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December 2022

Invest NI performance review

Final report

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1 Executive summary

This study

This study was commissioned by the panel of the Independent Review of Invest Northern Ireland. The work feeds into broader consultation and analysis undertaken for the review. The remit for this work is to provide an independent assessment of Invest NI's efficiency and effectiveness, and its capacity to strategically align with and operationally deliver the 10X Economic Vision. This study is a two-part piece of work, featuring two separate but related research scopes:

- To inform an understanding of the efficiency and effectiveness with which Invest NI carries out its role
- To examine ways to compare Invest NI across a range of metrics to similar types of agencies and bodies in other parts of the UK, Ireland, and elsewhere internationally. This will contextualise Invest NI's work and performance, and also provide a sense of what represents 'best practice' in terms of government interventions to support business development and economic growth in regions

A third standalone piece identifies and discusses features and learning from studies of effective ecosystems.

This report relates to the first of the above bullet points, the development of an understanding of the efficiency and effectiveness with which Invest NI carries out its role. To address this, the study comprised a desk review of over 330 documents, analysis of supplied Invest NI client data (over a period of five years, 2017-2021), econometric analysis using the Moody's ORBIS database, notes of broader panel consultation, and a programme of scoping interviews with senior policy makers and stakeholders. Where possible, we have included figures drawn from Invest NI reporting for illustrative purposes, validating these where possible via consultation with stakeholders. The main approach to testing the efficacy of Invest NI investment has been the econometric analysis, which uses a counterfactual approach to examine the effect of investment on businesses.

Summary of findings

Our review of Invest NI has revealed a number of conclusions. Overall, the picture of Invest NI is one of a well-resourced and experienced delivery organisation, albeit one that could do more to maximise its impact on the Northern Ireland economy and find greater efficiency. Examining the organisation's effectiveness, there is some evidence of impact, albeit not in all areas that may be expected. There are also some areas in which perceived lower efficiency mitigates effectiveness.

Taken as a whole, the investment through the portfolio of programmes and activities of the organisation delivers employment growth and safeguarding of turnover when effects on Invest NI clients are compared to businesses that have not received investment. There are no evident impacts on productivity, which warrants additional investigation – particularly as productivity gains might also be expected as a result of innovation investment. Looking at the content of Invest NI's portfolio, we see a broad alignment with the economic policy priorities set by the Department for the Economy (DfE), albeit with a more overt focus on job promotion than may otherwise be expected from an organisation with such a broad remit. Within the examination of the Invest NI portfolio, it is clear that the number of available programmes and sub-programmes has become large and complex over time and has proliferated with some areas of potential duplication. This was exemplified by uncertainty around how many programmes and sub-programmes are currently in operation, with estimates sitting between 102 as documented in provided information and 140 as discussed in interview with members of Invest NI staff. Information provided to the review also suggests a lack of internal visibility (and some 'silo-ing') across teams. The alignment, size, and offering within the portfolio should be further reviewed in order to best understand if and how the content of programmes and the ways in which delivery is oriented are a clear fit for the delivery of the 10x Economic Vision. To illustrate this point, the proportion of resource and the portfolio focused on innovation appears to be sensible in light of the 10x Economic Vision but is undermined by apparent gaps in provision for early-stage technology readiness levels (TRLs).

Examining the client base over five years, we find businesses that represent all sectors of the economy and sub-regional areas to an extent but there are gaps in the coverage of new businesses and start-ups, with client firms being on average older and larger than in the regional economy as a whole. This is substantiated somewhat by provision of investment for entrepreneurialism being a more minor part of the Invest NI portfolio, with more delivery in this area reportedly undertaken by local councils. This raises a question as to whether a streamlining of the complex Invest NI portfolio and gaps in provision highlighted here could or should open up space for other delivery mechanisms in the region. This may have the benefit of improving coherence in the investment offer and freeing Invest NI to focus on a more specialist sub-set of activities and objectives. There is little doubt that the organisation has the expertise to be mobilised in the area of business support, and this can be more fully maximised. There is also a role for Invest NI in providing granular business intelligence to the policymaking process, via increasing collaboration between Invest NI and the Department for the Economy (DfE). This latter point will require a full and open commitment to rebuilding trust between the two bodies. There are significant indications of an erosion of trust between DfE and Invest NI. Our consultation also revealed that there have been tensions between the Invest NI Board (which is appointed by DfE) and the Executive Leadership Team (ELT). On the one hand, there is the perception, from the ELT side, that the Board tends to over-extend its functions. On the other hand, the Board's Operating Framework does indicate that the Board is responsible for setting the strategic direction of Invest NI (as well as acting as a source of advice). These tensions undermine collaborative efforts. Current leadership on both sides reported in consultation for this review that steps are being taken towards resolving this, but clearer roles, responsibilities and working practices should be developed and agreed to ensure this effort is successful.

The examination of the client base also raises the potential for increased outreach and intake into the investment offer. While Invest NI has engaged approximately 6% of the region's business base over the five years in scope for this review, there is a very high degree of 'repeat clients', with client firms invested in on average three times. In addition, we find that a significant proportion (two thirds) of annual budgets have been spent on returning rather than new clients. Repeat clients make up over half of the client base over the period (54%), meaning that under half of supported business are first-time clients. The effects measured by econometric analysis are not as dramatically different for returning clients as one may expect given such expenditure. Statistical tests find that only employment growth is higher, with turnover and productivity not significantly improved by accessing investment more than once. Invest NI should therefore consider changing the client engagement model to further expand engagement. Investing in a broader range of companies may be a better use of budget than repeating investment in a small group of companies with lower than anticipated additional return in terms of business growth and productivity. In addition, it will be important to better understand how the engagement with businesses across sub-regional area works, as this review found conflicting views.

The nature of return also invites conclusions related to the way in which success is measured. This evaluation has found the set of outward-facing key performance indicators (KPIs) narrower than expected for such a broad portfolio. Existing KPIs primarily focus on input factors (funding awarded), jobs promoted (safeguarded and created), and turnover (sales generated), in addition to early outputs such as increase R&D investment, first time foreign direct investment projects, and access to skills programmes. This is also largely mirrored in the more comprehensive balanced scorecard previously used internally. On the other hand, a focus on measuring these factors may also incentivise a disproportionate focus on them in the short term. With the 10x Economic Vision requiring a more long-term perspective, there is value in revising these measures of success in line with a review of investment provision and client access.

These findings invite a reflection on the relationship between effectiveness and efficiency. As noted at the beginning of this summary, Invest NI's resourcing is adequate, a conclusion drawn via comparing the organisation to other similar agencies in the UK, Ireland, and abroad. However, the large and complex portfolio itself raises issues, with a lack of clarity on the number of programmes suggesting an unclear overview of what is on offer and potential patchy visibility within the organisation. In addition, the processes and measures in place to manage the expenditure of public money such as for creating new programmes to address changing (or emerging) policy priorities appear to be robust but slow. This is counter to one of the founding principles of the Industrial Development Act (2002) that sought to create an agency that could act quickly, and also appears to have led to an approach whereby changes are instead made to the criteria of existing programmes. This may serve to simply muddy the portfolio and create yet more confusion in the purpose of specific programmes. Furthermore, the client engagement model may introduce further inefficiencies that impact effectiveness. This includes an element of potential deadweight in supporting large firms that may have experienced growth anyway and dedicating significant resource to repeat clients with less return than may have been expected. A final consideration of efficiency is the lack of tracking of interactions with the same clients across the organisation, which may introduce repeated efforts in client engagement. These questions on whether the organisation uses its resourcing efficiently can be addressed via streamlining and reducing duplication in the portfolio and creating greater coherence across internal and external parties. There should also be an examination of the client engagement model and how to reduce repeat instances and potential deadweight, and improving tracking of referrals.

Reflections on resourcing and its relationship to effectiveness also highlight the importance of funding continuity. Considering uncertainty following the end of large European funding allocations in Northern Ireland, it will be important to ensure that all relevant parties in Northern Ireland and the broader UK government are able to agree a clear route forward. Finding certainty on multi-year funding will be important for continuity but will also in principle aid a future focus on delivering and measuring the more medium-to-long term effects required in the 10x Economic Vision.

In conclusion, there is an important role for Invest NI, as a key business support provider, intelligence broker into policy, and experienced delivery organisation. These are key aspects of a successful economic development ecosystem. To make the most of these factors, more collaborative approaches, a re-building of trust, and a review of how (and to whom) investment is delivered and measured are required to build on evident areas of good practice and experience.

Main learning points

Each chapter of this report concludes with a number of key learning points drawn from the analysis. These sit somewhere between research observations and recommendations for future considerations (including additional work or research that may be required). We have brought those 10 learning points together in one place here, presenting them 'in the round'. The order in which the key learning points are presented is not a reflection of prioritisation, and simply follows the chapter structure of the report. We have included both the main learning point and the accompanying narrative.

Key learning point 1: Resource allocations are adequate, albeit with an evident focus on job creation particularly and investment and innovation

While Invest NI is adequately resourced, and its organisational objectives are aligned in principle with overarching economic policies and strategies, the balance of resourcing should be examined anew and 'in the round' between both Invest NI and DfE. In light of the 10x Economic Vision, it seems sensible that the 'innovation' economic driver received a significant share of resourcing. The larger still proportion of resourcing dedicated to the 'jobs and investment' economic driver may also be explained by the historic focus on job promotion through subsequent economic policies and strategies too. However, it would be beneficial to take stock of this now and examine the appropriateness of these allocations and in particular whether the relatively low proportions in areas such as 'place', 'skills', 'entrepreneurship,' and 'the green economy' are in line with policy aspirations. This is also an opportunity to examine the efficiency with which resourcing is used, given the indications of inefficiency in delivery that mitigate effectiveness (see discussion of the portfolio and client engagement).

Key learning point 2: Funding continuity is important to the delivery of economic development and business support

As set out above, funding disruption may undermine the work of Invest NI and other organisations supporting economic development. A multi-year commitment to funding should ensure that a focus can be on delivery and the relevant medium-to-longer term time horizons required to deliver on the 10x Economic Vision. The uncertainty of what will replace European funding post-2023 should be resolved by collaborative discussions that take in all relevant stakeholders from Invest NI, DfE, and the Department of Finance, as well as representatives of UK government departments and agencies (e.g. Department of Business, Energy, and Industrial Strategy, and UK Research and Innovation).

Key learning point 3: (Re-)developing trust is paramount, and should be backed with clear responsibilities, transparent practices, and data sharing

There is a significant opportunity to build on the appetite for improving the working relationship between DfE and Invest NI. However, tensions between the Invest NI Board (who is appointed by DfE) and the Executive Leadership Team still remain. It will be important to root out these remaining issues and improve the collaborative cross-organisational working by building on good practice where it exists. The most important first step and the basis of this is clarity of roles, plus clear policies, and processes for how policy objectives are collaboratively translated into delivery streams, and also how any required changes are made during programming periods. Transparency in data sharing and communication will also be key pillars of enacting this task. It is important to recognise that DfE also has a key responsibility in communication, setting out clear strategy directions, and working with Invest NI on delivery and measurement of this agenda. This could be facilitated by a new partnership agreement.

Key learning point 4: An ongoing review of the Invest NI portfolio should be undertaken and facilitated by a more systematised policy level conversations

There is also a clear opportunity to review the existing portfolio of activities. The desk review and consultation for this review leaves an impression that the portfolio has grown over time to become complex, unclear, and difficult to navigate internally and externally. There appears to be issues related to visibility of the whole portfolio across teams within the organisation, and uncertainty about the 'true' number of programmes currently available. There exists an internal appetite to streamline the work of Invest NI, and this can be beneficial to both internal and external navigation (and coherence), and can also free Invest NI to focus on areas of delivery where its expertise is most clearly aligned. This will require a collaborative and open process between Invest NI and DfE, counter to recent examples of unilateral removal of innovation schemes. The benefits of the department and Invest NI working together should mitigate perceived potential backlash for the closure of any programmes or schemes. As set out in key learning point 4, these too may be facilitated by a new partnership agreement.

In undertaking any review of the portfolio of programmes and activities, consideration should be given to how it will serve the forward-looking aims of the 10x Economic Vision. Creating inclusive growth, addressing broad skills aspirations, and developing strategic clusters, each require new design and implementation, and reframing of investment, and how its effectiveness in measured. There should also be more consideration given to the ways in which entrepreneurship provision is undertaken, in particular in relation to investment in and support of early-stage firms.

Key learning point 5: The Invest NI portfolio is overly large and complex, and may be best serviced by multiple specialist organisations

As discussed in key learning point 4, the size of the Invest NI portfolio has become large and complex, covering a significant remit. Just as a review of the portfolio could boost coherence and free Invest NI to focus on its core strengths, it will be important to understand whether 'other' areas of the portfolio may need to be served by different organisations. In this scenario, just as it would be important to introduce a partnership agreement between Invest NI and DfE, it would be similarly important to ensure that relationships with and between any network of delivery organisations are covered by mutually-agreed memoranda of understanding or bi-/multi-lateral partnership agreements.

Key learning point 6: Existing KPIs do not tell the full story of Invest NI's work, and should be revised to also measure the effects on the Northern Ireland economy

The public-facing set of metrics appears too narrow to capture a full picture of Invest NI's work, and these should be reviewed. A larger set of KPIs exists internally as part of a balanced scorecard, though this also measures largely input and output factors, including 'additional' KPIs on firms entering new markets, newly-exporting firms, and investment through R&D and innovation-related projects. The balanced scorecard is due to be refreshed and any review of KPIs should also keep in mind how to better demonstrate and communicate the purpose, role, and full breadth of Invest NI's contribution to delivering the 10x Economic Vision, with a view to creating a clear and consistent view of the organisation. A new set of KPIs should also bring forth measures of the value of the organisation's work by focusing on outcomes and impacts rather than inputs and outputs only. New qualitative measures could also be considered to better relate impact in terms of quality, change, or experiences. More work on collecting and analysing performance data would also strengthen Invest NI's own intelligence and bolster the organisation's role as a powerful contributor to economic development in Northern Ireland. This would facilitate the role as an expert adviser to DfE and other departments.

In addition, our examination of Invest NI's monitoring and evaluation practice found incomplete information related to market failures and return on investment figures. It is important that these assessments are undertaken, and it was not clear whether the missing information was due to these not having happened yet (i.e. planned for the future) or not being recorded in the information provided to the study team. The schedule of programme audits and evaluations appears to be sensible in principle, and the shift toward portfolio-based or thematic evaluations (rather than at the level of individual programmes) is a useful way to both view impacts of programmes 'in the round' and avoid 'double counting'. However, we would also note that it is important to evaluate individual programmes as well in order to reach a precise view of what each programme delivers. Only evaluating at the portfolio level may mask weak programmes and undermine the evidence base for decisions to be taken on the portfolio.

Key learning point 7: The business engagement model appears to serve a small number of businesses over repeat instances, and the client base could be further diversified

The Invest NI client base demonstrates higher than expected repeat clients (over half over five years) and a very high budget allocation to serving repeat clients (two thirds annually). In addition, the presence of a third of the top 100 companies in Northern Ireland among the client base raises questions about potential deadweight and how investment is targeted. This also raises questions about the ways in which the client base is maintained, particularly when also considered in line with the lack of referral tracking.

This review did not get to the bottom of how sub-regional business engagement works in practice over and above a high-level description of the tiered client engagement model and criteria. It is clear that the Transformation Group is seen as an important point of ingress by Invest NI, but broader stakeholder views do not support this, and it is unclear and not well-tracked how businesses engage this mechanism.

There is value in examining the drivers for this high repeat access and investment in large firms, particularly with a view to understanding whether some firms (such as early stage businesses) are structurally excluded from accessing selective financial assistance due to visibility or alignment of provision.

Key learning point 8: Sectoral alignment appears sensible but needs to be considered in light of cluster development and inclusive growth objectives

While there appears to be alignment across sectors that correspond to priority strategic clusters, the structural shift predicated by the 10x Economic Vision means that there is value in ensuring that the individual programmes are conducive to the goals of developing clusters and also to fostering inclusive growth. It is difficult to see at the portfolio level whether this is the case, as a more granular view is required. Cluster development and inclusive growth and diffusion are qualitatively different objectives that would sit alongside other areas focused on by existing portfolio of investment such as job promotion, sales, and R&D investment, and thus may require different programmatic approaches.

Key learning point 9: The effectiveness of Invest NI's investment in firms primarily relates to job creation. Effects on innovation are unclear, and effects of productivity are muted.

We have noted that the positive effects observed on employment growth are in line with what could be expected of a portfolio of investment instruments that has a large proportional focused on job promotion. We also noted that these effects may also be incentivised by KPIs that focus on job promotion. In principle, these results show that Invest NI is undertaking its function as a job promotion agency. The engagement of inward investment projects in the client base is small in terms of both number of businesses and budget allocation, and externally owned businesses do not appear to demonstrate significantly higher growth than others receiving investment.

In our examination of innovation effects, the external data used for this study did not provide enough data points to be able to run a robust analysis, which may be addressed in future work by using data from the Office for National Statistics (e.g. BERD data). Another option is primary data collected by Invest NI on innovation factors, though this appears to be largely related to R&D and innovation investment, and other outcomes would need to be monitored (types of projects, partnerships, intellectual property rights, innovation capabilities and intentions). We note that Invest NI investment also does not result in productivity gains among client businesses.

It would be expected that productivity gains are affected by innovation investment. However, as discussed in this report, productivity effects are not evident from the statistical tests undertaken for this review.

We would also suggest that consideration is given to bringing more rigour to the ways in which sub-regional effects are recorded and communicated, for example via calculating growth rates as we have for this study. This could in principle be supported by the economics team of Invest NI.

We believe that given the expertise, knowledge, and breadth of the organisation, more can be 'unlocked' for the Northern Ireland economy. This will require a review of the investment offer that examines any available client data on innovation performance, and an honest view of the drivers of low productivity among the client base. The latter is a well-documented regional issue, and this may also provide insight.

Key learning point 10: The efficiency and effectiveness of Invest NI's delivery is undermined by its large portfolio and some of its processes

While Invest NI is an experienced delivery organisation, its efficiency is mitigated in a number of areas. These include the confusion over the range of programmes in the organisation's portfolio. The size of the portfolio and lack of clarity on some programmes affects both internal and external understanding of the organisation's work, with some potential silo-ing across teams. Another area in which efficiency is mitigated is the reported slow timing for starting new programmes to address emerging policy priorities. In chapter 3 we note that the intention of the Industrial Development Act in 2002 was to create an agency that could act quickly, which is does not appear to be happening in practice. A third area of consideration is the lack of tracking of referrals, which may result in duplicated efforts in dealing with some clients. Finally, the potential deadweight[1] of investing in larger firms and disproportionately in repeat client access would also undermine efficiency in terms of delivering results.

Taken together, it is possible that these inefficiencies undermine the effectiveness of the organisation. To address this, a programme of simplification and improved data collection and management and reporting (including client tracking) should be explored.

[1] Impacts or results that would have happened without public intervention

2 Introduction

2.1 This study

This study was commissioned by the panel of the Independent Review of Invest Northern Ireland. The work feeds into broader consultation and analysis undertaken for the review.

The remit for this work is to provide an independent assessment of Invest NI's efficiency and effectiveness, and its capacity to strategically align with and operationally deliver the 10X Economic Vision.[2] This study is a two-part piece of work, featuring two separate but related research scopes:

- To inform an understanding of the efficiency and effectiveness with which Invest NI carries out its role
- To examine ways to compare Invest NI across a range of metrics to similar types of agencies and bodies in other parts of the UK, Ireland, and elsewhere internationally. This will contextualise Invest NI's work and performance, and also provide a sense of what represents 'best practice' in terms of government interventions to support business development and economic growth in regions

A third standalone piece identifies and discusses features and learning from studies of effective ecosystems.

2.2 This report

This draft final report sets out the observations of the review of Invest NI, representing the first part of the work as set out above.[3] The report draws together analysis based on a desk review of over 330 documents, analysis of supplied Invest NI client data, econometric analysis using the Moody's ORBIS database, notes of broader panel consultation, and a programme of nine scoping interviews with senior policy makers and stakeholders.

Each chapter of this report follows the same structure:

- A general introduction to orient the reader as to the purpose of the chapter, which methods have been used in the collection and analysis of data, and the specific questions the chapter addresses
- A presentation of analysis which presents the findings and observations resulting from the analysis
- A synthesis and discussion section which draws together the findings and observations and evaluatively balances these with the main questions of the review for each chapter
- A concluding section that draws out and summarises the main points of learning from the chapter

The remainder of this report is structured as follows:

- **Chapter 2** presents an overview of Invest NI, including a programme logic model and theory of change for the organisation that sets out the objectives, resourcing, activities, and intended effects of the organisation

[2] https://www.economy-ni.gov.uk/publications/10x-economy-economic-vision-decade-innovation

[3] The second part of the work is presented in a separate, supplementary report

- **Chapter 3** presents an overview of delivery processes, from governance to decision-making, and monitoring and evaluation
- **Chapter 4** presents an overview of the uptake of Invest NI support, examining both the composition of the Invest NI client base and how this compares to the broader Northern Ireland business population
- **Chapter 5** presents an overview of the effectiveness and efficiency of Invest NI support, drawing primarily on econometric analysis. The chapter sets out economic effects of Invest NI support in turn: employment, turnover, and productivity
- **Chapter 6** presents a summary of conclusions and recommendations from the work undertaken
- The **appendices** present methodological notes and details on the Invest NI portfolio

3 Objectives, resourcing, and portfolio of Invest NI

3.1 Introduction

This chapter aims to address research questions (summarised in the table below) related to the functions of Invest NI, their resourcing, the portfolio of programmes of activities, and strategic alignment. The chapter draws on desk research (including a review of provided documentation and data) and scoping interviews.

Research questions addressed:
• The different functions of Invest NI together with associated budgets and human resources • What are Invest NI's programmes and initiatives, and what are they designed to do including the market failure they have been developed to address? • The extent to which the organisation's objectives match with those of its sponsoring Department, Department for the Economy with a particular focus on the 10X Strategy

3.2 Developing a logic model and theory of change for Invest NI

In order to understand an organisation of the scale of Invest NI, we have worked to develop a logic model and theory of change, presented below in Figure 1. For the purposes of this report, this helps to provide a simplified and clear overview of all the activities being conducted within Invest NI, and the expected benefits that are derived from these activities over time. It also sets the basis for making judgements on the ways in which Invest NI works, how activity is measured, and the efficacy of the organisation's results.

A logic model is used to present how NI works to deliver results.[4] This is done by defining what is ultimately sought as a result of the organisation's work (the objectives), what resources are available to achieve those goals (inputs), how activity is measured (outputs), and traces the expected changes (outputs, outcomes and impacts). In addition to setting out these components of an organisation's work, a theory of change establishes the links and causal relationships across areas of activity, in order to understand which factors may enable or limit the achievement of objectives. When reading the results on an intervention, it is presented in such a way that the outputs are expected to follow immediately after an intervention, followed by outcomes in the medium term and impacts in the long-term.

The logic model and theory of change presented in Figure 1, below, has been derived from a bottom-up desk review of documents and data provided by Invest NI and the Review Secretariat,[5] and tested and refined through scoping interviews with members of Invest NI and

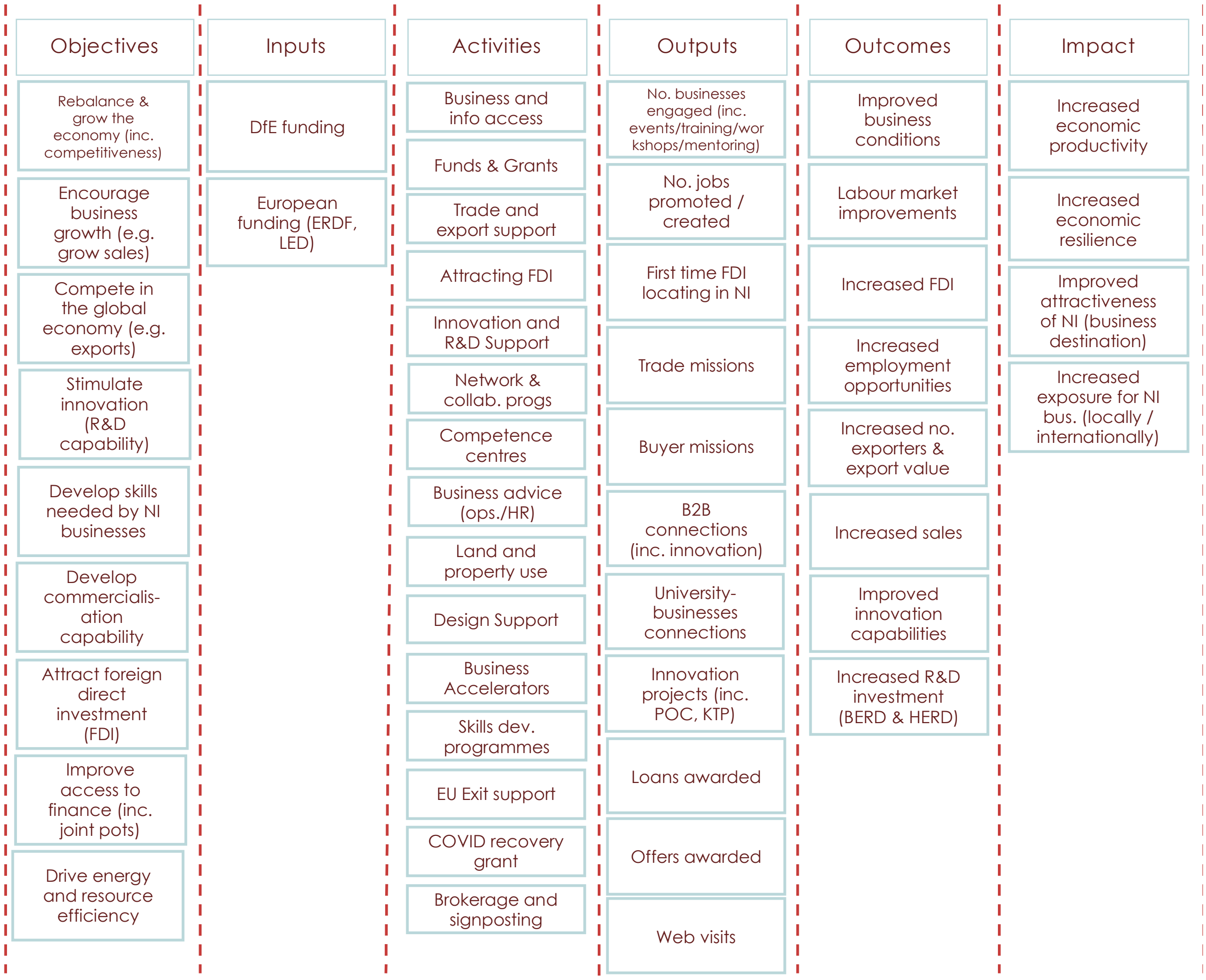
[4] Logic models form the basis of theory-based evaluations, feeding into the theory of change for that the evaluation aims to test. A theory of change builds on the schematic overview of the logic model to develop an illustration of how and why a desired change is expected to happen in a particular context. In this case, the theory of change sets out the flow of events from relevant overarching Northern Ireland policy objectives, through to the activities of Invest NI (e.g. programmes), the resultant outputs of those activities, and subsequently the intended outcomes and impacts within the Northern Ireland economy

[5] Including programme documents, evaluations, business plans, KPI reviews, and others

the Department for the Economy (DfE), as well as through comments from the panel of the review.

The report describes each area in more detail following the diagram.

Figure 1 Logic model for Invest NI



Source: Developed by the study team based on supplied documents and scoping interviews, and tested with Invest NI to ensure accuracy

3.2.1 *Objectives and policy context*

Invest NI was founded in the Industrial Development Act in 2002, as an executive non-departmental public body (NDPB). The intent was to create an agency that could act quickly, efficiently, and effectively in a highly competitive global landscape, with a clear focus on implementation.[6] Invest NI replaced the function of four agencies that covered aspects of inward investment, innovation, and local development.[7]

Invest NI operates as the economic development agency of Northern Ireland. The agency implements initiatives focused on businesses support in line with government growth strategies in the region.[8] [9] The primary role fulfilled by Invest NI in the pursuit of policy objectives is as a service delivery body, both developing and implementing programmes designed to achieve DfE policy aims.[10] Invest NI is overseen by a board appointed by the Minister responsible for the DfE, and through the sponsorship role of DfE, which is further discussed in section 4.4.2.

The table below summarises which policy objectives are intended to be addressed by Invest NI, setting out the high-level objectives of the 2012 economic strategy[11] and the newer forward-looking 10x Economic Vision.[12]

Table 1 Overarching policy objectives

Economic Strategy (2012)	**10x Economic Vision (2021)**
Rebalance the NI Economy, and [create] a sustainable and growing private sector	[Create] a tenfold increase in innovation
Stimulate innovation, R&D and creativity	Create inclusive growth: • [Ensure] that innovation provides opportunities across all sectors … and disperses economic and societal benefits • Achieve a fairer distribution of opportunities … to participate in and benefit from [NI's] economic growth
Improve the skills and employability of the entire workforce	[Focus] on the core technologies and clusters where Northern Ireland can be a global leader within the next decade
Compete effectively within the global economy	[Inspire] and [prepare] a future generation of workers that can respond flexibly to future skills requirements, ensuring everyone has opportunities to thrive

[6] Industrial Development Act 2002 – Assembly Debates

[7] For example, the Industrial Research and Technology Unit (IRTU). See: https://publications.parliament.uk/pa/cm199798/cmselect/cmpubacc/429/42903.htm

[8] Invest NI Core Script – Jan 2021

[9] Support from Invest NI guidance and Principles

[10] DfE is the government department with responsibility for economic policy and strategy, including business, employment, skills, and further and higher education. See: https://www.economy-ni.gov.uk/about-dfe

[11] See: https://www.northernireland.gov.uk/sites/default/files/publications/nigov/ni-economic-strategy-revised-130312_0.pdf

[12] published in 2021 by the Department for the Economy. See: https://www.economy-ni.gov.uk/publications/10x-economy-economic-vision-decade-innovation

Encourage business growth and increase the potential of our local companies (including in social and rural economies)	
Develop a modern and sustainable economic infrastructure that supports economic growth	

Source: Economic Strategy (2012) and 10x Economic Vision (2021)

While both documents include the stimulation of innovation and improvement of skills among their policy objectives, the 10x Economic Vision shifts the policy focus in two ways. First, the 10x vision sets out a more precise growth mandate, specifically building on existing strengths (eight core technologies[13] and five priority clusters[14]). Second, the 10x vision places greater emphasis on inclusive growth and place, setting out a desire for widespread benefit from innovation-led growth over and above broad participation. The 10x vision also outlines a refreshed view of developing interventions, setting out five steps.[15]

In framing the economic priorities to be addressed, the latest Invest NI annual report sets out eight 'economic drivers'.[16] These are the units of analysis that we will use throughout the remainder of this report to assess the activities of the organisation.

3.2.2 Inputs

Invest NI is resourced via a mixture of government funding via the Department for the Economy, and European Commission funding via the European Structural and Investment Funds including the European Regional Development Fund (ERDF) and Local Economic Development fund.[17] At present, funding allocations for Invest NI are approved via the Department of Finance in conjunction with the Department for the Economy.[18] The overall balance of these inputs may shift in the near future with the conclusion of European funding to NI in December 2023. Though yet to be confirmed, this funding may be replaced by the UK Shared Prosperity Fund and/or other UK government instruments. Funding uncertainty is often disruptive to the work of economic development agencies (see section 3.2.7, below) and as such, collaborative work is needed to understand which mechanisms will be put in place and how these will support and guide policy and delivery in Northern Ireland.

The annual budget for the last business planning period of Invest NI (2021/22) was set at approximately £195m. This is summarised below in Table 2. The largest proportion of Invest NI's budget for the last year (30%, £57.5m) was allocated to delivering the 'jobs and investment' economic driver, and the second largest proportion (23%, £43.9m) was allocated to the

[13] Software engineering and artificial intelligence, robotics, advanced composites, zero carbon technology, digital transactions and identity authentication, food supply chain/safety, virtual production, and cybersecurity

[14] Digital, ICT, and creative industries, fintech, life and health sciences, agri-tech, and advanced manufacturing and engineering

[15] Technologies and clusters, talent, diffusion (of opportunities arising from innovation), finding, place

[16] See: https://www.investni.com/sites/default/files/2022-03/annual-report-investni-2020-2021.pdf

[17] Other sources of funding also exist, including for the overseas offices

[18] Additional support, related to COVID recovery and EU Exit, has been approved on a more ad hoc basis through the NI Executive and the Department for Finance.

