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Ministerial Foreword

The economy remains the Executive’s number one priority. Just over two years after the launch of the Economic Strategy, I am pleased to report that the Executive is continuing to make considerable progress against the range of actions we committed to deliver, across all Departments.

In addition to those commitments identified in the Economic Strategy and Economy and Jobs Initiative, in May/June 2013, the Executive, alongside the UK Government, launched *Together – Building a United Community* and *Building a Prosperous and United Community*. Progress on all of these fronts is vital if we are to maximise Northern Ireland’s potential and strengthen the foundations for continued prosperity for the future. We are making good progress in taking forward these commitments and will continue to work with the UK Government in our drive to promote investment and jobs.

After a prolonged period of economic uncertainty, a more positive outlook for the local economy is now emerging with improved labour market conditions and growth in economic output across all major sectors being recorded over the last eighteen months. While challenges remain, our economy is in a much better place to take advantages of the opportunities presented to us.

Within this improved context Invest NI delivered its most successful year in 2013/14 in terms of job promotion. Over the course of the year, Invest NI promoted 10,800 jobs and secured investment totalling £775m in the NI economy. This success has been aided by the Department for Employment and Learning’s Assured Skills programme which supported the creation of 1,460 of these new opportunities.

In many ways 2014, could be a landmark year. This autumn, the Prime Minister is expected to make a decision on whether the Executive will be granted the power to set its own Corporation Tax rate. We remain hopeful that a positive outcome will be achieved. It is our belief that securing the ability to vary, and significantly lower, the rate of Corporation Tax would enable us to rebalance our economy towards greater private sector led and value-added growth more quickly than if we are reliant only upon those policy levers which are currently available to us.
Arlene Foster
Minister of Enterprise, Trade & Investment
Chair, Executive Sub-Committee on the Economy
1 NI Executive’s Economic Priorities

The Northern Ireland economy has performed well over the latest year, with positive signs of improvement across a range of major economic indicators. Economic activity expanded in 2013-14, the first time to do so in seven years, and there was also a significant improvement in labour market performance. Overall, independent forecasters are predicting Northern Ireland’s economic growth to range between 2.2% and 2.8% in 2014. However, it still remains an uncertain time for Northern Ireland’s economic recovery. That is why growing a sustainable economy remains the NI Executive’s number one priority.

In this context, the Economic Strategy’s key priority continues to be to rebalance the Northern Ireland economy through export-led economic growth. Despite some excellent success stories and achievements in exports markets, our export base remains small. Recognising the need to stimulate greater awareness of the benefits of exporting and encourage a culture of internationalisation, DETI in conjunction with Invest NI and IntertradeIreland are developing an Exports Action Plan to address the key challenges in improving Northern Ireland (NI) export performance.

Building on the themes of the NI Economic Strategy, the UK Government and NI Executive are working together to tackle the important challenges of rebalancing the economy.

In May/June 2013, the NI Executive and UK Government launched Together: Building a United Community and Building a Prosperous and United Community (the NI Economic Pact). The commitments contained in these key documents compliment those measures we are already taking to grow the local economy and increase employment opportunities and prosperity for all through the Programme for Government 2011-2015, NI Economic Strategy and Economy & Jobs Initiative.

Details of progress against those Economic Pact commitments which align with key areas in the Economic Strategy, including priority areas such as Access to Finance and Business Red Tape, are included in Section 3 of the report.

Securing the powers to lower Corporation Tax remains a key priority for the Executive to promote the growth of the private sector and we look forward to the autumn, when the
Prime Minister is expected to make a decision on the devolution of Corporation Tax powers to the NI Executive. The Executive remains hopeful that a positive outcome will be achieved.

Section 2 of this report provides an assessment of the wider performance of the NI economy over the last year, with a focus on how we have performed against the key strategic indicators identified within the Economic Strategy.

Section 3 sets out key actions that the Executive has delivered across each of the rebalancing and rebuilding themes identified within the NI Economic Strategy in the two years since its launch. It includes a report on progress against the additional commitments agreed as part of the Economy and Jobs initiative, published in November 2012.

A more extensive review, detailing progress against all 172 NI Economic Strategy actions and the additional 41 Economy & Jobs Initiative commitments, agreed in November 2012, accompanies this report and can be accessed on the NI Economic Strategy website at www.northernireland.gov.uk/economic-strategy.
NI Economy Performance

International Economic Trends: Implications for NI

As a small open economy, Northern Ireland’s economic performance is closely linked with external economic conditions. While economic activity in advanced nations has been relatively weak since the onset of the economic downturn that begun in 2007, there is evidence that activity in these economies is now strengthening.

