



FROM: Trevor Cooper

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TO: 1. Andrew Crawford
2. Arlene Foster MLA

BUDGET 2010

Issue: I wrote to you on 29 July outlining the proposed approach to the Budget 2010 exercise. I am now providing an update on issues discussed at our last meeting.

Timing: This part of the 2010 Budget exercise was due with DFP by Friday 30 July. There will also be a bilateral meeting with the Finance Minister on Thursday 12 August.

Need for referral to the Executive: Executive approval is required for bids. DFP is in the lead and plan to present recommendations to the Executive on Departmental allocations during September/October.

Presentational Issues: The bids are against a backdrop of significant baseline reductions. It is also likely that the business community will review our bids alignment against IREP recommendations.

Freedom of Information: It may be possible to claim exemption for this submission as policy under consideration.

Programme for Government /PSA Implications: Bids support PSA/PfG targets. DFP's planning assumption at this stage is that the current PfG priorities remain valid across the Budget years.

Financial Implications: DFP will consider the affordability of departmental submissions as part of the Budget 2010 exercise.

Legislation Implications: Not Applicable.

Statutory Equality: High-level Impact Assessments have been completed for all bids and will be completed for all cuts.

- Recommendation:**
- a) That you consider the information below and confirm that you are content that we include the matters set out in this minute in the DETI submission to DFP.
 - b) That you also confirm that you are content for this material to be used to prepare briefing for the ETI Committee.

BUDGET 2010 UPDATE

BACKGROUND

Current Expenditure

1. The planning assumption is that there will not be significant additional amounts of resources available for allocation from internally generated sources of funding, whilst the overcommitment is expected to remain at zero for the Budget 2010 period, reflecting the improved spending performance of NI departments over the Budget 2008-11 period. This means that departments are required to deliver additional savings in order to generate the resources required to address cost pressures and fund policy initiatives.
2. The Current expenditure baseline position for departments in Budget 2010 is the Revised 2010-11 Spending Plans agreed by the Executive in April 2010 adjusted for time limited allocations, the savings projected to be made from Invest to Save Projects over the period 2011-12 to 2014-15 as well as the additional savings required as part of Budget 2010.

Capital Investment

3. In line with normal practice, there is no baseline position in respect of Capital investment, reflecting the discrete and finite nature of most Capital projects. In addition, the position in respect of the expected level of available resources to fund Capital projects over the Budget 2010 period is more uncertain than for Current expenditure. Although there is expected to be a significant reduction in the NI Executive Capital investment DEL, there are a broad range of potential outcomes. .

Priorities

4. The broad strategic priorities for the Budget 2010 process are expected to be in line with those set out in the Programme for Government with

“growing the economy” remaining the Executive’s top priority. In addition, and subject to further Executive consideration, it is expected that the same basic structure in respect of Public Service Agreements will remain in place. However, there will be revisions to the specification of performance targets reflecting the departmental allocations made as part of the Budget 2010 process. In order to enhance this linkage, each spending proposal will be expected to include details of the impact of the bid being successful (against the counterfactual position) for specific quantifiable performance targets, in addition to the linkage to overall PSA’s

CURRENT EXPENDITURE REDUCTIONS

5. As the budget process involves a very considerable amount of information gathering, collation and planning we were required to commission our budget inputs prior to DFP information on reductions being readily available. 7% per annum reductions across the department were requested when we commissioned our inputs Budget. DFP later confirmed the reductions as 4.9% in 2010/11; 4.0% in 2011/12; 4.4% in 2013/14 and 4.4% in 2014/15 respectively.
6. Annex A sets out, by business area, the opening baseline position, and reductions offered/required from each area in order to deliver an average of 7% Resource reductions within DETI.
7. You had agreed Resource reductions in relation to:-
 - 7% reductions per annum from Invest NI, NITB, TIL, ITI and TALE (subject to reinstatement) as over 80% of the Current Expenditure budget is with these business areas.
 - HSENI £141k per annum Fuel and Oil Liaison Unit reduced requirements and cuts of £465k in 11/12 and £565k per annum for the rest of the budget period from discretionary HSENI budget.
 - EU Programmes £100k per annum consultancy budget.
 - SPD cuts of £58k in 2011/12 and £16k in 2012/13 from Matrix. In addition to delivering reduced requirements of £94k in 2013/14 and £378k in 2014/15 from Logon NI match funding.
 - Computer maintenance reductions of £300k per annum.
8. Business Regulation Division has offered reductions of £50k per annum funding for the Social Economy and £550k per annum from the Consumer Strategy. You have requested further information on these reductions.

9. I can confirm that High Level Impact Assessments (HLIA) have been carried out for these reductions and confirm a neutral impact. The Social Economy budget would reduce to £190k per annum and the Consumer Strategy budget would reduce to £612k per annum.

Social Economy

10. Historically SEB has declared easements within quarterly monitoring rounds at similar levels to the proposed Budget 2010 reductions. These reductions have had neutral/no impact. The HLIA reflects this position should remain unchanged as these reductions will not impact on DETI's capacity to continue to deliver its public strategy commitments.
11. While DETI is the lead department in this policy area, development of the social economy sector is the collective responsibility of several departments represented on the cross departmental Social Economy Policy Group (SEPG) through the Executive's Social Economy Enterprise (SEE) strategy. Each department is responsible for implementing its own commitments within the SEE Strategy and for securing sufficient budget cover to do this.
12. No adverse publicity has been associated with previous in-year budget reductions and none is expected if the proposed reductions are made. Therefore, I would recommend that these savings are taken in the Budget 2010 exercise.

Consumer Strategy

13. While Consumer Affairs Branch has been funding debt advice since 2005, its intervention has been subject to ongoing review. Recent independent research commissioned by DETI has identified that alternative sources of funding for debt advice are now coming on stream and there is some evidence of duplication/over provision in face to face debt advice in particular.
14. The KPMG Report, when finalised, will provide a sound and robust evidence based policy rationale to support the proposed reductions. However, there is no guarantee that the current level of debt advice will remain in place over the next four years.
15. Therefore I would recommend that the Social Economy and Consumer Strategy savings are not taken in the Budget 2010 exercise
16. You had requested that the CCNI's deliver reductions. CCNI will deliver £20k per annum reductions in addition to fulfilling the requirement to live within the flat cash limit (real terms reduction) for Resource Administration costs.

17. Whilst, at this stage of the Budget process, DFP has not asked for a detailed breakdown of the programmes/activities reductions, the reduced baseline is the starting point from which we would bid.

REINSTATEMENT OF REDUCTIONS

18. Given that the reductions originally commissioned are higher than those sought by DFP, there is a need to reinstate the difference prior to finalising the starting point against which DETI bids have been made. The amounts required to be reinstated are:

2011/12 £2.9m

2012/13 £6.8m

2013/14 £9.5m

2014/15 £12.5m

19. Annex B sets out proposals to reinstate these reductions against Invest NI. You requested a targeted approach to reinstatement to protect Invest NI as it has taken the most significant cuts. This reduces Invest NI's savings to 4.8%, 4.1%, 5% and 4.8%. Consequently, NITB, TIL, ITI and TALE will deliver 7% per annum reductions.
20. We have conducted the exercise on the basis that North/South Bodies receive reductions that equate to those applied to NITB and TALE. DFP guidance on budgetary treatment of North South Bodies states that reductions of at least 3% should be delivered. There may be some pressure from North South bodies that their reductions should be no higher than this 3%. You have confirmed that you are content that these Bodies have at least the higher DETI reductions applied.

BIDS

21. DFP has asked for details of departmental Current (Resource) and Capital bids broken down on a priority basis. The meeting with Minister Wilson on 12 August will focus on these prioritised bids. You have confirmed that you are content with the broad strategic approach that we have adopted in relation to prioritisation is as follows:
- **Priority 1** (Highest priority) - Inescapable pressures i.e. those that a existing legal or statutory commitment;
 - **Priority 2** - Bids that draw down EU match funding under the Competitiveness and Interreg Programmes thereby maximising DETI spending power; and

- **Priority 3** - Bids that draw down baseline budget.

Within Priorities 2 and 3 we have sought to prioritise, as far as reasonably possible, individual bids in relation to policy compliance (i.e. Programme for Government objectives and IREP recommendations) and perceived economic impact.

CURRENT (RESOURCE) BIDS

22. Annex C sets out the inescapable commitments. DFP Supply has confirmed that all other departments are submitting Administration bids as inescapable pressures. They have advised that we should also do this to avoid being at a disadvantage in the unlikely event that Administration bids are met.
23. Therefore, we have added the following to the Resource inescapable commitments:

	2011-12 £000s	2012-13 £000s	2013-14 £000s	2014-15 £000s
DETI Core	511	1,022	1,533	2,004
HSENI	151	302	453	604
Invest NI	633	1,281	2,152	3,053
NITB	164	328	492	656
CCNI	72	144	216	288
Total	1,531	3,077	4,846	6,605

24. Our working assumption is that we will be required to provide budget cover for 2.5% per annum salary increments and £250 per annum to staff earning under £21k. Cost of living increases have not been assumed on a flat roll forward of the 2010-11 over the budget period.
25. However in reality, we are more likely to have to absorb these significant costs which would require non cash releasing savings across the DETI family in terms of reductions in staff numbers and General Administration Expenditure. Whilst DFP has not requested a detailed delivery plan in relation to these non-cash releasing savings, all areas of the Department would be required to have such a plan in place prior to the commencement of 2011/12.
26. Our best estimate of staff reductions that would be required is shown below:-

	Budget	Staff	Real Terms	Estimated
	£ms	FTE	Savings	Reductions
			Required	in Staff
			£ms	FTE
DETI Core and HSENI	24.5	570.59	2.6	39
Invest NI	27.3	571	3.0	66
NITB	6.0	141	0.7	16
CCNI	2.3	42	0.3	9
Total	60.1	1,324.59	6.6	130

[DN actual reductions in staff should be available close Tuesday 10 August]

27. If staff reductions can not be delivered through natural wastage then funding would be required for redundancy packages.
28. As the de minimis bids are inescapable pressures, we have moved them to priority 1 bids. The de minimis bids include:
 - Energy Legal Consultancy work,
 - Economic Advisory Group Research,
 - Energy Necessary Wayleaves Consultancy
 - Statistics Business Survey and Cost of Doing Business Purchases Inquiry,
 - HSENI regarding of 13 trainee inspectors,
 - NITB NILGOS Pension Scheme costs,
 - Telecoms external technical support and marketing costs,
 - NITB Quality Programme and
 - Consumer Council's increase in depreciation
29. EU-related bids are set out at Annex D. This annex has been revised to transfer the NITB Investment in Technology bid with the Innovation Fund bid. This will ensure that the NITB Investment in Technology bid is supported by EU funding and the Innovation Fund bid is mainstreamed.
30. Annex E set out the remaining bids in priority order. The description of the NITB and TIL marketing activity bids have been changed to NI 2012, City of Culture and Signature Project Initiatives. These bids have also been increased by £2.5m in 2011-12 and decreased by £0.25m in 2012/13 and £1.75m in 2013-14 following the consultants report on likely expenditure. SFA is no longer split and Air Access has been moved to priority 11.
31. Annex F provides narratives in support of Resource bids.

CAPITAL BIDS

32. Annex G details bids for inescapable commitments and Annex H provides details of EU bids.
33. Annex I has been revised. An additional bid has been made for Poultry Waste to Energy Project and is recorded as priority 11. The Gas Network extension bid has been revised to priority 13 and the first Electricity Grid bid has been moved to priority 14. The NITB Conference and Exhibition Centre bid has been moved to priority 16.
34. Annex J details DETI de minimis Capital bids which relate to small scale capital reinvestment.
35. Annex K provides narratives to support Capital bids.

NITB CONSULTANCY SUPPORT

36. Annex L provides information on consultancy support that NITB has used for the last two financial years and the current financial year. Information on estimates of likely consultancy costs for the budget period is also included. NITB uses consultants for independent appraisals/evaluations, research, studies and for technical/legal advice. This expenditure is usually in the region of £0.5m per year. Proposed expenditure will increase by a further £0.2m in 2013-14 as Post Project Evaluations are due for Titanic and GCVE and Economic Appraisals will be carried out for Tourism Innovation projects.

PRESS OFFICES

37. TC to input

BOARD MEEMBERS

38. TC to input

PMS

39. The Minister will be aware of the current situation on the PMS. Should support be provided it is unclear whether expenditure would be incurred in 2010/11 or 2011/12. On this basis it is proposed to submit bids for 2011/12 of £175m RRI, £25m Hardship Fund and £0.1m Resource costs for the Administrator to process Hardship Payments, as part of the Budget process.

40. We will highlight to DFP that any allocation made towards PMS should be separated from the 'normal' DETI allocations as to do so would distort the overall position in terms of relative departmental allocations.

Conclusion

41. The Minister is asked to:-

- confirm contentment with the position outlined at Annex B as the starting baseline for bids across the Department, or detail amendments required;
- contentment with the inter-prioritisation of current baseline bids detailed at Annex C, D and E;
- contentment with the inter-prioritisation of capital baseline bids noted at Annex G,H and I;
- that PMS bid be submitted with proviso it should be treated as a special item;
- that all bids, subject to any amendments required by the Minister be submitted to DFP; and
- that the information in this note can be used to form the basis of briefing to DFP and the ETI Committee.



TREVOR COOPER

cc David Sterling
Colin Lewis
David Thomson
Bernie Brankin
Glynis Aiken
Gillian Cahoon
Valerie Stevenson

Annex C

PRIORITY 1 – RESOURCE INESCAPABLE COMMITMENTS

		2011-12		2012-13		2013-14		2014-15	
	Priority	Admin	Res	Admin	Res	Admin	Res	Admin	Res
		£000	£000	£000	£000	£000	£000	£000	£000
Provisions									
Utilisation of Asbestos Provision	1		5,000		5,000		5,000		5,000
Utilisation of Mines Provision	1		500		250		250		250
Utilisation of Early Retirement Provision	1	80		50		34		24	
Utilisation of Asbestos Provision for Pleural Plaques	1*				1,500		4,000		2,000
Telecoms – Remote Broadband Services	1		200		250		250		250
DETI – Administration	1	511		1,022		1,533		2,004	
NDPB – Administration	1		1,020		2,055		3,313		4,601
Energy - Legal Consultancy	1	470		320		320		320	
Economics – Economic Advisory Group (To carry out economic research with a view to forming economic policy for NI).	1	100	8	100	8	100	8	100	8
Energy - Necessary Wayleaves Consultancy	1		86		16		16		16
Statistics – Business Survey & Cost of Doing Business Purchases Inquiry (To enable DETI to produce a measure of Quarterly GDP).	1	140		30		20		20	
HSENI - Regarding of 13 trainee inspectors	1	180		185		190		195	
NITB - Administration – Inescapable pressure iro NILGOSC Pension Scheme (Chargeable to the Resource Budget)	1	450		475		500		425	
Telecoms – External Technical Support	1		130		90		55		40
Telecoms - Marketing	1		40		5		5		5
NITB - Quality Programme	1		300		200		100		100
CCNI - Increase in Depreciation	1		80		85		75		30
Priority 1 – Sub Total		1,931	7,364	2,182	9,459	2,697	13,072	3,088	12,300

* Whilst pleural plaques cost consequential have been included as an inescapable commitment, this is a result of a discretionary decision proposed by the DFP Minister.

