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# Executive's Draft Investment Strategy for Northern Ireland: A preliminary examination against key principles underpinning public investment strategies

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In January 2022, The Executive Office published its Draft Investment Strategy for Northern Ireland (DISNI) for public consultation; prior to the February collapse of the Executive. This Briefing Paper seeks to inform the Committee for Education's discussion regarding the DISNI. It explains DISNI's contents and key principles to consider when developing such public investment strategies. Thereafter, it provides a preliminary analysis of how well the DISNI appears to comply with those principles. Such information seeks to increase the Committee's knowledge and understanding in the area.

This information is provided to MLAs in support of their Assembly duties, and is not intended to address the specific circumstances of any particular individual. It should not be relied upon as professional legal advice or as a substitute for it.

## Executive Summary

A key part of the Northern Ireland (NI) policy and strategy framework is the Executive's Investment Strategy. The Executive regularly revises its Strategy, factoring in the infrastructure needs of the NI economy. An agreed Investment Strategy after the consultation period will require Executive approval, however, it is unclear at present what will occur when the ongoing DISNI consultation concludes in 20 April 2022.

This Paper, commissioned by the Committee for Education (CE), provides information to support the CE's scrutiny of the Executive's Draft Investment Strategy for Northern Ireland (DISNI), which currently is out for public consultation. It outlines:

- An overview of the DISNI;
- Key principles when developing and implementing public investment strategies;
- Preliminary analysis of the DISNI against those principles, and;
- Concluding remarks.

### **An overview of the DISNI**

- The overarching goal of the DISNI is to provide a framework for planning and prioritising infrastructure investment over the coming decades. Its dual roles are: to define the outcomes of that investment; and, to set out the mechanisms that are to allow for greater collaboration, which in turn is to deliver projects in an efficient and effective way.
- The DISNI's five key objectives are to be achieved over the next decades, until 2050. Those objectives include: Decarbonising NI economy and society; Strengthening and protecting our essential services; Enhancing NI communities and places; Building a strong, connected and competitive region; and, Maximising the benefits from new technology and innovation.
- The funding of infrastructure over the coming years is expected to be considerably more than that which has been provided over the last decade. To ensure value-for-money (VFM), the DISNI suggests the development of criteria for prioritising projects. Over the medium-term, 10-year indicative capital allocations are to be provided. That is to give reassurance to stakeholders and allow for longer term planning.
- Transparency of information is a key theme of the DISNI. The aim is to increase interaction and accessibility for stakeholders. In addition, that is to allow for lessons learned to be incorporated as the DISNI – when finalised - moves forward. At the same time, it is to be ensured by the Executive that the ongoing delivery of existing projects are to align with the DISNI and other high-level

strategic objectives of the Executive. However how this will move forward post-election remains unclear.

## **Key principles when developing and implementing public investment strategies and DISNI's apparent compliance with them**

- Having considering public investment strategies, a number of international bodies have produced guidance and recommendations that they suggest should be considered when developing and implementing such strategies.
- Both the International Monetary Fund (IMF) and the Organisation for Economic Cooperation and Development (OECD) consider the development of an investment strategy to be key to ensuring public investment projects align with government priorities; while ensuring the delivery of scarce public funds to both areas of most need and projects that can be completed in a timely and cost-effective manner. The IMF and the OECD consider the alignment of strategic public investment and government budgets to be a core requirement for successful project delivery.
- The OECD produced 12 Principles that can be used to assess the strengths and weakness of public investment strategies. A preliminary analysis of the DISNI against those Principles identifies apparent areas in which there could be weaknesses in the DISNI; therefore, meriting further consideration to ensure future success.

## **Concluding remarks**

- The need for a new Investment Strategy for NI – agreed by the Executive – is apparent from across government, public bodies and stakeholders. In light of recent challenges to the NI economy, such as EU-exit and the COVID-19 pandemic, the DISNI aims to provide clarity regarding the development and growth of the NI economy in the decades ahead.
- However, with the current political uncertainties, including no Executive since February 2022, along with the up-coming Assembly elections in May 2022 and its currently unknown outcome, it is unclear as to what will occur when the ongoing DISNI consultation concludes in 20 April 2022.
- That uncertainty understandably raises questions in terms of “knock-on” effects, e.g. will projects not receive the requisite approval and/or funding guarantees they would require to proceed? The uncertainty is even more acute in a post-COVID Recovery Phase, as other economies move forward, e.g. will NI be left even further behind?

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## Introduction

In the current absence of a functioning Executive since February 2022 and the end of the current Assembly mandate swiftly approaching prior to the May 2022 Assembly elections, this Briefing Paper is prepared at the request of the Committee for Education (the Committee). It seeks to inform the Committee's discussion regarding the ongoing public consultation on the Executive's Draft Investment Strategy for Northern Ireland: Infrastructure 2050 (DISNI); issued in January 2022.<sup>1</sup> It first explains the DISNI's contents, and then key principles arising from international literature, to consider when developing and implementing such public investment strategies. Thereafter, it provides a preliminary examination of how well the DISNI appears to comply with those principles; followed by concluding remarks, including potential key issues for consideration. Such information seeks to increase the Committee's knowledge and understanding in the area.

The Paper uses four sections, to address the following:

1. An overview of the current DISNI;
2. Key principles when developing and implementing public investment strategies;
3. A preliminary analysis of how the DISNI comply with key principles, and;
4. Concluding remarks.

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<sup>1</sup> [Draft Investment Strategy for Northern Ireland](#)

# 1. Overview of DISNI

To contextualise subsequent sections in this Paper, below provides background information on the DISNI, using the following three subsections:

- 1.1 DISNI Objectives;
- 1.2 Funding and Financing; and,
- 1.3 Measuring Progress and Impact.

The ongoing DISNI consultation aims to solicit responses on how the Executive intends to invest in NI's infrastructure over the long term. It is to provide:<sup>2</sup>

*...a... framework for planning and prioritising infrastructure investment, defining the outcomes required of that investment and setting out the mechanisms, including greater collaboration that will ensure its efficient and effective delivery.*

The DISNI consultation is open until 20 April 2022. After it closes, it is intended that all responses are to be considered, including the Draft Equality Impact Assessment (EQIA) and Rural Needs Impact Assessment (RNIA), and subsequently a full analysis report is to be prepared. The DISNI consultation document states:

*Following consideration of all responses, including the draft EQIA and Rural Needs Impact Assessment (RNIA), a full analysis report will be prepared for Executive consideration.<sup>3</sup>*

## 1.1 DISNI 2050 Objectives

The Executive's vision for the DISNI is:

*We have the infrastructure that enables everyone to lead a healthy, productive and fulfilling life; that supports sustainable economic development and protects our environment.<sup>4</sup>*

The DISNI's underpinning key objectives are specified,<sup>5</sup> taking a 30-year approach, unlike previous public investment strategies in NI that set objectives over a 10-year period.

The DISNI sets out five key objectives that are to be achieved over the decades pursuant to the DISNI, once agreed. Each is explained below, along with the actions that the DISNI states are to address the identified issues noted in the consultation document. However, it is unclear at present what will occur when the ongoing DISNI consultation concludes in 20 April 2022.

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<sup>2</sup> [Draft Investment Strategy for Northern Ireland](#) Pg. 8

<sup>3</sup> [Draft Investment Strategy for Northern Ireland](#) Pg. 12

<sup>4</sup> [Draft Investment Strategy for Northern Ireland](#) Pg. 14

<sup>5</sup> <https://isni.wpengine.com/strategy/>

### 1.1.1 Objective 1: Decarbonise our economy and society

Objective 1 of the DISNI is to reduce our carbon footprint and transition to a greener economy and society; while “ensuring that this is regionally balanced and provides significant local employment and skills development opportunities across the region”.<sup>6</sup> To achieve this aim, the DISNI states:

*We will need to make significant changes to the way we live to achieve net zero carbon emissions by 2050. It is anticipated that the proposed Climate Change Act for Northern Ireland will set ambitious targets for the reduction in our emissions of carbon and other greenhouse gases. This will require change across every sector of our economy such as transport (land, air and sea), agriculture, energy, housing, and land.<sup>7</sup>*

The DISNI therefore concludes that:

*A key aspect for meeting our climate change targets will be decarbonisation – reducing greenhouse gas emissions in all sectors. Transport and agriculture are particularly important because together they account for more than half of the region’s emissions. To achieve decarbonisation of our economy and society by 2050 will require the use of new technologies, behavioural change and regulation.<sup>8</sup>*

The DISNI sets out five areas that need to be addressed to achieve decarbonisation, as outlined in Table 1 below:

**Table 1: Objective 1<sup>9</sup>**

We will:	What We Need To Do To Decarbonise Our Economy, Assets and Society
<b>Decarbonise our utilities</b>	by improving energy efficiency and diversified renewable energy generation, storage and distribution, including solar, hydrogen, off - and on-shore wind
<b>Develop a circular economy</b>	by establishing a coherent, resilient and robust waste management system and investing in facilities to reduce waste generation, increase recycling and reduce landfill and the export of waste
<b>Transition to sustainable homes</b>	by ensuring new-build properties are heated sustainably and retrofitting existing properties to ensure as many of them as possible over time reach Energy Performance Category A or better

<sup>6</sup> [Draft Investment Strategy for Northern Ireland](#) Pg. 24

<sup>7</sup> [Draft Investment Strategy for Northern Ireland](#) Pg. 24

<sup>8</sup> [Draft Investment Strategy for Northern Ireland](#) Pg. 24

<sup>9</sup> [Draft Investment Strategy for Northern Ireland](#) Pg. 28

<b>Decarbonise the transport sector</b>	by expanding the public rapid EV charging network for cars and other vehicles; investing in public transport and active travel; and transitioning the public sector fleet(s) to alternative fuels
<b>Improve our resilience to climate change</b>	by continuing to invest in flood prevention, alleviation and mitigation measures to improve the resilience of our critical infrastructure and to invest in coastal erosion adaptation

Source: DISNI, January 2022

### 1.1.2 Objective 2: Strengthen and protect our essential services

DISNI's Objective 2 is to achieve:

*Strong, efficient and effective public services that are responsive to needs are essential to deliver our ambitions for the region and to meet the expectations of our citizens.<sup>10</sup>*

Specifically, the DISNI identifies four areas that need to be addressed, in order to meet the desired outcome of Objective 2. They include:<sup>11</sup>

- Water and Wastewater Treatment;
- Health and Social Care;
- Education and Skills; and,
- Justice and Community Safety.

