



HM Government



Northern Ireland  
Executive

# **Building a Prosperous and United Community: One Year On**

2 July 2014



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# Contents

<b>Foreword</b>	<b>2</b>
<b>Executive summary</b>	<b>4</b>
<b>Rebalancing the economy and building a shared future</b>	<b>7</b>
<b>Unlocking projects to boost the Northern Ireland economy</b>	<b>18</b>
<b>Building greater links to drive private sector growth</b>	<b>24</b>
<b>Broader engagement and next steps</b>	<b>25</b>

## Foreword

Last month represented the anniversary of the G8 summit held at Lough Erne when Northern Ireland welcomed leaders from across the globe. This event showed just how much Northern Ireland has changed as well as telling the world about the investment opportunities that it has to offer.

We are now also a year on from the publication of the 'economic pact', *Building a Prosperous and United Community*. In that pact, we agreed a series of measures consistent with the Northern Ireland Executive's Economic Strategy and our joint aims to rebalance the economy and build a shared future. We can now reflect on the progress made in areas such as job promotion, research and development, investment and infrastructure, and consider the further challenges that lie ahead.

The UK Government and the Northern Ireland Executive remain committed to our shared objective of rebalancing the economy. We have been working together to address a range of economic issues faced by Northern Ireland, for example through the Ministerial Taskforce on Banking and Access to Finance.

There has been improvement and there are clear signs that the economy has started to turn the corner. Output, employment and exports have increased and a number of independent surveys have shown record levels of business confidence. Independent forecasters have revised up their outlook for Northern Ireland. Growth in both Great Britain and the Republic of Ireland, key external markets, will help to further strengthen this recovery.

The improving economic environment has supported a record year for investment. The International Investment Conference in October that we all attended built on the success of the G8. It has also directly led to companies choosing to locate in Northern Ireland and helped Invest NI deliver its best ever year in promoting employment.

Alongside the economy, the pact recognised the need to tackle long term entrenched divisions and build a shared future. The Executive published its good relations strategy, *Together: Building a United Community* in May last year. There has been significant progress across all of the Headline Actions, some of which are directly supported by announcements we are making today.

In October, we announced that the first phase of a shared education campus at Lisanelly would be funded by additional further borrowing agreed as part of the economic pact. Now the Government has agreed to further flexibility, meaning £30 million of additional borrowing will fund more development at Lisanelly through to 2016-17.

The Executive has also confirmed the schemes which will benefit from the remainder of the £100 million borrowing which was made available to help deliver the good relations strategy projects. The Government has agreed to this package which will allow the Executive to prioritise spending to improve the facilities at integrated primary schools including at Omagh, Portadown and Corran, shared neighbourhood schemes such as those at Felden Mill and the Ravenhill Road in Belfast, and a new further education campus in Craigavon.

This progress is welcome but we all recognise the need to go further. Northern Ireland parties have continued talks to address the difficult issues of parading, flags and the past. Talks on these issues will take place between party leaders. This process will aim to help provide a long term stable base in the best interest of the community and attracting investment.

The Government and the Executive will continue to work together to build on the progress already made and deliver on the range of measures agreed when we launched the economic pact. Together we remain committed to our ambition of a genuinely shared society that can fulfil its economic potential and strengthen the foundations for continued peace, stability and prosperity.



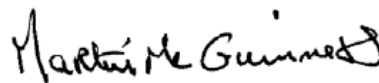
**Rt. Hon. David Cameron MP**  
**Prime Minister**



**Rt. Hon. Peter Robinson MLA**  
**First Minister of Northern Ireland**



**Rt. Hon. Theresa Villiers MP**  
**Secretary of State for Northern Ireland**



**Martin McGuinness MLA**  
**deputy First Minister of Northern Ireland**

## Executive summary

### *An improving economic outlook*

1. The Northern Ireland economy has gained significant momentum over the last year with signs of improvement across a wide range of indicators. Economic activity expanded in three successive quarters and increased by 2.6 per cent across 2013. The number of employee jobs has also increased by 16,000 over the last year with the vast majority of these new jobs being in the private sector.
2. The **access to finance** environment for businesses has also improved considerably. **Figures published for the first time today, by the British Bankers Association (BBA)**, show new lending to Northern Ireland's small and medium size enterprises (SMEs) reached £362 million in the last quarter of 2013. This represents a 46 per cent increase compared to the same quarter in 2012. The BBA also estimate that 9 out of every 10 SME loan applications are approved.
3. Government schemes have continued to have a direct impact with £36 million of investment from the Enterprise Finance Guarantee Scheme and the recent introduction of the Business Finance Partnership (£2.4 million) and Start-up Loans scheme (£400,000) in Northern Ireland. **The Green Investment Bank will now also make two separate investments of £1.5 million and £1.7 million** to help increase the efficiency of the local agri-food sector.
4. Business and consumer confidence has been buoyant over the last year, with local surveys from both Ulster Bank and Danske Bank regularly registering record highs. The Northern Ireland Centre for Economic Policy (NICEP) now anticipates growth of 2.8 per cent in 2014, a higher growth rate than that expected for most advanced economies around the world. NICEP also expects an additional 23,000 jobs to be created in the economy across 2014 and 2015.
5. The Government and the Executive continue to work with the Irish Government on efforts to boost trade between the UK and Ireland, and strengthen economic cooperation. The first UK-Ireland joint trade mission took place at the Singapore Airshow earlier this year. This cooperation and economic growth in both Great Britain and the Republic of Ireland, key external markets, will continue to help the Northern Ireland economy.

### *Investment being delivered*

6. The Government and the Executive have continued to work together to maximise the opportunity provided by the G8 summit to present Northern Ireland as a great place to do business. These efforts mean that Northern Ireland remains one of the most attractive UK regions for inward investment outside of London.
7. Invest NI recently published its results for 2013-14 which show it had a record year. They promoted almost 11,000 jobs with associated wages and salaries of £190 million. Invest NI also provided support to nearly 3,000 businesses making combined investments of £239 million. This means in the last three years the Executive has supported over £400 million of investment in Research and Development, helped individuals improve their skills by supporting



almost 217,000 qualifications and promoted 23,783 employment opportunities through Invest NI.

