieving growth which is sustainable. Invest NI will continue to work in partnership with those businesses with the greatest potential to improve productivity and growth in export markets.

Changes to the European Commission's new Regional Aid Guidelines (RAG), effective 1<sup>st</sup> July 2014 may restrict Invest NI's ability to support large company expansions going forward. In response, Invest NI will seek to maximise our use of the full range of other solutions available. We will also continue to focus on those sectors and markets where Northern Ireland has existing strong capabilities and those with the greatest potential for international growth. Telecoms & ICT, Life and Health Sciences, Agri-food, Advanced Materials Handling and Engineering, Business Services and Financial Services remain a key focus and continue to present growth opportunities.

The current pipeline for Externally-Owned Investment projects continues to be challenging, as cost containment pressures create a more competitive environment for mobile investment and the recent trend towards smaller investment projects remains. Invest NI will continue to pursue projects in Business Services, Financial Services, ICT, Software and Creative Industries, where the Northern Ireland investment proposition is strong. Following the significant international exposure achieved through the post G8 Investment Conference and the inward investment successes achieved in 2013/14, Invest NI will continue to work with our economic development partners to showcase Northern Ireland globally as an excellent location to visit, work, invest and do business.

## **Financial Resources**

Invest NI continues to operate within a challenging public sector finance environment with strong competition for finite resources. Invest NI is working hard with DETI to ensure that sufficient resources are available to meet the needs of the Executive's PfG, NI Economic Strategy and Corporate Plan commitments as well as the additional work arising from Invest NI's engagement with the wider business base. The targets contained within this plan have, therefore, been set on the basis that Invest NI will have access to the necessary resources to deliver these outturns, in order to maximise the agency's contribution to the local economy.

# 1. Invest NI Corporate Scorecard 2014/15

A		B	C	D	E
		2013/14		2014/15	
Customer / Stakeholder		Target	Outturn	Target	Reporting Official
1	Maintain a minimum Annual Customer Satisfaction for account managed customers.	80%	80%	80%	Peter Harbinson
2	Maintain a minimum quarterly customer satisfaction rating amongst customers.	92%	TBC	90%	Peter Harbinson
3	Maintain a minimum quarterly customer satisfaction as a result of our key wider business base engagements.	N/A	TBC	85%	Peter Harbinson
People / Organisation Development		Target	Outturn	Target	Reporting Official
4	Maintain compliance with the performance management system.	95%	98.6%	95.0%	Amanda Braden
5	Manage staff absenteeism levels.	3.5%	2.86%	3.25%	Amanda Braden
6	Employee Engagement Score from the annual staff satisfaction survey.	62%	62.8%	65.0%	Amanda Braden
7	Achieve an effectiveness rating for strategic leadership learning and development programmes.	80%	84%	85.0%	Amanda Braden
Business Processes		Target	Outturn	Target	Reporting Official
8	Maintain median controllable casework processing days.	15	14	15	Donal Durkan
9	Achieve customer payments through the claims processing system.	35	35.8	35.0	Mel Chittock
10	Manage programme budget, including ERDF funding, to within agreed tolerances (2% Revenue / 3% Capital) and within 10% of profile on a quarterly basis.	-2%	-0.6%	-2.0%	Mel Chittock
11	Percentage of supplier payments within 10 working days.	90%	94%	90%	Mel Chittock
12	Limited Opinions not addressed within 90 days	N/A	N/A	0	Mel Chittock
Performance - 2014-15 Targets		Target	Outturn	Target	Reporting Official
13	Promote Total New Jobs annually.	7,780	10,800	8,000	Brian Dolaghan / Stephen Wightman / Barry McBride / Bill Scott
14	Secure total Investment Commitments. (£M)	361	775	416	Brian Dolaghan / Stephen Wightman / Barry McBride / Bill Scott
15	Promote new jobs from Locally-owned companies.	1,450	2,054	1,520	Brian Dolaghan / Stephen Wightman / Bill Scott
16	Promote new jobs above the PSM from Locally-owned businesses.	725	1,359	760	Brian Dolaghan / Stephen Wightman / Bill Scott
17	Promote new jobs from Externally-owned businesses.	1,350	2,408	2,450	Brian Dolaghan / Barry McBride
18	Promote new jobs above the PSM from Externally owned businesses.	1,012	1,887	1,838	Brian Dolaghan / Barry McBride
19	Secure total investment from Local and External Growth (Rebalancing Support). (£M)	282	630	395	Brian Dolaghan / Stephen Wightman / Barry McBride / Bill Scott
20	Secure total wages & salaries from Local and External Growth (Rebalancing Support). (£M)	65	119	98	Brian Dolaghan / Stephen Wightman / Barry McBride / Bill Scott
21	Promote new jobs through Business Start Programme.	2,215	1,765	2,660	Bill Scott
22	Promote new jobs through the Jobs Fund.	2,765	4,573	1,370	Brian Dolaghan / Stephen Wightman / Barry McBride / Bill Scott
23	Create new jobs through the Jobs Fund.	1,500	1,993	2,000	Brian Dolaghan / Stephen Wightman / Barry McBride / Bill Scott
24	Value of Business loans made to SMEs through the Growth Loan Fund (£M).	12.5	15.1	12.5	Jeremy Fitch
25	Secure total private sector investment in R&D (£M).	110	239	80	Jeremy Fitch
26	Secure total investment in skills development of (£M).	30	33	30	Jeremy Fitch
27	Support growth in Manufacturing Exports.	13.00%	7.50%	13.00%	Barry McBride