A summary of the approach taken to each area can be found below in Table 2. However, the DISNI indicates that these areas will need to be approached together; and they “will require a more collaborative and joined-up approach to planning and investment to avoid sub-optimal or ad hoc outcomes”.<sup>12</sup>

**Table 2: Objective 2<sup>13</sup>**

<b>We will:</b>	<b>What We Need To Do To Strengthen Our Essential Services</b>
<b>Strengthen secondary, primary and mental health care</b>	by investing in acute hospitals, in mental health and social care facilities and in the continued development of primary care hubs to provide high- quality, effective and efficient physical and mental healthcare

<sup>10</sup> [Draft Investment Strategy for Northern Ireland](#) Pg. 29

<sup>11</sup> [Draft Investment Strategy for Northern Ireland](#) Pg. 29 & 30

<sup>12</sup> [Draft Investment Strategy for Northern Ireland](#) Pg. 34

<sup>13</sup> [Draft Investment Strategy for Northern Ireland](#) Pg. 35

<b>Increase the efficiency and responsiveness of our health service</b>	by continuing to invest in the digital transformation of our health services and in our emergency services to improve their efficiency and effectiveness
<b>Invest in sustainable facilities for learning and education</b>	by a whole-system approach to rationalising and modernising our education estate to provide fit-for-purpose facilities for learning and skills that take account of the needs of our pupils, our businesses and the econ
<b>Increase our wastewater treatment capacity</b>	by investing in high-quality wastewater treatment facilities to ensure they are fit for purpose, support sustainable development, are efficient and meet rigorous environmental standards
<b>Invest in the transformation of our justice system</b>	by investing in technology and facilities that support the delivery of a modern, responsive justice system

Source: DISNI, January 2022

### 1.1.3 Objective 3: Enhance our communities and places

Objective 3 is to address issues identified in relation to Towns and Villages. The DISNI summarises the problem as:

*Too many towns and villages have experienced decline in recent years, with rising retail vacancy rates and under-utilised high streets. The reasons for this are complex. They include an increasing reliance on out-of-town shopping centres; the rise of online retail and services; low levels of residential accommodation; and discrepancies in business rates for high street shops. All these factors have been aggravated by Covid-19 restrictions, which reduced the number of people working in urban areas.<sup>14</sup>*

Specifically, the DISNI identifies four areas that need to be addressed in order to meet the desired outcome of Objective 3. In addition, some of the areas identified case-studies from other jurisdictions that may inform how the Executive address the areas identified. They include:<sup>15</sup>

- Regenerate our High Streets -  
Case Study  
- A New Future for Scotland's Town Centres / Town Centre First;<sup>16</sup>
- Sustainable and Active Transport -

<sup>14</sup> [Draft Investment Strategy for Northern Ireland](#) Pg. 36

<sup>15</sup> [Draft Investment Strategy for Northern Ireland](#) Pg. 37-41

<sup>16</sup> <https://www.gov.scot/publications/new-future-scotlands-town-centres/>

### Case Studies

- 15-minute City<sup>17</sup>
- Path of Health<sup>18</sup>
- Quiet Lanes;<sup>19</sup>
- Investing in Housing; and,
- Enhancing Cultural, Arts and Leisure Infrastructure and the Natural Environment.

How the Executive plans to do to address the areas identified is summarised in Table 3 below:

**Table 3: Objective 3<sup>20</sup>**

<b>We will:</b>	<b>What We Need To Do To Strengthen Our Essential Services</b>
<b>Strengthen secondary, primary and mental health care</b>	by investing in acute hospitals, in mental health and social care facilities and in the continued development of primary care hubs to provide high- quality, effective and efficient physical and mental healthcare
<b>Increase the efficiency and responsiveness of our health service</b>	by continuing to invest in the digital transformation of our health services and in our emergency services to improve their efficiency and effectiveness
<b>Invest in sustainable facilities for learning and education</b>	by a whole-system approach to rationalising and modernising our education estate to provide fit -for -purpose facilities for learning and skills that take account of the needs of our pupils, our businesses and the econ
<b>Increase our wastewater treatment capacity</b>	by investing in high-quality wastewater treatment facilities to ensure they are fit for purpose, support sustainable development, are efficient and meet rigorous environmental standards
<b>Invest in the transformation of our justice system</b>	by investing in technology and facilities that support the delivery of a modern, responsive justice system

Source: DISNI, January 2022

<sup>17</sup> <https://www.15minutecity.com/>

<sup>18</sup> <https://irishheart.ie/your-health/our-health-programmes/healthy-communities/slainte/>

<sup>19</sup> <https://www.legislation.gov.uk/ukpga/2000/38/contents>

<sup>20</sup> [Draft Investment Strategy for Northern Ireland](#) Pg. 43

### 1.1.4 Objective 4: Build a strong, connected and competitive region

Objective 4 sets out to address the economic weakness of the NI economy. The DISNI considers that:

*our economy has been characterised by long-term structural weaknesses and inequalities, further exacerbated by the pandemic. It suffers from poor productivity, relatively low wages, with too many lacking high-level skills or in need of reskilling; high rates of economic inactivity; and relatively low levels of investment in research, development and innovation.<sup>21</sup>*

Henceforth, the DISNI has identified five areas that need to be addressed in order to achieve the desired outcome in relation to Objective 4. Additionally, some of the areas identified a case-study from another jurisdiction, which may inform how the Executive is to address the areas identified. They include:<sup>22</sup>

- Our Strategic Road Network;
- Public Transport Services -  
Case Study
  - Greater Copenhagen & Skåne Committee (GCSC) – Øresund Region<sup>23</sup>;
- Ports, Harbours and Airports;
- Efficient Utility and Digital Networks; and,
- Unlock our Strategic Sites.

How the Executive plans to do to address the areas identified is summarised in Table 4 below:

**Table 4: Objective 4<sup>24</sup>**

We will:	What We Need To Do To Build a Strong, Competitive and Connected Region
<b>Improve connectivity on strategic corridors</b>	by continuing to invest in our strategic transport networks to ensure effective and efficient connectivity within and between regions (rail, road, air, port, active travel and digital/utility) and within key economic corridors such as the Belfast–Dublin corridor

<sup>21</sup> [Draft Investment Strategy for Northern Ireland](#) Pg. 44

<sup>22</sup> [Draft Investment Strategy for Northern Ireland](#) Pg. 45-49

<sup>23</sup> <http://www.oresundskomiteen.org/greater-copenhagen-and-skane-committee/>

<sup>24</sup> [Draft Investment Strategy for Northern Ireland](#) Pg. 50

<b>Strengthen our public transport networks</b>	by maintaining and strengthening our inter-urban, urban and rural public transport networks, including the expansion of the rapid transit system within Belfast
<b>Maintain strong utility and digital connectivity</b>	by encouraging and supporting investment in our utility and digital networks to ensure individuals, communities and businesses throughout the region can maximise the benefits networks can offer with world class digital and telecom connectivity
<b>Leverage key strategic development sites</b>	by facilitating the development of strategic sites, such as Maze/Long Kesh, to maximise economic opportunities and act as exemplars for sustainable, multi-use developments

Source: DISNI, January 2022

### 1.1.5 Objective 5: Maximise the benefits from new technology and innovation

Objective 5 - while acknowledging NI already has begun the process of “transforming and modernising our public services”<sup>25</sup> - it concedes that too much of NI’s public sector is still reliant on paper-based or ageing IT systems, which are often fragmented and hard to use.<sup>26</sup>

Nonetheless, relative to this Objective, the DISNI considers that technological change is fast moving and has the ability to “profoundly change infrastructure” in terms of:<sup>27</sup>

- Embedding Technology into infrastructure assets so that NI can monitor and improve their performance;
- System Integration and Management – optimising infrastructure networks so that we can improve their utilisation;
- Technology affecting how people and businesses use current infrastructure; and,
- Innovative Technology that will change future demand for and supply of infrastructure, in some cases make existing infrastructure obsolete, in others changing the way infrastructure is designed, built and operated.

Subsequently, the DISNI identifies six areas that need to be addressed in order to achieve the desired outcome of Objective 5. They include:<sup>28</sup>

<sup>25</sup> [Draft Investment Strategy for Northern Ireland](#) Pg. 51

<sup>26</sup> *ibid*

<sup>27</sup> [Draft Investment Strategy for Northern Ireland](#) Pg. 52

<sup>28</sup> [Draft Investment Strategy for Northern Ireland](#) Pg. 53-55

- Digitisation of Public Service Interfaces;
- Upgrade of Public Sector data/Digital Infrastructure;
- New Analytics to Maximise the Value of Data;
- Smart Cities/Sensors;
- Network Risks and Security; and,
- Offsite Manufacturing and New Materials.

How the Executive plans to do to address the areas identified is summarised in Table 5 below:

**Table 5: Objective 5<sup>29</sup>**

<b>We will:</b>	<b>What We Need To Do To Maximise The Benefits From Emerging Technologies</b>
<b>Digitise public service access points</b>	by targeting the digitisation of public interfaces to our core public services, where appropriate, in order to use technology to improve accessibility, reduce transaction times, enhance service provision and responsiveness, drive up service quality and meet user expectations
<b>Upgrade the public service digital infrastructure</b>	by focusing investment on upgrading core enterprise systems to reduce operational delivery costs, modernise and streamline workflows and transform service delivery; this will include a heavy emphasis on smart technology, leveraging smart devices and artificial intelligence
<b>Take advantage of data analytics and data science</b>	by investing in our data management and analytics infrastructure, recognising data as a valuable public sector asset, and strengthening the capacity and capability of our public services to make decisions at all levels informed by evidence derived from analysis of data
<b>Improve information security and network resilience</b>	by working collaboratively with industry and academia to ensure effective investment in strengthening our network resilience and security

Source: DISNI, January 2022

<sup>29</sup> [Draft Investment Strategy for Northern Ireland](#) Pg. 56

## 1.2 Funding and Financing

The DISNI explains its rationale regarding the scale of funding required to implement the specified objectives as follows:

*The scale of investment required to maintain our existing infrastructure and provide for our future needs and ambitions will be significantly higher in real terms than the £1.2–£1.4 billion per annum typically invested over the past 10-year.<sup>30</sup>*

The DISNI states that to optimise investment in the coming years, the Executive will need to:

- Prioritise investment to areas with the most need;
- Maximise and co-ordinate the public and private sources of finance to help us deliver our goals; and,
- Ensure that sufficient delivery capacity exists within the public, private and community sectors to ensure that we invest in projects that can be delivered on time and on budget.

The DISNI explains that the Executive intends to develop a prioritisation framework that will inform the “Infrastructure Investment Plan”. It states that a number of criteria are to be considered in the development of such a framework:

- Does the proposed investment support the achievement of the objectives of the Programme for Government (PfG) and the priorities of the Investment Strategy?
- Will the investment be sustainable and resilient?
- Is the proposed investment inclusive and equitable/equal?
- Is the proposed investment affordable?
- Is the proposed investment prepared for delivery?

### 1.2.1 Investment Planning

The Executive is to develop a “Medium-Term Infrastructure Finance Plan” (MTIFP), which is to set out how the investment public projects are to prioritise, fund and deliver the plans. The DISNI states that:

*In recent years, long-term investment planning has been hampered by immediate-term (1-3 year) budget settlements. This has inhibited our*

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<sup>30</sup> [Draft Investment Strategy for Northern Ireland](#) Pg. 59

*ability to plan on a multi-year basis and has tended to favour smaller and less strategic investments that can be delivered in the shorter timeframe.*<sup>31</sup>

It explains that the MTIFP is to:

- cover a rolling 10-year period, and be updated each year in line with the NI Budget process;
- commence with confirmed Capital Departmental Expenditure Limits (CDEL) for all departments and related public bodies, in line with committed Her Majesty's Treasury Spending Review allocations to the Executive, and consistent with the NI Budget and this Investment Strategy;
- be supplemented by an assumption of indicative capital allocations for years beyond the Budget, up to and including Year 10;
- include an assessment of all other sources of public finance, such as Reinvestment and Reform Initiative (RRI), borrowing Financial Transactions Capital (FTC) loan finance or equity, external public funding (United Kingdom (UK), Republic of Ireland (RoI) and International);
- include an assessment of potential private finance, where this does not unduly impact on the Executive budget and risk appetite; and,
- consider the revenue costs associated with pre-development and operational management.

As a consequence of the priorities and resources that will be set out in the MTIFP, the outgoing Executive intended that the incoming Executive post-May 2022 Assembly elections is to publish a new "Executive Infrastructure Investment Plan". That Plan is to set out on-going, planned and expected projects that are to commence over the next 10-year period, beginning in 2022. The DISNI summarises this as:

*We intend that the initial Executive Infrastructure Investment Plan (including the Finance Plan) should be delivered by the end of 2022 and cover the period to 2032, reflecting both existing commitments and new investment programmed for that period.*<sup>32</sup>

The outgoing Executive intended that the Plan is to provide greater clarity and visibility of project proposals, including for the Executive departments, construction sector and investors.

