

**From:** [Brankin, Bernie](#)  
**To:** [Cooper, Trevor](#)  
**Cc:** [Partridge, Jeff](#)  
**Subject:** FW: Sub to Minister - SSEs Debates - Briefing Material  
**Date:** 26 January 2016 17:26:47  
**Attachments:** [Sub to Minister - BRIEFING FOR SUPPLY RESOLUTION DEBATE 2016.doc](#)  
[Annex A - SSE's Briefing 2015-16.docx](#)  
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Trevor

Please consider draft sub and briefing for Spring Supplementary Estimates. The RHI briefing which has been cleared by John Mills references affordability and this may mean hard decisions need to be made. I think we should remove this RHI briefing for now and provide more up to date briefing nearer the debate on the 8 & 9 February when decisions may have been taken on the Scheme.

Bernie

## **Bernie Brankin**

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[NI Year of Food & Drink 2016](#)

**Please consider the environment - do you really need to print this e-mail?**

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**From:** Partridge, Jeff  
**Sent:** 25 January 2016 10:00  
**To:** Brankin, Bernie  
**Cc:** Crockford, Francis; Donaldson, Linda (DETI)  
**Subject:** Sub to Minister - SSEs Debates - Briefing Material

Bernie,

Please see attached draft sub to Minister and briefing material for your consideration.

Jeff

**Copy Distribution List Below**

**FROM:** Trevor Cooper

**DATE:** January 2016

**TO:** 1. Timothy Cairns  
2. Jonathan Bell, MLA

**BRIEFING FOR SUPPLY RESOLUTION DEBATES**

**Issue:** DFP has commissioned briefing material, to be used by the Finance Minister for the Supply Resolution Debate in the Assembly in support of the Budget Bill and the 2015-16 Spring Supplementary Estimates scheduled for the Assembly on the 8<sup>th</sup> and 9<sup>th</sup> of February 2016.

**Timing:** **URGENT.** Briefing material is required for the Finance Minister's consideration in advance of the Debate.

**Need for referral to the Assembly** N/A. We are providing background briefing for the DFP Minister.

**Presentational Issues:** The briefing covers topical issues.

**Freedom of Information:** Disclosable.

**Programme for Government /PSA Implications:** None identified at this stage.

**Financial Implications:** Assembly approval is required to provide the appropriate authority for departmental spending in 2015-16.

**Legislation Implications:** Assembly approval required for Budget Bill and Spring Supplementary Estimates. DFP is in the lead.

**Statutory Equality:** Considered in budget settlement and as part of in-year monitoring. HLIAs are completed for changes made through in-year monitoring.

**Recommendation:** That you consider and approve the attached briefing material.

**Background**

1. DFP have asked for briefing material which is to be used by the Finance Minister for the Supply Resolution Debates in the Assembly, in support of the Budget Bill and the 2015-16 Spring Supplementary Estimates, which is scheduled to take place on the 8<sup>th</sup> and 9<sup>th</sup> of February 2016.
2. Estimates set out the detailed spending plans of Northern Ireland departments and form the basis for the authorisation by the Assembly of sufficient funding and resources for services as detailed in the corresponding Budget Act.
3. Debates on the Supply Resolution and Budget Bill tend to be wide ranging as questions can be raised on any services covered by the Estimates.

**Briefing Material**

4. DFP Supply has specifically requested briefing material on the topics listed at **Annex A**.

**Recommendation**

5. That you consider and approve the briefing material at **Annex A** for the Supply Resolution Debate in the Assembly.
6. There is likely to be further requests for briefing on current topics as we approach the day of the debates. Any additional briefing will be forwarded at a later date for your clearance.