## 2. Invest NI Operating Plan: Activities & Targets 2014- 2015

A	B	C	D	E	F	G	H	I	J
Theme	Indicator	Corporate Plan Target	2011/12 Outturn	2012/13 Outturn	2013/14 Forecast	2014/15 Target	2011/15 Forecast	Variance with CP Target	
Stimulating innovation, R&D and creativity	Investment in R&D	1. Secure <b>£300m</b> investment in R&D;	<b>£61m</b>	<b>£102m</b>	<b>£239m</b> <i>*(includes Bombardier project – £119.5m)</i>	<b>£80m</b>	<b>£482m</b>	<b>£182m</b>	<b>61%</b>
		2. At least <b>20% (£60m)</b> of which will be from SMEs.	<b>54%</b> <b>£33m</b>	<b>36%</b> <b>£37m</b>	<b>17%</b> <b>£41m</b>	<b>20%</b> <b>£16m</b>	<b>26%</b> <b>£127m</b>	<b>6%</b> <b>£67m</b>	<b>32%</b> <b>110%</b>
		3. Establish <b>4</b> Competence Centres	<b>0</b>	<b>0</b>	<b>3</b>	<b>2</b>	<b>5</b>	<b>1</b>	<b>25%</b>
	Supporting First Time R&D	4. Support <b>500</b> companies to engage in First Time R&D	<b>144</b>	<b>167</b>	<b>140</b>	<b>125</b>	<b>576</b>	<b>76</b>	<b>15%</b>
	Encouraging innovation in NI businesses	5. Deliver innovation interventions in NI companies	<b>N/A</b>	<b>N/A</b>	<b>3,133</b>	<b>2,800</b>	<b>5,933</b>	<b>N/A</b>	<b>N/A</b>
	Incentivise business-led local and international collaboration in pursuit of more open innovation	6. Expand the Collaborative Network Programme, targeting the future market opportunities identified by MATRIX, to support the establishment of <b>25</b> networks	<b>4</b>	<b>7</b>	<b>9</b>	<b>6</b>	<b>26</b>	<b>1</b>	<b>4%</b>
	Commercialise outcomes from knowledge transfer	7. Encourage <b>1,200</b> companies to engage with the Design Service;	<b>310</b>	<b>503</b>	<b>445</b>	<b>375</b>	<b>1,633</b>	<b>433</b>	<b>36%</b>
		8. of which <b>200</b> to undertake strategic design interventions	<b>50</b>	<b>105</b>	<b>76</b>	<b>60</b>	<b>291</b>	<b>91</b>	<b>46%</b>
		9. Support <b>40</b> PoC projects (University based)	<b>0</b>	<b>29</b>	<b>38</b>	<b>10</b>	<b>77</b>	<b>37</b>	<b>93%</b>
		10. Support <b>120</b> Knowledge Transfer Partnership projects	<b>18</b>	<b>36</b>	<b>36</b>	<b>35</b>	<b>125</b>	<b>5</b>	<b>4%</b>
		11. Deliver <b>1,000</b> Innovation Vouchers	<b>332</b>	<b>350</b>	<b>328</b>	<b>210</b>	<b>1,220</b>	<b>220</b>	<b>22%</b>
	Develop capability through technology & process development	12. Support <b>900</b> eBusiness projects to assist SME's to increase innovation and productivity through the implementation of appropriate ICT	<b>233</b>	<b>319</b>	<b>315</b>	<b>250</b>	<b>1,117</b>	<b>217</b>	<b>24%</b>
	Increase Resource Efficiency / Productivity / Competitiveness	13. Support businesses identify <b>£108m</b> of resource and waste prevention savings	<b>£45m</b>	<b>£34.5m</b>	<b>£20.5m</b>	<b>£15m</b>	<b>£115m</b>	<b>£7m</b>	<b>7%</b>
Competing in the global economy	Secure inward investment from key sectors	14. Promote <b>5,900</b> jobs from inward investors;	<b>939</b>	<b>2,124</b>	<b>2,408</b>	<b>2,450</b>	<b>7,921</b>	<b>2,021</b>	<b>34%</b>
		15. of which <b>75% (4,425)</b> will pay salaries above NI PSM	<b>807</b> <b>(86%)</b>	<b>1,762</b> <b>(83%)</b>	<b>1,887</b> <b>(78%)</b>	<b>1,838</b> <b>(75%)</b>	<b>6,294</b> <b>(79%)</b>	<b>1,869</b> <b>(4%)</b>	<b>42%</b> <b>(6%)</b>
	16. Secure <b>£375m</b> investment commitments reflecting the growth	<b>£101m</b>	<b>£180m</b>	<b>£198m</b>	<b>£280m</b>	<b>£759m</b>	<b>£384m</b>	<b>102%</b>	

