

BUILDING A PROSPEROUS AND UNITED COMMUNITY: A PROGRESS REPORT



HM GOVERNMENT



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We announced our *Building a Prosperous and United Community* package on 14th June, just before world leaders came to County Fermanagh for the G8 summit. The success of the summit, the overwhelmingly positive international media exposure, and the goodwill shown by all of the visiting delegations has given us a solid platform on which to build. The world saw the best of Northern Ireland, and together we will do all we can to ensure that it continues to be seen as a great place to invest and to do business.

On Friday, a major Investment Conference at Titanic Belfast will build on the success of that summit to champion investment in Northern Ireland. The Conference will showcase, to an audience of international investors, the wonderful opportunities which exist to successfully operate and grow their businesses in Northern Ireland. We are building on our reputation for excellence in a number of key sectors including ICT, financial and professional services and advanced manufacturing. Existing investors will highlight the elements which have made Northern Ireland the right location for them.

Companies from around the world will have an opportunity to see for themselves exactly why Northern Ireland is now one of the best places on the planet to build a world-class workforce. Investors who come here, stay here: citing our smart, highly educated workforce, our excellent infrastructure, our advanced telecoms and transport networks, a competitive cost environment, and excellent incentive packages. Combined with a great lifestyle offering, there is no doubt that overall, Northern Ireland is one of the leading inward investment locations in Europe – and we will demonstrate why in Belfast this week.

Working together in the short time available to us since the launch of *Building a Prosperous and United Community*, the Northern Ireland Executive and the Government have moved quickly to implement key parts of our package to

prime the economy here to be ready to take advantage of the new opportunities the Investment Conference will bring. We have been tying together strands of work led from London and Belfast to ensure that where our responsibilities overlap, we achieve the best results for businesses, and for the wider community in which they exist. The actions set out in *Building a Prosperous and United Community* complement what the Government and Executive are already doing to rebuild, rebalance and grow the Northern Ireland economy.

At Westminster, the Government is committed to putting the public finances back on a sustainable path again; helping to keep interest payments lower for families, businesses and the taxpayer; contributing to achieving balanced, sustainable economic growth; and delivering more jobs and greater prosperity. We are committed to creating the most competitive tax system in the G20; to making the UK the best place in Europe to start, finance and grow a business; to encouraging investment and exports as a route to a more balanced economy; and to ensuring that the UK enjoys sustainable job creation.

And within Northern Ireland, the Executive made growing a sustainable economy the top priority in its Programme for Government and is committed to taking action to rebalance and rebuild the economy through export-led economic growth. Significant progress has been made in delivering against the full range of actions in our Economic Strategy. Since 2011, we have:

- secured £204m of investment in R&D by business, 39% of this investment has come from NI's SME base;
- supported 347 businesses to undertake R&D for the first time;
- supported almost 140,000 qualifications across a range of education and training providers at Level 2 and above;
- promoted 3,816 new jobs with locally-owned companies securing £101m in annual wages and salaries for the NI economy;

- secured £304m of investment resulting in the promotion of 3,364 new jobs from inward investors;
- reduced Air Passenger Duty rates for long haul flights from Northern Ireland to zero from 1 January 2013 following the Government's decision to devolve powers in that area;
- launched a new Investment Strategy which will provide a £5bn stimulus over 4 years to 2014/15, supporting thousands of jobs in the construction sector and related supply chain; and
- successfully moved 92,139 working age benefit clients into employment.

Both the Executive and Government recognise, however, that more needs to be done to address the particular challenges to growth that exist in Northern Ireland, and to build a shared society that can maximise its economic potential. So, as investors from around the world gather in Belfast this week for the G8 Investment Conference, we can set out today updates on progress relating to a series of the key measures proposed in the economic package, and an indication of the steps already planned to deliver others.

Much progress has been made, but many of the proposals we set out in June will inevitably require implementation over longer timeframes. There are no quick fixes. The challenge Northern Ireland faces in building a shared society and in rebalancing the economy towards private-sector led growth remains significant – but on both counts, as we demonstrate here, progress is underway.

