



Department for the  
**Economy**  
[www.economy-ni.gov.uk](http://www.economy-ni.gov.uk)

# CONSULTATION ON 10X PERFORMANCE MANAGEMENT FRAMEWORK

OCTOBER 2022

## Ministerial Foreword

**The past few years have undoubtedly brought significant challenges for our economy. In the midst of responding to the Covid-19 pandemic, the Department for Economy published our 10X Vision that set out a transformative vision for the future of our economy.**

The consultation I am launching today, flows from this work. This is a performance management framework which should keep a consistent focus on objectives that we will achieve and metrics we will monitor to achieve the 10X Vision.

The objectives are deliberately ambitious. As Minister for the Economy, I recognise the massive potential for our local economy and want to ensure we realise that ambition. I recognise that the challenge will be difficult for some, and indeed require change, not least within my own Department.

We must not fear being unashamedly ambitious for our economy, to set our objectives openly, and lead others to achieve them.

I recognise these are difficult and complex challenges that we seek to overcome. That is why I am also asking people to nominate themselves if they would like to be part of a policy process on innovation, inclusion and sustainability in the Department.

Only by being more participatory and listening to more voices will we achieve our objectives.

There is an urgent need for action and an immediate opportunity which exists for the Northern Ireland economy. I look forward to hearing the views of others on the framework I am putting forward today.

## Introduction

We need to continually improve how we do things in order to deliver a healthier economy; one which provides opportunity for every person, from every background, in every community across Northern Ireland. As a first step, the Department published the 10X Vision in May last year.

The next step in implementing this Vision is to set out clear objectives. These, together with an ongoing assessment of our performance against a wider but linked set of metrics to monitor our progress, will provide a performance measurement framework which will shape all Departmental and Arm's Length Bodies' (ALB) activities. As we move forward to the next stage of delivery, this approach will be central to agreeing wider priorities and activities, including business plans. In essence, these objectives will provide a framework and allow planning work to progress in a joined up and coherent manner.

This consultation sets out the draft objectives and the associated metrics are included in the 10X Vision Baseline report which has been published alongside this document. These reflect the transformative ambition of 10X and their ambition is benchmarked internationally against strong performing small advanced economies around the globe.

The approach here is driven by an awareness of how difficult the cost of living and energy prices in particular are for households and businesses at the moment. We want to use our approach to build our resilience in the face of this and future shocks.

### *A Changed Approach*

Setting objectives to guide activity and priorities is a normal part of Departmental planning. However, we have taken a new approach to setting these objectives and the wider performance framework:

- a) **Department-wide framework:** These are relevant and should inform the work of the entire Department – rather than being focused on distinct policy areas within the Department. This better reflects our shared priorities in the Department and the outcomes we are seeking. It will cohere our work to unlock the step change required to deliver the 10X Vision.
- b) **Ambition:** Looking internationally has meant that the scale of the ambition in these objectives is also new. These have been set by looking at what the economy needs to be amongst the top small advanced economies in the world – rather than fettering our ambitions by what we can deliver now or on our current trajectory. Achieving these, particularly with constrained budgets, will require us to do things differently, to reprioritise our activity to ensure we are effectively working to achieve these outcomes.
- c) **Greater transparency:** Consulting on corporate planning objectives is also a new way forward for us. We want to ensure that there is greater transparency around this work and to capture the views of the widest range of people on our work.

### *Short Consultation Period*

This formal public consultation on the high level objectives ends at 5pm on 26 October. Responses can be submitted through the following link:

[Consultation on 10x Performance Management Framework](#)

We recognise that a consultation period of two weeks is unusually short. The Minister has been clear that long term economic policy is required to ensure that NI is not as vulnerable to future economic shocks. Given the current economic climate, the Minister is clear that there is an urgency in making progress to transform our economy. This will provide direction for this important work.

To ensure that a wide range of people can inform this work both now and over a longer period, we are seeking expressions of interest from people who would like to be involved further, whether through focus groups, participation in co-design or sharing more about their views on innovation, inclusion and sustainability. This will remain open until 18 January. Expressions of interest for this can be made through the following link:

[10x Performance Management Framework: Expressions of interest for further engagement](#)

### *Three Core Themes*

**Innovation, inclusion** and **sustainability** are the three themes under which objectives and the associated metrics have been developed. These three themes define what we mean by a 10X economy: it is an economy where innovation drives growth, where everyone shares in the benefits of sustainable, innovation led economic growth. In basing our objectives around these three themes we recognise that simply achieving any one of these will not be enough: we need to deliver against all three at the same time.