Annex D

PRIORITY 2 – RESOURCE COMPETITIVENESS AND INTERREG BIDS ON WHICH THERE IS AN EXECUTIVE COMMITMENT TO DRAW DOWN THE FULL EU PROGRAMME

		2011-12		2012-13		2013-14		2014-15	
	Priority	Admin	Res	Admin	Res	Admin	Res	Admin	Res
		£000	£000	£000	£000	£000	£000	£000	£000
INVEST NI									
Invest NI - Research & Development – EU Match	2		4,000		5,000		4,000		4,000
NITB - Investment in Technology – EU Match	2		300		300		300		300
IPU – Connect Programme (NISP) – EU Match	2				6				
Energy NI Competitiveness – EU Match	2		247		335		110		100
EU Programmes – Interreg IVA – EU Match	2		865		1,124		1,013		359
EU Programmes – Competitiveness Programme Technical Asst – EU Match	2		85		75		541		1,398
Invest NI – Competitiveness Programme Technical Asst – EU Match*	2		108		105		108		105
Priority 2 – Sub Total Match Funding			5,605		6,945		6,072		6,262
Priority 2 – Sub Total EU Expenditure			13,782		15,616		14,194		12,083
Priority 2 – Sub Total EU Receipts			13,782		15,616		-14,194		12,083

NOTES:

1. EU bid in relation to SFA of £4m / £2m / £2m / £2m is now mainstreamed.
2. EU bid in relation to Training & Business Improvement Programme of £4m / £2m / £2m / £2m is now mainstreamed.

3. NITB has £1m EU Expenditure & EU Receipts baseline in the budget period.
4. SPD/Telecoms has £0.5m pa EU Expenditure, EU Receipts and Match Funding baseline to fund Logon NI and Connect Programme NISP – Only £6k EU Expenditure, EU Receipts and Match Funding is required in 2012/13.
5. Energy has £0.222m / £0.285m / £0.110m / £0.1m EU Expenditure & EU Receipts to fund Economic Analysis of Gas Network, Renewable Heat Analysis, Sustainable Energy Communications and Renewable Energy Research Activity – therefore the bid is in relation to Match Funding only.
6. Energy Division has Interreg IVA funding of £498k EU Expenditure & EU Receipts and £166k Match Funding each year in the baseline.
7. EU Programmes has baseline funding of £2.396m pa under the Competitiveness Programme. Invest NI will transfer £2.4m EU Expenditure & EU Receipts and £0.8m Match Funding in relation to Interreg IVA.

Annex E

PRIORITY 3 – RESOURCE BASELINE BIDS COMPLIANT WITH PFG OBJECTIVES

		2011-12		2012-13		2013-14		2014-15	
	Priority	Admin	Res	Admin	Res	Admin	Res	Admin	Res
		£000	£000	£000	£000	£000	£000	£000	£000
Invest NI - Research & Development	3						1,000		2,000
Invest NI - Capability Development Programmes	4		1,000		2,000		3,000		3,000
NITB – NI 2012, City of Culture & Signature Project Initiatives	5		4,050		3,550		1,300		1,300
TIL – NI 2012, City of Culture & Signature Project Initiatives	5		1,000		1,000				
Invest NI - Selective Financial Assistance (SFA)	6		4,000		3,000		3,000		3,000
Invest NI - Trade Promotion Activity	7		2,000		2,000		2,000		2,100
Invest NI - Foreign Direct Investment	8		1,300		1,300		2,000		2,500
Invest NI - Training & Business Improvement Programme	9		4,000		4,900		8,000		8,000
Invest NI - Social Economy & Business Start Up Programmes	10		1,000		1,000		1,000		1,000
TIL - Co-op Campaign for New Toronto to Belfast Air Access Route	11		500						
Tourism Innovation Fund	12		1,000		1,000		1,000		1,000
NITB - Tourism Area Plans	13		1,000		1,000		1,000		1,000
NITB - Delivery of Official Statistics Relating to Tourism	14		500		500		500		500
Priority 3 – Sub Total		0	21,350	0	21,250	0	23,800	0	25,400

1. The Invest NI bids for Research & Development, Capability Development Programmes, and SFA promoting jobs with salaries above the Private Sector Median all contribute directly to the achievement of key PSA targets.
2. The R&D grants are the core stimulus used by Invest NI to drive forward the pursuit of Innovation and investment in Research and Development by businesses, which is essential to the NI economy becoming increasingly knowledge driven and contribute directly towards the achievement of Invest NI's PSA1, DSO4 targets.

3. Capability Development Programmes contribute to the promoting productivity and a competitive and outward looking economy as set out in PSA1. This bid will contribute towards meeting the key goal to halve the private sector productivity gap with the UK average by 2015.
4. NITB Promotion & Marketing bids for Northern Ireland Events, Northern Ireland 2010 and 2013 UK City of Culture all directly support the achievement of PSA 1, PSA 5 and PSA 9. These PSAs are also directly supported by Tourism Ireland marketing bids for Titanic and UK City of Culture events. Events are a key driver of the visitor economy and benchmarking demonstrates a return on investment of £1:£8.
5. SFA is a core component of assistance packages negotiated by Invest NI to support businesses' investment proposals which contributes directly to the achievement of the Agency's PSA1 and PSA3 targets. It also integrates fully with the NI Executive's commitment to make the economy the first priority of its Programme for Government, and is central to Invest NI's work with businesses to safeguard employment during the extended emergence from the economic downturn.
6. The Invest NI bids from priority 7 to 10 all contribute to the achievement of key PSA targets. The bid for Trade Promotion activity supports Invest NI's Passport to Export programme, which represents a major component of Invest NI's contribution to PSA 1 and PSA3.
7. The Foreign Direct Investment bid is essential to Invest NI's work to achieve PSA1 and PSA3 targets. These are high profile, headline KPIs which are the central basis on which a significant element of Invest NI's overall annual performance is judged, and the achievement of PSA targets has a direct and immediate impact on the local economy.
8. The Training and Business Improvement Services bid directly underpins Invest NI activities to achieve PSA1 and PSA3 targets. These services support inward investment and local investment projects, and have been instrumental in supporting major expansion projects of established companies.
9. Invest NI's bid for Start Up Programmes contributes to PSA1 targets and objectives, and is essential to support business start ups in Northern Ireland, to increase survival rates for new starts, and to encourage the growth of existing small businesses.
10. Tourism Ireland Ltd has submitted a bid to engage in co-operative marketing campaign for a new Toronto to Belfast air access route. North American air access is an essential part of growing Northern Ireland tourist numbers from a market which provides high value/spending tourists.
11. The NITB bid for Innovation Funding supports the achievement of PSA1, PSA5 and PSA20.
12. The NITB bid for Tourism Area Plans also supports the achievement of PSA1, PSA5 and PSA20. The development of Tourism Area Plans in Northern Ireland is a key recommendation of the Tourism Strategy for Northern Ireland 2010-20.

13. Ensuring that Tourism Statistics are aligned to NI Government Official statistics will provide for the effective operation of the institutions of government by supporting Ministers and facilitating effective interdepartmental working in the delivery of an agreed Programme for Government, Budget, Investment Strategy and legislative programme as outlined in PSA 21.

ANNEX F**BUDGET 2010 – RESOURCE SPENDING PROPOSALS****PRIORITY 1 – RESOURCE INESCAPABLE COMMITMENTS****Provisions****1. Utilisation of Asbestos Provision****H&W Current Legal Position****BACKGROUND**

1. Harland & Wolff Plc (H&W), is the shell company left in the ownership of the Department of Economic Development, now the Department of Enterprise, Trade and Investment (DETI) following the privatisation of the Harland & Wolff shipbuilding business in 1989.
2. As a result of the insolvency of the company's insurers, Chester Street Insurance Holdings Limited (Chester Street), responsibility for employer's liability and public liability claims, which relate to compensation for asbestos related illnesses suffered by former employees of the shipyard and third parties, now lies with H&W. As part of the contractual obligations at privatisation, DETI undertook to guarantee funding in relation to both employer's liability and public liability claims for which Chester Street acted as insurer. Legal advice has confirmed this to be the case.

DISEASE

3. For many years people have been aware that exposure to asbestos can cause life-threatening diseases and other conditions. There are five asbestos-related diseases/ conditions, namely mesothelioma, lung cancer, asbestosis, diffuse pleural thickening and pleural plaques. Pleural Plaques is not currently compensatable, but this is addressed in section two. It is well established that asbestos fibres and dust can cause serious diseases, or lesser conditions, if they are inhaled in high concentrations over a period of time. The symptoms of the diseases/conditions may not appear until 20 or 30 years after the exposure occurred. However, by then the damage is already done. This can be extremely distressing and traumatic for those involved and for their families.

OBLIGATIONS

4. In a statement to the Assembly on 5 March 2002 Sir Reg Empey, then DETI Minister, made it clear that the Department would meet its

obligations and ensure that sufficient funds were provided to allow the company to meet its debts as they fell due. If this were not the case then, “the directors would have no alternative but to seek a winding-up of the company. In those circumstances, the receiver or liquidator would still look to the Government to fulfil their legal obligations to Harland & Wolff plc on foot of the undertakings given in 1974 and 1989. There would also be a further period of uncertainty and distress for the claimants.”

5. DETI currently has a provision in its accounts to cover the anticipated future costs required by H&W plc. Based on expert actuarial advice provided, by the firm Oliver Wyman, the provision currently stands at a discounted value of circa £87m. Budget cover is sought to allow spend against this provision.
6. Based on the actuarial report, spend in the budget years was anticipated to be:

2011/12	2012/13	2013/14	2014/15
£6.9m	£6.9m	£6.8m	£6.2m

BUDGET COVER REQUIRED

7. Given that trends over the last 5 years has been for spend to be in the region of £3m to £6m, we anticipate that budget cover required to be as follows:

2011/12	2012/13	2013/14	2014/15
£5m	£5m	£5m	£5m

2. Utilisation of Mines Provision

Justification of Utilisation of Provisions Budget application

1. Section 1 of The Mineral Development (Northern Ireland) 1969 vests all abandoned mines in Northern Ireland in the Department of Enterprise, Trade and Investment (the Department). Some 2,000 abandoned mines across Northern Ireland are owned by DETI and it is the Department’s responsibility to monitor these mines for the purposes of public safety.

2. DETI has legal responsibility for these workings, most of which date from the 19th century. GSNI has developed and maintains both a digital database and archive of documentation associated with these mines.
3. DETI and the GSNI Abandoned Mines Committee (AMC) oversee a programme of mine monitoring and co-ordinate remediation of mines that pose a risk to public safety. The AMC receives technical advice from specialist mine engineering consultants (Atkins Limited) who are retained by the Department.
4. To emphasise the risk involved in abandoned mines, the most recent fatality occurred in 2008 in Scotland when a 44-year old mother of two fell into a collapsed mineshaft and died.
5. If a mine collapses in Northern Ireland the Department is 100% liable and is accountable for all associated costs. In certain cases the Department can be sued for damage to property and/or loss of life.
6. Subsidence can have serious affects on surface structures, can be responsible for flooding, and can lead to the sterilisation of land or can call for special constructional design in site development or extensive remedial measures in developed areas.
7. Therefore, adequate funding is required to protect the Department.
8. The impact of a collapse should be considered "*high*" in all cases irrespective of likelihood. There is potential for loss of life or serious personal injury arising from mine collapse or accidental/unauthorised entry to shafts and adits.
9. The likelihood of a collapse happening at a particular mine varies from place to place and through time. The likelihood is kept under review by GSNI and the Departments retained mining consultants (Atkins). All findings are reported through the Abandoned Mines Committee (AMC) which approves any remedial action required.
10. Likelihood can be:
 - reduced by remediation works or
 - increased through neglect.
9. This budget is required first and foremost to protect public safety and consequently a definitive price cannot be placed on the Departments efforts to ensure this.
10. Many of the above points are highlighted in TALE Division's input to the Departmental Risk Register for Q/E 31 March 2010.

11. The £1.5 million has been costed at £500k ongoing rehabilitation work at a range of abandoned mines and £1 million for possible land acquisition and compensation payments

3. Utilisation of Early Retirement Provision

The Department meets the additional cost of benefits beyond the normal Principal Civil Service Pension Scheme (Northern Ireland) in respect of employees who retire early by paying the required amounts annually to the Principal Civil Service Pension Scheme (Northern Ireland) over the year between early departure and normal retirement date. The Department provides for this in full when the early retirement programme becomes binding by establishing a provision for the estimated payments discounted by the Treasury discount rate of 2.2% in real terms.

4. Utilisation of Asbestos Provision for Pleural Plaques

Pleural Plaques Legal Position

BACKGROUND

1. Pleural plaques are small areas of scarring on the pleura (the membrane surrounding the lungs). They are generally regarded as an indicator of exposure to asbestos in someone with an appropriate occupational history, but do not usually cause symptoms or disability. They do not cause, or develop into, an asbestos-related disease, such as asbestosis or mesothelioma, although they may signify an increased lifetime risk for developing such a disease. From the 1980s to the early 2000s, compensation, on foot of claims in negligence, was awarded or agreed for pleural plaques.

JOHNSTON V NEI INTERNATIONAL COMBUSTION LTD AND CONJOINED CASES

2. In 2004, the insurance industry decided to challenge the position and ten test cases were brought before the High Court in England and Wales. In February 2005, Holland J. gave judgment in favour of the claimants. However, in seven of the cases, the insurers appealed to the Court of Appeal, which, in 2006, reversed the decision of the High Court. Four of the claimants appealed to the House of Lords and, on 17 October 2007, the House of Lords ruled that asymptomatic pleural plaques do not give rise to a cause of action under the law of negligence.
3. The essence of the judgment in the Johnston case is that, in order to establish a cause of action in tort for the recovery of damages for negligence, a claimant must have suffered non-negligible damage. Essentially, the House of Lords decided that none of the following,

either on their own or together, is sufficient to constitute actionable damage –

- the development of asymptomatic pleural plaques;
- anxiety produced by some negligent act or omission, but falling short of a clinically recognisable psychiatric illness; or
- a risk, produced by a negligent act or omission, of an adverse condition arising at some time in the future.