'innovation' economic driver. While a tenth of the budget was allocation to each of the drivers '4.0 compete and supply' (£20.1m) and 'growing external sales' (£19.8m), relatively small proportions were dedicated to 'economy and place' (5%, £9.9m) 'skills' (4%, £7.3m), 'entrepreneurship' (3%, £6.2m), and the 'green economy' drivers (2%, £3.8m). Overall, the 2021/22 budget represents a 30% increase on the last Invest NI budget prior to COVID-19 (2018/19) of £150m.[19]

Table 2 Overview of Invest NI resourcing by economic driver (budget)

Economic driver	**Budget (2021/2022)**
Jobs and investment	£57.5m (30%)
Innovation	£43.9m (23%)
Operations and allocations not aligned to drivers	£26.4m (14%)[20]
4.0 Compete and supply	£20.1m (10%)
Grow external sales	£19.8m (10%)
Economy and place	£9.9m (5%)
Skills	£7.3m (4%)
Entrepreneurship and commercialisation	£6.2m (3%)
Green economy	£3.8m (2%)
Total	£194.7m[21]

Source: Latest available Invest NI business plan (allocations made using 'best match' approach)

As of May 2022, Invest NI had a headcount of 642 staff (610.4 FTE)),[22] comprising a headcount of 587 (555.9 FTE) located in Northern Ireland, and the remaining headcount of 55 (54.5 FTE) undertaking work overseas. Of the current staff based in Northern Ireland, approximately one tenth are located across the regional offices according to the 2021 Invest NI headcount data.[23]

3.2.3 *Activities*

- As seen in Figure 1, Invest NI undertakes a broad range of activities as part of its overall portfolio. The portfolio of Invest NI offers an array of direct support to businesses, while also providing business advice and acting as a 'broker' or 'sign-poster' for the wider business community to other actors in the business support ecosystem. These activities can largely be categorised into direct business support, trade and exports, business advice, skills and

[19] See: https://www.investni.com/sites/default/files/documents/static/library/invest-ni/documents/operating-plan-investni-2018-2019-draft.pdf

[20] This includes administrative costs and other support actions

[21] Total does not tally due to rounding of values in the table

[22] Data has been collated from the May 2022 headcount data, excluding chief executive

[23] Headcount and people summary

competitiveness, innovation and R&D, entrepreneurship, and economic recovery schemes. Invest NI also appears to operate in a brokerage capacity, referring businesses to other areas of support either within their own portfolio or more broadly.

At the time of writing, Invest NI is currently operating a total of 62 individual programmes and interventions, which rises to 102 when also counting all sub-programmes. The table below summarises the number of programmes and sub-programmes by economic driver.

Table 3 Overview of Invest NI resourcing by economic driver (programmes)

Economic driver	No. active programmes	No. active sub-programmes	Total activity
Innovation	13	12	25 (25%)
Jobs and investment	15	8	23 (23%)
Skills	11	7	18 (18%)
Grow external sales	6	8	14 (14%)
Entrepreneurship and commercialisation	6	1	7 (7%)
Green economy	3	4	7 (7%)
4.0 Compete and supply	7	-	7 (7%)
Economy and place	1	-	1 (1%)
Operations and allocations not aligned to drivers	-	-	-
Total	62	40	102

Source: Latest available Invest NI register of live programmes. NB: This was manually reconciled by the study team, as centrally-coded sub-programmes was difficult to understand for the purposes of the review

Analysis of Invest NI documentation shows that the 102 programmes and sub-programmes, though consultation suggested that this number may be as high as 140. This uncertainty about the size of the portfolio is surprising and suggests that the portfolio is too large and complex.

Programmes are designed to address Invest NI identified market failures, including framework conditions (access to finance, access to property), information inequalities (e.g. nibusinessinfo.co.uk, Graduate to Export, facilitation of collaboration), cost issues (addressing expensive advice and guidance for e.g. productivity), gaps in private provision (e.g. marketing and management skills development, human resources support, R&D financing), aligning supply and demand (e.g. SBRI), addressing under-served sectors in the business support space (e.g. food), addressing under-served locations (e.g. localised growth acceleration). The range of market failures are catalogued in B.1.2. The table in that appendix draws together available information from programme audits and other documentation, though not all programmes had a documented market failure. It was not clear to the study team whether this was due to market failure not being ascertained or simply not being recorded. When combined with the above uncertainty about the portfolio, the lack of clarity on whether the unavailable market failure assessments are either not undertaken or not recorded invites consideration of how programme information can be better stored and communicated (i.e. data management). In addition, if these market failure assessments are unavailable because they are not undertaken, this may lead to duplication and inefficiencies in the portfolio.

Consultation suggests that the portfolio of Invest NI has shifted alongside changing economic conditions. For example, during EU Exit and the COVID-19 pandemic, the profile of the offer was revised to support businesses to address these new challenges. Consultation suggests that the design of COVID-19 support worked well due to the common focus and required speed of response. It was suggested in consultation among stakeholders that the process was led by DfE.

Further commentary on the portfolio and its alignment with overarching policy objectives can be found in section 4.4.1.

3.2.4 Outputs

Outputs represent the immediate consequences and results of Invest NI interventions. Outputs are generally countable against key metrics, though outputs can also be qualitative in nature. As part of developing the theory of change, the study team assessed which types of outputs may be recorded to capture the results of Invest NI's activities. In doing so, we identified a broad range of quantifiable measures, including numbers of businesses engaged, immediate job creation, successful FDI cases, participation in missions, creation of networks and partnerships (business-to-business and university-businesses), innovation projects undertaken (various types), and finance awards.

The study team subsequently examined a five-year cut of Invest NI client data, which records a smaller number of metrics: business support instances (number of businesses), number and value of support offers (grants, etc.), project costs, salary creation and safeguarding, and job creation and safeguarding. While a more comprehensive set of metrics are used for internal reporting (via a balanced score card), these remain limited to activity monitoring rather than programme effects, and are not used for external communication.

Given the breadth of programmes within the Invest NI portfolio, we would expect a wider array of metrics that go beyond inputs and counts of activity to also measure programme outputs and outcomes that give a sense of programme effects and are testable via independent evaluation. This is discussed further in section 4.5.

3.2.5 Outcomes

The outcomes within the Theory of Change are characterised as those that relate to short-term or local-level effects. The outcomes for Invest NI largely relate to improved business outcomes and improved business operations. The identified outcomes can largely be divided into two categories: businesses-related outcomes (improved business conditions, increased exports and sales, improved innovation capabilities and R&D investment) and first order outcomes for the NI economy (increased FDI, increased employment opportunities, increased R&D investment).

As part of developing the theory of change, the study team examined the Invest NI business plan and monitoring data, which revealed a number of core key performance indicators (KPIs). These are largely focused on jobs created and finance awarded (offers and investments), and are summarised in the table below. While these core KPIs are consistent with our own classification for the logic model and theory of change, they capture a smaller selection of measurable outputs and outcomes than is set out in Figure 1.

Table 4 Invest NI operational targets 2017-2021

Key performance indicator	Target outcome
Additional new jobs created	30,000 – 40,000
Total sales growth	£3.2b - £4.2b
External sales growth	£2.4b - £3.1b
Exports sales growth	£0.8b - £1.2b
Business expenditure on R&D growth	£160m - £200m

Source: Invest NI Annual Report and Accounts 2020-21

Further commentary on this can be found in section 4.5.

3.2.6 *Impacts*

In a theory of change, impacts are expected to manifest in the longer term and are generally more macro-level. This presents a challenge to directly attribute impacts to the 'original' intervention(s), though the theory of change aims to draw causal links through activities, to outputs, outcomes and impacts that can be tested.

The draft theory of change presented here identifies a number of economic impacts that could be expected of interventions from Invest NI. These relate to domestic effects including indicators of economic growth such as increased GVA and productivity, The theory of change also identifies reputational effects, including increased exposure and attractiveness of NI as a business destination. These do not appear to be measured in current Invest NI data collection, And we would recommend adding such qualitative metrics in future.

3.2.7 *Enabling and limiting factors*

In the development of the Theory of Change, the study team has identified enabling and limiting factors that may affect the delivery of outcomes and impacts by an organisation such as Invest NI. These are based on our experience of evaluating public policy interventions and organisations in local and regional economic development, as well as programmes that address business growth specifically. These are intended as a guide in considering what underpins the performance of public interventions in economic development.

Enabling and limiting factors encompass both specific organisational competences (internal factors) and the broader conditions within which organisations work (external factors). We have grouped and highlighted a series of these in the list below, drawing on prior evaluations and academic work.[24]

[24] Evaluations conducted by Technopolis, including: the Evaluation of the Network of Growth Hubs (for the UK Department of Business, Energy, and Industrial Strategy in 2021/22), the Evaluation of Enterprise Ireland's RD&I Programme (for the Irish Department of Business, Enterprise, and Innovation in 2020), the Process and impact evaluations of the Collaborative Networks Programme (for Be the Business in 2019-2021), and the Interim evaluation of the University Enterprise Zones for the UK Department of Business, Energy, and Industrial Strategy in 2018), In addition, the lead author of this report focused on

- Up-to-date granular knowledge of business needs (evidence base). For economic development and business support organisations to work effectively, it is important to have reliable and current understanding of challenges and other needs among businesses. While some of these are generic for all smaller businesses (e.g. access to finance, resourcing, or professional services support), some will be region-specific or manifest primarily in certain combinations of sector, location, and stage of business lifecycle. This will include experience and knowledge of industry in order to be able to tailor advice and support design
- Experience and knowledge of the broader support offer to enable appropriate referral (overview of landscape and provision). Within support ecosystems that operate across a broad range of policy areas (or indeed at different spatial scales such as national, regional, sub-regional), it is important to ensure that organisations and advisers operate under a clear view of the 'state of the art'. This means that all active parties should have a clear understanding of what support is available for whom and from where. Some organisations deliver this via an intermediary function (curating and updating catalogues of available support) or via collaborative partnerships (co-designing and co-referring businesses). This requires a structured approach and an ongoing commitment in order to operate as effective intermediaries and animateurs
- Developing an external understanding of what the organisation does (clear internal and external messaging). It is important to ensure that all parties develop a shared understanding of what economic development agencies or business support organisations do. This requires clear and consistent communication of the remit, responsibilities, and portfolio. It is also important to set clear expectations on this basis as to what may be delivered, and how achievement is assessed. This may take the form of press releases or other engagement mechanisms such as position papers to demonstrate in which areas organisations are working and how
- Cohesive relationships with governance partners and stakeholders (shared clear understanding of roles, responsibilities, and remits). In order to work towards shared objectives such as delivering overarching policy priorities, it is important that all organisations in the support ecosystem operate in full cooperation and on a basis of trust and transparency. This may require clear documentation such as memoranda of understanding, or service level agreements that define which organisation undertakes which function (and when), and establishes routines such as reporting content and periods
- Cohesive relationships with delivery partners and stakeholders (defined objectives, and mechanisms to ensure logistical alignment). While it is somewhat inevitable in multi-level systems that some organisations or actors operate outside of established parameters from time to time, it is important to establish which organisations undertake which functions (see above), and to ensure that relevant parties are engaged in design and coordination of interventions. In principle, this should minimise or mitigate unilateral action
- Clear funding allocations over a sensible time horizon (funding certainty and aligned roadmaps). Funding uncertainty risks undermining the progress of economic development and business support agencies by decreasing the extent to which they are able to operate

governance interactions in local and regional economic development as part of his doctoral thesis: Wain M (2021), The English Experiment: Local Enterprise Partnerships and their effects on innovation policy design and implementation.

in the medium-to-long term. Funding disruption may also risk confusing the marketplace and may discouraging potential delivery partners if the longevity of organisations or their programmes of activity are less certain. This may also incentivise unhelpful delivery behaviours such as 'chasing targets' in order to deliver short term gain. Providing funding certainty aligned to clear expectations for delivery and impact over an agreed time period is a way of addressing this concern

Another external influence that has been highlighted in many previous evaluations of business suspport and economic development interventions is the occurrence of national (or global) shocks that affect the operating environment of the intervention. For example, the COVID-19 pandemic has resulted in a number of significant negative effects for many businesses and individuals. However, the channelling of support for businesses through organisations such as Invest NI may have prompted an uptick in engagement with business support, boosted the profile and understanding of organisations such as Invest NI in the process. This may similarly be the case through support offered to navigate the UK's EU Exit and transition. Both of these shocks have required strong, swift, and cohesive policy responses delivered by the existing support infrastructure.

3.3 Synthesis and discussion

Developing the logic model and theory of change for Invest NI brings clarity to the breadth of the organisation's remit and the areas of economic policy that the organisation addresses.

The formation of the organisation as an NDPB with a focus on business support is reflected in the organisation's own objectives. Some degree of alignment is guaranteed by the ways in which policy priorities cascade from the 2012 economic strategy and will from the forward-looking 10x Economic Vision. In principle, this high-level alignment is the first test of relevance for any intervention. We note that recent examples of policy objectives being translated into deliver mechanisms such as COVID-19 support were undertaken between DfE and Invest NI, but that some persistence was required from DfE to enact this.

Examining how the organisation's portfolio is resourced finds that consulted members of Invest NI are content with the adequacy of allocated funding, and our series of comparators[25] finds that Invest NI is comparatively well-resourced, explained largely by the greater degree of direct delivery. Examining how areas of the portfolio are resourced, we see that prioritisation is given to the economic drivers related to job creation and investment and innovation, with smaller budgetary concentrations (programme and staff resourcing) evident in other areas. This suggests that policy areas such as place, skills, entrepreneurship, and the green economy, while in operation, are less important areas of work for the organisation. As such, a review of this between Invest NI and DfE may be required to ensure that this is appropriate. The portfolio is large and complex and appears to have proliferated. A more granular examination of the portfolio of activities in the next chapter (and specifically section 4.4) will allow this evaluation to reach more precise conclusions about the appropriateness of what is being delivered (including market failure assessment) and how.

A further consideration of how the organisation is resourced is derived from the seeming uncertainty of post-ERDF continuation, and the potential disruption of inconsistent funding. While we know that European funding will run until the end of 2023, the extent to which Shared Prosperity Fund and City and Growth Deals will directly replace this capacity (and how it is

[25] These can be found in the second report of this study

delivered) is less clear. We would suggest that, where possible, representatives of relevant bodies and organisations engage in discussions to address this. This may require specific working groups that involve the devolved administrations and UK departments and agencies, including both policy and delivery remits.

The development of the logic model and theory of change has highlighted a contrast in how Invest NI's activity and effects are measured. The view of the study team from a bottom-up review of the organisations work has resulted in a larger range of output and outcome measures than is evident in provided information. At least outwardly, the key performance indicators used by Invest NI appear too narrow, and these do not adequately reflect the breadth of the organisation's work. The outward-facing key performance indicators appear to focus on inputs to businesses (financing awarded) and job promotion (jobs created and safeguarded), and less on the socioeconomic effects of the support provided through these measures. In this sense, the measures of Invest NI do not offer a way to view the true impact of the organisation through their activities. This is discussed in more detail in section 4.5. In addition, it is not always clear whether market failure assessments have been undertaken as these were not always available in provided information.

3.4 Concluding thoughts

We aim to distil the above discussion section into a key learning points. Two such key learning points are presented in turn below.

Key learning point 1: Resource allocations are adequate, albeit with an evident focus on job creation particularly and investment and innovation

While Invest NI is adequately resourced, and its organisational objectives are aligned in principle with overarching economic policies and strategies, the balance of resourcing should be examined anew and 'in the round' between both Invest NI and DfE. In light of the 10x Economic Vision, it seems sensible that the 'innovation' economic driver received a significant share of resourcing. The larger still proportion of resourcing dedicated to the 'jobs and investment' economic driver may also be explained by the historic focus on job promotion through subsequent economic policies and strategies too. However, it would be beneficial to take stock of this now and examine the appropriateness of these allocations and in particular whether the relatively low proportions in areas such as 'place', 'skills', 'entrepreneurship,' and 'the green economy' are in line with policy aspirations. This is also an opportunity to examine the efficiency with which resourcing is used, given the indications of inefficiency in delivery that mitigate effectiveness (see discussion of the portfolio and client engagement).

Key learning point 2: Funding continuity is important to the delivery of economic development and business support

As set out above, funding disruption may undermine the work of Invest NI and other organisations supporting economic development. A multi-year commitment to funding should ensure that a focus can be on delivery and the relevant medium-to-longer term time horizons required to deliver on the 10x Economic Vision. The uncertainty of what will replace European funding post-2023 should be resolved by collaborative discussions that take in all relevant stakeholders from Invest NI, DfE, and the Department of Finance, as well as representatives of UK government departments and agencies (e.g. Department of Business, Energy, and Industrial Strategy, and UK Research and Innovation).

4 Delivery processes: governance, decision-making, monitoring and evaluation

4.1 Introduction

This chapter addresses a group of research questions (summarised in the table below) for both evaluation scopes related to the governance, delivery model, performance measurement, and monitoring aspects of Invest NI and the support it offers. The chapter draws on a desk review of documents and data, and scoping consultation with senior members of Invest NI and the Department for the Economy.

Research questions addressed
• The organisation's governance and delivery model including staffing and delivery partners • The various performance indicators and outcome measures used by the organisation to demonstrate impact and how Invest NI performs against those • How is performance measured and monitored? • How is value for money monitored? • How regularly are programmes and initiatives reviewed to ascertain if they are aligned to DfE Policy priorities and needs of the economy?

4.2 Governance of Invest NI

4.2.1 *Structure of the organisation*

Invest NI is a non-departmental public body (NDPB) and an arm's length body (ALB) under the Department for the Economy (DfE).[26] NDPBs are formally established and (at least partly) publicly funded to deliver public or government services, albeit without ministerial or departmental status.

As predominantly a delivery organisation, Invest NI is set to function within a government-set framework. The role(s) of both DfE and Invest NI are set by the Management Statement and Financial Memorandum (MSFM).[27] This document also sets the role of the Chair and the Board of Invest NI.

Members of the Invest NI board are appointed by the Minister of the DfE. The Invest NI board is guided by the Board Operating Framework,[28] and oversees the achievement of Invest NI objectives and targets, while also ensuring efficiency and propriety in the use of public funds. At the time of writing the board currently comprises thirteen members, including the Chair, drawn from both the business (manufacturing, agri-food, construction, pharmaceuticals,

[26] See: https://nipsa.org.uk/nipsa-in-action/nipsa-latest/641-review-of-arm-s-length-bodies-albs-list-of-organisations-in-scope

[27] See: https://niopa.qub.ac.uk/bitstream/NIOPA/9953/2/management-statement-and-financial-memorandum%281%29.pdf

[28] The Board Operating Framework was last updated in June 2022. See: https://www.investni.com/sites/default/files/2020-03/investni-board-operating-framework.pdf

professional services, and telecommunications and IT) and education sectors.[29] The make-up of the board represents a partial alignment with identified priority clusters of the 10x Economic Vision. In consultation, there was a sense that board interventions had recently become more operationally focused (e.g. on progress against targets) rather than strategically focused (e.g. guiding overarching direction). While this was not a view overtly held by all interviewees, those that did describe this as an issue suggested that this and shorter timescales for reporting back had created a fractious relationship. There was a sense in interview that this shift in focus was 'retaliatory', and enacted as a way to redress the dynamic between Invest NI and DfE. Interviewees described a perceived power imbalance between Invest NI and DfE, whereby the department was often excluded from funding decisions. As such, the shift towards a more operational focus was seen as a way of exercising greater control over the day-to-day operations of Invest NI, and further information supplied to the evaluation team[30] shows that the Invest NI board had 'stepped in' so address gaps in the performance of the Invest NI executive leadership team. While consultation also gave strong indications of intentions and efforts to mend the rift under the current interim chief executive, information provided to the study team shows that some issues remain in pockets. Continued efforts are required to address this, although this is likely to take some time.

At the time of this review, Invest NI is led by an interim chief executive,[31] the third chief executive in three years. While prompts in interview for the reasons behind this flux did not reveal specific reasons, this discontinuity has reportedly created some flux for the organisation. Consulted stakeholders – both within and outside of the organisation – noted that changes in personnel have caused some confusion as regards the perceptions of Invest NI, but also provides an opportunity to re-affirm the relationship between the department and Invest NI. Discontinuity of leadership inevitably breeds operational difficulty in terms of changing the direction of an organisation, and may also give rise to a view of disorganisation or crisis from onlookers. However, new management also offers a potential incentive to review what the organisation does and how, and the current interim chief executive has a remit to bring stability to the organisation. One area of priority is to harmonise the internal and external view of Invest NI's work. This is explored more in section 4.4.1, ensuring continuity and bolstering the efficiency of delivery.

Leadership within Invest NI is also facilitated through an executive leadership team of the seven executive directors of each of the organisation's core teams.[32] The executive leadership team is made up of experienced individuals, with the median term of service with Invest NI among this group being 14 years, and the longest-service member having been with the organisation 20 years. The majority of executive leadership team members (all but one) are male. Each core team (as led by an executive director) is sub-divided into smaller teams based on key target areas and sectors, each supported by managers that ultimately oversee client executives that

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[29] See: https://www.investni.com/about-us/our-board.

[30] Notes from a meeting of the panel with Invest NI executive leadership team from August 2022 and results of a staff consultation

[31] The interim Chief Executive is the third chief executive in post in the last three years

[32] Business Growth, Finance, International and Skills, Marketing and Communications, People and Culture, Transformation, and Strategy and Partnership. See: https://www.investni.com/about-us/executive-leadership-team

manage the interactions with businesses.[33] The overall structure of the organisation into specialised teams appears to map onto the economic drivers of the business plan in a matrix approach. It was described in consultation with Invest NI that programmes led by one team may address several economic drivers. However, results of a staff consultation provided to the study team[34] show a degree of confusion and lowered morale due to perceived poor communication. This covers both a 'silo'-ing that lowers visibility of areas of the portfolio or offer, and a lack of clarity on organisational focus.

In addition to the chief executive and executive leadership team, the work of Invest NI is supported by a series of internal boards, comprising both 'permanent' boards for key thematic areas (e.g. industrial development) and ad hoc boards for approval of case work and business applications). These ad hoc boards are created on an as-needed basis and in response to expertise requirements. These boards review applications up to £250k, over which consideration by the internal executive leadership (director level) is needed. Applications and case work over £1m is reviewed and approved by the main overarching board. Dependent on the offer value and nature of the project or case work, other teams or departments may need to be involved in decision-making processes, including: Invest NI Senior Executive Committee (made up of the executive leadership team), the Invest NI board, DfE representatives for casework approval, DfE Permanent Secretary and/or Minister, and the Department of Finance.

4.2.2 Decision-making processes

As set out above, the roles of both DfE and Invest NI are set by the MSFM, and the board works in line with the Board Operating Framework. The Board Operating Framework sets Invest NI's role as '…delivering the government's economic strategies and making the most efficient use of available resources.'[35] Our desk review and consultation for this review led to a view that policy objectives and priorities are set by DfE and cascaded to Invest NI as the delivery organisation. The cascade of priorities is supported by a specific 'liaison role' that works between Invest NI and DfE informs, which was introduced as a way to help 'translate' Invest NI's delivery expertise into DfE design processes, and to communicate decisions made by DfE into Invest NI. The liaison role (also described in section 4.4.2) provides an avenue for coordinating broader communications between DfE and Invest NI, identifying and bringing appropriate people from elsewhere in Invest NI 'into the room' for broader policy conversations. One way in which this role was exemplified was in the design of COVID-19 support schemes, which needed to be designed, agreed, and implemented quickly. Our consultation revealed views of this as a broadly collaborative process between DfE and Invest NI, albeit one that required persistence from DfE to push through. Nonetheless it was felt in interview that this process was ultimately a useful 'trust-building' exercise in the two bodies working together.

Outside of the dedicated liaison role, policy-level conversations appear in some policy areas and not others (i.e. some teams in DfE and some teams in Invest NI interface more while others

[33] Client executives guide businesses through support via direct interaction and advice, signposting / supporting access to other areas of support

[34] Undertaken as part of the broader work of the panel of the independent review of Invest NI, consulting 35 members of staff

[35] See page 2 at: https://www.investni.com/sites/default/files/2020-03/investni-board-operating-framework.pdf

do not). The study team was not able to reach full clarity on the working relationships at play. This appears to be broadly related to personalities, where some individuals are more willing to work collaboratively, or have agreed ways of working. An example was given in consultation of how policy objectives are set out as priorities and then translated into delivery streams. This approach could be replicated across other teams.

Based on our review of documentation and the small programme of scoping interviews, we believe that Invest NI is very structured with clearly-documented processes. This includes both team structures (as discussed above) and established appraisal processes related to intervention principles for programmes (see appendix B.1.1) and selection criteria for account managed clients[36] and case work. Selection criteria are set out in the box below.

Selection criteria to become an Invest NI account managed client are published as: i) reach a turnover of £250K per annum within five years, and ii) achieve at least 25% of those sales outside of Northern Ireland.

In addition, some financial supports require the demonstration of growth potential, defined as: i) potential employment growth >= 20% or >=20 jobs within three years, or ii) potential external sales growth >=20% or >=£500k within three years, or iii) potential increase in GVA / employee >= 20% within three years. These are assessed internally by Invest NI.

Both sets of processes are supported by an internal economics team that reviews case work and sets monitoring and evaluation standards for feeding into future decision-making. These processes appear to be well-documented and robust, with a view to ensuring prudent use of public money. However, in consultation there were indications that these processes can occasionally stifle required change. For example, where policy priorities shift during a programming period, existing programmes can be pivoted to address new or emerging needs via tweaks to participation criteria,[37] but introducing new programmes from scratch was described as taking six-to-nine months. There were some conflicting accounts of this, though, with no clear way of parsing which may be most accurate, or whether this is due to inflexibility or parts of the process not working. The example of the COVID-19 support given above exists in sharp contrast to other examples whereby a proposed avenue of funding to support access of Northern Irish businesses to a UK-wide scheme was blocked by this process.

4.3 Delivery model

Evaluations of Invest NI's work articulate a strong reputation for delivery. Based on the detailed evaluations produced by other independent evaluators,[38] there is evidence that the organisation broadly delivers programmes as intended. This view was further supported in consultation, including among members of DfE. The organisation's delivery model is predicated on specialised teams that support each area of activity, organised by key areas and sectors (see section 4.2.1, above). While it is difficult to fully reconcile the structure of these teams with the eight economic drivers that are used throughout this review, the available information on the in-year budget and total staffing of the organisation (see section 3.2.2) would suggest that

[36] See: https://www.investni.com/about-us/how-we-support-business

[37] This is addressed in prior evaluations provided as part of the evidence base for the review (e.g. SFA)

[38] SQW evaluations of Selective Financial Assistance, Grant for R&D, and the International Business Group

these teams are well-resourced on aggregate across the organisation to meet delivery targets. This was tested in interview across the executive team, and all consultees from within Invest NI agreed with this perspective.

4.3.1 Engagement with and management of clients

The Invest NI client base over the five years in scope for this review comprises 4,796 distinct beneficiary firms having engaged over the period 2017-2021 (see section 5.2 for more information). Analysis of client data and consultation suggests varied points of both ingress and avenues for businesses to receive support. While it is possible to see these various points of ingress, it is difficult to clearly establish the client journey and how it works in practice without direct access to business consultation. Documents provided by Invest NI suggest a roughly two-tiered approach: A sub-set of 'account managed' clients, and another sub-set of businesses that are tracked differently.

'Account managed' clients are overseen by the Business Growth Group (BGG), for which businesses must meet agreed criteria as set out in the box above. Clients that do not meet the criteria for being account managed, are overseen by the Transformation Group (TG). These clients are further segmented by their potential to cross the threshold of become account managed. In descending order, these are: i) 'entry' denotes potential to meet the threshold within three years, ii) 'pre-entry' denotes potential to meet the threshold within five years, iii) 'tracked' denotes no current potential to meet the threshold but 'require monitoring as a result of financial liability', and iv) 'wider business base' denotes businesses that are unlikely to meet the threshold and do not fit other segmentation categories. These are assessed internally by Invest NI.

Invest NI operates different engagement models at these two tiers. Account managed clients are engaged via a 'trusted partner model', which pairs businesses with a single client executive within Invest NI, that acts as a 'key account manager' or 'connector', and helps to identify and navigate support on a longer-term basis. Businesses under the Transformation Group are engaged via a 'one to many' structure of client engagement, with no dedicated point of contact for individual businesses. It is unfortunately not clear based on provided client data which firms have moved between the two tiers of engagement. This is either due to the cut of data provided to the evaluation team (which did not denote 'account managed' or other status), or to an overall lack of tracking of client firms. This raises questions on the extent to which the client base is fully understood internally, as also reflected by confused noted in the results of the staff consultation undertaken by the panel of this review.

In terms of routes of ingress to Invest NI support, consultation with Invest NI staff suggested that the Transformation Group often acts as a first point of contact for most small businesses, with its approximately 50 staff across its five offices[39] working with local councils, businesses groups and professional service providers to identify and feed businesses through.[40] However, it was difficult to fully understand how this works in practice. In addition, broader consultation with regional organisations conducted by the panel of this review has suggested a discrepancy in how this is perceived, leaving a mixed view of connectedness and partnerships in this space. The Transformation Group was also described by consulted Invest NI staff as able to act as generalists to guide businesses through their early engagements with Invest NI. Larger

[39] Belfast, Ballymena, Omagh, Newry, and Derry

[40] Offices are located in Ballymena, Belfast, Craigavon, Londonderry, Newry and Omagh

businesses are more likely to engage with the core teams directly to engage with Invest NI and to determine what supports are available to them. Consultation with Invest NI suggested that roughly two-fifths become clients of Invest NI at some level, held either as clients within the Transformation Group, or as account managed clients held by the Business Growth Group.[41] The remaining firms that do not become Invest NI clients (for example due to the appropriate support sitting outside of Invest NI) are referred to other organisations, such as the local councils. Consultations suggested that these referrals are not tracked, i.e. once the business 'leaves' its interaction with Invest NI, there is no record of contact with that organisation.

While the study team have not had direct access to businesses to assess how these support avenues work, customer satisfaction survey results were provided as part of the evidence base for the review. The client satisfaction survey is conducted periodically by a third party and includes a telephone survey of a representative sample of the overall client pool by programme type. The survey itself shows high levels of satisfaction among account managed clients (93%), Transformation Group clients (100%),[42] and wider business base clients (88%) for the latest data available, October-December 2019. Looking across all client satisfaction data provided, these scores are fairly consistent but have converged since April-June 2017. Satisfaction is high across all types of support, including programme and grant supports, suggesting that the support works well when provided. These results may speak to the nature of the relationship formed between businesses and their advisors. A small-scale qualitative consultation with businesses undertaken as part of the broader work of this review[43] adds some further nuance. These businesses appreciate the knowledge and experience of Invest NI advisers, and the readiness of grant support and investment, but also reported high variability in staff expertise related to specific topics.

4.3.2 Working in partnerships

As with all regional economic development agencies (and devolved administrations), Invest NI works within a multi-level governance system. This means that in addition to local partners, Invest NI also works with other regional bodies and the broader set of UK departments and agencies. While consulted stakeholders from Invest NI gave a positive view of the relationships between organisations, [44] the study team could form a view across the piece of whether this is systematised or ad hoc.

Invest NI works with a broad range of partners in varying capacities, from local councils, trade organisations, professional services providers, business groups, sector bodies (e.g. for tourism and food), and universities. As set out above, these partnerships may act as identification and referral of businesses into Invest NI, as well as collaborators to deliver business support at the local level, or where Invest NI is not the immediately appropriate body.[45] In order to gain insight

[41] Specialist teams within Invest NI (e.g. the Trade and FDI teams) engage with both the BGG and TG to ensure that support is in place for business and that they understand the local landscape to which they will be moving

[42] Referred to in the results by the previous name, Regional Business Group

[43] Mini case studies of six client businesses

[44] For example, interactions with BEIS, DLUHC, UKRI

[45] Examples of this include referrals to external and local providers, either as partners or as independent parties (i.e. as triage to other avenues such as local councils, accelerators, universities, or private provision)

into how Invest NI works with partners, the study team conducted a bottom-up review of programmes and their stated collaborators. This is summarised in Table 5, below. Without direct access to other regional stakeholders for consultation, it has been difficult to test whether these relationships operate appropriately from both sides.