The International Monetary Fund (IMF) in its April 2014 world economic outlook report noted that global activity strengthened during the second half of 2013 and has expectations that it will improve further in 2014. In tandem with this, the World Trade Organisation (WTO) has raised its 2014 forecast for growth in global trade to 4.7%; this is despite trade only increasing by a muted 2.1% in 2013.

The UK recorded economic output (GDP) growth of 1.7% in 2013, its fastest annual growth rate since 2007. However, growth in economic output across nations remains uneven, for example, output in the Euro area contracted by 0.4% in 2013.

**Figure 1: Annual GDP growth of selected NI trading partners, 2013**

![GDP growth chart]


Despite this optimism, output remains lower compared to peak levels in many countries and risks still exist. The IMF has identified low inflation as a risk, particularly in the Euro area, noting that it would not likely be conducive to a suitable recovery of economic growth.
NI Economy Trends and Performance Against Key Indicators

The Northern Ireland economy has performed well over the latest year, with positive signs across a range of major economic indicators. Economic activity, as recorded by the Northern Ireland Composite Economic Index (NICEI), expanded by 1.3% in 2013-14, marking the first year of growth since 2006-07. In 2013-14, growth in economic activity was driven primarily by the private sector (+1.5%) and in particular, by the production and services sector’s with output up 4.3% and 1.8% respectively on their 2012-13 levels.

This recent trend of increasing economic activity has led to improving labour market performance. In March 2014, there were 7,500 fewer people claiming unemployment benefits compared to the same month of 2013, representing an 11.6% decline. However, this decline has been smaller compared to the decline witnessed across the UK as a whole (25.3%). There is also still a long way until NI returns to its pre-downturn position; the claimant count in March 2014 remained 33,400 higher than in August 2007 (low point).
The Labour Force Survey (LFS) unemployment rate for the January – March 2014 period was 7.4%, above the UK unemployment rate of 6.8% but well below the February 2014 rates for both the Republic of Ireland (12.1%) and the European Union (10.5%). The economic inactivity rate was 26.8% during January - March 2014, significantly above the UK rate (21.9%). However, there has been some slight improvement here too, with the rate decreasing by 0.6 percentage points over the past year.

The number of employee jobs in NI increased in the eight quarters to March 2014, with 14,780 jobs added over the year to March 2014 alone. This increase was driven by the services sector (+11,120 jobs) with growth also in the manufacturing (+3,000 jobs), construction (+420 jobs) and other industries (+250 jobs) sectors also.
The NI Executive has set a target to increase the value of overall manufacturing exports by 20% by 2014-15 from a baseline year of 2010-11. However, economic growth in our key trading partners\(^1\) in 2012-13 was much lower than anticipated, which weakened demand for local exports abroad. This led to export sales declining by 5.1% in 2012-13 from 2011-12 and the value of overall exports was 0.6% below the baseline position.

However, 2013-14 marked an upturn in export performance. The value of exports increased by 6.7% during the year, meaning the value of exports was 6.1% higher than the baseline at the end of the 2013-14 (against a target of 13% higher). Despite this recent upturn, a significant improvement in export performance would be required throughout 2014-15 for the final target of 20% growth to be achieved.

\(^1\) At the time the target was set, economic growth forecasts showed strong growth in the Eurozone in both 2012 and 2013 (compared to the contractions which actually happened) and were also more positive for the key markets of the US, Canada and Republic of Ireland.
Recognising the need to diversify our local export base, a target to growing manufacturing exports to emerging markets\(^2\) by 60% has also been set over the same period (2010-11 to 2014-15). To date, this target has remained on track with all interim targets surpassed. Manufacturing export sales to the emerging markets increased by a further 5% in 2013-14, with export standing 43% above their 2010-11 baseline at the end of 2013-14 (against an interim target of 40%).

\(^2\) Emerging markets includes the BRIC and CIVETS economies. BRIC economies include Brazil, Russia, India and China. CIVETS includes Colombia, Indonesia, Vietnam, Egypt, Turkey and South Africa.
Expenditure on Research and Development (R&D) increased by 10% in 2012. Business expenditure on R&D (BERD), which accounts for the majority of total R&D (74%), was the key driver of growth, increasing 19% in 2012 to reach £461.3 million. Although Higher Education R&D expenditure decreased by 10% in 2012, partially due to a reduction in the DEL block grant for quality related research, there were no further reductions in the following year and a number of new strategic initiatives have also been launched, such as the joint DEL/DETI Higher Education EU Support Fund to support participation in Horizon 2020, and the new DEL / SFI Investigators Programme Partnership.

BERD has more than doubled (+151%) since 2008, driven mostly by growth in expenditure on R&D by large companies. While the majority (82%) of R&D performing companies were locally-owned, they only accounted for approximately one-fifth of expenditure. In 2012, BERD accounted for 1.6% of GVA, up from 1.3% in 2011; this places NI as the fifth highest performing of the 12 UK regions.