The number of people claiming unemployment benefit has fallen for seven consecutive months and the number of employee jobs is up by more than 5,000 over the past year. In addition, NI manufacturing exports increased by 4% in the 2nd quarter of 2013 to reach their highest quarterly level for two years.

As part of the Good Relations Strategy *Together: Building a United Community*, the Executive has agreed strategic actions which will help build a prosperous, peaceful and safe society enriched by diversity, and welcoming to all. The strategy focuses on 5 strands: education; young people not in education, employment or training; regeneration and deprivation; housing; and learning from the past.

On the difficult issues of parading, flags and the past the Executive has established an independently-chaired Panel of Parties of the Northern Ireland Executive. The Chair, Ambassador Richard Haass, and Vice-Chair, Meghan O'Sullivan, have been invited to bring forward recommendations before the end of December 2013 aimed at providing long-term and sustainable solutions that are in the best interests of the community, and will make the peace more resilient going forward.

Working together, the Government and the Executive remain confident that we are now moving positively towards the prosperous, united community demanded by people both within Northern Ireland, throughout the United Kingdom, and across these islands.

10 October 2013

REBALANCING THE ECONOMY AND BUILDING A SHARED FUTURE

Supporting specific shared housing and education projects

1. The Executive's own '*Together: Building a United Community*' strategy committed to the building of 10 new shared housing developments; 10 new shared education campuses; and to make shared education a normal part of every child's educational experience.
2. On shared education, the Executive envisage that projects to be taken forward will include a range of different types of Shared Education Campuses, ranging from large multi-school, multi-age campuses to more modest facilities which will support and enable shared education.
3. The flagship campus for this initiative will be the former MOD site at Lisanelly in Omagh, previously gifted to the Executive, where 6 schools from a range of sectors catering for some 3,700 pupils will be co-located on a single site, sharing facilities. We can announce today that the Government has approved a request from the Executive for additional borrowing of £15m over the next two years to help them progress the first phase of this project. This is the first proposal to be approved under the additional borrowing facility for such projects, and the Executive expect to identify other areas where such support might be provided, as outlined in *Building a Prosperous and United Community*.
4. Building on work already underway and responding to strong demand, the Executive are also moving forward on the shared housing aspects of this work. Within the social housing sector the Northern Ireland Housing Executive continues to drive forward its Shared Communities Programme with the aim of supporting 50 Shared Communities within existing estates. An additional 10 'Shared Future' social housing developments at a total cost of £15 million will also be delivered over the current Programme for Government period.

5. Outside social housing, the Executive is keen to promote sharing and integration within new housing more generally, across religious, socio-economic and other boundaries. As part of the *Together: Building a United Community* strategy they will explore options for promoting mixed tenure, mixed housing developments.

Utilising European Structural Fund allocations to drive growth and support shared society objectives

6. In July, the Northern Ireland Minister for Enterprise, Trade and Investment launched a consultation on the Executive's plans for the European Regional Development Fund (ERDF) Investment for Growth & Jobs Programme, to run from 2014-20. ERDF is the main EU Structural Fund used to support economic development in countries and regions across Europe, and the proposals outlined in the DETI consultation focus on three areas which the Executive has identified as priorities in rebalancing the economy, improving competitiveness and building a larger and more export-driven private sector:

- Strengthening Research, Technological Development and Innovation
- Enhancing the Competitiveness of SMEs (including through improved access to finance measures and tourism development)
- Supporting the shift towards a Low-Carbon Economy

7. Separately, the Northern Ireland Minister of Employment and Learning is consulting on the future application in Northern Ireland of the 2014–20 European Social Fund (ESF) Investment for Growth & Jobs Programme. The three priority aspects in relation to that programme also have clear links to the overall objective of rebalancing the economy, driving growth, and building a prosperous and united community:

- Promoting employment and supporting labour mobility
- Promoting social inclusion and combating poverty

- Investing in education, skills and life-long learning

8. Following this consultation process the Executive will approve the package of documents (including NI's input to the UK Partnership Agreement) and the relevant draft Operational Programmes for formal submission to the European Commission towards the end of 2013 or early in 2014.