A	B	C	D	E	F	G	H	I	J
Theme	Indicator	Corporate Plan Target	2011/12 Outturn	2012/13 Outturn	2013/14 Forecast	2014/15 Target	2011/15 Forecast	Variance with CP Target	
		of externally owned companies;							
		17. and <b>£145m</b> in additional wages and salaries	<b>£35m</b>	<b>£63m</b>	<b>£66m</b>	<b>£68m</b>	<b>£232m</b>	<b>£87m</b>	<b>60%</b>
	Secure inward investment from companies new to NI	18. <b>2,000</b> jobs FDI jobs will be from FDI companies new to NI.	<b>626</b>	<b>464</b>	<b>849</b>	<b>600</b>	<b>2,539</b>	<b>539</b>	<b>27%</b>
		19. <b>1,500</b> jobs (75%) will pay salaries above the NI Private Sector Median	<b>572</b> <b>(91%)</b>	<b>412</b> <b>(89%)</b>	<b>468</b> <b>(55%)</b>	<b>450</b> <b>(75%)</b>	<b>1,902</b> <b>(75%)</b>	<b>402</b> <b>(0%)</b>	<b>29%</b> <b>(-0.1%)</b>
	Encourage export growth within NI's Manufacturing base	20. Increase the value of manufacturing exports by <b>20%</b>	<b>N/A</b>	<b>-0.37%</b>	<b>7.5%</b>	<b>13.0%</b>	<b>13.5%</b>	<b>-6.5%</b>	<b>-6.5%</b>
		21. Increase the value of manufacturing exports to emerging markets by <b>60%</b>	<b>N/A</b>	<b>35.47%</b>	<b>50.0%</b>	<b>60.0%</b>	<b>60.0%</b>	<b>0%</b>	<b>0%</b>
	Encourage NI's businesses to export and diversify in to new markets	22. Provide <b>7,200</b> trade interventions:	<b>1,991</b>	<b>1,811</b>	<b>2,058</b>	<b>1,900</b>	<b>7,760</b>	<b>560</b>	<b>8%</b>
		23. of which <b>1,440 (20%)</b> will be with Stage 1 Exporters (i.e. exporters with less than 25% of sales outside the UK)	<b>399</b> <b>(20%)</b>	<b>647</b> <b>(36%)</b>	<b>652</b> <b>(32%)</b>	<b>420</b> <b>(22%)</b>	<b>2,118</b> <b>(27%)</b>	<b>678</b> <b>(7%)</b>	<b>47%</b> <b>(36%)</b>
		24. of which <b>1,800 (25%)</b> will assist companies to diversify into new markets	<b>676</b> <b>(34%)</b>	<b>1,016</b> <b>(56%)</b>	<b>1,207</b> <b>55%</b>	<b>500</b> <b>(26%)</b>	<b>3,399</b> <b>(47%)</b>	<b>1,599</b> <b>(22%)</b>	<b>89%</b> <b>(89%)</b>
		25. Support <b>60</b> start-ups selling outside UK markets	<b>14</b>	<b>12</b>	<b>17</b>	<b>18</b>	<b>61</b>	<b>1</b>	<b>2%</b>
		26. Support <b>440</b> new start ups selling to GB	<b>132</b>	<b>149</b>	<b>125</b>	<b>100</b>	<b>506</b>	<b>66</b>	<b>15%</b>
<b>Encouraging business growth</b>	Support wages, salaries and job creation in locally owned companies	27. Promote <b>6,300</b> jobs in locally owned companies;	<b>1,580</b>	<b>1,739</b>	<b>2,054</b>	<b>1,520</b>	<b>6,893</b>	<b>593</b>	<b>9%</b>
		28. of which <b>3,150 (50%)</b> paying salaries above the NI PSM	<b>971</b> <b>(61%)</b>	<b>1,135</b> <b>(65%)</b>	<b>1,359</b> <b>(66%)</b>	<b>760</b> <b>(50%)</b>	<b>4,225</b> <b>(61%)</b>	<b>1,075</b> <b>(11%)</b>	<b>34%</b> <b>(23%)</b>
		29. Secure <b>£400m</b> investment commitments reflecting the growth of local companies;	<b>£153m</b>	<b>£165m</b>	<b>£432m</b>	<b>£115m</b>	<b>£865m</b>	<b>£465m</b>	<b>116%</b>
		30. and <b>£121m</b> in additional wages and salaries	<b>£44m</b>	<b>£45m</b>	<b>£53m</b>	<b>£30m</b>	<b>£172m</b>	<b>£51m</b>	<b>42%</b>
		31. Support companies in the development of their growth plans through the provision of Property Assistance towards the construction of new business premises	<b>0</b>	<b>1</b>	<b>2</b>	<b>1</b>	<b>4</b>	<b>1</b>	<b>33%</b>
	Encourage the growth of new businesses and social	32. Promote <b>6,500</b> new jobs in new start-up businesses	<b>1,324</b>	<b>752</b>	<b>1,765</b>	<b>2,660</b>	<b>6,501</b>	<b>1</b>	<b>0.02%</b>