Table 5 Partner organisations, relationships, and programmes

Partner organisation	Relationship	Areas of focus	Example Invest NI programme(s)
Local authorities			
Local councils	Community planning economic growth sub groups, support with funding for programmes to help local businesses, help to develop economic development plans and support in attract investors.	Supporting local projects, funding local businesses, developing strategy	Investment for Growth & Jobs Programme; Northern Ireland Women's Enterprise Challenge;
Universities			
QUB and Ulster University	Support the transition of research from the academic setting into commercial applications.	Spill-overs from research. Supports research in targeted areas.	Proof of Concept Phase IV; Connected Health Innovation Centre (CHIC) Phase II; Centre for Advanced Sustainable Energy (CASE) Phase II; Knowledge Transfer Partnership
Business and sector representative bodies			
NI Chamber of Commerce	Engage with NI Chamber to understand the needs and concerns of local businesses. Engages with them to ensure that market failures are being addressed	Learning, public engagement	N/A
Confederation of British Industry	Engage with CBI to understand the needs and concerns of local businesses. Engages with them to ensure that market failures are being addressed	Learning, public engagement	N/A
NI Food & Drink	Supports competence centre in NI for businesses working in the food and drink sectors.	Growth, exports, knowledge exchange	Agri-Food Quest
Tourism NI	Works to support businesses in the tourism trade in NI. Not all businesses receive support through Invest NI, but they work to link businesses to the right supports across their services	Identifying businesses, sharing resources	N/A
Women in Business	Promotes women in business, encouraging women to develop pursue careers in private enterprises	Diversity and inclusion	Northern Ireland Women's Enterprise Challenge (YesYouCan)
Professional services providers			
Energy Resource Consultants	Work with local practitioners to support businesses develop better energy use strategies to improve efficiency and reduce costs	Efficiency and cost reduction	Energy and Resource Efficiency Advisory Programme

Partner organisation	Relationship	Areas of focus	Example Invest NI programme(s)
Ulster Community Investment PLC	Helps to run a loan programme on behalf of Invest NI.	Programme management	Small Business Loan Fund II
Government departments and agencies			
Department for the Economy	Supports initiatives that are aligned with programme for government	10x, business growth	Innovation Accreditation Scheme, COVID recovery schemes
UK Department for International Trade	Provides business advice to NI firms looking to export and those that are seeking new markets overseas	Export markets	In market support - Overseas Marketing Introduction Service (OMIS)
Innovate UK	Acts as a conduit for Innovate UK programmes in NI. Also runs a few Innovate UK programmes locally in NI for small business development and mentoring	Business support	Innovate UK Edge; Small Business Research Initiative (SBRI)
Enterprise Ireland; IntertradeIreland	Supports angel investor communities grow, while also helping them to find opportunites with novel and growing companies	Investment	N/A

Source: Technopolis, based on provided programme information and desk research

4.4 Alignment between strategic priorities and delivery activities

4.4.1 Overview of alignment

As set out in section 3.2.1 and section 4.2.1, a fundamental degree of alignment between the overarching policy priorities of DfE and the programmes delivered by Invest NI is to be expected. This is due to both standard economic development principles and the procedures through which priorities are set and cascaded to Invest NI for the development of delivery strands. Consultation with Invest NI and DfE found that the ways in which priorities are cascaded work differently in different policy areas and teams. These are not systematised and appear to be largely based on individuals and personalities in each areas, which has implications for efficiency and effectiveness. However, where this works well, stakeholders from Invest NI and DfE described the drafting of position papers from DfE that translate priorities into objectives, as a basis for discussion with Invest NI counterparts on which programmes could deliver on these objectives.

It is important to understand this alignment better. In order to do so, the study team examined the content of the portfolio of 102 programmes and sub-programmes (see high-level overview under section 3.2.3). As Invest NI had provided a 'best match' of programmes to the organisation's economic drivers,[46] the first step in this portfolio analysis was to compare and contrast resource allocations and activity 'volumes' (i.e. number of programmes and sub-

[46] A best match approach was taken because individual programmes may address more than one economic driver. The best match process aimed to set out which economic driver a programme predominantly addresses, re-categorising programmes on a one-to-one basis

programmes) to DfE policy priorities. Doing so reveals that all objectives of the 2012 economic strategy are fulfilled via programmes and sub-programmes. This is summarised in Table 6, below.

Table 6 Alignment of policy objectives and Invest NI programmes

Economic Strategy (2012) policy objectives	**Economic driver and programme / resource allocation**
Rebalance the NI Economy, and [create] a sustainable and growing private sector	Jobs and investment, £57.5m (30%). 23 programmes and sub-programmes
Stimulate innovation, R&D and creativity	Innovation, £43.9m (23%). 25 programmes and sub-programmes Entrepreneurship and commercialisation, £6.2m (3%). 7 programmes and sub-programmes
Improve the skills and employability of the entire workforce	Skills, £7.3m (4%). 18 programmes and sub-programmes
Compete effectively within the global economy	Grow external sales, £19.8 (10%). 14 programmes and sub-programmes Green economy, £3.8m (2%). 7 programmes and sub-programmes
Encourage business growth and increase the potential of our local companies (including in social and rural economies)	Economy and place, £9.9m (5%). 1 programme
Develop a modern and sustainable economic infrastructure that supports economic growth	4.0 Compete and supply, £20.1m (10%). 7 programmes

Source: Technopolis, based on Economic Strategy (2012) and latest available Invest NI register of live programmes

Considering the same alignment in light of the forward-looking 10x Economic Vision finds that the significant number of programmes and levels of resource allocation to the 'innovation'; and economic driver, this in principle positions Invest NI well, to the extent that existing programmes are in play. However, there was an indication in consultation that the Proof of Concept fund may have been closed or deprioritised would leave a potential gap in provision for early technology readiness levels (TRL), and with no clear replacement within Northern Ireland. While a relatively small proportion of the Invest NI budget goes towards entrepreneurialism and commercialisation, consultation suggested that provision for entrepreneurialism is more often delivered at the local level via the councils, but the study team was not able to fully substantiate this within the scope of this study.

In addition, Invest NI's stated sectoral expertise[47] generally covers the priority technologies and strategic clusters outlined in the 10x document. What is less clear from this examination of alignment is how this will inform the approach. The 10x Economic Vision presupposes a change

[47] See: https://www.investni.com/international-business/our-sectors

in framing towards developing clusters and building on existing strengths, and so further examination of how this is instrumented via the segmentation of support and expertise in delivery is needed.

Two other areas of consideration here are how Invest NI will serve i) the forward-looking vision's aims to create inclusive growth, and ii) the future skills piece. These have been difficult to judge from the examination of the portfolio. The 10x Economic Vision view of inclusive growth will require a commitment to supporting the diffusion of effects and benefits resulting from innovation activities, and the definition of skills as framed in the 10x document may be broader than the current portfolio of Invest NI programmes serves. The 10x Economic Vision document positions the aspiration for skills as increases in education attainment across the working age population (as a proportion),[48] while the Invest NI portfolio in this area largely focuses on leadership, business mentoring, and human resource aspects. This may require further review of the portfolio (for example, whether further allocations should be provided in entrepreneurship) and perhaps also of the delivery and engagement model 'tiers' and criteria set out above.

The review of the Invest NI portfolio also invites reflections on its size and scope. During the development of the logic model for this review, and through further analysis of the portfolio, the study team found the proliferation of delivery streams difficult to encapsulate. Analysis of provided data and documents shows that each of the eight economic drivers feature numerous programmes and sub-programmes with distinct remits and functions (and sometimes potential duplication, such as among the various leadership programmes). This presents a complex picture, which may create confusion both for external clients and for client executives within the organisation. The multitude of offerings may make navigation of the business support offer harder to understand for businesses, though this would need to be tested through direct consultation with clients. From an internal perspective, the number of programmes was also remarked upon in consultation. There was a sense that the complexity of the offer may present challenges to client executives, placing significant emphasis on the business-facing Invest NI team to understand the entire portfolio to provide the best support possible. This represents a potential hurdle to new client executives in contrast to those that have been at Invest NI for many years. There appears to be some desire within Invest NI to simplify the offer, which could streamline processes and provide more clarity to clients and Invest NI staff.

Regarding reasons for the extensive size and scope of the portfolio, as discussed, there was a sense in consultation with member of Invest NI that once created, there is a path dependency to keeping programmes operational, particularly in cases where beneficiaries and partners are happy with it. This was described as a form of pressure or scrutiny from political, media, or business communities to retain programmes. While the processes to design delivery streams (see section 4.2.2) are regarded as thorough and well-established (i.e. the economic challenge function and case work reviews), the organisation may not be particularly agile. This view was further substantiated by accounts of the history of the organisation, which was also found to have become larger and more complex as the portfolio has grown. This does indicate that further efforts could be made to periodically review the relevance and alignment of programmes, and with a truly collaborative approach between Invest NI and DfE, it may be possible to mitigate some of the perceived pressures described above. As emergent budget

[48] See: https://www.economy-ni.gov.uk/sites/default/files/publications/economy/Skills-Strategy-for-Northern-Ireland-Skills-for-a-10x-economy.pdf (p.43)

restraints are already driving a review of the number and size of programmes, a rationalisation exercise appears to already be underway, though it is not clear how this is being managed or communicated between Invest NI and DfE. If the example of the Proof of Concept fund removal given above is a result of the rationalisation process, this would suggest a disconnect in communication that should be resolved. It is possible that a simplification of the offer may also make communicating Invest NI's mission (and machinery) easier to external audiences, which seem to focus largely on foreign direct investment and job creation. More on this perspective is set out in section 4.5, below.

As in any multi-level policy arena, there are other areas of complementary provision that Northern Irish businesses may be able to access if not directly via Invest NI, and it will be important to clearly map which areas of provision are available from which parties.

4.4.2 Measures to ensure alignment

There are a number of measures to ensure alignment between policy objectives and the portfolio of Invest NI activities. Once policy objectives are defined, Invest NI act on two key principles, developing a business case around i) the market failure that is being addressed, and ii) the value-added of Invest NI as the delivery body. These are set out by programme in Appendix B.1.2. All new programmes begin with a defined business case, developed by the internal team,[49] and each project is assessed against 12 criteria before being allocated funds (see Appendix B.1.1). However, it has not been possible for the study team to find a market failure for each programme based on provided information. It was not clear whether this was not undertaken or not recorded.

In addition to this, there are a number of arrangements to check alignment in an ongoing fashion. The (at the time of writing recently refreshed) high-level liaison function between Invest NI and DfE[50] and policy-level conversations mentioned in section 4.2, are part of this. The liaison was described by consulted stakeholders as acting as a representative of Invest NI at departmental discussions, committees, and legislating assembly meetings.[51] The role is bi-directional, with the aim to improve communication, coordination, and practice between Invest NI and policy actors. As a recently-refreshed role, the liaison appears to improve foresight of emerging priorities. The liaison works with the sponsoring branch of DfE (Invest NI Sponsor Branch), which oversees both operational performance and risk management (via the appointed board, also see section 4.2), and strategic engagement by working with Invest NI senior representatives to identify policy gaps and agree areas of further engagement on policy matters.[52] As such, the liaison role and policy-level conversations present an opportunity to regularly take stock and review the relevance of both policy objectives and delivery programmes. Where this happens (i.e. via the liaison and in some but not all policy areas or teams), opinions of stakeholder were positive.

[49] Invest Northern Ireland Business Strategy 2017-2021

[50] The liaison function previously existed but was refreshed under new leadership in order to address perceived effectiveness issues

[51] This was described as acting as a 'translator' between policy and implementation perspectives, as well as working to improve outward communication of Invest Ni towards policy actors

[52] See MSFM: https://www.investni.com/sites/default/files/documents/static/library/invest-ni/documents/management-statement-and-financial-memorandum.pdf

While the liaison function appears to work well, and policy-focused conversations are undertaken between DfE and Invest NI, there are potential mitigating factors. Our programme of consultation for the review highlighted a number of issues related to engagement between the two organisations. A number of interviewees remarked on 'bad blood' on both sides (see also the discussion of the board relationship in section 4.2). As described in relation to the board, this stems from historical factors, and much of the conflict has been attributed to interpersonal issues. This risks undermining the wider relations between the organisations and the appetite and efforts on both sides to redress this. The leadership in both organisations are pressing for more collaborative approaches. While these legacy issues may now exist primarily in pockets, their continued existence (as evidenced by broader consultation undertaken by the panel for this review) challenges collaborative efforts. Re-developing mutual trust will require firm commitments from both DfE and Invest NI, and an honest appraisal of where these legacy factors remain in order to take appropriate steps. It may also be necessary to review governance arrangements in light of this, for example revising (or introducing) processes for working and lines of reporting.

4.5 Performance measurement

4.5.1 Key performance indicators

To monitor the uptake and performance of its portfolio of activities, Invest NI collects monitoring data, with targets set for each upcoming year.[53] At the core level of key performance indictors (KPIs), Invest NI collects a large amount of data on both organisational performance.[54] The key KPIs are summarised for information in

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[53] Annex A – Invest NI business Plan 2021-22 – Final Internal Implementation Plan

[54] Management KPIs include: Number of offers, assistance offered (£ value), total project investment (£ value), number of new jobs assisted, total annual salaries, new job quality (percentage of jobs paying salaries above the NI sector median), type of support, and inward investment source country, employment (job creation and safeguarding), sales (domestic and export-related with destination market specified), investments (employment costs), net profit, target market access. Changes in employment, sales, and export metrics are tracked year-on-year and can be analysed at the level of individual businesses, industry sector, global markets, and local council areas

Table 7, below, with cumulative reporting figures included for illustration. While this section focuses on appraising the type of KPIs used by the organisation, the effects of Invest NI support to companies is tested via independent econometric analysis in chapter 6.

Table 7 Invest NI operational targets 2017-2021

Key performance indicator	Target Outcome	Cumulative Outcome
Additional new jobs created	30,000 – 40,000	36,828
Total sales growth	£3.2b - £4.2b	£4.1b
External sales growth	£2.4b - £3.1b	£3.2b
Exports sales growth	£0.8b - £1.2b	£1.1b
Business expenditure on R&D growth	£160m - £200m	£137m

Source: Invest NI Annual Report and Accounts 2020-21

Invest NI's annual reporting builds on the above KPIs while also examining the number of companies (and value of support) delivered through skills programmes, and 'first time investments' of foreign-owned firms in Northern Ireland. The first reflection on these KPIs is that they are largely focused on inputs to companies (number of value of investments, companies supported in skills programmes or identifying/accessing new markets) and on output factors (jobs promoted, first time investments in Northern Ireland, or first time selling abroad).

Second, when comparing these core KPIs to the extensive portfolio of Invest NI (and the outputs, outcomes, and impacts set out in the logic model developed for this evaluation), it is clear that reporting does not entirely reflect what Invest NI does. This view was also substantiated in consultation, and a focus on job creation (for example) was felt to create an uneven impression of Invest NI's focus, falsely narrowing the purview of the organisation to employment and sales growth. This is public-facing and featured on promotional materials such as the Invest NI website.[55] This also may contribute to a more limited external understanding of Invest NI, a view also offered in consultation. For an organisation with the remit of Invest NI, the study team would expect to see other KPIs and monitoring data collected, ranging from simple counts of activity (web visits to nibusinessinfo.co.uk, number of trade missions undertaken, number of innovation projects supported/initiated, number of new collaborative innovation partnerships formed) to more descriptive measures of outcomes (new products/processes/business plans, intellectual property rights filed, improved skills). This has the potential to encourage the exploration of qualitative outcome measures too, for example assessing the depth or quality of the networks resulting from programmes. Other qualitative outputs may also be considered, over and above reporting success stories (such as reporting experiences of client journeys). A broader set of KPIs has been used internally via a balanced score card. While this is due to be refreshed, the KPIs included in the last version are also largely input and output based, including KPIs on firms entering new markets, newly-exporting firms, and investment through R&D and innovation-related projects.

4.5.2 Audits, evaluations, and value for money assessments

Invest NI demonstrates a structured audit process, with several phases to reviewing programmes and projects with Internal audits carried out for baseline, interim and final reviews of all projects. Projects are assessed for risk factors, value for money, and sufficiency of

[55] See: https://www.investni.com/media-centre/features/invest-ni-202122-performance-strong-despite-economic-and-delivery-challenges

management and governance in place to meet their stated objectives, while also identifying any minor issues against a traffic light priority system.

The internal economics team that supports the development of business cases (see section 4.2.2, above) conducts these audits, which appear to follow a relatively standard formula. A rapid review suggests that audits incorporate clear findings, risks, recommendations, and outcomes of any action taken to rectify any concerns that have been identified during the audit.

The economics team also sets the frameworks for evaluation and assessment to be undertaken by external contractors, which include assessment of value for money (VfM) at the individual project level and for programmes. For large projects, a VfM assessment is made as part of the evidence base presented to case work boards. While VfM assessment results are generally positive across programmes, the nature of the portfolio and the methodologies for the individual assessments mean that is has not been possible to gross up results as part of this review. Individual VfM results, where available to the study team, are presented for programmes in Appendix B.1.2. It is not possible to gross up VfM results from individual programmes to the level of the whole portfolio as this would require a new exercise and methodological approach that uses the whole client base as its unit of analysis. The information currently provided was designed with individual programmes as the unit of analysis, and attempts to gross up from that could risk double-counting or other methodological issues.

In consultation, it was revealed that working with external contractors is intended to support broader elements of programme monitoring and evaluation, by providing in-depth independent reviews of Invest NI programmes. While programme evaluations appear to be planned systematically and often well in advance, available information does not provide evidence of a fixed period between programme evaluations. The majority of programmes do receive evaluations ever 3-5 years, though the longest scheduled gap is seven years.[56]

There have been recent changes to the ways in which programme evaluations are conducted. Historically Invest NI conducted single programme evaluations but is moving instead toward a thematic approach for evaluations. This means that overall themes (i.e. trade, entrepreneurship, innovation and R&D) will be evaluated as a whole, instead of looking at each programme element as a stand-alone piece. Evaluation in a thematic approach may represent good practice in the way that it allows for a more holistic view activities being undertaken, and may also offer an avenue to better address the large portfolio of programmes and sub-programmes. It is not clear whether this will require or precede changes to the frequency or intervals at which evaluations are conducted.

4.6 Synthesis and discussion

As an arms-length and non-departmental public body, Invest NI acts as a delivery organisation for the policy objectives set by DfE. DfE oversees both the operational and strategic performance of Invest NI, with established processes for ongoing discussions on policy objectives. There is difficulty in the relationship between DfE and Invest NI (notably the executive leadership team and board), based largely on historic factors and continuing interpersonal factors. There is appetite on both sides to address this, but the difficulties continue to play out in pockets of interaction (e.g. in interactions between the executive leadership

[56] While unclear from available information, this may be related to the expected time horizons at which outcomes and impacts are expected to become visible

team and the board, and a lack of systematised co-working between DfE and Invest NI across policy areas). This should be a priority to address, and should be backed by agreed written principles of engagement. Some recent exercises have been instructive in re-building trust, such as the development and implementation of COVID-19 supports, though this reportedly required persistence from DfE to push through. The liaison role appears to be important to this, and good practice in policy-level conversations (where they exist) could be used as a template for replication across all policy areas.

Consideration of the portfolio gives rise to a number of reflections. First, the portfolio is complex and, while programmes are historically well-aligned with policy objectives, more clarity is required on how the portfolio will serve the 10x Economic Vision. This is particularly true in the areas of innovation, skills, and fostering inclusive growth. A large proportion of the organisational budget is allocated to innovation. This is fundamentally important for the 10x Economic Vision, though there appears to be some gaps in provision – particularly if the Proof of Concept fund has been removed or deprioritised (provision for early TRLs).

The provision of support for skills should be examined in light of 10x strategic priorities, and examined as to whether further provision should be explored as part of Invest NI's portfolio or to be delivered elsewhere (such as via higher and further education bodies). Similarly, a review on how the portfolio concretely addressed the inclusive growth focus of 10x will be important, particularly in areas of diffusion of innovation across the economy. The industry and sectoral expertise of Invest NI will likely be important in delivering on the policy priorities going forward, and this should also be reviewed in light of the 10x focus on strategic cluster development.

The second reflection on the portfolio is its overall complexity. The high number of programmes and sub-programmes and their proliferation may be due to a path dependency borne out of perceived pressure to keep programmes live. In addition, there appears to be a lack of agility in creating new programmes to meet changing policy needs mid-programming period, leading to an approach whereby the criteria of existing programmes are changed instead. This adds to the complexity of the portfolio, and may also further a lack of clarity in what programmes serve which functions. This has led to some confusion whereby it was difficult to reach a clear view on how many programmes and sub-programmes exist. Review of provided data and documentation suggests 102 programmes and sub-programmes, though consultation suggested up to 140. There appears to be both appetite and impetus to streamline the offer, and we would also suggest a review of how portfolio activity is recorded and communicated – for the benefit of both users and stakeholders, aiding internal and external navigation, and improved communication between Invest NI and DfE.

The final note on the portfolio in this section is a reflection on the removal of some schemes seemingly unilaterally (e.g. the Proof of Concept programme). This action undermines the clarity of communication and co-working required to re-build trust between Invest NI and DfE, and further make most sense if other organisations pick up this area of provision. This invites a review of whether other bodies (existing or new) may help to deliver activity that sits outside of Invest NI's portfolio. Early stage TRL and the broader skills agenda may be good candidates for this, and further simplification of Invest NI's portfolio may also offer opportunities for other delivery mechanisms to step into this space. This itself is a big question. As a business-focused organisation, Invest NI is well-positioned to address provision of support in late-stage TRLs, to provide other areas of business-facing support across all sectors of the economy. There is also a valuable role for Invest NI in providing industry and delivery intelligence to the policy design process. Consideration should be given to how best to freeing Invest NI to focus on these areas of strength, while ensuring that other areas such as early-stage TRLs, entrepreneurship, and the broader skills agenda, are also represented in the delivery infrastructure of Northern Ireland. Our international comparator cases showcase many examples of the economic development agenda as split over several organisations that work together via established processes and procedures. The separate report on this, details the areas of their economic development agendas addressed by each agency directly, and where they work in partnership with other specialist organisations to deliver other areas of policy (i.e. not all agencies undertake direct delivery across all regional development policy areas).

Looking more broadly at how the portfolio is managed, we find that the governance and decision making processes are well-codified and sensible in principle. As measures designed to manage the expenditure of public money, the presence of an economic challenge function, specific review boards for case work and programmes, and timelines, expectations, and frameworks for evaluation are important. However, there are mitigating factors to this, too. The description of the time needed to create new schemes in response to changing priorities mid-programming period suggests a lack of agility. This feels to be partly in contrast to the stated purpose of Invest NI as being 'able to act quickly, efficiently, and effectively' (see section 3.2.1).

Examining the delivery model of Invest NI, we find client management to be in line with international practice, with segmentation of business types common in delivering support. Two main modes of engagement are evident: account managed clients, and clients managed by the Transformation Group, which was also described as an avenue to engage businesses across Northern Ireland. However, this was difficult to substantiate in practice, and the lack of tracking of referrals where companies do not become Invest NI clients is problematic, and too narrow.

Examining the ways in which activity and performance are measured, we find that the outward-facing KPIs are limited, focusing only on a small subset of what the organisation does. There is also little focus on outcomes or narrative aspects, and a more comprehensive set of KPIs should be developed to offer deeper insight into the quality of the effects of support for both clients and the regional economy (including qualitative KPIs). This would better communicate the role and value of Invest NI, such as reporting economic effects and experiences of the client journey. In consideration of this, we would recommend an expansion of the outward-facing KPIs, which we believe would redress the issues of external communication and understanding of the organisation. We would also suggest a review of the KPIs in terms of what they measure. As evaluators, we believe that focusing on 'input' measures presents a myopic view of the impact of business support, and may also incentivise short-termism in delivery. Overall, there are better stories to tell, and an additional benefit of improving this practice is that it allows the development of a stronger evidential base to demonstrate impact across policy areas including innovation and increased productivity.

4.7 Concluding thoughts

As with chapter 2, we aim to distil the above discussion section into a small number of key learning points, presented in turn below.

Key learning point 3: (Re-)developing trust is paramount, and should be backed with clear responsibilities, transparent practices, and data sharing

There is a significant opportunity to build on the appetite for improving the working relationship between DfE and Invest NI. However, tensions between the Invest NI Board (who is appointed by DfE) and the Executive Leadership Team still remain. It will be important to root out these remaining issues and improve the collaborative cross-organisational working by building on good practice where it exists. The most important first step and the basis of this is clarity of roles, plus clear policies, and processes for how policy objectives are collaboratively translated into delivery streams, and also how any required changes are made during programming periods.

Transparency in data sharing and communication will also be key pillars of enacting this task. It is important to recognise that DfE also has a key responsibility in communication, setting out clear strategy directions, and working with Invest NI on delivery and measurement of this agenda. This could be facilitated by a new partnership agreement.

Key learning point 4: An ongoing review of the Invest NI portfolio should be undertaken and facilitated by a more systematised policy level conversations

There is also a clear opportunity to review the existing portfolio of activities. The desk review and consultation for this review leaves an impression that the portfolio has grown over time to become complex, unclear, and difficult to navigate internally and externally. There appears to be issues related to visibility of the whole portfolio across teams within the organisation, and uncertainty about the 'true' number of programmes currently available. There exists an internal appetite to streamline the work of Invest NI, and this can be beneficial to both internal and external navigation (and coherence), and can also free Invest NI to focus on areas of delivery where its expertise is most clearly aligned. This will require a collaborative and open process between Invest NI and DfE, counter to recent examples of unilateral removal of innovation schemes. The benefits of the department and Invest NI working together should mitigate perceived potential backlash for the closure of any programmes or schemes. As set out in key learning point 4, these too may be facilitated by a new partnership agreement.

In undertaking any review of the portfolio of programmes and activities, consideration should be given to how it will serve the forward-looking aims of the 10x Economic Vision. Creating inclusive growth, addressing broad skills aspirations, and developing strategic clusters, each require new design and implementation, and reframing of investment, and how its effectiveness in measured. There should also be more consideration given to the ways in which entrepreneurship provision is undertaken, in particular in relation to investment in and support of early-stage firms.

Key learning point 5: The Invest NI portfolio is overly large and complex, and may be best serviced by multiple specialist organisations

As discussed in key learning point 4, the size of the Invest NI portfolio has become large and complex, covering a significant remit. Just as a review of the portfolio could boost coherence and free Invest NI to focus on its core strengths, it will be important to understand whether 'other' areas of the portfolio may need to be served by different organisations. In this scenario, just as it would be important to introduce a partnership agreement between Invest NI and DfE, it would be similarly important to ensure that relationships with and between any network of delivery organisations are covered by mutually-agreed memoranda of understanding or bi-/multi-lateral partnership agreements.

Key learning point 6: Existing KPIs do not tell the full story of Invest NI's work, and should be revised to also measure the effects on the Northern Ireland economy

The public-facing set of metrics appears too narrow to capture a full picture of Invest NI's work, and these should be reviewed. A larger set of KPIs exists internally as part of a balanced scorecard, though this also measures largely input and output factors, including 'additional' KPIs on firms entering new markets, newly-exporting firms, and investment through R&D and innovation-related projects. The balanced scorecard is due to be refreshed and any review of KPIs should also keep in mind how to better demonstrate and communicate the purpose, role, and full breadth of Invest NI's contribution to delivering the 10x Economic Vision, with a view to creating a clear and consistent view of the organisation. A new set of KPIs should also bring forth measures of the value of the organisation's work by focusing on outcomes and impacts rather than inputs and outputs only. New qualitative measures could also be considered to better relate impact in terms of quality, change, or experiences. More work on collecting and analysing performance data would also strengthen Invest NI's own intelligence and bolster the organisation's role as a powerful contributor to economic development in Northern Ireland. This would facilitate the role as an expert adviser to DfE and other departments.

In addition, our examination of Invest NI's monitoring and evaluation practice found incomplete information related to market failures and return on investment figures. It is important that these assessments are undertaken, and it was not clear whether the missing information was due to these not having happened yet (i.e. planned for the future) or not being recorded in the information provided to the study team. The schedule of programme audits and evaluations appears to be sensible in principle, and the shift toward portfolio-based or thematic evaluations (rather than at the level of individual programmes) is a useful way to both view impacts of programmes 'in the round' and avoid 'double counting'. However, we would also note that it is important to evaluate individual programmes as well in order to reach a precise view of what each programme delivers. Only evaluating at the portfolio level may mask weak programmes and undermine the evidence base for decisions to be taken on the portfolio.

5 The Invest NI client base and uptake of support

5.1 Introduction

This chapter addresses a group of research questions for both evaluation scopes related to the use and impact of Invest NI support (summarised in the table below). In doing so, we aim to address the composition of Invest NI's client base as it compares to the broader NI business population, and the impact of support provision. This chapter draws on firm-level client data,

Research questions addressed:
• Invest NI's Client base and how this is represented within the wider NI business economy • What is their impact individually and in aggregate? • Performance and impact at a sub-regional level

5.2 Profile of clients and beneficiaries

In order to examine the client base in light of the overall business population of Northern Ireland, the study team analysed Invest NI's five-year client data and compared the proportional breakdown of business size, sector, location, age, and ownership,.

5.2.1 Overall composition of the client base

The study team has examined the comparative composition of the Invest NI client base over the period of examination, using a count of unique VAT-registered businesses from client data and the latest available Inter-Departmental Business Register (IDBR) data.[57] This exercise allows the study team to reach a view of the extent to which Invest NI has serviced a broadly representative sample of the Northern Ireland business population. Our analysis finds 4,796 distinct beneficiary (treated) firms over the period 2017-2021, receiving a total of £559m assistance. Of these firms, 93% (4,474 firms) are SMEs. SME's have received almost two thirds (61%, £339m) of total Invest NI assistance over the period of examination. This is illustrated in Figure 2 and Figure 3 below. This figure represents 6% of the overall business population.[58]

[57] See: https://www.nisra.gov.uk/statistics/business-statistics/inter-departmental-business-register

[58] Based on the figure of 78,880 VAT and PAYE-registered businesses presented in the latest Inter-Departmental Business Register, found at: https://www.nisra.gov.uk/statistics/business-statistics/inter-departmental-business-register

Figure 2 Number of distinct firms by type

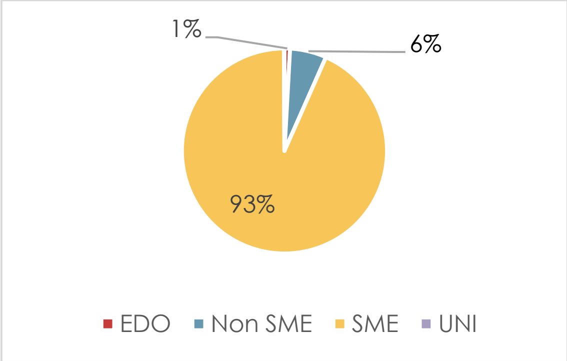
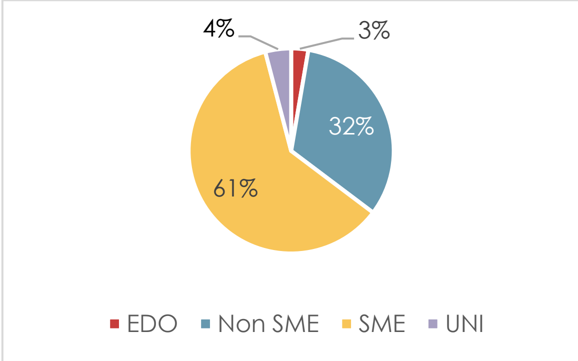


Figure 3 Total assistance (in £m) by firm category

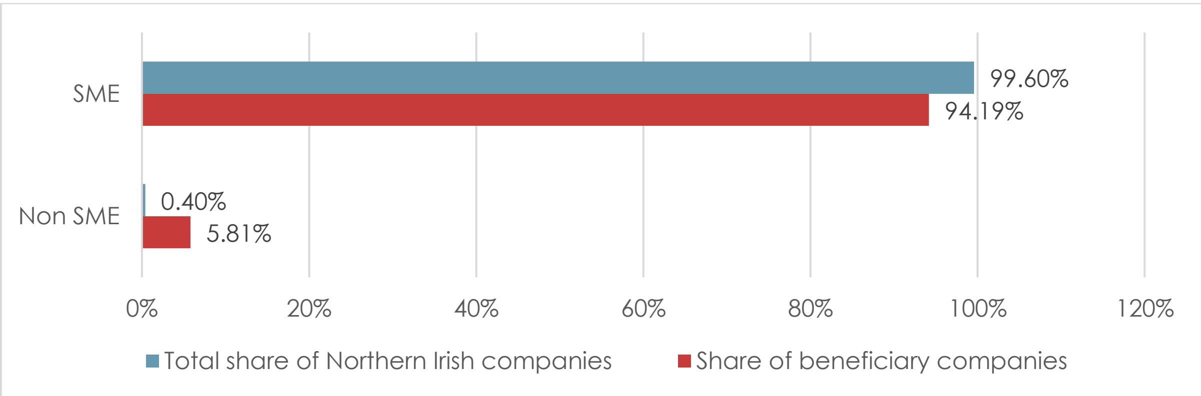


Source: Invest NI firm data (2022). Note: EDO = external delivery organisation and UNI = universities. Both are provided funding to deliver contracted services or programmes on behalf of Invest NI

5.2.2 *Size of client companies*

Examining business size by employment (FTE), as noted above 93% of Invest NI supported firms between 2017-2021 are SMEs (94.1% when excluding public firms, EDO and UNI). This is comparatively lower than the proportion of the 78,880 VAT and PAYE-registered Northern Irish firms that are classed as SMEs (99.6%). Compared to the overall private-sector business population of Northern Ireland, SMEs in the Invest NI client database are underrepresented (by more than five percentage points).