PEACE IV and INTERREG

9. Consultations on both PEACE IV and INTERREG VA are expected in late autumn 2013, prior to approval of final Operational Programmes by the Northern Ireland Executive and the European Commission.

10. PEACE IV is anticipated to have a focus on young people, shared space and civil leadership, and to reflect and support the objectives of the OFMDFM good relations strategy, *Together: Building a United Community*. The PEACE IV Programme will benefit from an additional €50 million allocated by the UK Government from its overall European Territorial Co-operation budget. The additional funding will support, inter alia, the good relations strategy's *United Youth* programme.

11. The INTERREG VA Programme is likely to support activities including research and innovation, actions to promote a low carbon economy and environmental protection.

Corporation Tax devolution

12. The Government is committed to making the UK corporate tax system more competitive. We have reduced the main rate of corporation tax from 28% in 2010 to 23% in 2013 – it will be 20% by 2015, the joint lowest level in the G20. We've cut the rate of corporation tax for companies with small profits from 21% to 20%, and we are changing the way the UK taxes overseas profits to concentrate on taxing profits from UK activities.

13. The devolution of responsibility for corporation tax, and further reduction below the prevailing UK rate, remains a key objective for the Executive. The Government is committed to making a final decision on the devolution of powers no later than the Autumn Statement 2014.

14. Building on the earlier work of the Joint Ministerial Working Group on Rebalancing the NI Economy, work on the design of a devolved corporation tax regime is continuing. This will ensure that if a decision to proceed with devolution is forthcoming, the Government can meet the aim of making necessary legislative changes prior to the prorogation of the current Parliament.

Support for Research and Development

15. The Government and the Executive have now approved the business case for a £120 million Research and Development project at Bombardier Aerospace in Belfast. Once EU State Aid approval processes have been completed, Invest NI and BIS will provide up to £12m and £8m respectively towards this project, which aims to directly create over 230 jobs in Northern Ireland.

Consideration of new pilot Enterprise Zones in Northern Ireland

16. The Executive continue to consider the possibility of introducing Enterprise Zones in Northern Ireland which could potentially offer enhanced capital allowances to businesses. Within any designated sites, businesses might benefit from 100% first year allowances on qualifying plant and machinery. We aim to make further and more substantive announcements on this subject before the end of 2013.

Promoting NI in International Markets

17. The Executive have agreed an International Relations Strategy to provide a focus and brand identity across various Northern Ireland bodies,

including Invest NI, to promote Northern Ireland in international markets. The new strategy will support investment, trade, tourism, agriculture, peace building and conflict resolution, and science and technology development.

18. Today we can announce that, as part of this Strategy, the Executive will be opening a Bureau Office in Beijing to further strengthen the government - to - government relations that have been established with China and to develop mutually beneficial opportunities for trade, tourism, research exchange and regional partnerships.

BUILDING GREATER LINKS BETWEEN THE GOVERNMENT AND THE NI EXECUTIVE TO HELP DRIVE PRIVATE SECTOR GROWTH

Joint Ministerial Task Force on Banking and Access to Finance

19. *Building a Prosperous and United Community* committed the Government and the Executive to consider how any specific constraints on access to finance for Northern Ireland businesses could be addressed.

20. A Ministerial Task Force on Banking and Access to Finance chaired by the Secretary of State for Northern Ireland and comprising the Financial Secretary to the Treasury, the Minister for Business and Enterprise, and the Northern Ireland Ministers for Finance and for Enterprise has now been constituted and met for the first time on 8 October. The Task Force will ensure that Northern Ireland's specific challenges are taken into account as the Government considers the way forward for banking across the UK.

21. Alongside the inquiry into banking in Northern Ireland currently being conducted by the Northern Ireland Affairs Committee, and work commissioned by the Executive from the NI Economic Advisory Group on the challenges posed by the structure of banking, we will ensure that Northern Ireland is taken into account as the Government considers the way forward on banking matters generally, including on the issues raised in the report of the Parliamentary Commission on Banking Standards. The Task Force will

examine whether tailored support is required for Northern Ireland's banks and how we can maximise support for businesses in Northern Ireland. We will also examine specific UK Government schemes aimed at ensuring businesses can access the finance they need to thrive and grow, to ensure that any Northern Ireland-specific issues are considered.