8. The International Investment Conference held in October and attended by the Prime Minister had an important role in supporting this success. As a direct result of the Conference, including roundtable discussions with the Prime Minister, projects by Convergys in Derry-Londonderry and EY in Belfast promoting over 800 jobs have now been announced.
9. Northern Ireland's strong communications infrastructure remains a key selling point to business. Further investment includes the £23.5 million Broadband Improvement Project, funded by the Government, the Executive and the EU. £7.2 million has also been allocated to Northern Ireland as part of the Government's superfast broadband programme and the company, Arqiva, will deliver improved mobile coverage in Northern Ireland under the Government's Mobile Infrastructure Project.
10. The ability to attract inward investment is supported by continued efforts to provide a stable, long term platform to promote investment. Northern Ireland parties are engaging in talks to address the difficult issues of parading, flags and the past.

#### *Projects Building a Shared Future*

11. The Northern Ireland Executive's wide-ranging strategy to improve good relations, *Together: Building a United Community (TBUC)*, was published in May 2013. It is an ambitious framework that includes commitments on education, housing, regeneration, sports, youth development, community interaction and interfaces.
12. The **Executive has brought forward shared education and shared housing proposals to use the £100 million additional borrowing made available** as part of *Building a Prosperous and United Community*. The Government has agreed to the Executive's proposals with borrowing through to 2016-17 to ensure these projects can be delivered, and the Executive is committed to funding the remainder of the capital required.
13. This package of measures includes investment in integrated primary schools, a further education college and a range of housing schemes helping to deliver the *TBUC* commitments. Together these projects will help increase the availability and quality of shared education places and increase the opportunities for people across different communities to live together.
14. The additional borrowing made available has made it possible to prioritise this investment in a shared future. A number of these projects have been accelerated and will be delivered earlier than would be the case under the usual approach to funding.
15. The **Ministry of Defence has identified 106 properties from surplus accommodation that could be gifted to the Executive**. These properties at Lisburn and Holywood could be used to increase the provision of shared housing subject to appropriate proposals being developed by the Executive.
16. The Executive has established a pilot for the United Youth Programme with further pilots being developed to engage with around 300 young people from September. These will inform the

design and content of the 10,000 one year placements committed to in *TBUC* which will make use of the €50 million added to the PEACE IV Programme by the Government from its European Territorial Co-operation allocation.

17. The Northern Ireland Department of Education has also announced the first successful projects under the Shared Education Campuses Programme. Three sets of schools were selected from the 16 expressions of interest received following a call for applications in January 2014.

*Further progress to be made*

18. There are a number of commitments in *Building a Prosperous and United Community* that continue to be developed. This update represents progress so far but also an opportunity to continue the important work helping to rebalance the Northern Ireland economy and build a shared future.
19. Before the end of the year, pilot reciprocal visa arrangements between the UK and Ireland are due to start operating. This will enable visitors from India and China to visit Northern Ireland and Great Britain using an Irish visit visa without having to obtain a separate UK visa and will help to boost tourism. Five of the shared housing schemes are also expected to be under construction. This represents visible progress that will help deliver better outcomes for the people of Northern Ireland.
20. A number of further commitments will also be met by the end of 2014 including: a final report from the Executive's Red Tape Review; recommendations to Government and Executive Ministers about the scope for further fiscal devolution; and consideration of the Implementation Panel's interim report on access to finance. The Government and the Executive will also work together to deliver at least three Ambassador led trade missions to Northern Ireland to reinforce the opportunities for investment.
21. The Government remains committed to making a final decision on the potential devolution of corporation tax no later than this year's Autumn Statement. If a decision to proceed with devolution is made then the Government remains on track to introduce a stand-alone Bill with the aim of it becoming law in this Parliament.
22. The Government and the Executive will continue to work together on our commitments on the economy and to make sure that the announcements made today are successfully delivered and implemented.

# Rebalancing the economy and building a shared future

## Investment to build a shared future and support jobs

1. The Government and the Executive have been working together to invest in a shared future. A fundamental part of this work is the strategy to improve good relations, *Together: Building a United Community (TBUC)*, published by the Executive in May 2013.
2. This Executive strategy included a package of significant actions aimed at improving community relations and building a united, shared and reconciled society. The main commitments in *TBUC* focus on education, housing, regeneration, sports, youth development, community interaction and interfaces.
3. The measures included in the economic pact, *Building a Prosperous and United Community*, contribute significantly to these aims and in some places directly support the delivery of *TBUC* actions. The most significant of these is the additional borrowing of up to £50 million in both 2014-15 and 2015-16 made available by Government to provide support for specific shared housing and education projects.
4. The Executive has proposed a number of further projects that will fully utilise the £100 million of borrowing available including shared education, further education and housing projects. The Government has agreed to reprofile the borrowing available to cover 2014-15, 2015-16 and 2016-17 to help ensure that this wider range of schemes can benefit.
5. There has been progress against all the *TBUC* headline actions, including projects using this additional borrowing and other funding provided as part of the economic pact:
  - **Shared neighbourhoods:** The first *TBUC* shared housing development, on Belfast's Ravenhill Road, will be completed shortly with work on a further five schemes already underway or planned to start during the current financial year.

**Schemes at Belfast City Centre, Felden Mill and Ravenhill Road will make use of the additional borrowing provided as part of the economic pact.** A further £7.7 million will be used to provide new shared housing sites and extend existing ones creating up to an additional 300 properties in a shared environment.

- **Shared education campuses:** The shared campuses programme was launched in January and 16 expressions of interest were received by March. The programme is aimed at providing support for the delivery of shared education of children and young people through shared facilities, enhanced facilities and shared campuses where schools are co-located or share infrastructure.

The Northern Ireland Department of Education has now announced the first successful projects under the Shared Education Campuses Programme. The first three projects are

Moy Primary School and St John's Catholic Primary in Moy; St Mary's High, Limavady, and Limavady High School; and Ballycastle High and Cross and Passion college.

The **Lisanelly** shared campus site, which is additional to the ten shared sites committed to in *TBUC*, is already being progressed using the shared future borrowing facility. Phase one is making good progress with demolition of parts of the site already underway and construction of Arvalee School and Resource Centre expected to start this financial year. As a result of the commitments made in the pact, **borrowing of £38 million will be made available in the next two years** to fund further stages of development.