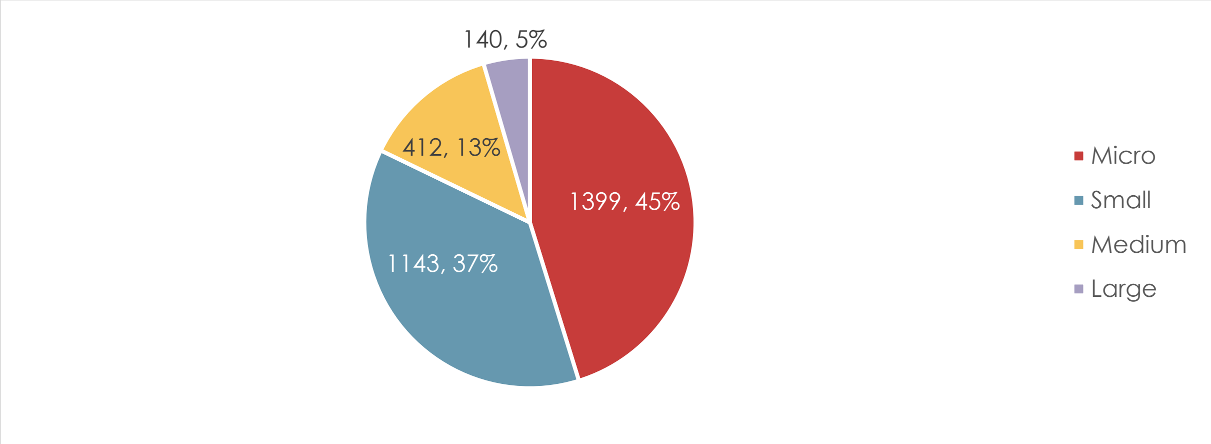
Figure 4 Share of NI companies (beneficiaries and overall business population) by category



Source: Northern Ireland KPIs dataset, NISRA (2022). Interpretation: 99.6% of NI companies are SME compared to 94.19% of the beneficiaries.

Based on a sample of 3,096 companies (64% of the total of 4,796 companies), for which employee data is available, the share of micro-businesses is the largest and represent almost half of the companies, (45%) followed by small business (37%) and medium businesses (13%). Like in the full sample, large businesses (non-SME, more than 250 employees) represents only 5% of all companies.

Figure 5 Share of company by size (employee-based)



Source: Invest NI firm data (2022), ORBIS (Moody's). Micro: <10 employees, Small: 10- 49 employees, Medium: 50-249, Large: 250 employees or more. N=3,096 companies.

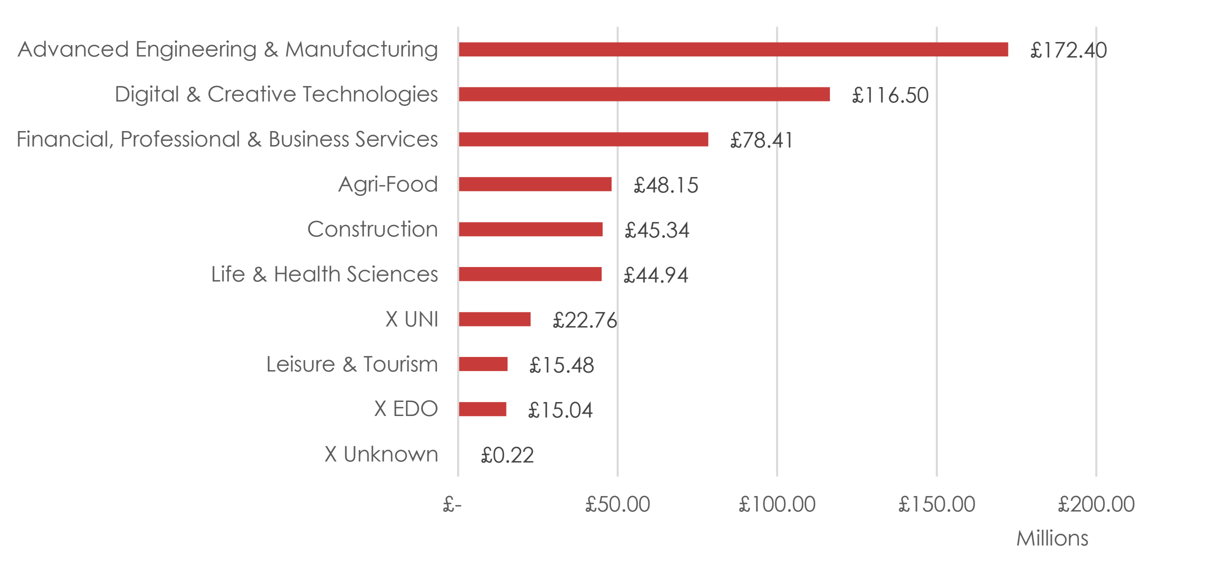
Examining the extent to which the region's largest firms are represented in the Invest NI client base finds that 30 out of the Top 100 Northern Irish businesses (as per the Ulster Business Top 100 Northern Ireland Companies 2022)[59] have been recipients of support over the period.

5.2.3 *Sector of client companies*

Examining the distribution of support by sector (following the Invest NI industry classification recorded in award data, see the chart below), shows that 31% of financing goes toward advanced engineering & manufacturing, followed by digital and creative industries (21%) and financial/professional/business services (14%). Alone those three industry groups cover two third of total assistance. This compares relatively well to key 10x clusters, but could be reviewed,

[59] See: https://www.belfasttelegraph.co.uk/business/ulsterbusiness/top-100/ulster-business-top-100-2022-full-analysis-and-breakdown-as-profits-soar-by-46-41884055.html

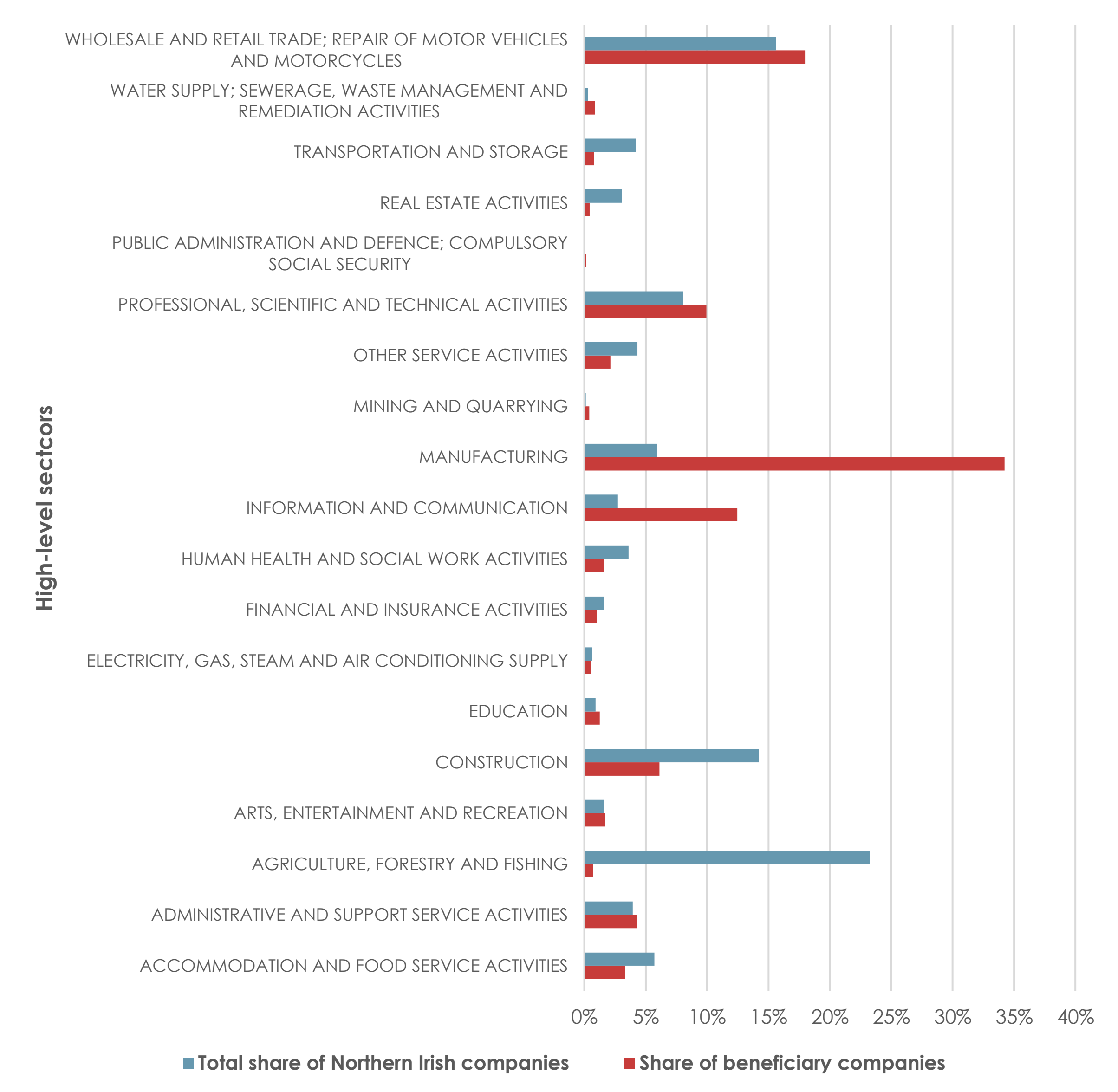
Figure 6 Invest NI total assistance by Industry group (Invest NI nomenclature)



Source: Invest NI firm data (2022)

Compared to the overall private-sector business population of Northern Ireland, the manufacturing sector information and communication sector are overrepresented in the client sample (+29 percentage points and +10 percentage points respectively), whereas the construction sector is underrepresented and the agricultural sector nearly absent.

Figure 7 Share of NI companies (beneficiaries and overall NI population) by high-level sectors (SIC, 2022)



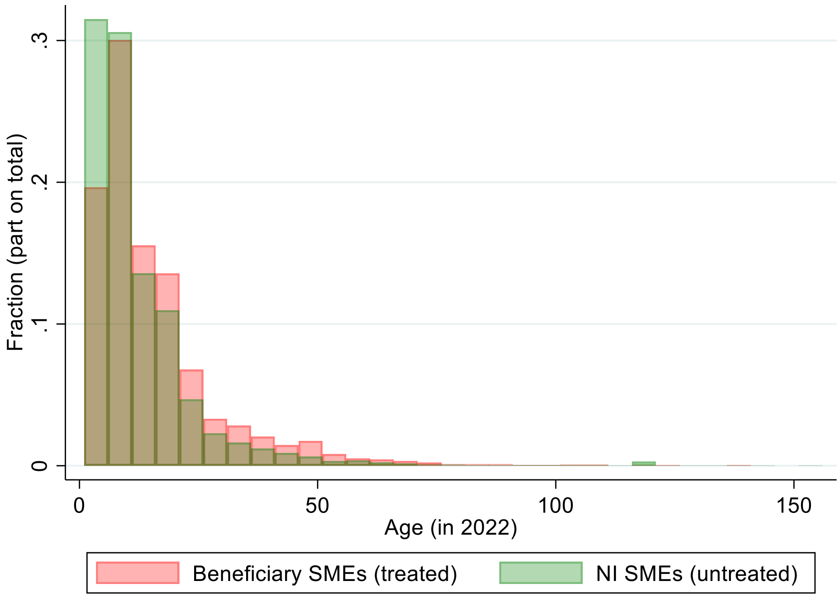
Source: Northern Ireland KPIs dataset, NISRA (2022)[60]. Interpretation: 14.2% of NI companies are in the construction industry compared to 6.13% of the beneficiaries

5.2.4 Age of client companies

Examining age (based on firms' date of creation), beneficiary SMEs are on average older than the average NI SME (based on a sample of 29 000 NI firms). The former group of firms are on average 15 years old (in 2022) compared to 12 years old for the NI population.

60 See: https://www.nisra.gov.uk/publications/current-publication-and-idbr-tables-1

Figure 8 Age distribution by group of firms (beneficiary SMEs vs. entire NI firm population) in 2022

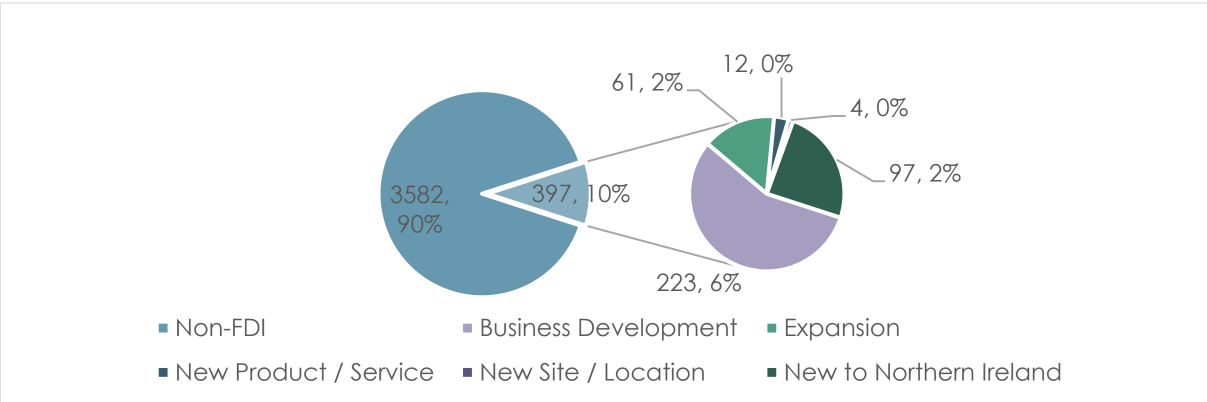


Source: Invest NI client data (2022), ORBIS (Moody's, 2022)

5.2.5 Ownership of client companies – external and local businesses

Examining ownership, local companies (from Northern Ireland) represent the vast majority of the supported sample. A total of 397 externally owned companies (10% of the total) emerged from inward investments (tagged FDI by Invest NI, mostly business development), but they received more than a quarter of the total support budget (£155m, 27.8%).

Figure 9 Share of external and local (Non-FDI) companies (broken down by category)



Source: Invest NI firm data (2022)

Supported external businesses are on average larger than local businesses (at the time of support). Almost a third (31%) of them are large businesses, compared to 2.77% of local business. Only 19% are micro businesses (compared to 46% of local businesses).

Table 8 Share of businesses by size

Company size	Local	External
Large	2.77%	31.00%
Medium	13.13%	18.78%
Small	37.21%	31.00%
Micro	46.88%	19.21%

Source: Invest NI firm data (2022). Local: locally owned businesses (from Northern Ireland), External: externally owned businesses (incl. Great Britain and Overseas).

Half of external businesses are located in Belfast (compared to only one fifth of local businesses) and 10% outside of Northern Ireland (compared to only 0.02% of local businesses).

Table 9 Share of businesses by Northern Irish county

Company Size	Local	External
Antrim and Newtownabbey	4.87%	4.63%
Ards and North Down	5.89%	3.40%
Armagh City, Banbridge and Craigavon	11.49%	6.17%
Belfast	22.91%	47.53%
Causeway Coast and Glens	6.73%	1.85%
Derry City and Strabane	6.97%	6.17%
Fermanagh and Omagh	6.57%	4.01%
Lisburn and Castlereagh	8.65%	6.48%
Mid and East Antrim	5.16%	4.01%
Mid Ulster	12.31%	5.25%
Newry, Mourne and Down	10.67%	4.01%
X Outside NI	0.02%	9.26%

Source: Invest NI firm data (2022) Local: locally owned businesses (from Northern Ireland), External: externally owned businesses (incl. Great Britain and Overseas).

Regarding industrial sector, manufacturing and digital/creative technologies are relatively over-represented among external businesses compared to local businesses.

Table 10 Share of businesses by industry grouping

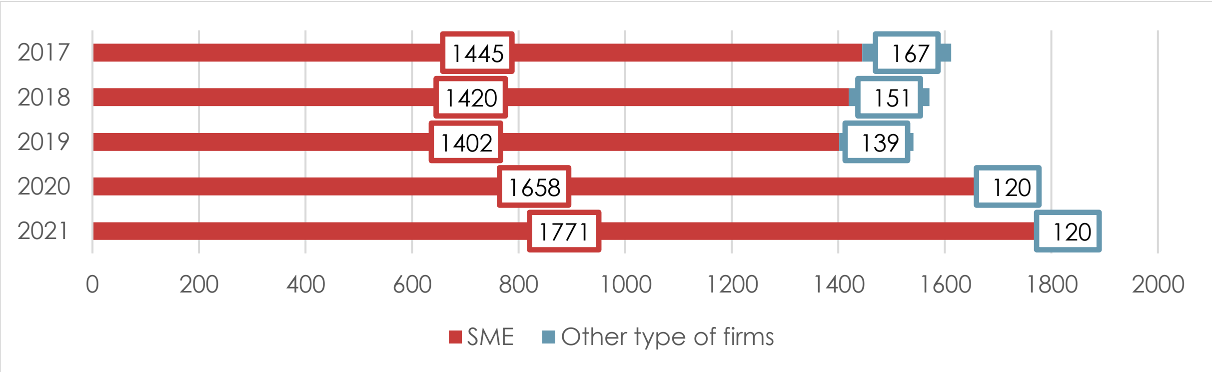
Industry grouping	Local	External
Advanced Engineering & Manufacturing	24.15%	31.35%
Agri-Food	12.59%	7.84%
Construction	12.99%	4.08%
Digital & Creative Technologies	11.92%	26.96%
Financial, Professional & Business Services	28.39%	22.57%
Leisure & Tourism	3.75%	0.94%
Life & Health Sciences	6.24%	6.27%

Source: Invest NI firm data (2022) Local: locally owned businesses (from Northern Ireland), External: externally owned businesses (incl. Great Britain and Overseas).

5.3 Uptake of support over time

Invest NI's annual reporting outlines that the organisation made more than 3,000 offers of support to businesses[61] and total investment of more than £106m during the first financial year of the pandemic (2020/21). In terms of volume, these offers were slightly higher than pre-COVID in-year totals, suggesting higher uptake through the pandemic. The overall support offered by Invest NI, with 16,000 offers being made over the past five years,[62] with an overall client base of 4,600 companies around the region.[63] Figure 10, below, summarises the number of unique firms supported in each year over the period of examination.

Figure 10 Number of distinct SME beneficiaries by year of first support



Source: Invest NI client data. Note: on average a SME is financed1.9 times at different time period. 4,474 SME in total, 322 other types of firms. Source: Invest NI firm data (2022)

Our analysis of client data shows a fairly high proportion of repeat access. On average, beneficiary firms have been financed three times over the 2017-2021 period, implying that some SME obtained different financing during the same year. Fewer than half of the total number of invested firms have been financed only once (46%). On average, Invest NI dedicated 66% of its yearly budget to repeated clients from previous years. In total, half of the budget (53%, £297 millions) went to repeated clients.

[61] Of these offers, 443 were specifically linked to COVID recovery schemes

[62] Averaging 3,200 per year

[63] In line with the Invest NI Core Script, 2021.

Figure 11 Number of new and repeated clients by year

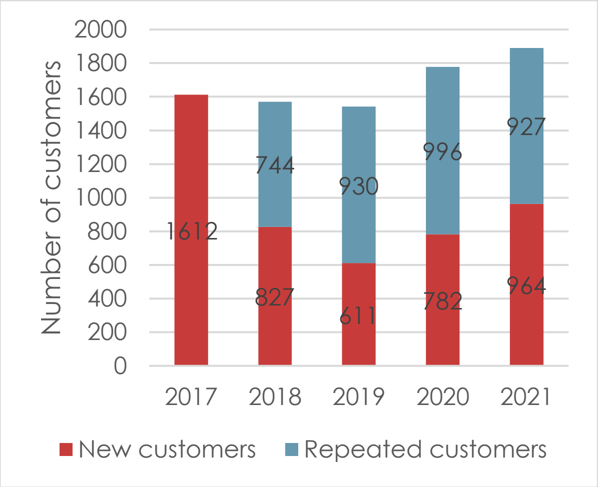


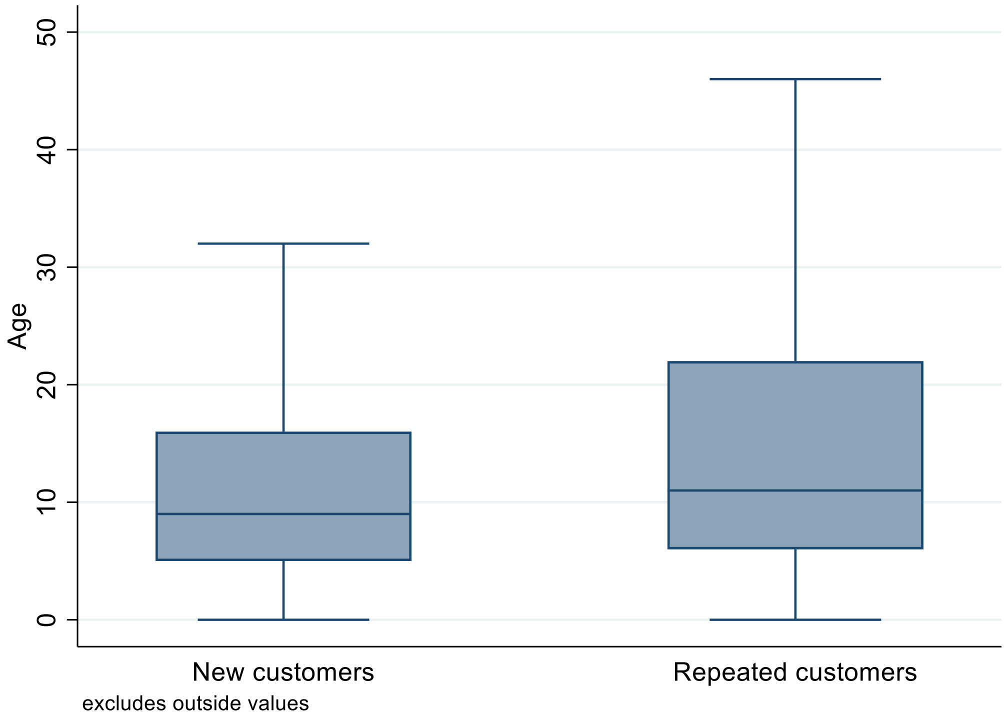
Figure 12 Total assistance toward new and repeated clients by year

Source: Invest NI firm data (2022)

Characteristics of repeat clients

- On average repeated clients **are larger in size** than the client businesses that have received investment only once, and demonstrate:
  - A larger share of large businesses (5.7% compared to 2.5% for the singularly-treated clients) and a smaller share of micro-businesses (37% compared to 57%)
  - Repeated SME clients have on average 32 employees, compared to 18 employees for singularly-treated SMEs, and a turnover 42% larger
- Repeated clients **are slightly more domestic owned** (53% of the total domestically owned compared to 47% for singularly-treated clients).
- A larger share of repeated clients is identified in the **advanced engineering & manufacturing sectors.**
- Geographically speaking **no significant discrepancies** are identified.
- Repeated clients are **on average four years older** than their singularly-treated counterparts. This is mostly explained by the presence of large companies, being older by definition.

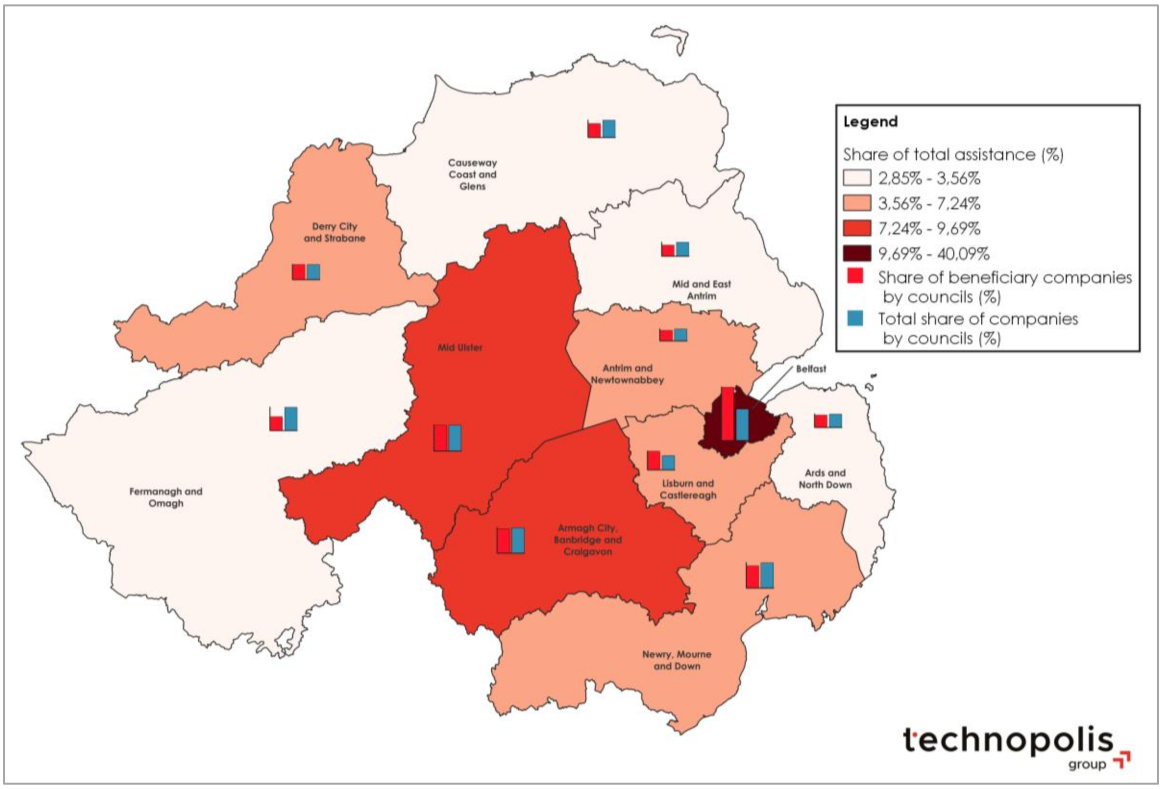
Figure 13 Age distribution of new and repeated clients



Source: Invest NI firm data (2022)

Geographically speaking, the client base of Invest NI reflect the Northern Irish business population with two sole exceptions: the council of Belfast is overrepresented (+10 percentage points) and the Fermanagh and Omagh council is underrepresented (-5 percentage points). Figure 14 illustrates the regional distribution.

Figure 14 Share of the total assistance provided to the beneficiaries and share of NI companies (beneficiaries and overall NI population), by local councils in Northern Ireland



Source: Northern Ireland KPIs dataset, NISRA (2022) Interpretation: Companies located in Belfast received the most aid (40.09%), while all companies in other councils received less than 10% aid. In addition, the share of beneficiaries' companies in Belfast (24.48%) is much higher than the total share of Northern Irish companies (14.46%)

The table below offers a more detailed view of the comparative geographical breakdown of the Invest NI client base and broader regional economy in terms of business locations.

Table 11 Share of beneficiary and Northern Irish companies by county

Counties	Share of beneficiary companies	Total share of Northern Irish companies
Antrim and Newtownabbey	5%	5%
Ards and North Down	6%	6%
Armagh City, Banbridge & Craigavon	11%	12%
Belfast	24%	14%
Causeway Coast and Glens	6%	8%
Derry City and Strabane	7%	7%
Fermanagh and Omagh	6%	11%
Lisburn and Castlereagh	9%	7%
Mid and East Antrim	5%	6%
Mid Ulster	12%	12%

Newry, Mourne and Down	10%	12%

Source: Invest NI firm data (2022)

The table below offers a detailed view of the comparative geographical breakdown of investment made to Invest NI clients in terms of value of investment and share of the total by business locations.

Table 12 Total assistance and share of total assistance by county

Counties	Total assistance	Share of total assistance
Antrim and Newtownabbey	£ 39 197 140	7,13%
Ards and North Down	£ 17 367 605	3,16%
Armagh City, Banbridge and Craigavon	£ 54 186 577	9,85%
Belfast	£ 224 175 693	40,75%
Causeway Coast and Glens	£ 19 934 465	3,62%
Derry City and Strabane	£ 40 513 306	7,37%
Fermanagh and Omagh	£ 17 680 049	3,21%
Lisburn and Castlereagh	£ 36 499 288	6,64%
Mid and East Antrim	£ 15 961 983	2,90%
Mid Ulster	£ 47 289 254	8,60%
Newry, Mourne and Down	£ 37 261 745	6,77%
Total	£ 550 067 107	100,00%

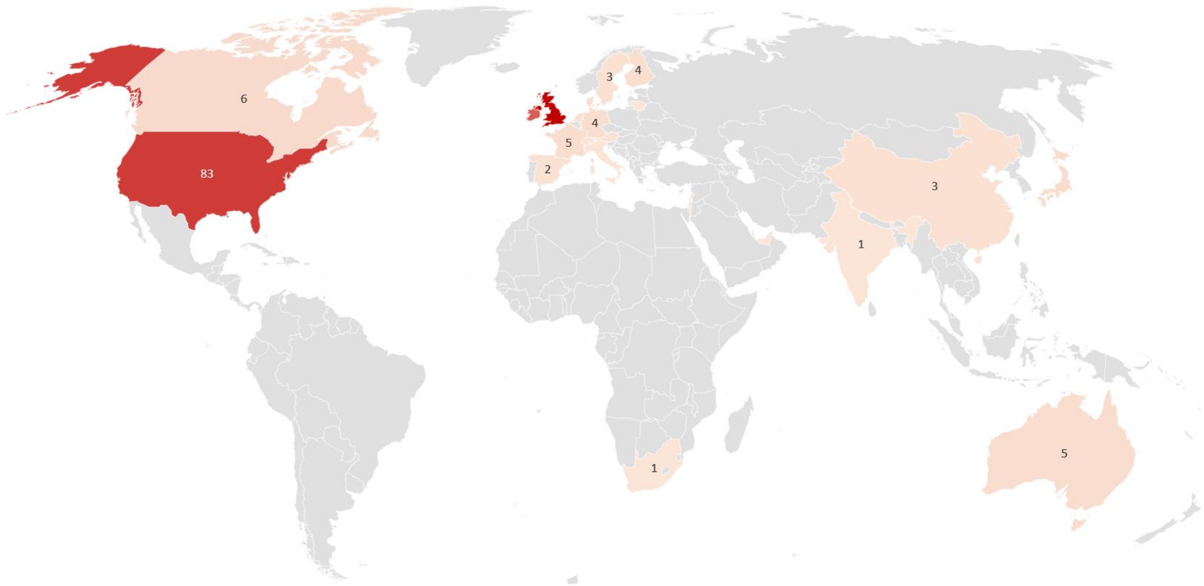
Source: Invest NI firm data (2022)

Overall, the vast majority of supported companies are locally owned (Northern Irish). Only 8% (312 distinct companies) are foreign-owned. Among them are 113 British companies (excluding Northern Ireland), representing 36% of the total of externally owned firms, followed by 83 US-owned companies and 67 Irish companies.

