

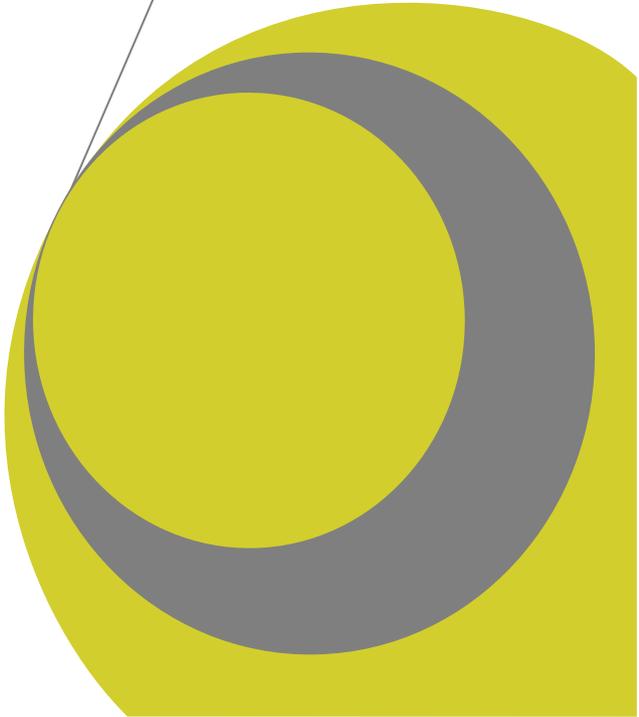
**ACCELERATED SUPPORT FUND**

**EVALUATION – FINAL**



**Cogent Management Consulting LLP**

**28<sup>th</sup> May 2013**



# ACCELERATED SUPPORT FUND

## EVALUATION

### CONTENTS

Page

<b>CONSOLIDATED EXECUTIVE SUMMARY - STAS &amp; ASF PROGRAMME EVALUATIONS</b>	<b>I</b>
<b>1. INTRODUCTION AND BACKGROUND</b>	<b>1</b>
1.1 Introduction	1
1.2 Accelerated Support Fund	1
1.3 Invest NI's Requirements	2
1.4 Notes on Methodology	3
<b>2. STRATEGIC CONTEXT &amp; RATIONALE</b>	<b>4</b>
2.1 Programme Rationale	4
2.2 Strategic Context	5
<b>3. PROGRAMME ACTIVITY</b>	<b>6</b>
3.1 Programme Management	6
3.2 ASF Activity and Financial Drawdown	6
3.3 Actual Activity Compared with Anticipated Demand	6
3.4 Current Trading Status of Recipients	7
3.5 Programme Costs	7
3.6 Risks	8
3.7 Equality Considerations	9
<b>4. STAKEHOLDERS' SATISFACTION WITH, &amp; VIEWS OF ASF</b>	<b>11</b>
4.1 Promotion of the Scheme	11
4.2 Application Process	11
4.3 Views on Support Received	13
4.4 Drawdown of Monies	17
4.5 Signposting to Other Support	17
4.6 Overall Satisfaction	18
<b>5. PROGRAMME IMPACT</b>	<b>19</b>
5.1 Impact of Support Received	19
5.2 Tangible Impact of ASF Support	20
5.3 Deadweight/Additionality	23
5.4 Additional Sales & Employment	24
5.5 Displacement Considerations	24
5.6 Net Additional Sales and Employment Impact	25
5.7 Net Additional GVA Impact	25
5.8 Gross and Net Additional Productivity Impact	26
5.9 GVA Return on Investment	26
5.10 Other Benefits or Unexpected Impacts	26
5.11 Duplication and Complementarity	27

<b>6. CONCLUSIONS &amp; LESSONS LEARNED .....</b>	<b>28</b>
6.1 Conclusions .....	28
6.2 Lessons Learned/Implications for Future Delivery .....	30

**APPENDICES**

- I Invest NI's Requirements**
- II Overview of the Accelerated Support Fund**
- III Deadweight and Programme Impact Calculations**
- IV A discussion on issues relating to the reliability of information presented in the Report**

*This report has been prepared for, and only for Invest NI and for no other purpose. Cogent Management Consulting LLP does not accept or assume any liability or duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.*

## List of Abbreviations

Abbreviation	Definition
ASF	Accelerated Support Fund
BCM	Business Client Manager
BDM	Business Development Manager
BITP	Business Improvement Training Programme
CEO	Chief Executive Officer
CEs	Client Executives
CFAAD	Corporate Finance Appraisal Division
DEL	Department for Employment and Learning
DETI	Department of Enterprise, Trade and Investment
DFP	Department of Finance and Personnel
EAM	Economic Appraisal Methodology
EC	European Community
EDOs	External Delivery Organisations
ERNI	Employers National Insurance Contributions
EU	European Union
FDI	Foreign Direct Investment
FTE	Full Time Employees
GAP	Growth Accelerator Programme
GB	Great Britain
GDP	Gross Domestic Product
GVA	Gross Value Added
HM	Her Majesty's
HMT's	Her Majesty's Treasury
ICDG	Innovation an Capability Development Group
IT	Information Technology
MIS	Management Information System
NDPBs	Non Departmental Public Bodies
NI	Northern Ireland
NIC	National Insurance Contributions
NIGEAE	Northern Ireland Guide to Expenditure Appraisal and Evaluation
NPV	Net Present Value
ONS	Office for National Statistics
PSA	Public Service Agreement
R&D	Research and Development
RoI	Republic of Ireland
SFA	Selective Financial Assistance
SMART	Specific, Measurable, Achievable, Realistic and Time-bound
SMEs	Small and Medium Sized Enterprises
STAS	Short Term Aid Scheme
UK	United Kingdom
VAT	Value Added Tax

## CONSOLIDATED EXECUTIVE SUMMARY - STAS & ASF PROGRAMME EVALUATIONS

### Introduction

Invest NI commissioned Cogent Management Consulting LLP ('Cogent') to undertake an independent evaluation of two programmes established to assist the Northern Ireland economy during the recent recession:

- The Accelerated Support Fund (ASF) covering the period September 2008 to April 2012; and
- The Short Term Aid Scheme (STAS) covering the period June 2009 to December 2010.

Separate reports have been prepared for both programmes. This Executive Summary draws together the key findings on each programme and highlights common themes and implications for how Invest NI can most effectively support businesses through an economic downturn.

### Programme Rationale

The rationale for both programmes is arguably well understood. Until the beginning of the economic downturn in 2008, the NI economy had experienced a period of comparatively strong economic growth, reflected in increased levels of employment. In spite of this growth, the Northern Ireland economy had (before the period of recession) historically underperformed across a range of economic indicators as was evident by a continuing gap in living standards with the rest of the UK.

So, whilst some progress had been made, particularly in respect of the growth in employment over the period 1998-2008, productivity and overall employment rates remained significantly lower in NI. This was linked to lower levels of business investment in research & development as well as business start-ups and growth. In addition, NI had a greater share of its workforce with no or low qualifications than any other part of the UK. Those deficiencies were longstanding (and indeed continue to exist in 2013).

Subsequently, in line with its competitors, the economy of NI was adversely impacted by the economic recession which had partially reversed some of the positive trends that NI had seen. The speed of such impacts, accompanied by a general call from the private sector for government to offer support necessitated the rapid introduction of measures that would help stabilise the situation and provide a basis for rebuilding the economy, and ultimately rebalancing it through private sector and export-led growth.

As 2009 and 2010 unfolded, there was a shared recognition amongst all stakeholders (within both private and public sectors) that both GB and NI (as well as most other Western countries) faced a very deep and prolonged global economic downturn. Considerable uncertainty existed (indeed, in 2013 it could be argued that it still does) as the pace of recovery varied, and some sectors, e.g. construction, contracted significantly.

In recognition of the severity of the economic downturn, Invest NI took a proactive position and introduced a number of initiatives (amongst them ASF and STAS) aimed at stabilising the effects of the economic downturn and improving productivity (PSA 1) and employment (PSA 3), which were reflected as key priorities within the then current Programme for Government (PfG 2008-2011), where the economy was identified as its top priority. These goals were recognised as being both economic and social imperatives.

It is noted that, in the case of STAS support, assistance was not predicated on business growth, the basis of all other Invest NI interventions. It was instead based upon maintaining the employment of workers with key skills in a supported business, thus affording the business the opportunity to take advantage of an economic upturn when it occurred.

## Support Available

### ASF

Provision of support under the ASF sought to facilitate:

- A tactical response to the (then) current circumstances; and
- The removal of constraints to growth and competitiveness brought about by (the then) current economic conditions.

Under the ASF, support of up to £50,000 at a grant rate of 50% of eligible, vouched and approved costs was available towards:

- Salary costs of new and existing staff contributing to the project;
- Consultancy costs;
- Salary costs of those involved in training relating to projects;
- External training costs;
- Eligible travel and subsistence costs.

ASF offers had a maximum period of fifteen months in which a Client could claim support. However, a number of clients received extensions to their Letter of Offer.

### STAS

The European Commission issued a ‘Temporary Community Framework for State Aid measures to support access to finance in the current financial and economic crisis’ in mid December 2008 by way of response to the global credit crunch, as it considered “*the current global crisis requires exceptional policy responses*”. One measure offered member States the opportunity to assist companies with relatively modest amounts of support (up to EUR 500,000 gross before tax deduction or other charges) without detrimentally affecting competition within the EU.

The UK’s specifically notified measure (under which Invest NI developed STAS) was designed to address the potential damage to the local economy through the possible loss of fundamentally viable companies as a result of the global financial crisis.

The Short Term Aid Scheme (STAS) had a budget of £15m and provided eligible businesses with financial assistance to enable them to retain key staff and skills so that they would be ready to take advantage of an economic upturn in the medium term. The key objectives of the Scheme were to:

- (i) Enable businesses to plan or restructure for the future through investing in key areas such as sales, marketing, management, finance, training and human resources;
- (ii) Provide targeted assistance to such businesses which were not in difficulty prior to 1st July 2008 and which, although fundamentally viable, were experiencing short term difficulties.
- (iii) Assist such businesses that had a demonstrable need for support and that had already taken action, or proposed to take action, to address their difficulties.

## ASF Activity and Financial Drawdown

A total of 163 offers to 162 client companies were made from the programme. Total investment of c£14.2 was projected, with Invest NI’s offers having a combined value of £5,234,797. Actual participant drawdown on the programme was £3,890,540 (73%) over the delivery period. A profile of offers and defrayed expenditure is set out in the table below:

Accelerated Support Financial Summary						
	Offers (No.)	Total Planned Investment (£) <sup>1</sup>	Offers		Projected	
			Value (£)	Actual Spend (£)	New Jobs	Safeguarded Jobs
2008/09	16	1,184,395	489,528	-		
2009/10	126	11,084,626	4,164,796	672,222	39	157
2010/11	17	1,388,390	469,832	2,081,312	4	23
2011/12	4	562,713	110,631	797,710	6	0
2012/13	-		-	258,296		
<b>Total</b>	<b>163</b>	<b>14,220,124</b>	<b>5,234,787</b>	<b>3,809,540</b>	<b>49</b>	<b>180</b>

Based upon information provided by Invest NI (contained within project applications), the combined ASF activity was projected to result in the creation of 49 new jobs and the safeguarding of 180 more.

The Evaluation Team understands that 15 of the 162 businesses that accepted ASF support are no longer trading.

Including assistance to recipients' businesses (£3,809,540), an apportioned cost for the Credit Crunch seminars (£12,674) and Diagnostic Support costs (£410,000) and Invest NI staff costs (£521,973), the full economic cost of implementing ASF was £4,754,187.

### STAS Activity and Financial Drawdown

In total, 55 applications for support were received with 30 businesses receiving letters of offer from the STAS programme, ranging in value from £13,400 to £413,700. The majority (45 or 82%) of the 55 applications were received from pre-existing Invest NI clients, whilst 10 were received from the wider business base/non-Invest NI clients.

26 of the 30 businesses that were offered STAS monies subsequently drew down monies. Of these 26 businesses, 3 were drawn from non-Invest NI clients; whilst 81% were small businesses:

The Evaluation Team understands that 3 of the 4 businesses that did not accept their STAS Letter of Offer are no longer trading. In addition, 1 of the 26 businesses that did accept their STAS Letter of Offer is no longer trading.

In the period before STAS was introduced, analysis undertaken by Invest NI's Senior Management had indicated a potential £10.15m need for STAS support across 97 clients. Assuming a 50% increase on what had been identified, Invest NI's STAS Business Case proposed to allocate £15m of its existing budget to the Programme. In summary, during the intervention period, Invest NI forecast that approximately 150 companies would be assisted at an average support value of £100k.

Actual demand and activity was much less than anticipated with 30 Letters of Offers issued at a combined value of £3,712,631 (an average of £123,754). Discussion with Invest NI's STAS Panel Members and management personnel indicates that it had been difficult for Invest NI, prior to the launch of STAS, to accurately identify the likely level of demand, as it was not known with full certainty how the entire business base was progressing. However, it was important for Invest NI to have mechanisms to be able to help those businesses facing difficulty and to ensure that an adequate level of support was available (both on an individual allocation and on overall basis). Hence, a budget of £15m was established for STAS. Factors that were suggested by Invest NI personnel (management and Client Executives) as potentially having served to limit the demand for STAS included:

<sup>1</sup> Planned Investment includes Assistance Offered

- Business had to commit to retaining workers – given the severity and length of the downturn, many business were unsure if they could definitely commit to this;
- There was a relatively small window (i.e. 18 months) for such a significant amount of money (i.e. the £15m) to be applied for, assessed and drawn down by businesses;
- Invest NI had employed a strong focus on ensuring that applications were appropriately assessed and additionality was being maximised. A number of applications were turned down at the casework meetings;
- The application process may have been too demanding for some businesses;
- The criteria was potentially restrictive;
- Confusion amongst CEs and businesses over the criteria definitions i.e. what is a key worker? It was as a result of such issues that a number of applications were turned down at casework;
- Businesses may have been concerned that a ‘stigma’ would be attached to them (on the basis that they were having difficulties).
- Some businesses may not have wanted to avail of STAS support on the basis that they would subsequently have been ruled out from availing of other Invest NI support interventions;
- Indeed, it was noted by Invest NI management personnel that, at the time, Invest NI sought to provide support with a view of sustaining the business in the longer-term rather than just ‘plugging a gap’. Therefore, where other existing schemes were considered to better meet the medium-longer term needs of the business these would have been recommended ahead of STAS.

26 of the 30 businesses that were offered STAS support accepted their Letter of Offer (total value of £3,393,835) and c£3.1m (92%) was subsequently drawn down.

<b>STAS Financial drawdown</b>			
<b>Total Assistance Offered (£) (all 30 LOOs)</b>	<b>Total Assistance Offered (£) (26 recipients)</b>	<b>Total Drawn Down (£)</b>	<b>% Drawn Down</b>
£3,712,631	£3,393,835	£3,115,186	92%

In most instances where a business did not draw down its full allocation of funding, the Client Executives were of the view that it was as a result of changes within the business which meant their project did not progress as originally envisaged e.g. an employee that was being funded leaving the business and not being replaced or a funded employees working week being reduced from 5 days to 3 days.

Whilst it is likely that a combination of factors affected demand for the Scheme, the Evaluation Team is of the view that should a Scheme such as STAS be required in future years that eligibility criteria and management processes should largely continue unchanged.

Including assistance to recipients businesses, STAS direct marketing costs and Invest NI staff costs, the full economic cost of implementing the STAS Programme was £3,318,194.

### **Key Findings/Conclusions - ASF**

Based upon recipient feedback, we are of the view that ASF delivered upon its intended remit. That is, it facilitated:

- A tactical response to the (then) current circumstances; and
- The removal of constraints to growth and competitiveness brought about by (the then) current economic conditions.

Furthermore, we consider that in the majority of cases, it met its objectives. That is:

- It stimulated businesses to take action;
- It highlighted the areas of potential focus (when considered alongside the diagnostic support);
- It assisted companies to identify their key requirement;
- It highlighted key activities to reduce the impact of the economic downturn and sustain business;
- It provided access (one stop shop) to experts;

- It assisted ongoing interaction via approved Invest NI support mechanisms where possible; and
- It raised awareness of, and proactive engagement with, Invest NI.

In terms of Programme and Risk Management, we consider that the ASF programme management was robust and well implemented.

#### Stakeholders' Satisfaction With, & Views of ASF

On an overall basis, the majority of ASF participants and Invest NI personnel were in agreement that:

- The promotion of the Scheme was effective, and in particular the use of the Credit Crunch seminars had been an effective tool for raising awareness;
- The application process was streamlined and efficient;
- The ASF support was an appropriate response by Invest NI to the challenges arising from the economic downturn;
- The level of funding available was appropriate;
- The items that the grant could be used towards were appropriate;
- The support stimulated their business to take action to address challenges it was facing as a result of the economic downturn;
- The diagnostic support helped businesses identify areas to focus action on and the business' key requirements;
- The support provided the business with access (one stop shop) to experts; and
- The support had helped improve businesses' ongoing relationship and interaction with Invest NI and its other support offerings.

