

INVEST NORTHERN IRELAND
OPERATING PLAN

2010 - 11

11 June 2010

CONTENTS

	Page
Section 1: Introduction	3
Section 2: Economic Overview	5
Section 3: Resources	7
Section 4: Invest NI PSA / PfG Targets for 2010 – 11	11
Section 5: Invest NI Strategic Initiatives 2010 - 11 (non-PSA related)	20
Section 6: Clients Group Financial Assistance Targets 2010 – 11	23
<i>Table (i) Overall Summary by Category</i>	23
<i>Table (ii) Overall Summary by Division</i>	23
<i>Table (iii) Existing Locally-Owned Businesses</i>	24
<i>Table (iv) Follow-On Overseas Projects</i>	24
<i>Table (v) New Start-up Indigenous Businesses in NI</i>	25
<i>Table (vi) New First Time Externally Owned Businesses in NI</i>	25
Annex A: Target Status Classifications	26
Annex B: Explanation of Terms Used by Invest NI	27

SECTION 1: INTRODUCTION

Invest NI's Operating Plan for 2010-11 marks the final year of its three-year Corporate Plan period, which coincides with the Programme for Government (PfG) 2008-11. The PfG's overarching objectives are delivered through a comprehensive series of Public Service Agreement (PSA) targets which are set for Government Departments and their Agencies. Invest NI's PSA targets, which contribute towards the Department of Enterprise, Trade and Investments' achievement of its PfG goals, are set out in Section 4.

The overall three-year PSA targets were set towards the end of the 2007-08 financial year, along with indicative in-year targets for each of the years within the period of the Corporate Plan. The global economic downturn, which was not predicted when the targets were set, began to bite part way through 2008-09 and impacted particularly severely on businesses throughout 2009-10. In response to this, during the year Invest NI introduced a number of initiatives aimed at supporting businesses to weather the worst effects of the downturn.

The economic downturn is widely acknowledged to be the most severe in modern times. It has generated a serious and sustained test of the strategic approach and forward direction set out in Invest NI's Corporate Plan. It is still too early to predict with certainty when substantive signs of a recovery may appear.

However, by maintaining the direction established in the Corporate Plan, and factoring in an early response to the downturn through targeted initiatives to assist clients and the wider business base, Invest NI has performed relatively well against the targets for the first two years of its Corporate Plan period, with the cumulative outturn at March 2010 indicating that the Agency should meet the majority of its three year targets.

The work to help businesses cope during the downturn also ensured that a significant number of existing jobs were not lost. Although this is not a target for Invest NI, assisting businesses to safeguard such jobs has enabled them to retain key skills and experience within their workforce, ensuring they are positioned to respond quickly when more favourable trading conditions return. In all, during 2009-10, 2,264 jobs were safeguarded, of which 1,136 local and 1,128 in were externally owned businesses. Combined, these contribute £54 million of wages to the NI economy.

It is envisaged that these significant economic and employment challenges will continue into 2010-11. As a consequence, while Invest NI will continue to strive to secure new jobs above the private sector median, which is a key target within PSA 1, it is likely that the year will continue to see the need for resource allocation towards some degree of job safeguarding and the employment supporting provisions of PSA 3.

The significant levels of activity which generated these outturns to date have also resulted in a high level of budgetary commitments for 2010-11 and

beyond. This arises from the way in which support provided by Invest NI towards investment projects is drawn down over a number of years and is explained in more detail in Section 3.

Considerable work has therefore been undertaken to address the major challenge of balancing Invest NI's in-year and future budgets with the PSA targets set for this final year of the 2008-11 Corporate Plan, the overall refocusing of resources towards Innovation and R&D, and the reduction in SFA due to changes in EU Regional Aid thresholds from December 2010.

This balance has been reflected in the targets which have been set for 2010-11. Having carefully considered its performance to date, and taking account of budgetary constraints, where Invest NI has appeared on course to meet its three year targets, a number of the original 2010-11 targets have been revised upwards to make them increasingly stretching. Where meeting the original three year targets continues to represent a significant challenge, they have been retained unchanged for 2010-11. However, it must also be recognised that, with resource constraints, some outcomes in 2010/11 may be lower in comparison to the two previous years and this is reflected in some forecast outturns.

Throughout the recession, Invest NI has continued to promote Northern Ireland strongly in overseas FDI markets and has established a significant bank of good prospects, particularly in the US market, supported strongly by the goodwill and real access generated by the US Economic Envoy. It would be of critical importance that the potential and expectation generated by this continuing work should be managed to ensure the most advantageous outcome for the NI economy, and the associated resource implications will also have to be carefully considered and managed.

The Plan's Section 4 has therefore been reworked to show not only the targets relating to 2010-11 but also to include details of performance to date against the three-year PfG targets, with an estimated forecast of eventual outturn by March 2011.

The Independent Review of Economic Policy (IREP), announced by the Minister in January 2009 and Chaired by Professor Richard Barnett, reported in September of that year. In response Invest NI has developed a comprehensive strategic change programme called Transform. Transform builds on the recommendations of IREP and is also shaped by the Corporate Plan review undertaken by Invest NI's Board and by the feedback which Invest NI's Chief Executive, Alastair Hamilton, has received from staff, customers and the broad stakeholder community since joining the organisation last year.