SCOTLAND

4. The Johnston case reversed over 20 years of precedent and practice and, as soon as the judgment issued, there were calls for it to be overturned.
5. On 29 November 2007 the Scottish Government announced that it would introduce a Bill which would ensure that the Johnston case did not have effect in Scotland. The provisions of the Bill would apply from the date of the House of Lords' judgment.
6. On 23 June 2008 the Damages (Asbestos-related Conditions) (Scotland) Bill was duly introduced into the Scottish Parliament. The Bill provided for asbestos-related pleural plaques to be a non-negligible personal injury for which damages could be recovered. As it was possible that the courts might look to the Johnston case as authority in relation to claims in respect of other asymptomatic asbestos-related conditions, the Bill also provided that asymptomatic pleural thickening and asymptomatic asbestosis, when caused by wrongful exposure to asbestos, should continue to give rise to a claim for damages. The Bill did not, however, raise the issue of quantum (the amount that is paid in damages), which remains subject to the customary rules.
7. The Bill completed its final stage in the Scottish Parliament on 11 March 2009, received Royal Assent on 17 April 2009 and came into force on 17 June 2009. Accordingly, people in Scotland who have been negligently exposed to asbestos and have then been diagnosed with certain asymptomatic asbestos-related conditions are still able to claim, in negligence, for compensation, despite the judgment in the Johnston case.
8. The provisions of the Damages (Asbestos-related Conditions) (Scotland) Act 2009 ("the 2009 Act") take effect from the date of the House of Lords' judgment (17 October 2007). The 2009 Act also ensures that, for the purposes of the limitation of actions, the period between the judgment and the commencement of the Act will not be taken into account. This means the Act will cover people who had raised a claim prior to the Johnston case, but whose cases had not been settled or determined by a court before the House of Lords gave judgment.

9. On 27 April 2009 five insurance companies (Axa General Insurance Limited, Axa Insurance UK plc, Norwich Union Insurance Limited, Royal and Sun Alliance Insurance and Zurich Insurance plc) launched a judicial review of the 2009 Act. The companies sought a declaration that the 2009 Act is incompatible with their rights under Article 6 of, and/or Article 1 of the First Protocol to, the ECHR. They also sought a declaration that the 2009 Act was the result of an unreasonable, irrational and arbitrary exercise of the legislative authority conferred on the Scottish Parliament.
10. The insurance companies tried to prevent the 2009 Act from coming into force by arguing that it should be held in abeyance until the judicial review proceedings were over. However, the Court rejected the application and, as stated earlier, the Act came into force on 17 June 2009.
11. The first hearing in the petition for judicial review concluded on 22 October 2009 and, on 8 January 2010, Lord Elmslie's written decision, which dismissed the companies' petition, was published. The companies have lodged an appeal against the decision, which has been set down for July 2010.

NORTHERN IRELAND

12. On 13 October 2008 the Department of Finance and Personnel issued a consultation paper which considered the impact of the House of Lords' decision in Johnston and raised the following options –
 - increased support, help and information for people with pleural plaques;
 - the introduction of a register of those with pleural plaques;
 - the introduction of a no fault payment scheme for pleural plaques; and
 - the introduction of amending legislation to “restore” civil claims in negligence for asymptomatic pleural plaques. The legislation would also cover asymptomatic pleural thickening and asbestosis.

PREFERRED OPTION

13. The consultation period concluded on 12 January 2008 and 94 responses were received. Having considered those responses, the Department decided to recommend that legislation be introduced to ensure that, under the law of negligence, civil claims for asymptomatic pleural plaques, pleural thickening and asbestosis can continue to be brought in Northern Ireland.
14. On 25 March 2010 the Executive accepted the Department's recommendation and endorsed the introduction of legislation to ensure

the decision in the Johnston case does not have effect in Northern Ireland.

IMPLICATIONS

15. The number and value of potential pleural plaques claims cannot be identified as they remain unreported. However, should the proposed NI legislation be passed, additional budget cover may be sought.

5. Telecoms - Remote Broadband Services

In December 2005, through a contract that it had with BT, DETI achieved 100% availability of first generation broadband services across Northern Ireland. As part of this contract, services to consumers who, due to distance of premises from the nearest telephone exchange, could not access wire-line broadband services could avail of such services through a satellite option. When the BT contract came to an end in March 2009, so too did the satellite service, prompting DETI to put in place alternative means for affected customers. In January 2009, following a European-wide, competitive tendering process, a contract was awarded to Avanti Communications to deliver satellite broadband services across Northern Ireland for a period of 3 years. As the contract was awarded outside the Budget 2008-2011 period, resource for the contract must be secured on a year by year basis. The purpose of this spending proposal therefore is to secure the funds necessary to support the contract during the 2011/12 year i.e. some £200k.

In addition, DETI has been considering the impact that the ending of the Avanti contract in January 2012 will have on the availability of affordable broadband services for consumers who, despite the numerous investments in the NI Telecoms infrastructure in recent years, still cannot access service using wire-line technology. It is concluded that a further Government intervention will be required as a cost of around £250k per annum. Again, it is anticipated that the intervention will be required for a minimum of 3 years.

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6. DETI - Administration

7. NDPB - Administration

8 . Energy - Legal Consultancy

Much of energy regulation and the legal framework in which energy companies operate is dictated by EU policy and legislation, eg. Energy Division is currently working towards transposition of the EU Third Energy Package for the electricity and natural gas sectors, and transposition of the EU Renewable Energy Directive. The Division is also taking forward Primary and Secondary legislation much of which is to provide a legal basis to enhance consumer protection. The Department therefore has important energy related obligations that have to be met - most of which are extremely complex and legalistic. These are inescapable Ministerial and Departmental priorities, and there are definitive timescales for transposition into NI law of EU Directives, and significant EU fines for infraction, ie. if transposition has not taken place within the specified timescale. There is no DETI in-house professional legal support. It is therefore **essential that DETI Energy Division has access to legal advice** for compliance with the EU, energy transactions, and licensing issues. **DSO is not resourced to provide this service**, hence the **only option is for a properly funded legal services contract**.

9. Economics – Economic Advisory Group

Following the publication of the IREP report in September 2009, the DETI Minister announced that she was standing down the Economic Development Forum and replacing it with a smaller, focussed group (Economic Advisory Group), comprising individuals from the fields of business, skills and

economics to provide her with independent advice on the NI economy. EAG was established in April 2010.

Admin budget, estimated at £100k per year, is required to enable the Group to carry out economic research to ensure that they can provide evidence-based advice to the DETI Minister, with a view to informing economic policy for Northern Ireland.

Resource budget, estimated at £8k per year, is required to cover the ongoing costs associated with EAG, including members' expenses, meeting arrangements and maintenance of the EAG website.

10. Energy - Necessary Wayleaves

The Electricity (Northern Ireland) Order 1992 (the Order) stipulates that Northern Ireland Electricity (NIE) is unable to erect any electrical equipment in the absence of either a voluntary wayleave granted by a landowner or a necessary wayleave granted by the Department. The Order requires the Department, before granting a necessary wayleave, to afford the occupier of the land (and where the occupier is not also the owner of the land, the owner) an opportunity of being heard by a person appointed by the Department.

Based on DSO advice, the hearing is conducted by a wayleave officer not in the employment of DETI to introduce independence and transparency into the decision making process. This helps compliance with the European Convention on Human Rights. The same requirements exist under the 1996 Gas Order. Following the hearing, the independent wayleave officer submits a report to the Department. This records and analyses the representations by the landowner/occupier and NIE, and also reaches firm conclusions and a reasoned recommendation as to whether or not the Department should grant a necessary wayleave. The Department then makes a decision, taking into account the wayleave officer's report and any other relevant information including the wider public interest. Failure to fulfil the wayleave functions as defined in the Order may result in businesses or homeowners being delayed in receiving electricity connection and has the potential to affect security of supply if the electricity line in question is a major transmission line. Ministerial approval for £50,000 cost over three years was granted on 23 March 2009. This requirement is ongoing and, in addition, approval is required for the cost of conducting the North South Interconnector hearing in 2011/12, currently estimated at £70,000.

11. Statistics – Business Survey & Cost of Doing Business Purchases Inquiry

The UK government has agreed to take part in an EU wide survey of businesses access to finance from banks and other sources during the ongoing downturn. The Minister has also been approached by the NI Institute of Directors to undertake a survey of businesses on this subject in Northern Ireland as it is seen to be one of the key factors limiting business growth.

This would require Statistics Research Branch to undertake the development of a new survey specific data collection and processing database delivered through our existing external contractors. We would also have to process, analyse and publish a report in-house. Total costs are an estimated £70k.

The Office for National Statistics will be conducting a detailed survey of the cost of business purchases in 2011-12 – energy, goods, services, water. This will provide a measure of the relative cost of doing business in Northern Ireland compared to other parts of the UK.

It will also provide a measure of businesses' purchases from other businesses. This will in turn enable DETI to produce a measure of Quarterly GDP, which we are currently unable to do.

12. HSENI – Regarding of 13 trainee inspectors

As a consequence of funding agreed under CSR07, HSENI recruited 13 Trainee Inspectors in March 2009 to both fill vacant posts and provide additional capacity to cover other high priority areas of work. Their terms and conditions of employment included the provision that, following 2 years of satisfactory service and the successful completion of the necessary professional health and safety training, they would be re-graded from Trainee Inspector to Inspector grade. All 13 Trainee Inspectors are fully expected to be entitled to this re-grading in March 2011. This is therefore an additional cost to HSENI that cannot be avoided or funded from within its current baseline allocation.

13. NITB - Administration

NITB staff are not members of the NICS pension scheme in the way that other NDPB/Agency employees are within the DETI family and wider NICS. NITB staff are members of the NILGOSC Pension Scheme.

As a consequence, NITB has had to increase its employer contribution rates year on year in line with NILGOSC requirements. In 2004/05 the employer contribution rate was 4.5% which represented an annual employer contribution amount of £87k. In 2010/11 the employer contribution rate is 17% which represents an annual estimated contribution amount of around £425k. It is expected that the employer contribution rates will continue to increase in future years.

Where additional employer contribution costs are required for the NICS pension provision in other DETI sister agencies/NDPB this is processed at the DFP level and there is therefore no negative impact in the allocation of the administration budget to these bodies. Therefore NITB is not a parity with the rest of the DETI family and wider NICS NDPBs and agencies.

These additional employer contribution amounts are eating significantly into NITB's administration budget, yet these costs are outside NITB's control – they are in line with NILGOSC requirements. In the last two years DETI has recognised this position and funded these incremental costs non-recurringly through in-year monitoring.

This bid represents an inescapable pressure as NITB are already committed to the costs. This bid reflects the need to address this pressure recurringly within the baseline.

14. Telecoms External Technical Support

The purpose of this bid to secure the funding for the technical advisory support required to complete the effective delivery of TPU's current projects and the technical/economic advisory support required for the development of new projects proposed under DETI's Telecoms Action Plan 2011-2015 for maintaining and developing Northern Ireland's telecoms infrastructure going forward.

This includes ongoing technical monitoring support for the Next Generation Broadband Project, the Remote Broadband Services Contract and Project Kelvin and, the economic and technical support required to adequately scope, procure and deliver five initiatives proposed under the draft Telecoms Action Plan 2011-2015 i.e. e-Commerce Centres, Digital test-beds, 2Mbps Universal Service Commitment for broadband, enhanced 3G and 4G Mobile phone coverage and an extension to NI's core telecoms network with a collective value of some £30-£40m. It also includes the need for a mid-term evaluation of the EU funded Logon-NI Programme.

15. Telecoms Marketing

The purpose of the bid is to secure funding to underpin Telecoms Policy Unit's marketing activity over the next 4 years in respect of new and existing projects that contribute to the delivery of commitments under the Programme for Government and associated PSA 1 targets.

In the first year, this will include the need for a number of regional events aimed at facilitating consultation with key stakeholders around the proposals put forward under DETI's Telecommunications Action Plan for the period 2011-2015. It is anticipated that the consultation will require an event at a central location in each of the six counties as well as an additional event in Belfast and 1 in Londonderry. Each event will require the booking of a venue, catering and the services of an events management resource.

The budget will also be required to support marketing activity around the calls for applications under the NI Broadband Fund and publicity activity around the Unit's EU Funded projects going forward including the production of brochures etc.

Logon NI

The purpose of the bid is to secure funding for the contractually committed Logon-ni project for the years 2011/12, 2012/13 and 2013/14. The contract for taking the 5-year project forward was awarded to Commendium Ltd in November 2008. The aim of the project is to provide free-of-charge advice to Northern Ireland's SMEs around the benefits to be derived from the effective use of broadband internet services to realise improvements in efficiency and thus increase productivity..

The Logon-ni programme is a key contributor to PSA1 (Increase manufacturing and private services productivity) and specifically the targets to *"increase broadband take-up to 75% of businesses by 2011 from a baseline of 60% in 2006"* and *"increase e-business activity by 10% by 2011 from its current low base"*.

16. NITB - Quality Programme

A total quality destination and a competitive tourism industry will be critical to Northern Ireland tourism's long term success.

The development of a quality tourism experience will require NITB to move from providing a facilities' inspection service to providing an advisory support service to the industry.

Over time this approach will create a more mature, competitive and sustainable industry, less reliant on the public sector leading.

Investment of £700,000 is required over the next 4 years to deliver a programme that will reposition how NITB supports the development of the quality of the tourism offering.

After 4 years, the industry will be more self sufficient, self policing and it is expected that costs will be significantly reduced over time.

£700,000 will fund the delivery of 3 quality programmes:

1. Implementation of the Common Standards approach to quality in the accommodation sector.

Northern Ireland's current evaluation of accommodation is outdated. It is facilities focused. It does not take into consideration the quality of service a customer is receiving.

Our evaluation does not include advisory service that supports the industry to improve/develop or that takes into account the factors that are important to customers.

Customers are motivated by facilities but they also seek assurance that the standard of service offered will match their expectation in line with the star rating (ie they expect a 5 star service when checking in or eating in the restaurant of a 5 star hotel).

Currently 36% of visitors to NI read reviews and chose their holiday accommodation via online peer to peer reviews which primarily focus on the quality of service provided as opposed to the level of facilities available.

This project will integrate Northern Ireland accommodation into the best practice approach being applied through the rest of the UK.

This approach has been rigorously tried and tested by other UK tourist boards.

The key benefits are:

- Increased focus on the needs of the customer
- More emphasis on customer services vs facilities only
- **Greater value added advisory role of NITB (40% focus on rating with 60% focus on providing advice)**
- Core scheme that can be adapted and rolled out to other non accommodation categories.

It will have a positive impact on the sector as the focus of the Common Standards quality approach is very clearly on service standards and delivering a world class visitor experience.

It will allow consumers to make a more informed choice as the star rating system is applied in categories not yet covered in the existing scheme.

2. Implementation of the Common Standards approach to quality in the NON accommodation sectors.

Currently Northern Ireland tourism does not evaluate/adopt a single approach to evaluating non accommodation tourism sectors such as visitor attractions, restaurants etc.

Research has indicated that consumers are comforted by official evaluation schemes such as Tourist Board rating schemes.

Development and delivery of a quality standard into non accommodation sectors along the visitor journey, including eating and drinking, transportation and visitor attractions will ensure that the visitor has a consistently high experience and will return to or recommend Northern Ireland as a destination.

The key benefits of adopting a Common Standards approach to quality in the Non accommodation sector equal those outlined in point 1.

