

## INVEST NI OPERATING PLAN 2015 / 16

### 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. Since 2011, Invest NI has been working to deliver five economic priorities of the Northern Ireland Executive's 2011/15 Programme for Government (PfG). The one-year extension to the current PfG has allowed Invest NI to refocus its PfG commitments as follows:

- Contributing to rising levels of employment by supporting the promotion of over 41,000 new jobs.
- Achieving £2.82 billion of investment in Northern Ireland economy.
- Increasing the value of manufacturing exports by 10%.
- Supporting £565 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

Therefore for the 2015/16 year the targets are:

- Contributing to rising levels of employment by supporting the promotion of over 4,000 new jobs.
- Achieving £220 million of investment in Northern Ireland economy.
- Increasing the value of manufacturing exports by 3% over the 2014/15 baseline.
- Supporting £45 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

These targets have been set at prudent levels to reflect current budgetary allocation. Further jobs, investment and R&D projects are sighted, but will necessitate in-year bids for additional resources to be delivered in 2015/16. Successful bids will allow us to deliver increased outturns across the Jobs, Investment, Skills Investment and R&D investment targets.

The extension of the PfG period to 2015/16 has also resulted in refreshed input to the Northern Ireland Economic Strategy and DETI Business Plan 2015/16. The Invest NI Corporate Plan 2011/15 has been amended to cover the extended PfG period, and the planning process for the new Corporate Plan continues with ongoing engagement with key stakeholders to optimise future Invest NI support and business solutions. Invest NI's key financial and non-financial objectives are outlined in the Corporate Balanced Scorecard 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.

Economic and business surveys continue to indicate the momentum gained in recent years will continue in 2015/16, with moderate growth expected in the wider economic climate. However specific challenges exist; fragility in the Eurozone and political uncertainty in emerging markets suggest global conditions in the short to medium term may be demanding. Increased levels of business investment and innovation, further development of workforce skills and a continued focus on export markets are all essential to achieving sustainable growth. While seeking to encourage all businesses, Invest NI will continue to work in partnership with those businesses with the greatest potential to improve productivity and growth in export markets.

With the changes of 1 July 2014 to the European Commission's Regional Aid Guidelines (RAG) now in effect, the support profile available to Invest NI for large company expansions has now changed. However, Invest NI will continue to utilise the full range of other solutions available and focus on the 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 Engineering, Materials Handling, Business Services and Financial Services remain a key focus and continue to present growth opportunities.

The current pipeline for Externally-Owned Investment projects remains a challenge for Invest NI, with the trend for smaller investment projects set to remain. 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.

The potential introduction of legislation by the UK Government to enable the devolution of Corporation Tax in Northern Ireland from April 2017 will improve the attractiveness of Northern Ireland as an investment location for existing and potential investors; and bring benefits to our local business base. The power to reduce the Corporation Tax rate will complement and enhance our overall investment proposition. The combination of “tax, value and talent” could place Northern Ireland among the most attractive investment locations in Western Europe. Invest NI will continue to work with our economic development partners to use this, and other levers, to showcase Northern Ireland globally as an excellent location to visit, work, invest and do business. Whilst an extended delay in setting a ‘rate and date’ will not impact new FDI numbers for 2015/16 it could significantly affect the timing and scale of job promotion activity and success for the next PfG period.

As part of 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, customer-led service culture and build on the improved assessment achieved in the annual Cabinet Office approved Customer Service Excellence (CSE) accreditation and the award of Investors in People Gold Standard during 2014/15. Both are superb achievements for the organisation and confirm our commitment to putting people at the heart of our activities.

## **Financial Resources**

Invest NI continues to operate within a challenging public sector finance environment with strong competition for decreasing resources. Invest NI has worked closely with DETI to ensure that sufficient resources are available to meet the requirements placed upon us by the commitments within Executive's PfG, NI Economic Strategy and Corporate Plan, the continued engagement with the wider business base and the existing legal commitments. The targets within this plan have, therefore, been set on the basis of access to the necessary resources to deliver these outturns and maximise the Invest NI's contribution to the local economy.