It is important to note, that inward investments from Great Britain concern larger companies (in size and turnover) than overseas inward investments: the former group has on average a turnover 43% larger than the latter group (same thing for employment)

The map below illustrates the geographical distribution of the foreign-owned companies.

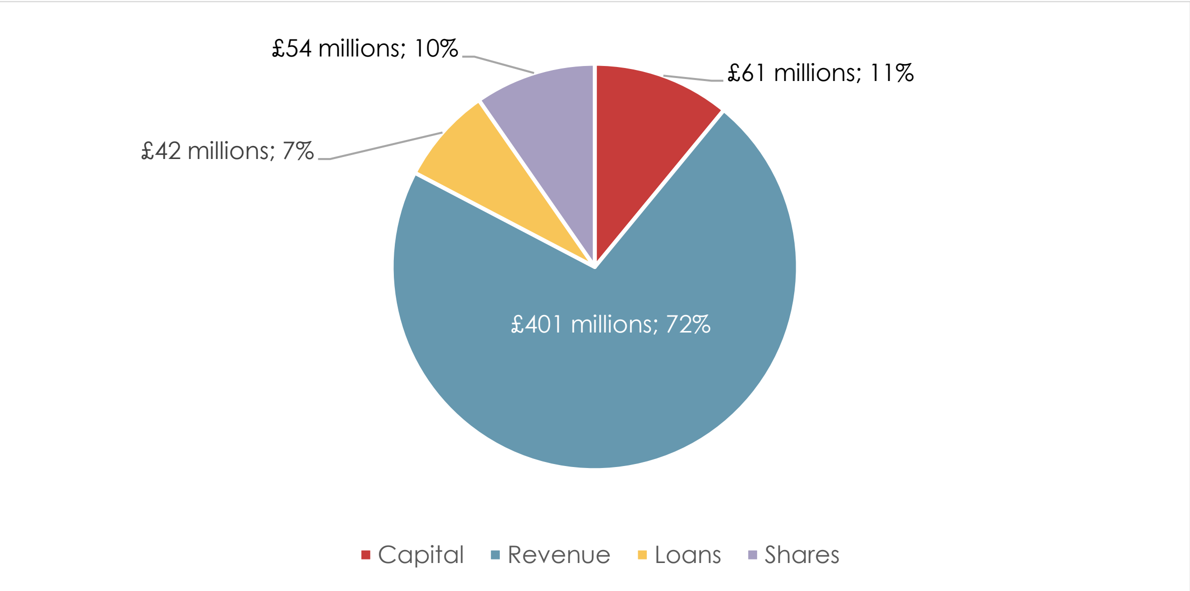
Figure 15 Number of foreign-owned companies by country of ownership



Source: Invest NI firm data (2022)

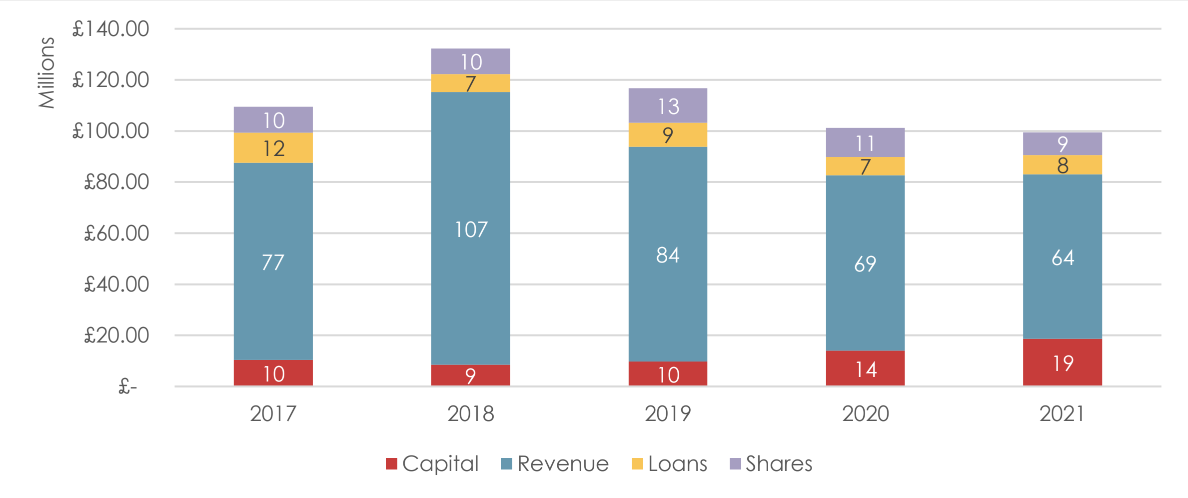
Examining the breakdown of support in terms of type of support used, analysis of five-year client data shows that nearly three quarters (72%, £401m) of total assistance has been provided in the form of subventions, i.e. grants and funds, 11% (£61m) as capital, and 10% (£54m) as shares. This is summarised below in Figure 16 (overall) and Figure 17 (by year).

Figure 16 Total assistance (by the end of 2022) by financial instrument



Source: Invest NI firm data (2022)

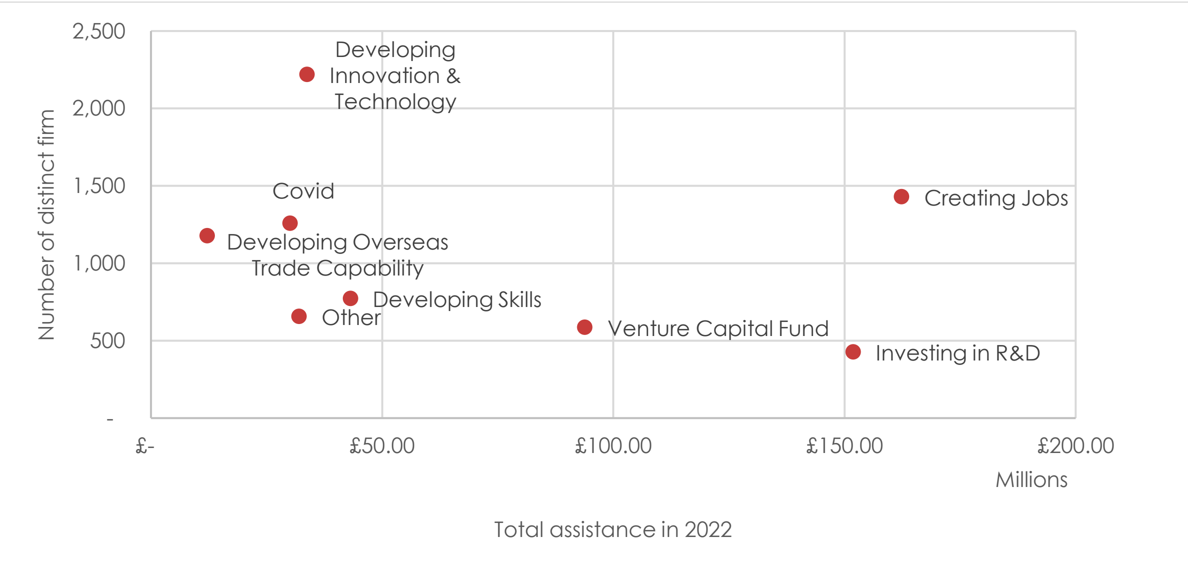
Figure 17 Assistance by financial instrument (2017-2021)



Source: Invest NI firm data (2022)

The figure below also illustrates the fact that the majority of Invest NI assistance since 2017 has gone towards job creation objectives (29%), followed by investing in R&D (27%), though the latter is a small group of firms. This is in contrast to the larger group of beneficiary firms (2,220 unique businesses) that obtained a small proportion of cumulative assistance to develop innovation & technology (6%). The third highest proportion of cumulative assistance was allocated via venture capital funding (17%). A fairly small proportion of firms and cumulative assistance was dedicated to 'skills'. Around 5% of total assistance went to COVID-19 related relief programmes, a unique and time-sensitive support mechanism put in place to help firms deal with the pandemic, and a major challenge of 2020/2021.

Figure 18 Total Invest NI assistance (by the end of 2022) by Investment objectives



Source: Invest NI firm data (2022)

5.4 Synthesis and discussion

Invest NI has engaged approximately 6% of the overall Northern Ireland business population since 2017. Examining the client base by basic characteristics (size, sector, age, location, ownership) finds that support has been allocated primarily to micro and small businesses, in line with the broader make-up of the Northern Irish economy. However, it should be noted that there is a larger representation of large firms in the Invest NI client base relative to the overall regional population. This includes the presence of 30 of the top 100 companies in Northern Ireland, where the value proposition is less clear externally.

All sectors of the economy are represented to a degree among the client base, though agri-food appears to be proportionally under-represented by sectoral breakdown. In turn, manufacturing and ICT are proportionally over-represented, and, while these are relevant to priority clusters under the 10x Economic Vision, there may be questions related to how this affects inclusive growth. In addition, it will be important to consider whether alignment by classification is enough to satisfy the requirements of 10x. In principle, the 10x Economic Vision discusses the development of strong strategic clusters and while investment to firms in those areas may be required, this could require different modes of investment or new ways of targeting investment in those priority areas.

In terms of age, Invest NI clients tend to be older than the regional average, supporting a wider perception of under support for start-up firms and new companies. This perhaps tallies with the view expressed in section 4.6 where provision of entrepreneurial support was asserted in interview to be facilitated largely by local councils rather than Invest NI.

An examination of client company ownership finds that only a small proportion of firms are foreign-owned (10%).

Where further scrutiny may be invited is in the presence of some of Northern Ireland's largest firms among the client base. Based on analysis of client data, almost a third of the businesses on the Ulster Business Top 100 list (2021), are Invest NI clients over the period since 2017. There are many potential arguments for and against investment for this type of firm. At worst this represents significant potential deadweight in investments. As such, we recommend a review of the investment provided to these firms and the rationale for the investment, as well as the effects resultant from the investment.

In terms of uptake overall, programme data shows consistent investment volumes over the period of examination, with increased uptake through the COVID-19 pandemic. The client base demonstrates significant sub-regional activity, though Belfast is over-represented proportionally when compared to the breakdown of the broader business population (24% of beneficiary companies compared to 14% of total Northern Irish companies). Businesses in Belfast received 40% of investment over the period since 2017, with the remaining 60% spread across the remaining sub-regional areas. While the number of external firms in the data is small, these are also more often located in Belfast (48%).

Analysis of client data also finds a high degree of repeat clients. On average, client firms have been invested in three times over the period. In addition, Invest NI has dedicated two thirds of its yearly budget to repeated clients from previous years, and just over half (53%) of the budget overall since 2017. Repeat clients tend to be larger, older, and more likely to be in manufacturing and advanced engineering than singularly financed firms.

Finally, examining the allocation of investment since 2017 finds that the highest proportion has been used towards creating jobs and innovation and R&D investment. Smaller proportions are evident in investment focused on skills, supporting prior discussion points (see section 4.6). There is also a smaller proportion evident in FDI (externally owned companies).

5.5 Concluding thoughts

As with the preceding chapters, we distil the above discussion section into a small number of key learning points, presented in turn below.

Key learning point 7: The business engagement model appears to serve a small number of businesses over repeat instances, and the client base could be further diversified

The Invest NI client base demonstrates higher than expected repeat clients (over half over five years) and a very high budget allocation to serving repeat clients (two thirds annually). In addition, the presence of a third of the top 100 companies in Northern Ireland among the client base raises questions about potential deadweight and how investment is targeted. This also raises questions about the ways in which the client base is maintained, particularly when also considered in line with the lack of referral tracking.

This review did not get to the bottom of how sub-regional business engagement works in practice over and above a high-level description of the tiered client engagement model and criteria. It is clear that the Transformation Group is seen as an important point of ingress by Invest NI, but broader stakeholder views do not support this, and it is unclear and not well-tracked how businesses engage this mechanism.

There is value in examining the drivers for this high repeat access and investment in large firms, particularly with a view to understanding whether some firms (such as early stage businesses) are structurally excluded from accessing selective financial assistance due to visibility or alignment of provision.

Key learning point 8: Sectoral alignment appears sensible but needs to be considered in light of cluster development and inclusive growth objectives

While there appears to be alignment across sectors that correspond to priority strategic clusters, the structural shift predicated by the 10x Economic Vision means that there is value in ensuring that the individual programmes are conducive to the goals of developing clusters and also to fostering inclusive growth. It is difficult to see at the portfolio level whether this is the case, as a more granular view is required. Cluster development and inclusive growth and diffusion are qualitatively different objectives that would sit alongside other areas focused on by existing portfolio of investment such as job promotion, sales, and R&D investment, and thus may require different programmatic approaches.

6 Effectiveness and efficiency of Invest NI's investment

6.1 Introduction

We have examined the impact of Invest NI's investment offer in two main ways. First, we have reviewed the documentation and reports provided by the panel, extracting commentary on investment performance, and findings of evaluations included in the document pack. Second, we have used econometric analysis to examine the effects of Invest NI investment on client companies (i.e. those that have accessed investment).

6.2 Overall economic effects

Invest NI's impact on client businesses is well-regarded in evaluations (e.g. GRD, trade, SFA) though the latter noted more mixed results on productivity. For the purposes of this review, we have not sought to re-state the findings of previous evaluations. Rather, in order to independently test the impact of Invest NI's investment, we have conducted an econometric analysis of firms that have engaged with Invest NI.[64]

Our results broadly support these prior evaluation findings, albeit with less evidence of productivity at the portfolio level that for individual programmes. Overall, beneficiary SMEs have increased both their turnover and employment in the years following investment.[65] However, there is no statistically significant effect evident on productivity (as the ratio of both former indicators). Data limitations have prevented a statistical analysis of the effect of Invest NI investment on innovation performance as too few records in the external dataset had information for R&D expenditure.

In our analysis, we focus on the impact of Invest NI on SMEs.[66] The approach taken is based on a counterfactual analysis, meaning that businesses that have received the investment (clients) are compared to 'alike' businesses that have not (based on characteristics). This is intended to control for various factors relating to client businesses and thus to help 'untangle' the results of receiving investment from Invest NI (i.e. to help understand the true impact of the investment). This allows conclusions to be drawn on the effect of investment being evaluated, particularly for SMEs. Businesses that have not received investment (the 'control group') were identified using the Propensity Score Matching technique. More details on this are available in Appendix A.2.2.

[64] The effects and impacts of the support of Invest NI on firms is quantitatively assessed using a micro-econometric approach. This so-called "quasi-experimental" methodological technique consists in comparing the evolution of relevant indicators (in our case Turnover and FTE employment) of financed SMEs (henceforth treated SMEs) to those of a counterfactual group of non-beneficiary SMEs. More methodological information is available in appendix A.2

[65] Data on financial indicators is obtained from the commercial database ORBIS (Moody's), which provides a large range of financial indicators for all type of firms worldwide. 2,715 beneficiary SMEs are matched with this dataset (60% of the total of 4,474 SMEs). The data on ORBIS is not "exhaustive", implying many data gaps especially for smaller firms. We observe in our case that only 409 firms (out of 4,474 beneficiaries, 9.1% of the total) have data on turnover, and 2,683 firms have data on Employees (54% of the total). As such, we expect to have more robust results on job creation than on turnover.

[66] It is less possible to estimate causal impacts of public interventions and schemes on large enterprises or public offices

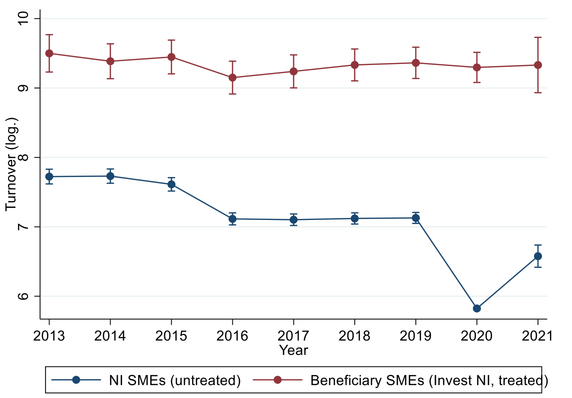
A note on data limitations and confidence in the results of our analysis

The econometric model (*staggered difference-in-difference*) used to estimate causal impact on turnover, employment, and productivity, is described in Appendix A. Impact is estimated following a matching procedure, in order to minimise potential selection biases, where client (beneficiary) SMEs are matched with control (non-beneficiary) SMEs sharing similar characteristics (turnover, employment, sectoral activity, age and size of assets).

Data for 2,715 SME businesses (60% of the SME total), invested in by Invest NI, have been extracted from the ORBIS (Moody's) database. Availability of employee data is appropriate (2,683 SMEs). However, only 409 SMEs have available turnover data, drastically reducing the sample size. The final analysis sample, obtained by matching client SMEs with control SMEs therefore only comprises 253 client SMEs, compared to 532 control SMEs.

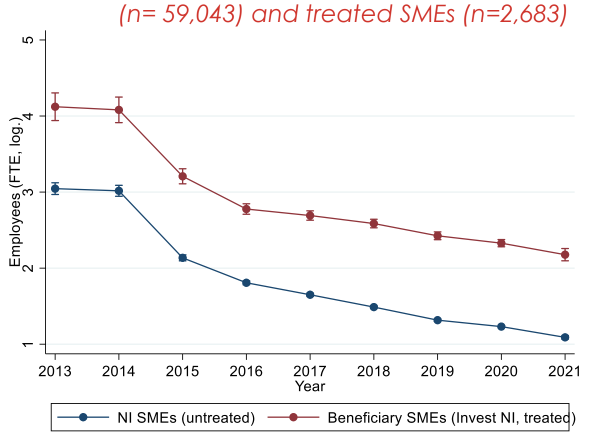
With regard to turnover, we see that investment in clients from Invest NI has helped to maintain steady average turnover for clients, over the 2013-2021 period, while firms that did not receive Invest NI funding demonstrate a decline in average turnover, and a significant drop in 2020 ahead of a slight recovery in 2021 (likely related to the COVID-19 pandemic). In turn, Invest NI funding also seems to have supported employment. While average employment (in terms of FTE) decreased for both clients and firms that have not received investment over the same time period, it appears that the decline is stronger the latter. Results are higher for client SMEs than for firms that did not receive Invest NI funding, indicating that Invest NI clients are larger (or at least at further stage of development) than the average Northern Irish SME.

Figure 19 Turnover (log £k) by year by untreated (n=29,607) and treated SMEs (n=409)



Source: Invest NI firm data (2022), ORBIS (Moody's). All values in log £k.

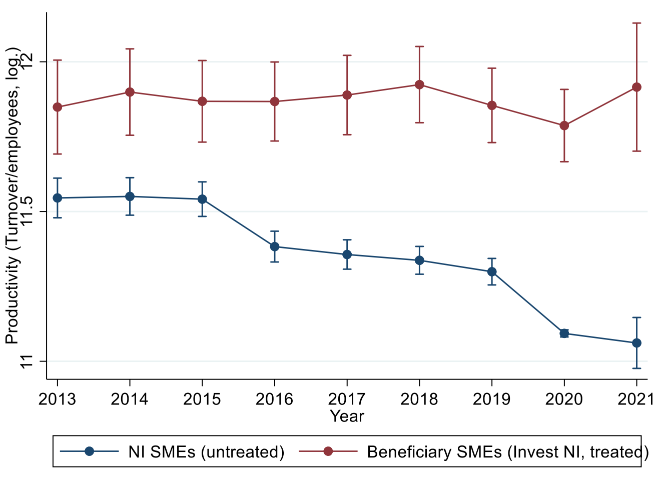
Figure 20 Employees (log FTE) by year by untreated (n= 59,043) and treated SMEs (n=2,683)



Source: Invest NI firm data (2022), ORBIS (Moody's). All values in log £k.

Finally, productivity, measured as the ratio of turnover (in £k) to the number employees, shows a stable trend for the 2013-2021 period for the client SMEs. This is contrasted to a declining trend for the untreated firms (overall NI business population). This is illustrated in Figure 21.

Figure 21 Productivity, measured as the ratio of turnover over the number of employees by year by untreated (n=29,190) and treated SMEs (n=380)



Source: Invest NI firm data (2022), ORBIS (Moody's). All values in log £k

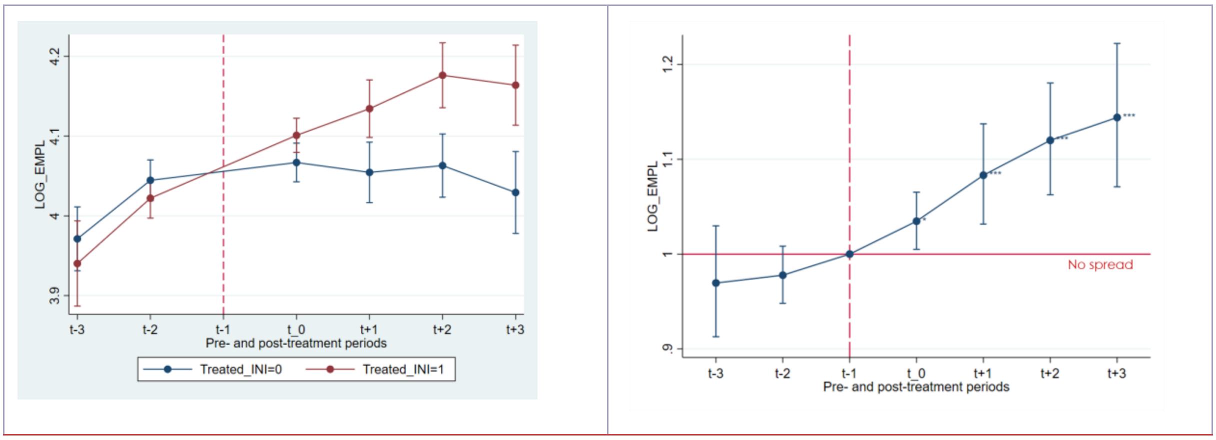
We now examine the effects on job creation, turnover and productivity in turn, below. We also attempted to test the effects of Invest NI's investment on firms' innovation performance, though data was limited.

6.3 Effects on employment (job creation)

6.3.1 Overall performance of beneficiaries and the control group

As set out above, the net effect of Invest NI funding on employment is to slow the decline seen across the economy. Looking beyond net effects, we see that employment at clients has grown over the period, compared to the trend seen among SMEs that did not receive funding. Untreated SMEs demonstrate growth only in the pre-treatment period (see left panel of Figure 22, below). The results indicate that a portion of job creation at client firms can be (partially) attributed to the Invest NI funding received (see significance levels on the right panel).

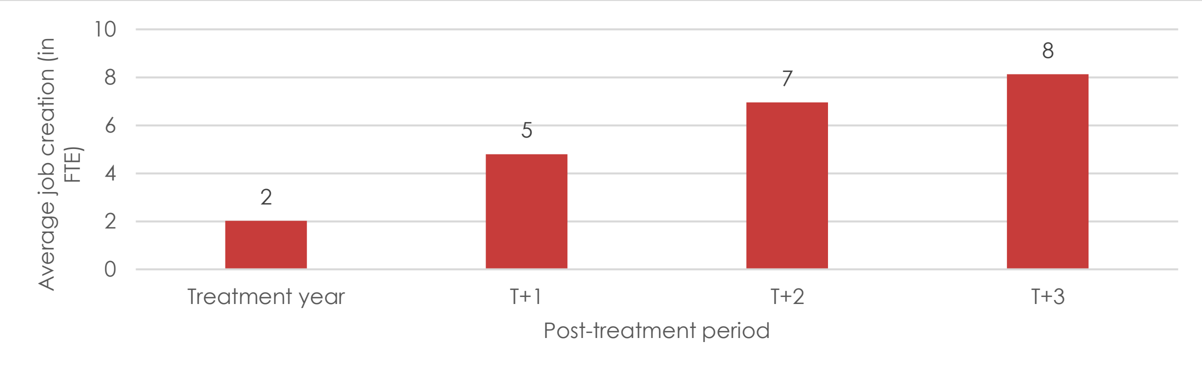
Figure 22 Analysis of employment over seven years. Left panel: employment growth (logged) for both groups around receipt of investment, right panel: spread (logged) and significance of spread between the two groups



Source: Technopolis. Interpretation: (left panel) employment growths of both SME groups were not significantly different in the years preceding treatment, in the post-treatment period employment growth remain steady for the treated and a gap between both groups is observed. (Right panel) employment growth difference (i.e., spread) between both groups is significant in the post-treatment period, already at t_0 (*) and then steadily so in the following periods (***). Number of treated SMEs: 253, number of counterfactual SMEs: 532 ***: significant at the 1%-level, **: at the 5% level, * at the 10% level.

Invest NI client SMEs can be seen to have created an average of two FTE jobs in the first year following investment (see Figure 23) followed by five, seven, and eight FTEs in the subsequent years (one year, two years and three years receiving investment, respectively). In summary, an average of eight jobs have been created within three years following receipt of Invest NI funding.

Figure 23 Average job creation (FTEs) of beneficiary SMEs in years post-treatment



Source: Technopolis. Interpretation: On average, two years after having received assistance (T+2), 7 FTEs have been created in the beneficiary firms (relative to the untreated firms). Number of treated SMEs: 253, number of counterfactual SMEs: 532. All values are significant at the 10%-significance level.

It is important to note that stagnation of employment in firms' that did not receive investment might (partially) be the result of COVID-19 restrictions put in place in 2020 and 2021.

Robustness checks, conducted using different matching techniques (see Appendix A.3), confirm the validity of this finding, i.e., a significant and faster growth in employment in client firms compared to the baseline (SMEs that did not receive investment from Invest NI).

6.3.2 *Comparative performance of 'top performers' and recipients of multiple investment*

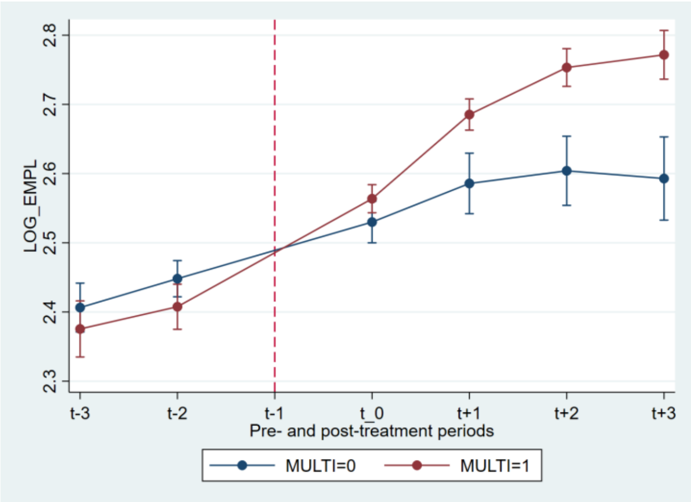
An additional test conducted solely on identified 'top-performers'[67] (against a similar matched group of non-client firms) revealed no distinct effects, i.e., they are on average growing as fast as the broader set of other client SMEs described above (i.e. faster than SMEs that have not received Invest NI funding but as fast as regular Invest NI clients).

However, when distinguishing between clients that received investment once over the 2017-2021 period and those firms that received multiple investments, the study team observed that the positive employment effect is largely driven by the latter group. Clients that received multiple investments demonstrate job creation performance of 10% (one year after receipt of investment) and 20% (three years after receipt) higher than those that received investment

[67] 'Top performers' were set out in a separate client / KPI dataset provided by Invest NI, which contains approximately 2,000 firms

only once. The figure below highlights the difference in growth between client firms that have received funding once (blue line) or multiple times (red line) groups. The chart shows a gap between the groups, but does not imply that receipt of multiple investment is necessary to achieve high employment growth. Instead, it may only reflect the fact that repeated clients are larger in size than those that received investment once.

Figure 24 Employment growth (logged) for both singularly-treated (blue) and multi-treated firms (red) around treatment time



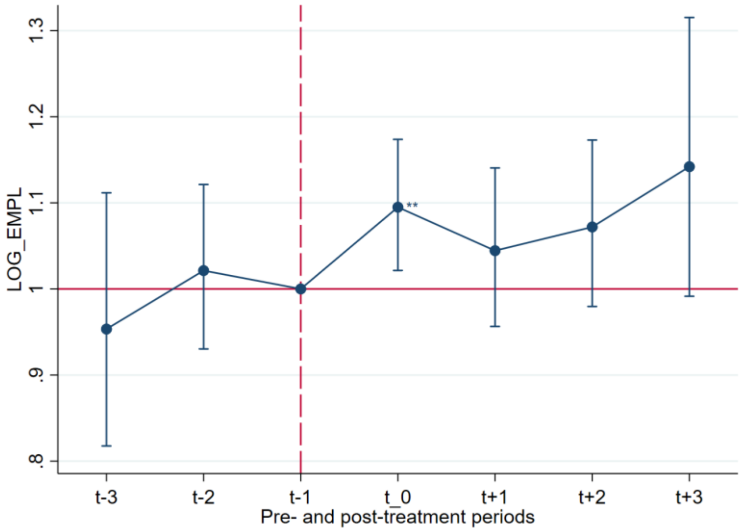
Source: Technopolis. Interpretation: (left panel) employment growths of both treated SME groups were not significantly different in the years preceding treatment, in the post-treatment period employment growth remain steady for the treated and a gap between both groups is observed. Number of singularly-treated SMEs: 1,100, number of multi-treated SMEs: 1,583

6.3.3 *Comparative performance of domestic owned businesses and externally owned business (inward investments)*

The research team has conducted additional tests on a sample of domestic vs. foreign-owned businesses. Given the small sample size, those results are subject to a high variance (depicted by the large confidence intervals around the estimates in the figures below). As a consequence, the research team decided to plot the yearly growth spread between both client SME groups instead of the two growth curves (like in the previous section) for better readability.

According to our results, employment growth of domestic-owned client SMEs has been significantly higher in the first year following investment compared to foreign-owned client SMEs (inward investments). In the subsequent years following receipt of investment, domestic-owned clients also seem to overperform foreign-owned clients, but not as significantly.

Figure 25 Spread of employment growth (logged) between domestic-owned client SMEs and foreign-owned supported client SMEs (baseline).



Source: Technopolis. Interpretation: employment growth difference (i.e., spread) between both groups is positive but only significant in the first post-treatment period t_0 (**) and then becomes insignificant in the following periods. Number of treated SMEs: 253. **: significant at the 5% level.

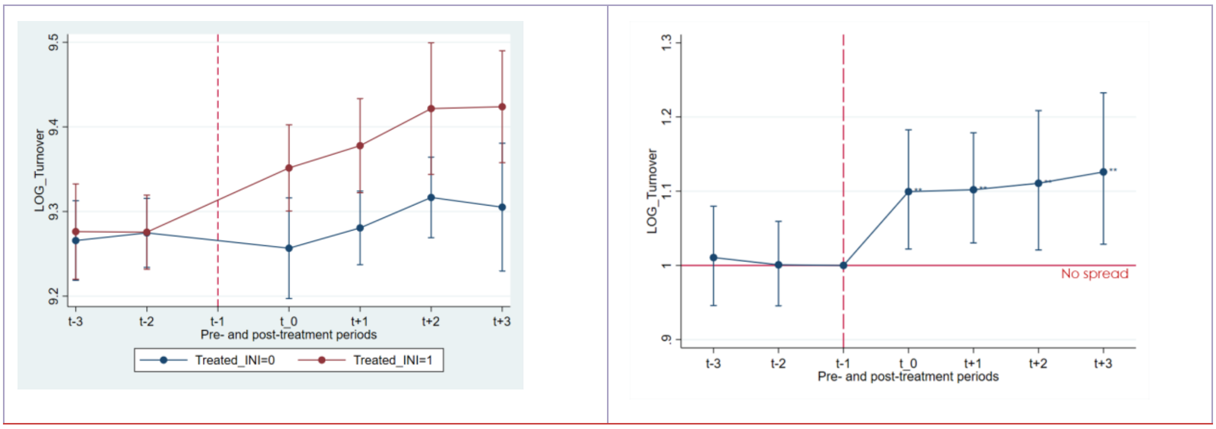
An additional analysis on a sample containing overseas inward investments (therefore excluding inward investments from Great Britain, given that they represent about one third of the total of inward investments) and domestic businesses only indicates (at a reasonable level of significancy) that employment at external firms has been less impacted than for domestic businesses, i.e., they seem to have created less jobs than domestic firms.