A	B	C	D	E	F	G	H	I	J
Theme	Indicator	Corporate Plan Target	2011/12 Outturn	2012/13 Outturn	2013/14 Forecast	2014/15 Target	2011/15 Forecast	Variance with CP Target	
	economy enterprises	33. Support <b>160</b> Social Economy Start-Ups	41	1	55	64	161	1	1%
		34. At least <b>25%</b> of Social Economy start-ups will have the capability to move to mainstream Invest NI support	25%	25%	32%	25%	32%	7%	28%
	Access to Finance	35. Enable <b>300</b> small and medium sized enterprises to access the funding required to drive growth through our Access to Finance strategy	76	72	243	150	541	241	80%
	Growth Loan Fund	36. <b>150</b> Loans made to SMEs	N/A	21	42	45	108	-42	-28%
		37. <b>£28m</b> in value of Loans made to SMEs	N/A	£5.0m	£15.1m	£12.5m	£32.6m	£4.6m	16%
Improving Skills Levels	Encourage investment in key skills	38. Secure <b>£110m</b> investment in skills, particularly management and leadership development to drive productivity and growth.	£18m	£36m	£33m	£30m	£117m	£7m	6%
		39. Launch and deliver a Leadership and Management support framework to <b>180</b> participants.	30	30	60	60	180	0	0%
Developing our economic infrastructure		40. Make <b>100</b> acres of land available for economic development	33	41	22	0	96	-4	-4%
		41. Drive <b>1.8m</b> visits to nibusinessinfo.co.uk;	484,000	568,623	1,353,902	1,500,000	3,907,490	2,107,490	117%
		42. and <b>10,000</b> new registrations	3,139	2,881	4,963	4,400	15,383	5,383	54%
Promoting employment and employability	Encourage new job creation and employment opportunities in response to the economic downturn.	43. Promote <b>6,300</b> jobs through the Jobs Fund	1,915	2,610	4,573	1,370	10,498	4,198	67%
		44. Secure <b>£225m</b> of additional investment through Jobs Fund	£66m	£82m	£145m	£22m	£315m	£90m	40%
		45. <b>4,000</b> jobs to be created by March 2014	1,016	1,670	1,993	2,000	6,679	N/A	N/A

