



Department for the
Economy
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10X VISION - NEXT STEPS FOR IMPLEMENTATION

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Background

The 10X Vision outlined a transformative vision for our economy. This is a long term vision of a more innovative, inclusive and sustainable economy, where Northern Ireland is one of the top performing small advanced economies in the world.

Now we need to make this happen.

Knowing what we need to achieve is important in driving performance. Therefore, as part of our plans on implementation the Department consulted on a 10X Performance Management Framework. There were two parts to this consultation:

- 10X Objectives for innovation, inclusion and sustainability; and
- Measuring Success - 10X metrics to achieve a 10X economy

The Report on Consultation Responses published today provides detail of the feedback received through consultation. This document outlines the policy following consultation.

The Expression of Interest form remains open for those who would like to be involved in further policy work on innovation, inclusion and sustainability. This will provide an opportunity for further engagement on Departmental policy across these themes.

Hitting the Target but Missing the Point

Overall consultation showed a high level of support for the high level objectives across innovation, inclusion and sustainability. However, there were a number of areas where responses provided good feedback that we have considered.

Responses from consultation highlighted the fact that just meeting some of our objectives would not necessarily deliver the better economy outlined in the 10X Vision. In particular, respondents highlighted that increased Research and Development (R&D) expenditure may not lead to positive outcomes in terms of productivity unless it is commercial R&D and that simply closing the employment gap between different groups would not be sufficient to raise household disposable income unless there is also an effort to ensure that disadvantaged groups are progressing in terms of access to higher quality better paying jobs. In simple terms, we can refer to this as hitting the target but missing the point.

In order to avoid this, we set out a coherent set of metrics across the three strands of innovation, inclusion and sustainability which would be monitored and provide context for progress. However, we recognise that good suggestions have been made that would strengthen this framework and we will also consider what metrics we can add to the Tier 2 metrics specifically to reflect the risks around R&D and low paying employment.

Some responses indicated a concern that metrics on innovation in particular may not drive positive outcomes across all of NI. In order to ensure that we address this, as part of policy work, place-based / sub-regional reporting will be developed across all innovation objectives and specific engagement will be undertaken with Councils.

10X Objectives for the Department

Reflecting the responses received through consultation, the Department will focus on the following as three pillars to deliver 10X:

- **Triple Bottom Line** – there was a high level of support for the three top level objectives on innovation, inclusion and sustainability. This likely reflects the general move towards triple bottom line reporting in business which speaks to the importance of measuring the financial, social and environmental impact. Although our priorities are naturally different to a business, delivering on 10X will require the same clarity of focus on our three core priorities: innovation, inclusion and sustainability.
- **Focus** – in order to deliver 10X and transform our economy we will need to focus our resources on maximising our areas of competitive advantage and using the resources we have to best effect to deliver on the triple bottom line.
- **Scale** – transformation of our economy will require us to be ambitious and deliver on a scale which we have never achieved before. We will ensure that our ambitions are achievable by grounding them in international evidence of what other small advanced economies have achieved. Consultation provided some feedback on areas where respondents believed we were not sufficiently ambitious. We will reflect this by having a consistent programme of transparent monitoring including international comparisons and provide recommendations to the Minister at the same time on whether objectives remain sufficiently ambitious.

These reflect the broad agreement that the high level objectives on innovation, inclusion and sustainability were correct. Focus and scale goes to the heart of how we will deliver against these. These will allow us to focus in on where we can make the biggest difference as a Department and show the scale of our ambitions.

Triple Bottom Line

Responses from the consultation showed broad support for the high level objectives on Innovation, Inclusion and Sustainability. As these are all internationally comparable and we will publish an annual report on performance against international and Tier 2 metrics, advice will be provided to the Minister annually on whether these remain appropriate.

While there was broad support for the contributing objectives as well, there was a greater level of comments on these. This reflects that these will require more consistent review and monitoring. In some cases, better sources of data may become available. We will keep these contributing objectives under review. On sustainability, we will update these contributing objectives to reflect objectives assigned to the Department through work to implement the Green Growth Strategy.