### 1.3 Measuring Progress and Impact

In consultation with organisations and citizens, the Executive acknowledges there is interest in infrastructure and investment decisions. Therefore, the Executive plans to

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<sup>31</sup> [Draft Investment Strategy for Northern Ireland](#) Pg. 62

<sup>32</sup> [Draft Investment Strategy for Northern Ireland](#) Pg. 63 (accessed 27<sup>th</sup> January 2022)

expand and develop the current delivery tracking system, with the aim of allowing more interaction and increased accessibility to a wider audience. To achieve that aim, there is to be a future tracking system, which is to include:<sup>33</sup>

- **A forward look** – to provide information and certainty for the construction industry so they can plan:
  - What is likely to be invested in, by whom and when. This is to be searchable, for example by location, by type of project, scale of expenditure, procurement route, and current status (e.g., business case, planning, design, etc.).
  - Users are to be able to request alerts, and get clear information on how to bid.
- **Performance monitoring** – to ensure project delivery to both time and budget; and, if not, to enable understanding as to why; and thereby enable remedial actions can be taken. Implementation of a new portfolio management system is to ensure there is a single, accurate, consistent and timely picture of the state of each major project. That is to be accessible to the Executive, Ministers, Assembly Committees, officials, the private sector and citizens. It is to be searchable, with access to downloadable data; complemented by interactive dashboards. All is to be available through the Investment Strategy website.
- **Retrospective impact assessment** – to undertake such assessment of the infrastructure investment, which is linked with the PfG outcomes delivery framework (when approved) and other high-level strategic objectives, such as the 10x Economic Strategy, Green Growth Strategy, the Energy Strategy, the Environment Strategy, the Housing Supply Strategy and Anti-Poverty Strategy. Key performance metrics are to be agreed to allow for ongoing monitoring of Executive/departmental infrastructure investment.

## 2 Key principles when developing and implementing public investment strategies

This section turns to a selection of international literature addressing public investment management and related strategies; first highlighting salient features arising from those sources (subsection 2.1).

### 2.1 Key principles arising from select international literature

The literature discussed below has been researched and compiled by: The International Monetary Fund (IMF) and the OECD.

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<sup>33</sup> [Draft Investment Strategy for Northern Ireland](#) Pg. 68

### 2.1.1 IMF

When considering public investment management, the IMF in a working paper - entitled "Investing in Public Investment" - identified four major consecutive phases to efficient public investment:

*...strategic guidance and project appraisal; project selection; project management and implementation; and project evaluation and audit.*<sup>34</sup>

Of the first of these phases - namely Strategic Guidance - the IMF explains that the reason why governments develop and implement such strategies. In particular, the IMF states that:

*...strategic guidance for public investment is an important starting point to anchor government decisions and to guide sector-level decision-makers.*<sup>35</sup>

It further continues:

*...[s]trategic guidance ensures that investments are chosen based on development policy priorities.*<sup>36</sup>

In separate piece of work produced by the IMF – entitled "Making Public Investment More Efficient"<sup>37</sup> – the IMF explains that it is important to provide a historical context for strategic planning:

*...[s]trategic planning of investment fell out of favour in advanced economies in the 1960s and 1970s, during which time investment decisions were devolved to line ministries, agencies, and public corporations, but has recently been revived in a number of countries.*<sup>38</sup>

Continuing, the IMF states:

*The aim ..... of centralized investment planning is to target scarce funds to key infrastructure bottlenecks, ensure that investment projects comply with rigorous standards of evaluation; establish a pipeline of strategically important projects to be financed through public, private, or hybrid financing mechanisms; share expertise in project management; and track project execution.*<sup>39</sup>

Moreover, the IMF consider a key feature of good strategic investment planning to be the integration of strategic investment planning and budgeting. It states:

*While most countries publish national or sectoral investment strategies, many are only weakly linked to the budget planning, project appraisal or*

<sup>34</sup> <https://www.imf.org/external/pubs/ft/wp/2011/wp1137.pdf> Pg. 7

<sup>35</sup> Ibid Pg. 8

<sup>36</sup> Ibid

<sup>37</sup> <https://www.imf.org/external/np/pp/eng/2015/061115.pdf>

<sup>38</sup> <https://www.imf.org/external/np/pp/eng/2015/061115.pdf> Pg.26

<sup>39</sup> ibid

*project selection processes. However, Chile, Korea, and the United Kingdom provide good examples of integrated approaches to strategic investment planning and budgeting.*<sup>40</sup>

Additionally, the IMF recommend that sector strategies “include measurable targets for the outputs and outcomes of investment projects”.<sup>41</sup> For example, an output measurable target may be the number of miles of roads constructed, and then the outcome would be a measured reduction in traffic congestion.

At the Implementation stage of a public investment project, the IMF explain that if institutions ensure projects are fully funded, transparently monitored and effectively managed, projects can be delivered in a “timely and cost effective” manner.<sup>42</sup>

### 2.1.2 OECD

Similar to the IMF, in the wake of the global financial crisis in the mid to late 2000s, and the financial consolidation that occurred across many countries thereafter, the OECD published “Recommendations on Effective Public Investment” on 12 March 2014.

The Committee for Education may wish to note that by definition, an OECD recommendation, is “an .... instrument approved by the Council that results in international norms and standards, best practices and policy guidelines.”<sup>43</sup> As such, the 2014 Recommendation has created a standard in public investment that the major Western Economies, including the UK agreed to; thereby creating a standardisation in how to approach public investment.

The 2014 Recommendation states that:

*The purpose of the Recommendation on Effective Public Investment Across Levels of Government is to help governments at all levels assess the strengths and weaknesses of their public investment capacity, using a whole-of-government approach, and set priorities for improvement.*<sup>44</sup>

The Recommendation is premised on three pillars:

- **Pillar A:** *Co-ordinate public investment across levels of government and policies. This pillar focuses on the importance of seeking and creating complementarities in policies and programmes across policy sectors, vertically across levels of government, and horizontally among sub-national governments to increase the effectiveness of public investment;*<sup>45</sup>

<sup>40</sup> <https://www.imf.org/external/np/pp/eng/2015/061115.pdf> Pg.37

<sup>41</sup> <https://www.imf.org/external/np/pp/eng/2015/061115.pdf> Pg.59

<sup>42</sup> Ibid Pg. 21

<sup>43</sup> <https://www.oecd.org/cfe/regionaldevelopment/Principles-Public-Investment.pdf> Pg. 1

<sup>44</sup> <https://www.oecd.org/cfe/regionaldevelopment/Principles-Public-Investment.pdf> Pg.7

<sup>45</sup> ibid

- **Pillar B:** *Strengthen capacities for public investment and promote policy learning at all levels of government. This pillar highlights different capacities that should be present at all levels of government to bolster conditions for effective investment and to promote continuous improvement from the strategic selection of investment to its execution and monitoring,<sup>46</sup> and,*
- **Pillar C:** *Ensure proper framework conditions for public investment at all levels of government. This pillar emphasises the importance of good practices in fiscal decentralisation, public financial management, public procurement, and regulatory quality at all levels of government.<sup>47</sup>*

It is notable that in the first point of Pillar A, the emphasis is on the need to “**Invest using an integrated strategy tailored to different places**”.<sup>48</sup> As part of this Pillar, the OECD elaborates further; providing three actions points that it states are to be proactively considered when producing and implementing an investment strategy – namely:

- i) *Design and implement investment strategies tailored to the place the investments aim to serve. Public investment choices should be linked to a development strategy based on assessment of regional (or local) characteristics, competitive advantages, growth, innovation, and job creation potential, and considerations of equity and environmental sustainability. Investment strategies should be results-oriented (with clearly defined policy goals), realistic and well-informed (based on evidence that points to the region’s or locality’s ability to make fruitful use of investments), and forward-looking (with investments that can position regions and localities for competitiveness and sustainable development in the context of global trends).<sup>49</sup>*
- ii) *Seek complementarities and reduce conflicts among sectoral strategies. Mutually reinforcing impacts in the form of policy complementarities are often required to make the most of public investment. At higher levels of government, such complementarities can be facilitated by a) using strategic frameworks for public investment to align objectives across ministries and levels of government; and b) minimising administrative barriers through co-ordination mechanisms such as, but not limited to, inter-ministerial committees and*

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<sup>46</sup> *ibid*

<sup>47</sup> *ibid*

<sup>48</sup> <https://www.oecd.org/cfe/regionaldevelopment/Principles-Public-Investment.pdf> Pg.9

<sup>49</sup> *ibid*

*programmes, and harmonisation of programme rules. Governments can also establish joint investment funds that pool monies across public agencies/ministries to encourage consideration of a broader set of priorities.<sup>50</sup>*

- iii) Encourage the production of data at the relevant sub-national scale to inform investment strategies and produce evidence for decision-making. Such data may be collected by statistical agencies but also from administrative records, other data sources, and citizens themselves.<sup>51</sup>*

Moreover, within the OECD Recommendation, there are 12 Principles for Effective Public Investment. The OECD explains:

*...[t]he purpose of the principles set out in the Recommendation is to help governments at all levels to assess the strengths and weaknesses of their public investment capacity, a critical shared responsibility across levels of government, and set priorities for improvement.<sup>52</sup>*

Those 12 OECD Principles are outlined below in Table 7, along with provides a list of good practice examples:

**Table 7: OECD 12 Principles for Effective Public Investment & Good Practice Examples<sup>53</sup>**

Principle	Good Practice Examples for Each Principle
<p><b>Principle 1.</b> <b>Invest using an integrated strategy tailored to different places</b></p>	<ul style="list-style-type: none"> <li>• Link public investment to assessment of regional (or local) characteristics and growth factors</li> <li>• Seek complementarities among sector strategies (e.g. via inter-departmental/ministerial committees and programmes, harmonisation of programme rules or joint investment pools)</li> <li>• Review policies at an early stage to ensure territorial issues are adequately considered</li> <li>• Generate and use spatially-relevant data for investment planning</li> </ul>

<sup>50</sup> *ibid*

<sup>51</sup> *ibid*

<sup>52</sup> *ibid*

<sup>53</sup> <https://www.oecd.org/cfe/regionaldevelopment/Principles-Public-Investment.pdf> Pg.25 & 26

<p><b>Principle 2.</b></p> <p><b>Adopt effective co-ordination instruments across national and sub-national governments</b></p>	<p><b>Consider:</b></p> <ul style="list-style-type: none"> <li>• National territorial representatives</li> <li>• Nationally-funded regional development agencies</li> <li>• Contracts/formalised agreements between levels of government</li> <li>• National strategies with clear goals for public investment</li> <li>• Co-financing arrangements between levels of government</li> <li>• Formal consultation of sub-national governments</li> <li>• Platforms for regular inter-governmental dialogue</li> </ul>
<p><b>Principle 3.</b></p> <p><b>Co-ordinate among sub-national governments to invest at the relevant scale</b></p>	<ul style="list-style-type: none"> <li>• Consider flexible co-ordination arrangements such as:             <ol style="list-style-type: none"> <li>1) establishment of joint authorities;</li> <li>2) co-ordinated investment strategies;</li> <li>3) polycentric co-operation in urban areas;</li> <li>4) urban-rural partnerships;</li> <li>or 5) platforms for cross-jurisdictional dialogue and co-operation</li> </ol> </li> </ul>
<p><b>Principle 4.</b></p> <p><b>Assess upfront the long-term impacts and risks of public investment</b></p>	<ul style="list-style-type: none"> <li>• Use technically sound appraisals, with more rigorous assessment for larger or risky projects</li> <li>• Take advantage of expertise in organisations with independent experience and a good reputation for technical analysis</li> <li>• Use independent assessments of ex ante appraisals</li> <li>• Circulate guidelines for project appraisal at all levels of government</li> </ul>
<p><b>Principle 5.</b></p> <p><b>Engage stakeholders throughout the investment cycle</b></p>	<ul style="list-style-type: none"> <li>• Develop and implement a stakeholder engagement plan</li> <li>• Make investment information publicly available in a timely and visible way</li> <li>• Ensure engagement procedures are transparent and consistent with the OECD Principles for Transparency and Integrity in Lobbying</li> </ul>
<p><b>Principle 6.</b></p> <p><b>Mobilise private actors and financing institutions to diversify sources of funding and strengthen capacities</b></p>	<ul style="list-style-type: none"> <li>• Ensure financing arrangements reflect capacities for effective public investment management, with bottlenecks identified and clear guidance on steps to address them</li> <li>• Base decisions about Public-Private Partnerships (PPPs) on value-for-money (VFM) compared to traditional procurement</li> <li>• Properly account for and disclose all costs, guarantees and other contingent liabilities of PPPs in budget documents</li> </ul>