#### **Key Findings/Conclusions - STAS**

In specific regard to its remit, it is the Evaluation Team's view that STAS should be considered particularly successful. Whilst it did not assist 150 businesses as projected, it is recognised that accurately projecting demand for such support, and in such uncertain circumstances would always have proved problematic. However, it did support:

1. The retention of 93% of supported posts, against a target of 75%; and
2. Enabled 96% of assisted businesses to continue trading, against a target of 90%.

Furthermore, feedback from recipients indicates that STAS:

- Enabled businesses to plan or restructure for the future through investing in key areas such as sales, marketing, management, finance, training and human resources;
- Provided targeted assistance to such businesses which were not in difficulty prior to 1st July 2008 and which, although fundamentally viable, were experiencing short term difficulties; and
- Assisted such businesses that had a demonstrable need for support and that had already taken action, or proposed to take action, to address their difficulties.

In terms of Programme and Risk Management, we consider that the Scheme was managed in a proactive and efficient manner by Invest NI, utilising a streamlined application and appraisal process (in the context of the monies involved and inherent risks related to the businesses seeking support). This enabled monies to be channelled quickly to eligible projects which met the objectives of the programme.

### Stakeholders' Satisfaction With, & Views of STAS

On an overall basis, the majority of STAS participants and Invest NI personnel were in agreement that:

- The promotion of the Scheme was effective;
- The application process was streamlined and efficient;
- Grant support for salaries was an appropriate response by Invest NI to address the challenges that arose from the economic downturn; and
- The level of funding was appropriate.

### **Scheme Impact - ASF**

The Evaluation Team surveyed 78 of the 162 ASF recipients. Given that the aim of the ASF was to facilitate businesses to make a tactical response to the economic downturn and to remove constraints to growth and competitiveness brought about by the downturn, it is encouraging to note that the majority of recipients were in agreement that the ASF support had:

- Helped their business to address the issues that were constraining their competitiveness;
- Boosted the longer term resilience and competitiveness of their business;
- Enabled their business to pursue new markets;
- Enabled their business to implement a new strategy; and
- Helped their business survive.

Furthermore, the majority of respondents indicated that the receipt of ASF support had:

- Helped to safeguard/retain jobs within the business; and
- Had a direct impact on their turnover.

### Deadweight/Additionality

Our analysis indicates that, on average, 62.84% of any 'economic benefit' achieved by ASF recipients was additional.

### Net Additional GVA and Employment Impact

We estimate that ASF resulted in

- 232 net additional jobs being retained;
- 17 (FTE) net additional jobs being created; and
- The generation of £5,271,276 of net additional GVA.

### GVA Return on Investment

The GVA return on investment was £1:£1.11 (GVA) i.e. £4,754,187: £5,271,276.

### **Scheme Impact - STAS**

The Evaluation Team surveyed 17 of the 26 STAS recipients. Given that the core focus of STAS was to provide eligible businesses with financial assistance to enable them to retain key staff and skills so that they would be ready to take advantage of an economic upturn in the medium term, it is encouraging to note that all of the survey respondents were in agreement that the support had helped their business retain key skills within their workforce.

In addition, most respondents agreed that the support had helped:

- Boost the longer term resilience and competitiveness of their business;
- Contribute to the survival on their business;
- Enable their business to pursue new markets; and
- Enable their business to implement a new strategy.

It was anticipated that the support provided to the 26 STAS recipients would safeguard a total of 114 jobs. We understand that one of the recipients who received support for 2 jobs has since ceased trading. We estimate that of the remaining 112 jobs, c106 jobs were retained as a result of STAS. In addition:

- Just over one-third (35%, N=17) indicated that the receipt of STAS had had a beneficial impact upon their turnover;
- One quarter (24%, N=17) indicated that STAS had helped the business create new employment. Each of these respondents indicated that the (total of 6) new jobs that have been created offer salaries above the NI median i.e. £18,720 per annum.

#### Deadweight/Additionality

Our discussion with STAS recipients indicates minimal deadweight (i.e. 0.98%) relating to the employment that was safeguarded or retained through STAS and that the vast majority of the jobs safeguarded would have been made redundant in the absence of STAS. However, our analysis indicates that, on average, 51.01% of any other 'economic benefit' achieved by 6 (of 17) STAS recipients is additional.

Given that STAS was focussed upon retaining key employment and skills which would otherwise be lost through redundancy, the deadweight of 0.98% associated with jobs safeguarded or retained should be viewed particularly positively.

#### Net Additional GVA and Employment Impact

We estimate that STAS resulted in:

- 106 net additional jobs being retained;
- 2.91 (FTE) net additional jobs being created; and
- The generation of £572,518 of net additional GVA.

#### GVA Return on Investment

The GVA return on investment was £1:£0.17 (GVA) i.e. £3,318,194: £572,518.

However, it should be recognised that the aim of STAS was to maintain capability and capacity within eligible companies in order that they would be in a position to take advantage of an economic upturn. Therefore, as a maintenance scheme, it was entirely distinct from standard Invest NI programmes which seek to lever additional economic activity.

### **Lessons Learned/Implications for Future Delivery**

Given the predominantly positive feedback associated with both ASF and STAS, the Evaluation Team is of the view that both Programmes were appropriate and fit-for-purpose responses to the economic downturn. We are of the view that in similar exceptional economic circumstances it is appropriate for Invest NI to offer similar supports.

We have identified only a small number of lessons learned or implications for future delivery:

1. Ensure that all client facing staff are fully briefed on the operations of any similar programme (including clarity relating to project timescales), and its eligibility criteria. This should be supplemented with the use/aid of a small leaflet that captures pertinent scheme details; and
2. Incorporate a diagnostic aspect (similar to that employed through ASF).

## 1. INTRODUCTION AND BACKGROUND

### 1.1 Introduction

Invest NI has commissioned Cogent Management Consulting LLP ('Cogent') to undertake an independent evaluation of two programmes established to assist the Northern Ireland economy during the recent recession. The two programmes within the scope of the evaluation are the:

- Accelerated Support Fund (ASF) covering the period September 2008 to April 2012; and
- Short Term Aid Scheme (STAS) covering the period June 2009 to December 2010.

The evaluation has been undertaken in line with national and regional requirements. It is compliant with Central Government guidance including:

- "The Green Book: Appraisal and Evaluation in Central Government", HM Treasury 2003;
- "The Northern Ireland Guide to Expenditure Appraisal and Evaluation (NIGEAE), Current Edition", Department of Finance and Personnel;
- "The Magenta Book: Guidance for Evaluation"; and
- Invest NI Economic Appraisal Methodology (EAM) guidance.

This report focuses on the Accelerated Support Fund (ASF), with this section considering the background to and the objectives of the Evaluation.

A separate report has been produced for the STAS programme. However, the Executive Summary draws together the key findings on each programme and highlights common themes and implications for how Invest NI can most effectively support businesses through an economic downturn.

### 1.2 Accelerated Support Fund

#### 1.2.1 Introduction

At the end of September 2008, Invest NI organised a series of 'Challenges and Opportunities – The Credit Crunch' events across the Province. Over 800 clients had the opportunity to discuss issues with Invest NI staff and service providers in a number of themed zones: Financial Management, Securing Extra Sales, Supply Chain Management, Improving Internal Efficiencies and Invest NI support. Attendees also received vouchers entitling them to 3-5 days free diagnostic support from Invest NI suppliers to review their business.

Subsequently as part of the Credit Crunch Initiative, Invest NI established in September 2008 an Accelerated Support Fund (ASF) of £5m to provide fast track advice and financial assistance to all client companies whose competitiveness had been impacted or constrained by the increasingly demanding economic conditions. Support was provided under the EU De-Minimis state aid block exemption<sup>2</sup>.

It should be noted that, as the ASF programme was designed as a quick response to the economic conditions, no economic appraisal or related business case exists for this programme.

---

<sup>2</sup> Under Commission Regulations companies may receive up to €200,000 (approx. £155,000) of De Minimis support in any 3 fiscal years. The applicant had to provide a statement regarding De Minimis aid already received in the current and previous two fiscal years and any other public funding being sought in relation to the project.

### 1.2.2 Aims of the Support

The ASF was specifically established to offer flexible support to clients affected by the challenging economic climate. Provision of support under the ASF sought to facilitate:

- A tactical response to the (then) current circumstances; and
- The removal of constraints to growth and competitiveness brought about by (the then) current economic conditions.

The key objectives of the programme were to:

- Stimulate companies to take action;
- Highlight the areas of potential focus;
- Assist companies to identify their key requirement;
- Highlight key activities to reduce the impact of the economic downturn and sustain business;
- Provide access (one stop shop) to experts – Invest NI supported or not;
- Assist ongoing interaction via approved Invest NI support mechanisms where possible;
- Raise awareness / optimism / proactive engagement.

### 1.2.3 Eligibility & Application Process

Projects assisted under the ASF were undertaken by Invest NI clients who had taken part in qualifying activities, including the diagnostic process. Further detail can be found in Appendix II.

### 1.2.4 Support Available

Under the ASF, support of up to £50,000 at a grant rate of 50% of eligible, vouched and approved costs was available towards:

- Salary costs of new and existing staff contributing to the project;
- Consultancy costs;
- Salary costs of those involved in training relating to projects;
- External training costs;
- Eligible travel and subsistence costs.

ASF offers had a maximum period of fifteen months in which a Client could claim support. Assistance was anticipated to focus on a period of up to twelve months of activity so as to allow Clients to draw down the grant support. However, it is understood that a number of clients received extensions to the Letters of Offer. Further detail can be found in Appendix II.

## 1.3 Invest NI's Requirements

The STAS and ASF programmes represented a significant investment by Invest NI to help viable businesses respond to the challenges arising from the economic downturn. With both programmes now complete, Invest NI are seeking to review the operation and impact of each programme and identify what lessons there are for the organisation in the design and implementation of programmes which support businesses to respond to difficult conditions in the wider economy.

The overall evaluation objectives are detailed overleaf:

- To assess the appropriateness of the delivery models adopted and identify whether they represented an effective way of supporting firms to respond to the challenges facing them.
- To determine the specific contribution of the programme(s) to boosting longer term resilience and competitiveness amongst participating businesses, alongside other Invest NI products.
- To capture, and quantify as far as possible, the gross and net outputs, outcomes and impacts of the programme(s).
- To determine the extent to which the programme(s) represent value for money to the public sector and to identify ways in which impact and value for money could be improved were similar schemes to be operated in the future.
- To identify aspects of good practice and lessons learned which can inform policy and programme design in relation to recession response initiatives.
- To provide an overall assessment of the performance of the programme(s) against the original objectives and SMART targets as well as the contribution of the programme(s) to strategic aims.

The evaluation of each programme has a number of common components which have to be addressed. These ‘core components’ are outlined in full within Appendix I.

In addition, there are a number of ASF programme-specific requirements which have to be addressed through the evaluation. These are set out below.

- (i) How valuable was the free diagnostic health to assisting participants to understanding the key issues for their business and take action?
- (ii) How important was the diagnosis in the scoping of the project?
- (iii) Have the project extensions made available to participants generated additional benefits?

#### 1.4 Notes on Methodology

In conducting the evaluation, Cogent employed a methodology that included:

- A robust desk-based analysis of pertinent materials relating to ASF;
- Consultation with the Steering Group that was established for the evaluation. This included representation from:
  - Invest NI’s Head of Leadership and Enterprise Solutions;
  - Invest NI’s Head of EU Programmes;
  - Invest NI’s Strategy Group.
- Consultations with DETI;
- Consultation with 27 Invest NI Client Executives;
- Consultation with members of Invest NI Senior Management Team;
- A survey of 78 of the 162 ASF recipients (56 by telephone and 22 through an online survey instrument). It should be noted that at least 15 of the 162 recipients have now ceased trading. Of the 69 remaining trading businesses that were not surveyed, each was called on a minimum of four occasions and was issued with an online version of the questionnaire. However, no response was received. A summary of our participant survey is presented below:

<b>Table 1.1: Survey response rates and confidence levels</b>		
<b>Total No. of ASF Recipients that are still trading</b>	<b>No. surveyed<sup>3</sup></b>	<b>Confidence Interval based on a 95% confidence level</b>
147	78	7.63

*Appendix IV of this report contains a discussion on issues relating to the reliability of information presented in the report and an assessment of non-response bias.*

<sup>3</sup> Please note that whilst 78 businesses were consulted with, 2 respondents chose to answer only a small number of questions each (one largely responded to the satisfaction-related questions, and one largely to the impact related questions). Therefore, at no stage in our survey analysis does the response rate equal 78.

## 2. STRATEGIC CONTEXT & RATIONALE

### 2.1 Programme Rationale

Whilst no Business Case was developed for ASF, the rationale for its introduction is arguably well understood. During the second quarter of 2008 the UK had entered recession. However, the Northern Ireland economy had (before the period of recession) historically underperformed across a range of economic indicators as was evident by a continuing gap in living standards with the rest of the UK. Despite this, and until the beginning of the economic downturn in 2008, the NI economy had experienced a period of comparatively strong economic growth. For example, between 1997 and 2007, the average rate of growth was marginally above the UK (5.6% compared to 5.4%). However, little progress was made in improving living standards (measured by Gross Value Added (GVA) per capita), which had remained around 80% of the UK average. The rate of economic growth was also reflected in increased levels of employment. For example, the Northern Ireland economy added 124,000 jobs between December 1997 and 2007 – an increase of 20.5%. This was well in excess of the growth in employee jobs in UK (which grew by 10.7% over the same period).

So, whilst some progress had been made, particularly in respect of the growth in employment over the period 1998-2008, productivity and overall employment rates remained significantly lower in Northern Ireland. This was linked to lower levels of business investment in research & development as well as business start-ups and growth. In addition, Northern Ireland had a greater share of its workforce with no or low qualifications than any other part of the UK. Those deficiencies were longstanding (and indeed continue to exist in 2013).

Subsequently, in line with its competitors, the economy of NI was adversely impacted by the economic recession which had partially reversed some of the positive trends that NI had seen. The speed of such impacts, accompanied by a general call from the private sector for government to offer support necessitated the rapid introduction of measures that would help stabilise the situation and provide a basis for rebuilding the economy, and ultimately rebalancing it through private sector and export-led growth.

Indeed, as 2009 and 2010 unfolded, there was a shared recognition amongst all stakeholders (within both private and public sectors) that both GB and NI (as well as most other Western countries) faced a very deep and prolonged global economic downturn<sup>4</sup>. Considerable uncertainty existed (indeed, in 2013 it could be argued that it still does) as the pace of recovery varied, and some sectors, in particular, retracted greatly. For example, construction, manufacturing and business & finance all experienced significant declines between 2008 and 2011.

The global challenges facing NI at the time were also compounded by the severity of the recession in the Republic of Ireland which is a major destination for NI exports, and depressed demand conditions inevitably impacted on local businesses selling to that market. In addition, a number of our local banks were exposed to the severe downturn in the Republic of Ireland's property market. This affected access to finance for many NI businesses.

As a result of the downturn, the rapid job growth experienced in Northern Ireland came to an end in 2008. By late 2010, over 34,000 employee jobs (seasonally adjusted) were lost since the peak in employment in June 2008. The majority of the job losses were in manufacturing, construction, retail and business & finance.

In recognition of the severity of the economic downturn, Invest NI took a proactive position and introduced a number of initiatives (amongst them ASF and STAS) aimed at stabilising the effects of

---

<sup>4</sup> The UK emerged from the longest recession since records began in late 2009, with the economy contracting by six consecutive quarters between Q2 2008 and Q3 2009.

the economic downturn and improving productivity (PSA 1) and employment (PSA 3), which were reflected as key priorities within the then current Programme for Government (PfG 2008-2011), where the economy was identified as its top priority. These goals were recognised as being both economic and social imperatives.

In specific relation to ASF, the Evaluation Team considers that a focus on maintaining NI's competitiveness and on export-oriented businesses was an appropriate one, as encouraging exports and supporting firms in doing business outside of Northern Ireland offered potential to provide access to larger markets with greater trade opportunities. Exploiting such opportunities offered scope to enable the private sector to grow and increase wealth and employment.

## 2.2 Strategic Context

As part of its 2008-2011 Corporate Plan, DETI established its goal *"to grow a dynamic, innovative economy"*. As part of achieving this goal, DETI committed itself to contributing to a number of relevant Public Service Agreements (PSAs), two of which were:

- PSA 1: Productivity Growth - Increase Northern Ireland's manufacturing and private services productivity; and
- PSA 3: Increasing Employment - Subject to economic conditions, increase employment levels and reduce economic inactivity by addressing the barriers to employment and providing effective careers advice at all levels.

Invest NI's Corporate Plan for the period 2008-2011 stated that the priority of the Corporate Plan was to increase business productivity, the means by which wealth can be created for the benefit of the whole community. In line with the Programme for Government and DETI Corporate Plan for the period, it was envisaged that Invest NI would contribute to the PSAs 1 and 2.

Whilst the analysis suggests that the ASF is likely to have had a limited impact in contributing to the growth in productivity and employment during the period, it should be noted that the key focus of the Fund was to support NI businesses through the downturn, in terms of stabilising (rather than growing) productivity and employment levels. As detailed, the Evaluation Team's analysis suggests that 232 jobs were safeguarded and 30 new jobs were created as a direct result of the support provided through the ASF.