Innovation

On innovation, our objective will be:

Our objective is for Northern Ireland to have a high performing economy driven by innovation underpinned by high levels of collaboration across business, academia, government and civil society.

To do this we will increase total R&D expenditure by 55% by 2030 from a baseline of £1,167m in 2020.¹

The response from the consultation indicated broad support for this high level objective. Some concerns were raised that revision of R&D statistics should not be used to reduce ambition. We will ensure that any updates to figures retain this level of ambition, while accurately reflecting official statistics.

The following will be contributing objectives on innovation:

- 450 additional R&D performing businesses in NI by 2030.
- 55% of NI businesses surveyed in Innovation Survey to be innovation active firms by 2030.
- 10% of NI businesses to be holders of an Innovation Accreditation by 2030.
- Increasing the proportion of individuals leaving Northern Ireland higher education institutions with first degrees and post-graduate qualifications in narrow STEM subjects.

Baseline: 24% in 2019/20 Target: 27% by 2029/30.

The Department will keep these under review to ensure that they remain appropriate considering the local and international economic performance.

Reflecting on feedback from consultation, officials will work to develop improved measures of innovation activity amongst businesses in NI as both the Innovation Accreditation and the Innovation Survey have existing limitations as regular monitors of innovation activity. Due to the limitations of data available currently, and the importance of ensuring that wider innovation activity is prioritised in order to see gains on productivity, we will retain these until improvements to measures are made available.

Respondents also reflected that promotion of STEM goes beyond the remit of just Department for the Economy, and in particular the important role of early years and schools. We will consider how best to work with other Departments to drive an increase in those with qualifications in STEM subjects at all levels.

¹ These figures have recently been revised. The Department is currently reviewing these and will advise the Minister if any changes are required as a result.

Inclusion

On inclusion our objective will be:

Our objective is to create opportunities for economic growth which are distributed across society to benefit everyone.

To do this we will increase Northern Ireland Household Disposable Income above the SAE average while maintaining NI as one of the top performing SAEs in relation to the Gini-coefficient (a measure of income equality).

For illustration in 2019 household disposable income in NI was 13% below the SAE average.

The response from consultation indicated broad support for this high level objective.

The following will be contributing objectives on inclusion:

- Close the employment gap between:
 - males and females (currently 9 p.p.);
 - individuals with and without a disability (currently 44 p.p.); and
 - least deprived vs most deprived (currently 22 p.p.).
- Increase the proportion of the working age population with qualifications at level 3 and above from 57.2% (2020) to 70%-75% by 2030.

There was strong support for these contributing objectives. There were some concerns raised that 'close the employment gap' was too vague, and some queried how much we would want to close this gap by. For clarity, this objective will mean that the Department seeks to close these gaps completely. We recognise that we will need to work with others to achieve this, and that this is a very stretching objective. However, if we want to truly transform our economy we need to be clear about what we need to achieve and set out to achieve it.

There were also a wide range of comments around key issues to consider in working to achieve these objectives. Childcare was highlighted as a particular issue. Although responsibility for childcare sits with other departments, we will consider how we can best work with others to ensure that enablers of economic activity are in place.

The Department will keep these under review to ensure that they remain appropriate. We will also work with other Departments to ensure that there is coherence.

Sustainability

On sustainability our objective will be:

Achieving 80% electricity consumption from renewable sources by 2030 so that households and businesses have access to essential and affordable energy.

The response from consultation indicated strong support for this high level objective.

There is currently only one contributing objective for sustainability:

- Double the size of NI's low carbon and renewable energy economy to more than £2bn turnover.