**TREVOR COOPER**

cc Andrew McCormick  
Eugene Rooney  
Chris Stewart  
Ian McCrea, MLA, Assembly Private Secretary  
Bernie Brankin  
Rod Robson  
Jeff Partridge  
John Murray  
Rosie Clarke

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**BRIEFING FOR THE SPRING SUPPLEMENTARY ESTIMATES  
DEBATE FEBRUARY 2016**

- 1. Invest NI – Announcement by Michelin on 3 November 2015  
Re Closure of their Ballymena Facility**
- 2. Invest NI – Bombardier Aerospace – Job Losses**
- 3. Invest NI – Mid-Year Performance 2015-16**
- 4. Invest NI – 2016-17 Budget**
- 5. Tourism NI – Year of Food and Drink 2016**
- 6. Tourism NI – Tourism Events Funding**
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to Onshore Wind**
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- 11. Energy – Impact of Brexit on Single Electricity Market**
- 12. Economic Policy Division - Economic Benefits of Corporation  
Tax**

**POINT RAISED BY: INVEST NI**

**TOPIC: ANNOUNCEMENT BY MICHELIN ON 3 NOVEMBER 2015  
ON CLOSURE OF THEIR BALLYMENA FACILITY**

**LINES TO TAKE:**

- Throughout the 90 day consultation process, officials from both Invest NI and DEL are in regular contact with Michelin and further meetings will be arranged when the consultation period is concluded.

**BACKGROUND:**

1. On 3 November 2015 Michelin announced that they propose to close the Ballymena Plant with the loss of 860 jobs and reorganise their European production capacity.
2. As a consequence of this they entered into a 90 day consultation period involving employees and Unions. This process is currently ongoing and is due to be concluded in March 2016. By then Michelin will have a better understanding of the redundancy programme and the likely uptake by employees.

**POINT RAISED BY:****TOPIC: BOMBARDIER AEROSPACE - JOB LOSSES****LINES TO TAKE**

- From late 2014, following a major restructuring exercise by Bombardier Inc. in Canada, and up to the current period, Bombardier Belfast has implemented approximately 750 job losses in a number of stages, the most recent of which took place on 7 January when 60 members of the company's Complementary Labour Force were informed that they would be released.
- I understand these job losses will be implemented very soon. Of the 750 jobs lost, approximately 100 were from the company's core workforce and virtually all of these redundancies were achieved on a voluntary basis.
- Bombardier's Complementary Labour Force forms part of a wider employment stability agreement with its Trade Unions. It enables Bombardier to provide a more stable working environment for permanent employees, whilst at the same time giving flexibility to manage market fluctuations and changing customer requirements in a dynamic and highly competitive environment.
- I am aware of some recent media reports that talk about a risk of significant job losses at Bombardier and I must say that I do not have any information to support this, which I regard as speculation.

- My colleague, the Minister of Enterprise, Trade and Investment, has been keeping in close contact with senior Bombardier management, including during his visit to Canada in October, and he has also spoken recently with the local site head, Michael Ryan.
- The Enterprise, Trade and Investment Minister has indicated that he intends to remain in close contact with Mr Ryan as will his officials at Invest Northern Ireland.

## **BACKGROUND**

1. During the second half of 2014, in response to continuing market challenges, especially in relation to its aerospace division, Bombardier restructured the company into the following business segments:
  - Bombardier Transportation
  - Bombardier Business Aircraft
  - Bombardier Commercial Aircraft
  - Bombardier Aero-structures and Engineering Services
2. The Aero-structures division includes Bombardier's Northern Ireland operations, which employ approximately 5,513 people across six sites, along with factories in Morocco, Mexico and Quebec, Canada, and small satellite support functions in Texas and India. Northern Ireland accounts for over 50% of the Aero-structures and Engineering Services business segment. Bombardier's Northern Ireland workforce comprises approximately 5,000 core employees,

plus 513 members of its Complementary Labour Force (CLF), who are employed through Manpower UK.

3. After the company established the new structure, it launched a transformation plan, which included a number of specific initiatives to address costs across the entire organisation on a worldwide basis. This included a systematic process to identify and quantify opportunities within each business segment, with a strong focus on product cost reduction, better control of working capital and effective use of cash. When it published its third quarter results on 29 October 2015, Bombardier signalled that it had entered the implementation phase of its cost reduction programme. In a Northern Ireland context this extends to a number of areas, most notably a reduction in procurement costs, which will affect the supply chain and other operating costs including employee contracts. Bombardier Belfast has been tasked by the corporate office to achieve a 20% reduction in costs by 2017.
  
4. Since late 2014, and up to the current period, Bombardier Belfast has implemented approximately 750 job losses (in a number of stages), the most recent of which took place on Thursday, 7 January, when 60 members of the company's Complementary Labour Force were informed that they would be released. Of the 750 jobs lost, approximately 100 were from the company's core workforce and virtually all of these redundancies were achieved on a voluntary basis.