The key recommendations arising from the response to the IREP Report, which are being delivered as part of Transform, have been included as activities to be measured and reported against in this Operating Plan and these are shown in Section 5.

SECTION 2: ECONOMIC OVERVIEW

Global context

The recession which engulfed the global economy during 2008 and 2009 was unprecedented in its scale and severity. All of the major western economies contracted sharply and growth in emerging countries such as India and China slowed. The recession was most acute in locations with overheated property markets, such as the Republic of Ireland, but what became most evident was the extent to which the global economy was interconnected as the recession spread to the export-led economies such as Germany, where there was no domestic debt bubble.

The UK suffered a contraction which is estimated at -5.0% of GDP during 2009, more severe than in the US (-2.4%) but less severe than in the Republic of Ireland (-7.1%). Correspondingly, the US unemployment rate increased to almost 10.0% and UK unemployment increased to levels that have not been seen since the mid 1990s.

Northern Ireland context

As a small open economy, Northern Ireland has felt the effects of the recession with GDP estimated to have fallen by between 4.5% and 5.0% and a reduction in employment of between 25,000 . 30,000 jobs. The unwinding of the property market had a significant impact on construction and property related sectors, which in turn fed through to the wider economy, offsetting much of the cushioning effect provided by the relatively large public sector and the favourable exchange rate. Consumption patterns in sectors such as pharmaceuticals and food altered less during the recession and as a result these sectors were relatively insulated from its worst effects.

In terms of positive developments, there was a slight increase in the number of employee jobs in the final quarter of 2009 and unemployment also levelled out, suggesting that the economy had stabilised. However, in the first quarter of 2010, unemployment increased and the Purchasing Managers Index also weakened, illustrating the fragility of the stabilisation in Northern Ireland.

However, whilst economic conditions remain challenging, cognisance must be given to the fact that the Northern Ireland economy has grown considerably over the last decade, even allowing for the fall back during the recession. Employment numbers are more than ten per cent higher than a decade ago, unemployment remains seven percentage points below the level at the beginning of the 1990s and even during this most challenging of recessions the Northern Ireland has managed to retain a significant number of world class exporting businesses.

The recession's legacy

While the Global and UK recessions may now be technically over, they will continue to have a lasting effect on the Northern Ireland economy. An implication for Invest NI is that high unemployment in many areas around the world, not least the US, means the levels of ~~available~~ Foreign Direct Investment may remain below pre-recession peaks, although they should improve from the levels seen in 2008 / early 2009.

The UK public finances have also deteriorated and reductions in public expenditure and tax rises are now widely anticipated in order to reduce the level of national debt. Whilst the scale of expenditure cuts or tax rises remains unclear, it does mean that consumers' real incomes and therefore expenditure will be constrained. Bank lending to the private sector also remains subdued, partly in response to lower demand and partly due to tighter lending criteria. These factors will provide a further constraint upon the pace of economic recovery in GB and NI.

However, in tandem with these developments, at the time of preparing this Operating Plan the exchange rate remains favourable for exporters, although the Euro is experiencing a degree of volatility. Inflation is relatively stable, global demand has started to pick up and, overall, levels of global trade are increasing. These factors will provide a more optimistic backdrop for our internationally focussed businesses, which will continue to be key to building economic prosperity across Northern Ireland.

SECTION 3: RESOURCES

INVEST NI DIVISIONAL PROGRAMME BUDGET ALLOCATIONS

DIVISION	2010 - 2011 ALLOCATED BUDGET (£'000)		
	Revenue	Capital	Total Allocated
Chief Executive & Board	200	0	200
Innovation, Research & Technology	30,235	2,373	32,608
Trade	3,675	0	3,675
Business Improvement Services	12,205	0	12,205
Technology & Process Development	6,415	2,000	8,415
ICT	200	1,000	1,200
Innovation Group Total	52,730	5,373	58,103
Entrepreneurship Development Team	6,735	0	6,735
Life Sciences & Creative	10,593	4,799	15,392
Regional Office Network	3,486	2,325	5,811
Food	3,328	6,239	9,567
Entrepreneurship Group Total	24,142	13,363	37,505
Transport, Construction & Tourism	4,287	18,300	22,587
International Sales & Marketing	5,000	0	5,000
International ICT	14,767	685	15,452
Electronics, Gen Manufacturing & Business	1,385	3,377	4,762
Business International Group Total	25,439	22,362	47,801
Property Services Unit	2,600	9,378	11,978
Human Resources	0	0	0
Finance	920	3,278	4,198
CFAAD	1,919	3,877	5,796
Strategic Management & Planning	465	0	465
Facilities Management	5,250	30	5,280
CCMU	2,000	0	2,000
Corporate Services Group Total	13,154	16,563	29,717
Total Programme Budget	115,665	57,661	173,326

