

**Aiken, Glynis**

**From:** Simon Marner <simon.marner@investni.com> on behalf of ceo <ceo@investni.com>  
**Sent:** 30 June 2014 13:44  
**To:** Private Office DETI; Crawford, Andrew; Aiken, Glynis  
**Cc:** Rooney, Eugene; Ross, Alastair; Hinds, John; DG\_DETI Press Office; McCann, Kevin (InvestNI); Harbinson, Peter (InvestNI); Jennifer Pleavin; Helen Scullion; Lyttle, Gina (InvestNI); Graham Pollock; Mulholland, Deirdre (InvestNI); Upritchard, Arora (InvestNI); BPC info  
**Subject:** Response : INV/484/2014 : Visit to Warmflow - Monday 7 July  
**Attachments:** INV 484-14 Warmflow briefing.docx

**Importance:** High

Please see attached response to INV 484/14; briefing for the Minister's attention.

Thanks  
 Simon

Simon Marner  
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**From:** [gillian.cahoon@detini.gov.uk](mailto:gillian.cahoon@detini.gov.uk) [<mailto:gillian.cahoon@detini.gov.uk>]  
**Sent:** 03 June 2014 15:45  
**To:** ceo  
**Cc:** [david.sterling@detini.gov.uk](mailto:david.sterling@detini.gov.uk); [david.thomson@detini.gov.uk](mailto:david.thomson@detini.gov.uk); [eugene.rooney@detini.gov.uk](mailto:eugene.rooney@detini.gov.uk); [glynis.aiken@detini.gov.uk](mailto:glynis.aiken@detini.gov.uk); [valerie.stevenson@detini.gov.uk](mailto:valerie.stevenson@detini.gov.uk); [pressoffice@detini.gov.uk](mailto:pressoffice@detini.gov.uk); [john.hinds@detini.gov.uk](mailto:john.hinds@detini.gov.uk); [gillian.cahoon@detini.gov.uk](mailto:gillian.cahoon@detini.gov.uk); [james.ingram@detini.gov.uk](mailto:james.ingram@detini.gov.uk)  
**Subject:** Invitation INV/484/2014 : Invite for the Minister to visit Warmflow to see first hand their production facilities \*\*\* A visit to Warmflow has been arranged for Monday 7th July, 2.00pm - 3.00m\*\*\*

DEPARTMENT OF ENTERPRISE, TRADE AND INVESTMENT

INVITATION BRIEFING REQUEST - URGENT

Reference: INV/484/2014  
 Invitation From: Johnnie Black  
 REFERRED TO: Hamilton Alastair (Mr)

Date: 3 June 2014

Subject: Invite for the Minister to visit Warmflow to see first hand their production facilities \*\*\* A visit to Warmflow has been arranged for Monday 7th July, 2.00pm - 3.00m\*\*\*

**BRIEFING REQUIRED**

Please provide briefing to include the following: Background Note, Key Issues, Programme, Speaking Notes, lines to take, officials in attendance and any other information deemed relevant. .

Please return to Private Office by noon on Monday 30th June.

Gillian Cahoon  
Private Office

Netherleigh House Tel:- Ext 29440

**Copied To For Information:**

cc InvestNI

Cahoon Gillian (Miss)

Ingram James (Mr)



**FROM:** Kevin McCann  
 Director  
 Advanced Engineering and Construction

**DATE:** 30 June 2014 **Copy Distribution List Below**

**TO:** 1. Andrew Crawford  
 2. Arlene Foster MLA

**INV/484/2014: VISIT TO WARMFLOW ENGINEERING CO. LIMITED, LISSUE INDUSTRIAL ESTATE, LISBURN – MONDAY 07 JULY 2014.**

#### **INITIAL SUMMARY**

<b>Issue:</b>	<b>Reactive:</b> Following a request from the company, you have agreed to visit Warmflow Engineering Co Limited on Monday 7 July.
<b>Timeframe:</b>	Routine
<b>Need for referral to the Executive:</b>	Not applicable
<b>Presentational issues:</b>	None
<b>Fol issues:</b>	Fully disclosable.
<b>PfG/PSA Implications</b>	None
<b>Financial implications:</b>	None
<b>Legislative implications:</b>	None
<b>Statutory Equality Obligations:</b>	The matters addressed in this note do not raise any Section 75 issues for Invest NI.
<b>Recommendation:</b>	It is recommended that you use this opportunity to acknowledge the investment the company has made in research and development in the area of renewable heating, and assure them of Invest NI's ongoing support.