Place based economic policy cuts across all themes. We will monitor indicators at a regional level and this will drive policy focus on the different challenges that impact different areas of NI.

### *Metrics*

Linked to these objectives, and following engagement with international experts, our analytical team has set out a range of metrics that they will monitor so that we can track our progress. These are set out in the Baseline Report which is published alongside this document. This is important to ensure that we do not become single minded in a focus on one indicator and understand the impact of performance across a range of key measures of success. This also helps contextualise NI performance against a group of small advanced economies. It will give us confidence that we are improving our position, not just from a Northern Ireland perspective but are also doing so on the global stage.

## Proposed Departmental Objectives

The following are the draft objectives for the Department for future business planning. These have been set with a very high level of ambition and reflect what we need to achieve to unlock the 10X Vision rather than what we can currently deliver.

High level objective (internationally comparable)	Contributing objectives
<b>INNOVATION</b>	
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 <sup>1</sup> .	450 additional R&D performing businesses in NI by 2030. <i>[sub-regional monitoring of data]</i>
	55% of NI businesses surveyed in Innovation Survey to be innovation active firms by 2030. <i>[sub-regional monitoring of data]</i>
	10% of NI businesses to be holders of an Innovation Accreditation by 2030. <i>[sub-regional monitoring of data]</i>
	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.

<sup>1</sup> 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.

High level objective (internationally comparable)	Contributing objectives
<b>INCLUSION</b>	
<p>Our objective is to create opportunities for economic growth which are distributed across society to benefit everyone.</p> <p>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).</p> <p>For illustration in 2019 household disposable income in NI was 13% below the SAE average.</p>	<p>Close the employment gap between:</p> <ul style="list-style-type: none"> <li>i) males and females (currently 9pp)</li> <li>ii) individuals with and without a disability (currently 44pp)</li> <li>iii) Least deprived vs most deprived (currently 22pp)</li> </ul>
	<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.</p>
<b>SUSTAINABILITY</b>	
<p>Achieving 80% electricity consumption from renewable sources by 2030 so that households and businesses have access to essential and affordable energy.</p>	<p>Further contributing objectives to be drawn from work underpinning the development of Climate Action Plans.</p>
	<p>Double the size of NI's low carbon and renewable energy economy to more than £2bn turnover.</p>

## Business Critical Functions

These objectives also touch on the business-critical objectives that teams across the Department work on. These are policies and services which we either have a statutory duty to deliver or are fundamental to the operation of the economy. These include the work of the Consumer Council in protecting and informing consumers or the work of the Health and Safety Executive around workplace safety. Broadband infrastructure has also become critical for economic activity and this work through Project Stratum will continue.

We are also mindful that there are linkages from our business-critical functions to the high level objectives outlined above. A more inclusive economy should be better for everyone. A more innovative economy should also improve performance, improve safety and improve investment for everyone. Securing access to high quality broadband across NI provides us with a platform that works to deliver these high level objectives.

## Rationale for Objectives

The overall approach to this work is grounded in international comparison and the desire for NI to become one of the leading small advanced economies in the world. Published separately, the Baseline Report, provides more detail on each of these areas.

### INNOVATION

<b>Objective</b>	<p><b>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.</b></p> <p><b>By 2030, increase total R&amp;D expenditure by 55% from a baseline of £1,167m in 2020<sup>2</sup>.</b></p>			
<b>Contributing objectives</b>	By 2030, increase the number of R&D performing businesses in NI by 450.	By 2030, 55% of NI businesses surveyed in Innovation Survey to be innovation active firms.	By 2030, increase the number of NI businesses receiving Innovation Accreditation.	By 2030/31, increase proportion of individuals leaving NI HE institutions with first degrees and post-graduate qualifications in narrow STEM subjects.
	<i>Sub-regional monitoring of data</i>			
<b>Baseline</b>	990 (2020)	38% (2018-20)	1.5%	24%
<b>Target</b>	1,440 <sup>3</sup>	55%	10%	27%

2, 3 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



### *What is Innovation?*

Innovation is “doing something different that creates value” and is the development of creative ideas and methods into new products or services.