- United Youth Programme: The Government has made available an additional €50 million from the UK's European Territorial Co-operation allocation for the PEACE IV Programme. As set out in the October update the intention is that this additional funding will have a focus on young people, shared space and civic leadership, and to reflect and support the objectives of *TBUC*. The additional €50 million has been included in the European Commission's draft implementing regulation which is expected to be formally adopted in the summer.

When this is formally agreed the resources will support the United Youth Programme. United Youth will offer young people, primarily those not in education, employment or training, the opportunity to participate in structured activity, work experience, volunteering and leisure opportunities, along with a dedicated programme designed to foster good relations and build a united and reconciled society.

A pilot project to test elements of the United Youth Programme commenced in February 2014. 50 young people are participating in the pilot and further pilot initiatives are planned to commence in autumn 2014 to inform the final design of the programme. The PEACE IV Operational Programme will be submitted to the European Commission by September 2014 for approval and it is expected that the United Youth Programme along with other aspects of the PEACE IV Programme will commence in early 2015.

- Interface barrier removal: A model has been developed to create the Interface Action Team to support project delivery. A list of pilot proposals and plans has been identified with anticipated delivery over the next 12-18 months.
- Summer schools and camps: A pilot programme has been agreed which will be run in the Belfast City Council area from summer 2014 with others following as soon as possible.
- Urban Villages: The location of the first two urban villages was announced in March. Each area will be recognised as a zone for development, and the Department for Social Development will convene groups to oversee all aspects of their development.
- Cross community sports programme: Proposals have been developed and are currently under consideration.

6. There are also a number of other projects that will use the additional borrowing made available through the economic pact. These schemes are all additional to the *TBUC* commitments but equally contribute significantly to delivering a united, shared and reconciled society:

- Southern Regional College - Craigavon Further Education College: This will be a completely new Further Education (FE) campus for the Southern Regional College which will replace two existing campuses in Portadown and Lurgan.

This proposed campus will open up the opportunity for shared education to schools in the area as part of the entitlement framework. This will mean that more pupils spend some of their school day in a shared space and in shared education. The new facilities for the college will also help to meet the needs of employers in the area.

The new campus will also replace the current outdated provision with modern facilities located in a neutral area to help encourage and expand shared learning. Around £22.5 million of borrowing will be used for this project over the three years to 2016-17.

- Integrated Primary Schools: Omagh, Portadown and Corran Integrated Primary Schools currently suffer from poor provision of facilities and £8 million of borrowing will be used to help prioritise new builds more quickly than would have occurred under normal funding arrangements.
- Shared mixed tenure housing scheme: A number of sites are under consideration for new developments that will include shared social housing, privately owned, and privately rented accommodation. The £15 million borrowing being provided will allow for development of these plans and potentially the purchase of land or early construction costs.
- Housing, environmental improvement: In Portadown £300,000 of borrowing will finance the improvement of shared space between existing estates.

7. In total this brings the additional capital borrowing requested by the Executive and provided by the Government to £100 million. In addition to this borrowing facility the Executive has committed additional capital funding from 2017-18 onwards to ensure the successful completion of these projects.

#### *Structural funds*

8. *Building a Prosperous and United Community* indicated that the Government is committed to revising the allocations of Structural Funds envisaged by the EU criteria. With the approval of the EU's Multiannual Financial Framework on 20 December 2013 the EU allocations from the Investment for Jobs and Growth (IGJ) Objective are now confirmed to Member States. The Government announced the final breakdown of allocations within the UK on 17 April 2014 and confirmed the funding for Northern Ireland will be €513.4m<sup>1</sup>. The Executive will submit operational programmes by 17 July 2014 for approval by the European Commission setting out how this funding will be used.

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<sup>1</sup> This is current prices and represents the indexation of the previously announced sum (€457 million) from 2011 prices to a cash amount.

## Boosting growth

### *Corporation Tax*

9. The Government remains committed to creating the most competitive tax regime in the G20. The main rate of corporation tax has been reduced from 28 per cent in 2010 to 21 per cent this year with a further reduction to 20 per cent announced for 2015.
10. There has been further work on the potential devolution of corporation tax powers. This includes consideration of a number of technical issues such as how a devolved regime might apply to both smaller and larger businesses.
11. The work also involved looking at the international tax regime and how that might apply in an intra-country situation, including by examining how profits and losses would be allocated between parts of a business located in Great Britain and Northern Ireland. The next stage of the work will include further consideration of the adjustments to the block grant that would be required if devolution was to proceed.
12. The Government remains on course to make a final decision no later than the 2014 Autumn Statement. If a decision to proceed with devolution is made then a stand-alone Bill will be introduced with the aim of it becoming law in this Parliament.
13. The Executive recognise the benefits of a competitive tax regime to help encourage both domestic and inward investment. If corporation tax powers are devolved to the Northern Ireland Assembly the Executive will seek to reduce the headline rate to improve the attractiveness of Northern Ireland as an investment location and support the rebuilding and rebalancing of the economy.

### *Fiscal Powers*

14. The Government and Executive are also committed to examining the potential for devolving other additional fiscal powers, to enable local politicians to respond in a more tailored way to address the social and economic challenges that the Northern Ireland economy faces.
15. The Executive is examining a range of taxes to consider whether devolution could result in any clear economic or social benefit for Northern Ireland. The Executive is also considering the impact devolution would have on other considerations such as the Executive budget, and therefore the provision of public services. An assessment of options relating to further fiscal devolution is on course to be put to Executive and Government Ministers by autumn 2014.

## Providing targeted support to the private sector

### *Assisted Area Status*

16. *Building a Prosperous and United Community* set out that the Government will ensure that Northern Ireland continues to benefit from 100 per cent Assisted Area Status for at least the medium term. On 30 April 2014 the Government published the UK Assisted Areas Map for 2014-2020 which included 100 per cent Assisted Areas Status for Northern Ireland. The new

map has now been approved by the European Commission and came into force on 1 July 2014.