6.4 Effects on turnover

6.4.1 Overall performance of beneficiaries and the control group

Examining turnover at client SMEs shows a slow decline in the years preceding investment, and then early growth following receipt of Invest NI financing (we observe a significant jump between t_{-1} and t_0). In the subsequent years after investment, the growth gap between client firms and SME that have not received Invest NI funding remains steady. By contrast, firms that did not receive investment do not experience any changes (steady average turnover). Significance tests (see the right panel of Figure 26, below) show that this growth in turnover can be (partially) attributed to Invest NI funding.

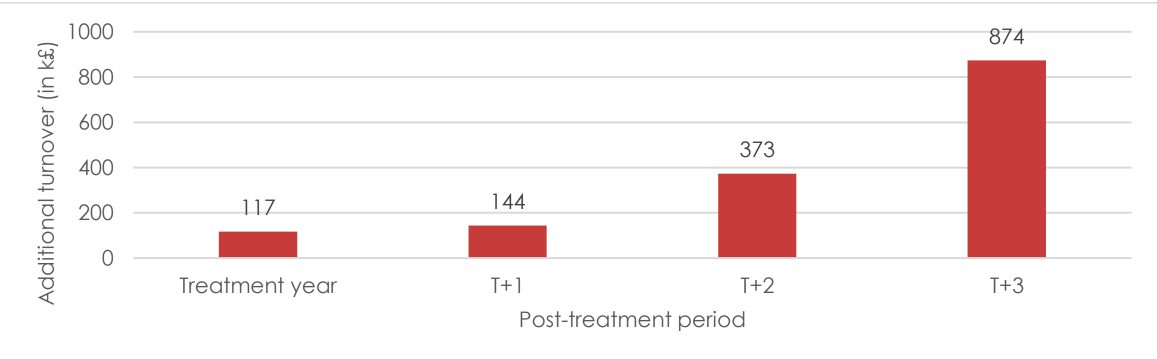
Figure 26 Analysis of turnover over seven years. Left panel: Turnover growth (logged) for both groups around treatment time, right panel: spread (logged) and significance of spread between the two groups



Source: Technopolis. Interpretation: (left panel) turnover growths of both SME groups were not significantly different in the years preceding treatment, in the post-treatment period turnover growth remain steady for the treated and a gap between both groups is observed. (Right panel) turnover growth difference (i.e., spread) between both groups is significant in the post-treatment period, already at t_0 (**). Strong variance as seen by the size of the confidence interval however reflects the low significance of this result (**). Number of treated SMEs: 253, number of counterfactual SMEs: 532. ***: significant at the 1%-level, **: at the 5% level, * at the 10% level.

Within the first year of investment, SMEs that have engaged with Invest NI demonstrate an average additional £117k turnover generated (see Figure 27) relative to SMEs that have not received Invest NI funding. This is followed by additional growth of £144k, £373k, and £874k in the subsequent one, two, and three years after receipt of investment, respectively). In summary, firms that received investment from Invest NI demonstrate an additional increase in turnover of £0.87m within three years of receipt.

Figure 27 Average additional generated turnover of beneficiary SMEs in the 4 post-treatment periods



Source: Technopolis. Interpretation: On average, two years after having received assistance (T+2), an additional average turnover of £373k has been generated by the beneficiary firms (relative to the untreated firms). Number of treated SMEs: 253, number of counterfactual SMEs: 532. All values are significant at the 10%-significance level

Robustness checks were conducted to check the results of the econometric analysis. These were undertaken using different matching techniques (see full description in Appendix A.3). These additional checks have confirmed that client firms' turnover increases following receipt of Invest NI investment. However the timing of this impact is unclear but can be estimated as occurring in the second and third year following investment by Invest NI.

6.4.2 *Comparative performance of 'top performers' and recipients of multiple investment*

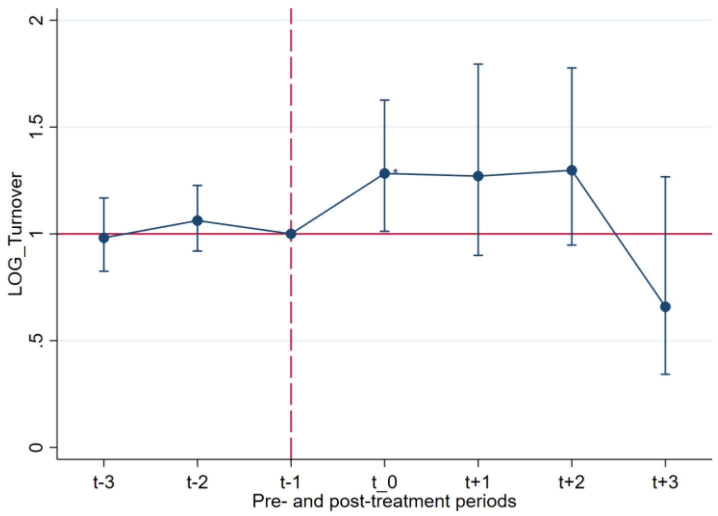
As conducted for employment above in section 6.3.2, the study team conducted additional analysis on the dataset of 'top-performers'. As observed for employment, this found no distinct differences between 'top performers' and the broader client base.

We also repeated the analysis of clients that received investment only once versus those that received multiple investments over the period. This revealed no statistically significant differences in the effects of the investment, meaning that clients show the same turnover growth regardless of single or multiple investments.

6.4.3 *Comparative performance of domestic owned businesses and externally owned business (inward investments)*

As for the examination of employment growth, the study team compared effects of Invest NI investment on local firms and on external firms conducting inward investments in Northern Ireland (dubbed FDI by InvestNI). As per section 6.3.3 results are based on a small sample size and thus subject to a high variance. Plotting yearly turnover growth spread between both groups finds that turnover growth of domestic-owned client SMEs has been significantly higher (only at the 10%-significance level) in the first year following investment compared to foreign-owned client SMEs. In the subsequent years after receipt of investment, domestic-owned clients also seem to overperform foreign-owned clients but not significantly, meaning that the difference between both SME groups is not robust.

Figure 28 Spread of turnover growth (logged) between domestic-owned client SMEs and foreign-owned client SMEs (baseline).



Source: Technopolis. Interpretation: turnover growth difference (i.e., spread) between both groups is positive but only significant in the first post-treatment period t_0 (*) and then becomes insignificant in the following periods. Number of treated SMEs: 253. **: significant at the 5% level.

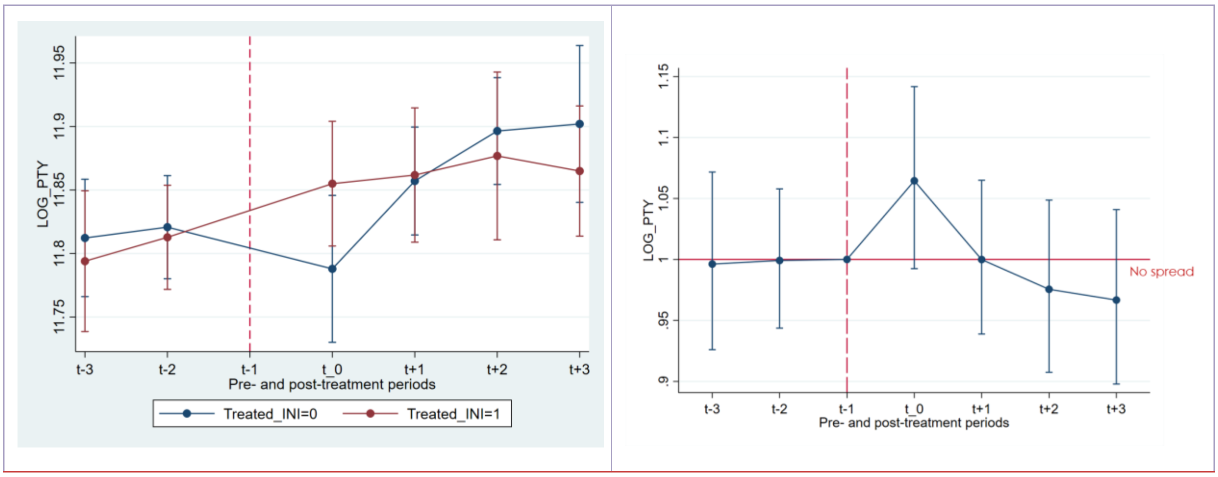
An additional analysis on a sample containing overseas inward investments (therefore excluding inward investments from Great Britain, given that they represent about one third of the total of inward investments) and domestic businesses only reveal no differences in terms of turnover growth between the two groups. In other words: Overseas inward investments did not over- or underperform compared to domestic businesses.

6.5 Effects on productivity

6.5.1 Overall performance of beneficiaries and the control group

Productivity, measured as the ratio of turnover to employees, does not appear to be impacted by the Invest NI funding. Only a slight increase (statistically insignificant) in the ratio is observed directly at the year of receipt of investment, but subsequently reverts to zero in the following years. This is particularly important in Northern Ireland, where the productivity challenge has been widely discussed.[68]

Figure 29 Analysis of turnover over seven years. Left panel: Turnover growth (logged) for both groups around treatment time, right panel: spread (logged) and significance of spread between the two groups

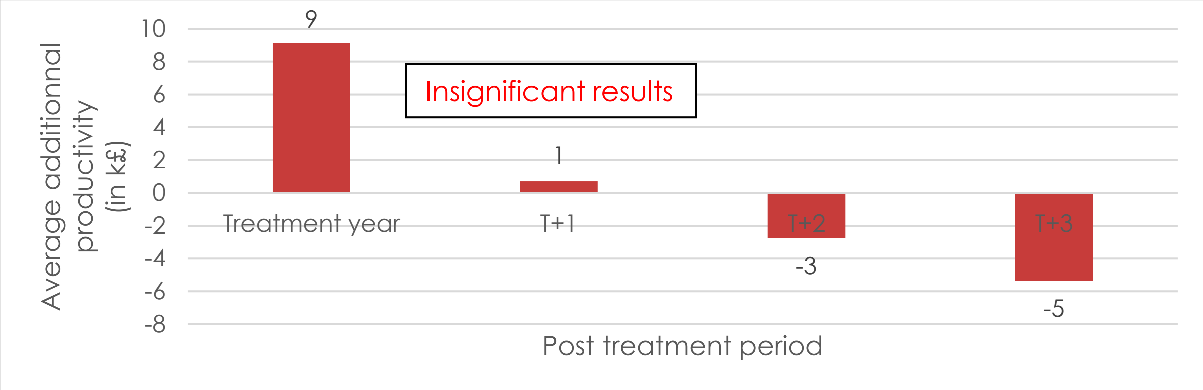


Source: Technopolis. Interpretation: (left panel) productivity growths of both SME groups are not significantly different in the years preceding or following treatment. (Right panel) productivity growth difference (i.e., spread) between both groups is not significant in the post-treatment period. However, a slight increase in productivity in the year of treatment (t_0, insignificant) is observed. Strong variance as seen by the size of the confidence interval however reflects the extremely low significance of this result. Number of treated SMEs: 253, number of counterfactual SMEs: 531. ***: significant at the 1%-level, **: at the 5% level, * at the 10% level

The jump in productivity observed in the first year of investment (t_0) is estimated at £9k. However this result is difficult to interpret. Indeed it is not the result of a slight increase in turnover or a decrease in employment, but might only reflect the drop in productivity in firms that have not received Invest NI investment. It is important to recall that only relative growth is discussed (beneficiary firms relative to counterfactual firms) and not gross growth.

[68] See: https://www.nerinstitute.net/blog/northern-irelands-productivity-challenge-exploring-issues

Figure 30 Average additional productivity (turnover per capita, in k£) of beneficiary SMEs in the 4 post-treatment periods



Source: Technopolis. Interpretation: The bars illustrate by treatment period the difference in measured productivity between treated and untreated, all results are however insignificant: meaning no conclusion should be drawn based on this Figure. Number of treated SMEs: 253, number of counterfactual SMEs: 531. All values are significant at the 10%-significance level

6.5.2 *Comparative performance of 'top performers' and recipients of multiple investment*

As with sections 6.3.2 and 6.4.2, we have undertaken additional analysis of identified 'top-performers'.[69] This has again revealed no distinct effects from the broader group of Invest NI clients.

We have again also analysed the differences in performance between the client firms that have received investment once and those that have received investment multiple times. This has revealed no statistically significant differences in the effect (i.e., clients receiving investment once or multiple times show the same productivity growth, relative to SMEs that have not received Invest NI funding).

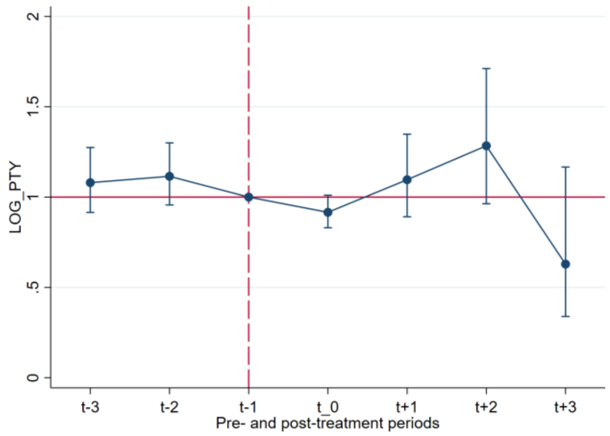
Robustness checks, conducted using different matching techniques (see Appendix A.3), confirm that (at this stage and given the data) no causal impact on client firms' productivity can be observed. However the same negative trend (not-significant) is observed in the years following investment.

6.5.3 *Comparative performance of domestic owned businesses and externally owned business (inward investments)*

As for the examination of productivity impact, the study team compared effects of Invest NI investment on local firms and on external firms conducting inward investments in Northern Ireland (dubbed FDI by Invest NI). Given the small sample size, those results are subject to high variance (depicted by the large confidence intervals around the estimates in the Figures below). As a consequence, the research team decided to plot the yearly growth spread between both invested-in SME groups instead of the two growth curves (like in the previous section) for more readability. According to the results: productivity growth of externally owned businesses (inward investments) or domestic businesses are alike, meaning they could not be proven significantly different.

[69] Based on KPI data provided by Invest NI and comprising approximately 2,000 client firms

Figure 31 Spread of productivity growth (logged) between domestic-owned client SMEs and foreign-owned client SMEs (baseline).



Source: Technopolis. Interpretation: productivity growth difference (i.e., spread) between both groups is null and insignificant. Number of treated SMEs: 253. **: significant at the 5% level.

An additional analysis on a sample containing overseas inward investments (therefore excluding inward investments from Great Britain, given that they represent about one third of the total of inward investments) and domestic businesses only indicates that in terms of productivity Overseas inward investments performed better (reasonable level of significancy) than domestic businesses. This implies that they were able to generate more turnover at a constant level of employment.

6.6 Effects on innovation

In order to estimate the effects of Invest NI funding on client firms' innovation performance, the research design for this study proposed use of several innovation-related activities as proxies. Unfortunately, the study team was not able to conduct these specific analyses due to two main factors: i) The 'R&D expenditure' proxy provided in the external ORBIS (Moody's) dataset is available for only 37 client firms (generally larger companies) and would therefore yield unrobust results, and ii) The proxies 'number of publications' and 'number of patent applications' are not time-varying (i.e. they are constant for the 2013-2021 period) and the time period they cover strongly varies between SMEs.

In addition, based on our experience of evaluating other business support organisations and programmes, and the broader literature around this topic,[70] we would expect to see investment in innovation activities yield results related to firm productivity. However, as established earlier in this chapter, no such productivity effects are evident. Given the large proportion of Invest NI's budget that is allocated to innovation-related programmes, it may be expected that these results would be visible. The lack of productivity effect may therefore raise questions about the effectiveness of those innovation programmes.

[70] Nathan, M., Rosso, A.C., (2019). Measuring the effect of innovation on productivity inside firms. Available at: https://blogs.lse.ac.uk/businessreview/2019/10/02/measuring-the-effect-of-innovation-on-productivity-inside-firms/

6.7 Performance and impact at a sub-regional level

Analysis of firm-level data provided by Invest NI demonstrates significant engagement at the regional level (see Figure 14, above). As set out in section 4.3.1, consultation for this study has suggested that the regional team of Invest NI acts as the 'large end of the funnel' or the main point of ingress for a large number of businesses. This has been difficult to verify as points of entry and referral are not codified in the provided client data.

The regional impact of Invest NI is described in internal reports,[71] but to test the regional effects of Invest NI funding further and in addition to this, the study team attempted to disaggregate the quantitively estimated effects presented in the previous subsections. This exercise presented difficulties,[72] and so the study team decided to compute the growth rates instead (simple within comparison of growth rates, without any counterfactual sample). The statistics shown in Table 13, below, refers to the three-year growth rates of each indicator by district council area (DCA), covering one year prior to investment and two years following investment.

It is important to note that, given the small sample of firms by Northern Irish council (for instance on average 20 for turnover and productivity by region), this analysis cannot provide robust figures at the sub-regional level. Nevertheless we have identified several trends:

- Belfast, Derry City/Strabane, and Mid-East Antrim are characterised by high employment growth rate (35% on average), whereas Lisburn, Newry/Mourne and Antrim have the smallest rates (14% on average).
- Turnover growth seems large in Newry and Mid-Ulster (39% on average), whereas insignificant in five councils (Ards, Armagh City, Belfast, Causeway and Lisburn).
- Finally, productivity is seen (slightly) growing in only two regions: Newry and Mid Ulster (19% on average).

Table 13 Estimated indicators' 3-years growth rate after treatment by DCA (averages)

Region / DCA	Employees	Turnover	Productivity
Antrim and Newtownabbey	19%*** (n=132)	11%* (n=28)	49% (n=32)
Mid and East Antrim	37%*** (n=106)	24%** (n=24)	4% (n=26)
Newry, Mourne and Down	16%*** (n=200)	39%*** (n=30)	18%** (n=34)
Ards and North Down	23%*** (n=126)	-40% (n=14)	-33% (n=14)
Armagh City, Banbridge and Craigavon	21%*** (n=278)	8% (n=44)	-0% (n=50)
Belfast	35%*** (n=478)	51% (n=32)	5% (n=36)
Causeway Coast and Glens	32%*** (n=134)	7% (n=14)	4% (n=14)

[71] Cited in internal documents referencing 2020 KPI data, and the Invest NI Annual Report and Accounts 2020-21

[72] The matching of firms by regions could not perform as well as for the entire Invest NI client population (unable to find adequate counterfactual firms) and the sample size is too small for the estimates to be robust as well as representative

Derry City and Strabane	35%*** (n=128)	31%** (n=16)	16% (n=18)
Fermanagh and Omagh	23%*** (n=144)	25%** (n=24)	10% (n=24)
Lisburn and Castlereagh	9% (n=192)	11% (n=30)	1% (n=36)
Mid Ulster	29%*** (n=288)	39%*** (n=50)	21%** (n=58)

Source: Technopolis. Productivity is defined as the Turnover/Employees ratio. ***: significant at the 1%-level, **: at the 5% level, * at the 10% level. Red coloured estimates are insignificant. n= number of firms

6.8 Performance and impact by financial instruments

Quantitative impacts by financial instruments could not be investigated using the same difference-in-difference model as in sections 6.3, 6.4, and 6.5. Similar to the above sub-section (6.7), the team decided to use client SMEs' growth rates instead, computed for each financial instrument: revenue, loans, capital and shares.

The table below provide 3-year growth rates, referring to one year prior to investment and two years following investment. The statistics indicate that the "share" instrument is associated with a large employment growth rate (without being able to confirm strict causality since this is not a counterfactual analysis). The highest turnover growth is seen for the "Capital" instrument whereas productivity seems to increase only with the "Revenue" instrument.[73]

Table 14 Estimated indicators' 3-years growth rate after treatment by financial instrument (averages)

Financial instrument	**Employees**	**Turnover**	**Productivity**
Revenue	28%*** (n=1612)	20%*** (n=274)	8%* (n=249)
Shares	83%*** (n=57)	(missing, only four firms with data)	(missing, only two firms with data)
Capital	26%*** (n=771)	25%*** (n=160)	6% (n=148)
Loans	8% (n=227)	18%*** (n=57)	7% (n=45)

Source: Technopolis. Productivity is defined as the Turnover/Employees ratio. ***: significant at the 1%-level, **: at the 5% level, * at the 10% level. Red coloured estimates are insignificant. n=Number of firms.

6.9 Overall efficiency of Invest NI

The study team have dealt with the question of Invest NI's efficiency for this review qualitatively. While it was out of scope to run a cost-benefit analysis on the Invest NI portfolio, and was similarly not feasible to gross up existing programme-level value for money assessments, our

[73] "Revenue' instruments generally include funding to support business costs or running of services, 'share' instruments correspond to equity finance, 'capital' instruments usually comprise funding to support purchase or refurbishment of assets, including infrastructure, and 'loan' instruments are repayable financing on a commercial or non-commercial basis. More information is available about equity and loans-based financing instruments under the Access to Finance banner, here: https://www.investni.com/support-for-business/funding-through-loans-and-equity

findings from desk review, interview, and analysis permit reflections on efficiency, and the interactions of efficiency with observed levels of effectiveness.

Overall, the review suggests limitations to efficiency related to the size and complexity of the portfolio of activities. There are challenges to internal and external coherence that appear to mitigate full efficiency in access and provision to financing. While this possibly muddies the picture for companies seeking investment, there are also indications of silo-ing or lack of visibility of the portfolio within the organisation too.

Other aspects of efficiency to consider relate to the processes in place to create new programmes. While these are robust as mechanisms to provide accountability in public expenditure, they also appear to be not overly agile. Our consultation revealed that it is generally not possible to create programmes quickly in the face of new or emerging policy priorities. This is a slow process at an estimated six-to-nine months based on consultation, and this undermines the original objective to create an agency that moves quickly. This is often dealt with by changing the criteria of existing programmes, which may create further portfolio confusion and inefficiency.

Among companies receiving investment from Invest NI, there appears to be potential deadweight with the presence of many of the larger Northern Ireland companies, where the value of investment is (externally at least) perhaps less clear. This perhaps undermines broader effectiveness, but also raises a larger question related to efficiency. It was not clear throughout the review how businesses are engaged across the region, and how companies undertake their 'journey' through various instruments. There is a lack of tracking of companies that are referred out of Invest NI, and if this could lead to duplication of efforts among client executives, especially if this is also replicated in other areas of client tracking.

A final area of consideration in terms of efficiency is the lack of systematised policy-level interactions in the translation of priorities from DfE to Invest NI. While this reportedly works in pockets, there are both examples of dysfunction in this area (removal of innovation schemes without dialogue) and lack of collaboration stemming from pre-existing 'bad blood'.

These areas of inefficiency may mitigate the effectiveness of Invest NI financing to firms by creating duplication, uncertainty, and prolonging of timescales that hinder or limit delivery.

6.10 Synthesis and discussion

The results of our economic analysis support the findings of prior independent evaluations of Invest NI investment. The analysis for this evaluation finds positive effects on employment and turnover for Invest NI client companies, though there is no statistically significant effect on productivity. The effects of Invest NI investment is tested at the level of the whole portfolio, i.e. econometric analysis was run for the total of businesses receiving any type of investment over the five year period of the evaluation, rather than for specific individual programmes. The analysis reveals partially attributable employment growth among firms that have received investment compared to a matched control group. The effects on turnover are seen to be early turnover growth after receiving investment, in contrast to stagnation among the control group. Productivity, measured as the ratio of turnover to employees, does not appear to be impacted by Invest NI funding, with only a slight (statistically insignificant) increase after investment has been received. However, this result is also difficult to interpret, as the methodology for this analysis discusses relative growth in all factors (i.e. the change in beneficiary firms compared to control group firms), and these productivity results can be seen as not the result of a slight increase in turnover or a decrease in employment.

Taking these points in context, it is perhaps understandable that there is a more positive evident effect on employment, as job promotion is the largest proportional area of Invest NI spend, and we also see that these are in large parts what is measured and externally communicated as a benefit of Invest NI's work. This may strengthen the rationale for the review of KPIs discussed in prior chapters, as there may be additional incentives to particularly drive employment if this is the dominant lens through which the organisation is viewed (see section 5.4).. We would again stress that, given the breadth of the organisation's portfolio, there are other important areas to measure and communicate. In light of this, it is particularly disappointing to not have been able to independently test the effects of Invest NI funding on innovation, due to external data limitations.[74] The results on productivity are particularly important to consider in light of the ongoing discussion on Northern Ireland's productivity challenge.

The team attempted to reach a clearer view of the effects of investment on subsets of the client population. This analysis found that the sub-regional effects of Invest NI funding are very mixed, though analysis is limited due to the quality of external (matched) data. Nonetheless, this may provide additional options for the ways in which sub-regional effects are recorded and communicated going forward, perhaps adopting a growth rate analysis as used here. This would require more robust and extensive data collection, for example via a structured system to allow a baseline to be set for each company and subsequent collection of employment, turnover and other data to calculate a three-year (or other period) growth rate. We also found that externally owned businesses (resulting from inward investments) grow slightly less than domestically owned businesses (from Northern Ireland), with employment and turnover higher in the latter group. Again there is no difference in productivity. Using a separate dataset of 2,000 firms setting out 'top performers' we found no differences from the broader population for any of employment, turnover, or productivity. We also examined the effects of Invest NI's work for firms that had accessed multiple instances of investment. This analysis found that while multi-treated firms (i.e. those that have received more than one instance of investment) have created more jobs than the singularly-treated firms, there is no major difference evident in turnover or productivity.

These analyses raise some questions about the value of concentrating multiple instances of investment among a high proportion of repeat clients, or and the extent to which combinations of investment can be reviewed to deliver greater results. Our analysis finds that receipt of multiple investment only affects employment, with turnover and productivity not similarly boosted. In light of our discussion of the client base and 'repeat clients' in section 5.4, we believe that it would be worth examining whether there is value in encouraging broader access to investment (i.e. increasing the number of new clients each year). This may take the form of proactive outreach to other sectors, such as the under-represented agri-food sector found in the preceding chapter. This review would ideally be undertaken in full cooperation and in light of the ways in which the 10x Economic Vision can be addressed. We noted earlier that we believe the structural changes demanded by 10x will require a review of how investment is approached, and this may therefore be a useful extension of those considerations.

Areas of inefficiency in delivery and processes may also mitigate the effectiveness of Invest NI financing to firms. Analysis undertaken for this review suggest elements of duplication and

[74] i.e. lack of robust data on R&D expenditure, 'number of publications', and 'number of patent applications available in the external ORBIS (Moody's) dataset

uncertainty in what is available among the portfolio of programmes, and a lack of agility in addressing new or emerging policy priorities. A lack of systematisation in the relationship between DfE and Invest NI also creates uncertainty and inefficiency, and a lack of client tracking (especially for referrals out of Invest NI) may also result in duplicated efforts in engagement.

6.11 Concluding thoughts

As with the preceding chapters, we distil the above discussion section into a small number of key learning points, presented in turn below.

Key learning point 9: The effectiveness of Invest NI's investment in firms primarily relates to job creation. Effects on innovation are unclear, and effects of productivity are muted.

We have noted that the positive effects observed on employment growth are in line with what could be expected of a portfolio of investment instruments that has a large proportional focused on job promotion. We also noted that these effects may also be incentivised by KPIs that focus on job promotion. In principle, these results show that Invest NI is undertaking its function as a job promotion agency. The engagement of inward investments projects in the client base is small in terms of both number of businesses and budget allocation, and externally owned businesses do not appear to demonstrate significantly higher growth than others receiving investment.

In our examination of innovation effects, the external data used for this study did not provide enough data points to be able to run a robust analysis, which may be addressed in future work by using data from the Office for National Statistics (e.g. BERD data). Another option is primary data collected by Invest NI on innovation factors, though this appears to be largely related to R&D and innovation investment, and other outcomes would need to be monitored (types of projects, partnerships, intellectual property rights, innovation capabilities and intentions). We note that Invest NI investment also does not result in productivity gains among client businesses. It would be expected that productivity gains are affected by innovation investment. However, as discussed in this report, productivity effects are not evident from the statistical tests undertaken for this review.

We would also suggest that consideration is given to bringing more rigour to the ways in which sub-regional effects are recorded and communicated, for example via calculating growth rates as we have for this study. This could in principle be supported by the economics team of Invest NI.

We believe that given the expertise, knowledge, and breadth of the organisation, more can be 'unlocked' for the Northern Ireland economy. This will require a review of the investment offer that examines any available client data on innovation performance, and an honest view of the drivers of low productivity among the client base. The latter is a well-documented regional issue, and this may also provide insight.

Key learning point 10: The efficiency and effectiveness of Invest NI's delivery is undermined by its large portfolio and some of its processes

While Invest NI is an experienced delivery organisation, its efficiency is mitigated in a number of areas. These include the confusion over the range of programmes in the organisation's portfolio. The size of the portfolio and lack of clarity on some programmes affects both internal and external understanding of the organisation's work, with some potential silo-ing across teams. Another area in which efficiency is mitigated is the reported slow timing for starting new programmes to address emerging policy priorities. In chapter 3 we note that the intention of the Industrial Development Act in 2002 was to create an agency that could act quickly, which is does not appear to be happening in practice. A third area of consideration is the lack of tracking of referrals, which may result in duplicated efforts in dealing with some clients. Finally, the potential deadweight[75] of investing in larger firms and disproportionately in repeat client access would also undermine efficiency in terms of delivering results.

Taken together, it is possible that these inefficiencies undermine the effectiveness of the organisation. To address this, a programme of simplification and improved data collection and management and reporting (including client tracking) should be explored.

[75] Impacts or results that would have happened without public intervention

7 Summary of findings and main learning points

7.1 Summary of findings

Our review of Invest NI has revealed a number of conclusions. Overall, the picture of Invest NI is one of a well-resourced and experienced delivery organisation, albeit one that could do more to maximise its impact on the Northern Ireland economy, and find greater efficiency. Examining the organisation's effectiveness, there is some evidence of impact, albeit not in all areas that may be expected. There are also some areas in which perceived lower efficiency mitigates effectiveness.

Taken as a whole, the investment through the portfolio of programmes and activities of the organisation delivers employment growth and safeguarding of turnover when effects on Invest NI clients are compared to businesses that have not received investment. There are no evident impacts on productivity, which warrants additional investigation – particularly as productivity gains might also be expected as a result of innovation investment. Looking at the content of Invest NI's portfolio, we see a broad alignment with the economic policy priorities set by the Department for the Economy (DfE), albeit with a more overt focus on job promotion than may otherwise be expected from an organisation with such a broad remit. Within the examination of the Invest NI portfolio, it is clear that the number of available programmes and sub-programmes has become large and complex over time, and has proliferated with some areas of potential duplication. This was exemplified by uncertainty around how many programmes and sub-programmes are currently in operation, with estimates sitting between 102 as documented in provided information and 140 as discussed in interview with members of Invest NI staff. Information provided to the review also suggests a lack of internal visibility (and some 'silo-ing') across teams. The alignment, size, and offering within the portfolio should be further reviewed in order to best understand if and how the content of programmes and the ways in which delivery is oriented are a clear fit for the delivery of the 10x Economic Vision. To illustrate this point, the proportion of resource and the portfolio focused on innovation appears to be sensible in light of the 10x Economic Vision, but is undermined by apparent gaps in provision for early stage technology readiness levels (TRLs). Similarly, the available provision for skills development is narrow (business focused) and not fully in line with the ways in which the 10x Economic Vision discusses skills objectives (further and higher education attainment, which is broader than business-facing skill and has implications for the regional labour market as a whole).