**BROUGHT FORWARD
COMMITMENTS BY DIVISION***

**2010 – 2011
(£'000)**

Division	Revenue	Capital	Total Allocated
Chief Executive & Board	200	0	200
Innovation, Research & Technology	27,595	2,373	29,968
Trade	1,500	0	1,500
Business Improvement Services	12,205	0	12,205
Technology & Process Development	5,886	2,000	7,886
ICT	200	1,000	1,200
Innovation Group Total	47,386	5,373	52,759
Entrepreneurship Development Team	6,730	0	6,730
Life Sciences & Creative	9,648	4,649	14,297
Regional Office Network	2,100	2,175	4,275
Food	3,128	5,039	8,167
Entrepreneurship Group Total	21,606	11,863	33,469
Transport, Construction & Tourism	4,087	13,272	17,359
International Sales & Marketing	4,000	0	4,000
International ICT	12,712	300	13,012
Electronics, Gen Manufacturing & Business	1,190	1,277	2,467
Business International Group Total	21,989	14,849	36,838
Property Services Unit	2,600	3,822	6,422
Human Resources	0	0	0
Finance	750	0	750
CFAAD	1,919	3,877	5,796
Strategic Management & Planning	96	0	96
Facilities Management	5,250	0	5,250
CCMU	0	0	0
Corporate Services Group Total	10,615	7,699	18,314
Total B/Fwd Commitments	101,796	39,784	141,580

**NOTE: The above figures relate to known commitments for 2010-11 as at 28th April 2010, as advised by the Divisions concerned.*

NOTES ON RESOURCES / BUDGET ALLOCATIONS

Only a limited proportion of the budget allocation secured by Invest NI each year is required to assist expenditure incurred by clients which announce new investment projects in that year. This is because such projects are normally implemented in phases, incurring expenditure over a number of years.

Analysis of Selective Financial Assistance (SFA) projects has shown that, on average, only around 14% of such expenditure may be incurred during the announcement year, with the largest portions of Invest NI assistance . 28% and 15% - being drawn down by clients in years 2 and 3 respectively.

Invest NI has a 2010-11 programme budget allocation of £173m, compared to a final budget of £173m in 2009-10. However, an estimated £141m of this £173m budget is required to meet financial assistance commitments which are forecast to be incurred under existing offers of support or other contractual commitments entered into in previous years and brought forward to 2010-11.

An element of this relates to the initiatives introduced by Invest NI in response to the economic downturn. As this had not been predicted this work had to be undertaken without specific provision having been made, and this has inevitably had consequences for brought forward commitments.

During the first two years of the Corporate Plan / Programme for Government, Invest NI has also performed strongly against its targets for inward investment projects with associated jobs. Pursuing prospective projects inevitably produces a mix of jobs, of which not all (particularly at a time of significant recession) offer salaries above the private sector median (PSM), which represents a key PSA 1 target for Invest NI. However, Invest NI is also committed to meeting its PSA 3 targets which relate to employment growth, and projects including jobs falling below the PSM can also contribute towards these objectives although again, there is an associated consequence for brought forward commitments.

Strategically, the economy is the Executive's number one priority under the Programme for Government. It is therefore clear that if Invest NI is to help business to drive up productivity, it may need to bid in-year during 2010-11 for additional resources, so that the opportunities flowing from pro-active work to attract global investors are not lost, with consequent impact on future year commitments. Equally, as unemployment is still rising, it may be necessary to bid for resources for projects supporting jobs below the PSM, particularly where there is a social dimension to the project which would enable Invest NI to meet its commitments under PSA 3.

During 2009-10 Invest NI clients accepted offers of assistance totalling £150m, compared to just over £130m in 2008-09. This reflects a high level of offer activity compared to the recent years prior to 2008-09, which contributed to Invest NI largely meeting or exceeding its Operating Plan targets in that year.

During 2010-11, the 09-10 offers will be in their second drawdown year. The drawdown profile described above indicates that expenditure against these offers is expected to reach its highest level in 2010-11, resulting in the increased budget requirement this year to meet these brought forward commitments.

SECTION 4: INVEST NI PSA / PFG TARGETS FOR 2010 - 11

PSA 1: INCREASE MANUFACTURING AND PRIVATE SERVICES PRODUCTIVITY						
DEPARTMENTAL STRATEGIC OBJECTIVE	ACTIVITY	CORPORATE PLAN / PFG TARGETS 2008/11	OUTTURN 2008/10 (Year 1 + Year 2)	TARGETS 2010/ 11 (Year 3)	FORECAST OUTTURN @ 31 st MARCH 2011 (Years 1, 2 & 3)	RAG STATUS OF FORECAST 2008/11 OUTTURN
DSO 1: Promote a competitive and outward looking economy [Note that these activities and associated targets also contribute towards the achievement of PSA 3 DSO 4 where they are replicated]	Trade Initiatives					
	Encourage new first time exporters	600 companies	537	180 companies	717	
	Support further companies to diversify into new markets	1,200 companies	1,081	350 companies	1,431	
	Support market research by responding to Business Information Service enquiries	7,000 enquiries handled	6,826	3,000 enquiries handled	9,826	
	Deliver Export Skills and Knowledge Workshops	1,300 delegates to attend	1,245	350 delegates to attend	1,595	
	Ensure company personnel receive advanced sales skills development	750 company representatives	869	50 company representatives	919	
	Support market visits	1,500 participants	1,435	550 participants	1,985	
	Provide in-market support to companies	1,000 companies	928	350 companies	1,278	
	Support graduate placements in companies	200 placements		The E2 Programme was suspended in late 2008 to allow an Economic Appraisal to be undertaken. The outcome of that appraisal was that further funding of the E2 programme did not represent value for money and, as a result, the Programme was removed from our menu of offerings. This target is no longer appropriate.		