**POINT RAISED BY: INVEST NI****TOPIC: INVEST NI MID-YEAR PERFORMANCE 2015-16****LINES TO TAKE:**

- Invest NI's recently released 2015-16 Mid-Year Performance update highlighted outstanding progress to date, with the agency on course to exceed the majority of its Corporate Plan targets by 31st March 2016.
- As at 30th September, Invest NI had promoted over 39,000 jobs and is on course to exceed its job target of 41,000 jobs. These jobs will secure over £2.82 billion investment in the Northern Ireland economy, allowing Invest NI to exceed its associated investment target.
- Further, Invest NI has secured approximately £550 million investment in R&D which means the agency is well on course to exceed its increased R&D investment target of £585 million and over £36 million of loans made to SMEs through the Growth Loan Fund against a target of £28 million.

**BACKGROUND**

1. The Invest NI Corporate Plan originally covered the 1<sup>st</sup> April 2011 to 31<sup>st</sup> March 2015 period. In this, Invest NI was set a number of ambitious goals, with its main targets focusing on Jobs, Investment

and R&D Investment. The agency's initial targets in these areas were as follows:

- Promote 25,000 new jobs;
- Secure £1bn of investment; and,
- Secure £300m of investment in R&D.

2. In line with the Programme for Government, in 2014/15 the time period for Invest NI's Corporate Plan was extended by an additional year to cover the period 1<sup>st</sup> April 2011 to 31<sup>st</sup> March 2016. Corporate Plan targets were increased to reflect this extended time period and are now as follows:

- Promote 41,000 new jobs;
- Secure £2.82bn of investment; and,
- Secure £585m of investment in R&D.

**POINT RAISED BY: INVEST NI****TOPIC: 2016-17 BUDGET****LINES TO TAKE:**

- The Invest NI Resource budget will be reduced by 7.1% which equates to £9 million, together with the removal of the Change Fund budget of £7.1 million. This will result in an effective reduction in budget of £16.1 million compared to the 2015-16 opening position.
- Invest NI will deliver administration efficiencies through the use of a Voluntary Exit Scheme. The reduction will also be partially managed as a result of a forecast decrease in Selective Financial Assistance (SFA) drawdown in 2016-17, in line with the impact of the reduction in State Aid rules effective from July 2014.
- Invest NI will also have to reduce the level of financial assistance that it may have offered on some new SFA and Research & Development (R&D) projects. A bid to promote Northern Ireland in light of the decision to reduce the rate of Corporation Tax was not met and will be a key pressure to be addressed in 2016-17.
- The overall budget allocation will however enable it to continue to target inward investment and promote domestic investment, provide trade support, and support private sector investment in R&D.

- Invest NI will have a key challenge in terms of prioritising resources towards funding projects and activities that maximise the return to the Northern Ireland economy. Additionally, Invest NI will focus on maximising its uptake of EU funding in areas that provide the best return to the Northern Ireland economy.

**BACKGROUND:**

1. The total Invest NI opening budget for 2015-16 was £168.9m excluding EU Income.
2. The total opening budget for 2016-17 is £151m excluding EU Income.

**POINT RAISED BY: TOURISM NI**

**TOPIC: YEAR OF FOOD AND DRINK 2016**

**LINES TO TAKE:**

- The Year of Food & Drink 2016 is an exciting initiative which presents an opportunity for us to celebrate all that is great about Northern Ireland Food and Drink.
- It is also an opportunity to harness the benefits of our successes in the food and drink sector, to drive quality, innovation, creativity and entrepreneurship.
- Tourism NI is leading on this initiative and they have been actively working with industry to support and enable them to maximise the opportunities this initiative presents.

**BACKGROUND**

1. In 2015 Tourism NI co-ordinated a series of dedicated industry roadshows which took place across Northern Ireland. This was complemented Events Funding Roadshows which highlighted the new dedicated Year of Food and Drink Events Fund.
2. Further Year of Food and Drink 2016 Industry Roadshows will take place throughout January in locations including Londonderry, Enniskillen, Armagh and Belfast. At these events toolkits & brand

Guidelines will be distributed and best practice will be showcased and celebrated.