17. The Executive will continue to use the Selective Financial Assistance (SFA) Programme post 2014 to drive investment and business expansion. The retention of Assisted Area Status enables Invest NI to utilise SFA to support businesses right across Northern Ireland. In 2013-2014 Invest NI provided close to £54 million of assistance towards a total investment of almost £486 million which supported 7,672 new jobs across 440 projects. More than half of all support was provided to small and medium enterprises (SME).
18. Notable projects included Delta Print & Packaging Ltd's £40 million investment to expand its operation and create 100 new manufacturing jobs in west Belfast; Schrader Electronics Ltd's £56 million investment to create 241 new high quality manufacturing jobs at its Carrickfergus and Antrim facilities and Capita Managed IT Solutions' £29.9 million investment to create 400 new ICT jobs in Newtownabbey.

#### *Enterprise Zone*

19. At Budget 2014, the Chancellor announced that businesses located within the Executive's proposed pilot Enterprise Zone near Coleraine will benefit from Enhanced Capital Allowances (ECAs) until 2020. ECAs support investment and expansion by offering 100 per cent relief on expenditure on qualifying plant and machinery in the first year of business.
20. The pilot Enterprise Zone will be designated for 5NINES, a leading global data centre development and consulting firm, who have already announced plans for a £20 million investment. This will be an important infrastructure investment for the ICT sector and builds on the area as a digital hub.
21. The Government remains willing to discuss funding further proposals for additional ECAs within Enterprise Zones with the Executive. The Government also remains willing to permit the Executive to increase the number of areas which benefit from ECAs even further, should they agree to meet the incremental costs. ECAs form one type of potential support available for investors and are particularly attractive for large, capital intensive projects. Alternative forms of regional aid such as Selective Finance Assistance and business rates discounts may be suitable in other circumstances.

#### *Reducing business red tape*

22. The Government has worked with the Executive and shared best practice from the UK Better Regulation initiatives. Government support includes an official level secondment into the Northern Ireland Department of Enterprise, Trade and Investment (DETI) from the UK Department for Business, Innovation and Skills (BIS) for six months to lead work examining suitability of UK Better Regulation initiatives for Northern Ireland.
23. At Westminster the Government embarked on The Red Tape Challenge, which was launched in 2011. In January 2014, The Prime Minister announced that with the help of over 30,000 crowd-sourced comments from businesses and the public, the programme had succeeded in identifying over 3,000 regulations to either scrap or improve.

### Working together to reduce regulatory burdens: Defra – Northern Ireland cooperation

The UK Department for Environment, Food and Rural Affairs (Defra) has been keeping departments across the Northern Ireland Executive actively informed about its work to reduce regulatory burdens.

Defra's Red Tape Challenge work has reviewed over 1200 regulations, pledging to remove 350 regulations and improve 428 regulations, saving businesses an estimated £300 million each year from April 2015. Proposals have been shared with Northern Ireland departments so that changes identified can be considered and implemented in Northern Ireland where suitable.

Defra has proposed to scrap ten regulations and improve nine others on a UK wide basis. These proposals have been shared with and supported by Northern Ireland counterparts so that they can be easily delivered within Northern Ireland following UK wide legislation.

24. The Executive has launched its own Red Tape Review to reduce the regulatory burdens facing business in Northern Ireland. The Review Advisory Panel Members include Non-executive Chair of the Government's Better Regulation Executive, Lord Curry of Kirkharle who is sharing his experience of UK wide work.
25. The Advisory Panel, which first met in December 2013, endorsed four key work strands for the Review to concentrate on:
  - Improvements to communications and information between regulators and for businesses on their regulatory requirements;
  - Improvements to how regulations are delivered to secure higher levels of compliance;
  - Assessment and potential applicability of current UK regulatory reform policies in the Northern Ireland context; and
  - Development of a model for undertaking sector specific regulatory reviews (based on the key principles of the UK Government's Red Tape Challenge and Focus on Enforcement initiatives). This model will be tested by looking at specific regulations and regulatory delivery across three key sectors of the Northern Ireland economy: hospitality; construction; and agri-food.
26. The Advisory Panel met a group of key regulators in April and met a group of invited business bodies in June. These engagements are part of a wide range of dialogue that the review team is undertaking. A number of research projects are underway and the evidence gathering phase of the review will be completed in the coming weeks. A final report will be presented to Ministers by October.

#### *Research and Development (R&D)*

27. The Government committed to provide up to £3 million of funding to support Aerojet to build a facility to test space propulsion systems in Northern Ireland, subject to agreeing the business case for investment. In late June 2013 the First Minister officially opened European Space Propulsion Ltd's (ESP) offices in Belfast. The company, which is owned by Aerojet Rocketdyne, has entered a partnership with Thales UK and aims to provide a range of products and services to the European Space Industry.



28. Over the next six months the UK Space Agency will work closely with ESP as well as Invest NI to further progress this project. This work will include considering whether a test facility should include new electric satellite propulsion systems in addition to chemical propulsion, accepting additional investment might be needed for this capability.
29. The October update highlighted that the Government and the Executive had approved the business case for a £120 million R&D project at Bombardier Aerospace in Belfast. Dependent on EU State Aid approval, Invest NI and BIS will provide up to £12 million and £8 million respectively towards this project, which aims to directly create over 230 jobs in Northern Ireland. The Government contribution to this project will come from the Aerospace Technology Institute.
30. In addition to this a collaborative project has been approved for Bombardier Aerospace Belfast to lead on the R&D towards improving the aerodynamics of engine nacelles, with around half the funding coming from the Government.
31. In February 2014, the Northern Ireland Minister for Enterprise, Trade and Investment launched a strategy to secure the future prosperity of Northern Ireland's aerospace, defence, security and space sectors. *Northern Ireland Partnering for Growth* provides a regional focus to the work of the Aerospace Technology Institute and the UK Aerospace Growth Partnership. The strategy aims to more than double revenues from the aerospace, defence, security and space sectors in Northern Ireland to over £2 billion per year.