Examining the client base over five years, we find businesses that represent all sectors of the economy and sub-regional areas to an extent but there are gaps in the coverage of new businesses and start-ups, with client firms being on average older and larger than in the regional economy as a whole. This is substantiated somewhat by provision of investment for entrepreneurialism being a more minor part of the Invest NI portfolio, with more delivery in this area reportedly undertaken by local councils. This raises a question as to whether a streamlining of the complex Invest NI portfolio and gaps in provision highlighted here could or should open up space for other delivery mechanisms in the region. This may have the benefit of improving coherence in the investment offer and freeing Invest NI to focus on a more specialist sub-set of activities and objectives. There is little doubt that the organisation has the expertise to be mobilised in the area of business support, and this can be more fully maximised. There is also a role for Invest NI in providing granular business intelligence to the policymaking process, via increasing collaboration between Invest NI and the Department for the Economy (DfE). This latter point will require a full and open commitment to rebuilding trust between the two bodies. While there is appetite for this, there are significant indications of an erosion of trust between DfE and Invest NI related to both clashes of leadership and separate but related unhealthy work practices. These tensions appear to remain in pockets, as substantiated in notes of a recent executive leadership team meeting supplied for this review. This undermines collaborative efforts. Current leadership on both sides reported in consultation for this review that steps are being taken towards resolving this, but clear roles, responsibilities and working practices should be developed and agreed to ensure this effort is successful.

The examination of the client base also raises the potential for increased outreach and intake into the investment offer. While Invest NI has engaged approximately 6% of the region's business base over the five years in scope for this review, there is a very high degree of 'repeat clients', with client firms invested in on average three times. In addition, we find that a significant proportion (two thirds) of annual budgets have been spent on returning rather than new clients. Repeat clients make up over half of the client base over the period (54%), meaning that under half of supported business are first-time clients. The effects measured by econometric analysis are not as dramatically different for returning clients as one may expect given such expenditure. Statistical tests find that only employment growth is higher, with turnover and productivity not significantly improved by accessing investment more than once. Invest NI should therefore consider changing the client engagement model to further expand engagement. Investing in a broader range of companies may be a better use of budget than repeating investment in a small group of companies with lower than anticipated additional return in terms of business growth and productivity. In addition, it will be important to better understand how the engagement with businesses across sub-regional area works, as this review found conflicting views.

The nature of return also invites conclusions related to the way in which success is measured. This evaluation has found the set of outward-facing key performance indicators (KPIs) narrower than expected for such a broad portfolio. Existing KPIs primarily focus on input factors (funding awarded), jobs promoted (safeguarded and created), and turnover (sales generated), in addition to early outputs such as increase R&D investment, first time foreign direct investment projects, and access to skills programmes. This is also largely mirrored in the more comprehensive balanced scorecard previously used internally. On the other hand, a focus on measuring these factors may also incentivise a disproportionate focus on them in the short term. With the 10x Economic Vision requiring a more long-term perspective, there is value in revising these measures of success in line with a review of investment provision and client access.

These findings invite a reflection on the relationship between effectiveness and efficiency. As noted at the beginning of this summary, Invest NI's resourcing is adequate, a conclusion drawn via comparing the organisation to other similar agencies in the UK, Ireland, and abroad. However, the large and complex portfolio itself raises issues, with a lack of clarity on the number of programmes suggesting an unclear overview of what is on offer and potential patchy visibility within the organisation. In addition, the processes and measures in place to manage the expenditure of public money such as for creating new programmes to address changing (or emerging) policy priorities appear to be robust but slow. This is counter to one of the founding principles of the Industrial Development Act (2002) that sought to create an agency that could act quickly, and also appears to have led to an approach whereby changes are instead made to the criteria of existing programmes. This may serve to simply muddy the portfolio and create yet more confusion in the purpose of specific programmes. Furthermore, the client engagement model may introduce further inefficiencies that impact effectiveness. This includes an element of potential deadweight in supporting large firms that may have experienced growth anyway, and dedicating significant resource to repeat clients with less return than may have been expected. A final consideration of efficiency is the lack of client tracking for referrals, which may introduce repeated efforts in client engagement. These questions on whether the organisation uses its resourcing efficiently can be addressed via streamlining and reducing duplication in the portfolio, and creating greater coherence across internal and external parties. There should also be an examination of the client engagement model and how to reduce repeat instances and potential deadweight, and improving tracking of referrals.

Reflections on resourcing and its relationship to effectiveness also highlight the importance of funding continuity. In light of uncertainty following the end of large European funding allocations in Northern Ireland, it will be important to ensure that all relevant parties in Northern Ireland and the broader UK government are able to agree a clear route forward. Finding certainty on multi-year funding will be important for continuity but will also in principle aid a future focus on delivering and measuring the more medium-to-long term effects required in the 10x Economic Vision.

In conclusion, there is an important role for Invest NI, as a key business support provider, intelligence broker into policy, and experienced delivery organisation. These are key aspects of a successful economic development ecosystem. To make the most of these factors, more collaborative approaches, a re-building of trust, and a review of how (and to whom) investment is delivered and measured are required to build on evident areas of good practice and experience.

7.2 Main learning points

Each chapter of this report concludes with a number of key learning points drawn from the analysis. These sit somewhere between research observations and recommendations for future considerations (including additional work or research that may be required). We have brought those 10 learning points together in one place here, in order to present them 'in the round'. We have included both the main learning point and the accompanying narrative.

Each chapter of this report concludes with a number of key learning points drawn from the analysis. These sit somewhere between research observations and recommendations for future considerations (including additional work or research that may be required). We have brought those 10 learning points together in one place here, presenting them 'in the round'. The order in which the key learning points are presented is not a reflection of prioritisation, and simply follows the chapter structure of the report. We have included both the main learning point and the accompanying narrative.

Key learning point 1: Resource allocations are adequate, albeit with an evident focus on job creation particularly and investment and innovation

While Invest NI is adequately resourced, and its organisational objectives are aligned in principle with overarching economic policies and strategies, the balance of resourcing should be examined anew and 'in the round' between both Invest NI and DfE. In light of the 10x Economic Vision, it seems sensible that the 'innovation' economic driver received a significant share of resourcing. The larger still proportion of resourcing dedicated to the 'jobs and investment' economic driver may also be explained by the historic focus on job promotion through subsequent economic policies and strategies too. However it would be beneficial to take stock of this now and examine the appropriateness of these allocations and in particular whether the relatively low proportions in areas such as 'place', 'skills', 'entrepreneurship,' and 'the green economy' are in line with policy aspirations. This is also an opportunity to examine the efficiency with which resourcing is used, given the indications of inefficiency in delivery that mitigate effectiveness (see discussion of the portfolio and client engagement).

Key learning point 2: Funding continuity is important to the delivery of economic development and business support

As set out above, funding disruption may undermine the work of agencies active in this space. A multi-year commitment to funding should ensure that a focus can be on delivery and the relevant medium-to-longer term time horizons required to deliver on the 10x Economic Vision. The uncertainty of what will replace European funding post-2023 should be resolved by collaborative discussions that take in all relevant stakeholders from Invest NI, DfE, and the Department of Finance, as well as representatives of UK government departments and agencies (e.g. Department of Business, Energy, and Industrial Strategy, and UK Research and Innovation).

Key learning point 3: (Re-)developing trust is paramount, and should be backed with clear responsibilities, transparent practices and data sharing

There is a significant opportunity to build on the appetite for improving the working relationship between DfE and Invest NI. However, pockets of interpersonal issues still remain, and the relationship between the Invest NI board and executive leadership team appears to be contentious. It will be important to root out these remaining issues and personal attitudes and improve the collaborative cross-organisational working by building on good practice where it exists. The most important first step and the basis of this is clarity of roles, plus clear policies and processes for how policy objectives are collaboratively translated into delivery streams, and also how any required changes are made during programming periods. Transparency in data sharing and communication will also be key pillars of enacting this task. It is important to recognise that DfE also has a key responsibility in communication, setting out clear strategy directions, and working with Invest NI on delivery and measurement of this agenda. This could be facilitated by a new partnership agreement.

Key learning point 4: An ongoing review of the Invest NI portfolio should be undertaken and facilitated by the liaison and more systematised policy level conversations

There is also a clear opportunity to review the existing portfolio of activities. The desk review and consultation for this review leaves an impression that the portfolio has grown over time to become complex, unclear, and difficult to navigate internally and externally. There appears to be issues with related to visibility of the whole portfolio across teams within the organisation, and uncertainty about the 'true' number of programmes currently available. There exists an internal appetite to streamline the work of Invest NI, and this can be beneficial to both internal and external navigation (and coherence), and can also free Invest NI to focus on areas of delivery where its expertise is most clearly aligned. This will require a collaborative and open process between Invest NI and DfE, counter to recent examples of unilateral removal of innovation schemes. The benefits of the department and Invest NI working together should mitigate perceived potential backlash for the closure of any programmes or schemes. As set out in key learning point 4, these too may be facilitated by a new partnership agreement.

In undertaking any review of the portfolio of programmes and activities, consideration should be given to how it will serve the forward-looking aims of the 10x Economic Vision. Creating inclusive growth, addressing broad skills aspirations, and developing strategic clusters, each require new design and implementation, and reframing of investment, and how its effectiveness in measured. There should also be more consideration given to the ways in which entrepreneurship provision is undertaken, in particular in relation to investment in and support of early stage firms.

Key learning point 5: The Invest NI portfolio is overly large and complex, and may be best serviced by multiple specialist organisations

As discussed in key learning point 5, the size of the Invest NI portfolio has become large and complex, covering a significant remit. Just as a review of the portfolio could boost coherence and free Invest NI to focus on its core strengths, it will be important to understand whether 'other' areas of the portfolio may need to be served by different organisations. In this scenario, just as it would be important to introduce a partnership agreement between Invest NI and DfE, it would be similarly important to ensure that relationships with and between any network of delivery organisations are covered by mutually-agreed memoranda of understanding or bi-/multi-lateral partnership agreements.

Key learning point 6: Existing KPIs do not tell the full story of Invest NI's work, and should be revised to also measure the effects on the Northern Ireland economy

The public-facing set of metrics appears too narrow to capture a full picture of Invest NI's work, and these should be reviewed. A larger set of KPIs exists internally as part of a balanced scorecard, though this also measures largely input and output factors, including 'additional' KPIs on firms entering new markets, newly-exporting firms, and investment through R&D and innovation-related projects. The balanced scorecard is due to be refreshed and any review of KPIs should also keep in mind how to better demonstrate and communicate the purpose, role, and full breadth of Invest NI's contribution to delivering the 10x Economic Vision, with a view to creating a clear and consistent view of the organisation. A new set of KPIs should also bring forth measures of the value of the organisation's work by focusing on outcomes and impacts rather than inputs and outputs only. New qualitative measures could also be considered to better relate impact in terms of quality, change, or experiences. More work on collecting and analysing performance data would also strengthen Invest NI's own intelligence and bolster the organisation's role as a powerful contributor to economic development in Northern Ireland. This would facilitate the role as an expert adviser to DfE and other departments.

In addition, our examination of Invest NI's monitoring and evaluation practice found incomplete information related to market failures and return on investment figures. It is important that these assessments are undertaken, and it was not clear whether the missing information was due to these not having happened yet (i.e. planned for the future) or not being recorded in the information provided to the study team. The schedule of programme audits and evaluations appears to be sensible in principle, and the shift toward portfolio-based or thematic evaluations (rather than at the level of individual programmes) is a useful way to both view impacts of programmes 'in the round' and avoid 'double counting'. However, we would also note that it is important to evaluate individual programmes as well in order to reach a precise view of what each programme delivers. Only evaluating at the portfolio level may mask weak programmes and undermine the evidence base for decisions to be taken on the portfolio.

Key learning point 7: The business engagement model appears to serve a small number of businesses over repeat instances, and the client base could be further diversified

The Invest NI client base demonstrates higher than expected repeat clients (over half over five years) and a very high budget allocation to serving repeat clients (two thirds annually). In addition, the presence of a third of the top 100 companies in Northern Ireland among the client base raises questions about potential deadweight and how investment is targeted. This also raises questions about the ways in which the client base is maintained, particularly when also considered in line with the lack of referral tracking. The

This review did not get to the bottom of how sub-regional business engagement works in practice over and above a high-level description of the tiered client engagement model and criteria. It is clear that the Transformation Group is seen as an important point of ingress by Invest

NI, but broader stakeholder views do not support this, and it is unclear and not well-tracked how businesses engage this mechanism.

There is value in examining the drivers for this high repeat access and investment in large firms, particularly with a view to understanding whether some firms (such as early stage businesses) are structurally excluded from accessing selective financial assistance due to visibility or alignment of provision.

Key learning point 8: Sectoral alignment appears sensible but needs to be considered in light of cluster development and inclusive growth objectives

While there appears to be alignment across sectors that correspond to priority strategic clusters, the structural shift predicated by the 10x Economic Vision means that there is value in ensuring that the individual programmes are conducive to the goals of developing clusters and also to fostering inclusive growth. It is difficult to see at the portfolio level whether this is the case, as a more granular view is required. Cluster development and inclusive growth and diffusion are qualitatively different objectives that would sit alongside other areas focused on by existing portfolio of investment such as job promotion, sales, and R&D investment, and thus may require different programmatic approaches.

Key learning point 9: The effectiveness of Invest NI's investment in firms primarily relates to job creation. Effects on innovation are unclear, and effects of productivity are muted.

We have noted that the positive effects observed on employment growth are in line with what could be expected of a portfolio of investment instruments that has a large proportional focused on job promotion. We also noted that these effects may also be incentivised by KPIs that focus on job promotion, In principle, these results show that Invest NI is undertaking its function as a job promotion agency. The engagement of inward investment projects in the client base is small in terms of both number of businesses and budget allocation, and externally owned businesses do not appear to demonstrate significantly higher growth than others receiving investment.

In our examination of innovation effects, the external data used for this study did not provide enough data points to be able to run a robust analysis, which may be addressed in future work by using data from the Office for National Statistics (e.g. BERD data). Another option is primary data collected by Invest NI on innovation factors, though this appears to be largely related to R&D and innovation investment, and other outcomes would need to be monitored (types of projects, partnerships, intellectual property rights, innovation capabilities and intentions). We note that Invest NI investment also does not result in productivity gains among client businesses. It would be expected that productivity gains are be affected by innovation investment. However, as discussed in this report, productivity effects are not evident from the statistical tests undertaken for this review.

We would also suggest that consideration is given to bringing more rigour to the ways in which sub-regional effects are recorded and communicated, for example via calculating growth rates as we have for this study. This could in principle be supported by the economics team of Invest NI.

We believe that given the expertise, knowledge, and breadth of the organisation, more can be 'unlocked' for the Northern Ireland economy. This will require a review of the investment offer that examines any available client data on innovation performance, and an honest view of the drivers of low productivity among the client base. The latter is a well-documented regional issue, and this may also provide insight.

Key learning point 10: The efficiency and effectiveness of Invest NI's delivery is undermined by its large portfolio and some processes

While Invest NI is an experienced delivery organisation, its efficiency is mitigated in a number of areas. These include the confusion over the range of programmes in the organisation's portfolio. The size of the portfolio and lack of clarity on some programmes affects both internal and external understanding of the organisation's work, with some potential silo-ing across teams. Another area in which efficiency is mitigated is the reported slow timing for starting new programmes to address emerging policy priorities. In chapter 3 we note that the intention of the Industrial Development Act in 2002 was to create an agency that could act quickly, which is does not appear to be happening in practice. A third area of consideration is the lack of tracking of referrals, which may result in duplicated efforts in dealing with some clients. Finally, the potential deadweight[76] of investing in larger firms and disproportionately in repeat client access would also undermine efficiency in terms of delivering results.

Taken together, it is possible that these inefficiencies undermine the effectiveness of the organisation. To address this, a programme of simplification and improved data collection and management and reporting (including client tracking) should be explored.

[76] Impacts or results that would have happened without public intervention

Appendix A Methodological notes

A.1 Evaluation question mapping

To address the aims of the study, we interpreted the review's main research questions and aligned them with the methods and tasks that make up the programme of work. This is presented in the table below.

We have followed the requirements of the call for proposals closely, remaining focused on the need to develop a good overview of Invest NI's work and the environment in which it operates (and the influence of external factors over the period of examination), and thus combined desk review, the development of a programme logic model and theory of change, and quantitative analysis of Invest NI client and monitoring data. In addition, we minimised primary data collection in the work plan for the inward-looking review,[77] while suggesting light-touch consultation at the scoping phase to ensure appropriate orientation of the study and to aid discovery of relevant (internal) documents and datasets that may otherwise be less visible.

Research question	**Scoping interviews**	**Document review**	**Mgmt. info. review**	**PLM & ToC**	**Composition analysis**	**Econometric analysis**
The various performance indicators and outcome measures used by the organisation to demonstrate impact and how Invest NI performs against those						
Performance and impact at a sub-regional level						
The different functions of Invest NI together with associated budgets and human resources						
What are Invest NI's programmes and initiatives, and what are they designed to do including the market failure they have been developed to address?						
How is performance measured and monitored?						
How regularly are programmes and initiatives reviewed to ascertain if they are aligned to DfE Policy priorities and needs of the economy?						
What is their impact individually and in aggregate?						
How is value for money monitored?						
Invest NI's Client base and how this is represented within the wider NI business economy						
The organisation's governance and delivery model including staffing and delivery partners						
The extent to which the organisation's objectives match with those of its sponsoring Department, Department for the Economy with a particular focus on the 10X Strategy						

[77] While aiming to make use of consultation data from work undertaken in the broader work of the independent panel

A.2 Counterfactual analysis approach

A.2.1 Econometric treatment

The effects and impacts of the SME financing of Invest NI is quantitatively assessed using a micro-econometric approach. This so-called "quasi-experimental" methodological technique consists in comparing the evolution of relevant indicators (in our case Turnover and FTE employment) of financed SMEs (henceforth treated SMEs) to those of a counterfactual group of non-beneficiary SMEs.[1]

The analysis is composed of two steps: a matching work to build the analysis sample (composed of treated and untreated counterfactual SMEs) and an impact estimation work on the basis of the previously built sample by means of an econometric model (staggered difference-in-difference).

The matching work consists of identifying for each treated SME one or more untreated but similar SMEs on the basis of a set of characteristics. These features include, but are not limited to:[2]

- The profile of the SME (category, age, sector of activity)
- Economic activity in terms of turnover, employment, and total assets

Regarding the temporality, we take into account the fact that the selection of the beneficiaries (financed SMEs) is called "staggered": it is not carried out at a fixed year common to all (some became beneficiaries in 2017, others in 2018, etc.). In concrete terms, each treated SME is matched to a counterfactual group on the basis of the indicators of the year preceding the year of treatment of the treated SME. At the technical level, the matching of SMEs is based on propensity scores (indices measuring the probability that a SME obtain financing from Invest NI, whether it is the case or not). We also vary the *matching* techniques [3] in order to create different analysis samples and perform robustness analyses (the results should not only reflect the matching arbitrage).

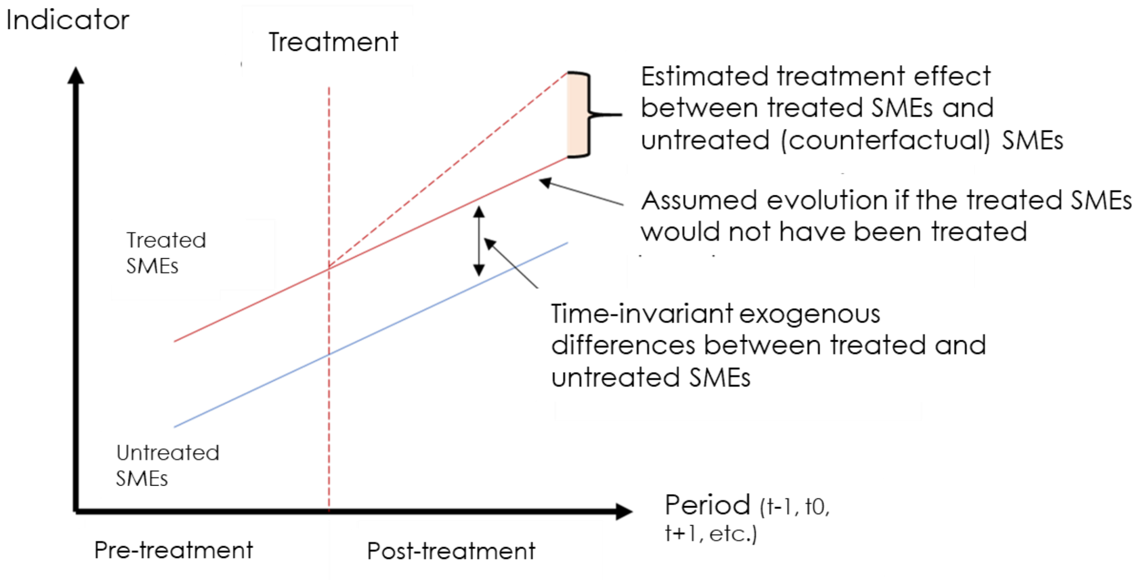
Once the analysis samples are constructed, containing the beneficiaries and non-beneficiaries (counterfactual), we estimate the causal impact of the scheme via a staggered difference-in-difference model. This model measures the average difference (in % or in level) in the evolution of indicators between the two groups of SMEs. The term "difference-in-difference " refers to the taking into account of two types of effects exogeneous of the scheme that would explain a non-negligible part of the indicators' variances:[4]

- Sectoral effects, specific to SMEs and their sector of activity
- Annual effects, period of recession or strong growth (which may also be specific to one or more sectors)[5]

The term "staggered" refers to the fact that the model estimates the differences in the evolution of SMEs that did were not treated in the same year, so the estimated impacts are shifted according to the groups of SMEs. To overcome this problem we do not work with the years before-after treatment (2011, 2012, 2013, etc.) but rather with the periods before-after treatment $(t-1, t0, t+1\mathrm{t}-1, \mathrm{t}0, \mathrm{t}+1)$.[6]

The figure below summarizes the proposed methodological approach.

Figure 32 Summary diagram of the econometric approach adopted (difference-in-difference) 1



Source: Technopolis. NB: The red (beneficiaries or treated) and blue (paired non-beneficiaries or untreated) curves observe an identical evolution in the pre-treatment period (by construction following the matching work). In the post-treatment period we observe a significant change in the evolution of the beneficiaries' indicator (dotted segment), creating a difference in evolution that the model estimates. The graph uses the first year of treatment (first financing year) as the treatment threshold: t-1.

Our analysis focuses on two financial indicators: Turnover (in £k) and employment (FTE).

A.2.2 Matching procedure

Our sample covers firm data over the period 2013-2021. Some (predicted) figures were available for 2022 but were too scarce to be considered in our analysis. Our firm sample consists not only of beneficiary SMEs but also of untreated ones – dubbed the counterfactual SMEs – being identified by means of Propensity Score Matching. Counterfactual SMEs are selected from a sample of 59,000 untreated Northern Irish SMEs (the entire population of SMEs for which ORBIS data was available).

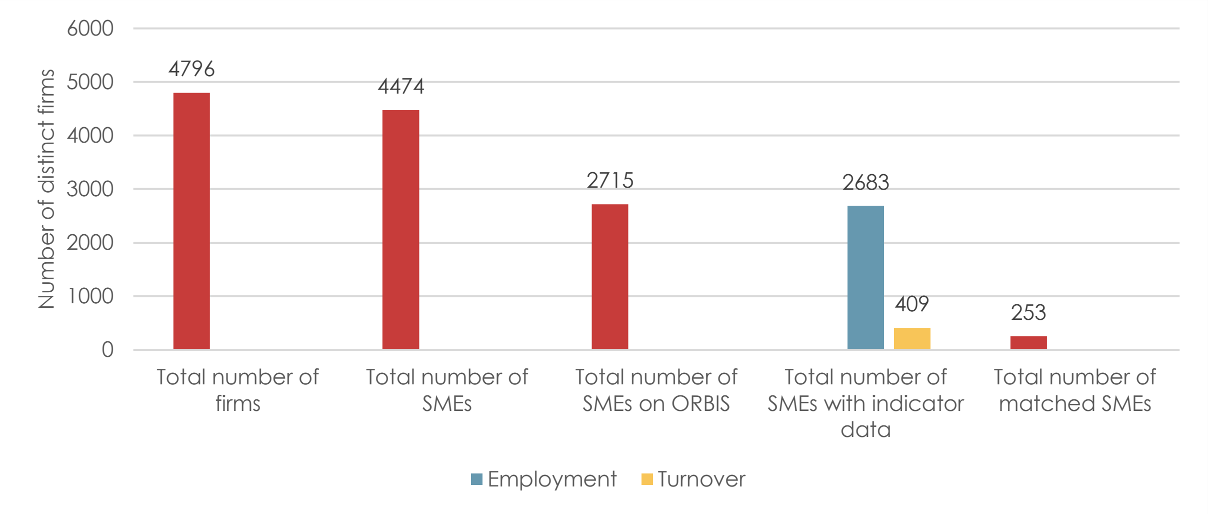
In a first step we estimate for each firm the probability - dubbed the propensity score - that it would be granted financing by Invest NI, based on:

- Its year of creation (or firm age in 2022)
- Its industry sector (we exclude sectors not covered by Invest NI according to proprietary firm data)
- Total Assets (log), Employment (log) and Turnover (log) in the year precedent treatment (t_{-1})

In a second step we match each treated SME with (maximum) 5 untreated SMEs having the closest propensity score. As a result, we obtain a sample of 253 treated SMEs (5.6% of the total beneficiary SMEs) and 532 untreated matched SMEs, i.e., around 2 counterfactual firms per treated firms (which is lower than the figure we expected). The drop in number of matched treated firms (253 firms) compared to the original number of firms with financial ORBIS data (409 firms) can be explained by missing observations (data gaps).

Figure 33 below provides a summary of sample size by sample (total, SME only, SME matched in the ORBIS database, SME with indicator data, SME matched using PSM).

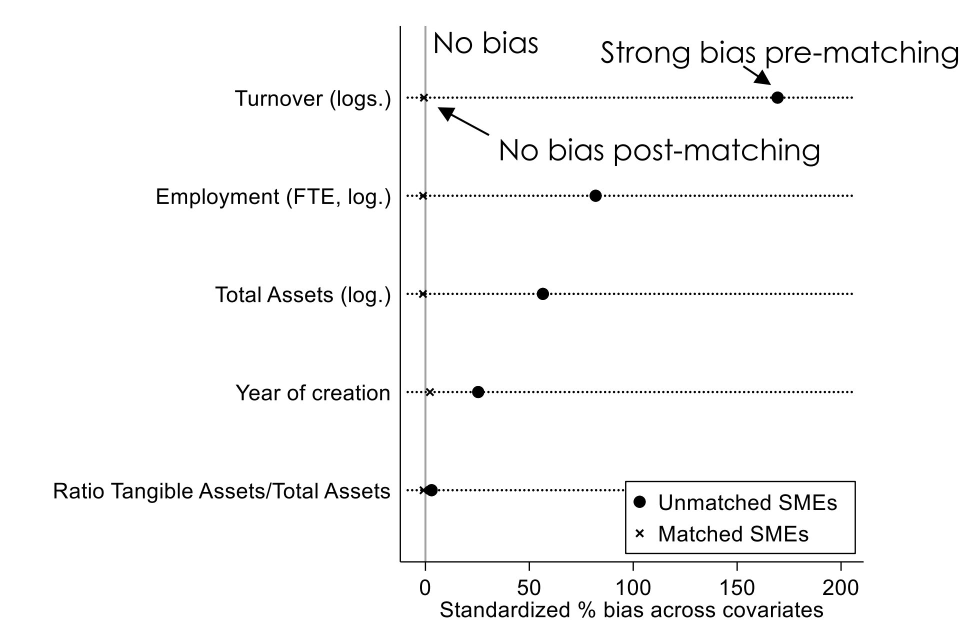
Figure 33 Summary of sample size by category



Source: Technopolis. Interpretation: 93% of the beneficiary firms are SME, 60% of those SMEs are identified in the ORBIS database (Moody's). Data on employment is available for 98% of those identified SMEs in ORBIS (2,683/2,715). Data on turnover is available for 15% of those identifies SMEs in ORBIS (409/2,715).

A balancing test, shown in Figure 34 below, checked and validated that the selection bias has been efficiently reduced (in the pre-treatment period) following matching. I.e., the Propensity Score Matching produced a sample of comparable SMEs.

Figure 34 Balancing test showing bias without matching (black dots) and with matching (crosses)



Source: Technopolis. Interpretation: Before matching, the SME analysis sample had a standardised bias (differences in sample means between treated and untreated firms) of 150%, following matching it drops to no bias

In our sample, post-treatment period (years after receiving assistance) is 4 periods long, i.e., we can estimate impact on indicators up to 4 years after the treatment (including the first treatment year, dubbed t_0). Pre-treatment period is 3 period long, i.e. we can look back to three years before treatment in order to confirm that both SME groups (treated and counterfactual untreated) are not significantly different (their economic performance is alike and we observe common pre-treatment trends).

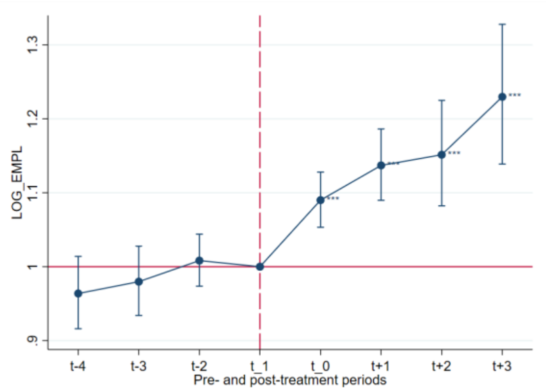
A.3 Robustness checks

Robustness checks on the estimated treatment effects (discussed in chapter 6) have been performed using different matching techniques in order to obtain a total of four different SME samples (and therefore four counterfactual groups). For each SME sample we estimate the difference-in-difference model and obtain new sets of results for the three indicators of interest: Employment, Turnover and Productivity (Turnover per capita). Those four sets of results are visually compared in this section in order to assess the significancy of the obtained treatment effects. The four matching techniques we use are the following: i) Nearest-neighbour (one counterfactual SME for a SME), ii) 10 nearest-neighbours (10 counterfactual SMEs for a SME), iii) Radius (as many counterfactual SMEs as possible for a SME, within a tolerance range), iv) Five nearest neighbours (the baseline of our study). For the three indicators, visual results of the estimation are benchmarked in the following subsections.

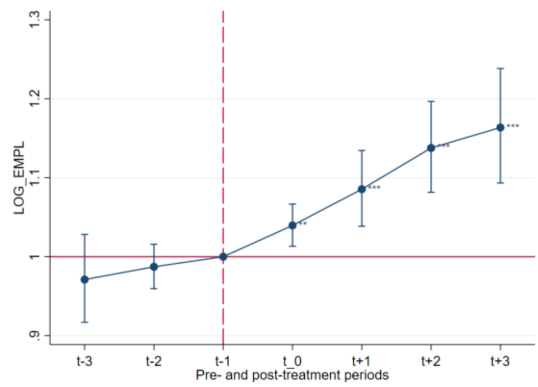
A.3.1 Employees

The robustness checks tend to validate the previously discussed results: following treatment, Invest NI clients are creating more jobs than their untreated counterparts. On average the growth rate ranges between 10% and 20% (max) in the three years following treatment, relative to the year before treatment (t_{-1}).