As well as new products and services innovation can include a range of activities, such as process improvements, data and analytics, emerging technology, skills and talent, flexible delivery, new ways of working and, ultimately, more agile ways of thinking about business management and business growth.

### *Why does Innovation Matter?*

Businesses which innovate have higher productivity, higher growth and are more likely to export than companies which do not innovate. Firms which innovate are more likely to survive market shocks and are also more likely to prosper in difficult market conditions.

Innovation is key to our prosperity because it is a fundamental driver of productivity and competitiveness. Whether incremental or revolutionary, it is the most important means of driving increases in productivity. Increasing productivity – achieving greater outputs through more efficient use of resources – is critically the only means of driving economic growth that does not involve taking opportunities or resources from other places.

Innovative businesses are also likely to create new jobs, both in their own organisations and in other related parts of the economy. These ‘job multipliers’ can be substantial. For every 10 new jobs created in a high-tech sector, such as digital technology, seven new jobs are created in other parts of the local economy, such as restaurants, security, cleaning or business services.

### *Objectives*

Businesses, places and nations who invest in Research & Development (R&D) are wealthier and more innovative. Investing in R&D leads to increased productivity, higher levels of growth, attracting higher levels of investment and creates businesses that are more resilient, especially in times of economic crisis. R&D jobs typically are better paid and higher skilled jobs which will help boost investments and ignite job growth in our economy.

R&D is crucially important as we look to address the significant economic, societal and environmental issues facing Northern Ireland. These include low productivity, healthy ageing, addressing climate change and achieving net zero. R&D also builds resilience, efficiency and effectiveness not just of business but also of the public services offered in Northern Ireland.

The contributing objectives represent our assessment of those things we can measure that will drive achieving the overall objective and also enable us to track against regional performance:

- Increasing the number of businesses investing in R&D: to become a more innovative economy we will need more businesses investing in R&D and to continue to support companies who already invest in R&D.
- Diffusion of innovation: there are two measures that centre around increasing the number of businesses investing in innovation more generally. This will be a measure that the whole business base can contribute to.
- STEM graduates: in the same way as we need more businesses that want to invest in R&D, we need more people with the skills to be innovative. This target was identified in the Skills Strategy and these skills will be vital to achievement on innovation.

### *What Hasn't Been Included?*

Two measures that we traditionally use in the Department are exports and productivity. While both of these are included in metrics we will be monitoring, we have chosen not to set a high level objective on these under the Innovation theme. On productivity we believe that increasing innovation will turn the dial on productivity and will monitor productivity as part of the overall metrics for 10X. On exports, we recognise the vital role of external trade to facilitate a more innovative economy. Work is ongoing on how we need to approach trade and investment to achieve the proposed objectives around innovation, inclusion and sustainability.

## INCLUSION

<p><b>Objective</b></p>	<p><b>Our objective is to create opportunities for economic growth which are distributed across society to benefit everyone.</b></p> <p><b>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).</b></p>	
<p><b>Contributing objectives</b></p>	<p>Close the employment gap between:</p> <ul style="list-style-type: none"> <li>i. males and females (currently 9pp)</li> <li>ii. individuals with and individuals without a disability (currently 44pp)</li> <li>iii. the most deprived area of NI and the least deprived area of NI (currently 22pp)</li> </ul>	<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.</p>

### *What is Inclusion?*

The Inclusion strand of 10X is about ensuring the opportunities of economic growth are distributed to everyone in society, and it is the most visible representation of how we are integrating economic and social policy.

10X strives for growth through innovation and for this growth to be inclusive. It highlights the need to design policies and programmes so that the rewards are distributed fairly across people and places, creating opportunities for all. The most well-known measure of income inequality is the Gini-coefficient therefore NI's performance on this measure will demonstrate the success in delivering growth that is distributed fairly across both people and place. At the same time we need to be cognisant of the need to increase the disposable incomes of our households therefore the target looks to capture both an improvement in our living standards (household disposable income) and ensuring we have an equal society (Gini-coefficient).

### *Why does Inclusion Matter?*

More inclusive approaches to growing our economy should benefit everyone. Evidence suggests that where economic growth is more evenly spread the overall rate of growth will be higher: a study by the OECD suggested that rising inequality was estimated to have reduced growth by 4 percentage points in more than half of the OECD countries in the two decades prior to 2014. It is therefore in everyone's interest to support inclusive growth.