## **Promoting Northern Ireland as a great place to invest**

### *Investment Conference*

32. In June last year the G8 summit showcased Northern Ireland on a world stage. The day after it concluded Japanese healthcare firm Terumo BCT announced a £2 million R&D investment and the creation of over 400 new jobs in Larne, Co. Antrim.
33. Since then the Government and the Executive have continued to work together to maximise the opportunity provided by the G8 summit to present Northern Ireland as a great place to do business. In October 2013 the Prime Minister attended the International Investment Conference held at Titanic Belfast where he made a powerful pitch to an international audience on the investment opportunities in Northern Ireland.
34. In November last year the Secretary of State for Northern Ireland and the Northern Ireland Minister of Enterprise, Trade and Investment co-hosted an Investment Seminar for a number of High Commissioners and Ambassadors to outline the benefits of increased trade and investment. Following this event the Northern Ireland Office and Invest NI have engaged with embassies and a number of Ambassadors have been invited to lead trade missions to Northern Ireland. The first two of these visits are due in September and October 2014 with others due to take place over the coming 12 months.

## Investment Conference delivering results in 2014

### *Convergys/EE*

333 new jobs are to be created by Convergys who are establishing a new customer service centre in Derry-Londonderry working in collaboration with mobile phone company EE as their client.

Convergys worked closely with Invest NI to develop the proposals for bringing jobs to Northern Ireland. Their representatives attended the Investment Conference and alongside their customer EE took part in a roundtable discussion at the event with the Prime Minister.

There was an opportunity to discuss the benefits of doing business in Northern Ireland including the cost effective nature of the location as well as their customer recognising the benefits of bringing jobs back to the UK.

Following further development and approval of their business case, again working closely with Invest NI, Northern Ireland Minister Arlene Foster announced the project in April. The new jobs will be created over 2014-15.

### *EY*

EY was another firm that attended the Investment Conference in October. The firm highlighted the experience of hearing about the talent of workers in Northern Ireland from other big business and other investment success stories as helping to persuade them to further invest in Northern Ireland.

The firm will build on their existing operations through the creation of a new business unit offering advisory and assurance services to clients outside of Northern Ireland. This will lead to £24.5 million of investment and almost 500 further jobs being created in Belfast with support from Invest NI.

35. As well as working alongside each other the Government and the Executive have worked closely with the Republic of Ireland. February saw the success of the first ever UK-Ireland joint trade mission with Ministers from London, Belfast and Dublin attending the Singapore Airshow together. This brought good news for Bombardier with potential contracts worth £479 million.
36. Strengthening trade and commerce between the UK and Ireland has particular benefits for Northern Ireland, given the linkages between the economies of Northern Ireland and the Republic of Ireland. In March the Prime Minister and Taoiseach committed to maintaining the joint trade programme to further develop cooperation.
37. The recent State Visit by President Higgins, which included a number of business related events, provided further opportunity to promote links between the UK and Ireland. Events around the State Visit included a business breakfast at the Mansion House, Ireland Day at the London Stock Exchange, and the Guildhall banquet which was, in part, a celebration of the longstanding commercial links between the UK and Ireland. There is more than €1 billion of trade between the UK and Ireland every week. Ireland is the UK's fifth largest export market whilst the UK is Ireland's largest trading partner.

### *International Relations Strategy*

38. The Executive approved its International Relations Strategy in February. This strategy will result in more proactive international activity to raise Northern Ireland's profile in targeted investment countries and regions and to work in partnership with other key stakeholders.
39. The First Minister and deputy First Minister completed a number of international visits to key target markets to strengthen relations. These included a visit to Beijing where the Executive will open a Bureau Office later this year to further develop representative ties between the Executive and the Chinese Government, open new markets for products and services, and secure Chinese Government support for the University of Ulster and Queen's University Belfast. This has led to financial investment by the Chinese Government in expanding the Confucius teaching centres into Northern Ireland schools and establishing the Queen's University medical centre in Shenyang.
40. The First Minister and deputy First Minister also visited Japan and met with Prime Minister Abe and the Senior Foreign Minister. This visit led to commitments from a number of Japanese firms to expand their operations including Fujitsu announcing 192 new jobs last December and Ryobi announcing the creation of 100 new jobs this February.

### *Export Finance*

41. The Government and the Executive are co-operating to promote exports. There have been some major successes promoting exports within and outside the UK and also a number of positive developments resulting from co-operation between embassies, UKTI, Enterprise Ireland and Invest NI.
42. UK Export Finance (UKEF) offers a range of products and services to support UK exports and in the past year has not only made improvements to its existing products but launched new ones to provide additional support to UK companies.
43. Notably, UKEF has increased its risk share with banks on its Bond Support and Export Working Capital products, which will increase access to finance by releasing cash flow for exporters. To make these products more accessible, particularly for small and medium-sized businesses, UKEF has streamlined its processes and simplified its application forms. It is now looking at its credit insurance product to see whether further simplifications can be introduced.
44. Through its Export Finance Adviser, located within Invest NI, UKEF is:
  - providing support to exporters in Northern Ireland facing issues accessing trade credit insurance and trade finance. Where possible directing and guiding them to a solution that best fits their business;
  - encouraging greater promotion and utilisation of its schemes with banks and encouraging those banks who have not signed up to do so; and
  - promoting UKEF in the local economy to ensure the support available is widely known to eligible businesses.
45. A delegation from UKEF visited Bank of Ireland, Danske Bank, First Trust Bank and Ulster Bank to encourage them to use the Bond Support and Export Working Capital Schemes.

Following the meetings, it is now likely that those who have not yet done so will sign up to both schemes. The majority of banks have also agreed to work with UKEF's regional representatives to raise awareness of the support available with their teams of relationship managers.

46. In September UKEF launched its Direct Lending Facility. This is a significant development because for the first time in its history, UKEF can now lend directly to overseas buyers of UK exports thereby securing medium/long term financing for UK exports where appetite in the private market is lacking. In his 2014 Budget, the Chancellor announced improvements to this facility which puts it on a level footing with direct lending products available to exporters in other G7 nations.
47. The UK is well known for its expertise in the aerospace sector and UKEF plays an important role in supporting aerospace exports from the UK. Recently, UKEF signed an agreement with its counterpart in Canada, EDC, to agree the terms for cooperation between both agencies for supporting the export of Bombardier's new CSeries aircraft.
48. UKEF recently consulted on proposals to broaden its statutory powers to support exports and investments overseas. These proposals, which would give UKEF greater scope and flexibility to support companies that are, or wish to become, involved in exporting or exporting supply chains, received broad support from industry. The Government published its response to the consultation in June, confirming its intention to proceed with the proposed changes in this session's legislative programme.