# 1. Invest NI Corporate Scorecard 2014/15

A	B	C	D	E	F
Quadrant	2014/15			2015/16	
Customer / Stakeholder	Original Target	Revised Target	2014/15 Outturn	Target	Lead Official
1 Annual Customer Satisfaction for account managed customers.	80%	80%	85.0%	80%	Peter Harbinson
2 Quarterly customer satisfaction ratings amongst customers.	90%	90%	90%	90%	Peter Harbinson
3 Maintain a minimum quarterly customer satisfaction as a result of our key wider business base engagements.	85%	85%	91%	85%	Peter Harbinson
People / Organisation Development	Original Target	Revised Target	2014/15 Outturn	Target	Lead Official
4 Maintain compliance with the performance management system.	95%	95.0%	99.0%	97%	Amanda Braden
5 Manage absenteeism at a maximum level.	3.25%	3.25%	2.91%	3.15%	Amanda Braden
6 Employee engagement score.	65.0	65.0	65.8	68.0	Amanda Braden
7 Complete all key steps in the 'Best Companies to Work For' process to gain accreditation by February 2016.	N/A	N/A	N/A	Accredited	Amanda Braden
Business Processes	Original Target	Revised Target	2014/15 Outturn	Target	Lead Official
8 Maintain median controllable casework processing (Days).	15	15	15	15	Corporate Ownership. Stats from CIT
9 Achieve customer payments through the claims processing system (Days).	35	30	26.2	30	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%	-2%	-0.6%	-2%	Mel Chittock
11 Achieve 90% of supplier payments within 10 working days.	90%	90%	93%	90%	Mel Chittock
12 Manage adherence with Invest NI processes through an audit programme which results in 0 Limited Opinions not addressed within 90 days.	0	0	0	0	Damian McAuley
Performance - 2014-15 Targets	Original Target	Revised Target	2014/15 Outturn	Target	Lead Official
13 Promote Total New Jobs annually.	10,660	16,049	13,829	4,000	Brian Dolaghan / Bill Scott / Oonagh Hinds
14 Secure total Employment Related Investment Commitments. (£M)	417	1,085	1,155	220	Brian Dolaghan / Bill Scott / Oonagh Hinds
15 Promote new jobs under the Rebalancing Theme.	3,970	9,040	9,373	2,980	Brian Dolaghan / Bill Scott / Oonagh Hinds
16 Promote new jobs above the PSM under the Rebalancing Theme.	2,598	6,020	6,351	1,908	Brian Dolaghan / Bill Scott / Oonagh Hinds
17 Secure total wages & salaries through the Rebalancing Theme. (£M)	98	256	273	70	Brian Dolaghan / Bill Scott / Oonagh Hinds
18 Promote new jobs under the Rebuilding Theme. <sup>1</sup>	4,030	4,331	4,456	1,020	Brian Dolaghan / Bill Scott / Oonagh Hinds
19 Secure total private sector investment in R&D (£M).	80	109	131	45	Jeremy Fitch
20 Secure total investment in skills development of (£M).	30	55	59	30	Jeremy Fitch
21 Support growth in Manufacturing Exports.	20%	15%	6.72%	3%	Bill Scott

## 2. Invest NI Operating Plan

## Activities & Targets 2015 / 16

A	B	C		D	E	F	G	H	I	J	K
Indicator	Corporate Plan Target	Original 4 Year Target		Revised 4 Year Target	2011 / 12 Outturn	2012 / 13 Outturn	2013 / 14 Outturn	2014 / 15 Outturn	2011 /15 Four Year Outturn	Proposed 2015/16 Target	Lead Official
Securing Investment in R&D	1. Secure investment in R&D (£M)	300		511	61	102	226	131	520	45	Kevin McCann
	2. Encourage Investment from SMEs	%	20%	20.0%	54.1%	36.0%	18.1%	24%	27%	20.0%	Kevin McCann
		£m	60	102	33	37	41	31	142	9	
Supporting First Time R&D	3. Support companies to engage in First Time R&D	500		576	144	167	140	130	581	100	Kevin McCann
Encouraging Innovation in NI businesses	4. Deliver Innovation Interventions in NI companies	5,933		6,333	N/A	N/A	3,133	3,122	6,255	3,000	Vicky Kell
Commercialise Outcomes from Knowledge Transfer	5. Support University based Proof of Concept (PoC) projects	40		77	0	29	38	0	67	10	Kevin McCann
	6. Support Knowledge Transfer Partnership projects	120		125	18	36	36	30	120	25	Kevin McCann
	7. Issue Innovation Vouchers	1,000		1,220	332	350	328	210	1,220	210	Vicky Kell
Incentivise Business-led Local & International Collaboration in pursuit of more Open Innovation	8. Expand the Collaborative Network Programme, targeting the future market opportunities identified by MATRIX, to support the establishment of networks	25		36	4	7	9	10	30	12	Niall Casey
Develop Capability through Technology & Process Development	9. Encourage companies to engage with Design Service	1,200		1,633	310	503	445	378	1,636	200	Vicky Kell
	10. Encourage companies to undertake strategic design interventions	200		306	50	105	76	115	346	45	Vicky Kell