The Northern Ireland skills profile has been improving steadily over the last decade; by March 2014, over three-quarters (76.2%) of those in employment were qualified to a minimum of NQF Level 2, while over one-third (36.4%) were qualified to NQF Level 4 or above. Moreover, the International Survey of Adult Skills (2013) has revealed that the proportion of Northern Ireland's working age population performing at the lowest levels of
literacy has improved, decreasing from 23% in 1996 to 18% in 2012. This positive performance has resulted in Northern Ireland closing the literacy gap with other OECD countries. The pace of Northern Ireland's improvement is better than most other participating OECD countries. However, despite absolute improvements in the local skill base over time, gaps remain when compared to the best performing regions and nations. The Executive remains focused on developing the skills base as a platform for securing its long term economic vision.

Prospects for short & medium term

The IMF (July 2014) projects global economic growth to be stronger in 2014 (3.4%) compared to 2013 (3.2%). The IMF expects output in advanced economies to strengthen to 1.8% in 2014, up from 1.3% in 2013. As part of this, economic growth in the United Kingdom is expected to reach 3.2% in 2014, the fastest of the G7 economies. Output in the Euro area is predicted to turn positive in 2014 but remain below average growth rates of the past.

On the back of this, Northern Ireland’s economic prospects have also improved. For 2014, independent forecasters are predicting economic growth to range between 2.2% (PwC) and 2.8% (Northern Ireland Centre for Economic Policy).

Figure 8: Economic Growth Forecasts for NI and the UK, 2014 -2016

Source: Northern Ireland Centre for Economic Policy, GVA used as measure of economic growth
3 Implementation of NIES Commitments

Of the 172 NI Economic Strategy commitments that the Executive agreed, we are on course to deliver or will have delivered 94% of these by March 2015. At March 2014, 35% of the 172 commitments have already been achieved.

The Economic Strategy recognises that the momentum for improved economic outcomes will rely on the successful implementation of a number of key performance indicators as set out in table 1 overleaf.

In terms of the rebalancing performance indicators, we have exceeded our 2015 target for three out of the five key indicators: investment and jobs from locally owned and inwards investors, and the delivery of qualifications.

On the rebuilding side, we have already delivered three out of our four 2015 targets: investment and jobs through the Jobs Fund, movement of working age benefit clients into employment and delivering work experience and training opportunities for young people. Where targets have been achieved we have set new internal targets to ensure that we continue to build on the progress made to date.

A more comprehensive and wide-ranging set of performance indicators and a target is set out at Annex A. These indicators are structured to help achieve our economic goals. We recognise that work is still required on a number of areas, notably in increasing our manufacturing exports and manufacturing exports to emerging economies.

Looking at the indicators across the board, we are presented with a more positive picture. A number of targets have been exceeded: Business expenditure on R&D (BERD) as a % of GVA (1.6% in 2012 against a target of 1.2% for 2015), gross expenditure on R&D (GERD) as a % of GVA (2.1% in 2012 against a target of 1.9% of 2015) and the % of FDI Jobs promoted by Invest NI above the Private Sector Median (81% for 2011-2014 against an overall target of 75% for the 2011-2015 period). Invest NI has also exceeded its target of supporting 50% of jobs in locally owned companies above PSN from 2011-2015 with 64% supported from 2011-2014. 9,098 jobs have been promoted by March 2014 against a target of 6,300 from
2011-2015. 115,153 working age benefit client have moved into employment from 2011-2014 against a target of 114,000 from 2011-2015. We also have experienced great success in terms of generating visitor revenue achieving £723m in 2013 against a target of £676m for 2014.

The Executive has also welcomed a wide range of positive news across Departments in the last year which can be viewed in more detail in the Executive’s monthly Economic Growth Bulletin. Copies of the Economic Growth Bulletin can be accessed at http://www.northernireland.gov.uk/index/work-of-the-executive/pfg-budget-economic-strategy/economic-strategy/economic-growth-bulletin.htm

The remainder of this section sets out significant achievements under each of the Economic Strategy’s key rebalancing & rebuilding themes and the Economy and Jobs Initiative. A Comprehensive Action Plan Table outlining progress against all 172 NI Economic Strategy actions and the additional 41 Economy & Jobs Initiative actions has been published at www.northernireland.gov.uk/economic-strategy.
Table 1: Performance Indicators to 2014/15