#### *Export Tax Credits*

49. The Executive has considered proposals for an Export Tax Credit scheme and how it might operate alongside the measures Invest NI and UKEF already have in place to support exporters. It is possible that any tax credit might only replicate this existing comprehensive support and so a new measure might have negligible impact on the Northern Ireland economy. The Executive is therefore unlikely to bring forward proposals at this stage.

#### *Providing a boost to tourism in Northern Ireland*

50. At the UK-Irish Summit in March the Prime Minister and the Taoiseach welcomed ongoing collaboration on visas to help strengthen the Common Travel Area and border security.
51. Particular focus has been on enabling a reciprocal visa arrangement: the British-Irish Visa Scheme which is expected to provide a boost to tourism. The Home Office has continued to work jointly with the Irish Government on the ground breaking introduction of biometrics into the Irish visa process, a pre-requisite to a reciprocal visa arrangement. Irish visa applicants will be asked to enrol their biometrics at one of the UK's global network of Visa Application Centres (VACs) and undergo the same checks as persons seeking a visa to enter the UK. The results of these checks will be considered as part of Ireland's sovereign visa decision making process.
52. The British-Irish Visa Scheme will permit visitors from specific destinations to enter Northern Ireland and Great Britain from the Republic of Ireland using an Irish visit visa, without the need for a separate UK visa, and vice versa. As set out last June this pilot will help to maximise tourism and business activity between Northern Ireland and the Republic of Ireland.

53. It has been agreed that, subject to appropriate safeguards being in place, Phase One of the British-Irish Visa Scheme will begin in autumn 2014. This phase will include Indian and Chinese nationals applying in India and China respectively and has the potential to provide a long term platform to help boost Northern Ireland's tourism numbers and support private sector growth.
54. Northern Ireland is fast becoming a tourism destination of choice, helped in part by the success of hosting events such as the 2013 UK City of Culture, the G8 Summit in June 2013, the World Police and Fire Games in August 2013 and the Giro d'Italia 'Big Start' in May.
55. The Giro was arguably the most prestigious sporting event ever held in Northern Ireland. The race promoted Northern Ireland to a potential global audience of 775 million from 174 countries. The post-event evaluation is currently underway, but when figures are complete, it is anticipated that overall visitor numbers will exceed the 140,000 target.
56. Northern Ireland is on track to achieve the Executive's aims to increase tourism revenues to £676 million and visitor numbers to 4.2 million by December 2014, as well as its longer term goal to make tourism a £1 billion industry by 2020. Tourism revenues for 2013 of £723 million have already exceeded the Executive's Programme for Government target for 2014 and with visitor numbers of 4.1 million the milestone targets for 2013 were exceeded.

## Unlocking projects to boost the Northern Ireland economy

### Pushing forward with infrastructure projects

*Using UK Government guarantees as a means to unlock key projects*

57. In January Commercial Secretary to the Treasury, Lord Deighton, and Northern Ireland Finance Minister, Simon Hamilton, hosted the Northern Ireland Infrastructure Investment Seminar. This highlighted the important role collaboration between the public and private sectors can play in delivering infrastructure in Northern Ireland.
58. Addressing 200 of Northern Ireland's key investors, construction experts and local leaders the former Olympics CEO Lord Deighton emphasised the need for businesses in Northern Ireland to make use of the UK wide support available.
59. The Government will, where possible, apply its Infrastructure Guarantee Scheme flexibly to ensure that locally or regionally significant projects in Northern Ireland will be eligible. The scheme applies where a lack of private finance represents an obstacle to project delivery.
60. Two projects from Northern Ireland have prequalified under the UK Guarantees Scheme, one of which is the Islandmagee Gas Storage Facility in County Antrim and a further project which has asked to remain confidential for commercial reasons.

### *Planning Reform*

61. The planning system is being reformed to ensure it continues to support economic growth and is ready for the transfer of planning to Northern Ireland Councils in April 2015. Almost 95 per cent of all planning applications are now approved and the Northern Ireland Department of the Environment planning performance continues to improve.
62. The Executive has focused on improving the time taken to deal with applications, and especially economically significant applications. For this year, a key target is to ensure that for 90 per cent of large scale applications decisions are made within six months. Last year's target of 75 per cent was exceeded.
63. The Northern Ireland Minister of the Environment has identified other measures to further improve the planning system including: shortening and simplifying planning policy; bringing forward key reforms contained within the Planning Act (Northern Ireland) 2011; tackling response times from consultees; and further improving performance and customer service.
64. Amendments to the Planning Bill to make provision for the establishment of Economically Significant Planning Zones and changes to procedures for judicial review were approved by the Assembly in June 2013. The Bill has not progressed further in the Assembly and alternative methods of supporting economic development through the planning system will be made available to the new councils.

65. The Minister of the Environment will continue to keep the planning system under review to ensure that economically significant proposals can be considered effectively and decisions reached quickly. Where necessary proposals for further reforms will be brought forward to ensure that the new councils have sufficient powers to achieve their economic goals and that the planning system as a whole operates to support economic development.
66. The planning legislation supporting the transfer of planning powers to councils (the Planning Act (Northern Ireland) 2011) maintains provision for the creation of Simplified Planning Zones. These would operate on a similar basis to these zones in Great Britain and could be developed by the new councils if they believed they would help promote economic development in their areas.

#### *Maximising the potential of Belfast Port*

67. Belfast Port makes a significant contribution to the local economy, directly as a source of employment and income and indirectly as an enabler of trade, investment and tourism.
68. The Executive recognises the need to maximise the potential of Belfast Port and the contribution it makes to the Northern Ireland economy. The Executive will continue to work constructively with the Harbour Commissioners to explore how best to achieve this. This will include exploring the recent reforms announced for the Port of Dover and considering whether they might be appropriate for Belfast. The Government will continue to support this work, for example by sharing further information about the announced reforms at Dover and their implementation.