A	B	C	D	E	F	G	H	I	J	K
Indicator	Corporate Plan Target	Original 4 Year Target	Revised 4 Year Target	2011 / 12 Outturn	2012 / 13 Outturn	2013 / 14 Outturn	2014 / 15 Outturn	2011 /15 Four Year Outturn	Proposed 2015/16 Target	Lead Official
	11. Support eBusiness projects to assist SME's to increase innovation and productivity through the implementation of appropriate ICT	900	1,167	233	319	315	262	1,129	250	Vicky Kell
Increase Resource Efficiency, Productivity & Competitiveness	12. Support Businesses to identify resource and waste prevention savings. (£M)	108	115	45	34.5	20.5	22.4	122.4	8	Vicky Kell
Secure inward investment from Priority Sectors	13. Promote jobs from inward investors	5,900	10,299	922	2,002	2,398	4,987	10,309	800	Brian Dolaghan / Bill Scott
	14. 75% paying salaries above NI PSM	4,425	7,370	810	1,657	1,876	3,089	7,432	600	Brian Dolaghan / Bill Scott
		75%	72%	88%	83%	78%	62%	72%	75%	Brian Dolaghan / Bill Scott
	15. Secure investment commitments. (£M)	375	997	102	171	205	543	1,021	50	Brian Dolaghan / Bill Scott
	16. Secure additional wages and salaries. (£M)	145	294	32	59	65	139	295	22	Brian Dolaghan / Bill Scott
Attract new first time investment to Northern Ireland by externally-owned businesses	17. Of the FDI jobs promoted, FDI companies new to NI	2,000	2,569	571	323	804	1,026	2,724	600	Bill Scott
	18. 75% will pay salaries above the NI Private Sector Median	1,500	1,987	557	305	434	756	2,052	450	Bill Scott
		75%	75%	98%	94%	54%	73%	75%	75%	
Encourage export growth within Northern Ireland's Manufacturing base.	19. Increase the value of manufacturing exports	20%	15%	N/A	-0.37%	5.82%	6.72%	6.72%	3%*	Bill Scott / Olive Hill
	20. Increase the value of manufacturing exports to emerging markets	60%	60%	N/A	35.47%	43.37%	15.68%	15.68%	15%*	Bill Scott / Olive Hill
Encourage NI's businesses to export	21. Provide trade interventions	7,200	7,760	1,991	1,811	2,058	1,967	7,827	1,440	Olive Hill
		1,440	2,118	399	647	652	595	2,293	350	Olive Hill

\* Target over 2014/15 baseline

A	B	C	D	E	F	G	H	I	J	K
Indicator	Corporate Plan Target	Original 4 Year Target	Revised 4 Year Target	2011 / 12 Outturn	2012 / 13 Outturn	2013 / 14 Outturn	2014 / 15 Outturn	2011 /15 Four Year Outturn	Proposed 2015/16 Target	Lead Official
and diversify in to new markets	22. Trade interventions with Stage 1 Exporters (i.e. exporters with less than 25% of sales outside the UK)	20%	27%	20%	36%	32%	30%	29%	24%	
	23. Trade interventions to assist companies to diversify into new markets	1,800	3,399	676	1,016	1,207	1,172	4,071	400	Olive Hill
		25%	44%	34%	56%	59%	60%	52%	28%	
	24. Support high potential start-up companies with the potential to grow significant sales in global markets. (HPSU)	60	60	13	14	15	20	62	10	Ian Murphy
	25. Support companies to sell externally for the first time. (Entry Customers)	440	518	117	131	158	118	529	100	Oonagh Hinds
Support wages, salaries and job creation in locally owned companies	26. Promote jobs in locally owned companies	6,300	9,427	1,524	1,722	2,005	4,386	9,636	2,180	Brian Dolaghan / Oonagh Hinds
	27. 60% paying salaries above NI PSM	3,150	6,488	1,029	1,117	1,348	3,262	6,756	1,308	Brian Dolaghan / Oonagh Hinds
		50%	69%	68%	65%	67%	74%	70%	60%	
	28. Secure investment commitments. (£M)	400	1,251	150	167	432	540	1,288	125.0	Brian Dolaghan / Oonagh Hinds
	29. Secure additional wages and salaries. (£M)	121	262.1	43	44	53	134	274	48.4	Brian Dolaghan / Oonagh Hinds
30. Support companies in the development of their growth plans through the provision of Property Assistance towards the construction of new business premises	3	7	N/A	1	2	4	7	4	William McCulla	