<p><b>Principle 7.</b></p> <p><b>Reinforce the expertise of public officials and institutions involved in public investment</b></p>	<ul style="list-style-type: none"> <li>• Distribute guidance documents in areas such as planning, project appraisal, procurement, or monitoring and evaluation</li> <li>• Promote open, competitive hiring and merit-based promotion as well as policies such as special pay scales for areas of needed technical expertise</li> <li>• Create special public agencies accessible to multiple jurisdictions in areas of needed expertise (e.g. PPP units, regional development agencies)</li> <li>• Use common e-government platforms to narrow gaps in capacity across regions or localities and facilitate bench learning</li> </ul>
<p><b>Principle 8.</b></p> <p><b>Focus on results and promote learning from experience</b></p>	<ul style="list-style-type: none"> <li>• Use monitoring systems to track performance, emphasising progress toward outcomes</li> <li>• Establish a manageable set of common indicators for sub-national reporting</li> <li>• Require and/or co-finance ex post evaluations</li> <li>• Incorporate lessons identified into subsequent investment decisions</li> <li>• Use a range of instruments to encourage results</li> </ul>
<p><b>Principle 9.</b></p> <p><b>Develop a fiscal framework adapted to the investment objectives pursued</b></p>	<ul style="list-style-type: none"> <li>• Link the use of earmarked and matching intergovernmental grants to positive spill overs and/or the need to align investment priorities across levels of government</li> <li>• Review the incentive effects of transfer arrangements to ensure adequate incentives for sub-national governments to maximise own-revenues</li> <li>• Ensure timely, predictable transfers between levels of government</li> <li>• Minimise the variance between estimated and actual transfers</li> </ul>
<p><b>Principle 10.</b></p> <p><b>Require sound and transparent financial management at all levels of government</b></p>	<ul style="list-style-type: none"> <li>• Co-ordinate public investment decisions with medium-term budget forecasts</li> <li>• Assess and plan for operations and maintenance costs of infrastructure investment</li> <li>• Disclose costs and contingent liabilities for PPPs in budget documents</li> <li>• Make information regarding public investment expenditures transparent and publicly available</li> </ul>
<p><b>Principle 11.</b></p> <p><b>Promote transparency and strategic use of public procurement at all levels of government</b></p>	<ul style="list-style-type: none"> <li>• Collaborate for procurement (e.g. purchasing alliances, networks, framework agreements, central purchasing bodies)</li> <li>• Use e-government tools to simplify and harmonise procurement practices</li> <li>• Professionalise procurement</li> </ul>

**Principle 12.**

**Strive for quality and consistency in regulatory systems across levels of government**

- Co-ordinate regulatory policy across levels of government, e.g. via inter-governmental platforms, mutual recognition policies, regulatory harmonisation agreements and regulatory uniformity agreements
- Review the stock of regulation regularly, assessing costs and benefits of new regulations and taking compliance costs for sub-national governments into account

### 3. Comparative analysis of DISNI against internationally agreed principles

This section provides a preliminary analysis of how the DISNI complies with the OECD Principles explained in Section 2. Such examination could constructively help to inform the Committee's consideration of the DISNI, including its development and implementation.

To aid the committee's scrutiny of the DISNI, Table 8 provides the OECD principles that should be considered to ensure successful formulation and outcome delivery of the strategy. These principles have then been compared to the DISNI, with consideration as to where the strategy has a stated action or policy that relates to the relevant OECD Principle.

This section also provides commentary of how pre-existing strategies, policies and budgetary proposals both at a NI and UK Government level may impact on the DISNI. This analysis focuses specifically those factors relevant to the Department of Education and the influence of UK centrally administered funds.

It should be noted that Table 8 below provides a preliminary analysis. It is not intended to be exhaustive. Rather, it is to start informing the Committee's consideration in this area during the ongoing TEO consultation exercise. The conclusion of that process and replies received will merit further consideration, as will any further DISNI-related proposals and decisions taken therefrom.

**Table 8: OECD 12 Principles for Effective Public Investment and the DISNI<sup>54</sup>**

Principle	Examples of Principle applied in DISNI	Analysis/Observations
<p><b>Principle 1.</b></p> <p><b>Invest using an integrated strategy tailored to different places</b></p>	<p><i>...[S]olutions will be increasingly complex, and require a cross-departmental, inter-jurisdictional and more joined-up approach to planning, investment, delivery and monitoring.</i></p> <p>And:</p> <p><i>Impact assessment of the infrastructure investment, linking with the PFG outcomes delivery framework (when approved) and other high-level strategic objectives such as the 10x Economic Strategy, Green Growth Strategy, the Energy Strategy, the Environment Strategy, the Housing Supply Strategy and Anti-Poverty Strategy. Key performance metrics will be agreed to allow for ongoing monitoring of our infrastructure investment.</i></p>	<p>The DISNI has made specific reference to a number of strategies that are currently being taken forward. These are longer-term strategic visions, covering a vast section of the NI economy, environment and society; and therefore require significant inter-departmental co-operation. The strategies named in the DISNI include:</p> <ul style="list-style-type: none"> <li>• <b>Green Growth Strategy<sup>55</sup></b> - The Strategy, still currently in draft form, is intended to establish the Executive’s “Green Growth vision and principles and sets out our commitments to tackling the climate crisis. A detailed Climate Action Plan is currently being developed, which will set out what we will do to deliver.”<sup>56</sup></li> <li>• <b>10X Economy<sup>57</sup></b>- The Strategy will focus on the core technologies and clusters where Northern Ireland can be a global leader within the next decade.<sup>58</sup></li> <li>• <b>Energy Strategy<sup>59</sup></b> - The Strategy’s “overall goal is to achieve net zero carbon and affordable energy for all”.<sup>60</sup></li> <li>• <b>Environment Strategy<sup>61</sup></b> - The Strategy “will form the basis for a coherent and effective set of interventions that can deliver real improvements in the quality of the environment.”<sup>62</sup></li> <li>• <b>Housing supply Strategy<sup>63</sup></b> - Currently in draft form, the Strategy sets out a long-term framework to tackle challenges around housing supply, including affordability, accessibility, housing stress and homelessness.</li> </ul>

<sup>54</sup> <https://www.oecd.org/cfe/regionaldevelopment/Principles-Public-Investment.pdf> Pg.25 & 26

<sup>55</sup> [https://www.daera-ni.gov.uk/sites/default/files/consultations/daera/Green%20Growth\\_Brochure%20V8.pdf](https://www.daera-ni.gov.uk/sites/default/files/consultations/daera/Green%20Growth_Brochure%20V8.pdf)

<sup>56</sup> ibid

<sup>57</sup> <https://www.economy-ni.gov.uk/sites/default/files/publications/economy/10x-economy-ni-decade-innovation.pdf>

<sup>58</sup> <https://www.economy-ni.gov.uk/sites/default/files/publications/economy/10x-economy-summary.pdf> Pg.10

<sup>59</sup> <https://www.economy-ni.gov.uk/sites/default/files/publications/economy/Energy-Strategy-for-Northern-Ireland-path-to-net-zero.pdf>

<sup>60</sup> Ibid Pg.4

<sup>61</sup> <https://www.daera-ni.gov.uk/sites/default/files/consultations/daera/Draft%20Environment%20Strategy.PDF>

<sup>62</sup> Ibid Pg.6

<sup>63</sup> [https://www.communities-ni.gov.uk/sites/default/files/consultations/communities/dfc-housing-supply-strategy-report\\_0.pdf](https://www.communities-ni.gov.uk/sites/default/files/consultations/communities/dfc-housing-supply-strategy-report_0.pdf)

	<p>And:</p> <p><i>...to ensure we are delivering projects to time and to budget; and, if not, to enable us to understand why so that remedial actions can be taken. We will implement a new portfolio management system that will ensure there is a single, accurate, consistent and timely picture of the state of each major project. This will be accessible to the Executive, Ministers, Assembly Committees, officials, the private sector and citizens. Searchable and downloadable data, complemented by interactive dashboards, will be available through the Investment Strategy website.</i></p>	<ul style="list-style-type: none"> <li>• <b>Anti-poverty Strategy</b> - There is a statutory obligation in section 28E of the Northern Ireland Act 1998 for the Executive to “adopt a strategy setting out how it proposes to tackle poverty, social exclusion and patterns of deprivation based on objective need”. Work on the development of the Anti-Poverty Strategy continues.”<sup>64</sup></li> <li>• <b>To be noted in reference to DE</b> – The Department of Education (DE) and the Department for the Economy (DfE) are currently in the process of developing a joint 14-19 strategy. In response the Draft Executive Budget (DEB), the Committee for the Economy noted that the current DEB proposals would draw into question funding for strategies including 14-19.<sup>65</sup></li> <li>• <b>The Strategic Investment Board (SIB)</b> – The SIB has “the statutory function to develop the Investment Strategy. Consistent with this, it will ensure the ongoing development, application and monitoring, reporting and review of the strategy.”<sup>66</sup> In addition to this role, SIB also acts “as centre of expertise in the public sector on data and digital innovation.”<sup>67</sup> Of note, in regards Principle 1, SIB has a Data Analytics Research and Exploitation team, which undertakes “work rang[ing] from development of appropriate organisational data strategies, to implementation planning and delivery.”<sup>68</sup> One function includes: <ul style="list-style-type: none"> <li><i>“use of advanced statistical modelling (including machine learning and artificial intelligence techniques) to extract maximum value from public sector data, particularly for forecasting and rapid scenario evaluation...”</i><sup>69</sup></li> </ul> </li> </ul>
<p><b>Principle 2.</b></p> <p><b>Adopt effective co-ordination instruments across national and</b></p>	<p><i>Given our geographical location, we need to maintain strong connectivity internationally, nationally and locally.</i><sup>70</sup></p>	<p>The UK Government is able to provide funding for Public Investment projects outside of the scope of the Executive and therefore by extension the DISNI. At present there are a number of UK Centrally Administered Funds that will be available, at least over the early stages of the DISNI. How these will be co-ordinated in relation to DISNI requires further investigation. Specifically, these funds present uncertainties for devolved administrations, as they will be administered centrally by the UK</p>