<table>
<thead>
<tr>
<th>Performance indicators to 2014/15</th>
<th>Progress at 31 March 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Rebalancing by 2014/15</strong></td>
<td></td>
</tr>
<tr>
<td>Support <strong>£300m</strong> investment by businesses in R&amp;D</td>
<td><strong>£402m</strong> of investment in R&amp;D 28% from NI’s SME base.</td>
</tr>
<tr>
<td>Deliver <strong>210,000</strong> qualifications at Levels 2, 3, 4 and above through Higher Education, Further Education, Essential Skills and Training encouraging people to move up the skills ladder</td>
<td>Almost <strong>217,000</strong> Level 2 and above full qualifications have been achieved.</td>
</tr>
<tr>
<td>Promote <strong>£400m</strong> of investment and <strong>6,300</strong> jobs in locally owned companies (50% paying salaries above the PSM)</td>
<td><strong>£750m</strong> of investment and <strong>5,373</strong> new jobs, 64% with salaries above the NI PSM</td>
</tr>
<tr>
<td>Promote <strong>5,900</strong> jobs from inward investors (75% paying salaries above PSM)</td>
<td><strong>5,471</strong> new jobs promoted 81% pay salaries above the NI PSM</td>
</tr>
<tr>
<td>Promote <strong>60</strong> new start ups exporting outside the UK and a further <strong>440</strong> selling to GB</td>
<td><strong>43</strong> start-ups supported with the potential to sell in market outside of the UK and <strong>406</strong> start-ups with the potential to sell into the GB market</td>
</tr>
<tr>
<td><strong>Rebuilding by 2014/15</strong></td>
<td></td>
</tr>
<tr>
<td>Promote <strong>£225m</strong> of investment and <strong>6,300</strong> jobs, (4,000 created by March 2014) through the Jobs Fund</td>
<td><strong>£293m</strong> investment secured and <strong>9,098</strong> jobs promoted</td>
</tr>
<tr>
<td>Move <strong>114,000</strong> working age benefit clients into employment</td>
<td><strong>115,153</strong> into employment by March 2014</td>
</tr>
<tr>
<td>To support the construction sector by delivering key road and rail projects and <strong>8,800</strong> social and affordable homes over the budget period</td>
<td><strong>4,088</strong> social housing units and <strong>2,823</strong> affordable housing units delivered</td>
</tr>
<tr>
<td>Deliver <strong>6,000</strong> work experience and training opportunities for young people by 2015</td>
<td><strong>7,143</strong> opportunities advertised under the Youth Employment Scheme. <strong>4,073</strong> were filled. Of those filled, <strong>1,237</strong> entered full-time employment.</td>
</tr>
</tbody>
</table>

**Innovation, R&D and Creativity**

Investing in Innovation, R&D and creativity remains one of the key drivers for growth in Northern Ireland. While we have a number of highly innovative companies competing successfully across the globe, too many of our businesses are not innovating. Despite a strong performance in R&D in recent years, Northern Ireland remained consistently at the bottom of the innovation league table for the last decade. Recognising the importance of encouraging more companies to innovate, we have taken action to develop a new *Northern Ireland Innovation Strategy* which was published by the Executive in September 2014. The
Innovation Strategy sets out the key actions required to transform the economy into one of the most innovative in the UK.

At 31 March 2014, 62% of commitments under the Innovation, R&D and Creativity theme have already been achieved. The remaining commitments remain on course for delivery by March 2015.

Over the course of this Programme for Government period, key achievements which will stimulate higher levels of innovation and R&D include:

- £402m of investment in R&D has been secured via Invest NI’s Grant for R&D Programme from 1\textsuperscript{st} April 2011 and 31\textsuperscript{st} March 2014. 28% of this investment has come from NI’s SME base;
- 451 businesses have been supported to undertake R&D for the first time and we have progressed 135 collaborative R&D projects by 31 March 2014;
- DEL has implemented a fourth round of the Northern Ireland Higher Education Innovation Fund, from August 2013, with increased funding of around £4m per annum over three academic years to further underpin the business and community-facing activities of Queen’s University and the University of Ulster. This will build on the Universities’ strong performance during 2011/12 and 2012/13 which has resulted in them undertaking 2,707 business engagements, securing £1.7m income from intellectual property and establishing 15 new spin out companies; and
- DCAL, through the Creative Industries Innovation Fund (CIIF) has supported 52 innovation projects in 2013/14 bringing the overall number of projects supported by the Fund to 150.

Skills and Employability

Investing in skills and employability remains a key priority in terms of better anticipating and delivering the strategic skills and employability requirements and to respond to future economic challenges and opportunities.

DEL continues to take forward the STEM Strategy in conjunction with other Departments and business. The DEL Minister has announced that by 2015, there will be an additional 1,210 undergraduate places in STEM related subjects and 300 PhD places, focused on areas of economic relevance to Northern Ireland, available at our Universities.
The Northern Ireland Strategy on Apprenticeships, published in June 2014, will contribute to a fundamental transformation of the skills landscape in Northern Ireland. Apprenticeships provide an excellent means by which employers can obtain the professional, technical and employability skills they require as well as being assured that there is a strong skills base across the economy. Apprentices, in turn, know that they have the skills that are wanted by employers and relevant to the local economy, and as such, they will have enhanced prospects of good earnings and sustained employment.