**INTRODUCTION**

You have agreed to visit Warmflow Engineering Co. Limited at its premises in Lissue Industrial Estate, Lisburn to meet the senior management team and have a brief tour of the factory to see first-hand, the company's production facilities and capabilities of a local SME which employs 100 people. In addition to learning of the investment the company has made in R&D to develop its new range of renewable products, the management team also wish to discuss the forthcoming Domestic Renewable Heat Incentive.

**BACKGROUND**

2. Warmflow Engineering Co. Limited was established in 1983 and has grown to become the largest manufacturer of oil boilers in Northern Ireland with a turnover in June 2013 of £13.9m, net profit of £360k and employment of 100 people. The Company is based in Lissue Industrial estate, Lisburn in its own purpose built factory. The Company specialises in the manufacture of an extensive range of oil fired boilers including internal and external freestanding boilers and a high performance combination boiler.
3. The company has found its core market of oil boilers under significant stress over the last number of years as oil prices have risen and the economic recession impacted on house building. Invest NI has been encouraging the company to look at new products and markets to diversify into new renewable energy products to provide fresh revenue streams and secure the long term future of the business and its employment.

**CURRENT POSITION**

4. In November 2013, Warmflow, as a member of the oil fired trade body Oftec, achieved an agreement with all the major oil boiler manufacturers to cease production and sale of standard efficiency boilers in NI and ROI from December 2013. This will have a positive impact on future energy usage, given that all oil boilers now sold are in excess of 90% efficient.
5. The company has made a lot of good progress recently in the area of renewable heating and has invested heavily in the past three years in designing its Ground Source Heat Pump and Wood Pellet Boiler. Invest NI has assisted with the development of the Wood Pellet Boiler through its Grant for R&D support. The company undertook development of the Ground Source Heat Pump through its own funds.
6. Warmflow's Ground Source pump has been recently tested and approved for the Microgeneration Certification Scheme (MCS) and is the most efficient in Europe with a Coefficient of Performance (COP) of 5.08. The launch of the Wood Pellet Boiler is imminent and is already achieving the latest Class 5 emissions levels and an overall efficiency figure of 92.9%.

7. In addition to ensuring you are aware of the company's renewable products and the impact these could have on achieving renewable targets, the senior management team also wish to discuss the Domestic Renewable Heat Incentive (RHI) in terms of a possible date of an announcement and to raise some points the Department may wish to consider in how it structures the RHI roll out.

#### **FORMAT AND OFFICIALS IN ATTENDANCE**

8. The visit will be informal in nature including a short meeting with the Senior Management Team followed by a factory tour and photographs. You will be accompanied on the visit by Graham Pollock, Client Executive, Invest NI.

#### **ADDITIONAL BRIEFING**

9. Additional briefing for your visit is attached as follows:

Annex A	Background Note
Annex B	Pen Pictures
Annex C	Programme & Directions
Annex D	Domestic Renewable Heat Incentive

#### **SUGGESTED LINES TO TAKE**

10. Very supportive of Warmflow and its desire to continue to grow its capabilities and invest in R&D to develop new products. Congratulate the company and its management team on its achievements to date and encourage it to continue to implement its growth strategy. Assure them of Invest NI's ongoing support.

#### **RECOMMENDATION**

11. That you use the opportunity of the visit to acknowledge the importance of investment in R&D and congratulate the company on its achievements to date in terms of diversifying and on the renewable heating products it has recently developed.

**Kevin McCann**  
**Director**  
**Advanced Engineering & Construction**  
**Invest NI**  
**Tel: (028) 9069 8503**

cc Eugene Rooney  
Alastair Ross  
John Hinds  
DETI Press Office  
Kevin McCann  
Peter Harbinson  
Jennifer Pleavin  
Helen Scullion  
Gina Lyttle  
Graham Pollock  
Deirdre Mulholland  
Arora Upritchard  
BPC info

## ANNEX A

**BACKGROUND NOTE**

1. Warmflow Engineering Co. Limited was established in 1983 and has grown to become the largest manufacturer of oil boilers in Northern Ireland. The Company is based in Lissue Industrial estate, Lisburn in its own purpose built factory. It specialises in the manufacture of an extensive range of oil fired boilers including internal and external freestanding boilers and a high performance combination boiler.
2. The company has found its core market of oil boilers under significant stress over the last number of years as oil prices have risen and the economic recession impacted on house building. Invest NI has been encouraging the company to look at new products and markets to diversify into new renewable energy products to provide fresh revenue streams and secure the long term future of the business and its employment.
3. There has also been some historical additionality issues with projects submitted by the Company, given that Warmflow has a strong history of supporting charities throughout Northern Ireland. This issue has been discussed at length at Director and Executive Director level and it was agreed that where the client is determined and committed to charitable donations, any funding proposed by Invest NI must be provided against clear economic benefits to the client and the wider economy.
4. In recent years, the Company's relationship with Invest NI has improved, with discussions focusing on how Invest NI can help the business develop new products to exploit the growing demand for biomass boilers. (This is a key development area for the business as new legislation around emission regulations will impact on traditional boiler sales.)
5. Currently Warmflow employs 100 people with a turnover in June 2013 of £13.9m and net profit of £360k.