As indicated in the consultation on the 10x Performance Management Framework we also anticipate that development of Northern Ireland's first Climate Action Plan will establish other actions and targets that the Department will need to factor into business planning. These will flow from the requirements of the Climate Change Act (Northern Ireland) 2022 and will focus on what needs to be achieved within the first carbon budget period of 2023-27 as well as looking out to 2030, 2040 and 2050. As this work is ongoing it is not yet possible to identify what the specific targets for DfE and the energy sector. However DfE is working closely with DAERA on the Climate Action Plan and will incorporate relevant targets as these emerge and are agreed. This will include any specific objectives and actions for the energy sector and actions that impact business and industrial processes, and public buildings. This commitment was also clear in feedback from consultation, where respondents highlighted the importance of cross-departmental work on sustainability.

There was a wide range of other issues raised by respondents to the consultation on sustainability. On the low carbon/renewable sector in particular, there was strong support for further developing this sector for both environmental and economic gain.

Measurement

Responses to Consultation indicated that the Tier 2 metrics outlined in Measuring Success provide a good baseline for monitoring our economic performance over the years ahead. A number of additional metrics or areas where metrics would be useful were suggested. Analysts will undertake further work on these to assess whether there are regular and reliable data available for these and add additional measures to Tier 2 metrics based on feedback from the consultation.

These Tier 2 metrics will be kept under review. In particular, we will consider ongoing work around sustainability measures and work to develop improved measures of innovation activity.

At the same time, feedback from consultation indicates that the Tier 1 (International) and Tier 2 metrics provide a good basis for developing the next step of this work: developing Key Performance Indicators and programme metrics that will measure the outcomes of work that contributes to the achievement of 10X objectives.

Next Steps

Achieving these objectives will require a significant change to the scale of outcomes the Department has previously delivered. It will also require sustained and consistent focus right across the Department on work that will deliver on the 10X objectives.

- **Wider Engagement**

A consistent feature of engagement has been a question around how we are going to achieve these objectives. Engagement from this point forward will focus on this question. A call for expressions of interest will remain open until January and enable us to hear from those with an interest in this work.

- **Phased Implementation**

We have a responsibility to manage change within our organisation without creating disruption for those we serve. This will mean that we will take a phased approach to implementation and a comprehensive programme of research and evaluation will be undertaken. That will ensure that we have the strongest possible evidence base for decisions, based on evidence of best practice, on where to focus resources and how to improve delivery.

- **Place**

Some comments have been made around the importance of ensuring that all areas of NI benefit from economic development. As well as place-based/sub-regional data, we will also undertake specific work with local Councils to ensure there is coordination between local economic development and the implementation of 10X.

- **Technology, Sector and Cluster Policy**

Our priorities on technology, sector and cluster development will flow from these 10X objectives. We have identified sectors that are highly innovative, in terms of R&D and innovation more generally. These are:

- Agri-Tech
- Life and Health Sciences
- Advanced Manufacturing and Engineering
- Fintech / Financial Services
- Software (including cyber)
- Screen Industries
- Low Carbon

These will be prioritised in economic policy. Reflecting feedback from consultation, this will be relative rather than an absolute priority. The overall focus of policy will be in targeting measures that will impact the triple bottom line. All sectors have a role to play in achieving these objectives. For example, in order to improve our performance on productivity, we need to see improvement across every sector in NI.

Further work will be done to identify how to maximise competitive advantage in these areas through increasing innovation and develop strong clusters which drive innovation and wider economic impact. We recognise exports and investment as key enablers of this activity and there will be a particular focus brought to how to maximise our trade and investment activity to enable creation and growth of these clusters. Ensuring that the positive economic impact of these clusters spreads to those groups we are targeting in our inclusion objectives will mean that the positive economic impact of these clusters will spread beyond those who have benefitted in the past. In supporting and growing these clusters we will also want to ensure that they are amongst the most sustainable in our economy.

Making a Difference

The work of this Department is relevant to everyone in NI. These objectives speak to this impact. Achieving what we have set out here will make a difference and create a better economy for everyone in NI. It will undoubtedly be difficult and require sustained and focused work.

We will provide further updates as this work progresses.