In line with this, a review of youth training is currently examining the range of training provision available to young people at level 2, in order to ensure a seamless progression route into apprenticeships, further education or, sustained employment. The review seeks to ensure that any new youth training programmes will be a quality-driven, highly credible to both young people and employers and provide a bridge from level 1 to level 3 qualifications. It is envisaged that programmes will: be centred on the young person; be linked to the needs of the local labour market; include a high quality structured work placement; and, above all, have simple and clear progression pathways to support our young people to make informed career choices and progress up the skills ladder.

Building on the review of Careers Education, Information and Guidance carried out by the Assembly Committee for Employment and Learning, as well as the work by CBI, DE and DEL together are reviewing the Career’s Strategy ‘Preparing for Success’. This review will help support economic growth and social mobility.

At 31 March 2014, 33% of commitments under the Skills and Employability theme have already been achieved. The remaining 67% of commitments remain on course for delivery by March 2015.

Key achievements in improving employability and skills to rebalance the economy include:
- DEL has achieved its overall PfG target on education attainment. By 2013/14, almost 217,000 Level 2 and above full qualifications have been gained across mainstream Further Education (FE), Essential Skills, funded Departmental Training programmes and Higher Education (HE) including HE and FE exceeding its goal of 210,000 qualifications;
• The ‘Skills Solutions’ Service is now fully operational across Northern Ireland with over 160 contacts established and followed up with employers, and advisers helping to broker 500 customised training projects for employers in the last two years;

• Particular success has been achieved in education attainment in rural areas. DARD has, through CAFRE, who have exceeded their annual target by providing training programmes to more than 13,000 people and delivered more than 2,000 qualifications at level 2 or above during 2013/14. 9,062 people have also been trained under the Skills Training element of the NI Rural Development programme 2007-2013;

• Invest NI has secured £87m of investment in skills development – £33m of this was invested in 2013/14 exceeding its target of £30m;

• From April 2011 to February 2014, 1,269 participants found employment through DEL’s Steps to Work Programme;

• Recognising the importance of management and leadership skills in improving business productivity and growth, 140 individuals have availed if the leadership and management assessment which was launched in January 2013; and

• Progress has been made against the NI cross-departmental strategy for those young people in the Not in Education, Employment or Training (NEET) category. From April 2013 to February 2014, Collaboration and Innovation Fund (CIF) projects helped move 645 young people into education, employment or training.

**Business Growth**

Access to Finance remains a key issue for Northern Ireland businesses. Through *Building a Prosperous and United Community*, a Joint Ministerial Taskforce has been set up to examine whether tailored support is required for Northern Ireland’s banks and how support for businesses can be maximised to improve access to finance. The UK Government’s British Business Bank has also been established. In February 2014, Invest NI hosted a seminar for businesses on the Business Bank’s Investment Programme to encourage formal NI proposals. A Northern Ireland proposal was subsequently made to the Investment Programme in June 2014 in relation to a potential fund to address property overhang. Discussions continue to explore and maximise opportunities for NI businesses from the Business Bank.
A Review of Business Red Tape is also underway to identify areas where the regulatory burden on business could be reduced and contribute to the development of a more strategic approach to regulatory reform across the Executive.

Tourism momentum was maintained in Northern Ireland in 2013 with the successful delivery of the ni2012 Our Time Our Place initiative and World Police and Fire Games amongst other key events driving tourism, attracting visitors and increasing revenue across Northern Ireland. The Programme for Government target of attracting 4.1million visitors to Northern Ireland and generating £637million spend has been exceeded with 4.1million visitors and £723million spend.

At 31 March 2014, 41% of commitments under the Business Growth theme have already been achieved. 54% of commitments remain on course for delivery by March 2015.

Key achievements within the Business Growth theme include:

- Invest NI has achieved significant results in its efforts to promote Business Growth. Between 1st April 2011 and 31st March 2014, Invest NI has enabled 391 SMEs to access the funding required to drive growth through its access to finance strategy with 243 of these accessing funding in 2013/14 alone;
- 5,373 new jobs with locally-owned companies were promoted between 1 April 2011 and 31 March 2014. Of these, 3,465 (64%) have salaries above the NI PSM. £750m of investment from locally owned companies and £142m in annual wages and salaries has been supported by Invest NI;
- DARD has provided support to agricultural businesses through its NI Rural Development Programme’s Benchmarking Programme with CAFRE assisting more than 2,000 enterprises and developing 1,984 Business Development Plans with clients; and
- NITB has indicated that just over 1m visitors attended a ni2012 event or visited Northern Ireland because of ni2012. The campaign generated £17.8m additional to the Northern Ireland economy, with an estimated wider tourism impact of £42.2m.
Competing Globally

The *Building a Prosperous and United Community* document indicates that HM Government will make a final decision on the devolution of Corporation Tax powers no later than the 2014 autumn statement. Whilst we await this decision, we have continued to progress a number of key areas to assist Northern Ireland in its efforts to compete in the global economy.