Cutting red tape to help Northern Ireland businesses

22. The Executive are progressing their review of business red tape in Northern Ireland. Discussions have been held with relevant stakeholders to identify the priority issues and the review will draw on best practice advice being provided by the UK Better Regulation Executive. This will complement ongoing work at both the UK and Northern Ireland levels aimed at ensuring the right balance is struck between freeing businesses from unnecessary bureaucracy and protecting people's rights, health and safety. The Executive aims to announce more on this initiative in coming weeks.

Boosting Exports and Investment

23. Invest NI is continuing to work with UK Trade and Investment officials based in Embassies, Consulate-Generals and High Commissions to ensure Invest NI delivers its Overseas Trade Events Programme. In June 2013 the UKTI Chief Executive visited Northern Ireland to explore the potential for further co-operation between the two agencies. Work is ongoing across a number of areas including involvement in UKTI's High Value Opportunities (HVO) programme and its supply-chain opportunities; and increased participation of Northern Ireland companies on UKTI Trade Missions and other export-focused events and initiatives.

24. Work is also ongoing to encourage a greater uptake of UK Export Finance schemes from Northern Ireland's banks and businesses. UKEF is also making improvements to its schemes to simplify processes and increase uptake.

UNLOCKING PROJECTS TO BOOST THE NORTHERN IRELAND ECONOMY

Start-up Loans

25. Young entrepreneurs can now access Start-up Loans through a number of Northern Ireland delivery partners to help set up their own businesses. The first loans have already issued – to date, a small number of loans have been supported, assisting design and technology businesses with vital start-up funding.

26. The scheme offers a way for many more young innovators and entrepreneurs to access finance, ensuring that their drive and enterprise is part of Northern Ireland's private sector in the future. The Executive and Government will continue to work together with delivery partners to increase awareness.

Unlocking private sector funding for infrastructure projects

27. We can announce that the Commercial Secretary to the Treasury, Lord Deighton, will host an Infrastructure Seminar in Belfast in the autumn aimed at exploring further ways in which the Government can support infrastructure investment by the private sector, through the UK Guarantees Scheme and other innovative funding models. The Strategic Investment Board and Infrastructure UK will publicise arrangements for the Seminar over the coming weeks.

28. The Government also remains open to considering projects in Northern Ireland, should they be put forward, which could benefit from the support provided by the Infrastructure Guarantee Scheme, aimed at kick-starting schemes stalled due to adverse credit conditions. We would encourage businesses and other bodies across Northern Ireland to consider whether they have projects which may qualify.

Creating a planning system that encourages economic growth

29. On 25 June, the Northern Ireland Assembly voted in favour of amendments to the Planning Bill which would, should the legislation be passed, permit the introduction of economically significant planning zones, and the restriction of judicial reviews which have, on occasion, been utilised as a means of holding back key projects with the potential to offer significant benefits to the communities in which they would be located.

Executive Asset Management Strategy

30. The Executive has agreed the Asset Management Strategy for Government. The Strategy includes recommendations to improve processes and deliver significant projects that will unlock value through more efficient and effective management of assets.

31. The Strategy will enable investment to be planned more strategically and advantage to be taken of potential savings from breaks in leasing costs of between £33m and £54m per year over the next 5 to 10 years. The additional value will be used to protect frontline services and invest further in infrastructure.

Common Travel Area - Visa Waiver Pilot

32. The UK Government continues to take forward work on developing a visa reciprocation pilot scheme with the Irish Government, subject to appropriate safeguards. This work is progressing well, and will include implementing changes to UK secondary legislation and the UK's immigration rules. It is hoped that these changes will be in place by April 2014. When launched, the pilot will help to maximise tourism and business activity between Northern Ireland and the Republic of Ireland for legitimate visitors.

FUTURE REPORTING ARRANGEMENTS

33. The *Building a Prosperous and United Community* package committed the Government and the Executive to holding an annual summit to report progress on implementation, and to publishing annual updates to the Northern Ireland Assembly and to Parliament. The next update will be published in summer 2014.

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