3. Tourism NI is currently tracking all industry activity and is issuing food specific e-zines to industry to encourage, inspire and showcase Year of Food and Drink 2016 activity.
4. Tourism NI is leading on an integrated communication delivery plan in order to maximise PR and communications opportunities, and Tourism Ireland and Invest NI have integrated the Year of Food and Drink into their communication plans for 2016.
5. The BBC Good Food Show will be coming to Belfast in October this year. The event which will feature live cookery demonstrations, will host TV favourites Paul Hollywood, The Hairy Bikers, James Martin and our very own Paul Rankin. It will provide an ideal platform to showcase our award winning food and drink producers, place the spotlight on our talented chefs and celebrated restaurants and spread the word about Northern Ireland as a fantastic destination to visit.

**POINT RAISED BY: TOURISM NI**

**TOPIC: TOURISM EVENTS FUNDING**

**LINES TO TAKE:**

**Events Funding Programme 2016-17**

- Following the launch of the 2016-17 Tourism Events Funding Programme in October 2015, the application process has now closed.
- 82 applications were received for the National Tourism Events Sponsorship Scheme; 12 applications for International Tourism Events Fund, 8 of which are new events; and 65 applications for the Year of Food and Drink Tourism Events Scheme.
- It is anticipated that scoring and assessment for all schemes will be concluded by early 2016 and that applicants will be informed shortly thereafter.
- Work also continues on the development of the 13 International Tourism Events already committed via Tourism NI development groups and mentorship support. A key focus for these events is on driving quality, international attractiveness and long term sustainability.
- Work has also started on the new International Events coming on stream.

## Events Funding Programme 2015-16

- Tourism NI currently delivers two Tourism Events Schemes; the International Tourism Events Fund and the National Tourism Events Sponsorship Scheme.
- A total of 110 applications were received in 2015-16 scheme 5 International applications and 105 sponsorship application.
- The 2015-16 International Tourism Events supported through the Events Fund were as follows:
  - August Féile,
  - Belfast Festival at Queens (*renamed Belfast International Arts Festival in 2015/16*)
  - Belfast Tall Ships
  - Cathedral Quarter Arts Festival
  - Circuit of Ireland
  - Dale Farm Milk Cup (*renamed Supercup NI for 2016/17*)
  - Enniskillen International Beckett Festival
  - Giro Gran Fondo
  - North West 200
  - Northern Ireland Open
  - St Patrick's Festival
  - Ulster Grand Prix



**POINT RAISED BY: TOURISM POLICY**

**TOPIC: TOURISM PERFORMANCE**

**LINES TO TAKE:**

**Total visitors**

- Overall visitor numbers continue to increase ahead of last year's record levels with a further 2% rise for the first 6 months of 2015 when compared to January to June 2014.
- When we look at the rolling year figures to June 2015 it is pleasing to note that overall visitor numbers increased by 9% (up to 4.55 million) when compared to the 12 months to June 2014.

**External Visitors**

- It is also encouraging that the number of external visitors continues to grow. With an increase in our main markets of Great Britain (+5%), North America (+11%) and Mainland Europe (+14%) when compared to the first 6 months in 2014.
- Overall the 12 month figures to June 2015 show that external visitor numbers increased by 5%.

**Business Visitors**

- The total number of business visitors is up by 23% in the first 6 months of 2015 when compared to January to June 2014. This is particularly important as business visitors spend more than normal

visitors and augurs well for the future of business tourism which will be given a major boost when the new conference facilities open at the Waterfront Hall.

### **Tourism Spend**

- There has been a slight reduction in visitor expenditure and it is clear that this is largely due to the changes in exchange rates, particularly the prolonged fall in the strength of the euro against sterling.

### **BACKGROUND**

1. The Northern Ireland Statistics and Research Agency has advised that the release of Tourism Statistics for Quarter 3 of 2015, planned for Thursday 14th January, has been delayed to allow for additional quality assurance, and that a new release date will be advised by the end of January.

**POINT RAISED BY: ENERGY**

**TOPIC: GAS PRICES**

**LINES TO TAKE:**

- I welcome the reductions in gas bills in 2015 for most consumers, with a further review of regulated tariffs underway for spring 2016.
- The Utility Regulator estimates that gas prices in Greater Belfast for domestic and small industrial and commercial customers are lower than GB and the Irish Republic.
- The extension of natural gas networks to the West and to East Down will provide greater fuel choice for consumers.