Whilst difficult to state with certainty, the provision of measures to stabilise businesses through the downturn is likely to have supported the survival of these businesses and ultimately enable these business to grow (both in employment and productivity terms) during any future economic upturn. In doing so, it is the Evaluation Team's view that the Fund will potentially contribute to the achievement of PSAs 1 and 3 in the longer term.

### 3. PROGRAMME ACTIVITY

This section provides an overview of ASF activity.

#### 3.1 Programme Management

From October 2008 to December 2010, Business Improvement Services Division (BIS), now Skills and Strategy Division) managed the programme from within the BIS budget. This phase of the programme involved a total of 98 projects. From January 2010 the programme was delivered by the sector teams in Invest NI, with a further 65 projects delivered in this latter phase.

#### 3.2 ASF Activity and Financial Drawdown

A total of 163 offers to 162 client companies were made from the programme. Total investment of c£14.2 was projected, with Invest NI's offers having a combined value of £5,234,797. Actual participant drawdown on the programme was £3,890,540 (73%) over the delivery period. A profile of offers and defrayed expenditure is set out in the table below:

	Offers (No.)	Total Planned Investment (£) <sup>5</sup>	Offers		Projected	
			Value (£)	Actual Spend (£)	New Jobs	Safeguarded Jobs
2008/09	16	1,184,395	489,528	-		
2009/10	126	11,084,626	4,164,796	672,222	39	157
2010/11	17	1,388,390	469,832	2,081,312	4	23
2011/12	4	562,713	110,631	797,710	6	0
2012/13	-		-	258,296		
<b>Total</b>	<b>163</b>	<b>14,220,124</b>	<b>5,234,787</b>	<b>3,809,540</b>	<b>49</b>	<b>180</b>

Based upon information provided by Invest NI (contained within project applications), the combined ASF activity were projected to result in the creation of 49 new jobs and the safeguarding of 180 more.

#### 3.3 Actual Activity Compared with Anticipated Demand

As noted in Section 1, as the ASF programme was designed as a quick response to the economic conditions, no economic appraisal or related business case exists for the programme.

Excluding the £5m that was set aside for ASF projects, no further indication of projected demand exists (e.g. a projected number of ASF projects). However, as established in Section 3.2, the total value of the 163 Letters of Offer issued equalled £5.2m. Therefore, the quantum of demand as evidenced by the value of Letters of Offer was as projected.

It was the view of Invest NI's management personnel that the level of uptake (i.e. 163 projects) was particularly good and reflected the Scheme's flexibility, ease of accessibility and Invest NI's responsiveness to the need/demand at that time.

Similarly, the vast majority of Client Executives considered that the level of ASF uptake to be good. It was the view of many that all businesses who required the support applied for it and received it. It was suggested that the timing of the support was key and the needs of the companies reflected levels of uptake.

<sup>5</sup> Planned Investment includes Assistance Offered

### 3.4 Current Trading Status of Recipients

The Evaluation Team understands that 15 of the 162 businesses that accepted ASF support are no longer trading.

### 3.5 Programme Costs

In addition to the £3,809,540 that was drawn down by the 162 ASF recipients, three further costs need to be allowed for when considering the full economic cost of implementing ASF. They are:

1. An apportionment of the cost of running and marketing the Credit Crunch seminars;
2. An apportionment of the diagnostic support costs;
3. Invest NI staff time.

#### Marketing and Credit Crunch Seminars

It is understood that the cost of Credit Crunch events (and marketing of same) = £85,752.

14.78% of attendees undertook a diagnostic leading to an ASF application = £12,674 (attributed to ASF).

#### Diagnostic Costs (ASF only)

It is understood that the cost of the ASF related diagnostic support was £410,000.

#### Invest NI Staff Costs

An estimate of Invest NI staff time (by staff grade and FTE days) required to implement ASF has been provided by Invest NI.

Table 3.2: Invest NI ASF staff input							
Staff grade	Estimated Time input		Estimated input as % of Working Year (based upon a 216-day working year)				
	Hours	Days	2008/09	2009/10	2010/11	2011/12	2012/13
Grade 7	300 hrs per annum	40 days per annum	18.5%	18.5%	18.5%	18.5%	4.6%
Client Executives	Avg 15 hrs per case x 163 cases = 2,445 hours per annum	326 days per annum	150%	150%	150%	150%	75%
SO	Avg 50 hrs per annum	6.67 days per annum	3%	3%	3%	3%	1%
AO	Avg 260 hrs per annum	34.67 days per annum	16%	16%	16%	16%	5.25%

NB Discussion with Invest NI indicates that the average hours do not apply to the final year (2012/13) as the majority of cases were completed by 2011/12. Time input has been decreased in line with Invest NI's estimates.

The Evaluation Team has used the estimated staff time provided and calculated the full economic cost of the staff time including ERNI plus Superannuation, and loadings. These costs are based on the DETI Ready Reckoner of Staff Costs, the 2008/09 salary costs have been uplifted to 2009/10 prices by applying 3.03%, 2010/11 prices by a further 3%, 2011/12 prices by a further 2.7% and 2012/13 prices by a further 2.4%. The superannuation and loadings have been uplifted using HMT's GDP deflators. An overview of the full economic staffing costs is provided below:

<b>Table 3.3 – ASF Invest NI 'fully loaded' staff costs</b>							
	<b>Baseline</b>	<b>Annual ASF Staff Cost (£)</b>					<b>Total</b>
	<b>2008-09</b>	<b>2008/09</b>	<b>2009/10</b>	<b>2010/11</b>	<b>2011/12</b>	<b>2012/13</b>	
Grade 7	£72,155	£13,349	£13,683	£14,092	£14,483	£3,689	<b>£59,297</b>
CE / DP	£60,521	£90,781	£93,002	£95,781	£98,446	£50,425	<b>£428,434</b>
SO	£50,607	£1,518	£1,554	£1,601	£1,645	£562	<b>£6,880</b>
AO	£37,826	£6,052	£6,186	£6,371	£6,550	£2,202	<b>£27,362</b>
<b>Total</b>		<b>£111,700</b>	<b>£114,426</b>	<b>£117,844</b>	<b>£121,125</b>	<b>£56,878</b>	<b>£521,973</b>

The total salary costs associated with delivering the ASF was £522k over the five year period.

### ASF Full Economic Costs

Including assistance to recipients' businesses (£3,809,540), an apportioned cost for the Credit Crunch seminars (£12,674) and Diagnostic Support costs (£410,000) and Invest NI staff costs (£521,973) gives a **full economic cost of £4,754,187**.

### 3.6 Risks

As noted, no economic appraisal or related business case exists for the ASF programme. Based upon the information received, it is not known whether any specific risks were identified/considered before the scheme was introduced. However, we have identified below a number of potential risks that might have arisen as a result of introducing the ASF, and consider whether those risks materialised during the programme, and whether Invest NI took appropriate action to reduce these risks.

<b>Table 3.4 – Assessment of key risks</b>	
<b>Risk Identified</b>	<b>Evaluation Team's Commentary</b>
<b>Businesses that were not in difficulty receiving aid</b>	The Evaluation Team does not consider that this risk materialised. Instead it was appropriately mitigated by the assessment and approval process that was employed.
<b>Fund failing to provide high levels of additionality</b>	<p>The Evaluation Team's analysis suggests that, on average, 62.84% of any 'economic benefit' achieved by ASF recipients is additional. The analysis of ASF recipients' feedback indicates that the following factors influenced levels of impact deadweight/additionality:</p> <ul style="list-style-type: none"> <li>• Respondents noted that without the support for training, up-skilling or partial salary support, experienced staff members would have been made redundant;</li> <li>• The retention of key staff and engagement of experts within the businesses provided the knowledge needed to implement new strategies and pursue new markets leading to additional sales. These additional sales also led to new employment to manage the subsequent increase in sales; and</li> <li>• Retention of experienced staff stabilised the businesses allowing them to remain strong and competitive leading to an overall increase in sales.</li> </ul> <p>It is the view of the Evaluation Team that the levels of additionality should be positive, especially given the need for Invest NI to deliver support in a timely and responsive manner.</p>
<b>Fund displacing other interventions</b>	<p>The feedback from participating businesses suggest that nearly all (98%, N=55) respondents felt that in the absence the ASF support they or their business would not have been able to get the same or similar support elsewhere.</p> <p>Furthermore, it is noted that many Client Executives suggested that ASF did present potential for overlap with other publically funded support as it was so flexible and wide ranging that it could cover a number of areas which may have already been elements of other available support. However, most suggested that in practice this did not cause displacement as the ASF support was not at a level that</p>

Table 3.4 – Assessment of key risks	
Risk Identified	Evaluation Team’s Commentary
	<p>would enable them to choose an alternative programme to target exactly the same problem and that the that the key element of supporting salaries of current staff could not be covered by any other programme. Most suggested that in the context of the economic climate a tool such as ASF was essential.</p> <p>On this basis, the Evaluation Team is content that the ASF did not displace any other interventions.</p>
<b>Support had a limited impact on safeguarding employment through the downturn</b>	<p>The analysis suggests that 232 jobs were safeguarded and 30 new jobs were created as a direct result of the support provided through the ASF. As detailed above the feedback from business respondents suggests that :</p> <ul style="list-style-type: none"> <li>• Without the support for training, up-skilling or partial salary support, experienced staff members would have been made redundant;</li> <li>• The retention of key staff and engagement of experts within the businesses provided the knowledge needed to implement new strategies and pursue new markets leading to additional sales. These additional sales also led to new employment to manage the subsequent increase in sales; and</li> <li>• The retention of experienced staff stabilised the businesses allowing them to remain strong and competitive leading to an overall increase in sales</li> </ul> <p>On this basis, the Evaluation Team is content that the ASF had a positive impact on safeguarding employment through the downturn and this risk did not materialise.</p>
<b>Scheme budget insufficient to meet demand</b>	<p>Given that only £3,809,540 of the available £5,000,000 budget was drawn down, it is evident that this risk was not realised. However, given the circumstances and the difficulties inherent with projecting demand for such support, it was prudent of Invest NI to have a reasonable cushion with which to absorb demand.</p>

In summary, the Evaluation Team considers that Invest NI’s overall approach to risk management was robust and proportionate.

### 3.7 Equality Considerations

Section 75 of the Northern Ireland Act 1998 requires that Invest NI shall, “in carrying out its function relating to Northern Ireland, have due regard to the need to promote equality of opportunity” between the following nine Section 75 groups:

- Persons of different religious belief, political opinion, racial group, age, marital status or sexual orientation;
- Men and women generally;
- Persons with a disability and persons without; and
- Persons with dependents and persons without.

In addition and without prejudice to these obligations, in carrying out its functions, Invest NI is also committed to promote good relations between persons of different religious belief, political opinion or racial group.

As detailed in Appendix II, ASF support was available to Invest NI clients who had taken part in qualifying activities, including the diagnostic process. Assisted projects had to seek to address issues arising from the adverse economic conditions and reflect Invest NI’s intervention principles.

Therefore, ASF support was not specifically targeted at any specific Section 75 categories. It was open only to Invest NI clients. ASF activity was a positive action measure which was not envisaged to have an adverse impact on any S75 group.

The Evaluation Team's review of ASF activity, of monitoring information provided during the evaluation process and our discussions with ASF recipients has identified:

- No evidence of higher or lower participation or uptake of different groups;
- No evidence to indicate that different groups had different needs, experiences, issues and priorities in relation to ASF activity;
- No opportunities to better promote equality of opportunity or better community relations by altering the work of ASF;
- No accessibility issues that might run contrary to the Disability Discrimination Act 1995.

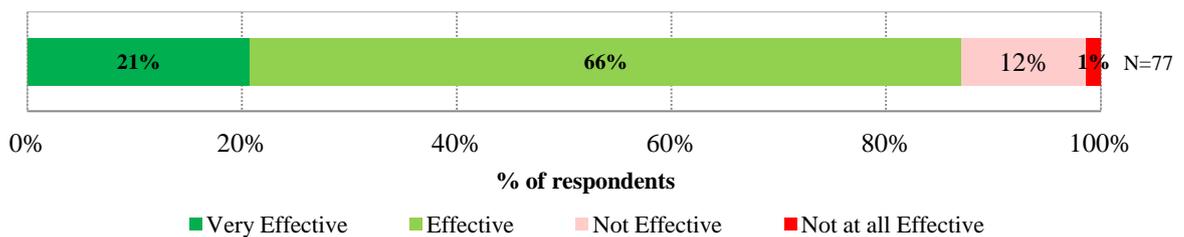
4. STAKEHOLDERS’ SATISFACTION WITH, & VIEWS OF ASF

Section 4 provides a detailed analysis of the key findings, emerging from the primary research with ASF recipients and other stakeholders, in terms of their satisfaction with, and views of the Fund.

4.1 Promotion of the Scheme

Most (87%, N=77) respondents suggested that the promotion of the ASF was either ‘very effective’ (21%) or ‘effective’ (66%). Most of these respondents referred to the strength of their relationship with their Invest NI Client Executive as to why this was the case.

Figure 4.1: How effective do you consider that Invest NI’s promotion of the ASF support to NI businesses was?



However, 13% (N=77) of respondents considered the promotion of ASF to have been ineffective, indicating that they were disappointed to have found out about the support, in their view, by chance through, for example, accountants, other business people or had to phone themselves rather than hearing directly from Invest NI.

*“The ASF was brought to my attention by our Client Executive. They make us aware of any support programme that might be suitable for us.”*

*“I learned about ASF by my own merit. It is disappointing that the Client Executive does not keep in better contact with us. Invest NI should promote their available help harder and in a more efficient manner.”*

*“From my perspective, more regular contact from the Client Executive is needed. We usually contact them, so it would be better for them to let us know what is happening and what support is available.”*

**ASF Recipients**

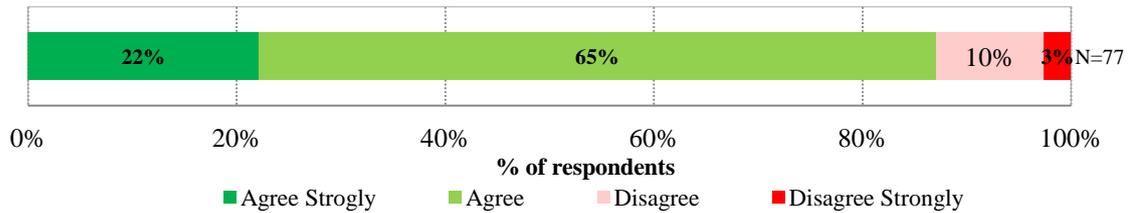
In consultation, both Invest NI’s management personnel and Client Executives noted the importance of the Credit Crunch seminars in generating interest in the subsequent diagnostic and ASF support. However, it is noted that a small number of Client Executives also suggested that the promotion surrounding the Credit Crunch seminars may have served to raise expectations for some clients beyond what might have been available and that more companies would be eligible for support than was the case.

4.2 Application Process

4.2.1 The Application Process

The vast majority (87%, N=77) of respondents ‘agreed’ (65%) or ‘strongly agreed’ (22%) that the application process was streamlined and efficient observing no major difficulties. Many of them indicated that they understood that Invest NI would require information before they would receive support. However, the remaining 13% (N=77) of respondents indicated that they considered the process to be inefficient, time consuming and costly.

**Figure 4.2: To what extent do you agree that the application process was streamlined and efficient?**



*“Compared to many other programmes, the ASF application process was definitely streamlined and efficient.”*

*“I found that the overall application process was very detailed with a large amount of information needed, but it is expected from a public body.”*

*“The whole process was very drawn out and complicated. It took 5/6 months to receive any support, when it was supposed to be quick help for our business.”*

*“We had to bring in outside consultants to regurgitate the application form into casework which was a waste of money.”*

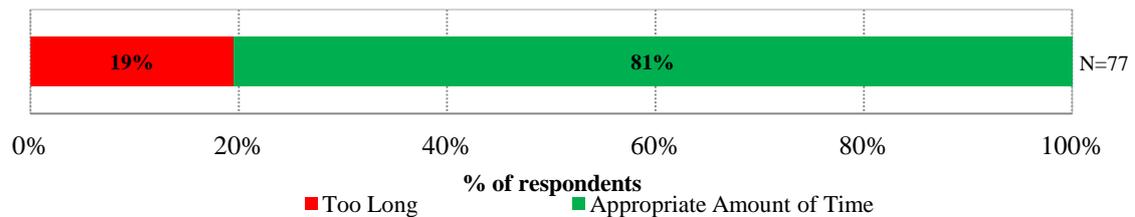
**ASF Recipients**

The majority of Client Executives considered the ASF application and appraisal processes as being streamlined and efficient. They indicated that it was appropriate and proportionate to the levels of funding being applied for.

**4.2.2 Timeframe**

Over four-fifths (81%, N=77) of respondents suggested the length of time it took from the application being submitted to a decision being taken to be an ‘appropriate amount of time’.