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The key benefits of adopting a Common Standards approach to quality in the Non accommodation sector equal those outlined in point 1.

3. Delivery of an Industry Development **Programme** that will demonstrate best practice in total quality management.

In order to become a competitive destination NI must increase the capability of the tourism industry.

NITB will deliver a customer driven capability development programme.

The programme will address the customer identified capability gaps.

The programme will offer the industry the opportunity to learn from best practice tourism providers.

The programme will provide practical workshops and insights showing how the visitor experience can be consistently improved in line with primary customer research and competitor best practice.

17. Consumer Council (NI) - Increase in Depreciation

In line with the Consumer Councils operational plan 2010/11, we plan to make three capital investments in relation to premises refurbishment, upgrade of our information technology hardware server environment and the replacement of our current complaints system in 2010/11. A small proportion of this also relates to capital spend in 2009/10.

As a result of this there will be a corresponding increase in the depreciation charge which we do not have the capacity in our current budget to cover.

This bid is therefore to increase our resource non-cash budget to cover the increase in depreciation costs.

PRIORITY 2 – RESOURCE COMPETITIVENESS AND INTERREG BIDS ON WHICH THERE IS AN EXECUTIVE COMMITMENT TO DRAW DOWN THE FULL EU PROGRAMME

1. Invest NI - Research & Development Grant

Grants for R&D are central to the PSA target of “halving the private sector productivity gap with the UK average (excluding the Greater South East) by 2015” and contribute directly towards the achievement of Invest NI’s PSA1, DSO4 targets.

Grants for R&D are designed to encourage business to undertake research and/or development that will lead to new products, processes and/or services. Costs supported included Salaries, Raw Materials, Sub-Contracting, Patent Costs, Equipment Depreciation and Trials and Testing.

The Grants are the core stimulus used by Invest NI to drive forward businesses’ increasing pursuit of Innovation and investment in Research and Development, both of which are essential to the Northern Ireland economy becoming increasingly knowledge driven. This is a key Invest NI Corporate Plan priority, and fully endorsed by the DETI Minister.

2. NITB - Investment in Technology

The visitor economy contributes £529m to Northern Ireland.

- Tourism was prioritised in the **Northern Ireland Executives Investment Strategy for Northern Ireland 2008-18**
- The Tourism strategy for Northern Ireland 2010-20 was commissioned by **Minister Foster, MLA (DETI)** and confirms the Northern Ireland Executive’s commitment to tourism.

2.2m people visited discovernorthernireland.com and 36% of visitors to Northern Ireland read online reviews – compared with 15% 2 years ago.

Research has demonstrated that access to better information results in increased spend by visitors.

Therefore, it is clear that Northern Ireland must evolve how it delivers information to visitors if it is to keep abreast with them and maximise tourism’s contribution to the economy.

It is essential to:

1. Develop a single product database for Northern Ireland tourism. This will allow all tourism providers to use one common database which will reduce duplication (and associated public sector costs and private sector time) and improve visitor's access to information.

Currently there is an inefficient, duplicative mix of print and online resources that NITB are seeking to streamline through the provision of a single platform. This will reduce the need for the public sector, namely by local councils and other tourism delivery agents to invest in this area.

2. Develop a single customer database in NI tourism. More visitors come from close to home markets and the incidence of repeat visits is increasing. This will allow NI tourism to over time move from more costly advertising platforms to more cost effective and direct customer communications.

Therefore, a customer contacts database is essential if we are to maximise potential returns.

3. Develop a web platform that will allow all distributors to access. Industry will be able to upload information directly and distributors such as Tourism Ireland (etc) will have access to sellable product.

This will make purchasing easier and is essential if Northern Ireland tourism is to achieve its potential revenue targets.

To transition to a single online platform will require investment by NITB and engagement with the sector but this will ultimately save public sector money in the longer term and act as a commercial platform to drive revenue directly into the Northern Ireland economy.

3. Telecoms - IPU – Connect Programme (NISP)

The proposal involves grant aiding Northern Ireland Science Park up to an estimated £1m over the period 10/11 through to 14/15 to enable it to meet the salary costs of up to 5 staff to implement business improvement services to support the development of potential high tech entrepreneurs and start up companies.. This service is directly linked to the PFG targets (PSA1 and PSA3) of increasing productivity and employment. The programme title is called Connect and it has been implemented in other parts of the UK and further a field. Total programme cost is £2.15m. Remainder of funding will be raised by NISP. By 2016 the Connect programme will be self sustaining with Government funding replaced through the interest generated from a planned £4m endowment fund. \$1m has already been pledged by the American Ireland Fund and NISP has established a funding committee specifically to take this task forward.

4. Energy NI Competiveness - Economic Analysis of Extension of the Gas Network

DETI and the Utility Regulator have completed a study into the technical and economic feasibility of extending the natural gas network to the West and

remaining areas of the North-West of NI which currently do not have access to natural gas. The study was a high level assessment which provided indicative NPVs for taking gas to a number of towns in the West.

Government subvention was required for previous gas network extensions, and it would seem highly likely that government support will be required to take gas to the West of NI and perhaps other areas otherwise gas consumers in Northern Ireland would have to bear such costs. Much further economic analysis will be required to assess the merits of gas network extension, and particularly if government financial support was to be provided. It should be noted that ISNI bids include support for gas network extension. A bid is therefore made to cover anticipated consultancy expenditure on this further economic analysis.

5. EU Programmes - Interreg IVA

Enterprise Measure

The Interreg IVA Programme is a European Union supported Structural Funds Programme which aims to promote greater territorial cohesion between Northern Ireland, the border region of the Republic of Ireland and Western Scotland. Priority 1 of the Programme aims to diversify and develop the economy of the eligible region by encouraging innovation and competitiveness in enterprise and supporting business and tourism development. DETI is the Northern Ireland Accountable Department for Enterprise and Tourism projects under Priority 1 of the Programme as the Northern Ireland portion of funding for each of these themes flows through the Department to SEUPB. The Programme enables the Department support economic development activity that will earn a 75% EU receipt.

Tourism Measure

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6. NI Competitiveness Technical Assistance

Under the European Sustainable Competitiveness Programme (approved by the NI Executive and the European Commission in 2007), 1.25% of the overall Programme allocation was set aside for Technical Assistance (which is used

to fund management, verification, evaluation and information activities). The ERDF contribution is match funded at a rate of 50%.

DETI as Managing Authority for the Programme is responsible for ensuring delivery of the Programme in line with the applicable National and European rules. The expenditure profiled will enable the Programme's Managing Authority and Intermediate Bodies to undertake the governance and verification work necessary to comply with the National and European requirements and targets applicable to the Programme.

The mid term review may conclude that some Technical Assistance resources should be transferred to other priorities where pressure is greater. At this stage it is considered prudent to profile the full allocation.

7. Invest NI – Competiveness Programme Technical Asst

Invest NI is responsible for the delivery of a large proportion of the EUSCP 2007-13 (approximately £275m at initial exchange rate of €1.45:£1, currently £315m at €1.25) and is faced with an even greater range of tasks to perform (compared to previous structural funds programmes) to ensure the proper administration and management of the funds.

In this proposal Invest NI is seeking ongoing Technical Assistance for 6 staff currently employed by the organisation. In addition Invest NI wish to employ a further 2 members of staff (1 in Claims Inspection on a 1 year contract and 1 in SMP for the duration of the Programme). In addition, publicity costs related to the scheme have also been included.

PRIORITY 3 – RESOURCE BASELINE BIDS COMPLIANT WITH PfG OBJECTIVES

3. Invest NI - Research & Development

Grants for R&D are central to the PSA target of “halving the private sector productivity gap with the UK average (excluding the Greater South East) by 2015” and contribute directly towards the achievement of Invest NI’s PSA1, DSO4 targets.

Grants for R&D are designed to encourage business to undertake research and/or development that will lead to new products, processes and/or services. Costs supported included Salaries, Raw Materials, Sub-Contracting, Patent Costs, Equipment Depreciation and Trials and Testing.

The Grants are the core stimulus used by Invest NI to drive forward businesses’ increasing pursuit of Innovation and investment in Research and Development, both of which are essential to the Northern Ireland economy becoming increasingly knowledge driven. This is a key Invest NI Corporate Plan priority, and fully endorsed by the DETI Minister.

4. Invest NI - Capability Development Programmes

This proposal is to provide continued funding for expertise and advisory services to over 2,000 businesses per year on a 1:1 basis and over 300,000 visitors to nibusinessinfo.co.uk. This contributes strongly to Invest NI’s work aimed at increasing business productivity, sustainable development and research & development. These are key objectives of the Invest NI corporate plan and align with PSA 1 – promoting productivity and a competitive and outward looking economy.

The expertise and advisory services are provided by Invest NI technical staff and third party organisations providing impartial expertise on energy cost reduction, waste minimisation, usage of ICT, exploiting intellectual assets and product development. The primary impact of these activities is to ensure that companies are better informed through having access to impartial expertise and best practice, to help them become more innovative, productive and cost competitive in global markets.

5. NITB – NI 2012, City of Culture & Signature Project Initiatives

Events are a key driver of the visitor economy and benchmarking demonstrates a return on investment of £1:£8. Therefore funding is required to maximise this return of:

2011-12 £0.8m

2012-13 £0.8m

2013-14 £1.3m

- Tourism was prioritised in the **Northern Ireland Executives Investment Strategy for Northern Ireland 2008-18**
- The Tourism strategy for Northern Ireland 2010-20 was commissioned by **Minister Foster, MLA (DETI)** and confirms the Northern Ireland Executive's commitment to tourism.
- **Department of Social Development** has prioritised the Physical Renewal of Places to create attractive, safe, sustainable environments through 'A Strategy for Neighbourhood Renewal'.
- **Ilex** was established by OFMDFM and DSD in 2003. Ilex's comprehensive approach to regeneration relates to innovation, enterprise, tourism, arts and culture.

Events improve the cultural fabric of a destination making it a better place to live, work and visit.

A number of significant tourism investments will be realised from the current Programme for Government and anniversaries celebrated in 2012. 2012 provides a once in a lifetime opportunity to put Northern Ireland on the worlds stage.

Events are a key driver of the visitor economy and benchmarking demonstrates a return on investment of £1:£8. Therefore, funding is required to maximise this return of:

2011-12 £0.75m

2012-13 £1.25m

- Tourism was prioritised in the **Northern Ireland Executives Investment Strategy for Northern Ireland 2008-18**
- The Tourism strategy for Northern Ireland 2010-20 was commissioned by **Minister Foster, MLA (DETI)** and confirms the Northern Ireland Executive's commitment to tourism.
- David Sterling, Permanent Secretary, DETI has established a Steering Group to take forward these proposals. The Steering group has appointed a facilitator (Blue Sail) to develop a robust business case for the 2012 programme.

Events improve the cultural fabric of a destination making it a better place to live, work and visit.

A number of significant investments will be realised and anniversaries celebrated in 2013. The bid will support the infrastructural investments of circa

£14m investment in the Walled City Signature Project through the current Programme for Government.

It will support the city to deliver the 2013 UK City of Culture programme and to maximise the impact of the 400th anniversary of the building of the city's walls.

It provides a once in a lifetime opportunity to change the perception of the Walled City on a global stage.

Events are a key driver of the visitor economy and benchmarking demonstrates a return on investment of £1;£8. Therefore, funding is required to maximise this return of:

2012-13 £0.5m

2013-14 £0.5m

- Tourism was prioritised in the **Northern Ireland Executives Investment Strategy for Northern Ireland 2008-18**
- The Tourism strategy for Northern Ireland 2010-20 was commissioned by **Minister Foster, MLA (DETI)** and confirms the Northern Ireland Executive's commitment to tourism.
- **Ilex** was established by OFMDFM and DSD in 2003. Ilex's comprehensive approach to regeneration relates to innovation, enterprise, tourism, arts and culture.
- The **NI Regional Development Strategy** also recognises Londonderry and the North West within its objectives
To strengthen the role of Londonderry as the regional city and transport hub in the North West, offering key infrastructure services....., cultural and tourism amenities
- Two flagship projects have been highlighted in the **Derry City Council Tourism Strategy** and these are recognised as the Walled City Signature Project Experience and a new Performance Plaza at Ebrington Square.

Events improve the cultural fabric of a destination making it a better place to live, work and visit.

5. Tourism Ireland Ltd – NI 2012, City of Culture & Signature Project Initiatives

Titanic Website Creation & Enhancement

With the anniversary of the launch and sinking of the Titanic approaching, there is a substantial opportunity to attract tourist traffic to Northern Ireland and specifically Belfast, using the association with the Titanic and the availability of Titanic based tourist attractions in the Belfast area.

Tourism Ireland Ltd -Titanic Video Production

With the anniversary of the launch and sinking of the Titanic approaching, there is a substantial opportunity to attract tourist traffic to Northern Ireland and specifically Belfast, using the association with the Titanic. In order to maintain interest in the Titanic a series of 24 short films about the ship are planned. These will be utilised on the website which it is intended to be created and will be offered to TV channels such as Discovery to help promote Belfast/Northern Ireland

With the anniversary of the launch and sinking of the Titanic approaching, there is a substantial opportunity to attract tourist traffic to Northern Ireland and specifically Belfast, using the association with the Titanic. In 2010 there was an exhibition run in New York to promote the Titanic. The intention would be to run this again in New York, but to coincide with the World Police & Firemen Games which take place in New York.

Derry/Londonderry City of Culture Activities

Derry/Londonderry has just won the title of UK City of Culture for 2013. It would be intended to run a series of campaigns in the GB market, the most important one in volume terms for Northern Ireland, to maximise the opportunities offered by this.

6. Invest NI – Selective Financial Assistance (SFA) –

SFA is a core component of assistance packages negotiated by Invest NI to support businesses' investment proposals which contributes directly to the achievement of the Agency's PSA1 and PSA3 targets.

Invest NI uses SFA in two key ways – to assist indigenous businesses to make further investments, particularly where these are aimed at increasing innovation, R&D and capability development, and to encourage new Foreign Direct Investment in NI by overseas-owned companies. This twin strand approach is central to Invest NI's overall aim, which is to increase business productivity, the means by which wealth can be created for the benefit of the whole community. It also integrates fully with the NI Executive's commitment to make the economy the first priority of its Programme for Government.

The continuing availability of SFA at the level indicated in the bid is necessary to facilitate, amongst other incentives, the provision of employment grants within assistance packages. This use of SFA enables Invest NI to support investment proposals by businesses which contribute towards the Agency meeting its PSA3 targets to increase employment opportunities. It is also central to Invest NI's work with businesses to safeguard employment during the extended emergence from the economic downturn, which is a key priority of the DETI Minister.

7. Invest NI - Trade Promotion Activity – Passport to Export

The spending proposal supports Invest NI's Passport to Export programme, a comprehensive suite of services that provides assistance to locally-based companies seeking to grow their business in export markets worldwide. The Programme represents a major component of Invest NI's contribution to PSA1 DSO1 / PSA3 DSO4. Although designed to support all local exporters, it has special provision for first-time exporters and more experienced exporters seeking to enter new markets. A key element of Invest NI's strategic direction as set out in its Corporate Plan, Passport to Export is fully endorsed by the DETI Minister, who has participated in a series of high profile events undertaken by the Programme, including leading a number of overseas trade missions.