PSA 1: INCREASE MANUFACTURING AND PRIVATE SERVICES PRODUCTIVITY

DEPARTMENTAL STRATEGIC OBJECTIVE	ACTIVITY	CORPORATE PLAN / PFG TARGETS 2008/11	OUTTURN 2008/10 (Year 1 + Year 2)	TARGETS 2010/11 (Year 3)	FORECAST OUTTURN @ 31 st MARCH 2011 (Years 1, 2 & 3)	RAG STATUS OF FORECAST 2008/11 OUTTURN	
DSO 1: Promote a competitive and outward looking economy. [Note that these activities and associated targets also contribute towards the achievement of PSA 3 DSO 4 where they are replicated]	Business Start Activity						
	Support establishment of Export Start companies exporting to GB	300 companies	203	100 companies (90 . RED 10 . Food)	303		
	Support establishment of Global Start companies exporting outside the UK	45 companies	30	15 companies	45		
	Networking of institutional investors to identify and create new global start businesses	30 investors	22	10 investors	32		
	Host inward visits for potential new investors to encourage global start businesses set-up	12 visits	86	40 visits	126		
	Participate in cross border initiatives to promote entrepreneurship activities / global starts	3 initiatives	6	1 initiative	7		
	Attend international trade shows relevant to key sectors	12 trade shows	8	6 trade shows	14		
	Hold liaison meetings with universities, technology transfer offices and research centres to identify potential global starts	9 meetings	9	3 meetings	12		
	RON to issue e-zines to potential clients / stakeholders	60 e-zines	108	35 e-zines	143		
	Give presentations to Banks, accountants & influencers	60 presentations	41	20 presentations	61		
Hold seminar events targeting potential client businesses	45 seminars	31	15 seminars	46			

PSA 1: INCREASE MANUFACTURING AND PRIVATE SERVICES PRODUCTIVITY

DEPARTMENTAL STRATEGIC OBJECTIVE	ACTIVITY	CORPORATE PLAN / PFG TARGETS 2008/11	OUTTURN 2008/10 (Year 1 + Year 2)	TARGETS 2010/11 (Year 3)	FORECAST OUTTURN @ 31 st MARCH 2011 (Years 1, 2 & 3)	RAG STATUS OF FORECAST 2008/11 OUTTURN	
DSO 2: Attract and support high quality investment, both foreign and locally-owned. [Note that these activities and associated targets also contribute towards the achievement of PSA 3 DSO 3 where they are replicated]	New Foreign Direct Investment						
	Attract and support high quality investment, both foreign and locally-owned	Secure Investment commitments of £1.2BN (excluding potential support towards the Bombardier C-Series project)	£929M	Secure Investment commitments of £277M	£1.2BN	Yellow	Green
	Value of total annual salaries and wages secured reflecting FDI success and growth of locally-owned clients	£345m Annual Salaries Secured	£307M	£88M Annual salaries secured	£395M	Green	Green
	Secure inward investment projects with associated job targets	90 Projects	97	30 Projects	127	Green	Green
		6,500 jobs	5,853	1,800 jobs	7,653	Green	Green
		5,500 jobs with salaries above the NI PSM	3,569	1,931 jobs*	5,169	Red	Red
		2,750 jobs with salaries 25% above the NI PSM	2,053	1,000 jobs	3,053	Green	Green
		70% of new FDI projects will be encouraged to locate within 10 miles of an area of economic disadvantage	87%	70% of new FDI projects will be encouraged to locate within 10 miles of an area of economic disadvantage	85%	Green	Green
Arrange inward visit programmes for potential investors	360 investors	268	112 investors	380	Green	Green	

**In order to align with the NI Executive's 3-year PSA target of 5,500 jobs with salaries above the NI PSM, it has been necessary to set this target at 1,931 jobs. However, due to resource constraints, the forecasted outturn for 2010/11 is 5,169, which is based on achieving 1,600 jobs above the NI PSM.*

PSA 1: INCREASE MANUFACTURING AND PRIVATE SERVICES PRODUCTIVITY						
DEPARTMENTAL STRATEGIC OBJECTIVE	ACTIVITY	CORPORATE PLAN / PFG TARGETS 2008/11	OUTTURN 2008/10 (Year 1 + Year 2)	TARGETS 2010/11 (Year 3)	FORECAST OUTTURN @ 31 st MARCH 2011 (Years 1, 2 & 3)	RAG STATUS OF FORECAST 2008/11 OUTTURN
DSO 4: Promote higher value added activity through Innovation and the commercial exploitation of R&D	Business Expenditure on R&D					
	Value of investment in R&D to be delivered by new BERD innovation business support programmes	£120M	£215M	£50M	£265M	
	Encourage companies to engage in R&D for first time	300 companies	227	100 companies	327	
	Encourage companies to participate in Design Programme	300 companies	186	114 companies	300	
	Stimulate projects in: Knowledge Transfer Programme (KTP) Mini KTP	75 KTP projects	52	25 KTP projects	77	
		30 Mini KTP projects	4	26 Mini KTP projects	14	
	Establish Centres of Excellence/Competence Centres	7 centres	5	3 centres	8	
	Launch of Proof of Concept projects	60 projects	60	0 projects	60	
Launch projects through NISPO VC fund	26 projects	27	35 projects	62		