In the first three years of the budget period we have secured £479m from inward investors resulting in the promotion of 5,471 jobs within external companies. Securing Corporation Tax powers would help further boost business investment and enable us to attract a much wider range of Foreign Direct Investment (FDI) that will contribute to export-led economic growth.

Section 2 outlines Northern Ireland’s latest position on exports. The NI Executive has set a target to increase the value of overall manufacturing exports by 20% by 2014-15 from a baseline year of 2010-11. It is disappointing that export sales have declined by 5% in 2012-13 from 2011-12 and the value of overall exports was 0.5% below the baseline position. 2013/14 has marked an upturn in export performance – the value of exports increased by 6.3% during the year, meaning the value of exports was 5.8% higher than the baseline at the end of the 2013-14 (against a target of 13% higher). Despite this recent upturn, a significant improvement in export performance would be required throughout 2014-15 for the final target of 20% growth to be achieved.

DETI is currently working with Invest NI and IntertradeIreland to develop an Exports Action Plan which will seek to address the key challenges in improving Northern Ireland (NI) export performance. The Action Plan will recognise that growing exports in NI is a long-term issue and outline objectives for achieving export growth in both the long-term and the short-medium term. The overall goal of the Action Plan will be to diversify and strengthen the export potential of the NI economy in support of the wider economic vision for 2030 as set out in the Economic Strategy.

The Agri-Food Strategy Board launched its Strategic Action Plan *Going for Growth*, in May 2013, which sets out actions to grow sales, employment, external sales and value by 2020. The Executive’s response to Going for Growth was agreed in June 2014 and progress continues to be made on a number of agreed actions.
Key achievements include:

- Between 1st April 2011 and 31st March 2014, Invest NI promoted 5,471 jobs within externally-owned companies with 4,456 of these jobs, or 81% attracting salaries above the NI PSM. During this time Invest NI has also secured £479m of investment and salaries of £164m from externally-owned companies;
- The Assured Skills programme has supported the creation of 2,186 jobs across 10 Foreign Direct Investment projects in the last two years;
- Invest NI has been working closely with companies to improve export performance. Between 1st April 2011 and 31st March 2013, Invest NI assisted 43 global start up companies, and 406 export start companies. It facilitated 5,860 trade interventions with NI businesses of which 29%, or 1,698, were with Stage 1 exporters. Between 1st January 2013 and 31st December 2013, exports to emerging economies grew 43.37% on the baseline year (2010/11) from £231m to £331m. Substantial progress was also made in 2013 with IntertradeIreland promoting 79 first time exporters and 895 jobs created or sustained. This takes the total from 2011-2013 to 222 First Time exporters and 1,902 jobs created or sustained; and
- UK Government has confirmed in its Economic Pact that Northern Ireland will continue to retain its 100% assisted area status, at least in the medium term.

**Economic Infrastructure**

Having a modern and sustainable economic infrastructure is vital to support economic growth and achieve our 2030 vision for the Northern Ireland economy. The Economic Strategy recognises the importance of ensuring that we invest in key infrastructure areas such as energy, transport, water, property and telecommunications to help attract, develop and retain competitive businesses to Northern Ireland.

Whilst recognising that by nature, planning and delivery of infrastructure investment takes place over the medium to long term, the Executive has been working to ensure there is ongoing investment and development in terms of infrastructure in Northern Ireland.
DSD’s Urban Regeneration and Community Development Framework was published in July 2013. The Framework outlines the strategic direction of policy and operational activity in town centres.

DOE introduced the Marine Act (Northern Ireland) 2013 in September 2013. The Act provides for marine plans in the Northern Ireland inshore region, enhanced management of marine conservation and streamlining of marine licensing and generating station consents.

Work is also being taken forward on a wide range of planning issues. In 2013/14, 91% of large scale planning investment planning applications have proceeded within 6 months in the first nine months of 2013/14 exceeding the Programme for Government’s 2013/14 target of 75%.