8. Invest NI - Foreign Direct Investment – International Sales & Marketing

International Sales and Marketing is at the front line of Invest NI's work to market Northern Ireland overseas as a location for Foreign Direct Investment. It therefore is an essential component of the overall work to secure new FDI, which is the key contributor to the Agency's performance against its PSA1 DSO2 and PSA3 DSO3 targets.

The economy is the first priority of the Executive's Programme for Government, PSA1 of which leads with a commitment to increase manufacturing and private services productivity.

Attracting and retaining Foreign Direct Investment (FDI) has a key role to play in achieving this aim, as foreign-owned firms are usually associated with higher levels of productivity, creating wealth through introducing new skills and new technologies and generating additional exporting opportunities.

In targeting such new inward investments, Invest NI also seeks to secure a significant proportion of higher quality jobs and to encourage investors to locate in areas of social disadvantage.

This spending proposal will allow for the continuation at the current level of Invest NI's work in FDI and will allow Invest NI to continue with its sales and marketing strategy. The FDI sales cycle is long and the investment over the last two years is now bearing fruit with a strong pipeline in our key sectors of Financial Services, ICT and Business Services. There has been a track record of success in meeting the FDI targets in the first two years of the corporate plan despite the international downturn.

The spending proposal covers the cost of maintaining presence in those overseas markets that Invest NI believes offer the best potential as sources for FDI. The proposal also covers a sales and marketing programme spend in those markets to identify new investment into Northern Ireland

The Independent Review of Economic Policy recognised the importance of Foreign Direct Investment (FDI) in building a more dynamic and innovative private sector and acknowledged that, per capita, Northern Ireland is the most successful UK region at attracting FDI.

9. Invest NI -Training & Business Improvement Services

The Business Improvement Services (BIS) activities, which are the subject of this bid, support Invest NI's PSA1 and PSA3 objectives by assisting NI Businesses to improve their productivity and competitive position by developing their capabilities across the key business areas. This focuses on, in particular, establishing a clear strategic direction; eliminating waste from business processes; developing employee skills to achieve stretching business objectives; and creating new business opportunities through collaboration.

One core programme, the Business Improvement Training Programme (BITP), has leveraged £160m investment in strategic skills development over the last 3 years. An evaluation is currently underway, with interim feedback indicating that 95% of companies would not have proceeded with their intended skills development investment, without Invest NI support. The ongoing evaluation and programme performance indicators have identified BITP as impacting positively on quality improvement, customer service, cost reduction, workforce flexibility, sales and profitability. All BITP projects must demonstrate and are assessed for a clear link to contributing to the achievements of PSA 1, PSA 3 or both.

BIS has recently strengthened its support to establishing and developing collaborative networks and is recognised by industry, Matrix and DETI as a key support for delivering the recommendations of the Matrix panel. Demand for collaborative support will increase as DETI and Invest NI pursue an innovation agenda which will increasingly rely on collaborative activities.

During 2009/10, BIS successfully introduced productivity improvement support to companies, with a particular focus on supporting SMEs and supply chains. Of the 60 company projects already underway, there is clear evidence of impact on profitability and reduced cost base. This activity is funded through the Innovation fund up to March 2011. Funding is sought to continue the activity post March 2011.

BIS programmes and services, which also include bespoke advisory support such as Non-Executive Directors, Interim Managers and Business Mentors, impact directly on PSA 1 and 3 and contribute to achievement of PSA2. They have:-

- Secured and developed a more flexible workforce to meet economic demands
- Attracted inward investment and created jobs as part of Invest NI's overall incentive
- Reduced the productivity gap through skills development and business improvement

10. Invest NI - Social Economy & Business Start Up Programmes

The key objectives of supporting start up and existing businesses in Northern Ireland:

- To raise the number and quality of business starts in NI to ensure that basic support is available to all entrepreneurs;
- To increase survival rates for all new starts especially participation amongst under-represented groups (including women, people from minority backgrounds and disadvantaged communities);
- To increase survival rates for new starts and embed innovation in the early stage thinking of entrepreneurs;
- To provide a flow of new clients to the Invest NI client bank;
- Encourage the setting up of a group of experienced social entrepreneurs to become role models for new social enterprises;
- To encourage the growth of existing small businesses in terms of employment and sales outside NI.

11. Tourism Ireland Ltd - Co-op Campaign for New Toronto to Belfast Air Access Route

One carrier is considering establishing a service from Toronto to Belfast and we would seek to engage in co-operative marketing support to ensure the success of this route as North American air access is an essential part of growing Northern Ireland tourist numbers from a market which provides high value/spending tourists.

12. NITB - Tourism Innovation Fund

Strategic Context

The Northern Ireland Tourist Board under the Tourism (NI) Order 1992 is empowered to provide selective financial assistance under the Tourism Development Scheme to assist the improvement of the tourism amenities which NI can offer and thereby strengthen the competitive position of the tourism industry and improve its contribution to the NI economy. The tourism Innovation Fund (TIF) is operational under this legislation.

PfG/Tourism Strategy NI

TIF seeks to support the Tourism Strategy NI 2020 targets of increasing visitors from 3.2 million to 4.5 million; increase earnings from tourism from £536 million to £1 billion; progressively accelerating spend by visitors; supporting high quality businesses to grow and being visitor inspired in all our actions.

Objectives of Tourism Innovation Fund

The Tourism Innovation Fund (TIF) aims to enhance the growth, quality, competitiveness and sustainability of tourism in Northern Ireland by stimulating product development and improving the visitor experience.

It provides financial assistance through an “open call” process for revenue projects such as creative interpretation initiatives and innovative presentation

and showcasing of Northern Ireland's tourism offerings. The TIF will enhance the visitor experience by:

- Developing the quality of NI tourism products encouraged through collaborative working;
- Developing the tourism product portfolio to meet visitor expectations and increase visitor spend in line with PfG/TSNI targets;
- Developing NI's competitive strengths, tackling product weaknesses and exploiting opportunities.

The Tourism Innovation Fund 2009-10 was launched in June 2009. It attracted 100 applications from a good mix of public, private and voluntary/community sectors for projects under categories of Visitor Servicing, Product planning and Accreditation Schemes.

To date 27 projects are being supported equating to a grant total of approximately £1.4 million.

The Tourism Innovation fund 2009-10 is currently under review to assess the strategic context under which the fund is operating and determine the actual tourism impact from supported projects. This information will not be available until completion of this review, which is due by September 2010.

To maintain similar levels of projects, the following core budgets will be required to match with EU receipts:

2011-12 £0.5m

2012-13 £0.5m

2013-14 £0.5m

2014-15 £0.5m

13. NITB - Tourism Area Plans

The product and places pillar summary of priorities in the Tourism Strategy for Northern Ireland 2010-20 states that Northern Ireland must:

Define, develop and manage agreed tourism areas across Northern Ireland by developing and implementing Tourism Area Plans to:

- Increase average daily spend
- Increase seasonal spend
- Increase employment in tourism
- Accelerate the rate of investment in the tourism product
- Improve the quality of the tourism product
- Improve levels of visitor satisfaction
- Enhance and conserve the areas of natural heritage and cultural assets

In order to deliver a more cohesive approach to tourism at a local level and reduce duplication of effort £4m funding is required:

2011-12 £1m

2012-13 £1m
2013-14 £1m
2014-15 £1m

14. NITB - Delivery of Official Statistics relating to Tourism

Following the introduction of the Statistics and Registration Service Act 2007, authorities responsible for producing official statistics must ensure they abide by the new Code of Practice for Official Statistics when compiling, using and disseminating any data classified as an official statistic and identify the associated cost with doing so.

In order to comply with this legislation, NITB must engage NISRA to deliver the surveys providing official statistics.

This, however, will generate an additional costs of £500,000 per year to comply.

Annex G

PRIORITY 1 – CAPITAL INESCAPABLE COMMITMENTS

	Priority	2011-12	2012-13	2013-14	2014-15
		£000's	£000's	£000's	£000's
Invest NI - Selective Financial Assistance (SFA)	1	19,961	13,407	6,466	0
Invest NI - Venture Capital Funds	1	1,375	1,375	1,000	1,000
Invest NI - Bombardier C Series - SFA	1	4,379	1,697		
Invest NI - Bombardier C Series – Launch Investment	1	11,340			
NITB - Tourism Development Scheme	1	1,550			
Statistics - Integrated Business Survey Processing System	1	800	400		
Priority 1 – Sub Total		39,405	16,879	7,466	1,000

Annex H

PRIORITY 2 – CAPITAL COMPETITIVENESS AND INTERREG BIDS ON WHICH THERE IS AN EXECUTIVE COMMITMENT TO DRAW DOWN THE FULL EU PROGRAMME

	Priority	2011-12	2012-13	2013-14	2014-15
		£000's	£000's	£000's	£000's
Invest NI - Venture Capital Funds – EU Match	2			286	286
Telecoms - Broadband Projects – EU Match	2	1,625	1,250	1,000	500
Interreg IVA – EU Match	2	1,239	996	814	837
Priority 1 – Sub Total Match Funding		2,864	2,246	2,100	1,623
Priority 2 – Sub Total EU Expenditure		12,232	11,080	11,535	11,080
Priority 2 – Sub Total EU Receipts		-12,232	-11,080	-11,535	-11,080

NOTES:

1. Invest NI bid in relation to SFA has now been mainstreamed.
2. Marine Renewable bid has now been mainstreamed in 2012/13.
3. SPD/Telecoms EU bids in relation to 3G & 4G Services, Business e-communication Centres, Extension of Core Telecommunications Network and IP Backbone Digital Test Bed have now been mainstreamed.

Annex I

PRIORITY 3 – CAPITAL BASELINE BIDS COMPLIANT WITH PfG OBJECTIVES

	Priority	2011-12	2012-13	2013-14	2014-15
		£000's	£000's	£000's	£000's
Invest NI – Loans / Venture Capital Funds	3	5,102	5,085	5,407	5,407
NITB - Walled City Built Heritage Programme & Lighting Strategy	4	3,550	5,000		
NITB - Ebrington Barracks	5		1,000	1,000	
NITB - Causeway Coast & Glens Masterplan & GCVC	6	1,125	500		
NITB - St. Patricks Signature Project	7	1,000	500		
NITB - Mournes Signature Project	8	1,000	500		
Invest NI - Selective Financial Assistance (SFA)	9	8,982	10,337	12,661	18,238
Invest NI - Marine Renewable Energy Programme (Phase I & II)	10		8,000	5,000	5,000
Invest NI – NI Poultry Waste to Energy Project	11		10,000	5,000	5,000
Energy - Renewable Heat Capital Support	12	900	900	900	900
Energy – Natural Gas Network Exetension	13		7,000	16,000	7,000
Energy – Electric Grid Investment/Interconnection	14		10,000	15,000	15,000
NITB - Tourism Development Scheme & 2012 & Titanic Maritime Heritage	15		4,000	4,000	2,000
NITB - Conference & Exhibition Centre	16	2,000	5,500		
Telecoms - 3G & 4G Services	17		2,500	2,500	3,000
Telecoms - Business e-communications Centres	18		2,000	2,000	2,000
Energy - Gas Storage	19		11,000	14,000	12,500
Energy - Electricity Grid Investment/Interconnection	20		10,000	15,000	15,000
Telecoms - Extension of Core Telecommunications Network	21		2,500	2,500	
Telecoms - IP Backbone Digital Test Bed	22		1,000	1,000	1,000
Invest NI - Property Acquisition & Development	23	19,900	25,550	19,700	15,200
NITB - Links Golf Resort	24		1,000	1,000	
Priority 3 – Sub Total		43,559	123,872	122,668	107,245

1. Invest NI – Venture Capital Funds: The availability of Venture Capital and Loan funding is intended to complement the assistance for business which may be provided directly by government via a comprehensive suite of programmes such as those offered by Invest NI. This bid contributes directly to PSA 1, and supports the programme for government by stimulating the economic development potential in early stage, innovative projects.
2. NITB – Walled City Built Heritage Programme & Lighting Strategy and Ebrington Barracks: The Walled City Signature Project was identified in the Programme for Government. The infrastructural investments associated with this bid are required to support the circa £23m investment in the project to date and to support the city to deliver the 2013 UK City of Culture programme and maximise the impact of the 400th anniversary of the building of the city's walls. This bid represents the tail of an existing programme. In addition the investment is required to support the DSD/ILEX urban regeneration programme for the Ebrington site.
3. NITB – Tourism Signature Projects: The Causeway Coast, Glens Masterplan, Giant's Causeway Visitor Centre, St. Patricks Signature Project and Mournes Signature Project were identified in the Northern Ireland Tourism Strategic Framework for Action 2005-08 and represent current Programme for Government delivery targets. These bids are required to complete the tails of signature projects.
4. Invest NI – Selective Financial Assistance: SFA is the pivotal component of assistance packages negotiated by Invest NI to stimulate investment by businesses. SFA contributes directly to the achievement of the Invest NI's PSA1 and PSA3 targets. It also integrates fully with the NI Executive's commitment to make the economy the first priority of its Programme for Government, and is central to Invest NI's work with businesses to safeguard employment during the extended emergence from the economic downturn.
5. Invest NI – Marine Renewable Energy Programme: The new Strategic Energy Framework sets new and challenging renewable energy targets to 2020. The Offshore Renewable Energy Strategic Action Plan sets challenging targets for the contribution from marine renewables. This bid would help meet these targets.
6. Invest NI Poultry waste to Energy Project: This bid is to support investment in a project to build a waste to energy power station utilising the waste stream from the Northern Ireland Poultry Sector. It is proposed that funding is provided through SFA and also an equity investment. The project will contribute to PFG: PSA 3 – 'Increasing Employment' in addition to certain targets and actions associated with PSA1 'Productivity Growth'.
7. Energy – Renewable Heat: The proposal is for a modest loan fund of £3m per annum, of which DETI would contribute £0.9m, to be put in place by a consortium of funders. Based on a similar Scottish model this could initiate around 800 projects in the pilot year varying from insulation to biomass boilers. Householders would be offered interest free loans over a period of up to 8 years.