A	B	C	D	E	F	G	H	I	J	K
Indicator	Corporate Plan Target	Original 4 Year Target	Revised 4 Year Target	2011 / 12 Outturn	2012 / 13 Outturn	2013 / 14 Outturn	2014 / 15 Outturn	2011 /15 Four Year Outturn	Proposed 2015/16 Target	Lead Official
Growth Loan Fund	31. GLF value of loans offered to SMEs. (£M)	28	31.2	N/A	4.8	12.2	13.8	30.8	10	William McCulla
Encourage investment in Key Skills	32. Secure investment in skills, particularly management and leadership development to drive productivity and growth. (£M)	110	140	18	35	33	59	145	30	Niall Casey
	33. Launch and deliver a Leadership and Management support framework to participants	180	180	30	30	60	60	180	45	Niall Casey
Developing our Economic Infrastructure	34. Drive visits to nibusinessinfo.co.uk	1,800,000	4,307,490	483,965	569,623	1,353,902	2,926,681	5,334,171	3,000,000	Vicky Kell
	35. New registrations to nibusinessinfo.co.uk	10,000	16,483	3,139	2,881	4,963	6,969	17,952	3,200	Vicky Kell
Encourage new Job Creation and Employment Opportunities in Response to the Economic Downturn	36. Promote jobs under the Rebuilding Theme	6,300	10,758	1,925	2,600	4,511	1,756	10,792	1,020	Brian Dolaghan / Bill Scott / Oonagh Hinds
	37. Secure additional investment (£m) under the Rebuilding Theme	225	352	67	81	143	72	363	45	Brian Dolaghan / Bill Scott / Oonagh Hinds

### 3. Risk Management

The risks identified that may have an impact on the successful delivery of the Invest NI Operating Plan are regularly reviewed and assessed by the Executive Leadership Team as part of our ongoing risk management arrangements. For the 2015/16 Operating Plan these key risk identified include:

Risk	Impact	Mitigating Actions
Inability to influence large business investment decisions due to changes in EU funding thresholds	Reduction in investment by large companies in Northern Ireland.	New Product Development Group established.
Operational system data integrity	Potentially less reliable information available for operational reporting and to support evidence based strategy development.	A validation exercise, led by DETI, based on a number of Invest NI Scorecard KPIs now completed with no major issues.  In addition a Working Group consisting of team members from the Business & Sector Development Group and Corporate Information Team continues to meet with the aim of ensuring that data entry, accuracy and maintenance of information is appropriate and consistent going forward.
Current 15/16 budget allocations indicate ongoing resource and capital pressures	Commitments made to clients may not be honoured, programmes may have to be suspended and projects in progress may not be able to be delivered. This would have an significant impact on Invest NI's ability to deliver on its targets	Continue to engage with DETI in submitting bids and supporting information to DFP. Continue to explore best use of other funds including FTF, EU funds, Change fund etc.
Failure to maximise the FDI and business growth benefits of a reduced rate of Corporation Tax	Poor communication/engagement/ research planning and/or poor targeting could result in limited additional investment in NI from Corporation Tax reduction.	The Corporation Tax Bill has now passed through Parliament and preparation for the pre-notification required in relation to EU State Aid is in train.  Research has been commissioned to determine the scope of FDI opportunities that may result from a reduction in corporation tax, with further research planned on the interpretation of the Bill to support the targeting of investment prospects.  Staff awareness sessions have been delivered discussing the change process, technical aspects of the Bill and forward planning.

Risk	Impact	Mitigating Actions
<p>Failure to achieve Manufacturing Exports targets</p>	<p>With export growth essentially flat over the last 6 quarters, the extent of the challenge to meet <b>3%</b> growth in Manufacturing Exports over the 2014/15 baseline cannot be underestimated. Quarterly outturns from the 2010/11 baseline period to 2014/15 ranged from £1.36bn to £1.56bn with average performance at £1.46bn. The 3% annual increase in exports would need to be based on average yearly performance of c. £1.55bn which is optimistic based on performance patterns to date and documented difficulties around exports.</p> <p>Such challenging targets can have a de-motivating affect on staff, result in the disproportionate allocation of resources and increase the potential for negative media reporting of Organisational performance.</p>	<p>Invest NI will continue to offer extensive financial and advisory support to assist companies to exploit export opportunities.</p> <p>Further, Invest NI will engage with DETI on the target and reporting matrices for broader export activity to establish and reinforce the principle that export success of Northern Ireland companies is ultimately dictated by macroeconomic drivers over which Invest NI, DETI and, indeed, the Northern Ireland Executive, have limited influence.</p>