**Figure 4.3: How would you view the length of time it took from when your application was submitted to a decision being taken on it?**



Some respondents indicated a number of improvements that could be made to Invest NI’s application processes. They are:

- Introduce simpler and clearer application guidelines and procedures;
- Improved communication with/from the Client Executives.
- Greater levels of hands-on support from Client Executives in order to complete applications for support.

*“Application forms should be made more straightforward so that they are easier to process and not time consuming. More assistance, perhaps from the Client Executive, with the application process would be extremely beneficial”*

*“Businesses need more clarity on what you can and can't apply and claim for rather than a large amount of information”*

*“The overall application process was slightly too long which meant we had less time to implement the project.”*

**ASF Recipients**

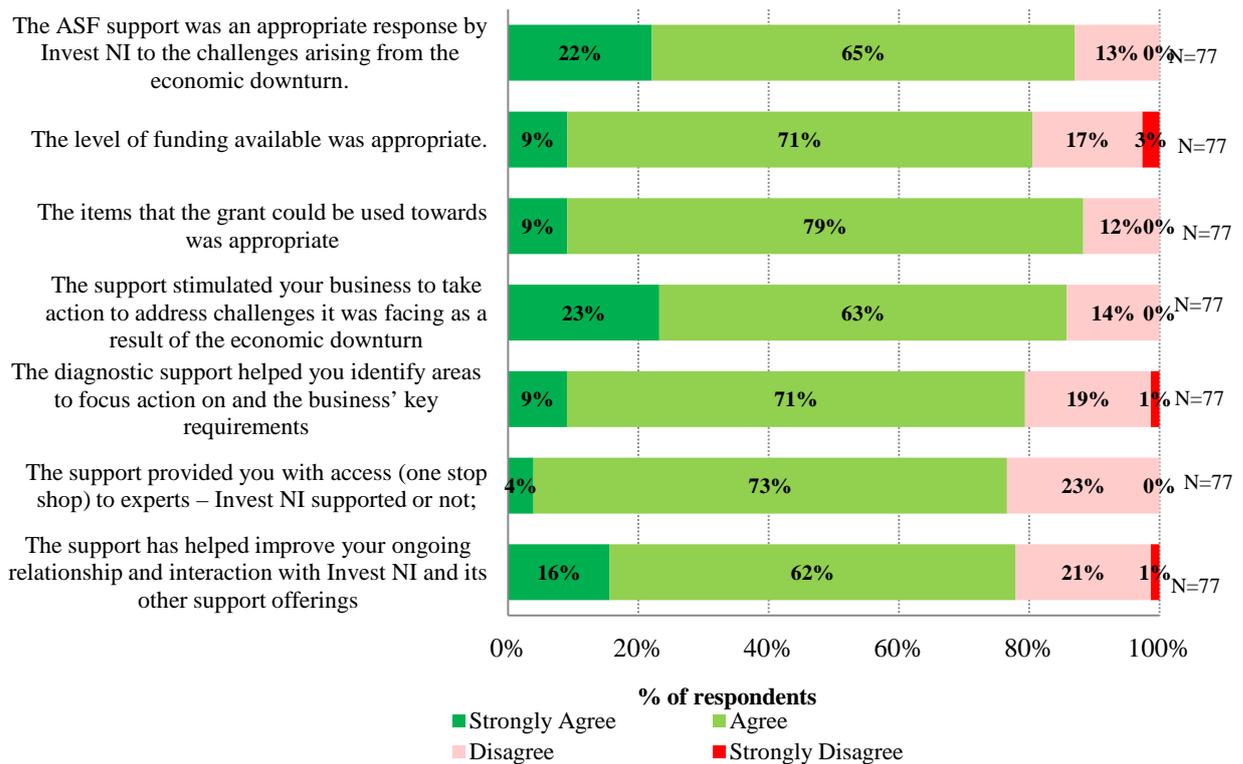
### 4.3 Views on Support Received

#### 4.3.1 Appropriateness of Support

The majority (a minimum of 77%) of respondents were in agreement that:

- The ASF support was an appropriate response by Invest NI to the challenges arising from the economic downturn (87%, N=77).
- The level of funding available was appropriate (80%, N=77)
- The items that the grant could be used towards were appropriate (88%, N=77);
- The support stimulated their business to take action to address challenges it was facing as a result of the economic downturn (86%, N=77);
- The diagnostic support helped them identify areas to focus action on and the business' key requirements (80%, N=77);
- The support provided the business with access (one stop shop) to experts – Invest NI supported or not (77%, N=77);
- The support has helped improve their ongoing relationship and interaction with Invest NI and its other support offerings (78%, N=77).

**Figure 4.4: To what extent do you agree with the following statements about the ASF support?**



Many respondents indicated that the ASF support was an appropriate response because it had allowed the business to maintain employment within the business through training and up skilling as well as seeking new opportunities to increase sales during the economic downturn. In addition, the support had improved their cashflow position, which relieved financial pressures on the businesses.

Those respondents that were critical of ASF suggested that more support should have been available, the support should have been more flexible or that the timescales within which the support had to be used were too short.

*“The ASF grant enabled our business to survive, as the funding helped to increase cash flow, which helped decrease the pressure from the banks.”*

*“The diagnostic support, which was offered as part of the scheme, encouraged our business to be more proactive in seeking out new markets and becoming more efficient in production.”*

*“The Accelerated Support Fund has been a huge help, invaluable to our business. The funding was provided to find the specific personnel to go after new sales leads which resulted in increased turnover and cash flow.”*

*“It would have been beneficial not to have as much red tape. Invest NI should have spent the money directly on what business actually needed to move forward in the economic climate.”*

*“I feel that ASF grant was not sufficient enough. Invest NI could have done more to understand the position of companies in need of support in that difficult economic climate.”*

*“I don't think that the level of support was appropriate for the amount of work we had to do in order to apply. The items that the grant had to be use for were not appropriate too.”*

**ASF Recipients**

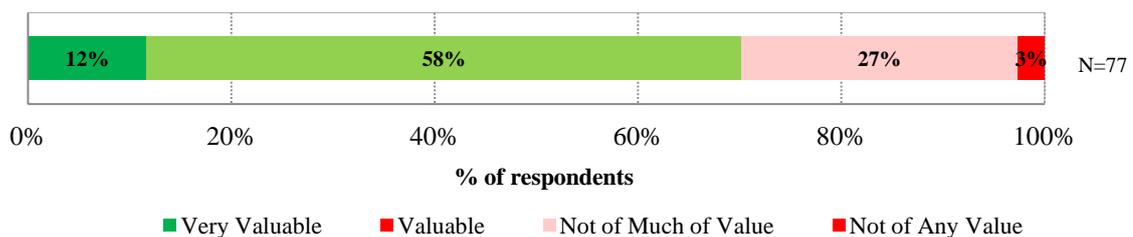
Discussion with Invest NI’s management personnel and Client Executives indicated their view that the level of support (both the quantum and percentage) was appropriate and served to ensure the business’ commitment to the project. Furthermore, the level of support (i.e. a maximum of £50,000) helped ensure that levels of administration and bureaucracy were kept at a minimum from the client’s perspective, and ensured that Invest NI was ‘responsive’ at a key juncture for many businesses.

Many Client Executives commented on flexibility of the ASF scheme and how it could be tailored to suit each business’ needs.

#### 4.3.2 The Diagnostic Health Check

Over two-thirds (70%, N=77) of respondents considered the free diagnostic health check that to have been a valuable aid in assisting their business to understand the key issues facing the business and helping them scope the actions that were needed to address those issues.

**Figure 4.5: How valuable was the free Diagnostic Health Check?**



The remaining respondents (30%, N=77) largely suggested that the free Diagnostic Health Check offered them little value as they were already aware of the key issues facing their business and how to deal with them, and instead simply needed funding support in order to make progress.

*“The Diagnostic Health Check was the best aspect of this venture.”*

*“The Diagnostic report provided insight from an outside perspective about our company.”*

*“Although the key issues were already identified by the company itself, the financial support was needed to address these issues.”*

*“The company was developing a plan to control costs regardless; the Diagnostic Health Check just confirmed this.”*

**ASF Recipients**

Discussion with Invest NI’s management personnel and Client Executives indicated their view that the diagnostic support was crucial in helping to identify key issues within individual businesses. It was noted that ASF, was in essence, the end stage in a three-stage model (a drop in centre, the diagnostic and subsequently ASF). It was suggested that the diagnostic support enabled the business to take time out to objectively consider their business’ performance and commit to the project without too much risk being involved.

The majority of Client Executives suggested that as a result of the Diagnostic support, businesses were able to submit better proposals, which helped ensure that the support was more targeted as it brought objectivity to the process.

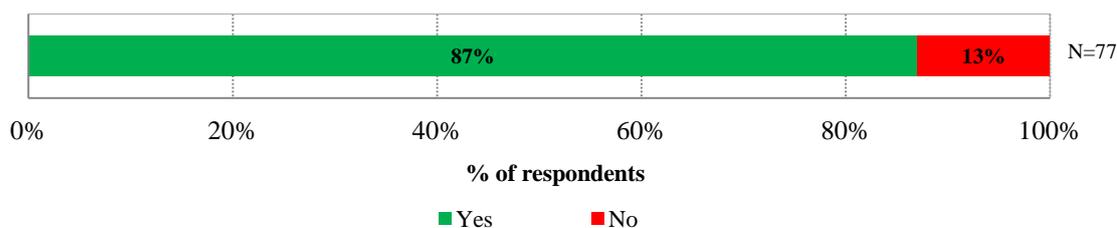
However, some Client Executives cautioned that some of the external consultants that were employed to undertake the diagnostics had used the opportunity to promote themselves and, at times, may have advised the company that they required services which could be provided by the consultant. Furthermore, it was suggested that some of the diagnostics could have been undertaken by the Client Executives rather than external consultants.

One Client Executive suggested that the diagnostic was not essential in some cases and had held up the process for some businesses.

#### 4.3.3 Possible Alternatives

The vast majority (87%, N=77) of respondents suggested that the ASF was the best method for Invest NI to support their business during the economic downturn.

**Figure 4.6: Do you consider that the ASF support was the best method for Invest NI to support your business during that time?**



However, nearly half (47%, N=77) of respondents offered recommendations as to how the ASF could have been improved or made suggestions for alternative support that Invest NI could have offered businesses to address the challenges of the economic downturn. These included:

1. Support to alleviate cash flow pressures including repayable business loans, rates relief for a period of time or assistance with dealing the banks;
2. Support for capital expenditure;
3. Allowed ASF support to be offered over a longer timeframe and ensure that there is support available to the business after the completion of the ASF support;
4. Have an ‘emergency fast track’ for applications from businesses in particular need;
5. Offer more free workshops (VAT, cash flow, etc.) and market them better to businesses;
6. Allow more flexibility for the company to use funding where it best considers that it is needed; and
7. Change the eligibility rules in order to allow more companies to receive help.

*“I believe that some businesses may prefer loan funding to help with their cash flow or to spend it as they like, without any constraints. The application process would need to be simple, quick and efficient. Also, many businesses would have needed the support quicker than it was received from the ASF support. It would have been beneficial to draw down the grant money quicker.”*

*“Invest NI need to change their eligibility rules for support. It needs a fresh approach as the majority of businesses don't meet the criteria anymore. It is very hard to survive without bank and Invest NI's support.”*

*“The breadth of support was very good and enabled us to benefit from a single support fund across a number of functions (finance, marketing, etc.) instead of multiple programmes with requires extra administration time/cost. Clients with limited time/resource would welcome a single broader approach (we have 3 ongoing programmes at present!).”*

*“Those companies who don't export don't get grants. Businesses should get support to grow in the first place and then they will be able to export. There used to be grants for equipment which would be more useful and beneficial e.g. support for hi-tech equipment rather than support for staff.”*

*“The timeframe from application to funding needs to be improved. Decisions that SME businesses want to implement need to be done quickly and it is nearly impossible if it takes a long time. It is very discouraging.”*

**ASF Recipients**

Some respondents suggested further lessons could be made in the design and implementation of programmes which support businesses during difficult economic conditions. These were:

- Ensure Client Executives and their client companies have a close working relationship, particularly in relation to understanding a business' needs and signposting them to appropriate support;
- Invest NI needs to make the design of programmes more simplified and less specific (in terms of eligibility criteria requirements) so that they are easier for companies to avail of.
- Invest NI should allow more time for the businesses to implement their projects and claim the available support.

*“The Client Executive's relationship with the business is very important and they need a better understanding of the sector, in order to signpost businesses to relevant support.”*

*“Invest NI should allow businesses more time to implement projects and claim the grants.”*

*“Any application process should be clear, quick and easy to submit.”*

**ASF Recipients**

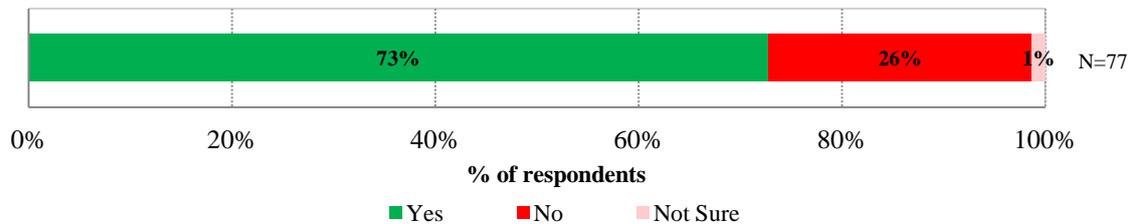
Discussion with Invest NI's management personnel indicated their view that should similar circumstances arise in the future, and interventions such as ASF are introduced that the eligibility criteria should be more clearly defined at the outset, and conveyed to CEs in a more effective manner.

This view was supported by Client Executives who suggested that in similar circumstances, they should be provided with a concise document for each new programme giving the key details of support and eligibility criteria to allow them to promote the support effectively to their clients.

#### 4.4 Drawdown of Monies

Just over a quarter (26%, N=77) of respondents did not draw down the full allocation of ASF monies that was offered. The respondents suggested largely similar reasons as to why. That is, their circumstances had changed or they had run out of time.

**Figure 4.7: Did your company draw down the full allocation of ASF that were offered to it?**



Overall the respondents were in agreement that clearer time frames and flexibility on the draw down dates would have been useful. One respondent indicated that they had missed the timescales of claiming the grant completely.

*“We didn't spend the grant as we planned in the application as a few things changed. Invest NI then turned us down/disallowed us to use it on anything else (even though it suited overall ASF conditions) to improve the business.”*

*“An employee involved in the project left and we couldn't reallocate the money which was disappointing.”*

*“We received about 60% due to the timescales; we got sucked into other projects and ran out of time to claim the full ASF grant.”*

*“There was some confusion over eligible costs and the required data needed to support the application was only discovered at the end of the process. Invest NI could better outline and provide more structured report templates for SMEs. This would be useful in the future.”*

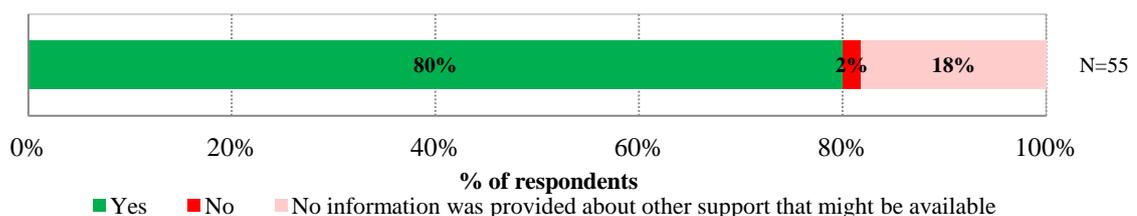
*“The letter of offer made us believe that we would get help, but Invest NI changed the goal posts (from previous applications) and didn't let us know, so we were unable to claim. We incurred lots of expenditure and work done, but weren't allowed to claim.”*

**ASF Recipients**

#### 4.5 Signposting to Other Support

The majority (80%, N=55) of those surveyed found information provided by Invest NI regarding other potential areas of support useful. Those who disagreed suggested that Invest NI had not been proactive in promoting other available support.

**Figure 4.8: Did you find the information provided by Invest NI regarding other potential areas of support useful?<sup>6</sup>**



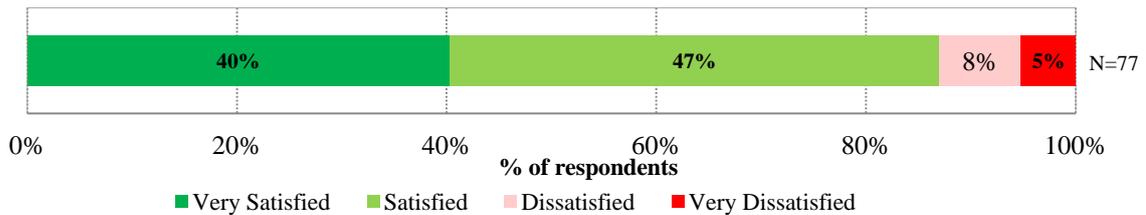
<sup>6</sup> Only 56 telephone survey respondents were asked this question, 1 respondent unwilling to complete the full questionnaire.

*“Invest NI can be weak in making support mechanisms known.”* **ASF Recipient**

**4.6 Overall Satisfaction**

Encouragingly, 87% (N=77) of recipients were either ‘satisfied’ (47%) or ‘very satisfied’ (40%) on an overall basis with the support that they had received from the ASF.