8. Energy – Natural Gas Network Extension: This bid would make a significant contribution to delivering the aims and objectives of the new Strategic Energy Framework for Northern Ireland.
9. Energy – Electricity Grid Investment/Interconnection: This bid would provide assistance to network improvements aimed at significantly reducing carbon emissions, and the need to reduce NI dependency on fossil fuels for power generation. The bid would make a significant contribution to delivering the aims and objectives of the new Strategic Energy Framework for Northern Ireland, and represents an intervention of 20% of the project costs.
10. NITB – Tourism Development Scheme, 2012 and Titanic Maritime Heritage: This bid is required to deliver capital developments identified in the Tourism Strategy for Northern Ireland 2010-20. This will support Northern Ireland tourism to build on the investment of the 5 Signature Projects developed in the 2008-11 Programme for Government by ensuring greater regional spread. An investment of 7.5m over the course of the next TDS programmes will lever a minimum of £15m of investment in tourism infrastructure through match funding.
11. NITB – Conference and Exhibition Centre: The Tourism Strategy for NI highlights a number of key areas of focus to deliver on the objective of doubling tourism revenue by 2020. Developing business tourism facilities and the business tourism offer is one of these areas, with a particular focus on the development of a Conference Exhibition Centre by 2014. A recent independent study commissioned for Belfast highlights the requirement for either a purpose-built convention centre or additional exhibition and breakout facilities extending the Waterfront Hall. This development will stem the loss of £100m per annum from the NI economy as a direct result of the lack of suitable facilities for large scale conferences /exhibitions.
12. Telecoms – 3G and 4G Services: Access to reliable 2G and 3G mobile telephone services is an issue across wide parts of Northern Ireland. This bid would meet the objectives of the UK Digital Britain agenda and the target of universal broadband services with minimum speeds of 2mbps, and would also contribute significantly to the EU Digital Agenda which aims to bring basic broadband to all by 2013. The project would also contribute towards delivering the PSA1 target for improving Northern Ireland's manufacturing and private services productivity by ensuring a modern, sustainable economic infrastructure to support business.
13. Telecoms – Business E-Communications Centres: This bid would contribute towards meeting the objectives of the UK Digital Britain agenda by creating a series of e-communications centres across Northern Ireland. The project would also contribute towards delivering the PSA1 targets to increase broadband take-up to 75% of businesses by 2011 from a baseline of 60% in 2006 and increase e-business activity by 10% by 2011 from its current low base.

14. Energy – Gas Storage: This bid, which is linked to PSA 1, is for contribution towards a gas storage facility at an estimated cost of £200-250 million. This will make a significant contribution to delivering the aims and objectives of the new Strategic Energy Framework for Northern Ireland.
15. Energy – Electricity Grid Investment/Interconnection: This bid is for the same project as described above, but brings the total intervention to 40% of the overall £200m cost of the project.
16. Telecoms – Extension of Core Telecommunications Network: Examination of the competing telecoms networks show that they are all typically centred around the same locations. Lack of core infrastructure in a particular location may mean fewer options for users and this carries the potential for pricing disparity and access to lower specification services. This bid would allow DETI to intervene on the grounds of lack of competition at core infrastructure level, seeking to stimulate further private sector investment in extension of core fibre networks. The bid would help to bring Northern Ireland's core infrastructure into line with the objectives of the Digital Britain Strategy, contribute to the EU Digital Agenda around the roll-out of high speed internet access, and contribute to meeting PSA1 targets.
17. Telecoms – IP Backbone Digital Test Bed: This bid is to establish Northern Ireland as a digital test bed centre where internet service providers can develop and test solutions prior to bringing them to commercial markets. The project is important in terms of its ability to contribute to targets around increasing R&D activity in Northern Ireland and those related to pushing up the productivity levels of Northern Ireland's private services businesses.
18. Invest NI – Property Acquisition: Investment in infrastructure, which contributes directly to Invest NI's achievement of its PSA3, DSO3 targets, provides an essential foundation to the work being taken forward by the agency to meet its PSA1, DSO2 targets of promoting a competitive and outward looking economy by attracting high quality foreign investment and supporting indigenous investment. This bid relates to expenditure on the acquisition and development of land in order to provide serviced sites for eligible companies to develop their businesses.
19. NITB – Links Golf Resort: This bid is for £2m funding to develop a new golf resort aiming to attract between 10,000 – 20,000 visitor rounds per year. The Golf Tourism Strategy for Northern Ireland identifies the need for the development of a new, "must play" golf course that will add to current golf capacity and attract the higher spending North American and northern European visitors. A review of tourism accommodation needs identified a gap of 4 star accommodation on the Causeway Coastal Route. This would support the existing tourism infrastructure in the area and the £9.25m investment in the Giant's Causeway Visitor Centre and the holiday profile of the higher spending golf visitor.

Annex J

PRIORITY 4 – CAPITAL DE MINIMIS SPENDING PROPOSALS

	Priority	2011-12	2012-13	2013-14	2014-15
		£000's	£000's	£000's	£000's
HRCS - Frontline Capital Software/Hardware	1	55	55	55	55
Consumer Affairs - Replacement of TSS Vans & Light Goods Vehicle	2	49	50		36
CCNI - IT License and Hardware Renewals	3	18	18	18	18
Priority 4 – Sub Total		72	123	73	109

CAPITAL SPENDING PROPOSALS**PRIORITY 1 – CAPITAL INESCAPABLE COMMITMENTS****1. Invest NI - Selective Financial Assistance (SFA)**

SFA is a core component of assistance packages negotiated by Invest NI to support businesses' investment proposals, which contributes directly to the achievement of the Agency's PSA1 and PSA3 targets.

Invest NI uses SFA in two key ways – to assist indigenous businesses to make further investments, particularly where these are aimed at increasing innovation, R&D and capability development, and to encourage new Foreign Direct Investment in NI by overseas-owned companies. This twin strand approach is central to Invest NI's overall aim, which is to increase business productivity, the means by which wealth can be created for the benefit of the whole community. It also integrates fully with the NI Executive's commitment to make the economy the first priority of its Programme for Government.

This use of SFA, including where appropriate the provision of loan and share investments, enables Invest NI to support investment proposals by businesses which contribute towards the Agency meeting its PSA1 targets to support high quality foreign and locally owned projects promoting new jobs, many of which offer high value wages and salaries.

The availability of SFA as a result of this bid is fundamental to Invest NI's ability to meet its – and therefore DETI's - key PSA1 targets, in addition to its PSA3 targets with their complementary focus on increasing employment opportunities.

2. Invest NI - Venture Capital Funds

The availability of Venture Capital and Loan funding is intended to complement the assistance for business which may be provided directly by government via a comprehensive suite of programmes such as those offered by Invest NI. It therefore offers an important contribution towards achieving a more balanced approach to business support.

The main elements are as follows:

- A proposed Development Fund to follow on from Crescent Capital II
- A proposed Co-Investment Fund to follow on from Viridian Growth Fund (above 2 Funds approved by Invest NI Board)
- A proposed Loan Fund
- A top up to the existing NISPO Fund

All elements contribute to PSA 1 / DSO 1 and PSA 1 / DSO 4 and fit well with Invest NI's Corporate Plan and the PfG by stimulating the economic development potential in early stage, innovative companies.

3. Invest NI - Bombardier C Series – SFA & Launch Investment

This bid relates to activity which will contribute directly to the achievement of certain of Invest NI's PSA1, DSO2 targets.

The Northern Ireland elements of the C Series programme represent the largest-ever single investment in Northern Ireland and involve the design, development and manufacture of the wings for the aircraft. The project is expected to generate direct employment for over 800 people when it is at peak production, and annual salaries of approximately £20 million, plus many more jobs in the supply chain. Success in winning the C Series project against intense international competition secures new skills and innovation for Northern Ireland and helps to underpin the long term viability of Bombardier's Belfast operations in Shorts. In July 2008, as amended in July 2009, DETI and DFP agreed that the UK Government, through the Department for Business, Innovation and Skills and Invest Northern Ireland, would provide a total of £134.3m by way of repayable Launch Investment and Selective Financial Assistance grants towards an investment by Bombardier of £520m on the programme in its local subsidiary, Short Brothers PLC. This is a contractual commitment.

4. NITB - Tourism Development Scheme

This is a TAIL END PROJECT and supports the completion of the Signature Projects.

Following on from the Programme for Government funding, there are a number of Tourism Development Scheme projects that will not be completed by the deadline of 31st March 2011. Therefore we would seek additional funding of £1.5m to complete the outstanding projects and meet the objectives of the Signature Projects AND £7.5m to deliver capital developments identified in the Tourism Strategy for Northern Ireland 2010-20

1. Tourism was prioritised in the **Northern Ireland Executives Investment Strategy for Northern Ireland 2008-18.**

2. The Tourism Strategy for Northern Ireland 2010-20 was commissioned by **Minister Foster, MLA (DETI)** and confirms the Northern Ireland Executive's commitment to tourism.

3. Tourism has been recognised by **Belfast City Council** through The Belfast Integrated Strategic Tourism Framework which highlights the need for additional

conference facilities. The infrastructural investments associated with this bid are required to support the circa £97m investment in the Titanic Signature Building and will fill a well documented gap in Northern Ireland's business tourism offering.

This development will stem the loss of c.£100m per annum from the NI economy as a direct result of lack of suitable facilities for large scale conferences/exhibitions.

5. Statistics - Integrated Business Survey Processing System

Ministerial approval for a £1.4m business survey processing system has been granted as part of the transfer of official statistics data collection functions from DETI to NISRA. Approved by DETI Casework Committee in January 2010 and DFP Supply approval obtained in May 2010.

The new IT system will replace the existing system and allow labour market and financial activity to be collected from businesses to measure Northern Ireland's economic performance for official statistics purposes.

PRIORITY 2 – CAPITAL COMPETITIVENESS AND INTERREG BIDS ON WHICH THERE IS AN EXECUTIVE COMMITMENT TO DRAW DOWN THE FULL EU PROGRAMME

1. Invest NI - Venture Capital Funds

The availability of Venture Capital and Loan funding is intended to complement the assistance for business which may be provided directly by government via a comprehensive suite of programmes such as those offered by Invest NI. It therefore offers an important contribution towards achieving a more balanced approach to business support.

The main elements are as follows:

- A proposed Development Fund to follow on from Crescent Capital II
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- A proposed Loan Fund
- A top up to the existing NISPO Fund

All elements contribute to PSA 1/ DSO 1 and PSA 1 / DSO 4 and fit well with Invest NI's Corporate Plan and the PfG by stimulating the economic development potential in early stage, innovative companies.

2. Telecoms - Broadband Projects

Next Generation Broadband - In December 2009, DETI awarded a contract to BT to deliver next generation broadband services across Northern Ireland with a target of providing services with next generation broadband speeds to 85% of NI businesses by 2011. The project, which has been put in place to meet the aims of a Programme for Government 2008-2011 commitment is valued at £48m with BT contributing some £30m and the remainder coming from DETI (£16.5m) and DARD (£1.5m). The DETI contribution is co-financed under the EU Sustainable Competitiveness Programme and the DARD contribution is co-financed under the European Agricultural Rural Development Fund.

The purpose of this funding proposal is to secure the monies required to support the project in the 2011/12 year i.e. £2.75m (made up of £1.375m ERDF and £1.375m National Match).

The Economic Appraisal for the project makes a conservative estimate that the benefit to the economy of undertaking the project is £25m per year with the potential to create 1000 jobs per annum.

This project contributes directly to the Programme for Government 2008-2011 and, specifically, the target to *"Increase the availability of next generation network broadband speeds to 85% of businesses by 2011"* and, hence, the

reasoning for giving it number 1 priority in relation to the other capital projects submitted by TPU.

NI Broadband Fund - Launched in August 2008, the £1.9m NI Broadband Fund is a mechanism for providing financial assistance to businesses undertaking near to market broadband technology trials or promoting solutions for the delivery of commercial, high speed broadband services in rural locations.

The project is directly linked to the Programme for Government 2008-2011 and, specifically, the PSA targets to *“increase broadband take-up to 75% of businesses by 2011 from a baseline of 60% in 2006.* The project, through the ability to provide in-fill solution in rural areas is also contributing to the maintenance of Northern Ireland’s status as a region with 100% broadband access. That is why it has been given number 2 priority in relation to TPU’s other capital proposals.

To date six projects have been selected for assistance under the fund, two of which are completed, two of which are nearing completion and two of which have recently commenced. The total funding allocated to these projects amounts to £641k against total project costs of some £1.5m.

A recent, independent, review of the Fund has concluded that it should continue but perhaps with a slight change of emphasis.

While DETI has sufficient budget in 2010/11 to cover the remaining commitments to the six projects currently being delivered, there is nothing in the budget to accommodate any new projects which has caused a delay in issuing a 5th call for projects. A bid has been submitted under the June 2010 Monitoring Round for a further £250k to cover this requirement but this has not yet been confirmed.

The Fund is co-financed under the European Sustainable Competitiveness Programme against a total cost of £1.9m over the period to end March 2013. For the Fund to continue beyond 2010/11 therefore there is a need to secure a budget of £500k per annum for 2011/12 and 2012/13.

Completion of Broadband Rollout - Recognising that work remains to be done to ensure that all of Northern Ireland benefits from access to higher speed broadband services this proposal looks at the potential to meet the aims of the UK-wide Digital Britain Strategy in rolling out a Universal Service Commitment (USC) for broadband services of 2 megabits per second (mbps) by 2012. For this purpose, the UK Government has ear-marked a fund of £200m that will lead to relevant investment across all regions of the UK, including Northern Ireland. It is still unclear how the funds will be allocated to regions or if the programme will be carried forward under a single procurement procedure covering all of the UK. The DETI preference is to secure a local allocation and to then examine ways to maximise that sum (e.g. through bidding for an EU match) in order to meet the £5m cost anticipated to encourage telecoms providers to meet the USC in Northern Ireland.

The proposal also goes some way to meeting the aims of the EU Digital Agenda, indicators for which include basic broadband for all by 2013; fast broadband coverage at 30mpbs or more for 100% of EU citizens by 2020; and ultra-fast broadband (100mbps or higher) for 50% of European households by 2020. It is also crucial in ensuring that NI maintains its status as a region with 100% broadband availability and that this is built upon by increasing the speed of services available. For that reason it is justified as a high priority behind the continuation of the NGB Project and the NI Broadband Fund.

5. Interreg IVA

Business Support - The INTERREG IVA Programme is a European Union supported Structural Funds Programme which aims to promote greater territorial cohesion between Northern Ireland, the border region of the Republic of Ireland and Western Scotland. Priority 1 of the Programme aims to diversify and develop the economy of the eligible region by encouraging innovation and competitiveness in enterprise and supporting business and tourism development. DETI is the Northern Ireland Accountable Department for Enterprise and Tourism projects under Priority 1 of the Programme as the Northern Ireland portion of funding for each of these themes flows through the Department to SEUPB. The Programme enables the Department support economic development activity that will earn a 75% EU receipt.

Tourism - The INTERREG IVA Programme is a European Union supported Structural Funds Programme which aims to promote greater territorial cohesion between Northern Ireland, the border region of the Republic of Ireland and Western Scotland. Priority 1 of the Programme aims to diversify and develop the economy of the eligible region by encouraging innovation and competitiveness in enterprise and supporting business and tourism development. DETI is the Northern Ireland Accountable Department for Enterprise and Tourism projects under Priority 1 of the Programme as the Northern Ireland portion of funding for each of these themes flows through the Department to SEUPB. The Programme enables the Department support economic development activity that will earn a 75% EU receipt.