<sup>64</sup> <https://www.communities-ni.gov.uk/articles/poverty-policy>

<sup>65</sup> Email to PFSU from the Clerk of the CfE - 24/01/2022

<sup>66</sup> [Draft Investment Strategy for Northern Ireland](#) Pg. 72

<sup>67</sup> <https://sibni.org/sib-data-and-digital/>

<sup>68</sup> *ibid*

<sup>69</sup> *ibid*

<sup>70</sup> [Draft Investment Strategy for Northern Ireland](#) Pg. 44

<p><b>sub-national governments</b></p>	<p>And</p> <p><i>The emergence of Smart Cities and the Internet of Things must be fully integrated across policy areas, ensuring smart technologies play a central role in enabling connected regional and national infrastructure such as transport, energy and water, and linking these technologies and data sets to deliver improved city, region and central government services.<sup>71</sup></i></p> <p>And:</p> <p><i>The development of the Investment Strategy has coincided with the UK's Union Connectivity Review. An emerging recommendation of the Review is the development of a new UK Strategic Transport Network. This will achieve better management of the flow of people and goods between UK regions and improve the partnership working between the UK government and devolved administrations. As well as</i></p>	<p>Government, cut across matters that are devolved and have been developed prior to the publication of the DISNI. The following considers some of those currently active UK Centrally Administered Funds:</p> <ul style="list-style-type: none"> <li> <p><b>Levelling Up Fund</b> - In the 2020 Spending Review, the UK Government announced the Levelling Up Fund, with the intention to “focus on capital investment in local infrastructure.”<sup>74</sup> As part of the commitment, the Chancellor announced at least £800m across the devolved nations of the UK. While in England, Wales and Scotland, the approach to the fund would be the same in that “funding will be delivered through local authorities.”<sup>75</sup> And in the case of the devolved regions, “The Scottish and Welsh Territorial Offices would be consulted in the assessment of relevant bids.”<sup>76</sup></p> </li> <li> <p>However, the UK Government has decided to take a different approach in Northern Ireland, which “takes account of the different local government landscape”<sup>77</sup>. The White Paper explains that:</p> <p style="text-align: center;"><i>A different approach is being taken in Northern Ireland. The UK Government will accept bids at the most local level, from a range of local applicants, including but not limited to businesses, voluntary and community sector organisations, district councils, the Northern Ireland Executive and other public sector bodies.<sup>78</sup></i></p> </li> <li> <p>As previously stated, the Devolved Administrations are to share £800m over the four years, from 2021-22 to 2024-25. Specifically: For the first round of funding, “at least 9% of total UK allocations will be set aside for Scotland, 5% for Wales, and 3% for Northern Ireland.”<sup>79</sup> On 27 October 2021, the UK Government allocated £1.7 billion (bn) in its first tranche of funding; of which NI received 3% of the allocation. In this first round, the decision-making explanatory note<sup>80</sup> detailed the breakdown of the NI bids as follows:</p> </li> </ul>
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<sup>71</sup> [Draft Investment Strategy for Northern Ireland](#) Pg. 54

<sup>74</sup> [Levelling Up - Prospectus](#) Pg. 4

<sup>75</sup> [Levelling Up - Prospectus](#) Pg. 4

<sup>76</sup> [Levelling Up - Prospectus](#) Pg. 4

<sup>77</sup> [Levelling Up - Prospectus](#) Pg. 7

<sup>78</sup> [Levelling Up - Prospectus](#) Pg. 7

<sup>79</sup> [Levelling Up - Prospectus](#)

<sup>80</sup> <https://www.gov.uk/guidance/levelling-up-fund-explanatory-note-on-the-assessment-and-decision-making-process>

	<p><i>strategic links within our region, the Review recognises the importance of the port of Cairnryan and the A75 and A77 in Scotland for our companies taking goods to UK markets and their onward transport to customers in mainland Europe.<sup>72</sup></i></p> <p>And</p> <p><i>There is much potential for further investment in cross -border strategic networks, for example the completion of the A5 Western Transport Corridor as a strategic corridor to the northwest; the Narrow Water Bridge, and the promotion of leisure routes and trails to support our tourism sector.<sup>73</sup></i></p>	<p><i>Ministers therefore agreed to fund every bid on the Northern Ireland shortlist to prioritise a strong allocation for the country, with the exception of two bids that were ruled out due to deliverability concerns. As a result, 11 out of 13 bids on the Northern Ireland shortlist were provisionally agreed for funding (2.9%).<sup>81</sup></i></p> <ul style="list-style-type: none"> <li>• It is noted that “all proposals in Scotland, Wales and NI must fall within the scope of the financial assistance powers in the UK Internal Market Act 2020”.</li> <li>• <b>Shared Prosperity Fund</b> - The UK Government announced in its 2017 manifesto, a commitment to replace EU Structural Funds, and in November 2017 announced its intention to create the UK Shared Prosperity Fund (UKSPF) in the Industrial Strategy White Paper<sup>82</sup>. On 2 February 2022, pre-launch guidance<sup>83</sup> for the UKSPF was published alongside the Levelling Up White Paper. Importantly, that guidance outlined how the finances available and more specifically how the fund is to operate:             <p style="margin-left: 40px;"><i>It provides £2.6 billion of new funding for local investment by March 2025, with all areas of the UK receiving an allocation from the Fund via a funding formula rather than a competition. This recognises that even the most affluent parts of the UK contain pockets of deprivation and need support.<sup>84</sup></i></p> </li> <li>• Similar to the Levelling Up Fund, the approach taken with regard to Northern Ireland is different to that of other UK regions. Specifically, the guidance stated:</li> </ul>
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<sup>72</sup> [Draft Investment Strategy for Northern Ireland](#) Pg. 45

<sup>73</sup> *ibid*

<sup>81</sup> <https://www.gov.uk/guidance/levelling-up-fund-explanatory-note-on-the-assessment-and-decision-making-process>

<sup>82</sup> [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/664563/industrial-strategy-white-paper-web-ready-version.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/664563/industrial-strategy-white-paper-web-ready-version.pdf) Pg.228

<sup>83</sup> [Spending Review 2020](#)

<sup>84</sup> *ibid*

		<p><i>In Northern Ireland, UK Government will have oversight of the Fund; we plan to draw on the insight and expertise of local partners, including the Northern Ireland Executive, local authorities, City and Growth Deal geographies, business and the community and voluntary sector to target interventions where most appropriate.<sup>85</sup></i></p> <ul style="list-style-type: none"> <li>The guidance also reiterated the fact that the UK Government is to have ‘lead’ oversight of the delivery of the UK Shared Prosperity Fund in NI, stating:                     <p style="margin-left: 40px;"><i>In Northern Ireland, we propose to deliver at Northern Ireland scale, with lead oversight responsibility sitting with the UK Government. We want to work with the Northern Ireland Executive and a wide range of local partners.<sup>86</sup></i></p> </li> <li>In relation to the amount of finance that may be available for capital projects in Northern Ireland, the published UK Government guidance states that the “[UKSPF] will make available a mixture of both revenue and capital funding to places. This funding will be allocated by formula to invest in local priority projects”.<sup>87</sup></li> <li>Unlike other regions of the UK, the guidance refers to the establishment of a ‘Northern Ireland investment plan’, rather than local government investment plans in the case in the other regions of the UK. This will be complied with centrally by the UK Government, with input from the NIO, NI Executive and Local government. The UKSPF guidance considers:                     <p style="margin-left: 40px;"><i>The development of the single Northern Ireland investment plan will include a specific role for local authorities and other partners for each City and Growth Deal geography. This means we can maximise local intelligence, insight and knowledge, in recognition of opportunities and challenges unique to Northern Ireland, and the distinct and different role that local authorities play there.<sup>88</sup></i></p> </li> </ul>
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<sup>85</sup> ibid

<sup>86</sup> ibid

<sup>87</sup> [UK Shared Prosperity Fund Pre-Launch Guidance](#)

<sup>88</sup> ibid

<p><b>Principle 3.</b></p> <p><b>Co-ordinate among sub-national governments to invest at the relevant scale</b></p>	<p><i>Our schools, colleges and universities must be sustainable – financially, environmentally and educationally. This means each institution must have sufficient numbers of pupils and students to enable the delivery of a wide and balanced curriculum and to get value for money from investment in equipment and facilities. For our universities, delivering on existing commitments such as the innovation investments in our City Deals and the expansion of Magee, will not only support the growth of these institutions but also act as an economic catalyst for the region.<sup>89</sup></i></p>	<ul style="list-style-type: none"> <li>• A current example as referenced in the DISNI, that cover arrangements such as co-ordination between sub-national governments, joint authorities and in addition addressing urban-rural partnerships are the city/growth deal packages. These involve, co-operation between UK central government, the NI Executive, local government and project partners. It is the case in Northern Ireland all deals cover both rural and urban areas; additionally, in the case of the Belfast Region City Deal (BRCD) and the Mid South West Growth Deal involve multiple local government areas.</li> <li>• As of February 2022, there are currently four City/Growth Deals in Northern Ireland, covering each of the 11 council areas. The table at Annex 1 provides the current Deals and the councils involved in each. The DEB<sup>90</sup> MoF written statement gave an initial profile of the City/Growth Deals expenditure, which showed funding over the budget period of:             <ul style="list-style-type: none"> <li>- 2022-23 - <b>£30.5m;</b></li> <li>- 2023-24 - <b>£100.9m; and,</b></li> <li>- 2024-25 - <b>£184.5m.</b></li> </ul> </li> <li>• Further information on the funding available to each city deal and the relevant council areas involved in each deal can be found at Annex 1 – An overview of Northern Ireland City/Growth Deals by Council Area.</li> </ul>
<p><b>Principle 4.</b></p>	<p><i>The DISNI proposes a Prioritisation Framework will be developed. The DISNI sets out 5 criteria to be considered. Point 5 asks the question <b>Is the proposed investment prepared for delivery?</b><sup>91</sup></i></p>	<ul style="list-style-type: none"> <li>• In 2020, the Northern Ireland Civil Service (NICS) moved away from the Northern Ireland Guide to Expenditure Appraisal and Evaluation (NIGEAE) and adopted Better Business Cases NI,<sup>92</sup> which is Five Case Model “which views proposals from 5 interdependent dimensions.”<sup>93</sup></li> </ul>

<sup>89</sup> [Draft Investment Strategy for Northern Ireland](#) Pg. 33

<sup>90</sup> <https://www.finance-ni.gov.uk/sites/default/files/publications/dfp/Written%20Ministerial%20Statement%20-%20Executive%20Budget%202022-25%20-%20Final%20accessible.pdf> Pg. 9

<sup>91</sup> [Draft Investment Strategy for Northern Ireland](#) Pg. 61

<sup>92</sup> <https://www.finance-ni.gov.uk/articles/better-business-cases-ni>

<sup>93</sup> [https://www.finance-ni.gov.uk/sites/default/files/publications/dfp/Final%20Best%20practice%20in%20business%20cases%20August%202021%20update\\_0.pdf](https://www.finance-ni.gov.uk/sites/default/files/publications/dfp/Final%20Best%20practice%20in%20business%20cases%20August%202021%20update_0.pdf) Pg.2

<p><b>Assess upfront the long-term impacts and risks of public investment</b></p>	<ul style="list-style-type: none"> <li>• <i>The supplementary questions to this criterion include:</i></li> <li>• <i>Are appropriate governance and accountability arrangements in place?</i></li> <li>• <i>Have opportunities for collaboration been identified and exploited?</i></li> <li>• <i>Are the appropriately skilled resources in place and are they fully funded?</i></li> <li>• <i>Has planning and procurement risk been appropriately mitigated?</i></li> <li>• <i>Is there evidence of market readiness to deliver the investment?</i></li> <li>• <i>Can progress and risk be transparently monitored?</i></li> <li>• <i>Is there evidence of market capacity to deliver the investment?</i></li> </ul>	<ul style="list-style-type: none"> <li>• The key source of guidance around the Five Case Model is Her Majesty’s Treasury (HMT), ‘Business Case Guidance for Projects’<sup>94</sup>. This guidance is supplemented by additional, NI-specific guidance to suit particular types of expenditure and spending proposals.<sup>95</sup></li> <li>• The guide also provides guidance on the use of expertise both internal and external to the organisation, in summary the guide acknowledges “Appraisal and evaluation often require and generally benefit from a multi-disciplinary approach, calling on the expertise of a range of specialists.”<sup>96</sup></li> <li>• The Five case model also promotes the principle of ‘proportionate effort’, thereby “the effort required to assess a small expenditure is very much less than that needed to justify a major programme, a new policy or a large project.”<sup>97</sup></li> <li>• The Department of Finance (DoF) publishes the guidelines publicly online, this provides information on the principles behind the Five Case Model, the guidance produced by HMT, the supplementary, NI-specific guidance, interactive tools and templates.</li> <li>• Further information can be found at: <a href="https://www.finance-ni.gov.uk/articles/better-business-cases-ni">https://www.finance-ni.gov.uk/articles/better-business-cases-ni</a>.</li> </ul>
<p><b>Principle 5. Engage stakeholders throughout the investment cycle</b></p>	<p><i>...to take full advantage of collaborative working across public bodies, community and private-sector stakeholders to ensure that strategic, regional and local investments maximise the opportunity for value</i></p>	<p>As previously stated in this Paper, the DISNI is currently out for public consultation until 20 April 2022. Stakeholders were heavily involved in the formation of the Strategy. Moreover, the DISNI document sets out stakeholder’s future role also stating:</p>