#### *Unlocking revenue from the Executive's assets*

69. The Executive has agreed an Assets Management implementation plan to consolidate the government estate and achieve greater efficiency through the use of shared accommodation and services. 15 projects have been established for immediate implementation and appropriate project management arrangements established.
70. The plan includes actions for all departments to complete Asset Management Plans and for Arms Length Bodies to include a review of their asset management. In 2013-14 £22 million of asset realisations was achieved for re-investment in capital. The major contributor was the re-engineering of capital grant for social housing which released £16.7 million of capital for re-investment. This is achieved by adjusting the balance between private finance and capital grant which Housing Associations use to build and maintain social housing.
71. The Government Property Unit has been supporting Northern Ireland through the Strategic Investment Board to record Property and Land data into e-PIMS. This will provide an accurate data record of freehold and leasehold property and land held by the Executive and will contribute to their drive towards the delivery of a more efficient estate.
72. The data has allowed the Strategic Investment Board to benchmark their office estate from 2011-12 to 2012-13. The 2013-14 benchmarking programme will commence shortly. Benchmarking the estate helps identify buildings which are well managed against those that are performing poorly and delivers 12 key performance indicators such as cost per m<sup>2</sup> and cost per employee.

73. The 2012 State of the Estate report was published by the Executive in December 2013. This will be used as a baseline to measure the effectiveness of the Reform of Property Management project which will transform the management of the Northern Ireland central government office estate.

*Building on Northern Ireland's strong communications structure*

74. *Building a Prosperous and United Community* set out that the Government and Executive would work together to implement the rural broadband project.

75. The first result of this is the £23.5 million Broadband Improvement Project. A contract for delivery of this project was signed with BT in February 2014 and survey and design work is under way. The contract is supported by public investment of £19.3 million, comprising £4.4 million from the Government, £7.75 million from the Executive and £7.15 million from the European Union.

76. The project will aim to improve broadband services for at least 45,000 premises across Northern Ireland. BT is currently engaged in an extensive survey and design process, to help determine and finalise its plans. The project will be completed and outcomes published by the end of 2015.

77. In February 2014 the Government announced an indicative allocation of £7.24 million to Northern Ireland, as part of phase 2 of the Government's superfast broadband programme. DETI has been working closely with the UK Department of Culture, Media and Sport (DCMS) to develop proposals for a project that will build on previous investments and further extend superfast broadband in hard to reach areas.

78. The Government is delivering the Mobile Infrastructure Project in Northern Ireland. Telecommunications company Arqiva is contracted to deliver the infrastructure and they have reviewed areas with premises and A roads where there is currently no coverage provided by the commercial market. They have also drawn up radio plans, and tested potential site locations across Northern Ireland to confirm levels of coverage and plan prospective sites.

*Air Travel*

79. *Building a Prosperous and United Community* set out that the Government will act in accordance with its EU obligations regarding support for Northern Ireland's regional air links.

80. Budget 2014 announced that Start-up support will be added to the scope of the Regional Air Connectivity Fund and will encourage airlines to set up new routes from regional airports. DETI continues to engage with colleagues in other Devolved Administrations and with the UK Department for Transport regarding local access to the Regional Air Connectivity Fund.

81. The feasibility of establishing US immigration, customs and agricultural pre-clearance at Belfast International Airport has now been explored. A number of significant issues have been identified including the minimum threshold of 400,000 passengers per annum on US flights at a specific airport before pre-clearance will be considered by the US authorities. Belfast International falls below this threshold with current passenger volumes on US flights in the region of 100,000 per annum.



*The provision of surplus MoD assets to boost growth and build a shared future*

82. The Government committed to explore the potential for gifting or transferring surplus Ministry of Defence (MoD) houses to be used, subject to funding considerations, to deliver the joint objective of building a shared future for the people of Northern Ireland. The MoD has now identified 106 properties from surplus accommodation, at Lisburn and Holywood, that could be used to increase the provision of shared housing in these areas from December 2015 subject to appropriate proposals being developed by the Executive. The MoD has also identified further properties at Aldergrove which could potentially be gifted or transferred if a viable future use can be established.
83. For military assets already gifted to the Executive, a soft market testing exercise for the former Shackleton Barracks site at Ballykelly began in November 2013 and concluded in January 2014. 47 expressions of interest were received and a broad range of uses from commercial, agricultural, leisure and community sectors were proposed. However, the majority of these are for buildings or small parts of the site and may not be individually commercially viable. Therefore the Executive is still considering potential solution which would be more viable in the longer term and will aim to announce more detailed plans in the coming months.

*Helping business to access the finance they need to thrive*

84. Data on bank lending, secured by the Joint Ministerial Taskforce and published for the first time today, reveals that the access to finance environment for small and medium sized enterprises in Northern Ireland has improved significantly.
85. The British Bankers Association publication shows that new lending to Northern Ireland SMEs in the fourth quarter of 2013 reached £362 million. This represents an increase of 46 per cent on the same quarter one year earlier. While the number of applications for SME loan finance is lower than the previous year, 9 out of 10 applications continue to be approved. This should help encourage SMEs actively seek the finance they require to strengthen and grow their business.
86. The Green Investment Bank can today announce two investments in Northern Ireland. The investments of £1.5 million and £1.7 million will contribute to two projects valued at £3 million and £3.5 million respectively. These investments are across two separate anaerobic digestion projects in Cookstown, County Tyrone and Banbridge, County Down aimed at increasing the efficiency of the local agricultural sector.
87. The Green Investment Bank will continue to support viable projects in Northern Ireland and is currently considering a significant number of other investment opportunities.
88. The Government has established the British Business Bank to make UK finance markets work better for small firms, allowing them to prosper, grow and support the UK economy, including Northern Ireland. The British Business Bank brings together the management of all Government lending and investment programmes into a single, commercially minded institution.
89. The Business Bank has been making significant progress in increasing its activity in Northern Ireland, with lending increasing from £1.4 million in 2012-13 to £8 million in 2013-14.