A number of key achievements were realised including:

- Through the Regional Transportation Strategy, public transport passenger journeys at the end of 2013/14 exceed 80million, exceeding the annual target of 77million. The restriction on fare increases imposed by DRD has also assisted with rail journeys growing 1.3million in the last year;
- DRD invested £515.2m in water and sewerage infrastructure by end 2013/14 and is programmed to spend a further £153m during 2014/15. The Department also invested a total of £256m to improve the transport infrastructure including the road network, bus replacement and rail infrastructure;
- As a result of continued industry investment, good progress has been made in increasing 3G mobile coverage and optimising mobile networks for delivery of superfast mobile broadband services (4G). In October 2013, Ofcom assessed 3G premises coverage in Northern Ireland at 97.4% (rising from 88.3% in 2012) and geographic coverage at 86.7% (with an increase from 50.6% in 2012);
- DSD’s Urban Regeneration and Community Development Framework was published in July 2013. During 2013/14, DSD has completed 26 substantial Public Realm (PR) Schemes in towns and cities throughout Northern Ireland;
- Departments continue to explore options for further investment in our tourist/cultural amenities with approval for Belfast City Council’s project to develop an Integrated Conferencing and Exhibition facilities at the Waterfront Hall, the Heritage Gateway to Fermanagh Capital Project (£1.629m) and the Bushmills Dunes Golf Resort and Spa; and
- Investment of £26.5m in infrastructure for higher education and £27.3m in infrastructure for further education in the last two years, to ensure the provision of modern, fit for purpose, teaching and research facilities

**Rebuilding**

Through the rebuilding theme, we are seeking to promote employment opportunities and improve employability. This theme also includes a number of commitments aimed directly at providing support to our young people. The Executive has made good progress in addressing these challenges through implementation of our Economic Strategy and Economy & Jobs Initiative actions.

DEL is working with DETI, DHSSPS and DSD to develop a *Strategy to Tackle Economic Inactivity* building on findings of a comprehensive public consultation on the Strategic Framework to Tackle Economic Inactivity held earlier in 2014. The Executive expects to launch this Strategy later in 2014, following cross departmental development of the strategy, including a comprehensive audit and mapping exercise of existing service provision in Northern Ireland for the target groups of the strategy – individuals with work-limiting health conditions or disabilities, and lone parents.

Ensuring affordable childcare is accessible and available is fundamental in allowing more parents to work, train or learn, thereby contributing to the local economy. OFMDFM published ‘Bright Start’ – a framework for a Childcare Strategy in September 2013 which seeks to provide integrated and affordable childcare for all. Work to develop the final version of the Bright Start Childcare Strategy is underway. The aims of Bright Start align with the primary focus of the Programme for Government to grow the economy and tackle disadvantage.

At 31 March 2014, 18% of commitments under the rebuilding theme have already been achieved and 55 commitments remain on course for delivery by March 2015. 95% of Economy and Jobs Initiative commitments also remain on course to be delivered by March 2015.
Some of the key areas of progress include:

- Between 1st April 2011 and 31st March 2014, 115,000 working age benefit claimants have been moved into employment;
- Between 1st April 2011 and 31st March 2014, Invest NI secured £293m of investment through its support under the Jobs Fund programme with £145m of investment during 2013/14 specifically. 9,098 new jobs were prompted through the Jobs Fund programme. Of these promoted jobs, 4,679 have already been created;
- Through the NI Rural Development Programme 2007-13, DARD has stimulated 514 employment opportunities;
- DEL has made good progress in providing support to those seeking employment. From September 2008 to March 2013, a total of 2,125 participants left the Self Employment Test Trading strand of the Steps to Work and 1,275 (60%) entered independent self employment or found work. Between July 2012 and February 2014, 7,143 opportunities were advertised under the Youth Employment Scheme and of these 4,073 (57%) were filled. Of those, 1,237 (30%) entered full time employment; and
- DSD continued to invest approximately £20m revenue support through its Neighbourhood Renewal Investment Fund including a range of projects that directly or indirectly help address the barriers to employment.

In terms of the Economy and Jobs Initiative, key areas of progress include:

- DEL has funded 166 additional undergraduate STEM places during 2013/14 and exceeded its target for 2013/14 of 230 work experience placements/training opportunities for young people across the public sector as part of DEL’S Steps to Work Programme;
- At 31 December 2013, 915 young people had commenced the First Start Programme and 715 participants had commenced the Step Ahead 50+ programme;
- Building on the economic legacy from Derry~Londonderry City of Culture, in 2013/14 £403,000 has been made available for DCAL’s consortium involving CultureTECH, NORIBIC, C-TRIC and Digital Circle to develop the Creative Marketplace programme; and
- From March 2013 to March 2014, the Northern Ireland Tourist Board funded 22 projects and leveraged match funding of £5.3m. A number of significant new
projects were approved including the Waterfront Convention Centre with NITB funding of £18.5m.
4 Conclusion

- When we published the NI Economic Strategy we set a vision for 2030 for “an economy characterised by a sustainable and growing private sector, where a greater number of firms compete in global markets and there is growing employment and prosperity for all”. We recognised that it will take some time to rebalance our economy and build a strong private sector.