<sup>94</sup> [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/749086/Project\\_Business\\_Case\\_2018.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/749086/Project_Business_Case_2018.pdf)

<sup>95</sup> <https://www.finance-ni.gov.uk/publications/better-business-cases-ni-supplementary-guidance>

<sup>96</sup> [https://www.finance-ni.gov.uk/sites/default/files/publications/dfp/Use%20of%20professional%20services%2C%20including%20external%20consultants%20August%202021\\_0.pdf](https://www.finance-ni.gov.uk/sites/default/files/publications/dfp/Use%20of%20professional%20services%2C%20including%20external%20consultants%20August%202021_0.pdf) Pg.2

<sup>97</sup> <https://www.finance-ni.gov.uk/articles/better-business-cases-ni>

	<p><i>creation and enhanced inclusion through co-ordination of resources and investment.<sup>98</sup></i></p> <p>And:</p> <p><i>Our current delivery tracking system already allows for monitoring of the construction pipeline. This will be expanded and developed to allow for greater interaction and be more accessible to a wider audience.<sup>99</sup></i></p>	<p><i>This engagement will continue with the establishment of a wide-reaching forum, facilitated by SIB. This will provide ongoing feedback, identification of needs/gaps and reassessment of priorities and enable ongoing engagement with industry and relevant stakeholders.<sup>100</sup></i></p> <ul style="list-style-type: none"> <li>• SIB publishes a pipeline of government projects and manages the ISNI Delivery Tracking System (DTS) to keep supplier markets and other stakeholders informed of the Executive's future infrastructure development plans.<sup>101</sup></li> <li>• As referenced in the 'Good practice' section, the OECD recommends procedures are consistent with their Principles for Transparency and Integrity in Lobbying.<sup>102</sup> The Principles provide decision makers with directions and guidance to foster transparency and integrity in lobbying.</li> <li>• The 10 Principles focus on 4 main areas:             <ul style="list-style-type: none"> <li>- Building an effective and fair framework for openness and access;</li> <li>- Enhancing transparency;</li> <li>- Fostering a culture of integrity; and,</li> <li>- Mechanisms for effective implementation, compliance and review.</li> </ul> </li> </ul>
<p><b>Principle 6.</b></p> <p><b>Mobilise private actors and financing institutions to diversify</b></p>	<p><i>We will explore all possible sources of finance and develop and use innovative funding approaches where these are needed and appropriate.<sup>103</sup></i></p> <p>And:</p>	<p>Several financing arrangements exist to support infrastructure spending both for the Executive and to the private sector from the Executive. These include:</p> <ul style="list-style-type: none"> <li>• <b>Reinvestment and Reform Initiative (RRI) Borrowing</b> - Additional budgetary finance is available through borrowing under the rules defining the financial arrangements under current devolution for NI (NI's Public Finance</li> </ul>

<sup>98</sup> [Draft Investment Strategy for Northern Ireland](#) Pg. 57

<sup>99</sup> [Draft Investment Strategy for Northern Ireland](#) Pg. 68

<sup>100</sup> [Draft Investment Strategy for Northern Ireland](#) Pg. 72

<sup>101</sup> <https://sibni.org/app/uploads/2018/12/SIB-Corporate-and-Business-Plan-2018-21-1.pdf> Pg. 7

<sup>102</sup> <https://www.oecd.org/gov/ethics/oecdprinciplesfortransparencyandintegrityinlobbying.htm>

<sup>103</sup> [Draft Investment Strategy for Northern Ireland](#) Pg. 9

<p><b>sources of funding and strengthen capacities</b></p>	<p>...include an assessment of potential private finance, where this does not unduly impact on the NI Executive budget and risk appetite.<sup>104</sup></p> <p>And:</p> <p>...include an assessment of all other sources of public finance, such as Reinvestment and Reform Initiative borrowing, Financial Transactions Capital loan finance or equity, external public funding (UK, Republic of Ireland (RoI) and International)<sup>105</sup></p>	<p>Framework).<sup>106</sup> The Executive's borrowing powers – general and temporary - are provided in legislation through the RRI. The Executive can borrow up to £200m per year and no more than £3bn in total, at any point in time, to fund capital projects and infrastructure. The DEB identifies the level of borrowing the Executive intends to avail of over the budget period.</p> <ul style="list-style-type: none"> <li>- 2022-23 - <b>£140m</b></li> <li>- 2023-24 - <b>£194m</b></li> <li>- 2024-25 - <b>£200m</b></li> </ul> <ul style="list-style-type: none"> <li>• <b>Financial Transactions Capital (FTC)</b> -The UK Government introduced FTC “as an additional type of capital funding to help boost investment”.<sup>107</sup> In 2015, the DoF – formerly the Department of Finance and Personnel - produced a document that stated FTC:” can stimulate private sector investment in infrastructure projects that benefit the region, over and above the level of level of investment made by the Executive from its normal Capital DEL budget.”<sup>108</sup> FTC funds may be deployed only as a loan to, or equity investment in, a private sector entity.<sup>109</sup> The funding is then used by the private sector to invest in related infrastructure, which is consistent with, and supportive of the Executive's overall strategic aims and objectives. The DEB identifies the level of FTC the Executive intends to make available in each year of the budget:             <ul style="list-style-type: none"> <li>- 2022-23 - <b>£162.8m</b></li> <li>- 2023-24 - <b>£66.4m</b></li> <li>- 2024-25 - <b>£62.2m</b></li> </ul> </li> <li>• <b>To be noted in reference to DE – 1.)</b> DE has not received an identified allocation of FTC funding over the budget period. However, in 2022-23, £57.3m remains unallocated. Due to the nature of FTC, in that it requires investment in a private sector entity, its use is more difficult in a department like DE, which has less private sector involvement.</li> </ul>
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<sup>104</sup> [Draft Investment Strategy for Northern Ireland](#) Pg. 63

<sup>105</sup> [Draft Investment Strategy for Northern Ireland](#) Pg. 62

<sup>106</sup> Simply stated, the Public Finance Framework is defined by the prevailing financial arrangements under the current devolution settlement in Northern Ireland. It constitutes the “rules” in which public finance decisions are made.

<sup>107</sup> <https://www.finance-ni.gov.uk/sites/default/files/publications/dfp/Financial%20Transactions%20Capital%20-%20Overview%20Paper.pdf> . Page 2.

<sup>108</sup> Ibid.

<sup>109</sup> Ibid..

		<ul style="list-style-type: none"> <li>2.) In terms of Public Private Partnerships (PPPs) in NI, the DoF follows the view of HMT that suggest PPP solutions should only be consider for projects with a capital value of £50m or more. The DoF state that the department “agrees with this view and therefore does not expect NI departments to consider or submit PPP solutions for any project with a capital value of less than £50m”<sup>110</sup> However, the DoF do acknowledge the need to base decisions on VFM, and therefore “PPP should only be pursued where it delivers best whole life VFM, and then not at the expense of staff terms and conditions.”<sup>111</sup> However there should be consideration of the difference, if any, in the OECD definition of VFM and the DoF’s “whole life” VFM.</li> </ul>
<p><b>Principle 7.</b></p> <p><b>Reinforce the expertise of public officials and institutions involved in public investment</b></p>	<p><i>Departments will continue to develop their programme and project management capacity and capability. Working with SIB, CPD and NICSHR, they will ensure staff involved in the delivery of projects have the skills, knowledge and experience required to be successful. This will require significant investment not only in additional resource capacity in the short term but also in a longer-term capacity building, recruitment and training programme. Governance and oversight will be improved and better monitoring and reporting of performance will enable informed decision-making. Delivery collaboration and the breaking down of silos will also improve outcomes and delivery confidence.</i><sup>112</sup></p>	<ul style="list-style-type: none"> <li>The Northern Ireland Civil Service (NICS) recruits using the Merit Principle. The Civil Service Commissioners are appointed to uphold the principle that post selection in the NICS should be on the basis of merit through fair and open competition. The Civil Service Commissioners (NI) Order 1999 gives the Civil Service Commissioners the responsibility of maintaining the Merit Principle – that “... a person shall not be appointed to a situation in the Civil Service unless ... the selection... was made on the basis of merit in fair and open competition.”<sup>114</sup></li> <li>The Civil Service Commissioners’ recruitment code is based on 4 principles;             <ul style="list-style-type: none"> <li>- Principle 1 – Appointments should be made on merit</li> <li>- Principle 2 – Appointment process should be fit for purpose</li> <li>- Principle 3 – Appointment process should be fair &amp; applied with consistency</li> <li>- Principle 4 – Appointments made in an open, accountable &amp;transparent manner</li> </ul> </li> <li>In terms of the existing Investment Strategy in NI, the SIB was the agency created for that purpose; specifically, “The Strategic Investment and Regeneration of Sites (Northern Ireland) Order 2003 established SIB in 2003. The legislation created mechanisms and structures that enable ministers to coordinate work across departments and help deliver the new schools, hospitals, roads and other civic infrastructure the region requires in the 21st century.”<sup>115</sup> SIB supports government departments, local authorities and other public bodies by helping them to:</li> </ul>

<sup>110</sup> <https://www.finance-ni.gov.uk/articles/public-private-partnerships-ppp-projects-and-procurement-issues>

<sup>111</sup> <https://www.finance-ni.gov.uk/articles/public-private-partnerships-ppp-projects-and-procurement-issues>

<sup>112</sup> [Draft Investment Strategy for Northern Ireland](#) Pg. 65 & 66

<sup>114</sup> [NICS recruitment policy and procedures manual](#) Pg.11

<sup>115</sup> <https://sibni.org/app/uploads/2018/12/SIB-Corporate-and-Business-Plan-2018-21-1.pdf> Pg. 6

	<p>And:</p> <p><i>Building on the work of the Procurement Board, we will continue to strengthen the professional development of procurement and construction staff to support efficient procurement management, and streamline procurement processes to maximise buying power and improve delivery.</i><sup>113</sup></p>	<ul style="list-style-type: none"> <li>- plan infrastructure;</li> <li>- deliver major projects; and</li> <li>- manage assets</li> </ul>
<p><b>Principle 8.</b></p> <p><b>Focus on results and promote learning from experience</b></p>	<p><i>Our current delivery tracking system already allows for monitoring of the construction pipeline. This will be expanded and developed to allow for greater interaction and be more accessible to a wider audience.</i><sup>116</sup></p> <p>And</p> <p><i>There must be a clear strategic fit between the proposed investment and the achievement of the outcomes set out in the Programme for Government and this Investment Strategy.</i><sup>117</sup></p>	<ul style="list-style-type: none"> <li>• In 2018, the NICS published an Outcomes Delivery Plan (ODP). That Plan was the basis for a “cross-departmental work programme in the absence of a Programme for Government agreed by locally elected ministers.”<sup>118</sup> The ODP contained 12 outcomes of economic, environmental and social wellbeing, with reports produced which “highlight progress, challenges and setbacks based on the outcome team’s expert knowledge and supported by relevant background data.”<sup>119</sup></li> <li>• An updated ODP was produced in 2019, this time there was no timer period covered rather the intention was to “maintain it as a more responsive “live” document that can be amended or added to as priorities and actions change.”<sup>120</sup> Since the restoration of the Executive in early 2020, no new PfG has been established, and a draft Framework was put out for consultation in early 2021. Prior to the Executive collapse in early February 2022, no new PfG had been agreed.</li> <li>• <b>To be noted in reference to DE</b> – Currently 3 out of the 12 ODP outcomes have DE representatives on the outcome teams. Those outcomes are:</li> </ul>