PRIORITY 3 – CAPITAL BASELINE BIDS COMPLIANT WITH PfG OBJECTIVES**3. Invest NI – Loans/Venture Capital Funds**

The availability of Venture Capital and Loan funding is intended to complement the assistance for business which may be provided directly by government via a comprehensive suite of programmes such as those offered by Invest NI. It therefore offers an important contribution towards achieving a more balanced approach to business support.

The main elements are as follows:

- A proposed Development Fund to follow on from Crescent Capital II
- A proposed Co-Investment Fund to follow on from Viridian Growth Fund (above 2 Funds approved by Invest NI Board)
- A proposed Loan Fund
- A top up to the existing NISPO Fund

All elements contribute to PSA 1/ DSO 1 and PSA 1 / DSO 4 and fit well with Invest NI's Corporate Plan and the PfG by stimulating the economic development potential in early stage, innovative companies.

4. NITB - Walled City Built Heritage Programme & Lighting Strategy**This is a TAIL END PROJECT**

Following on from the Programme for Government 2008-11 funding allocated to the Signature Projects there are a number of projects that will not be completed by the deadline of 31st March 2011. Therefore we would seek additional funding of £3.85m which will leverage a total investment of £7.6m to complete the outstanding projects.

1. **Ilex** was established by **OFMDFM** and **DSD** in 2003. Ilex's comprehensive approach to regeneration relates to innovation, enterprise, tourism, arts and culture.

2. The Walled City Signature Project was launched in 2005 in the Northern Ireland

Tourism Strategic Framework for Action

3. Development of the Walled City was further prioritised in the **Northern Ireland**

Executives Investment Strategy for Northern Ireland 2008-18.

4. The Tourism Strategy for Northern Ireland 2010-20 was commissioned by **Minister Foster, MLA (DETI)** and confirms the Northern Ireland Executive's commitment to tourism and to the completing the development of the Walled City Signature Project. The infrastructural investments associated with this bid are required to support the circa £23m investment in the Walled City Signature Project to date and to support the city to deliver the 2013 UK City of Culture programme and to maximise the impact of the 400th anniversary of the building of the city's walls.

5. NITB - Ebrington Barracks

This investment is required to realise the Signature Project investment scoped in 2005.

1. **Ilex** was established by **OFMDFM** and **DSD** in 2003. Ilex's comprehensive approach to regeneration relates to innovation, enterprise, tourism, arts and culture.

2. The Walled City Signature Project was launched in 2005 in the Northern Ireland

Tourism Strategic Framework for Action

3. Development of substantial parts of Ebrington and Fort George in Derry~Londonderry was further prioritised in the **Northern Ireland Executives Investment Strategy for Northern Ireland 2008-18**.

4. The Tourism Strategy for Northern Ireland 2010-20 was commissioned by **Minister Foster, MLA (DETI)** and confirms the Northern Ireland Executive's commitment to tourism and to the completing the development of the Walled City Signature Project.

5. The **NI Regional Development Strategy** also recognises Londonderry and the North West within its objectives *To strengthen the role of Londonderry as the regional city and transport hub in the North West, offering key infrastructure and services, cultural and tourism amenities*'.

6. Two flagship projects have been highlighted in the **Derry City Council Tourism**

Strategy and these are recognised as the Walled City Signature Project Experience

and a new Performance Plaza at Ebrington Square. The infrastructural investments associated with this bid are required to support the circa £23m investment in the Walled City Signature Project and to support the city to deliver the 2013 UK

City of Culture programme and to maximise the impact of the 400th anniversary of the building of the city's walls.

In addition the investment is required to support the DSD/ILEX urban regeneration

programme for the Ebrington site.

6. NITB - Causeway Coast & Glens Masterplan & GCVC

1. This is a TAIL END PROJECT

2. The Causeway Coastal Route Signature Project was launched by **DETI** in 2003.

This investment is required to realise the Signature Project investment scoped in

2005 and the Causeway Masterplan objectives outlined in 2004. The infrastructural investments associated with this bid are required to support the £9.25m investment in the Giant's Causeway Visitor Facility which is a target of the current Programme for Government.

3. In addition 31 key sites have been identified for improvement. 27 of the development works will be completed within this current Programme for Government.

4. We seek additional funding of £1.125m to complete the Giant's Causeway Visitor

Centre and 4 of the 31 capital projects and meet the objectives of the Signature

Projects and Programme for Government.

The Giant's Causeway Visitor Centre is due to open in June/July 2012.

5. The Tourism Strategy for Northern Ireland 2010-20 was commissioned by **Minister Foster, MLA (DETI)** and confirms the Northern Ireland Executive's commitment to tourism and to the completing the development of the Causeway Coastal Route Signature Project.

6. **Minister Gildernew/Department of Agriculture and Rural Development** has

prioritised tourism through Measure 3.3 of the Rural Development Programme:

Encouragement of tourism activities to use the natural resources in NI's rural areas to attract visitors and create new employment opportunities through the sustainable

development of the rural economy by providing support to existing rural tourism

enterprises or to persons wishing to set up a new sustainable rural tourism enterprise

7. NITB - St Patricks Signature Project

This is a TAIL END PROJECT

This investment is required to realise the Signature Project investment scoped in 2005 and additional funding of £1m is required to complete the project which is a target of the current Programme for Government.

1. The St. Patrick's Trail was identified in the Northern Ireland Tourism Strategic

Framework for Action 2005-8 and was endorsed by **DETI**.

2. The Tourism Strategy for Northern Ireland 2010-20 was commissioned by **Minister Foster, MLA (DETI)** and confirms the Northern Ireland Executive's commitment to tourism and to completing the development of the St. Patrick's Trail Signature Project.

3. **Department of Social Development** has prioritised the Physical Renewal of Places

to create attractive, safe, sustainable environments through 'A Strategy for Neighbourhood Renewal'. St. Patrick's Trail through the urban regeneration of Downpatrick is an integral element of the DSD strategy.

The infrastructural investments associated with this bid are required to support the £3.5m investment in the project in this current Programme for Government.

8. NITB - Mournes Signature Project

This is a TAIL END PROJECT

This investment is required to realise the Signature Project investment scoped in 2005 and additional funding of £1m is required to complete the project which is a target of the current Programme for Government.

1. The Mournes Signature Projects was identified in the Northern Ireland Tourism

Strategic Framework for Action 2005-8 and was endorsed by **DETI**.

2. It is a current Programme for Government delivery target.

3. The Tourism Strategy for Northern Ireland 2010-20 was commissioned by **Minister Foster, MLA (DETI)** and confirms the Northern Ireland Executive's commitment to tourism and to completing the development of the Mourne Coastal Route Signature Project.

4. **Department of Environment** intends to bring to the Executive Committee an

Emerging Findings paper which would contain preliminary proposals for new national

park primary legislation and the Mourne has been identified as a key potential area

to receive designation.

5. **Minister Gildernew/Department of Agriculture and Rural Development** has

prioritised tourism through Measure 3.3 of the Rural Development Programme:

Encouragement of tourism activities to use the natural resources in NI's rural areas to attract visitors and create new employment opportunities through the sustainable

development of the rural economy by providing support to existing rural tourism

enterprises or to persons wishing to set up a new sustainable rural tourism enterprise

9. Invest NI - Selective Financial Assistance (SFA)

SFA is a core component of assistance packages negotiated by Invest NI to support businesses' investment proposals, which contributes directly to the achievement of the Agency's PSA1 and PSA3 targets.

Invest NI uses SFA in two key ways – to assist indigenous businesses to make further investments, particularly where these are aimed at increasing innovation, R&D and capability development, and to encourage new Foreign Direct Investment in NI by overseas-owned companies. This twin strand approach is central to Invest NI's overall aim, which is to increase business productivity, the means by which wealth can be created for the benefit of the whole community. It also integrates fully with the NI Executive's commitment to make the economy the first priority of its Programme for Government.

This use of SFA, including where appropriate the provision of loan and share investments, enables Invest NI to support investment proposals by businesses which contribute towards the Agency meeting its PSA1 targets to support high quality foreign and locally owned projects promoting new jobs, many of which offer high value wages and salaries.

The availability of SFA as a result of this bid is fundamental to Invest NI's ability to meet its – and therefore DETI's - key PSA1 targets, in addition to its PSA3 targets with their complementary focus on increasing employment opportunities.

10. Invest NI - Marine Renewable Energy Programme (Phase 1 & 2)

This proposal is for an £18m R&D fund to support the construction and deployment of pre-commercial/full scale, tidal stream or wave device prototypes in NI waters. Budget funding for phase 1 would be £8m (EU+match) in year 2012/13 and for Phase 2 (on Form Annex C2) would be £5m pa (mainstream) in years 2013/14 and 2014/15.

This could extend to support for very small arrays, where the support sought is proportionate to the size of the overall fund. The secondary priority will be to support the development of new technologies, up to the prototype stage, which increase the effectiveness of the installation, operation and maintenance of marine energy devices and/or a tidal stream testing facility. Support would be available for both capital and operational costs associated with Research, Development and Demonstration activities in eligible projects: actual aid level provided will be dependent upon company size and the nature of RD&D being undertaken.

The new Strategic Energy Framework (shortly to be agreed by the Executive) sets new and challenging renewable energy targets to 2020. The Offshore Renewable Energy Strategic Action Plan (shortly to be agreed by the Executive) sets challenging targets for the contribution from marine renewables. This bid is strongly supported by Invest NI. It is fully aligned with the Executive's priority "Growing a Dynamic, Innovative Economy" and associated PSA1 relating to Productivity Growth.

11. Invest NI – NI Poultry Waste to Energy Projects

This bid is to support investment in a project to build a waste to energy power station utilising the waste stream from the Northern Ireland Poultry Sector. It is proposed that funding is provided through SFA and also an equity investment.

The project is a response to the legislation contained within the Nitrates Action Programme (Northern Ireland) 2010 and the Water Framework Directive that will restrict the current practice of land spreading the poultry waste stream. A total of 250 Ktonnes of litter and 70 Ktonnes of Meat and Bone meal are produced annually in Northern Ireland. The power station has been designed to utilise this fuel to create energy equivalent to a net hourly output of 24.5 MWe.

The legal requirement to remove animal waste necessitates a solution to avoid potentially disastrous consequences for the poultry sector. The NI Poultry sector employs circa 4,500 people directly and 1,500 indirectly. This project will assist in the safeguarding of these jobs. In addition it is anticipated that circa 30 new jobs will be created to operate the power station. The project will contribute to PFG: PSA 3 – 'Increasing Employment' in addition to certain targets and actions associated with PSA1 'Productivity Growth'.

12. Energy - Renewable Heat Capital Support

The proposal is that a modest loan fund, of say £3m per annum, (of which DETI would contribute this £900k) would be put in place by a consortium of funders. Based on a similar Scottish model this could initiate around 800 projects in the pilot year varying from insulation to biomass boilers. Householders would be offered interest free loans over a period of up to 8 years. In the absence of an RHI in Northern Ireland or any form of grant support this would offer a short term opportunity to support the renewable heat industry until such times as an RHI comes into force.

The proposal will be going to the Minister next week (w/c 19 July) for her consideration. It will receive further impetus as a consequence of the ETI Committee inquiry into Renewables.

13. Energy - Natural Gas Network Extension

Gas network development to the west of NI and perhaps East Down is estimated at around £200 million. A gas storage facility is estimated to cost around £200-250 million.

The total funding request represents only around 33% of a £200m project, eg gas network development, and 15% of both projects, and is therefore regarded as the minimum necessary to support the projects.

While it is accepted that there have been falls in overall construction prices, gas transmission pipes are of steel construction, and along with gas pressure reduction and heating equipment, over the term of the funding period are not likely to fall to a significant degree (commodity prices may actually increase as global demand starts to increase in developing economies in the Far East). However, it is accepted that some civil engineering and building costs which would form part of the above projects may remain competitive. Gas storage construction will also involve laying of steel gas pipes, and under Mineral licensing consents will also involve specialist drilling to depths of around 1500 metres to leach brine to form underground caverns. It is difficult to see that such specialist activities will reduce in cost as they are allied to the petroleum/ gas exploration industry.

14. Energy - Electricity Grid Investment/Interconnection

Very significant development and strengthening of the electricity transmission network (circa £1 billion) is needed to ensure that much higher levels of renewable power generation are absorbed in accordance with the Department's energy policy and renewable energy targets. This is linked to EU and UK requirements to significantly reduce carbon emissions, and the need to reduce NI dependency on fossil fuels for power generation.

Development of increased electrical interconnection is also essential to ensure the objectives of the Single Electricity Market are met, improve security of supply and to avoid curtailment of wind energy. Hence, a new electrical transmission link/ interconnector is planned between NI and the Irish Republic. The network improvements, particularly the new interconnector, will form a key part in the development of a sustainable and competitive regional market under the EU's Internal Market in Electricity.

To reduce the high cost of electricity infrastructure upgrading on NI energy consumers, (NI already has a high level of fuel poverty) government subvention is considered necessary to offset the cost of essential improvements to the infrastructure.

The proposal will make a significant contribution to delivering the aims and objectives of the new Strategic Energy Framework for Northern Ireland, which is expected to be endorsed by the Executive shortly.

15. NITB - Tourism Development Scheme & 2012 & Titanic Maritime Heritage

This is a TAIL END PROJECT and supports the completion of the Signature Projects.

Following on from the Programme for Government funding, there are a number of Tourism Development Scheme projects that will not be completed by the deadline of 31st March 2011. Therefore we would seek additional funding of £1.5m to complete the outstanding projects and meet the objectives of the Signature Projects AND £7.5m to deliver capital developments identified in the Tourism Strategy for Northern Ireland 2010-20

1. Tourism was prioritised in the **Northern Ireland Executives Investment Strategy**

for Northern Ireland 2008-18.

2. The Tourism Strategy for Northern Ireland 2010-20 was commissioned by **Minister Foster, MLA (DETI)** and confirms the Northern Ireland Executive's commitment to tourism.

3. Tourism has been recognised by **Belfast City Council** through The Belfast Integrated Strategic Tourism Framework which highlights the need for additional

conference facilities. The infrastructural investments associated with this bid are required to support the circa £97m investment in the Titanic Signature Building and will fill a well documented gap in Northern Ireland's business tourism offering.

This development will stem the loss of c.£100m per annum from the NI economy as a direct result of lack of suitable facilities for large scale conferences/exhibitions.

16. NITB - Conference & Exhibition Centre

1. Tourism was prioritised in the **Northern Ireland Executives Investment Strategy for Northern Ireland 2008-18.**

2. The Tourism Strategy for Northern Ireland 2010-20 was commissioned by **Minister Foster, MLA (DETI)** and confirms the Northern Ireland Executive's commitment to tourism.

3. Tourism has been recognised by **Belfast City Council** through The Belfast Integrated Strategic Tourism Framework which highlights the need for additional

conference facilities. The infrastructural investments associated with this bid are required to support the circa £97m investment in the Titanic Signature Building and will fill a well documented gap in Northern Ireland's business tourism offering.