**POINT RAISED BY: ENERGY**

**TOPIC: EARLY CLOSURE OF THE NORTHERN IRELAND  
RENEWABLES OBLIGATION (NIRO) TO ONSHORE WIND**

**LINES TO TAKE:**

- The decision taken by the UK Government to end support for new onshore wind one year earlier than expected has unavoidable consequences for Northern Ireland.
- Although energy is devolved, costs are socialised throughout the UK and this is a significant benefit to Northern Ireland.
- In moving to close the Northern Ireland Renewables Obligation to onshore wind in line with GB proposals, the DETI Minister has worked to secure the best outcome in terms of cost to the consumer and the amount of renewables that can be attained.

**POINT RAISED BY: ENERGY**

**TOPIC: RENEWABLE HEAT**

**LINES TO TAKE:**

- The Renewable Heat Incentive schemes have been very successful to date. Over 1800 applications have been received on the non domestic scheme and over 700 on the domestic scheme with a further 1200 transferring across from the interim domestic Renewable Heat Premium Payment scheme.
- It is estimated that over 6% of heat is now provided through renewable technologies exceeding the 2015 Programme for Government interim target of 4%.
- However, the RHI scheme needs to remain affordable going forward and this may mean hard decisions need to be taken.

**POINT RAISED BY: ENERGY**

**TOPIC: IMPACT OF BREXIT ON SINGLE ELECTRICITY MARKET**

**LINES TO TAKE:**

- The EU sets the policy and legislative framework for energy, and we share the Single Electricity Market with the Irish Republic.
- The Single Electricity Market is established under national legislation.
- Clearly BREXIT would impact on the future operation of the Single Electricity Market.
- GB, Northern Ireland and the Irish Republic all have interconnected physical networks and we would need to ensure these continue to work to our mutual advantage.

## **BACKGROUND**

1. EU legislation (commonly referred to as IME 3) sets the framework for developing fully competitive markets in natural gas and electricity.
2. Northern Ireland and the Irish Republic are working towards the EU goal of electricity market harmonisation through the Regulator-lead I-SEM (Integrated Single Electricity Market) Programme.

3. The existing market (SEM) is established under domestic legislation in both jurisdictions rather than EU legislation but, should there be BREXIT, the fact that the two parts of SEM could be working to different policies as well as in different trading zones would mean that complex analysis would need to be undertaken on impacts. The SEM is worth around €2.5 billion annually.

**POINT RAISED BY: ANALYTICAL SERVICES UNIT**

**TOPIC: ECONOMIC BENEFITS OF CORPORATION TAX AND PLANS TO MAXIMISE THE POTENTIAL**

**LINES TO TAKE**

- The NI Executive's commitment to reduce the rate of Corporation Tax to 12.5% from 2018 can be a major stimulus for our economy. Research suggest this has the potential to:
  - **Create well in excess of 30,000 additional jobs;** and
  - **Grow our economy by an additional 10%** over 15 years.
- Our attention now turns to how we maximise the potential of this new economic lever. Work is already underway to gain market insight into the new Foreign Direct Investment markets that a lower rate will open doors to, the types and sectors of those investments and the parts of the world that we should be targeting.
- The results of this work will feed into the Department for Employment and Learning's recently launched skills barometer. This will help to ensure that potential skills shortages can be identified, planned for and addressed so that companies have access to the talent they need under a low Corporation Tax regime.



**BACKGROUND**

1. Ulster University estimates that a 12.5% CT rate could create 32,900 jobs and grow the economy by an additional 8.7% from 2018 to 2033. This research is expected to be finalised and published early in 2016.
2. Invest NI, DETI and DEL have commissioned research to identify the sectors and activities where NI will become more competitive with a reduced Corporation Tax rate, assess the implications for skills and identify other economic priorities needed to support this. This work is expected to be completed in Summer 2016.
3. The Department for Employment and Learning launched its skills barometer report in November 2015. The report provides an understanding of the skill requirements for the NI economy up to 2025 with the aim of ensuring that any skills gaps are identified and addressed.