PSA 3: INCREASE MANUFACTURING AND PRIVATE SERVICES PRODUCTIVITY

DEPARTMENTAL STRATEGIC OBJECTIVE	ACTIVITY	CORPORATE PLAN / PFG TARGETS 2008/11	OUTTURN 2008/10 (Year 1 + Year 2)	TARGETS 2010/11 (Year 3)	FORECAST OUTTURN @ 31 st MARCH 2011 (Years 1, 2 & 3)	RAG STATUS OF FORECAST 2008/11 OUTTURN
DSO 3: Increase employment opportunities by attracting high quality inward investment and supporting domestic investment. [Note that these activities and associated targets also contribute towards the achievement of PSA 1 DSO 2 where they are replicated]	New Foreign Direct Investment					
	Value of total annual salaries and wages secured reflecting FDI success and growth of locally-owned clients	£345m Annual Salaries Secured	£307M	£88M Annual salaries secured	£395M	
	Secure inward investment projects with associated job targets	90 Projects	97	30 Projects	127	
		6,500 jobs	5,853	1,800 jobs	7,653	
		5,500 jobs with salaries above the NI PSM	3,569	1,931 jobs*	5,169	
		2,750 jobs with salaries 25% above the NI PSM	2,053	1,000 jobs	3,053	
Arrange inward visit programmes for potential investors	360 investors	268	112 investors	380		

**In order to align with the NI Executive's 3-year PSA target of 5,500 jobs with salaries above the NI PSM, it has been necessary to set this target at 1,931 jobs. However, due to resource constraints, the forecasted outturn for 2010/11 is 5,169, which is based on achieving 1,600 jobs above the NI PSM.*

PSA 3: INCREASE MANUFACTURING AND PRIVATE SERVICES PRODUCTIVITY						
DEPARTMENTAL STRATEGIC OBJECTIVE	ACTIVITY	CORPORATE PLAN / PfG TARGETS 2008/11	OUTTURN 2008/10 (Year 1 + Year 2)	TARGETS 2010/11 (Year 3)	FORECAST OUTTURN @ 31 st MARCH 2011 (Years 1, 2 & 3)	RAG STATUS OF FORECAST 2008/11 OUTTURN
DSO 3: Increase employment opportunities by attracting high quality inward investment and supporting domestic investment. [Note that these activities and associated targets also contribute towards the achievement of PSA 1 DSO 2 where they are replicated]	Land Acquisition					
	Invest NI to engage in a process of land acquisition to secure sufficient land for the economic development purposes of its client companies.	Aim to acquire / develop 200 acres by 2012 ⁺	c 171 acres ⁺	No further land acquisition now planned for 2010-11 as a result of budgetary constraints. PfG target will not be achieved.	171 acres ⁺	
		75% of land acquisition to be in economically disadvantaged areas	92%	No further land acquisition now planned for 2010-11 as a result of budgetary constraints.	92%	

Notes:

* Target is an Investment Strategy Northern Ireland target and is not limited to the PfG period. Instead, it relates to the time period 1st April 2008 to 31st March 2012.

PSA 3: INCREASE MANUFACTURING AND PRIVATE SERVICES PRODUCTIVITY

DEPARTMENTAL STRATEGIC OBJECTIVE	ACTIVITY	CORPORATE PLAN / PFG TARGETS 2008/11	OUTTURN 2008/10 (Year 1 + Year 2)	TARGETS 2010/11 (Year 3)	FORECAST OUTTURN @ 31 st MARCH 2011 (Years 1, 2 & 3)	RAG STATUS OF FORECAST 2008/11 OUTTURN
DSO 4: Promote business growth. [Note that these activities and associated targets also contribute towards the achievement of PSA 1 DSO 1 where they are replicated]	Trade Initiatives					
	Encourage new first time exporters	600 companies	537	180 companies	717	
	Support further companies to diversify into new markets	1,200 companies	1,081	350 companies	1,431	
	Support market research by responding to Business Information Service enquiries	7,000 enquiries handled	6,826	3,000 enquiries handled	9,826	
	Deliver Export Skills and Knowledge Workshops	1,300 delegates to attend	1,245	350 delegates to attend	1,595	
	Ensure company personnel receive advanced sales skills development	750 company representatives	869	50 company representatives	919	
	Support market visits	1,500 participants	1,435	550 participants	1,985	
	Provide in-market support to companies	1,000 companies	928	350 companies	1,278	
	Support graduate placements in companies	200 placements		The E2 Programme was suspended in late 2008 to allow an Economic Appraisal to be undertaken. The outcome of that appraisal was that further funding of the E2 programme did not represent value for money and, as a result, the Programme was removed from our menu of offerings. This target is no longer appropriate.		