**Figure 4.9: Overall, how satisfied are you with the ASF support?**



Those respondents (13%, N=77) who suggested that they were dissatisfied with the support received through ASF indicated complaints relating to Invest NI’s communication with their business not being clear or timely; or that the general implementation of the scheme was not quick enough.

*“The Accelerated Support Fund was the right thing at the right time.”*

*“ASF provided the business support that we needed in order to be able to pursue new markets.”*

*“The grant subsidised staff members, allowing an increase in cash flow and giving the business more flexibility.”*

*“ASF support helped our business to become more competitive by focusing on efficiency.”*

*“Invest NI should re-introduce a version of ASF. Trading conditions are as challenging now as it was 4 years ago.”*

*“As a company, we are dissatisfied with the ASF: there were no flexibility, no extension, inadequate level of support and the overall application process was not streamlined or efficient.”*

*“We did not receive the support we were expecting to receive and the overall process of application was too complicated and hard work for very little benefit.”*

*“Overall there was no real benefit gained. I feel it was just to keep consultants in a job.”*

**ASF Recipients**

## 5. PROGRAMME IMPACT

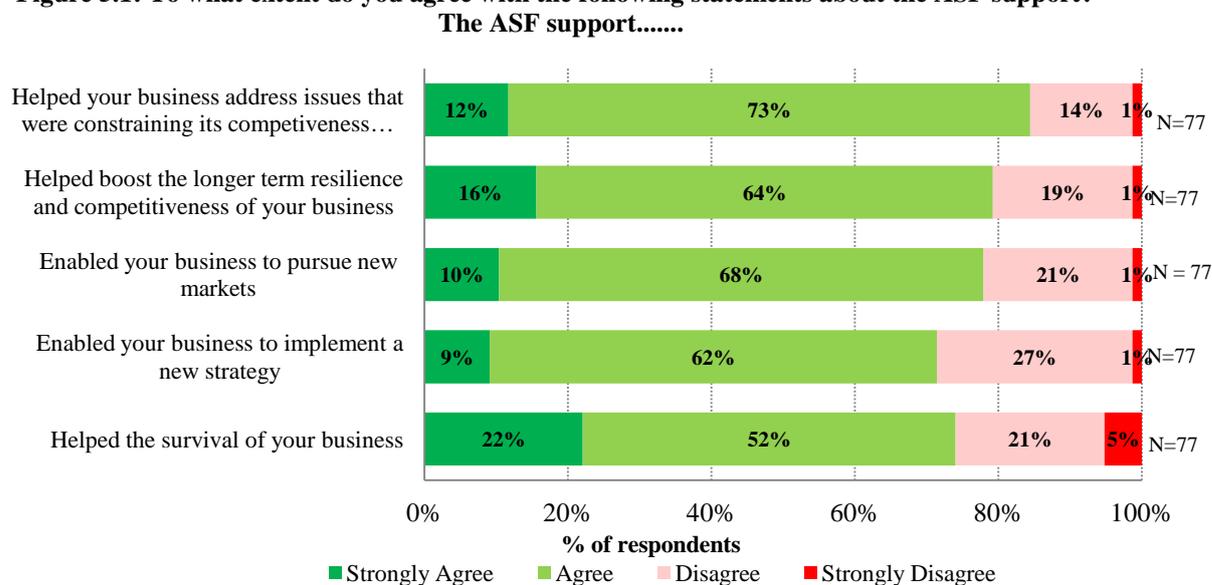
This Section considers the impact that the receipt of ASF support had on recipient businesses.

### 5.1 Impact of Support Received

Given that the aim of the ASF was to facilitate businesses to make a tactical response to the economic downturn and to remove constraints to growth and competitiveness brought about by the downturn, it is encouraging to note that the majority of recipients were in agreement that the ASF support had:

- Helped their business to address the issues that were constraining their competitiveness (85%, N=77);
- Boosted the longer term resilience and competitiveness of their business (80%, N=77);
- Enabled their business to pursue new markets (78%, N=77);
- Enabled their business to implement a new strategy (71%, N=77); and
- Helped their business survive (74%, N=77).

**Figure 5.1: To what extent do you agree with the following statements about the ASF support?<sup>7</sup>**



Respondents reported that ASF support had helped to increase the efficiency of their business, helped the business retain and up-skill staff, create new employment and had improved their cash flow.

Many businesses indicated that they had used the ASF to focus on the development of new sales leads or to penetrate new markets by employing a specialist or allowing an existing employee to undertake that role. Many suggested that this had proved essential or at least hugely contributed to the survival of their business.

*“Without the Accelerated Support Fund support, we may have had to let go of key staff and by keeping this key staff we had the expertise to contribute to all factors above.”*

*“We got exactly what we needed which proved to be essential for our business’ survival.”*

*“The Accelerated Support Fund scheme helped us to push forward into new markets; the support helped our cash-flow, which alleviated some pressure and let the company focus further on marketing.”*

<sup>7</sup> 1 respondent ran out of time to claim any of the grant offered so therefore no impact/benefit upon their business.

*“The ASF enabled us to employ a specialist employee who expanded the range of skills and expertise within the company.”*

*“The support helped us become viable for the long term. It helped address financial issues within the business through the consultancy support and advice given and also helped with cash flow due to the funding.”*

*“Our business was focused on surviving the economic downturn by becoming more competitive and efficient rather than trying to change direction.”*

*“With ASF, we were able to retain staff. The company’s strategy was developed regardless but ASF helped to crystallise it.”*

*“Lean manufacturing was one our company’s main targets. ASF contributed to the achievement of that and helped us through a tough time – we would have struggled otherwise.”*

*“Overall, the ASF support was very beneficial. However it was not essential for our company’s survival.”*

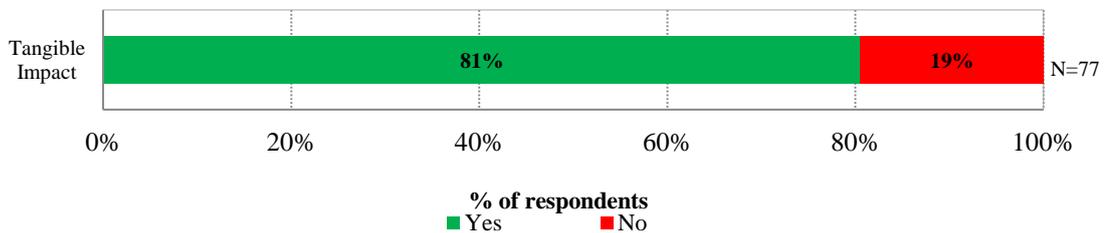
*“Looking back now, it did not make that much of an impact for the trouble we had to go through with the application.”*

**ASF Recipients**

**5.2 Tangible Impact of ASF Support**

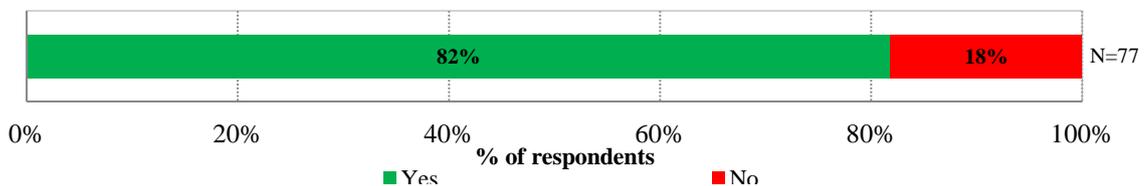
Over four-fifths (81%, N=77) of respondents indicated that there was tangible impact upon their business as a result of receiving ASF support.

**Figure 5.2: As a result of receiving ASF support was there any tangible impact upon your business?<sup>8</sup>**



In particular, the majority (82%, N=77) of respondents indicated that the receipt of ASF support had helped to safeguard/retain jobs within the business. On average, the respondents indicated that the receipt of ASF support had directly contributed to the safeguarding/retention of 5 jobs within their business with many referring to the direct salary support, and the re-training and up-skilling of staff.

**Figure 5.3: Did the receipt of ASF support help you to safeguard/retain any jobs within the business?<sup>9</sup>**



Indeed other respondents suggested that ASF had also indirectly contributed to the safeguarding/retention of even more jobs due to the company’s pursuit in new markets/sale leads creating more business and allowing them to keep trading.

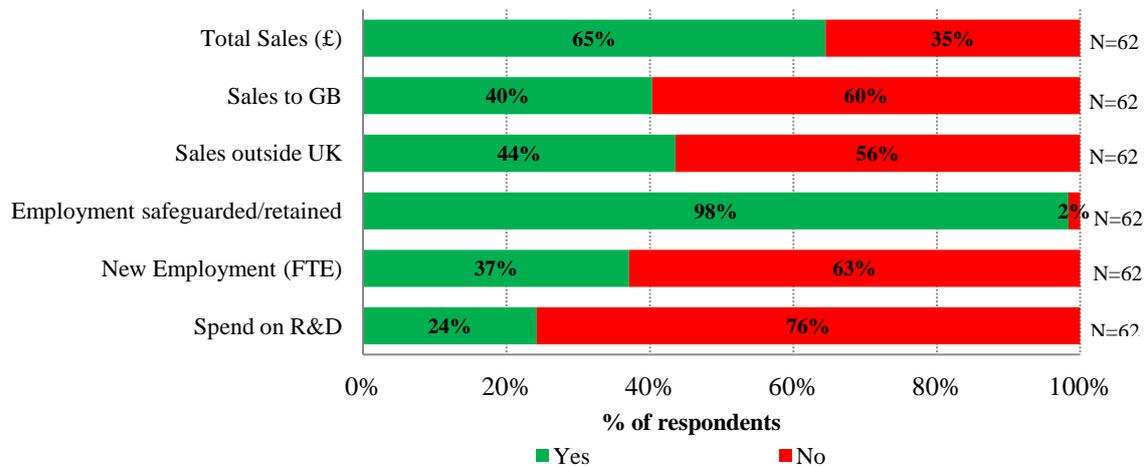
<sup>8</sup> 1 respondent ran out of time to claim any of the grant offered so therefore no impact/benefit upon the business.

<sup>9</sup> 1 respondent ran out of time to claim any of the grant offered so therefore no impact upon business.

In addition, for those respondents that reported tangible business impacts:

- Two thirds (65%, N=62) of respondents indicated the ASF support had had a direct impact on their business’ turnover;
- Two fifths (40%, N=62) reported impacts upon their business’ sales to GB;
- 44% (N=62) indicated a direct impact upon their sales outside the UK;
- Almost two-fifths (37%, N=62) indicated the ASF has led to new employment being generated within their businesses; and
- A quarter (24%, N=62) suggested that ASF support had led to expenditure on research and development.

**Figure 5.4: Type of impact as a result of ASF’s Support?<sup>10</sup>**



The businesses suggested that the sales came about due to new expertise introduced or skills retained that provided the knowledge to enter new markets and help the businesses become more competitive.

**Telephone Survey Respondents**

*“Our total turnover increased by 15% and we were able not just to retain existing staff but also to employ 2 new people.”*

*“Through ASF, we received support which allowed the business to look into new markets and opportunities. It increased cash flow and we were able to focus on new opportunities.”*

**Online Survey Respondents**

*“By being able to retain employees during the downturn, the company is better placed to take advantage of a recent upturn in demand. Training operators to work different production equipment has greatly increased production flexibility and efficiency resulting in an anticipated 20% growth in sales in the current year and an increase in employment of 5 FTEs.”*

*“ASF support enabled us to break into the GB marketplace.”*

*“We ultimately preserved a Business Unit which has gone on to become a profitable company in its own right.”*

*“The business achieved ISO9001 accreditation in 2009, we made changes to processes and culture, and it has continued to successfully grow and develop since.”*

*“The company was able to improve brand visibility and add capability through finance training.”*

<sup>10</sup> 62 respondents out of 77 who stated that there was a tangible impact.

*“ASF support helped us to maintain our market in the UK and expand into eastern Europe and increase sales in the US.”*

*“Sales have increased by 4% in a market that has suffered a severe downturn- the support allowed us to bring in expertise in not only in new markets but also to help us apply new principles to our existing markets. We have employed new staff in this period to meet customer demands and increase productivity.”*

**ASF Recipients**

### 5.2.1 Persistence

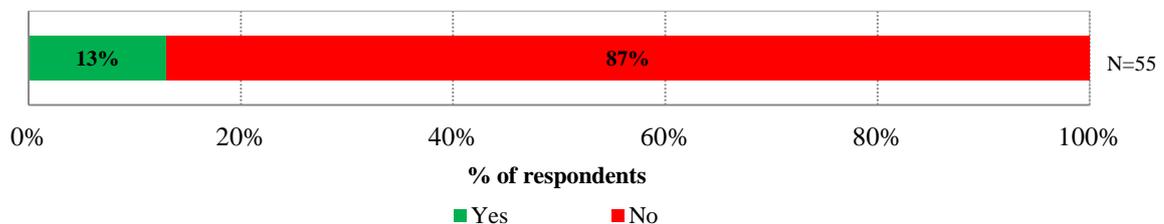
The majority (86%, N=21) of respondents that received a tangible impact on their sales anticipate that this impact will persist at the current level for 0-2 years, with the remaining respondents and the rest (14%, N=21) are hoping for 3-5 years persistence.

Table 5.1: If there has been an increase in turnover, how long do you anticipate the increase will persist at this level? N=21 <sup>11</sup>		
	No.	%
0-2 years	18	86%
3-5 years	3	14%
6-10 years	-	-
11 years+	-	-

### 5.2.2 Project Extensions

13% (N=55) of respondents indicated that Invest NI had allowed their business to extend the timescales of their project.

**Figure 5.5: Did your business receive an extension?<sup>12</sup>**



5 of the 7 respondents that received a project extension indicated that without the extension they would have been unable to complete the project as originally envisaged. The remaining two respondents suggested that even with the project extension, they were unable to complete the project as they had originally anticipated.

The 5 businesses that indicated that they successfully completed the project after being allowed an extension suggested that it was difficult to separate out the additional benefit that was achieved as a result of the extension but suggested that it was less likely that the full benefits would have been achieved. Benefits cited by these 5 respondents included a minimum:

- 36 jobs safeguarded;
- 2 new jobs created;

<sup>11</sup> There were 40 respondents in total who stated that there was an increase in Total Sales however online participants were not asked this question which means 19 online respondents are not included.

<sup>12</sup> Only 56 telephone survey respondents were asked this question, 1 unwilling to complete the full questionnaire.

- £2,000,000 of new sales.

*“The extension allowed us to make use of the full grant which otherwise would have been lost and allowed us to complete the project as we intended to.”*

*“Even though we received an extension, we still ran out of time due to other commitments and were unable to fully exploit the grant.”*

**ASF Recipients**

It was the view of the majority of Client Executives was the project extensions that were offered to some clients did not generate any additional benefits (i.e. over and above what was originally anticipated); instead they allowed businesses to achieve the targets that they had originally set. However, they considered that those that were offered the extensions did require them, and had not met the original timescales due to the changing and challenging conditions at the time.

### 5.3 Deadweight/Additionality

The net impact of the ASF support (i.e. its additionality) on recipients’ businesses’ sales, employment or other outturns can only be measured after making allowances for what would have happened in the absence of the intervention. That is, ASF impact must allow for deadweight. ‘Deadweight’ refers to outcomes that would have occurred without their support.

Using weightings provided by DETI, the Evaluation Team has considered (based upon ASF recipients’ responses to a series of questions), the extent to which the impacts reported by respondents would have occurred in the absence of ASF. The analysis (presented in full with Appendix III) results in the following levels of ‘impact deadweight and additionality’.

ASF Deadweight/Additionality		
N	Deadweight	Additionality
62 <sup>13</sup>	37.16%	62.84%

This analysis indicates that, on average, 62.84% of any ‘economic benefit’ achieved by ASF recipients is additional.

Analysis of ASF recipients’ feedback indicates that the following factors influenced levels of impact deadweight/additionality:

- Respondents noted that without the support for training, up-skilling or partial salary support, experienced staff members would have been made redundant;
- The retention of key staff and engagement of experts within the businesses provided the knowledge needed to implement new strategies and pursue new markets leading to additional sales. These additional sales also led to new employment to manage the subsequent increase in sales; and
- Retention of experienced staff stabilised the businesses allowing them to remain strong and competitive leading to an overall increase in sales.

*“The ASF support provided a cash injection into the business which was invaluable. Without this support employees would have been made redundant.”*

*“The efficiency improvements made underpinned the jobs of the employees involved in the production of these components.”*

<sup>13</sup> This question was not applicable for the 15 respondents who did not receive an impact from the ASF funding and 1 respondent who ran out of time to claim any of the funding.

*“The support allowed us to retrain those employees who would have been made redundant otherwise and the company is actually growing now and employing new staff by securing sales in new markets.”*

**ASF Recipients**

#### 5.4 Additional Sales & Employment

40 (51%) of the 78 respondents reported a tangible impact on their sales as a direct result of ASF support. 11 of the 40 reported total sales impacts of £7,158,500. The remaining 29 respondents reporting sales impacts either did not (19 online respondents) or would not provide (10 telephone respondents) details of the sales impact achieved. Using these results we have pro-rated up for 51% of the 147 ASF recipient businesses that are still trading, and then applied deadweight of 37.16%.