### *Objectives*

There are measures we can take to help ensure everyone can improve their income – for instance through a commitment to supporting flexible jobs which pay a good wage or through ensuring as many people as possible are well trained and highly skilled. A range of measures are likely to be necessary to help remove barriers to economic participation, but we know that income and qualification level are related and we have therefore included the Skills Strategy target on Level 3 qualifications here as this will contribute to the overall objective.

However, the Department can also make a significant contribution to increasing household disposable income in an inclusive way by focusing on providing opportunities to distinct groups who face particular disadvantages. We know that some groups are less likely to be able to access the benefits of economic growth through securing a good job, starting a business or progressing up the career ladder. For instance, women, people with disabilities and those from disadvantaged areas are less likely to be in employment. Focusing in on these three groups and working with other departments to make gains for these groups, should bring significant benefits to household disposable income, particularly for the poorest in our society. Closing these employment gaps would add billions of pounds of value to the economy overall.

We know that closing the employment gap for these three groups will be an ambition for a number of other Departments and we will therefore work closely with them to ensure that adopted measures and targets are consistent or complementary.

## SUSTAINABILITY

<b>Objective</b>	<b>Achieving 80% electricity consumption from renewable sources by 2030 so that households and businesses have access to essential and affordable energy.</b>	
<b>Contributing objectives</b>	Further contributing objectives to be drawn from work underpinning the development of Climate Action Plans.	Double the size of NI’s low carbon and renewable energy economy to more than £2bn turnover.

### *Why does Sustainability Matter?*

Addressing energy costs is an urgent policy priority. As well as seeking to resolve short term issues, we must also work to ensure that we reduce the vulnerability of our population to energy crises. As a society recent events have again highlighted why we have a particular incentive to tackle the economic vulnerability which is our historic dependence on imported energy resources. Decoupling our economy from those volatile external markets, and making much more use of domestically sourced energy, can help us retain much more wealth in the local economy while also making us more sustainable in the long run.

Sustainability also matters because of the size of the economic opportunity. We want to see Northern Ireland obtaining a significant share of this growth market and taking advantage of other opportunities which arise from our transition to a greener, more sustainable economy.

### *Objectives*

The high level objectives identify our duty from the Climate Change Act as an important driver of this, while we will also have a consistent focus on affordability. Developing more effective metrics to track energy affordability will also be part of this work.

We also anticipate that work led by DAERA on sector climate action plans flowing from the Climate Change Act will set a number of other objectives that the Department will need to factor into business planning. As this work is ongoing it is not yet possible to identify what the specific objectives for these may be.

Ensuring that working towards sustainability goals brings wider economic gains in terms of innovation is also a critical part of this work. Through the Energy Strategy the Minister has already outlined the objective of increasing the turnover of the low carbon technology sector to £2bn by 2030. We will be factoring this work into work on innovation and technology, sector and cluster development to ensure that all parts of the Department work together to achieve economic gains from the adoption of low carbon technology in NI and internationally.

## Technology, Sector and Cluster Policy

One area that will be vital to deliver on 10X is policy on technology, sectors and clusters. The 10X Vision outlined the need to focus in on our genuine world-class strengths and focus energy on developing these for subsequent widespread application and commercial exploitation in our key growth industries.

Technologies, their application in priority sectors and development of clusters constitute components of a virtuous cycle of activity which we aim to build. Technological innovation and adoption of these in priority sectors is not sufficient to ensure that this policy has wider impact. We need to combine this with an awareness of the need to promote wider networks or clusters of activity that ensure economic impact reaches a wider range of people, for example through supply chain links or links to local FE or HE institutions. We want the innovation and technological strengths of our Universities and research organisations to be focussed on those areas with great potential for widespread commercial application in our local industry. We want that industry to embrace and absorb that innovative advancement and turn it into new and improved products, processes and services that can be the engine of growth for our economy going forward. And we want Public Policy to bring coherence at each juncture in order to consistently support those same areas of focus whether that be at the stage of university research, a sector initiative or a new inward investment.

There was particular interest in this work and concern around who was included or excluded. This is intended as relative rather than absolute focus for a number of reasons, particularly because the economy and technology will change and may create new areas of strength that we need to respond to.

Objectives will be set in the following areas:

- Agri-Tech
- Life and Health Sciences
- Advanced Manufacturing and Engineering
- Fintech/financial services
- Software (including cyber)
- Screen industries
- Low Carbon

Exciting innovation will also likely take place at the boundaries between different sectors and software in particular is likely to be an important driver of innovation across a range of sectors.