PSA 3: INCREASE MANUFACTURING AND PRIVATE SERVICES PRODUCTIVITY

DEPARTMENTAL STRATEGIC OBJECTIVE	ACTIVITY	CORPORATE PLAN / PFG TARGETS 2008/11	OUTTURN 2008/10 (Year 1 + Year 2)	TARGETS 2010/11 (Year 3)	FORECAST OUTTURN @ 31 MARCH 2011 (Years 1, 2 & 3)	RAG STATUS OF FORECAST 2008/11 OUTTURN
DSO 4: Promote business growth. [Note that these activities and associated targets also contribute towards the achievement of PSA 1 DSO 1 where they are replicated]	Business Start Activity					
	Support establishment of Export Start companies exporting to GB	300 companies	203	100 companies (90 . RED 10 . Food)	303	
	Support establishment of Global Start companies exporting outside the UK	45 companies	30	15 companies	45	
	Networking of institutional investors to identify and create new global start businesses	30 investors	22	10 investors	32	
	Host inward visits for potential new investors to encourage global start businesses set-up	12 visits	86	40 visits	126	
	Participate in cross border initiatives to promote entrepreneurship activities / global starts	3 initiatives	6	1 initiative	7	
	Attend international trade shows relevant to key sectors	12 trade shows	8	6 trade shows	14	
	Hold liaison meetings with universities, technology transfer offices and research centres to identify potential global starts	9 meetings	9	3 meetings	12	
	RON to issue e-zines to potential clients / stakeholders	60 e-zines	108	35 e-zines	143	
	Give presentations to Banks, accountants & influencers	60 presentations	41	20 presentations	61	
Hold seminar events targeting potential client businesses	45 seminars	31	15 seminars	46		

PSA 5: TOURISM						
DEPARTMENTAL STRATEGIC OBJECTIVE	ACTIVITY	CORPORATE PLAN / PFG TARGETS 2008/11	OUTTURN 2008/10 (Year 1 + Year 2)	TARGETS 2010/11 (Year 3)	FORECAST OUTTURN @ 31 st MARCH 2011 (Years 1, 2 & 3)	RAG STATUS OF FORECAST 2008/11 OUTTURN
DSO 2: Promote the growth of the Tourism Sector	Develop capacity support for tourism businesses through: <i>Selective Financial Assistance</i> (financial assistance for tourist accommodation businesses); and, <i>Capability and business development support</i> for tourism businesses, delivered through a number of bespoke programmes	By 31 March 2011 issue 16 offers of SFA for tourism accommodation projects	5	Issue 11 offers of SFA for tourism accommodation projects	9	Red
		By 31 March 2011 assist 120 referrals for grant assistance and/or advisory services	270	Assist 100 referrals for grant assistance and/or advisory services	370	Green

SECTION 5: INVEST NI STRATEGIC INITIATIVES 2010 - 11

INNOVATION	
<i>NOTE: While the following activities are not directly PSA / DSO related, they complement / support the activities appearing in Section 4 which contribute towards the achievement of PSA 1 DSO 4 objectives and targets.</i>	
Activities	Outputs / Milestone Targets 2010-11
Build International Innovation Partnerships via the Enterprise Europe Network.	8 Transnational Technology Transfer Agreements signed.
Develop the capability and capacity of regional networks by attracting private sector companies, investors, researchers and academia to maximise collaborative opportunities in the development of new products, processes or services.	6 collaborative projects supported.
Pilot Leadership & Management Support Framework.	10 companies engaged in Pilot.
Promotion of energy efficiency through Carbon Trust Solutions Programme.	Identify £20million in energy savings.
Identify and implement resource savings through industrial symbiosis and waste prevention programmes.	Identify £1m savings with £0.75m to be implemented
Use of eBusiness Programme to provide funding to assist SMEs to increase innovation and productivity through the implementation of appropriate ICT.	Improving ICT usage within companies: 650 projects eBusiness financial support: 195 projects
Deliver an Innovation Voucher initiative to stimulate greater collaboration between small enterprises (<50 employees) and the Further Education / Higher Education sector resulting in increased levels of innovation.	140 vouchers projects to be completed.

ENTERPRISE	
<i>NOTE: While the following activities are not directly PSA / DSO related, they complement / support the activities appearing in Section 4 which contribute towards the achievement of PSA 1 DSO 1 objectives and targets.</i>	
Activities	Outputs / Milestone Targets 2010-11
Enterprise Development Programme	3,800 Start-ups
	800 Core Growth
	300 Growth Pipeline
	100 Invest NI Clients (50 Direct Referrals)
Social Entrepreneurship Programme	40 Start-ups
	10 Invest NI Clients
Propel	35 Participants
Youth Enterprise Programme	1,125 EDP Referrals
	375 Start-ups (additional to EDP target)
	3 Invest NI Clients

SKILLS	
<i>NOTE: While the following activities are not directly PSA / DSO related, they complement / support the activities appearing in Section 4 which contribute towards the achievement of PSA 1 DSO 2 objectives and targets.</i>	
Activities	Outputs / Milestone Targets 2010-11
Value of investment in skills development leading to improved people and process capability within businesses.	£10m
Deliver support for improving company people and process capability in line with business needs through a streamlined Business Improvement Training Programme.	20 BITP Cases approved by year end.
Promote use of Interim Management /Non Executive Directors to achieve enhanced management resource/capability via short term access to expert external resources.	50 approved IM / NED cases.

INFRASTRUCTURE	
<i>NOTE: While the following activities are not directly PSA / DSO related, they complement / support the activities appearing in Section 4 which contribute towards the achievement of PSA 1 DSO 2 objectives and targets.</i>	
Activities	Outputs / Milestone Targets 2010-11
Complete the evaluation of Invest NI's Suite of Property Interventions (DETI Led).	Report Agreed July 2010.
Complete the acquisition of 72.7 acres of land in Newry.	31 December 2010.
Complete the acquisition of circa 40 acres of land in Strabane.	31 August 2010.
Complete a review of the Phase 2 Acquisition Strategy.	30 November 2010.