**Company Performance**

6. The table below outlines recent performances over the last three years:

	<b>Year end 30 June 2013</b>	<b>Year end 30 June 2012</b>	<b>Year end 30 June 2011</b>
Sales	£13,895k	£13,969k	£15,791k
Profit Before Tax	£360k	£20k	£365k
Employment	100	103	120

**Invest NI Assistance**

7. The company has received the following support from Invest NI over the last three years.

<b>Offer Issued</b>	<b>Total Assistance (£)</b>	<b>Grant Type Name</b>	<b>Grant Amount Offered (£)</b>	<b>Grant Paid to Date (£)</b>	<b>Grant Balance Outstanding (£)</b>
02/01/2013	£46,608	GAP	£46,608	£0	£46,608
05/07/2012	£49,032	Grant for R&D	£49,032	£1,706	£47,326
14/03/2012	£37,813	Grant for R&D	£37,813	£28,914	£8,899

8. Most recently, the company received support through Invest NI's Growth Accelerator Programme of £46,608 in 2013 to assist with market development activities and recruitment of two key workers in relation to the launch of its Ground Source Heat Pump and Wood Pellet products. This project is behind schedule due to delays in the development of these new products. Now that these products are ready to be launched into the market place it is expected that this project will now be implemented as planned.
9. In addition to the Grant for R&D support towards the development of the wood pellet boiler (£37,813), the company received £49k of R&D support in 2012 for the development of stainless steel "plug & play" healthcare equipment such as sinks and slop hoppers for hospitals and nursing homes.



**ANNEX B****PEN PICTURES****Stuart Cousins  
Managing Director**

Stuart is in his early thirties, started in the factory aged 16 and has worked his way through every job until he took over from his father 2 years ago as Managing Director. He has overseen the rebranding of the company and the development and launching of the stainless steel cylinder, wood pellet and heat pump products.

**Gerard Mackle  
Director**

In his mid forties, Gerard has been with Warmflow for approximately 30 years and has worked his way up to his current role. A gifted engineer, he oversees the R&D team and the production team. He has been instrumental in the development of all of the most recent product lines.

**Johnnie Black  
Director**

In his early forties, Johnnie has been with Warmflow since 2006. With a background in the financial industry he oversees the financial functions of the group along with sales and marketing for all areas. He was also involved in the restructure and succession planning of the company.

**Oliver Cormican  
Director**

Aged fifty, Oliver has worked his way up through the company to hold the role as head of sales for all of Ireland.

**ANNEX C**

**PROGRAMME**

- 14:00 Arrive at Warmflow Engineering Co where you will be greeted by Johnnie Black, Director.
- 14:05 Informal meeting with the Senior Management Team including tea and coffee.
- 14:30 Factory tour including photograph
- 15:00 Depart

**Address and Directions to Warmflow:-**

Warmflow Engineering Co Ltd  
Lissue Industrial Estate  
Moir Road  
Lisburn  
BT28 2RF

Travel out of Lisburn on the A3 Moira Road.  
Pass straight through the junction with the Lissue Road/ Halftown Road and after three hundred yards Warmflow premises are situated on the right hand side.

Client Executive Contact – Graham Pollock Personal information redacted by the RHI Inquiry

## Domestic Renewable Heat Incentive

### *The domestic RHI scheme*

The domestic RHI scheme opened on 9 April 2014 in GB.

It is a financial incentive scheme designed to encourage uptake of renewable heating among domestic consumers. The domestic RHI is targeted at, but not limited to, homes off the gas grid. Those without mains gas have the most potential to save on fuel bills and decrease carbon emissions.

The scheme will cover single domestic dwellings and will be open to homeowners, private landlords, social landlords and self-builders. It will not be open to new build properties other than self-build.

It is not yet effective in Northern Ireland, and is under consultation.

### *Renewable Heat Premium Payment*

The Northern Ireland Renewable Heat Premium Payment (RHPP) scheme is currently available in Northern Ireland. This is designed to help domestic householders afford alternative renewable technologies that can heat their home and provide hot water. DETI will provide eligible householders with a voucher for one of the following renewable technologies installed in their property which can then be exchanged for grant money:

- Air Source Heat Pump, £1,700;
- Biomass Boiler, £2,500;
- Ground Source or Water Source Heat Pump, £3,500;
- Solar Thermal Hot Water, £320

The Domestic Renewable Heat Incentive will replace the Renewable Heat Premium Payment.