This development will stem the loss of c.£100m per annum from the NI economy as a direct result of lack of suitable facilities for large scale conferences/exhibitions.

17. Telecoms - 3G & 4G Services

Access to reliable 2G and 3G mobile telephone services is an issue across wide parts of Northern Ireland and is the subject of many pieces of correspondence received by DETI. The coverage targets set for such services are established at national level by Ofcom and are based on the percentage of the population at UK level being able to access services. As such, the mobile operators are meeting targets by providing services in the most densely populated areas meaning that in many rural locations services are extremely limited. Ofcom has concluded that for a mobile operator to be counted as having coverage, its network footprint has to cover at least 90% of a postcode district. For 2G and 3G services Ofcom analyses the market in terms of postcode districts where at least one and, all four of the mobile networks have area coverage above the 90% threshold. In terms of Northern Ireland statistics would reveal that the region has just 48% geographic coverage from all four operators and 93% geographic coverage from one or more operators suggesting that there is an underlying lack of competition in rural locations. Lack of geographic coverage is most apparent when 3G targets are considered i.e. just 41% of postcode districts in Northern Ireland have 3G coverage provided by one or more operators and only 9% of districts have 3G coverage from all 4 operators. It is proposed therefore that Government intervention will be required to deliver improved access to reliable mobile telephony and data services in Northern Ireland as there would seem to be no immediate indication that Ofcom will intervene to seek enhanced coverage and, consequently, little likelihood of further private sector investment.

It is suggested that the infrastructure currently being deployed under DETI's Next Generation Broadband project can act as a platform for the rollout of mobile services e.g. by positioning new mobile masts alongside fibred street cabinets, reliable, high bandwidth backhaul can be accessed to deliver not only improved 3G coverage but also the next iteration of mobile services (Long Term Evolution (LTE) or 4G services). The estimated cost of an

investment that would deliver close to 100% geographic and population mobile coverage is in the region of £16m.

In taking this proposal forward, DETI would not only be meeting the objectives of the UK Digital Britain agenda and the target of universal broadband services with a minimum speeds of 2mbps but would also be contributing significantly to the EU Digital Agenda which aims to bring basic broadband to all by 2013. The project would also be meeting the PSA target for improving Northern Ireland's manufacturing and private services productivity by ensuring a modern, sustainable economic infrastructure to support business.

18. Telecoms - Business e-communications Centres

Growth and internationalisation of SMEs is a major theme running through the emerging EU Digital Agenda. For a small business economy such as that in Northern Ireland, this represents a significant opportunity to build on existing infrastructure, particularly the international link put in place under Project Kelvin, to create a recognised region of excellence in business connectivity. This is reinforced by the work of the MATRIX Telecoms Horizon Panel which has identified potential for Northern Ireland business to capture a significant share of global opportunities and to actively promote the region in particular as a: -

- Key communications hub between North America and Europe/the Far East;
- Base for supporting "Cloud Computing" applications and software development; and
- Information aggregator site for global financial applications

To realise this agenda it is proposed to create a series of "e-communications centres" with one located in each of the eleven new "super-council" areas (subject to successful outcome under RPA). Each centre would be connected to the core telecommunications network and therefore interconnecting with each other to create a Wide Area Network (WAN) facility capable of supporting Cloud Computing services. As a result, each centre would provide local businesses with access to high specification broadband services, including for example, telepresence-video conferencing facilities, very high speed broadband, access to dark fibre, secure networks and availability of a portfolio of ICT services. In addition, each centre could be developed consistent with the "anything/software as a service" model, meaning that businesses could access programme and application software as needed, rather than having to purchase and maintain their own suite of applications. The centres could also support services such as data hosting and website management.

The project is also important in terms of its ability to deliver against the PSA targets to *"increase broadband take-up to 75% of businesses by 2011 from a baseline of 60% in 2006"* and *"increase e-business activity by 10% by 2011 from its current low base"*.

It is anticipated that each centre would cost in the region of £1m to create, meaning a total investment of £11m if a centre was to be located in each of the “super-council” areas as proposed under RPA.

19. Energy - Gas Storage

Gas network development to the west of NI and perhaps East Down is estimated at around £200 million. A gas storage facility is estimated to cost around £200-250 million.

The total funding request represents only around 33% of a £200m project, eg gas network development, and 15% of both projects, and is therefore regarded as the minimum necessary to support the projects.

While it is accepted that there have been falls in overall construction prices, gas transmission pipes are of steel construction, and along with gas pressure reduction and heating equipment, over the term of the funding period are not likely to fall to a significant degree (commodity prices may actually increase as global demand starts to increase in developing economies in the Far East). However, it is accepted that some civil engineering and building costs which would form part of the above projects may remain competitive. Gas storage construction will also involve laying of steel gas pipes, and under Mineral licensing consents will also involve specialist drilling to depths of around 1500 metres to leach brine to form underground caverns. It is difficult to see that such specialist activities will reduce in cost as they are allied to the petroleum/ gas exploration industry.

20. Energy - Electricity Grid Investment/Interconnection

Very significant development and strengthening of the electricity transmission network (circa £1 billion) is needed to ensure that much higher levels of renewable power generation are absorbed in accordance with the Department’s energy policy and renewable energy targets. This is linked to EU and UK requirements to significantly reduce carbon emissions, and the need to reduce NI dependency on fossil fuels for power generation.

Development of increased electrical interconnection is also essential to ensure the objectives of the Single Electricity Market are met, improve security of supply and to avoid curtailment of wind energy. Hence, a new electrical transmission link/ interconnector is planned between NI and the Irish Republic. The network improvements, particularly the new interconnector, will form a key part in the development of a sustainable and competitive regional market under the EU’s Internal Market in Electricity.

To reduce the high cost of electricity infrastructure upgrading on NI energy consumers, (NI already has a high level of fuel poverty) government subvention is considered necessary to offset the cost of essential improvements to the infrastructure.

The proposal will make a significant contribution to delivering the aims and objectives of the new Strategic Energy Framework for Northern Ireland, which is expected to be endorsed by the Executive shortly.

21. Telecoms - Extension of Core Telecommunications Network

The core telecommunications network in Northern Ireland is highly pervasive and can boast of the highest density of fibre optic cable anywhere in Europe at just over 200,000km. However, examination of the competing networks i.e. the BT network (191 exchanges and more than 3,500 street cabinets), the NTL (now Virgin Media) SATURN ring, the Eircom network (including Network NI), the Atlas Communications network (Belfast-Dublin Economic Corridor and Armagh/Monaghan Corridor) and the newly formed Hibernia Atlantic network established under Project Kelvin would show that they are all typically centred around the same locations.

This pattern is not restricted to Northern Ireland but is a global phenomenon, with key switching points established around areas of high population density and/or strategically important locations to facilitate, for example, cross-border connections. It does not necessarily follow that lack of core infrastructure in one location significantly disadvantages or excludes a user from accessing services as service providers access infrastructure owned by other operators to deliver services (through open access arrangements). However, lack of core infrastructure in a particular location may mean fewer options for users and this carries the potential for pricing disparity and access to lower specification services.

Under this proposal, DETI could intervene on the grounds of lack of competition at core infrastructure level, seeking (in a fully privatised market) to stimulate further private sector investment in extension of core fibre networks. Ideally this could be timed to coincide with other public works schemes e.g. road laying, deployment of energy pipelines etc where telecoms ducting/fibre could be installed at the same time, thus establishing a value for money case. DETI has already acquired some experience in this field with small duct laying exercises completed in a social housing development in Belfast and along a section of the A4 Tamlaght Road. It is also supporting a technology trial in Enniskillen town centre using existing waste water infrastructure to complete a small but very high capacity fibre network around the key commercial area of the town and has completed a fibre ring around a business park located in a remote part of Cookstown.

These small but significant investments mean that there is existing infrastructure that may not be immediately serviced by high bandwidth backhaul, but which on extension of the existing core network would become immediately accessible.

In taking forward this proposal, DETI would be bringing Northern Ireland's core infrastructure into line with the objectives of the Digital Britain Strategy, including the aims around Digital Participation, in addition to contributing to the EU Digital Agenda around the roll-out of high speed internet access. The outcomes of the project would also feed into the objectives of the Programme for Government 2008-2011 in terms of developing NI's world-class telecommunications infrastructure and its ability to drive up productivity in the regions manufacturing and private service businesses.

22. Telecoms - IP Backbone Digital Test Bed

The telecommunications market is fast moving, with new services and models typically emerging every 3-4 years. The ongoing work of the MATRIX Telecoms Horizon Panel has identified that Northern Ireland has the potential to be at the forefront of new business models including Cloud Computing and "anything/software as a service" but these will require extensive proof of concept activity before they can be launched on a commercial basis. The concept of a fully open access European telecommunications network as envisaged by the EU Digital Agenda also raises significant requirements to address, to the satisfaction of end-users, inherent network security considerations.

It is proposed therefore that DETI, building on its already substantial investments, establishes Northern Ireland as a digital test bed centre where internet service providers can develop and test solutions prior to bringing them to commercial markets. Such a centre could also facilitate trans-national activity with, for example, North American based companies outsourcing development and test activities to subsidiary companies in Northern Ireland or indeed to unrelated entities that are capable of inputting to the test bed activities. In addition, with the low latency, high bandwidth direct international connectivity provided via Project Kelvin, innovative Northern Ireland companies could collaborate on test bed activities being carried out, for example, in Silicon Valley.

The project is therefore important in terms of its ability to contribute to targets around increasing R&D activity in Northern Ireland and those related to pushing up the productivity levels of Northern Ireland's private services businesses.

23. Invest NI - Property Acquisition & Development

Investment in infrastructure – which itself contributes directly to Invest NI's achievement of its PSA3, DSO3 targets – provides an essential foundation to the work being taken forward by the agency to meet its PSA1, DSO2 targets, ie, promoting a competitive and outward looking economy by attracting high quality foreign investment and supporting indigenous investment. This proposal relates to expenditure on the acquisition and development of land in order to provide serviced sites for eligible companies to develop their businesses.

Providing sufficient high quality sites for industrial development at strategic locations across NI therefore aligns fully with the PfG, which has identified building infrastructure as one of its four high priorities, and ISNI, in which 'Productive' is a key infrastructure pillar. To achieve this, one of Invest NI's key milestones is by 2012 to acquire/develop 200 acres of serviced land in main hubs as defined by DRD's Regional Development Strategy for NI 2025, "Shaping Our Future". Invest NI's Corporate Plan also sets a target of 75% of land acquired to be in areas of economic disadvantage.

As recommended by the Independent Review of Economic Policy, an independent review of Invest NI's rationale for intervening in the property market is currently underway. Interim findings, presented to the Steering Group on 23 June 2010, support Invest NI's strategy in leveraging increased levels of economic activity and private sector investment at a positive rate of return for public funds.

24. NITB - Links Golf Resort

We seek additional funding of £2m to develop a new golf resort aiming to attract between 10,000 – 20,000 visitor rounds per year.

1. Tourism was prioritised in the **Northern Ireland Executives Investment Strategy for Northern Ireland 2008-18**.
2. The Tourism Strategy for Northern Ireland 2010-20 was commissioned by **Minister Foster, MLA (DETI)** and confirms the Northern Ireland Executive's commitment to tourism
3. Tourism has been recognised by DARD through measure 3.3 of the Rural Development Programme

PRIORITY 4 – DE MINIMIS SPENDING PROPOSALS**1. HRCS - Frontline Capital Software/Hardware**

DETI frontline Services (Insolvency & CAB) are supported by third-party supplied ICT systems and frequently require change controls and enhancements to these capitalized software systems. Those requested are frequently to fulfil statutory and legislative requirements. Same will apply to HSENI whenever their software system is capitalised.

2. Consumer Affairs - Replacement of TSS Vans

TSS has vans based at Armagh, Ballymena and Enniskillen. They are used to transport equipment to sites where weighing or measuring equipment is to be tested. All vans are used to support staff carrying out enforcement duties where the use of private cars would pose a risk to TSS officers eg seizures of counterfeit good.

TSS has 2 vans based at HQ. They are used to transport equipment to sites where weighing or measuring equipment is to be tested. This equipment includes metering systems for heating oils etc and low capacity weighing machines ie less than 1 tonne. The vans are used to support staff carrying out enforcement duties where the use of private cars would pose a risk to TSS staff eg seizures of counterfeit goods.

TSS currently operates one light goods vehicle to transport weights to business sites where weighing machines with capacities of between 1-5 tonnes are to be checked. All weighing machines are being used for commercial purposes. The vehicle is customised to reduce the manual handling element of these tests. A replacement of this 8 year old lorry will be more efficient in terms of fuel consumption and environmental impact.

3. Consumer Council (NI) - IT License and Hardware Renewals

The purpose of this bid is to fund the purchase of IT licences and hardware. In line with the Consumer Council IT Strategy and the planned renewals schedule of IT hardware and equipment, the Consumer Council does not have a baseline capital budget to meet this need. Additionally, while staff

continue to use old hardware there are inefficiencies in systems and also health and safety considerations.

Annex L

NITB Consultants

Name of Consultant	2008-09 (£000's)	2009-10 (£000's)	2010-11 (£000's)	2011-12 (£000's)	2012-13 (£000's)	2013-14 (£000's)	2014-15 (£000's)
INDEPENDENT APPRAISAL / EVALUATION REQUIRED							
Economic Appraisals PfG Capital	0	25	0	35	35	35	35
Economic Appraisals TDS	28	86	20	25	60	60	30
Economic Appraisals Events	0	0	0	12	12	18	18
PPE PfG Capital	0	0	0	20	20	120 to include Titanic and GCVE	20
PPE TDS	57	29	30	40	50	80	80
PPE Events	0	0	0	0	12	12	18
Tourism Innovation Fund EAs	0	39	100	0	0	100	0
Tourism Innovation Fund PPEs	0		0	30	0	0	30
TOTAL	85	179	150	162	189	425	231
EXTERNAL TECHNICAL AND LEGAL ADVICE							
Technical and legal advice	185 Includes VAT and charitable advice for Titanic	140	142 Includes pre development works along CCR	100	100	100	100

NITB IT Support	10	68	140	100	70	50	50
NITB Culture Change Management	0	74	0	0	0	0	0
TOTAL	195	282	282	200	170	150	150
INDEPENDENT RESEARCH / STUDIES							
Research and Strategy Development	187 includes brand strategy & Causeway Visitor Projections	80	98	118	118	118	118
Industry Development Insights	19	32 Includes criteria setting for best practice	15	15	15	15	15
Feasibility Studies	11	22	10	0	10	0	0
TOTAL	217	134	123	133	143	133	133
GRAND TOTAL	497	595	555	495	502	708	514

1. Any future profiles are based on the assumption that CSR capital and revenue bids will be met
2. Funds have been profiled to reflect NITB's CSR bid profiles.
3. The majority of consultancy is due to 'Managing Public Money in Northern Ireland' which states that public bodies must ensure that all investment of public funds is appraised and evaluated independently.