CORPORATE	
<i>NOTE: While the following activities are not directly PSA / DSO related, they support Invest NI's commitment to achieving the highest standards of Governance, accountability and transparency while also meeting its legal obligations and operational efficiency requirements.</i>	
Activities	Outputs / Milestone Targets 2010-11
Implement Leadership Training Programme for Top Management Team (TMT) and Senior Management Team (SMT).	TMT programme launch March 2010.
	SMT launch Aug/Sept 2010.
Review the approach to the recruitment of Client-facing staff and implement agreed way forward.	Complete by 30 th June 2010.
Knowledge Management Strategy & Compliance.	Successful implementation of year 1 Action Plan.
	Embed compliance culture with CRM and EDRMS systems in line with accepted tolerance levels.
Equality	Develop new Invest NI Equality Scheme by 31 st March 2011.

RESPONSES TO KEY CORPORATE RECOMMENDATIONS ARISING FROM THE INDEPENDENT REVIEW OF ECONOMIC POLICY	
Key Strategic Activities	Outputs / Milestone Targets 2010-11
Extend and simplify Invest NI's delegated authority limits.	New governance arrangements to be established by April 2010.
Increase Invest NI's autonomy in budgetary management including End of Year flexibility.	Recommendation by April 2010
Develop recommendations on the optimisation of Selective Financial Assistance (SFA) until end 2013.	Recommendation by June 2010
Rationalise Invest NI's current range of programmes	Recommendation by June 2010
Refine methodology for appraising innovation, R&D and SFA projects	Recommendation by June 2010
Develop a new model for how Invest NI delivers its programmes & services to the NI Business base including the services sector	Recommendation by September 2010
Determine how a Small Business Unit could fit with a new model to deliver services to the wider business base.	Recommendation by September 2010
Develop recommendations on the ex-post assessment of value for money on projects involving financial assistance on a portfolio basis	Recommendation by September 2010
DEL and Invest NI to take forward a pilot to offer an assured provision of skills tailored to expanding and new companies	Pilot to be in place by December 2010
Review organisation structure model to deliver against proposal to service the wider business base.	Implementation Plan by December 2010

PSA 1 DSO 2 TARGET FOR 2010-11	FDI SECURED FROM INVESTORS NEW TO NI [NOTE: this is a new Invest NI sub-target for 2010-11 in response to the IREP Report]
Secure 30 inward investment projects	Of which 8 are secured from investors new to NI
1,800 jobs	600 jobs
1,931* to offer salaries above the PSM	500 to offer salaries above the PSM
1,000 to offer salaries 25% above the PSM	300 to offer salaries 25% above the PSM

**In order to align with the NI Executive's 3-year PSA target of 5,500 jobs with salaries above the NI PSM, it has been necessary to set this target at 1,931 jobs. However, due to resource constraints, the forecasted outturn for 2010/11 is 5,169, which is based on achieving 1,600 jobs above the NI PSM.*

SECTION 6: CLIENTS GROUP FINANCIAL ASSISTANCE TARGETS 2010 - 11

Table (i) Overall Summary by Category

Category	Overall Summary by Category		
	Projected Invest NI Assistance (£M)	Annual Salaries Target (£M)	Investment Target (£M)
EXISTING BUSINESSES			
<i>Existing Locally-Owned</i>	16.4	37.0	92.0
<i>Follow-on Overseas Projects / Expansions</i>	17.6	29.6	93.1
NEW START-UP & FIRST TIME BUSINESSES			
<i>New Start-up Indigenous Businesses</i>	2.3	4.2	9.3
<i>New FDI</i>	8.4	17.0	83.0
OVERALL TOTAL	44.7	87.8	277.4

Table (ii) Overall Summary by Division

Invest NI Division	Overall Summary by Division		
	Projected Invest NI Assistance (£M)	Annual Salaries Target (£M)	Investment Target (£M)
International Investment	13.7	28.2	56.9
Transport Construction & Tourism	10.3	12.2	109.2
Engineering & Business Services	1.3	2.5	6.0
Food	7.9	24.5	57.9
Life-Sciences & Creative	4.5	7.7	19.4
Regional Office Network	7.0	12.7	28.0
OVERALL TOTAL	44.7	87.8	277.4

EXISTING BUSINESSES

Table (iii) Existing Locally-Owned Businesses

Invest NI Division	<i>Existing Locally-Owned Businesses</i>		
	Projected Invest NI Assistance (£M)	Annual Salaries Target (£M)	Investment Target (£M)
International Investment	1.3	3.2	7.0
Transport Construction & Tourism	1.0	1.5	4.0
Engineering & Business Services	1.0	1.5	4.0
Food	7.4	20.8	54.3
Life-Sciences & Creative	1.0	1.5	4.0
Regional Office Network	4.8	8.5	18.7
TOTALS	16.4	37.0	92.0