<sup>113</sup> [Draft Investment Strategy for Northern Ireland](#) Pg. 66

<sup>116</sup> [Draft Investment Strategy for Northern Ireland](#) Pg. 68

<sup>117</sup> [Draft Investment Strategy for Northern Ireland](#) Pg. 59

<sup>118</sup> [https://www.executiveoffice-ni.gov.uk/sites/default/files/publications/execoffice/odp-2018-19-end-year-report\\_0.pdf](https://www.executiveoffice-ni.gov.uk/sites/default/files/publications/execoffice/odp-2018-19-end-year-report_0.pdf) Pg.3

<sup>119</sup> *ibid*

<sup>120</sup> <https://www.executiveoffice-ni.gov.uk/sites/default/files/publications/execoffice/odp-dec-%202019.pdf> Pg.4

		<ul style="list-style-type: none"> <li>- We have a more equal society</li> <li>- We are an innovative, creative society, where people can fulfil their potential</li> <li>- We give our children and young people the best start in life</li> <li>• In contrast, of the 9 outcomes present in the PfG – Draft Outcomes Framework - DE would have a varying size of role in 8 of the outcomes, including:             <ul style="list-style-type: none"> <li>- Our children and young people have the best start in life</li> <li>- We live and work sustainably – protecting the environment</li> <li>- We have an equal and inclusive society where everyone is valued and treated with respect</li> <li>- We all enjoy long, healthy active lives</li> <li>- Everyone can reach their potential</li> <li>- Everyone feels safe – we all respect the law and each other</li> <li>- We have a caring society that supports people throughout their lives</li> <li>- People want to live, work and visit here</li> </ul> </li> </ul>
<p><b>Principle 9.</b></p> <p><b>Develop a fiscal framework adapted to the investment objectives pursued</b></p>	<p><i>To ensure that infrastructure investment is embedded into funding and delivery plans, we will develop a comprehensive rolling 10-year Executive Infrastructure Investment Plan. This will be supported by a new Medium-Term Infrastructure Financial Plan and will enable the development of detailed departmental Investment Plans. This approach will seek to take full advantage of collaborative working across public bodies, community and private-sector stakeholders to ensure that strategic, regional and local investments maximise the opportunity for value</i></p>	<ul style="list-style-type: none"> <li>• The ability to develop a fiscal framework and ensure predictable transfers of funding is limited as a devolved nation. The MoF in NI produces a budget in response the spending announcements made by the Chancellor of the Exchequer.</li> <li>• In the case of the most recent Draft Executive Budget (DEB) consultation – now “paused” – since the Executive’s collapse in February 2022; DEB was centrally based on the outcome of the Chancellor’s Spending Review on 27 October 2021, which set out the overall quantum of resource available to UK departments for 2022-25. That consultation – as approved by the Executive - was to inform future Executive agreement on a Budget; before the NI MoF – pursuant to his statutory obligation – would lay the Budget in the Assembly, in advance of the new financial year commencing on 1 April 2022.</li> </ul>

	<p><i>creation and enhanced inclusion through co-ordination of resources and investment.</i><sup>121</sup></p>	<ul style="list-style-type: none"> <li>• The Chancellor’s delay in announcing the Spending Review 2021 outcome has meant a subsequent delay to the Executive’s Budget process for 2022-25, as that Spending Review outcome significantly sets the Executive Budget envelope for the Spending Review period.</li> <li>• In his DEB statement to the Assembly, the MoF argued that a multi-year Budget would provide more stability. He stated: “The move from single-year budgets to a three-year budget provides a more stable basis upon which public services can be planned, reformed, and improved”.<sup>122</sup></li> </ul>
<p><b>Principle 10.</b></p> <p><b>Require sound and transparent financial management at all levels of government</b></p>	<p><i>...cover a rolling 10- year period, and be updated each year in line with the NI Budget process.</i><sup>123</sup></p> <p>And:</p> <p><i>...commence with confirmed Capital Departmental Expenditure Limits (CDEL) for all departments and related public bodies in line with committed HM Treasury Spending Review allocations to the Executive, and consistent with the NI Budget and this Investment Strategy.</i><sup>124</sup></p>	<ul style="list-style-type: none"> <li>• On 13 December 2021, the Department of Finance (DoF) published the DEB.<sup>126</sup> Subsequently, the Executive published the DISNI on 26 January 2022, notably this was after the issuance of the DEB. While the DISNI’s aim is to provide greater clarity and visibility of project proposals to the construction sector and investors, it is worth noting a comment made by the NI Fiscal Council (NIFC), when addressing its own published report on report on 20 January 2022; prior to the DISNI. The NIFC stated:</li> </ul> <p style="text-align: center;"><i>Regarding the sequencing of DEB and DISNI. It stated: The Executive did publish an ‘Investment Strategy’ for 2011 to 2021 and a new one is needed. We understand a draft will soon be published for consultation, but ideally it would have been in place in time to shape the Draft Budget capital allocations so an opportunity may now have been missed in this respect.</i><sup>127</sup></p> <ul style="list-style-type: none"> <li>• <b>To be noted in reference to DE –</b> The DEB<sup>128</sup> identified capital funding to the DE over the budget period; 2022-23 - <b>£199.4m</b>; 2023-24 - <b>£217.6m</b> and 2024-25 - <b>£203.9m</b> .</li> </ul>

<sup>121</sup> [Draft Investment Strategy for Northern Ireland](#) Pg. 57

<sup>122</sup> [Written Ministerial Statement Executive Budget 2022-25](#)

<sup>123</sup> [Draft Investment Strategy for Northern Ireland](#) Pg. 62

<sup>124</sup> *ibid*

<sup>126</sup> [Northern Ireland Draft Budget 2022-25](#)

<sup>127</sup> <https://www.nifiscalcouncil.org/files/nifiscalcouncil/documents/2022-01/nifc-budget-report-jan-2022-full-final-version-19.01.22-14.30.pdf> Pg. 46

<sup>128</sup> <https://www.finance-ni.gov.uk/sites/default/files/publications/dfp/Written%20Ministerial%20Statement%20-%20Executive%20Budget%202022-25%20-%20Final%20accessible.pdf> Pg. 17-19

	<p>And:  <i>...be supplemented by an assumption of indicative capital allocations for years beyond the Budget, up to and including Year 10.</i><sup>125</sup></p>	<ul style="list-style-type: none"> <li>- Of the total capital funding identified towards the DE, <b>£102.5m</b><sup>129</sup> over the budget period comes from the Fresh Start Agreement financial package for shared education initiatives.</li> <li>• It should be noted that the DE's capital bid between 2022-25 was almost <b>£900m</b>; therefore presenting a significant funding gap of around <b>£280m</b> over the budget period.<sup>130</sup></li> </ul>
<p><b>Principle 11.</b>   <b>Promote transparency and strategic use of public procurement at all levels of government</b></p>	<p><i>...we will continue to strengthen the professional development of procurement and construction staff to support efficient procurement management, and streamline procurement processes to maximise buying power and improve delivery.</i><sup>131</sup></p> <p>And:  <i>...implement a new portfolio management system that will ensure there is a single, accurate, consistent and timely picture of the state of each major project. This will be accessible to the Executive, Ministers, Assembly Committees, officials, the private sector and citizens.</i><sup>132</sup></p>	<ul style="list-style-type: none"> <li>• <b>To be noted in reference to DE – All public procurement should be subject to competition to ensure best value for money. The Department of Education (DE) and its Non-Departmental Public Bodies (NDPBs), including schools, are subject to Northern Ireland Public Procurement Policy.</b><sup>133</sup></li> <li>• The majority of education sector procurement opportunities are administered and overseen by the Education Authority in its role as a Centre of Procurement Expertise (CoPE).<sup>134</sup></li> <li>• The main categories of spend within Education Authority Procurement are:<sup>135</sup> <ul style="list-style-type: none"> <li>- Business services and products</li> <li>- Catering</li> <li>- Minor Works Construction</li> <li>- Major Works Construction</li> <li>- Educational Resources</li> <li>- Facilities Management and Maintenance</li> <li>- Furniture and Equipment</li> </ul> </li> </ul>

<sup>125</sup> *ibid*

<sup>129</sup> [Northern Ireland Draft Budget 2022-25](#) Pg. 18 Para. 3.31

<sup>130</sup> Letter to Education Committee Clerk from DE – Dated 17 November 2021

<sup>131</sup> [Draft Investment Strategy for Northern Ireland](#) Pg. 66

<sup>132</sup> [Draft Investment Strategy for Northern Ireland](#) Pg. 68

<sup>133</sup> <https://www.education-ni.gov.uk/articles/procurement>

<sup>134</sup> *ibid*

<sup>135</sup> <https://www.eani.org.uk/about-us/finance/procurement/what-we-buy>

		<ul style="list-style-type: none"> <li>- Information Communication Technology</li> <li>- Transport</li> </ul> <ul style="list-style-type: none"> <li>• Collectively, as part of the procurement process, all available tendering opportunities in NI, including those for DE can be found in a centralised hub at the eTendersNI website<sup>136</sup>.</li> <li>• There is also an established Procurement board in NI chaired by the MoF, with the brief of the board: <i>“to develop, disseminate and co-ordinate public procurement policy that will apply to Departments and their Arm’s Length Bodies (ALBs).”</i><sup>137</sup> In addition to the MoF the membership of the board comprises <i>“expert advisors from the public sector, industry/voluntary sectors, the Strategic Investment Board and the Chief Executive of Construction &amp; Procurement Delivery (CPD).”</i><sup>138</sup></li> <li>• In addition, within NI at present there is a Collaborative Procurement Strategy,<sup>139</sup> which was agreed on 6 June 2013. The aims of the collaborative procurement strategy are to: <ul style="list-style-type: none"> <li>- maximise the potential for aggregation by CPD and its clients through category management</li> <li>- explore opportunities for collaboration between Centres of Procurement Expertise (CoPEs) on an agreed range of supplies and services</li> <li>- allow CPD to benchmark prices across CoPEs and other jurisdictions</li> <li>- benefit from aggregated arrangements established by Crown Commercial Services or its partners, when appropriate</li> </ul> </li> </ul>
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<sup>136</sup> <https://etendersni.gov.uk/epps/home.do>

<sup>137</sup> <https://www.finance-ni.gov.uk/articles/procurement-board-membership-roles-and-responsibilities>

<sup>138</sup> *ibid*

<sup>139</sup> <https://www.finance-ni.gov.uk/articles/understanding-collaborative-procurement-strategy>

<p><b>Principle 12.</b></p> <p><b>Strive for quality and consistency in regulatory systems across levels of government</b></p>	<p><i>Stakeholder engagement during the development of this strategy highlighted that the planning policy framework and planning process have often been perceived as barriers to effective infrastructure investment: taking too long, or being too unpredictable or inconsistent, with legal challenges an ongoing feature in many planning applications. We know that a strong, sustainable spatial planning framework that is robust and consistently applied can provide certainty for developers and confidence to investors, as well as assurance to citizens and businesses. We need to recognise that all will need to contribute to secure these improvements, including better quality applications and increased upfront engagement, as well as improved efficiency and effectiveness of the planning system.</i></p>	<ul style="list-style-type: none"> <li>• In October 2020, the Confederation of British Industry (CBI) produced a report ‘A review of major planning applications in Northern Ireland’.<sup>140</sup> The report was produced as “there were long standing concerns about the quality and efficiency of the delivery of planning in Northern Ireland,”<sup>141</sup> with the chairman concluding “the anecdotes were borne out by the evidence.”<sup>142</sup> In summary, the report acknowledged that:             <p style="text-align: center;"><i>...delivering on strategic infrastructure in the timely fashion required is challenging for a myriad of reasons, and the planning process has long been identified as a significant obstacle. It is also clear that we are behind each of our nearest neighbours. It is essential that the processes of consenting projects and proposals for regionally significant developments are not just robust, but also agile and efficient.</i><sup>143</sup></p> </li> <li>• The CBI thereby produced a number of recommendations that it considered would improve outcomes on major planning processes:<sup>144</sup> <ul style="list-style-type: none"> <li>- <b>Streamlining the Process</b> – (Including - Pre-Application Clarity/Pre-Application Community Consultation (PACC)/ Processing Agreements/Statutory Timeframes/Notices of Opinion)</li> <li>- <b>A framework for Delivery to 2050</b> <ul style="list-style-type: none"> <li>- Creation of an Independent Infrastructure Commission</li> <li>- Streamlined Regionally Significant Approvals</li> </ul> </li> </ul> </li> <li>• Importantly, it should be noted that in 2020 the CBI recommended the development of a 30-year strategy, followed by a series of short-term delivery plans.<sup>145</sup> It seems that the current DISNI has went a significant way to align with these recommendations.</li> </ul>
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<sup>140</sup> <https://www.cbi.org.uk/media/5803/an-opportunity-to-level-up-planning.pdf>