<b>Table 5.2: Deadweight/Additionality impact on Sales</b>				
	<b>NI Sales</b>	<b>GB Sales</b>	<b>Sales Outside UK</b>	<b>Total Sales</b>
Total (N=11)	£1,045,000	£3,205,000	£2,908,500	£7,158,500
Total (N=147)	£7,122,150	£21,843,532	£19,822,750	£48,788,431
<b>Additional Sales after Deadweight of 37.16%</b>	<b>£4,475,735</b>	<b>£13,727,014</b>	<b>£12,457,105</b>	<b>£30,659,853</b>

61 (78%) of the 78 respondents reported a tangible impact on employment safeguarded/retained as a direct result of ASF support. 38 of the 61 reported total employment safeguarded/retained of 196. The remaining 23 respondents reporting employment safeguarded/retained impacts either did not (19 online respondents) or would not provide (4 telephone respondents) details of the impact achieved.

24 (31%) of the 78 respondents reported a tangible impact on new employment created as a direct result of ASF support. 10 of the 24 reported total new employment created of 25 (of which, 11 offered jobs above the NI Median of £18,720). The remaining 14 respondents reporting employment creation impacts either did not (13 online respondents) or would not provide (1 telephone respondent) details of the impact achieved.

Using these results we have pro-rated up for the 147 ASF recipient businesses that are still trading, and then applied deadweight of 37.16% to calculate the additional employment impacts:

<b>Table 5.3: Deadweight/Additionality impact on Employment</b>		
	<b>Actual Employment Safeguarded/Retained</b>	<b>New Employment (full-time equivalents)</b>
Total	196	25
Total (N=147)	368	47
<b>Additional employment after Deadweight of 37.16%</b>	<b>232</b>	<b>30</b>

#### 5.5 Displacement Considerations

The Evaluation Team has also considered the potential displacement that might be created by the outworkings of the ASF support. To assess this, we have again utilised a series of questions; the answers to which are assigned a ‘displacement factor’ in both the NI market and the broader UK market.

We have calculated displacement based on two factors:

1. The proportions of the businesses that participants compete with that are based in NI/UK, keeping in mind the markets which their company sells into.

2. Whether, in the participants' area of business, market conditions have improved over the period since receiving support.

On an overall level, the Evaluation Team has calculated that the Displacement Factor at the NI level for the 17 respondents to this question is 44.54%; whilst at the UK level it is 34.62%.

## 5.6 Net Additional Sales and Employment Impact

The table below applies the NI displacement factor (of 44.54%) to the additional sales (i.e. the gross sales minus an allowance for deadweight of 37.16%). Analysis indicates that after displacement is applied to additional sales impact of £30,659,853 for the 147 ASF recipients (that are still trading), it results in total net additional sales of £17,004,116.

<b>Table 5.4: Calculation of Net Additional Sales</b>				
	<b>NI Sales</b>	<b>GB Sales</b>	<b>Sales Outside UK</b>	<b>Total Sales</b>
Additional sales for 147 (still trading) Recipients	£4,475,735	£13,727,014	£12,457,105	£30,659,853
<b>Total Net Additional Sales</b>	<b>£2,482,266</b>	<b>£7,613,074</b>	<b>£6,908,776</b>	<b>£17,004,116</b>

The table below shows the net additional employment impact after displacement is considered. NB No displacement has been applied to the jobs safeguarded/retained as these were pre-existing jobs.

<b>Table 5.5: Calculation of Net Additional Employment</b>		
	<b>Actual Employment Safeguarded/Retained</b>	<b>New Employment (full-time equivalents)</b>
Additional employment for 147 (still trading) Recipients	232	30
<b>Total Net Additional Employment</b>	<b>232</b>	<b>17</b>

## 5.7 Net Additional GVA Impact

Given the breadth of businesses that availed of ASF support, we have applied the NI average level of GVA<sup>14</sup> (i.e. 31%) to the estimated total net additional sales of £17,004,116 to arrive at an estimate of net additional GVA i.e. £5,271,276 (see Appendix III for calculations).

In order to estimate the GVA impact on profits and wages/salaries (in the absence of actual wage/salary information), we have determined the split of GVA across profits and wages through the use of figures from the ONS Regional Accounts (December 2012) which sets out GVA in terms of "gross operating surplus" (i.e. profits) and "compensation of employees" (i.e. wages/salaries).

<b>Table 5.6: GVA of Northern Ireland for 2011 (£ million)</b>		
<b>GVA Breakdown</b>	<b>2011</b>	<b>% of total</b>
Gross operating surplus (GOS) – profits	£12,139	41%
Compensation of employees – wages/salaries	£17,731	59%
<b>Total NI GVA</b>	<b>£29,870</b>	<b>100%</b>

Using this information, we can estimate ASF's GVA impact on:

- Additional profits arising from projects assisted;
- Additional wages/salaries arising from projects assisted.

<sup>14</sup> Source: Northern Ireland Annual Business Inquiry 2010 (DFP 21 December 2011)

Table 5.7 – ASF Net Additional GVA	
GVA Breakdown	£
Gross operating surplus (GOS) – profits	£2,161,223
Compensation of employees – wages/salaries	£3,110,053
<b>Total ASF Net Additional GVA</b>	<b>£5,271,276</b>

### 5.8 Gross and Net Additional Productivity Impact

The table below illustrates the gross and net additional productivity impacts only for those businesses that achieved increased sales as a result of ASF<sup>15</sup>.

Table 5.8 - Productivity Calculation	
	Only Businesses with increased Sales
Gross GVA Impact	£15,124,414
Gross Employment impact (including both employment safeguarded and new employment created)	74
Gross Productivity Impact for Sample	204,384
Productivity Impact after Deadweight	128,440
Net additional Productivity for Sample	71,233

Calculations can be found in Appendix III.

Please note, at the request of Invest NI, this table provides a calculation of Net Additional Productivity for our survey sample only. However, it should be noted that there are likely to be GVA/productivity impacts associated with the gross employment impacts in firms not reporting a sales increase. However, it has not been possible to quantify these. Furthermore, it should further be noted that productivity was not an objective of the programmes.

### 5.9 GVA Return on Investment

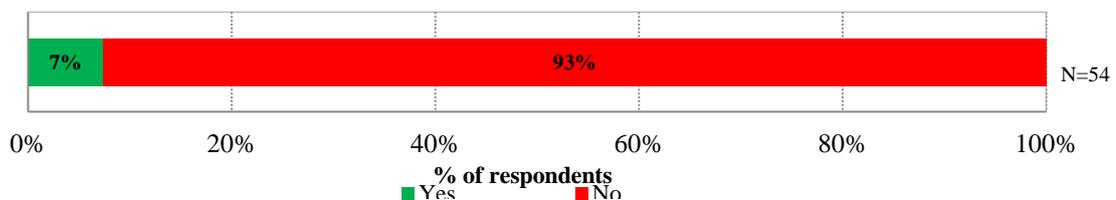
As detailed in Section 3.5, the full economic cost of ASF was £4,754,187.

Therefore, the GVA return on investment was £1:£1.11 (GVA) i.e. £4,754,187: £5,271,276.

### 5.10 Other Benefits or Unexpected Impacts

7% (N=54<sup>16</sup>) of respondents indicated that they had received unexpected impacts or benefits as a result of the ASF support. These respondents referred to achieving a larger (than expected) market share, securing a notable or large contract or receiving help with negotiations with the bank.

**Figure 5.6: Did the receipt of ASF support lead to any other benefits or unexpected impacts/benefits for you or your business that have not already been discussed?**



<sup>15</sup> As only a proportion of businesses reported increased sales and the gross employment impact comprises a mixture of new and safeguarded jobs, there is not a wholly robust relationship between sales, employment and productivity evident in the data. Therefore, following agreement with Invest NI, the productivity calculation is presented solely for businesses with increased sales, as opposed to for the entire number of programme participants.

<sup>16</sup> Only 56 telephone survey respondents were asked this question, 1 unwilling to complete the questionnaire and 1 respondent ran out of time to claim any of the grant offered so therefore no impact/benefit upon business..

*“Even though the overall market conditions for our field of work declined, our market share increased because of the Accelerated Support Fund.”*

*“We received very beneficial advice on how to negotiate with the bank in order to be approved for business loans.”*

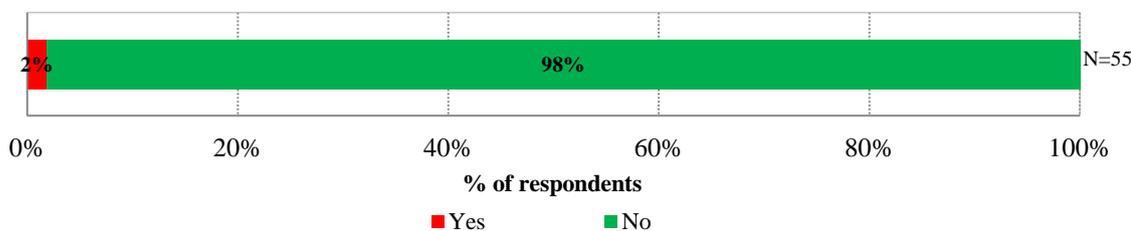
*“The Accelerated Support Fund support laid a good grounding for SE 21 which led to us working with Bombardier.”*

**ASF Recipients**

### 5.11 Duplication and Complementarity

Nearly all (98%, N=55) of respondents indicated that in the absence the ASF support they or their business would not have been able to get the same or similar support elsewhere.

**Figure 5.7: In the absence of the support would you/your business have been able to get the same or similar support elsewhere?<sup>17</sup>**



The one respondent who suggested that they may have got similar support from elsewhere indicated that they have considered relocating their business to Republic of Ireland, and so may have been able to avail of similar support from Enterprise Ireland.

*“Yes, if we relocated to ROI, where Enterprise Ireland were offering similar support.”*

**ASF Recipient**

It is noted that many Client Executives suggested that ASF did present potential for overlap with other publically funded support as it was so flexible and wide ranging that it could cover a number of areas which may have already been elements of other available support. However, most suggested that in practice this did not cause displacement as the ASF support was not at a level that would enable them to choose an alternative programme to target exactly the same problem and that the that the key element of supporting salaries of current staff could not be covered by any other programme. Most suggested that in the context of the economic climate a tool such as ASF was essential.

<sup>17</sup> Only 56 telephone survey respondents were asked this question, 1 unwilling to complete the questionnaire.

## 6. CONCLUSIONS & LESSONS LEARNED

### 6.1 Conclusions

#### 6.1.1 Achievement of Objectives

At the end of September 2008, Invest NI organised a series of ‘Challenges and Opportunities – The Credit Crunch’ events across the Province. Over 800 clients attended the events, with attendees also receiving vouchers entitling them to 3-5 days free diagnostic support from Invest NI suppliers to review their business.

Subsequently as part of the Credit Crunch Initiative, Invest NI established in September 2008 an Accelerated Support Fund (ASF) of £5m to provide fast track advice and financial assistance to all client companies whose competitiveness had been impacted or constrained by the increasingly demanding economic conditions. Support was provided under the EU De-Minimis state aid block exemption.

It should be noted that, as the ASF programme was designed as a quick response to the economic conditions, no economic appraisal or related business case exists for this programme.

The ASF was specifically established to offer flexible support to clients affected by the challenging economic climate. Based upon recipient feedback, we are of the view that ASF delivered upon its intended remit. That is, it facilitated:

- A tactical response to the (then) current circumstances; and
- The removal of constraints to growth and competitiveness brought about by (the then) current economic conditions.

Furthermore, we consider that in the majority of cases, it met its objectives. That is:

- It stimulated businesses to take action;
- It highlighted the areas of potential focus (when considered alongside the diagnostic support);
- It assisted companies to identify their key requirement;
- It highlighted key activities to reduce the impact of the economic downturn and sustain business;
- It provided access (one stop shop) to experts;
- It assisted ongoing interaction via approved Invest NI support mechanisms where possible; and
- It raised awareness of, and proactive engagement with Invest NI.

#### 6.1.2 Programme and Risk Management

From October 2008 to December 2010, Business Improvement Services Division (BIS), now Skills and Strategy Division) managed the programme from within the BIS budget. This phase of the programme involved a total of 98 projects. From January 2010 the programme was delivered by the sector teams in Invest NI, with a further 65 projects delivered in this latter phase.

Whilst no economic appraisal or related business case exists for the ASF programme, and it is not known whether any specific risks were identified/considered before the scheme was introduced, we consider that Invest NI’s overall approach to risk management during the implementation of the programme was robust and proportionate.

On an overall basis, we consider that the ASF programme management was robust and well implemented.

### 6.1.3 ASF Activity and Financial Drawdown

A total of 163 offers to 162 client companies were made from the programme. Total investment of c£14.2 was projected, with Invest NI's offers having a combined value of £5,234,797. Actual participant drawdown on the programme was £3,890,540 (73%) over the delivery period.

The Evaluation Team understands that 15 of the 162 businesses that accepted ASF support are no longer trading.

### 6.1.4 Programme Costs

Including assistance to recipients' businesses (£3,809,540), an apportioned cost for the Credit Crunch seminars (£12,674) and Diagnostic Support costs (£410,000) and Invest NI staff costs (£521,973) the full economic cost of ASF was £4,754,187.

### 6.1.5 Stakeholders' Satisfaction With, & Views of ASF

On an overall basis, the majority of ASF participants and Invest NI personnel were in agreement that:

- The promotion of the Scheme was effective, and in particular the use of the Credit Crunch seminars had been an effective tool for raising awareness
- The application process was streamlined and efficient;
- The ASF support was an appropriate response by Invest NI to the challenges arising from the economic downturn;
- The level of funding available was appropriate;
- The items that the grant could be used towards were appropriate;
- The support stimulated their business to take action to address challenges it was facing as a result of the economic downturn;
- The diagnostic support helped businesses identify areas to focus action on and the business' key requirements;
- The support provided the business with access (one stop shop) to experts;
- The support had helped improve businesses' ongoing relationship and interaction with Invest NI and its other support offerings.

### 6.1.6 Scheme Impact

Given that the aim of the ASF was to facilitate businesses to make a tactical response to the economic downturn and to remove constraints to growth and competitiveness brought about by the downturn, it is encouraging to note that the majority of recipients were in agreement that the ASF support had:

- Helped their business to address the issues that were constraining their competitiveness;
- Boosted the longer term resilience and competitiveness of their business;
- Enabled their business to pursue new markets;
- Enabled their business to implement a new strategy; and
- Helped their business survive.

Furthermore, the majority of respondents indicated that the receipt of ASF support had:

- Helped to safeguard/retain jobs within the business; and
- Had a direct impact on their business' turnover.

#### 6.1.7 **Deadweight/Additionality**

Our analysis indicates that, on average, 62.84% of any ‘economic benefit’ achieved by ASF recipients was additional.

#### 6.1.8 **Net Additional GVA and Employment Impact**

We estimate that ASF resulted in

- 232 net additional jobs being retained;
- 17 (FTE) net additional jobs being created; and
- The generation of £5,271,276 of net additional GVA.

#### 6.1.9 **GVA Return on Investment**

The GVA return on investment was £1:£1.11 (GVA) i.e. £4,754,187: £5,271,276.

#### 6.2 **Lessons Learned/Implications for Future Delivery**

Given the predominantly positive feedback associated with ASF, we have identified only a small number of ‘lessons learned’ or implications for future delivery:

1. Ensure that all client facing staff are fully briefed on the operations of any similar programme (including clarity relating to project timescales), and its eligibility criteria. This should be supplemented with the use/aid of a small leaflet that captures pertinent scheme details.
2. In similar exceptional economic circumstances, Invest NI could consider augmented its existing GAP support to allow existing salaries to be supported, as opposed to new employees (as is currently the case).