This work will fit into the overarching architecture of innovation, inclusion and sustainability. The range of objectives we are considering for this work would therefore include that these key parts of our economy:

- Will represent a greater share of overall employment and GVA of our economy;
- Drive innovation in our economy (R&D investing companies);
- Increase our global competitiveness through exports and investment;
- Become more inclusive and address current patterns of employment which contribute towards inequality in our society (people with disabilities, women, people from deprived backgrounds backgrounds); and
- Become the most sustainable in our economy both in ability to withstand economic shocks and in terms of environmental sustainability.

This work needs to be taken forward in partnership with the range of interested parties. We will be seeking expressions of interest for involvement in particular strands of this work from those with relevant experience in due course.

## Next Steps - Making this Happen

Responses to questions on high level objectives and metrics must be submitted by 17.00 on 26 October 2022 through the following link:

[Consultation on 10x Performance Management Framework](#)

We will analyse and present advice to the Minister on consultation responses to enable the Minister to consider the views received through consultation.

In order to enable wider feedback and involvement in this work both now and over a longer period, we are seeking expressions of interest of people who would like to be involved further in this policy work, whether through focus groups, participation in co-design or sharing more about their views on innovation, inclusion and sustainability. This will remain until 18 January. Expressions of interest for this can be made through the following link:

[10x Performance Management Framework: Expressions of interest for further engagement](#)



## Appendix A - Consultation Questions

### Consultation on Performance Management Framework 10X Objectives

#### 1. Do you agree with the overall objectives for the Department:

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

#### 2. Do you have any further comments to make on these objectives?

##### Innovation

#### 3. The Department set out the following as contributing objectives for innovation, for each of these do you agree or disagree that these are reasonable objectives given the overall objective for innovation?

- 450 additional R&D performing businesses in NI by 2030 [*sub-regional monitoring of data*]
- 55% of NI businesses surveyed in Innovation Survey to be innovation active firms by 2030 [*sub-regional monitoring of data*]
- 10% of NI businesses to be holders of an Innovation Accreditation by 2030 [*sub-regional monitoring of data*]
- 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

**4. Do you have any further comments to make on the proposed contributing objectives for innovation?**

**Inclusion**

**5. The Department set out the following as contributing objectives for inclusion, for each of these do you agree or disagree that these are reasonable objectives given the overall objective for inclusion?**

- Close the employment gap between:
  - i. males and females (currently 9 p.p.);
  - ii. individuals with and without a disability (currently 44 p.p.); and
  - iii. 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.

**6. Do you have any further comments to make on the proposed contributing objectives for inclusion?**

**Sustainability**

**7. Noting that more specific targets are likely to emerge through work arising from the Climate Change Act, do you agree with maintaining space in sustainable objectives for objectives arising from this work?**

**8. Do you agree with objective of doubling the size of NI's low carbon and renewable energy economy to more than £2bn turnover.**

**9. Do you have any further comments to make on the proposed contributing objectives sustainability?**

**Technology, Sector and Cluster Policy**

**10. The Department has set out that technology, sector and cluster policy will be developed within the framework of inclusion, innovation and sustainability. Do you agree/disagree that our policy in this area should aim to produce outcomes against the following metrics?**

- Will represent a greater share of overall employment and GVA of our economy;
- Drive innovation in our economy (R&D investing companies);

- Increase our global competitiveness through exports and investment;
- Become more inclusive and address current patterns of employment which contribute towards inequality in our society (people with disabilities, women, people from deprived backgrounds backgrounds); and
- Become the most sustainable in our economy both in ability to withstand economic shocks and in terms of environmental sustainability.

### **Wider 10X Metrics**

Linked to the above objectives, we have identified a number of Metrics that we will monitor to take forward this work. These are published in the 10X Vision Baseline Report. These will ensure we are on the right pathway and that we are performing well on all fronts as we deliver innovation led, inclusive and sustainable growth. We are particularly keen to hear your views on the range of Underpinning Tier 2 Metrics that have been identified in Section 4 of the 10X Vision Baseline Report.

- 11. Do you consider that these are the right metrics to monitor as we take forward 10X?**
- 12. Do you consider that there are other important metrics that we have not included but which should be?**