90. The Business Bank's Enterprise Finance Guarantee Scheme delivered £5.1 million during 2013-14, bringing the total Northern Ireland funding from this scheme to £36.1 million. The Business Bank has also delivered the Business Finance Partnership (BFP) and the Start Up Loans programme. Funding in the first year of operation in Northern Ireland has been £2.4 million and £400,000 respectively. The Start-up Loans scheme has a number of delivery partners in place, such as The Prince's Trust, School for Start-ups, Enterprise Northern Ireland, GLE, and Rockstar Youth.
91. A trade credit Enterprise Finance Guarantee variant has been piloted across the UK, helping small companies with lack of track record to establish a trade record and gain access to working capital. In Northern Ireland, trade credit facilities with combined guaranteed limits of £90,000 have been provided through local operations of B&Q and Screwfix.
92. As detailed in the Budget, the Business Bank is launching a new Wholesale Guarantee Programme, which is designed to incentivise banks to lend more to smaller firms. Some small transactions to test technical processes will shortly be run, after which the programme will be implemented on a national scale. The Business Bank will work with finance providers active in Northern Ireland to ensure participation in the programme at full implementation stage and to achieve a significant market impact in Northern Ireland.
93. The Government and the Executive facilitated a Business Bank roadshow in Northern Ireland to promote the delivery of Business Bank programmes through Northern Ireland finance providers. This led to a Northern Ireland application to the Business Bank's £300 million Investment Programme. Later this month the Business Bank and Invest NI will hold further discussions about this application and explore with potential private sector investors what a Northern Ireland fund might look like.
94. The autumn meeting of the Ministerial Task Force on Banking and Access to Finance will review the range of Business Bank interventions and the impact that they are having in Northern Ireland. This will include discussions about the implementation of the Wholesale Guarantee Programme and the progress of the Investment Programme.
95. The Government considered a pilot expansion of the EFG aimed at addressing loan affordability and agreed to work with the Executive to include Northern Ireland in this pilot. Following further feasibility work, including discussions with banks, it was concluded that this approach was not deliverable. The Business Bank is currently considering the feasibility of facilitating a solution (potentially a mezzanine or sub-ordinated debt scheme) which could help address the need for greater availability of and improved access to long term debt for smaller businesses. If this concept is considered viable the Government will work with delivery partners to ensure that it is available throughout the UK, including in Northern Ireland.
96. The Access to Finance Implementation Panel established by the Northern Ireland Finance and Enterprise Ministers in October 2013 has been consulting widely and working with the Government and Executive, banks and business bodies to gather evidence on issues associated with access to finance for Northern Ireland businesses.
97. The Implementation Panel has reported to Ministers with their interim findings highlighting a number of areas as requiring action including: (i) the structure and composition of the banking

sector; (ii) the property overhang that exists with SMEs; (iii) the education required on what the 'new normal' in banking brings; and (iv) how banks, the Government and Executive, and SMEs can better relate to each other in Northern Ireland.

*Other measures*

98. The Government's work with the Bank of England encouraged three finance providers operating in Northern Ireland – Ulster Bank, Progressive and Bank of Ireland - to participate in the Funding for Lending Scheme (FLS). During its existence FLS helped to reduce bank funding costs to historic lows and increase net lending to the real economy in the UK.
99. The Funding for Lending Extension operation began in January 2014, the scheme was refocused towards business lending, in particular SMEs. To date Ulster Bank and Progressive have signed up to the scheme extension. The Government continues to support banks operating in Northern Ireland interested in participating in the scheme.
100. The Government's Help to Buy: mortgage guarantee scheme aims to help people buy their own home by providing a guarantee to mortgage lenders. This scheme has been deployed across the UK including Northern Ireland. In the first six months of Help to Buy in Northern Ireland almost 100 mortgages were completed using the scheme, of these 85 per cent were first time buyers purchasing a property with an average value of £100,000.
101. The Government and the Executive continue to meet banks with operations in Northern Ireland to ensure that the needs of the local economy remain at the forefront of consideration whenever decisions are made on altering local bank structures and how banks operate in Northern Ireland.

## Building greater links to drive private sector growth

102. The Joint Ministerial Taskforce on Banking and Access to Finance, chaired by the Secretary of State for Northern Ireland, includes UK Government Ministers from HM Treasury and the Department for Business, Innovation and Skills (BIS) and the Finance and Enterprise Ministers from the Northern Ireland Executive.
103. The Taskforce continues to meet and progress its work programme. As detailed in the previous section, significant progress has been made on Task Force priorities to encourage the effective operation of the Business Bank; promote the effectiveness of national finance initiatives; and secure the availability of local bank lending data for Northern Ireland.
104. The Government and the Executive are aware of the important role that Ulster Bank plays in the local economy. Both the Government and the Executive continue to engage with RBS to understand the direction of its restructure process, its impact on Ulster Bank and how the bank deals with Northern Ireland based customers and assets. The Ministerial Taskforce has provided a valuable forum to discuss the impact on the Northern Ireland economy of RBS decisions on Ulster Bank.
105. The Government and the Executive are encouraged by the commitment RBS has expressed regarding the Ulster Bank brand in Northern Ireland and their pledge to provide £1 billion of funding for SMEs across Northern Ireland and the Republic of Ireland.
106. Northern Ireland has a proven track-record at delivering support functions for a number of international banks. The Government and the Executive welcome the news that RBS will consider, through its restructuring process, the potential for wider bank functions to take place in Northern Ireland benefiting from the skilled labour and competitive cost-base which exists.
107. The Government and the Executive have met and will continue to meet with Irish counterparts to ensure that the Irish Government's support for the Irish banking system takes full account of the operation of Irish banks in the Northern Ireland economy.

## Broader engagement and next steps

108. The Executive and Government are working with the Irish Government in the context of ongoing North-South engagement, and the 10 year programme of East-West economic co-operation to examine how the Irish Government can contribute to supporting economic growth and a shared society.
109. The North South Ministerial Council (NSMC) is directing its efforts to economic recovery, job creation, the best use of public funds and the most effective delivery of services for their citizens. Ministers have been discussing future priorities in the various NSMC areas of cooperation with a view to achieving these aims.
110. British-Irish Council summits also provide an opportunity for the member administrations to discuss economic developments and issues of common interest. Recent examples include work on boosting the creative industries and addressing youth unemployment.
111. A number of further commitments will be met by the end of 2014 including: a final report from the Executive's Red Tape Review and proposals will be made to Government and Executive Ministers about the scope for further fiscal devolution. The Government also remains committed to making a final decision on the potential devolution of corporation tax no later than the Autumn Statement.
112. The Government and the Executive will continue to work together to develop these and other commitments and to make sure that the announcements made today are successfully delivered and implemented.