## Appendix I - Invest NI's Core Requirements

### Appendix I - Invest NI's Core Requirements

The core objectives of the evaluation are as follows:

<b>Introduction</b>
a. Outline the programme that is to be evaluated and set out clearly the scope, purpose and objectives of the evaluation.
<b>Strategic Context &amp; Rationale</b>
b. Briefly review the strategic context under which the programme operated and assess whether the programme(s) represented an appropriate response to the position in 2008/9. c. Summarise the operational fit of the programme(s) with the objectives of the Invest NI Corporate Plan and DETI Corporate Plan (using the appropriate Corporate Plans in place during the evaluation period). d. Briefly review the original rationale for the programme(s) outlining the precise nature and scale of the market failures and/or equity issues that the programme(s) were seeking to correct. Identify the scale of need and demand and conclude on the extent to which the rationale was valid.
<b>Operation and Delivery</b>
e. Assess the appropriateness of the delivery model adopted by Invest NI, including programme marketing and promotion, the range of activities/support provided, and the intervention rates adopted. Highlight any lessons for the design of similar programmes in the future. f. Assess the programme management and operating structures adopted by Invest NI to determine how effective the organisation has been in managing/delivering the programme(s). This should encompass the appropriateness of application and appraisal processes, engagement with participating businesses, and financial management and output monitoring arrangements. Review the ability of Invest NI to provide these activities taking into account financial resources, experience and knowledge. g. Examine the degree of complementarity with other Invest NI products and assistance available to target businesses over the lifetime of the programme(s). Identify the extent to which the programme(s) overlapped or duplicated with other publicly funded support to businesses in Northern Ireland. h. Identify the main risks that emerged during the programme(s) and any actions taken to reduce these risks. Assess whether the overall approach to risk management was robust and proportionate. i. Compare the costs actually incurred on the programme(s) with those estimated at the outset, and clearly explain any reasons for variances. A full economic cost analysis (including opportunity costs) must be undertaken in accordance with NIGEAE guidance. This must include the costs of marketing elements, evaluation costs, fully loaded NI and/or EDO staff time, admin input, procurement costs, legal costs etc.
<b>Performance and Impact</b>
j. Review the outturn performance of the programme(s) against the original objectives and SMART targets, and if appropriate, identify reasons for any divergence. Assess the appropriateness of the target setting methodology; and if appropriate, identify reasons for under-performance providing recommendations for improvement in future programmes. k. In line with the objectives, targets and actions included under PSA 1 and PSA 3, the evaluation should for each programme as far as is possible:- <ul style="list-style-type: none"><li>• assess the employment impact per annum:<ul style="list-style-type: none"><li>- Gross and net additional employment arising from projects assisted;</li><li>- Gross and net safeguarded employment arising from projects assisted.</li></ul></li><li>• assess the GVA (Gross Value Added) impact per annum:<ul style="list-style-type: none"><li>- Additional profits arising from projects assisted;</li><li>- Additional wages/salaries arising from projects assisted.</li></ul></li><li>• assess the productivity impact per annum:<ul style="list-style-type: none"><li>- Gross and net GVA/Employment<sup>18</sup> (additional, arising from project outputs).</li></ul></li></ul> <p>In the absence of actual profit and wage/salary information, tenderers should demonstrate how they would arrive at GVA and productivity outputs from the programme.</p> <p>NB: In line with HM Treasury guidance, evaluators should examine the direct GVA impacts but must exclude the indirect and induced impacts (eg. on turnover, employment or GVA) when they are calculated using multipliers. For example, data on any indirect effects (sub-contracting supply chain or spillovers) should be collected at</p>

<sup>18</sup> Full Time Equivalent (FTE)

project level and be verified by the evaluator. HM Treasury have indicated that multiplier effects should not be included because of the impossibility of verification or measurement at the micro level.

- l. Assess the extent to which the programme(s) have directly and indirectly generated other outcomes and impacts, including wider and regional economic benefits (in line with Invest NI's EAM). These benefits should be quantified as fully as possible or, if quantification is not possible, a qualitative analysis should be presented of their scale and persistence. In particular, the extent to which the programme has enhanced company capability and resilience should be assessed.
- m. Determine the overall net economic impacts of each programme. This should take account of deadweight/additionality, displacement, leakage and substitution effects based, as far as possible, on evidence from participating companies. Full consideration should be given to the outturn counterfactual position i.e. what would have happened in the absence of the programme(s).

### Return on Investment and Value for Money

- n. Calculate and analyse a GVA return on investment ratio (£1:GVA) resulting from each programme. Assess the economy, efficiency and effectiveness with which public funds have been used on the programme(s). Where information is available, an NPV/C analysis should be undertaken. See NIGEAE for more details.
- o. Assess how the programme contributes to the strategic aims, objectives, targets and actions of the NI Programme for Government (PfG), the Department of Enterprise Trade & Investment (DETI) and Invest NI. This assessment should draw upon evidence on the contribution made to date, or anticipated, of the programme(s) to the relevant targets and actions under PSA 1, securing improvements in manufacturing and private services productivity and PSA 3, increasing employment.
- p. Provide an overall assessment of the contribution of the programme(s) to supporting business viability and economic recovery and rebalancing objectives. Determine the extent to which value for money has been secured, taking account of the full range of benefits which have been achieved. An overall VFM conclusion should be based on: strategic fit; need/market failure; additionality/deadweight; displacement; viability; risk; the 3 Es (economy, efficiency, effectiveness); cost effectiveness; and economic efficiency test results (quantifiable economic impacts and qualitative wider and regional economic benefits).

### Equality Considerations

- q. The evaluation should:
  - take into account the requirements of Section 75 of the Northern Ireland Act 1998;
  - in respect of any recommendations made consider whether there are any likely impacts on anti-poverty, social inclusion, equality of opportunity or good relations. In doing so, the service provider may recommend measures to mitigate against any adverse impacts;
  - consider the accessibility of the programme for all, in line with the Disability Discrimination Act 1995.

Invest NI's Equality Scheme can be accessed on Invest NI's website at [www.investni.com/equality](http://www.investni.com/equality).

### Overall Assessment and Lessons Learned

- r. Identify lessons learned and highlight aspects of programme design and delivery which could/should be incorporated into existing or future programmes. This should draw on the Northern Ireland context and evidence from similar programmes elsewhere. Suppliers should note that a bespoke benchmarking exercise is not required.
- s. Consider the merits of re-establishing the ASF and STAS programmes in the event of a deterioration in wider economic conditions in Northern Ireland within the context of the State Aid Regulations in place<sup>19</sup>. If this assessment is positive, identify what changes, if any, would be appropriate in order to enhance the economy, efficiency and effectiveness of Invest NI support, taking account of other provision.
- t. Highlight any other lessons or wider implications for policy e.g. on the most appropriate mechanisms to support business viability and resilience during an economic downturn.
- u. Present a succinct set of conclusions from the evaluation, taking account of all of the evidence gathered during the assignment. Recommendations should be numbered and concisely worded and be Specific, Measurable, Achievable, Relevant and Time-Bound (SMART).

<sup>19</sup> STAS was operated under a temporary relaxation of State Aid rules on de-minimis aid, that relaxation ended on 31<sup>st</sup> December 2010

## Appendix II – Overview of the Accelerated Support Fund

---

### Appendix II – Overview of the Accelerated Support Fund

#### Introduction

At the end of September 2008, Invest NI organised a series of ‘Challenges and Opportunities – The Credit Crunch’ events across the Province. Over 800 clients had the opportunity to discuss issues with Invest NI staff and service providers in a number of themed zones: Financial Management, Securing Extra Sales, Supply Chain Management, Improving Internal Efficiencies and Invest NI support. The purpose of the Credit Crunch initiative was to:

- Stimulate companies to take action;
- Highlight key activities to reduce the impact of the economic downturn and sustain business;
- Assist ongoing interaction via approved Invest NI support mechanisms where possible;
- Raise awareness / optimism / proactive engagement.

The main objectives for the events were:

- Number of attendees at each high profile event – 150;
- Conversion rate from event to diagnostic (see below) - 80% of attending companies;
- Conversion rate from diagnostic to implementation project - 70% from diagnostic. However, it should be noted that an implementation project did not necessarily have to be an ASF project.

Attendees also received vouchers entitling them to 3-5 days free diagnostic support from Invest NI suppliers to review their business. It was anticipated that the diagnostic process would:

<b>Identify issues &amp; opportunities</b>	<ul style="list-style-type: none"><li>• Bring out the hurt / pain (issue) being experienced by the company and the evidence</li><li>• Highlight the opportunity to be exploited (with evidence)</li><li>• Bring out what the company can do for themselves.</li></ul>
<b>Provide an Action Plan</b>	<ul style="list-style-type: none"><li>• Detail the steps that will be taken;</li><li>• Indicate the person responsible for dealing with each of the steps;</li><li>• Ensure the client responsibilities are indicated.</li></ul>
<b>Develop an Implementation Plan</b>	<ul style="list-style-type: none"><li>• Provide a clear set of activities and associated outcomes</li><li>• Indicate what the results of the activities are expected to be</li><li>• Timescales should be clearly presented with prioritisation.</li></ul>
<b>Targets / Expected Benefits</b>	<ul style="list-style-type: none"><li>• Ensure tangible / quantifiable targets &amp; benefits that would be achieved by implementing the above actions and benefits are documented</li></ul>

Subsequently as part of the Credit Crunch Initiative, Invest NI established in September 2008 an Accelerated Support Fund (ASF) of £5m to provide fast track advice and financial assistance to all client companies whose competitiveness had been impacted or constrained by the increasingly demanding economic conditions. Support was provided under the EU De-Minimis state aid block exemption<sup>20</sup>.

It should be noted that, as the ASF programme was designed as a quick response to the economic conditions, no economic appraisal or related business case exists for this programme.

#### Aims of the Support

The ASF was specifically established to offer flexible support to clients affected by the challenging economic climate. Provision of support under the ASF sought to facilitate:

- A tactical response to the (then) current circumstances; and
- The removal of constraints to growth and competitiveness brought about by (the then) current economic conditions.

---

<sup>20</sup> Under Commission Regulations companies may receive up to €200,000 (approx. £155,000) of De Minimis support in any 3 fiscal years. The applicant had to provide a statement regarding De Minimis aid already received in the current and previous two fiscal years and any other public funding being sought in relation to the project.

## Appendix II – Overview of the Accelerated Support Fund

The key objectives of the programme were to:

- Stimulate companies to take action;
- Highlight the areas of potential focus;
- Assist companies to identify their key requirement;
- Highlight key activities to reduce the impact of the economic downturn and sustain business;
- Provide access (one stop shop) to experts – Invest NI supported or not;
- Assist ongoing interaction via approved Invest NI support mechanisms where possible;
- Raise awareness / optimism / proactive engagement.

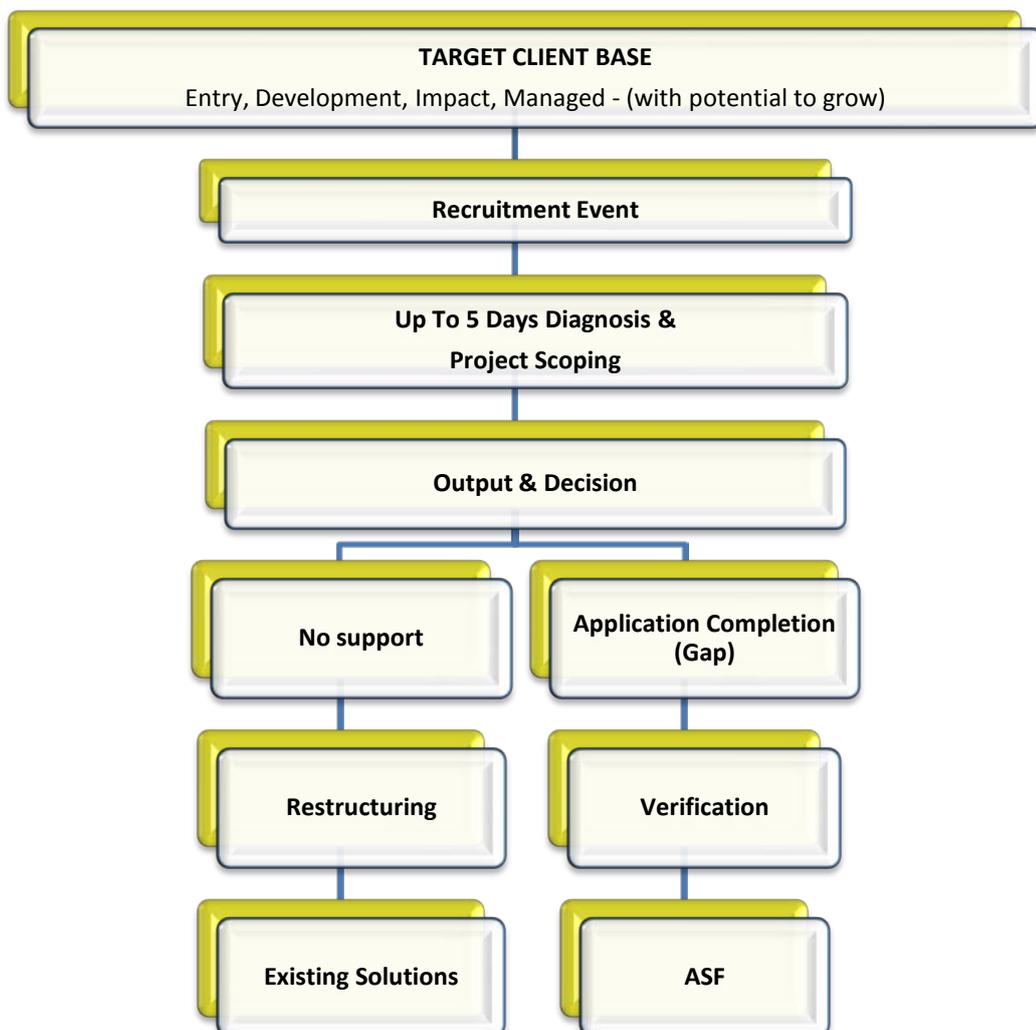
### Eligibility & Application Process

Projects assisted under the ASF were undertaken by Invest NI clients who had taken part in qualifying activities, including the diagnostic process. Assisted projects had to seek to address issues arising from the adverse economic conditions and reflect Invest NI's intervention principles. ASF support was not intended to be used to assist or "top up" the costs of a project already being assisted under an existing Invest NI scheme.

All proposals were validated and approved by the Invest NI Client Executive. It was anticipated that the Client Executive (CE) would review the application to ensure it was suitable for support under ASF and to ensure it was complete. Subsequently, it was anticipated that the CE would advise the applicant in writing, within 5 working days, either:

- (a) that the application was being taken forward for decision once a signed copy of the application has been received; or
- (b) why the application had been rejected or returned for completion.

The ASF process is summarised below:



## Appendix II – Overview of the Accelerated Support Fund

If satisfied that the project was supportable, the Client Executive sought approval for the assistance recommended by submitting the following:

- i. a 2-3 page ASF casework submission commenting proportionately on additionality, viability and economic efficiency (benefits) and giving details of processing times and the proposed date for the post project evaluation;
- ii. the applicant's signed application form; and
- iii. a copy of the applicant's annual or audited accounts (and the most recent management accounts if available).

Each ASF submission had to articulate the rationale for each element of assistance proposed. THE ASF guidance suggested that in many cases the assessment of viability could be satisfied on the basis that adequacy of funding was demonstrated for the project under consideration.

With regard to economic efficiency, it was considered that ASF projects would likely to be capability building and an assessment of how the support would address the impact of the economic conditions was anticipated to be incorporated in the submission.

The relevant ICDG division was responsible for the provision of the budget to facilitate the specific ASF project and, therefore, the Client Executive (CE) was responsible for the generation and issue of the LoO. The relevant CE/ICDG advisor was also responsible for the monitoring of the project.

To realise and maintain the concept of simple, standard, ASF offers, it was advised that there should be:

- No pre-conditions;
- No additional general conditions;
- No employment conditions.

Where projects could have been supported under an existing Invest NI scheme to the same level of support, such as SFA or MIS, Executives were advised to follow that course. ASF was not to be used as a "top up" to existing schemes.

It was anticipated that financial and project monitoring would be undertaken in line with existing procedures and would be proportionate to the level of support.

### Support Available

Access to the ASF was available from 20th October 2009, to address identified needs in the areas of:

<b>Financial and cash flow management;</b>	<ul style="list-style-type: none"><li>• Managing overheads</li><li>• Managing cash flow</li><li>• Integration of cash management into the business cycle</li><li>• Understanding and balancing short-term requirements V long-term projections</li></ul>
<b>Improving efficiencies in the supply chain;</b>	<ul style="list-style-type: none"><li>• Managing suppliers</li><li>• Building and benefiting from partnerships</li><li>• Leveraging purchasing power</li><li>• Managing distribution operations</li><li>• Understanding and exploiting your energy options</li></ul>
<b>Improving internal efficiencies;</b>	<ul style="list-style-type: none"><li>• Improving throughput</li><li>• Maximising output</li><li>• Exploiting your systems</li><li>• Improving reliability</li><li>• Reducing waste</li></ul>
<b>Reducing or removing barriers to secure new sales and markets.</b>	<ul style="list-style-type: none"><li>• Differentiation from competitors</li><li>• Identifying key markets</li><li>• Identifying key customers</li><li>• Managing existing customers</li><li>• Securing new customers</li></ul>

## **Appendix II – Overview of the Accelerated Support Fund**

---

Under the ASF, support of up to £50,000 at a grant rate of 50% of eligible, vouched and approved costs was available towards:

- Salary costs of new and existing staff contributing to the project;
- Consultancy costs;
- Salary costs of those involved in training relating to projects;
- External training costs;
- Eligible travel and subsistence costs;

Capital expenditure and MIS led projects were **not** eligible for support under the ASF.

ASF offers had a maximum period of fifteen months in which a Client could claim support. Assistance was therefore anticipated to focus on a period of up to twelve months of activity so as to allow Clients to draw down the grant support. However, it is understood that a number of clients received extensions to the Letters of Offer.

### **Restrictions**

ASF support was not to be used to support or subsidise:

- Import substitution;
- Placement of advertisements;
- The costs or quantities of exported goods or services;
- The establishment of a distribution network in an export market;
- Costs already supported under an existing Invest NI scheme (double fund);
- Businesses in difficulty - i.e. substitute Buying Time or Restructuring Support.