<sup>141</sup> Ibid Pg. 4

<sup>142</sup> ibid Pg. 4

<sup>143</sup> <https://www.cbi.org.uk/media/5803/an-opportunity-to-level-up-planning.pdf> Pg.6

<sup>144</sup> <https://www.cbi.org.uk/articles/an-opportunity-to-level-up-planning-a-review-of-major-planning-processes-in-northern-ireland-1/>

<sup>145</sup> <https://www.cbi.org.uk/articles/an-opportunity-to-level-up-planning-a-review-of-major-planning-processes-in-northern-ireland-1/>

		<ul style="list-style-type: none"> <li>• Section 228 of the Planning Act (Northern Ireland) 2011 required a review and report published on the implementation of the Act. The Department for Infrastructure (DfI) held a call for evidence on this between February and April 2021. The Review of Planning Act (NI) 2011 report<sup>146</sup> was subsequently published on the 27 January 2022.</li> <li>• The report has identified a number of provisions in the Act that can be amended or supplemented to improve the planning system. However, the report makes clear “<i>Actions falling to the next mandate will be subject to the views of an incoming Minister</i>”.<sup>147</sup></li> <li>• The CBI also noted in its report that the Minister for Infrastructure (Mfi) had established a Ministerial Advisory Panel on Infrastructure (MAPI) in late August 2020. In October 2020, MAPI produced a report, in which it stated “the Ministerial Advisory Panel on Infrastructure recommends the establishment of an Infrastructure Commission in Northern Ireland as soon as is practical (prior to 2022 Elections)”.<sup>148</sup></li> <li>• In August 2021, the Mfi announced that she had received Executive approval for the formation of an Infrastructure Commission Northern Ireland (ICNI), as the Commission appeared as one of the 83 interventions identified in the Executive COVID Recovery Plan<sup>149</sup> However, as of the beginning of March 2022, the ICNI has still not been established; and is likely to require Executive approval, which is not likely to be given before the end of the mandate, as there has been no Executive in place since February 2022.</li> </ul>
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Source: OECD – Principles of Public Investment *Examples of Good Practices for the Principles* Pg. 25 & 26

<sup>146</sup> <https://www.infrastructure-ni.gov.uk/sites/default/files/publications/infrastructure/review-planning-act-report-jan2022.pdf>

<sup>147</sup> Ibid Pg. 31

<sup>148</sup> <https://www.infrastructure-ni.gov.uk/sites/default/files/publications/infrastructure/mapi-final-report-13oct20.pdf> Pg. 52

<sup>149</sup> [Building Forward: Consolidated Covid-19 Recovery Plan.pdf](#)

**Potential issues for consideration:**

1. If the Executive does not return immediately after the May 2022 Assembly election, what impact will this have on the progressing future infrastructure projects if a new ISNI cannot be agreed? Do the departments have facility to move forward with elements of the plan without an agreed ISNI in place?
2. The IMF recommends that “The government’s investment strategies include costing of individual, major investment projects”, in the current DISNI no cost information on planned public investment is provided. Will the Executive Office or individual departments be able to provide such detail in the agreed ISNI?
3. Has the process of expanding and developing the delivery tracking system begun? If so how advanced are these improvements and will the system improvements be made before the initial executive Investment plan is expected to be delivered in late 2022?
4. The DISNI seeks to achieve a clear strategic fit between the proposed strategy and the outcomes set out in the PfG, what progress has been made on agreeing a PfG that would allow for this strategic fit?
5. Has the process of expanding and developing the delivery tracking system begun? If so how advanced are these improvements and will the system improvements be made before the initial executive Investment plan is intended to be delivered in late 2022?
6. What action is being taken to ensure the labour and skills will be available to deliver the full range of projects that are proposed in the current departmental strategies? Will there be plans to promote locally the careers coming from these projects ensuring that there is capacity in the labour market?
7. As the City/Growth deals programme was initiated before the publication of DISNI and the BRCD has already been signed, what processes are in place to ensure there is alignment with the projects that are agreed in the city deal and the strategic priorities established as part of the final ISNI?
8. What is the definition of ‘Whole Life’ VFM? How does it compare to international definitions of VFM? Why has the Executive chosen to base its PPP decisions on ‘whole life’ VFM?
9. Will TEO produce a ‘Stakeholder Engagement Plan’ which will set out how decisions will be communicated to stakeholders in relation to public investment projects coming from the ISNI?
10. Does the formation of an Infrastructure Commission (NI) require further Executive approval to go forward? Will the ICNI be in place before the DISNI is agreed? What role would the ICNI play in the strategy going forward?
11. Has DE consider establishing Ministerial Advisory Panel on School Infrastructure, similar to the panel commissioned by the Mfl, to determining if there are regulatory issues that may be addressed that would make the process of developing school infrastructure timelier and more efficient?
12. Are DE officials currently considering producing capital spend proposals for a 10-year period to align with the DISNI?
13. Has the Executive and/or Departments been in contact with the Department for Levelling Up, Housing and Communities to ensure that projects being funded centrally by the UK will align with the priorities of the Executive?

## 4 Concluding remarks

The ongoing DISNI consultation is occurring amidst a number of uncertainties, including, but not limited to:

- (i) No Executive since early February 2022; after the DISNI consultation issued;
- (ii) The consultation period will close 20 April 2022, beyond the end of the current Assembly mandate, which ends on 27 March;
- (iii) Lack of an agreed draft Executive Budget 2022-25;
- (iv) Awaited outcome of the upcoming May 2022 Assembly election;
- (v) Central government developments arising (directly and indirectly) from the UK's exit from the EU, which relate to public investment projects in NI, e.g., centrally administer EU replacement funding such as the Shared Prosperity Fund and the Levelling Up Fund and their alignment with any future investment strategy;
- (vi) Ongoing unknowns surrounding the Northern Ireland Protocol, following on from the UK's exit from the EU;
- (vii) Recovery from the COVID-19 pandemic; and,
- (viii) Long-term structural economic challenges.

All the above impact – to a lesser or a greater extent - on NI's ability to deliver public investment projects. While over the next few years, funding is to be available for areas such as Green Growth and City/Growth Deals, those cross-cutting strategies will require several NI departments and UK Government departments to co-ordinate closely, if they are to yield positive results.

It is encouraging that in many respects, the DISNI has made good progress in meeting the principles laid out by the OECD. As part of the consultation process and the scrutiny of the DISNI by the Committee for Education and others, any gaps that are identified or areas that required more detail will be noted in the full analysis report published after the consultation period ends. Critically, the success of any new Strategy will require that it is to be tailored to the needs of NI, while seeking to support existing and future departmental and Executive strategies, in order to produce timely and cost-effective projects that are fully funded, transparent and managed effectively. That would meet as many of the good practices of each of the OECD Principles as possible.

As previously mentioned, after the consultation period ends on the 20 April 2022, a full analysis report is to be prepared for Executive consideration. A new ISNI – once agreed - will give a direction for these initiatives and a level of co-ordination that should see the most return and focus of the funding that will be provided. Failure to do so, could see lost opportunities for the NI economy in securing funding for and delivering on important investment projects.

While projects already identified in other agreed strategies should be able to proceed, it appears these will be siloed in departments, and so not aligned to long-term Executive priorities. In addition, funding for such projects will be uncertain as the same issues around executive agreement surround the DEB. The DEB also provided identified funding for 3-years, which comes back to the criticisms in the DISNI that such funding is short-term and does not give the long-term funding security needed for strategic investments, delivered over a longer timeframe. This is also notable in reference to IMF remarks mentioned earlier in this Paper, which noted successful strategies had to be based on “integrated approaches to strategic investment planning and budgeting”.<sup>150</sup>

Additionally, the awaited outcome of the May elections may not see the immediate return of the Assembly, and therefore further delay in agreeing and implementing a new Investment Strategy for NI. It seems that would have a “knock-on” effect in terms of the investment and finance plans that were scheduled to be complete by the end of 2022. This would be a significant adverse development in terms of post-COVID recovery in NI, where exist long term-structural economic challenges. There is a need to ensure that NI is not further left behind than the rest of the UK over the coming months and years.

Public investment projects also will need to be enabled to move forward in a way that is in line with an agreed PfG – one that sets out the Executive’s agreed high-level priorities and objectives. The DISNI document notes that the requirement of proposed investment supporting the PfG objectives is a key criterion of a new Investment Strategy for NI.

The OECD considers the need to:

*implement investment strategies tailored to the place the investments aim to serve. Public investment choices should be linked to a development strategy based on assessment of regional (or local) characteristics*<sup>151</sup>

The Assembly and the Executive are best placed to do this in NI. In the event of uncertainty after the election, the possibility exists that action may be taken from Westminster, as was the case during the last period when the Assembly was not sitting, between 2017 and 2020. At that time one-year budgets were provided, which could be the case again, therefore impeding on the long-term certainty that the DISNI is trying to give public investment projects. This could impact on the ability to progress new projects and provide the inter-governmental co-operation that is suggested by the OECD, is required for those large-scale, cross-cutting, departmental strategies currently agreed, thereby leading to lost opportunities for public investment in the near future.

<sup>150</sup> <https://www.imf.org/external/np/pp/eng/2015/061115.pdf> Pg.37

<sup>151</sup> <https://www.oecd.org/cfe/regionaldevelopment/Principles-Public-Investment.pdf> Pg.9

## Annex 1

Overview of Northern Ireland City/Growth Deals as of DfE<sup>152</sup>

City / Growth Deal	Local Council
<b>Belfast Region City Deal</b> Value Circa £850 million (m)	<ul style="list-style-type: none"> <li>• Belfast (lead council)</li> <li>• Antrim &amp; Newtownabbey</li> <li>• Ards &amp; North Down</li> <li>• Lisburn and Castlereagh</li> <li>• Newry, Mourne and Down</li> <li>• Mid &amp; East Antrim</li> </ul>
<b>Derry~Londonderry City Deal</b> Value Circa £210m	<ul style="list-style-type: none"> <li>• Derry City and Strabane</li> </ul>
<b>Mid-South West Growth Deal</b> Value Circa £264m	<ul style="list-style-type: none"> <li>• Armagh, Banbridge and Craigavon</li> <li>• Fermanagh and Omagh</li> <li>• Mid Ulster</li> </ul>
<b>Causeway Coast &amp; Glens Growth Deal</b> Value Circa £72m	<ul style="list-style-type: none"> <li>• Causeway Coast and Glens</li> </ul>

<sup>152</sup> [https://irecruit-ext.hrconnect.nigov.net/resources/documents/i/r/c/irc265532---cib-v3---final\\_164117.pdf](https://irecruit-ext.hrconnect.nigov.net/resources/documents/i/r/c/irc265532---cib-v3---final_164117.pdf)