Table (iv) Follow-on Overseas Projects / Expansions

Invest NI Division	<i>Follow-on Overseas Projects / Expansions</i>		
	Projected Invest NI Assistance (£M)	Annual Salaries Target (£M)	Investment Target (£M)
International Investment	7.8	13.8	27.6
Transport Construction & Tourism	7.0	8.2	52.1
Engineering & Business Services	0.3	1.0	2.0
Food	0.5	3.7	3.6
Life-Sciences & Creative	2.0	2.9	7.8
Regional Office Network	0.0	0.0	0.0
TOTALS	17.6	29.6	93.1

NEW START- UP AND FIRST TIME BUSINESSES

Table (v) Indigenous Businesses

Invest NI Division	<i>New Start-up Indigenous Businesses in Northern Ireland</i>		
	Projected Invest NI Assistance (£M)	Annual Salaries Target (£M)	Investment Target (£M)
International Investment	0.0	0.0	0.0
Transport Construction & Tourism	0.0	0.0	0.0
Engineering & Business Services	0.0	0.0	0.0
Food	0.0	0.0	0.0
Life-Sciences & Creative	0.0	0.0	0.0
Regional Office Network	2.3	4.2	9.3
TOTALS	2.3	4.2	9.3

NOTE: It is invariably the case that the vast majority of new start-up businesses are generated through the Regional Office Network and this is reflected in the above Table. Although in previous years a limited number of such cases have at times been generated by certain other Divisions, at the time of preparing this Operating Plan no such cases were in the pipeline.

Table (vi) Externally-Owned Businesses (New FDI)

Invest NI Division	<i>New First Time Externally-Owned Businesses in Northern Ireland (New FDI)</i>		
	Projected Invest NI Assistance (£M)	Annual Salaries Target (£M)	Investment Target (£M)
International Investment	4.6	11.2	22.3
Transport Construction & Tourism	2.3	2.5	53.1
Engineering & Business Services	0.0	0.0	0.0
Food	0.0	0.0	0.0
Life-Sciences & Creative	1.5	3.3	7.6
Regional Office Network	0.0	0.0	0.0
TOTALS	8.4	17.0	83.0

ANNEX A

TARGET STATUS CLASSIFICATIONS

STATUS	PROGRESS
GREEN	GOOD: Achieved or on track for achievement. Low risk to overall delivery
AMBER / GREEN	MIXED: Broadly on track. May need some additional action. Medium risk to overall delivery
AMBER	PROBLEMATIC: Going off track. Significant corrective action needed. High risk to overall delivery.
RED	HIGHLY PROBLEMATIC: Not achieved or clearly off track. Substantial and/or urgent corrective action needed. Very high risk to overall delivery.

ANNEX B

EXPLANATION OF TERMS USED BY INVEST NI

Assistance Offered	The amount of assistance offered by Invest NI towards the eligible investment components in a company's Business Plan.
Business Plan	A plan submitted to Invest NI by a company in support of its application for financial assistance, which details the project fully, including its associated costs and its implementation and completion timeframes.
Clawback	The means by which financial assistance already drawn down by a company may be required to be repaid to Invest NI should the company be in default of a letter of offer.
Drawdown	Assistance offered by Invest NI is normally paid in tranches, or instalments, the payment of which is triggered by the project rollout achieving predetermined milestones.
Eligible Investment	Those costs within a client's Business Plan against which Invest NI may offer direct or indirect financial assistance in line with its Intervention Principles.
Foreign Direct Investment (FDI)	Investment from outside Northern Ireland, where at least 50% of the company's ownership is based outside the UK, secured as a result of an offer of financial assistance from Invest NI.
Inward Investment	Investment from outside Northern Ireland, where at least 50% of the company's ownership is based outside NI, secured as a result of an offer of financial assistance from Invest NI.
Intervention Principles	Businesses receiving financial assistance must be viable. Any project supported must provide a net economic benefit to NI and must demonstrate a need for public funds.
Jobs promoted	The number of jobs that an offer of financial assistance by Invest NI could enable a company to provide over time as a result of fully implementing a business plan, with Invest NI support, which is aimed at increasing its capability and competitiveness. This is a target for Invest NI.

Jobs created	The number of jobs actually created by a company, over time, as a result of its staged implementation of a business plan, with Invest NI support. This is not a target for Invest NI as jobs can only be created by businesses.
Jobs safeguarded	The number of existing jobs in a company which, if not safeguarded with support from Invest NI, would otherwise be lost during the period of a project, should the project not proceed as planned.
Letter of Offer	The letter of offer issued by Invest NI to a company setting out the terms and conditions of an offer of financial assistance made by Invest NI to the company.
Planned Investment	<p>The totality of the investment needed to implement the company's Business Plan. This comprises:</p> <p>(i) the element generated by a company, ie its own contribution coupled with private sector funding provided by banks / other lending institutions; and</p> <p>(ii) Invest NI's offer of financial assistance.</p> <p>Note that Planned Investment may include elements which do not qualify for Invest NI support on grounds such as displacement or additionality.</p>
Selective Financial Assistance (SFA)	SFA supports new investment and/or job creation and may be the principal component of a package of assistance which Invest NI negotiates with a company in support of a viable business plan. As an approved State Aid its use by Invest NI is strictly subject to the Regional Aid conditions imposed by the European Commission.

NOTE: Any financial assistance provided by Invest NI is subject to the European Commission's State Aid Regulations.