



Background Briefing on Invest NI

Yan Liu

6 October 2008

This briefing was prepared for the Committee for Enterprise, Trade and Investment. It provides information on the following:

- Historical background to the former LEDU, IDB and IRTU
- The rationale for establishing Invest NI
- The issues and concerns that were voiced with regard to the establishment of Invest NI
- The legislation that underpins the creation, role etc of Invest NI
- The aims and objectives of Invest NI and has there been a change in emphasis in this regard over the years - e.g has it become more export driven, has the definition of an Invest NI client changed over the years

Introduction

Invest NI is Northern Ireland's economic development agency. Established in April 2002 under the Industrial Development Act, it is a Non-Departmental Public Body operating under a private sector-led executive Board. Its sponsoring Department is the Department of Enterprise Trade and Investment (DETI).

Invest NI performs the functions previously carried out separately by the Industrial Development Board for Northern Ireland (IDB), the Local Enterprise Development Unit (LEDU), the Industrial Research and Technology Unit (IRTU), the Business Support Division of DETI and the tourist accommodation support functions of the Northern Ireland Tourist Board.

Invest NI supports business growth and inward investment, promotes innovation, research and development and in-company training, encourages exports and supports local economic development and business start-ups.

Historical background to the former LEDU, IDB and IRTU

The Local Enterprise Development Unit (LEDU) was the small business agency for Northern Ireland. It was formed in May 1971 to promote the establishment and expansion of small local enterprises with up to 50 employees. LEDU was a company limited by guarantee, without share capital and incorporated under Northern Ireland company law. It was, therefore, subject to a Memorandum and Articles of Association and the requirements of companies' legislation. LEDU was fully funded by the Department of Economic Development (DED) under Article 30 of the Industrial Development (Northern Ireland) Order 1982 from monies provided by Parliament¹.

The Industrial Development Board for Northern Ireland (IDB) was established under the Industrial Development (Northern Ireland) Order 1982. The IDB Executive was part of the Department of Enterprise, Trade and Investment and was charged with the task of encouraging industrial development in Northern Ireland, both by strengthening and expanding the existing industrial base and by seeking to attract new investment from abroad.

The Industrial Research and Technology Unit (IRTU) was established as an Executive Agency of the Department of Economic Development on 3rd April 1995, under the Government's Next Steps Initiative. IRTU administered grants to companies and the universities for the purposes of undertaking industrially related research and product development. IRTU also provided scientific and environmental services to companies and Government.

In April 2002 LEDU, IDB and IRTU became part of the new economic development agency, Invest Northern Ireland.

The rationale for establishing Invest NI

The decision to establish a new single agency at arm's length from Government is in line with consultation feedback in 2000². It highlighted strong support, particularly among the business community, for better and more efficient delivery of economic development support services through the establishment of a new single agency. The clear predominance of opinion was that the agency would have more flexibility and credibility and would be more responsive to the needs of its clients if it were to be at arm's length from Government³.

¹ Northern Ireland Executive Non-Development Public Bodies 1998 Report: Local Enterprise Development Unit. <http://www.archive.official-documents.co.uk/document/cm43/4334/4334-18.htm>

² The consultation process involved Assembly Ministers, the Enterprise, Trade and Investment Committee, the Economic Development Forum and Northern Ireland Public Services Alliance and was undertaken over the period October to December 2000.

³ Industrial Development Act (Northern Ireland) 2002, Explanatory Notes. http://www.opsi.gov.uk/legislation/northernireland/acts/acts2002/en/niaen_20020001_en.pdf

The issues and concerns that were voiced with regard to the establishment of Invest NI

During debate on the second stage of the Industrial Development Bill⁴ (the draft legislation for establishing Invest NI), the following points were raised:

- The Agency needs to build on past achievements
- It is very important to get the right person who has a high level of business experience and wider international experience at the top of the new agency.
- With regard to the broader policy environment, the agency should focus on raising the productivity, or output per head, of the Northern Ireland economy.
- The new agency should 'not simply be IDB with three additional arms flailing about wildly'. It should have a new philosophy and culture and should not be hampered by a heavy overlay of bureaucracy.
- Research and development should be 'at the top of our list of priorities'.
- The board should be representative of the community and should take gender balance into account.
- The aid provided by the new agency should have a better 'geographical balance'.

During debate on the further consideration stage of the Bill⁵, some further concerns were raised about the appointment of directors, the secondment arrangements for civil servants, and the make-up of the board. Specifically, it was noted that only one woman had been appointed to the board at that time and that there was an 'urban bias'.

The legislation that underpins the creation, role etc of Invest NI

The Industrial Development Act (Northern Ireland) 2002⁶ establishes a single economic development agency, Invest Northern Ireland (Invest NI), as a Non-Departmental Public Body (NDPB). It transfers the existing powers in the Industrial Development (NI) Order 1982 to Invest NI thereby allowing it to exercise broadly the functions within the current remit of the IDB, LEDU, IRTU, the Business Support Division (BSD) of DETI and the business support activities of the NITB. It also transfers the current assets and liabilities of the existing bodies. The Act amends the Industrial Development (NI) Order 1982, and related legislation underpinning the existing activities of the IDB, LEDU, IRTU and NITB.

⁴ Northern Ireland Assembly, Tuesday 3 July 2001.

⁵ Northern Ireland Assembly, Tuesday 4 December 2001.

⁶ Office of Public Sector Information, Industrial Development Act (Northern Ireland) 2002
http://www.opsi.gov.uk/legislation/northernireland/acts/acts2002/nia_20020001_en_1#11g1

The aims and objectives of Invest NI

In 2002, Invest NI's Mission was 'to accelerate economic development in Northern Ireland, applying expertise and resources to encourage innovation and achieve business success, increasing opportunity for all within a renewed culture of enterprise'⁷.

Objectives were to:

- Promote innovation in all its aspects, stimulate higher levels of R& D and design and improve knowledge transfer
- Achieve higher levels of growth by indigenous and externally-owned business
- Promote a more enterprising culture so as to raise the overall level and quality of business starts.
- Attract Higher-Quality, knowledge-based investment from outside Northern Ireland

Invest NI's mission has now changed 'to deliver expertise and resources to accelerate the creation and growth of business committed to and capable of, being entrepreneurial, innovative and international'⁸.

Its objectives have also changed to achieve:

- Improved competitiveness, increased skill levels and greater entrepreneurship amongst client companies
- A more positive attitude towards enterprise that stimulates increased and better quality business starts.
- Increased levels of R & D, innovation and commercialisation of research
- A more internationally focused economy with increased value-added activities stimulating increased export sales;
- Levels of new inward investment and reinvestment proportionally greater than the UK average

Invest NI now focuses its resources on helping its clients to be:

- Entrepreneurial;
- Innovative; and
- international

⁷ Invest Northern Ireland Annual Report and Accounts 2002-2003.

⁸ Invest Northern Ireland Annual Report and Accounts 2006-2007