### 3. Risk Management

The risks around the delivery of the Invest NI Operating Plan are assessed and reviewed regularly by the Executive Leadership team. In terms of the 2014 – 2015 Operating Plan the key risks identified include:

Risk Title	Impact	Mitigating Actions	Change
Changes to Regional Aid guidelines on Assisted Areas.	Identified as Principal risk due to the impact any changes may have on the support Invest NI can provide to client companies.  Possible loss of 100% assisted area coverage for Northern Ireland.	This risk was reduced when clarification was received that only large companies would be impacted.  While the decision making process is primarily outside the influence of Invest NI a non paper was prepared for submission to EU officials in Jan 2014 followed by a meeting with EU Officials for February to discuss the implications of the changes for the NI economy.	<b>New</b>
If a large number of Board Members are replaced then experience at that level will be lost resulting in lack of continuity of governance	The replacement of 7 Board Members in April 2014 represents a significant change at Board level in Invest NI and, with the loss of so many experienced members, could have implications for the governance of the organization, until the appointees are confirmed and training and induction adequately completed.	The DETI process to appoint members is designed to ensure the best possible candidates were selected from a large pool of applicants. Plans were developed to manage the transition and one member was being retained for a further year for continuity, and to chair the Board Audit Committee until the new members are settled in. Appropriate Training and Induction of the new Board Members will be completed upon commencement or roles.	<b>New</b>
Failure to account for and report on new subsidiary companies in an accurate and timely manner.	Acquisition of 100% of the Equity of Bedford Street Developments Limited (BSDL) MRDE Ltd, MRDE FM Ltd and Bedford Street Management Company Limited during 2013/14 has increased the complexity of the Invest NI accounts. Failure to complete the accounts on time could result in reputational damage.	Work was commenced aimed at integrating the accounts for the four companies on the Invest NI financial management systems. Consultants were appointed in January 2014 to assist with year-end accounts preparation and additional temporary staff recruited.	<b>New</b>
The risk of failure to meet EU governance requirements	Failure to meet EU governance requirements could result in an interruption of provision of EU funding to Invest NI	Invest NI regularly reviews compliance of its range of interventions with State Aid and Regional Aid regulations and initiates corrective actions as necessary. Information on State Aid rules is available for staff on Invest NI's intranet and training on EU State Aid is given to staff providing State Aid Guidance.  Invest NI maintains relationships with DETI State Aid team and the Department of Business, Innovation and Skills to ensure consistent understanding and	↔



Risk Title	Impact	Mitigating Actions	Change
		<p>application of State Aid regulations and their revisions. Invest NI provides detailed guidance to staff on the requirements of the EU Sustainable Competitiveness Programme and training is also provided to ensure that staff are aware of European Regional Development Fund (ERDF) compliance requirements. Additional staff have been put in place to ensure adequate compliance with EU requirements. Invest NI's internal Verification Team carries out Article 13 systems and procedures checks on all projects supported under the Programme to ensure compliance with ERDF requirements as outlined in letters of offer. Corrective action is taken to address any non-compliance identified through internal or external checks (by Audit or Managing Authority). Progress is reviewed by EU Project Board monthly and EU Project Steering Group at least every six months.</p>	