ASF was not to be used to assist Clients active in the following sectors / activities.

- Primary production of agricultural products listed in Annex 1 to the EC Treaty;
- The processing and marketing of agricultural products (as above) if:
  - The amount of assistance was a function of the price or quantity of product either purchased from primary producers or put on the market by a Client, or
  - The assistance was conditional on being partly or entirely passed on to primary producers;
- Fishery and aquaculture;
- The coal sector.

## Appendix IV - Discussion on Issues Relating to the Reliability of Information Presented in the Report and an Assessment of Non-Response Bias

### Appendix IV - Discussion On Issues Relating To The Reliability Of Information Presented In The Report And An Assessment Of Non-Response Bias

Cogent's evaluation of the ASF Programme utilised a telephone and online survey methodology to elicit ASF support recipients' self-reports on the impact of the support received. A survey of 78 of the 162 ASF recipients (56 by telephone and 22 through an online survey instrument) was undertaken. It should be noted that at least 15 of the 162 recipients have now ceased trading. Of the 69 remaining trading businesses that were not surveyed, each was called on a minimum of four occasions and was issued with an online version of the questionnaire. However, no response was received. A summary of our participant survey is presented below:

<b>Table 1.1: Survey response rates and confidence levels</b>		
<b>Total No. of ASF Recipients that are still trading</b>	<b>No. surveyed<sup>21</sup></b>	<b>Confidence Interval based on a 95% confidence level</b>
147	78	7.63

For participating businesses to provide the required information, a number of relatively complicated and detailed questions on impact and economic benefits need to be asked. We note that the Department for Business, Innovation and Skills' (BIS) research<sup>22</sup> indicates that telephone interviewing is a mode of research well suited to business surveys. BIS' research indicates that telephone interview is felt to be less intrusive and less time consuming for business respondents than a face-to-face interview. Furthermore, response rates to a telephone survey are likely to be significantly higher than for a self-completion survey.

Cogent recognises that the collection of such information needs to be undertaken with care. The design of data collection instruments and procedures are integral to the quality of the information obtained. In all surveys (and data collection exercises generally) there is the risk of errors being made. If these occur systematically then they lead to what statisticians call biases, which can affect the accuracy of the results obtained. The most commonly cited are response, sampling, interviewer, non-response and coding biases. In addition the mode of data collection, the wording of questions and the order in which they are asked, and the selection of the most appropriate person to provide the information being sought can also introduce bias.

Measuring the counterfactual, i.e. 'what would have happened had the policy or programme not been put in place' is an important aspect of Cogent's methodology when assessing the success of Invest NI's policies, programmes and policies aimed at improving the productivity and competitiveness of businesses. However the measurement of the counterfactual raises the challenge of how to attribute observed outcomes to the policy in general or specific aspects of it.

Whilst experimental methods are used in most sciences to address this type of question and have recently become more commonplace in social sciences and larger policy evaluations, our methodology (for reasons of both time and cost considerations) has largely viewed beneficiaries as being able to provide evidence on the effectiveness of Invest NI's policies and support interventions and have adopted a self-assessment approach to collecting information on the economic change and measuring the counterfactual. However, we recognise that this methodology is not ideal. A number of questions emerge relating to the reliance on beneficiaries for the evidence on the impact of Invest NI support interventions:

- Can we rely on what 'beneficiaries' say about the intervention?
- What is their ability to provide us with an accurate description of the economic impact of the support received?
- If so, which would be the best way of gaining this information from them?

<sup>21</sup> Please note that whilst 78 businesses were consulted with, 2 respondents chose to answer only a small number of questions each (one largely responded to the satisfaction-related questions, and one largely to the impact related questions). Therefore, at no stage in our survey analysis does the response rate equal 78.

<sup>22</sup> Source: Self Assessment as a tool to Measure the Economic Impact of BERR policies – a best practice guide, Department for Business, Innovation and Skills (BIS), September 2009.

## Appendix IV - Discussion on Issues Relating to the Reliability of Information Presented in the Report and an Assessment of Non-Response Bias

---

Cogent's approach to the evaluations that we conduct on behalf of Invest NI, whilst cognisant of the constraints relating to available budgets and timescales is focused upon maximising the validity<sup>23</sup> and reliability<sup>24</sup> of our participant satisfaction and economic impact data. To maximise validity and reliability, we chose a methodology that was guided by two overriding considerations:

- the factors that contribute to survey quality; and
- awareness of potential sources of error.

As noted earlier, all surveys are prone to error, which can occur as a result of problems with its measurement or representation.

- Observational error<sup>25</sup> (**measurement**) pertains to inaccuracies in the answers recorded as being given by respondents and the relationship of these answers to the underlying attribute or concept being measured.
- Non-observational error<sup>26</sup> (**representation**) pertains to deviations of a statistic estimated on a sample from that on the full population.

In designing our surveys for the ASF intervention, we worked to minimise these errors and, for some errors such as sampling error, to measure them. However, it should be noted that quality in surveys is not solely about minimising error: it is also about producing a product that is useful, timely, comparable and represents value for money.

In addition, our surveys involve two additional important considerations; namely measurement of:

- economic change; and
- the counterfactual – what would have happened if the business had not received the support, had not had to comply with the regulation etc.

In the absence of robust monitoring information collated by Invest NI or any EDO, our measurement of economic change is based on the premise that businesses collect and retain economic performance information i.e. they keep business records. The keeping of such records is largely determined by management needs, regulatory requirements and accounting standards. Whilst it is likely that most (if not all) businesses keep some records, the way in which these are kept, organised and updated varies, particularly by size of organisation.

Therefore, a challenge that we faced (and one that is faced within many business surveys) was determining whether the businesses actually recorded information that related to the types of impact that might have been expected as a result of a particular intervention (e.g. the receipt of ASF support may have led to sales increases to different countries or jurisdictions, but if sales are not routinely monitored in that area, it is unlikely that a business would be able to provide any evaluator with the necessary 'economic change' data).

---

<sup>23</sup> **Validity** refers to the extent of matching, congruence, or 'goodness of fit' between the questions asked and the concept it is purported to measure i.e. are the questions measuring what was intended?

<sup>24</sup> **Reliability** is concerned with questions of stability and consistency (repeatability). Is the operational definition measuring 'something' consistently and dependably, whatever that 'something' may be? Do repeated applications of the operational definition under similar conditions yield consistent results? If the study was to be carried out again, would it produce the same findings?

<sup>25</sup> These include Validity (the match between what we are intending to measure and what we are actually measuring), Measurement error (the observed gap between the 'true' value and the response obtained. If the measurement error is systematic then this will result in response bias) and Processing error (results from coding and editing. For example, miscoding answers to the 'wrong' answer category).

<sup>26</sup> These include Coverage error (results from imperfections in the sampling frame, i.e. missing eligible people or businesses from our target population), Sampling error (results from the way in which the survey sample is drawn. There are two types of sampling error. First, there is the sampling error that arises when some members of the sampling frame are given a much reduced (or no) chance of selection. This can result in survey estimates that are biased compared with what one might find in the population. Second, sampling error can occur through sampling variance that arises by chance when drawing the sample. This type of 'error' will affect the precision with which estimates can be made), Non-response error (results from missing information about all sample members i.e. because some businesses did not take part in the survey or answer a particular question), and Adjustment error (resulting from weighting or imputation. Sometimes these methods can make things worse rather than better, for example because imputation strategies can assume that results obtained from respondents apply to non-respondents as well. Such an approach can therefore magnify non-response bias rather than reduce it).

## **Appendix IV - Discussion on Issues Relating to the Reliability of Information Presented in the Report and an Assessment of Non-Response Bias**

---

However, it should be recognised that compromises must be made in terms of Invest NI's available budgets and also on time constraints in relation to the delivery of any evaluation report. Furthermore, knowledge of what records are held and the rationale for why certain strategic decisions were made often resides with those in positions of authority, which may not have direct access to the actual records, and may be too busy to participate in the survey. In many cases, it is our observation that prospective respondents' time constraints (either through being too busy, out of the country on business etc.) were the key factor limiting their willingness to participate.

These issues cut across a number of relevant points, particularly in relation to respondent selection, the questions being asked and the sources of error that may arise; specifically measurement error and non-response error. However they are of particular importance to surveys concerned with providing information to be able to assess economic impact, because of the need to:

- a. have reasonably accurate financial information from which to calculate 'change'; and
- b. measure the counterfactual, and thus economic impact of the programme, service or product on businesses and the economy.

Taking on-board the aforementioned considerations of data quality and measurement error, we implemented the following methodology in conducting and analysing the survey results. According to BIS<sup>27</sup>, these criteria can also be seen as reflecting best practice in developing and implementing surveys.

---

<sup>27</sup> Source: Self Assessment as a tool to Measure the Economic Impact of BERR policies – a best practice guide, Department for Business, Innovation and Skills (BIS), September 2009.

## Appendix IV - Discussion on Issues Relating to the Reliability of Information Presented in the Report and an Assessment of Non-Response Bias

Criteria		Cogent's Approach
Research aims	Measurement objectives clearly set out	At the outset of the project, we worked closely with members of the Invest NI Project Steering Group to clearly define the aims of the evaluation(s) in order to develop survey tools that would be able to meet them.
	Level of accuracy of data specified	Our proposal document established the level of accuracy that we envisaged with our chosen methodology and suggested sample size.
	Research team well informed about the topic area	Both Cogent's Team and the Invest NI Steering Panel were well informed on the topic area, which assisted in shaping the research and ensuring it remained on the right track.
Target population	Sampling unit(s) defined	Worked closely with Invest NI and the ASF Project Manager to ensure that all key 'populations' were as clearly defined as possible. For the purpose of the ASF evaluation we sought to achieve 100% of recipients.
	Sampling methods appropriate to meet aims	Surveys requiring statistical reliability require a random probability sampling design. Our approach was designed to minimise sampling error.  However, we note that all participants were selected to participate and were contacted by telephone.
	Sample size and composition sufficient to meet aims	Our approach was focused on ensuring that we achieved sample sizes that were statistically robust.  Due to the small number of participants on the ASF Programme, all participants were selected to participate and were contacted by telephone.
	Sampling frame(s) used ensure(s) good population coverage	We worked closely with Invest NI and the EDO to ensure that all key 'populations' within the ASF Programme were as clearly defined as possible.
Data collecting mode	Mode maximises survey participation	Cogent utilised a telephone survey methodology, which we consider ensures the possibility that as many businesses as possible are willing and able to participate. We feel that it offers the least possibility of excluding or restricting any particular groups' participation in the survey, and therefore minimises the potential for response bias, which would affect the representativeness of the survey.  As noted earlier, BIS' research indicates that telephone interview is felt to be less intrusive and less time consuming for business respondents than a face-to-face interview. Furthermore, response rates to a telephone survey are likely to be significantly higher than for a self-completion survey.
	Maximises data quality	Cogent utilises interviewer administered telephone survey methodology which we consider ensures the best trade-off between obtaining high quality information, maximising survey participation and VFM/cost effectiveness considerations.  Given that any evaluation requires the evaluation team to gather sensitive business data, our interviewer administered methodology allows a rapport to be built, and appropriate reassurances to be provided when required as to the final usage and dissemination of the information provided. Furthermore, Invest NI evaluation TORs require a substantial amount of information to be gathered (including many questions of an open nature) from participant companies, so the usage of an interviewer administered methodology helps ensure that questionnaires are completed in full and reduces the possibility of non-response.
	Maximises chances of respondents being able to provide information being sought	The Evaluation Team contacted each ASF recipient on a minimum of 4 occasions.

## Appendix IV - Discussion on Issues Relating to the Reliability of Information Presented in the Report and an Assessment of Non-Response Bias

Criteria		Cogent's Approach
Questionnaire design	Questionnaire content established	<p>Cogent worked with Invest NI's Evaluation Steering Group to identify and finalise the content and priorities of the questionnaire after reviewing the survey aims.</p> <p>Consideration was given to balancing the requirement to meet the TOR and keeping the questionnaire to a reasonable length, so as to ensure respondent burden was kept to a minimum.</p> <p>We place a focus on asking clear and unambiguous questions using question wording and response options that we consider will not 'lead' respondents to provide any particular response.</p> <p>We focus on asking questions in a logical order that follow the steps of their engagement in a project or programme, with questions that might be considered more personal (e.g. relating to turnover/economic impact) asked later in the questionnaire to allow a rapport to be developed between the respondent and our consultancy team.</p>
	Most appropriate respondent(s) identified	In the first instance, Cogent contacted the named individual on Invest NI's databases.
	Questions designed that respondents understand, are willing and able to answer	Cogent worked with Invest NI's Evaluation Steering Group to ensure that our questionnaires were designed to enable all types of respondent to provide the information required as easily as possible and ensure results are comparable (e.g. the characteristics of recipients of a particular support intervention may differ widely and therefore the questions must make sense across the board).
	Pilot test conducted	<p>Cogent piloted the questionnaires with a selection of individuals on the ASF Programme database.</p> <p>The pilot encountered few, if any, problems with the process, such as unwillingness to take part, difficulty in pinpointing the correct person to take part or high item non-response at certain questions.</p>
Data collection	Clear guidance and training for interviewers/fieldworkers provided to ensure that data are collected in a consistent way and interviewer bias minimised.	<p>Cogent uses a team of experienced consultants to conduct the telephone surveys. This facilitates the team being very clear about the survey's objectives and their role in the data collection process. All of our consultants on the team are fully briefed shortly before fieldwork and provided with written documentation to refer to during it. This minimises the potential interviewer error.</p> <p>Our use of experienced consultants means that they have the necessary skills to encourage potential respondents to take part and reassure them that the information they give is important, and will be treated in confidence.</p>

## Appendix IV - Discussion on Issues Relating to the Reliability of Information Presented in the Report and an Assessment of Non-Response Bias

Criteria		Cogent's Approach
Data processing	Coding and editing procedures documented, staff trained and quality monitored	<p>On completion of the primary research phases of the evaluation and economic impact assessment, all quantitative data is inserted into an appropriate statistical package (i.e. SPSS) ready for analysis.</p> <p>When undertaking the analytical phase of the research, we understand the importance of accuracy. In order to ensure quality and consistency in our data collection, entry and analysis we employ a range of quality control mechanisms, including:</p> <ul style="list-style-type: none"> <li>• Double Punching / Verification of data – We undertake double-checking of 10% of the surveys by a second consultant in order to verify whether data has been correctly entered.</li> <li>• Production of Data Entry Guidelines – It is our practice at Cogent to produce data entry guidelines. These detail each question and what should be entered and how missing or incorrect data should be handled. This ensures consistency and reliability of the final data.</li> <li>• Data cleansing – We employ a range of statistical techniques to aid in the detection (e.g. descriptive statistics, scatterplots, histograms) and correction (e.g. recoding of data errors to 'missing') of any errors in the dataset.</li> </ul> <p>Our process for data cleaning and editing is carried out by trained staff, in a systematic way, to ensure processing error does not creep in.</p> <p>Completed questionnaires are retained for a six-month period after the final evaluation report is signed off by Invest NI.</p>
	Inconsistencies in the data are checked with respondents	When data appear to be inconsistent or findings are unexpected, our consultancy team re-contacts the respondent to uncover exactly why this may be.
Data analysis	Errors/biases dealt with consistently	<p>Survey bias and errors, where they occur, are dealt with consistently to ensure comparability across responses is retained.</p> <p>Cogent Team's has worked with Invest NI to agree appropriate methods to deal with outliers and non-response when analysing the data.</p> <p>The potential for measurement error and the effect it might have on the data is considered within our report when interpreting findings.</p>
Outputs and dissemination	Reports are clear, well-written, timely and accessible	<p>We consider that our report clearly addresses the research objectives; that all outputs are accessible in terms of being easy to locate, read, interpret and understand.</p> <p>The information provided within our report (Executive Summary) and within this appendix given in a report should help the reader to interpret the key findings: assess base sizes, calculate confidence intervals and assess statistical significance.</p>
Evaluating Economic Impact		Per BIS best-practice guidance, we utilised a mixture of both quantitative and qualitative 'measures' (objective and subjective reports) of impact, as respondents often find it difficult to quantify the level of impact an intervention has had. Qualitative accounts of what has taken place are also helpful in fully understanding the effect of the intervention.

## **Appendix IV - Discussion on Issues Relating to the Reliability of Information Presented in the Report and an Assessment of Non-Response Bias**

---

### **Assessment of Non-Response Bias**

Non-response error refers to bias in the sample responding to the survey, which results from differential response rates across different subgroups of the population. The Evaluation Team notes that a number of potential respondents (69 out of a total of 147) chose not to participate in the survey. However, there was insufficient data on the participant databases (e.g. type of sectors operating in, size of business<sup>28</sup>) to determine if a non-response bias was evident. In many cases, it is our observation that prospective respondents' time constraints (either through being too busy, out of the country on business etc.) were the key factor limiting their willingness/ability to participate.

---

<sup>28</sup> We note that on most business surveys, response rates are higher amongst larger businesses. Source: Understanding Non-Response and Reducing Non-Response Bias. Peter Lynn, Institute for Social and Economic Research (ISER) University of Essex, July 2008