- We have made considerable progress in the delivery of the wide range of commitments we made when the NI Economic Strategy and Economy & Jobs Initiative were published.

- Clearly this recent momentum must be maintained and accelerated as we look towards 2014/15 and beyond. We know that the Executive and Assembly will face considerable resource pressures in the coming years and it is imperative that we maintain our focus on supporting economic growth and employment.

- We recognise that we cannot rest on our laurels and need to begin developing those projects and new initiatives which will be delivered beyond the current Programme for Government period.

- We are making efforts, through Public Sector Reform, to address the challenge of delivering a very difficult budget settlement whilst driving reform, innovation and change across Government. DFP’s Public Sector Reform Division will support all Departments in their efforts to stimulate innovation and service delivery, gather and disseminate best practice in public expenditure, shared services and digital delivery, amongst other things.

- We will also continue to work with the UK Government to progress the commitments made in the Economic Pact, in particular to ensure we deliver against the outcome on the devolution of Corporation Tax.
## ANNEX A: NI Economic Strategy: Key Performance Indicators

<table>
<thead>
<tr>
<th>INDICATOR</th>
<th>BASELINE</th>
<th>UPDATE</th>
<th>TARGET</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Business Expenditure on R&amp;D (BERD) as a % of GVA</strong></td>
<td>1.2% (2010)</td>
<td>1.6% (2012)</td>
<td>1.2% (2015)</td>
</tr>
<tr>
<td>% of Firms that are innovation active</td>
<td>31% (2006-08)</td>
<td>40% (2010-12)</td>
<td>32% (2015)</td>
</tr>
<tr>
<td><strong>Gross Expenditure on R&amp;D (GERD) as a % of GVA</strong></td>
<td>1.8% (2010)</td>
<td>2.1% (2012)</td>
<td>1.9% (2015)</td>
</tr>
<tr>
<td>% of those qualifying from NI HE Institutions with graduate and post-</td>
<td>18.0% (2010/11)</td>
<td>18.1% (2012/13)</td>
<td>At least 22% (2020)</td>
</tr>
<tr>
<td>graduate qualifications in STEM</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>% of school leavers GCSE achieving at least 5 A*-C or equivalent (inc</td>
<td>59.0% (2009/10)</td>
<td>62.0% (2011/12)</td>
<td>66% (2014/15); 70% (2019/20)</td>
</tr>
<tr>
<td>English &amp; Maths)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>% of those people in employment with level 2 skills and above.</td>
<td>74.0% (2010)</td>
<td>75.9% (Q4 2013)</td>
<td>At least 84.0% (2020)</td>
</tr>
<tr>
<td><strong>Manufacturing Exports to emerging economies</strong></td>
<td>£231m (2010/11)</td>
<td>£331m (2013/14)</td>
<td>£369m (2014/15)</td>
</tr>
<tr>
<td>% of FDI Jobs promoted by Invest NI above PSM</td>
<td>74.8% (2008-2011)</td>
<td>81% (2011-2014)</td>
<td>75% (2011-2015)</td>
</tr>
<tr>
<td><strong>Total visitor revenue</strong></td>
<td>£640m (2011)</td>
<td>£723m (2013)</td>
<td>£676m (2014); £1 billion (2020)</td>
</tr>
<tr>
<td>% of Jobs in locally owned companies supported by Invest NI above PSM</td>
<td>N/A (2008-2011)</td>
<td>64% (2011-2014)</td>
<td>50% (2011-2015)</td>
</tr>
<tr>
<td>% of Large Scale Investment Planning Decisions made within 6 months</td>
<td>N/A (2011)</td>
<td>On track to meet and exceed 2013/14 target of 75% (Q3 stats indicate performance at 91%)</td>
<td>90% (14/15)</td>
</tr>
<tr>
<td><strong>Journey Times on Key Transport Corridors (compared to 2003 baseline)</strong></td>
<td>1.4% below 2003 baseline (2009)</td>
<td>6.6% below 2003 baseline (2011)</td>
<td>2.5% below 2003 baseline (2015)</td>
</tr>
<tr>
<td>% of premises able to access a broadband service of at least 2 mbps</td>
<td>77% (2011)</td>
<td>88% (2013)</td>
<td>100% (2015)</td>
</tr>
<tr>
<td>% of electricity consumption from renewable sources</td>
<td>12.54% (2011/12)</td>
<td>19.5% (March 2014)</td>
<td>20% (2015); 40% (2020)</td>
</tr>
<tr>
<td>Jobs promoted through the Invest NI Jobs Fund</td>
<td>N/A</td>
<td>9,098 (March 2014)</td>
<td>6300 (2011-2015)</td>
</tr>
</tbody>
</table>

3 Journey time surveys are carried out bi-annually. The findings of the 2013 survey, carried out in late 2013, are not yet available.