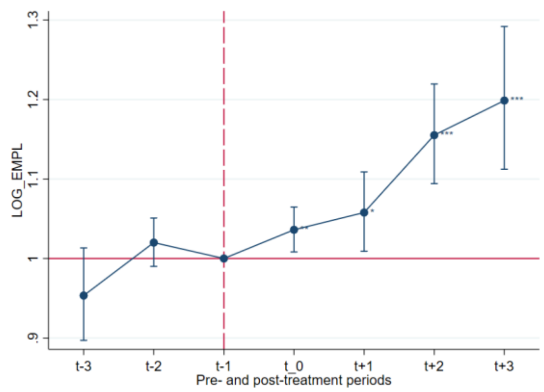
Robustness checks - Employees (n1)



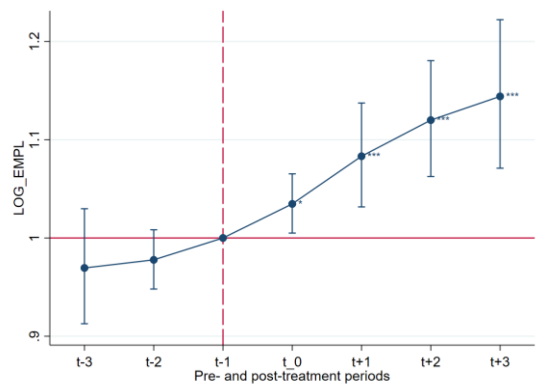
Robustness checks - Employees (n10)



Robustness checks - Employees (radius)



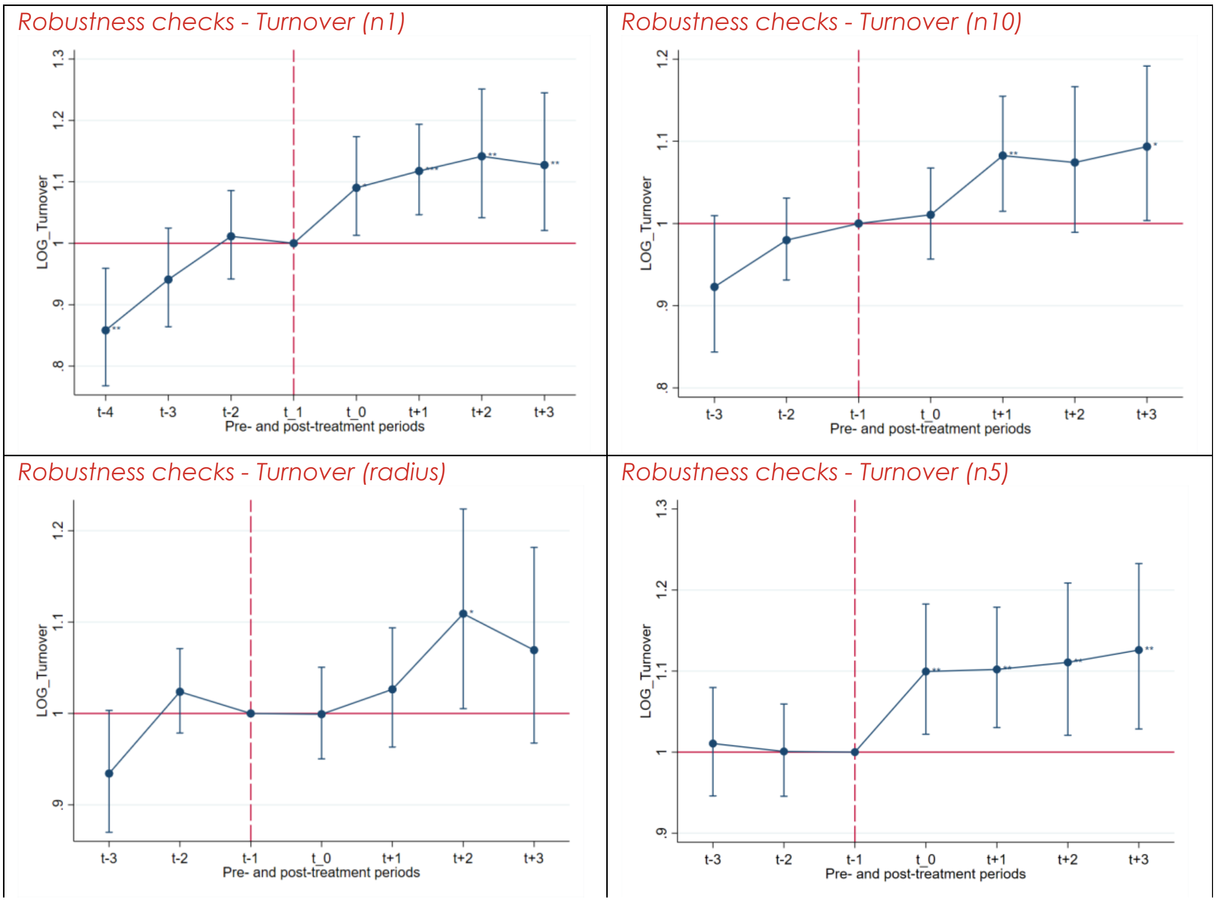
Robustness checks - Employees (n5)



Source: Technopolis. The four graphs are obtained from four different regressions on four different analysis samples (n1, n10, radius and n5). Each point corresponds to a base index (100=t_{-1}) and can be interpreted as the additional growth compared to baseline (untreated firms). ***: significant at the 1%-level, **: at the 5% level, * at the 10% level

A.3.2 *Turnover*

Overall, turnover of treated SMEs grows faster than for the untreated. Common tendencies (the fact that treated and untreated firms are alike before treatment) are however not verified in at least one case and the timing of the treatment effect (the number of periods before the treatment effect becomes significant) varies. As a result we conclude that a causal impact on turnover is observed, with a common average growth rate of 10% (relative to t_{-1}) but that the materialisation timing is not fixed.

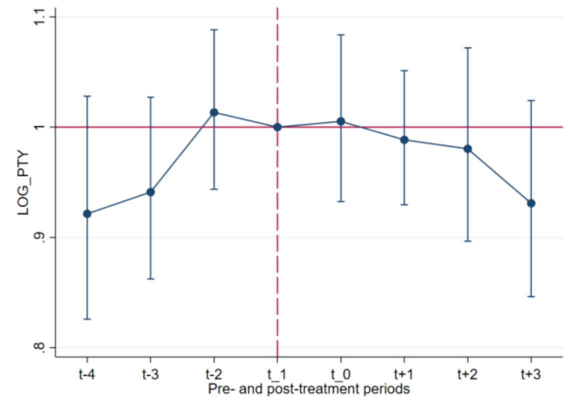


Source: Technopolis. The four graphs are obtained from four different regressions on four different analysis samples (n1, n10, radius and n5). Each point corresponds to a base index (100=t_{-1}) and can be interpreted as the additional growth compared to baseline (untreated firms). ***: significant at the 1%-level, **: at the 5% level, * at the 10% level

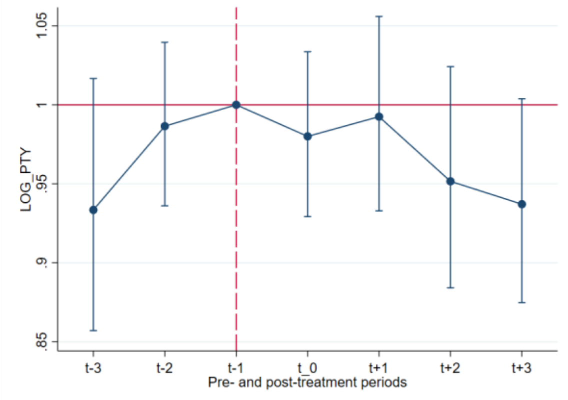
A.3.3 *Productivity*

The robustness checks confirm that no causal impact on productivity can be observed. However, it seems that the productivity of treated firms tend to slow down following treatment, compared to the productivity of untreated counterfactual firms. Nevertheless no conclusions should be drawn from this observation since no treatment effect is significant.

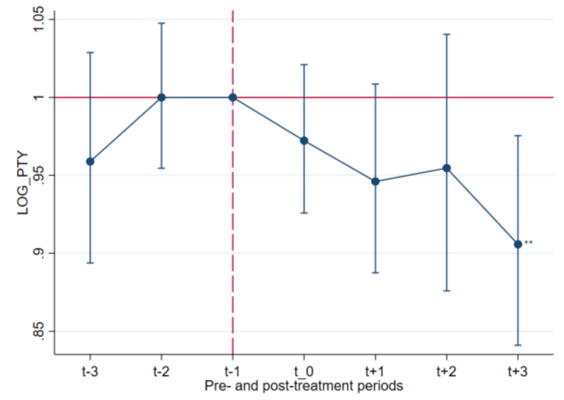
Robustness checks - *Productivity (n1)*



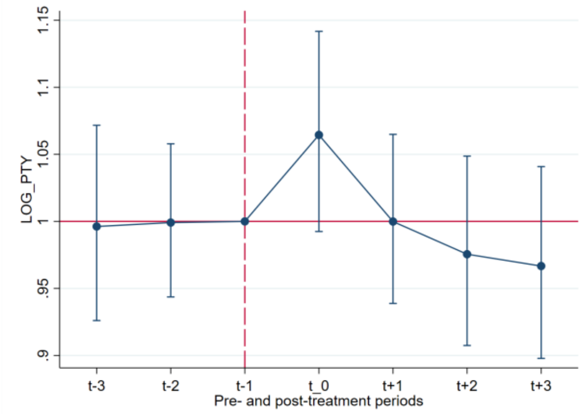
Robustness checks - *Productivity (n10)*



Robustness checks - *Productivity (radius)*



Robustness checks - *Productivity (n5)*



Source: Technopolis. The four graphs are obtained from four different regressions on four different analysis samples (n1, n10, radius and n5). Each point corresponds to a base index (100=t_{-1}) and can be interpreted as the additional growth compared to baseline (untreated firms). ***: significant at the 1%-level, **: at the 5% level, * at the 10% level

Appendix B Invest NI portfolio

B.1.1 Principles for support

No.	Principle	Comment
1	Strategic Fit	How a project aligns with the customer's business strategy and that of the relevant Northern Ireland Programme for Government, Economic Strategy, and Invest NI Business Strategy
2	Proposed Assistance & Market Failure	That there is a sound rationale for Invest NI support along with what funding streams will be used, including the Market Failure
3	Project Risk	Clear definition of the risks faced either to the customer or Invest NI in delivering a project and how they will be mitigated
4	Viability	The commercial strength and sustainability of the customer and project
5	Additionality	The impact of Invest NI's support on a project's scope, scale, or timing
6	Mobility	Whether a customer has viable and realistic alternative for the location for a project or for the use of available funds?
7	Displacement	Likelihood that a project will impact jobs or sales in Northern Ireland competitors or in other UK regions
8	Economic Efficiency	Whether the benefits of the project (public and private) exceed the costs (public and private)
9	Control Calculations & Cost-effectiveness	Confirmation that European Union (EU) State aid and Department of Finance (DoF) funding thresholds have not been breached Conclusion on how cost-effective the intervention is
10	Affordability	Ability of Invest NI to support the project within available resources
11	Value For Money Conclusion & Recommendation	Invest NI must be satisfied that overall, providing support towards a project represents value for money and that the support is justified.
12	Conditions of Support	Conditions to be attached to the offer that address risk or maximize value

Source: Document review – Invest NI intervention principles

B.1.2 *Live programmes, market failures, and return on investment by economic driver*

The following tables present programme information drawn together from information provided by Invest NI, including project documentation, audit summaries, independent evaluations, and programme abstracts. Fields marked 'unavailable' are those for which information was not evident in the provided documents.

Grow external sales

Trade (Promote External & Export Sales)

Programme	Target Audience / Description	Market Failure	RoI / GVA
Trade Solutions	Covers 7 different sub programmes, intended to support businesses find and develop export markets. Provision is offered through advice, grants, funding for foreign buyers to travel to NI, and skills workshops to support NI businesses	Limited private provision in trade and export knowledge. Private supports often are local chamber of commerce, but access to them abroad can be difficult. INI acts as a one stop shop for export support	GVA of between £3.70 and £5.20 per £1 invested
Grow Beyond (First Time exporters Programme)	For customers in manufacturing / tradeable services to develop sales and new business outside NI (possibly for the first time). It included 3 workshops on market research, market development and selecting distribution channels / partners. Also 3 days of 1:1 mentoring support to help transfer knowledge and develop a Trade Action Plan.	Time limited support for first time exporters. Limited private sector support in this area, since most businesses are focused on larger scale and later stage export companies.	Unavailable
Market Knowledge events	• Free to companies • Used to promote market opportunities • Used to recruit for missions/ exhibitions	Unavailable	Unavailable
Graduate to Export Programme	Programme aims to help companies with ambitious growth plans by support to employ a graduate for 18 months to take forward a market research that targets a specific market outside NI. The graduate receives export skills training and mentorship from UU, Institute of Export and Company.	Helps to feed into other INI programmes for export. Helps to plan and implement an export plan before other support may become necessary.	Unavailable

Jobs and Investment

Programme	Target Audience / Description	Market Failure	RoI / GVA
NI Connections	Northern Irish Connections connects and unlocks the talent and influence of a global network of Northern Irish expats and friends to advance the economic prosperity of Northern Ireland.	Unavailable	Unavailable

New COVID / ERAP Schemes

Programme	Target Audience / Description	Market Failure	RoI / GVA

Digital Selling Capability Grant	The scheme is a series of competitive funding calls to help retail businesses effected by the impact of Covid-19 to develop their online sales capability and help support viable businesses in the sector during the recovery stage. Intended to help support businesses that cannot avail of equivalent Invest NI support schemes already available. Cost supported: developing an e-commerce solutions or digital marketing consultancy to help the business grow their online sales.	Support businesses transition to online selling during pandemic. Limited market support in this area.	Unavailable

Innovation

R&D and innovation

Programme	Target Audience / Description	Market Failure	RoI / GVA
Grant for R&D	Programme includes Innovation Advice, Project Definition, Grant for R&D, Collaborative Grant for R&D and Collaborative R&D Advisory Services. GRD offers companies grant to develop technically innovative products / processes. Typical project duration: 2-4yrs; Typical project costs:£30k - £1m (but also supports larger projects); Typical grant: SMEs 40 - 50%; Large companies 20 - 30%. Higher rates offered for collaborative projects. Advice on Innovate UK Opportunities has been subsumed into Grant for R&D Sector teams and Innovate UK Edge. High level advice and sign-posting on Horizon Europe comes from the Universities Team.	Limited private support for R&D grants. This helps to drive innovation and growth in participating firms.	£1 : £3.96
Competence Centres	Competence Centre Programme is designed to encourage innovative companies (at least 4) to work together with the research base to achieve competitive advantage. To date 4 Centres have been established in:- Connected Health, Sustainable Energy, Advanced Engineering and Agri-Food.	Focus on key growth areas in NI. Linked to 10x and other strategic objectives	Unavailable
Small Business Research Initiative (SBRI)	Pre-commercial programme designed by Innovate UK to encourage private sector businesses to provide innovative solutions to public sector challenges. Aims to maximise the benefit of public sector procurement by ensuring more innovative and cost-effective solutions and allowing innovative companies to use the public body as a "lead customer".	Private sector provision for public sector problems. Not commonly supported in the marketplace.	Unavailable

Knowledge Transfer Partnership	A collaborative project between a company and academic institution which facilitates the knowledge, technology and skills transfer. Each partnership employs one or more recently qualified graduates on a project of strategic importance, whilst also being supervised by the Knowledge Base Partner.	Supports transfer from academia into the private sector. Limited support for projects like these unless there is a commercial opportunity readily available.	Unavailable
Proof of Concept Phase IV	PoC supports the commercialisation of leading-edge technologies emerging from NI research organisations, currently: Queens University, University of Ulster, AFBI and NHS Boards. NB, private companies are not eligible to apply. It enables researchers to export their ideas and inventions from the lab to the global marketplace.	Supports transfer from academia into the private sector. Limited support for projects like these unless there is a commercial opportunity readily available.	£1 : £0.81 (Phase II)
Design Service	Offers up to one half day of advice from experts on a range of design issues from packaging through to product design. Available to all Invest NI customers. Generated through a referral from Client Exec. Other offerings include small grants for design support, mentors, and awareness raising on the importance of good design in innovation	Unavailable	£1 : £1.4
Innovate UK Edge	Innovate UK EDGE, formerly known as Enterprise Europe Network (EEN), is the UK innovation agency's resource for innovative SMEs from any sector which are ambitious to grow and scale. Invest NI hosts Innovate UK Edge in Northern Ireland; our specialists can be a mentor, critical friend, and champion to innovative businesses, enabling you to grow and scale. We can help you access support from Innovate UK EDGE including one-to-one mentoring, peer-to-peer networks, brokerage events, partnership opportunities and programmes such as the Global Business Innovation and Global Incubator programmes.	Link to Innovate UK programmes and ideas within NI. This is not offered elsewhere within INI or NI.	Unavailable
TECHNICAL ADVISORY SUPPORT (including financial interventions)	Detailed technical advice on product & process problem resolution, product testing, approval / CE marking / global technical compliance, integrated management systems including ISO 9001, ISO27000, Intellectual Property including patent and TM searches, Intellectual Asset Management audits and improved design & performance.	Unavailable	Unavailable
Innovation Vouchers	SMEs may apply for a voucher worth up to £5000 to access expertise for an innovation project from a public sector Knowledge Provider (Universities, Colleges, Institutes of Technology throughout NI and the ROI).	Helps to link businesses with public sector knowledge. No similar provision	£1 : £1.8

Business Information Service (including Tender Alert Service)	Forming part of INIs market research capability. This recourse is used extensively by the sector teams in assisting companies to carry out market intelligence to aid business growth. resources include: • Desktop research • Access to published reports • A tender Alert Service that enables companies to identify local and international contract opportunities from a wide range of public sector organisations via a daily alerting service.	Provides information to allow businesses to make informed decisions. No private sector provision for this. (Minimal cost)	Unavailable
Innovation Accreditation Scheme	The Innovation Accreditation is a DfE initiative and PfG target. Businesses in receipt of an innovation led intervention can receive an Innovation Recognition Award (bronze, silver, gold, platinum) recognising their level of innovation and position on the innovation framework. Business receiving recognition also receive advice and guidance to help them progress to commercialisation. Businesses are also signposted to other sources of support. The Innovation Accreditation is also aimed at helping the delivery of 10X.	Aiming to support sustained growth aligned with 10x strategy. Specific to government objectives.	Unavailable

Technology Solutions

Programme	**Target Audience / Description**	**Market Failure**	**RoI / GVA**
MIS Grant	Financial support to part fund the implementation of Management information systems within SMEs. Each project is appraised against Invest NI intervention principles / delegated authority and a Letter of offer is issued to approved projects.	Limited support for SME MIS system improvements. Productivity gains can be large, but not something that the private sector engages with due to limited returns	£1 : £3.09

New COVID / ERAP Schemes

Programme	**Target Audience / Description**	**Market Failure**	**RoI / GVA**
ERAP (Regional)	To support a range of short and medium-term initiatives focused on innovation, inclusiveness, recovery and rebuilding of the Northern Ireland economy following the profound impact of the COVID-19 pandemic. ERAP Regional will deliver, on a Pilot basis, a range of short-term initiatives under 3 main themes; Entrepreneurship inc Economic Recovery Innovation Grant, Sub-Regional Development and Green Local Opportunities.	Limited market support in this area. Particularly with a focus on regional needs.	Unavailable

Entrepreneurship and commercialisation

Programme	Target Audience / Description	Market Failure	RoI / GVA
Northern Ireland Women's Enterprise Challenge (YesYouCan)	Collaboration between Invest NI, Women in Business, Councils to promote female enterprise, increase no. of women considering starting a business and encourage existing female entrepreneurs to grow businesses, particularly in external markets.	Gender gap is and remains significant, supporting women to grow in businesses is the only way to address that concern.	Unavailable
Propel Pre-Accelerator	A business support programme which aims to maximise the number and impact of sustainable, innovative, high-growth export orientated businesses established in NI as a result of participation on the programme.	Focus on exports is unique in the market, most accelerators are more locally focused.	Unavailable
Ignite NI Accelerator	Focused on high potential start-ups, each team gets access to intensive mentoring, a co-working space and seed capital funding to help them develop the capability and knowledge to succeed internationally	Focus on companies that have high growth and international potential.	Unavailable
Start Up Support	A pilot approach to supporting start-ups under Invest NI's overall SFA programme. A streamlined appraisal and approval process for smaller start-ups, a negotiated standard offer and an offer which included innovation and product development support	Acts as a feeder programme to SFA,	Unavailable
From Student to First Sale	Salary subvention support of £15k payable in three agreed tranches against milestone targets. Support available to graduates (within circa. 1 year of graduation) who have projects that have potential to meet the Invest NI criteria for support. Funded via existing Transformation Group budget	Fills a gap for new graduates who have ready-made projects in the works. Helps to drive innovation and new ideas. Not happening elsewhere in the market.	Unavailable
Successor Seed Fund (TECHSTART II)	Successor Fund to Techstart I approved on 18/12/18. £38m Fund to invest in start-up and early-stage businesses based in Northern Ireland. Also includes POC fund to invest in post proof of concept and pre-commercialisation spin out companies	Unavailable	£1 : £0.25

Skills and competitiveness

Programme	Target Audience / Description	Market Failure	RoI / GVA
Collaborative Growth Programme	Supports business-led networks to maximise collaborative opportunities in the development of skills, innovative and / or new products, processes or services. Provides the opportunity to focus on collaborative initiatives aligned to 10X vision whilst maximising access to external expertise, sharing knowledge, resources, reducing risk and building capacity & capability.	Provides a platform for collaboration with a focus on areas that are of key interest to the government and 10x strategy	£1: £5.73

Skills Intervention Programme II	Financial support for training activities to Invest NI customers to support company growth. The scheme supports trainee wages, internal trainer, external trainer costs. Grant support is variable up to a maximum of 50% of eligible costs. Mandatory training, induction training and repeat training are not eligible.	Works to upskill NI staff, and helps to pay some of the cost to businesses. The salary coverage helps to mitigate any issues that may arise from hiring unskilled people within a small business	£1: £1.71
SME Mentoring	Provides funding towards the costs of working with a Mentor to provide appropriate advice and guidance, personal challenge, and development at a strategic level. Focus is typically on strategic direction, executive and management performance, communications and corporate governance including succession matters in family-owned businesses.	Unavailable	Unavailable
Non-Executive Director	Provides funding for working with experienced Non-Executive Director over 2 years (max). NED will have no managerial / executive responsibilities. Support focuses on Board capability development - strategic direction, Exec. performance and corporate governance etc including succession issues in family-owned businesses	Unavailable	Unavailable
HR Advisers (People Solutions Service)	HR advisers are Invest NI staff who are qualified HR professionals. Advice may be given by phone, email, client visits, referral to other specialist bodies – Labour Relations Agency, Equality Commission etc.	HR at small businesses can often be lacking, and there is limited support within the market to meet this demand. Invest NI staff who are already trained help in this role	Unavailable
The Leadership Programme	The Leader Programme – Aimed at owner managers / MDs, the Programme offers participants the opportunity to work with Business Mentors, Leadership coaches and other businesses to challenge and develop their business and leadership capabilities culminating in a Business Growth Plan.	Unavailable	£1: £1.26
The Leadership Programme	The Leadership Team Programme - Aimed at SME, MD plus two other members of the senior management team to develop their business strategy and build a cohesive senior team. Also includes Ambition To Scale	Unavailable	£1: £1.26
The Leadership Programme	Leading within a Group - Aimed at the Site lead of externally owned companies located in NI. Leadership development made up of executive education and executive coaching focusing on personal and business growth	Unavailable	£1: £1.26

The Leadership Programme	The Leadership Experience Best Practice Events - 1-2 events annually which are FOC. They bring together international and local leadership experts to share experiences and challenges. Each event provides practical advice from speakers and guidance on how to apply these lessons to improving your business.	Unavailable	£1: £1.26
Accelerating Growth Programme	A response to an identified need by Regional Business for a mechanism to accelerate the development of smaller, regional Invest NI clients with growth potential through building their skills and capability, largely through a programme of tailored workshops and business mentoring..	Most supports focus on the entire NI, but overlook more localised needs. This offers regional businesses an opportunity to grow through mentoring at minimal cost.	Unavailable
Attract In/Attract Back	New Programme designed to support businesses to attract talent back, and in, to Northern Ireland to help address skills shortages	Limited market activity to attract talent into NI. This is a wider issue in NI and INI is keen to offer support in meeting skills shortages.	Unavailable

Jobs and investment

Programme	Target Audience / Description	Market Failure	RoI / GVA
Selective Financial Assistance	SFA supports NI investment and job creation projects that involve setting up new businesses, expanding existing businesses and attracting inward investment.	Short of VC or selling businesses, there are limited funding opportunities to drive expansion in the private sector.	£1 : £2.7
Growth Accelerator Programme (GAP)	Provides grant assistance to support marketing activities outside NI, to recruit management skills currently lacking in a business and to avail of specialist consultancy services.	Helps businesses to grow more quickly in multiple areas with minimal support. Limited offer in the private sector.	£1 : £2.53
Property	Support in finding, procuring, and utilising premises that are sufficient to meet the needs of businesses in NI.	Lack of access to property limits expansion opportunities for businesses. Limited private provision in this area	Unavailable
Small Business Food Programme	The programme is procured. It has engaged a 3rd party provider to deliver a range of development activities for the small business/artisan companies within the INI Food sector. The programme is running from 1st Jan 2019	Food is an area that is underserved in the business support arena, this attempts to fill a gap in the market. NI has high opportunities in food export.	Unavailable
Growth Finance Fund	Provides loans to SMEs with export / growth potential and seeking to access growth finance. £30m fund with NILGOSC, British Business Bank and INI investing £12m, £10.5m and £7.5m respectively. No recycling. Provides loan advances of £7.5m p/a over a 4yr; deal size £500k-£2m. Operate as a state aid fund and in compliance with GBER 2014.	Looking to drive growth, when private sector support would need greater collateral that many businesses could afford.	Unavailable

Small Business Loan Fund II	The NI Small Business Loan Fund II is a £5.5m revolving loan fund which provides unsecured loans to individuals, private companies and social enterprises in the start-up and growth phases of development. The fund will have the ability to lend up to £100k (previously £50k). The Fund is managed by Ulster Community Investment PLC	Offers unsecured loans, which are not found in the private marketplace.	£1 : £1.31
Buying Time Assistance	Buying time assistance is a demand led source of funding for businesses in difficulty. Average annual spend £400k over 10 year period, varying annually from £1.4m to zero.	Provides support when businesses are in difficulty when the market would be unlikely to offer support	Unavailable
Restructuring Assistance	Restructuring assistance is a demand led source of funding for businesses in difficulty. Average annual spend £200k over 10 year period, varying annually from £400k to zero.	Provides support when businesses are in difficulty when the market would be unlikely to offer support	
HBAN	An all island programme involving Enterprise Ireland, IntertradeIreland and Invest NI. Aims to develop Business Angel investing. Dublin BIC is the EDO for the all-island programme with Clarendon Fund Managers engaged by them to deliver the programme in NI.	Unavailable	£1 : £1.77
Successor Seed Fund (TECHSTART II)	Successor Fund to Techstart I approved on 18/12/18. £38m Fund to invest in start-up and early-stage businesses based in Northern Ireland.	Unavailable	£1 : £0.25

Technology Solutions

Programme	Target Audience / Description	Market Failure	RoI / GVA
nibusinessinfo .co.uk	Website providing SMEs in Northern Ireland a 'one stop shop' for business advice and compliance/regulator information. Works with government departments and agencies to ensure the information to businesses is accurate and up-to- date.	No private website for comprehensive information on business support and regional development	Unavailable
Brexit Preparation Grant	Brexit Preparation Grant is a tactical response to UK's intention to leave the EU. It is a variation of GAP to specifically help clients prepare for Brexit.	Every local business requires a transition to a Brexit economy, there was limited support from the private sector to make changes to business structures.	Unavailable

Funds

Programme	Target Audience / Description	Market Failure	RoI / GVA
Co-Investment Fund II	A £50m fund for NI SMEs which co-invests alongside business angels and other private investors. The fund can provide investment deals typically valued between £150k and £1m at a ratio of up to 50% in each deal. The Fund is managed on behalf of Invest NI by Clarendon Fund Managers.	Provides funding at a stage when limited private sector funding is available, while leveraging private sector funding to drive growth. Offers greater potential that the private loan would be on its own.	Unavailable
Growth Loan Fund II	Provides loans to SMEs with export / growth potential seeking access to growth finance. A revolving fund whereby £22m capital investment (INI) will generate SME lending of £30m. Will provide advances of £6m p/a over a 5yrs. Deal size £100k-£500k (> £500k by exception only). Fund operates under the Market Economy Operator Principle (no state aid).	Looking to drive growth, when private sector support would need greater collateral that many businesses could afford.	£1 : £4.08
Growth Finance Fund	Provides loans to SMEs with export / growth potential and seeking to access growth finance. £30m fund with NILGOSC, British Business Bank and INI investing £12m, £10.5m and £7.5m respectively. No recycling. Provides loan advances of £7.5m p/a over a 4yr; deal size £500k-£2m. Operate as a state aid fund and in compliance with GBER 2014.	Looking to drive growth, when private sector support would need greater collateral that many businesses could afford.	Unavailable
Small Business Loan Fund II	The NI Small Business Loan Fund II is a £5.5m revolving loan fund which provides unsecured loans to individuals, private companies and social enterprises in the start-up and growth phases of development. The fund will have the ability to lend up to £100k (previously £50k). The Fund is managed by Ulster Community Investment PLC	Offers unsecured loans, which are not found in the private marketplace.	£1 : £1.31
Buying Time Assistance	Buying time assistance is a demand led source of funding for businesses in difficulty. Average annual spend £400k over 10 year period, varying annually from £1.4m to zero.	Provides support when businesses are in difficulty when the market would be unlikely to offer support	Unavailable
Restructuring Assistance	Restructuring assistance is a demand led source of funding for businesses in difficulty. Average annual spend £200k over 10 year period, varying annually from £400k to zero.	Provides support when businesses are in difficulty when the market would be unlikely to offer support	
HBAN	An all island programme involving Enterprise Ireland, IntertradeIreland and Invest NI. Aims to develop Business Angel investing. Dublin BIC is the EDO for the all-island programme with Clarendon Fund Managers engaged by them to deliver the programme in NI.	Unavailable	£1 : £1.77

Successor Seed Fund (TECHSTART II)	Successor Fund to Techstart I approved on 18/12/18. £38m Fund to invest in start-up and early-stage businesses based in Northern Ireland.	Unavailable	£1 : £0.25

New COVID / ERAP Schemes

Programme	**Target Audience / Description**	**Market Failure**	**RoI / GVA**
Equity Investment Fund	CEIF was launched in September 2020 and its aim was to aid eligible NI based early stage high-growth potential businesses access financing to progress their business plans and prepare for recovery and growth. Support of up to a maximum of 50% of a funding round was available through equity investment or convertible loan notes (up to a maximum of £700k).	Limited market support in this area. Looking to jumpstart recovery for NI and for companies. Private capital was retrenched during this period.	Unavailable

Green economy

Technology solutions

Programme	**Target Audience / Description**	**Market Failure**	**RoI / GVA**
Resource Efficiency Finance	Grants capped at £50k to encourage businesses to improve resource efficiency by installing equipment that will result in water and/or material efficiencies beyond regulatory requirements	Unavailable	**Unavailable**
Energy and Resource Efficiency Advisory Programme	Fully funded consultancy to complete technical audits, feasibility studies and provide advice to help participating businesses identify cost saving projects. Brokered by Invest NI technical advisors, and complemented by a framework of energy and resource efficiency consultants across 9 specialised areas.	Limited support for businesses to improve energy use and identify cost savings. These would have been incurred by businesses entirely, but can lead to increased jobs/employment	£1 : £1.61

New COVID / ERAP Schemes

Programme	**Target Audience / Description**	**Market Failure**	**RoI / GVA**
Energy Efficiency Finance	Provides financial support for the installation of energy efficient equipment that offers greater efficiency in the use of heat and electricity, providing cost savings and productivity improvements. The maximum grant is set at 20% of eligible project costs and capped at £80,000.	Limited market support in this area. Helped companies reduce energy costs to help them be better positioned for post COVID growth.	Unavailable

4.0 Compete and supply

Skills & competitiveness

Programme	Target Audience / Description	Market Failure	RoI / GVA
Productivity Improvement and Supply Chain Improvement	Provides advice, guidance and support to companies wishing to deliver improvements to their operations and supply chain to improve their competitive position. Experienced practitioners assist companies to deliver productivity improvement through the application & understanding of "Lean thinking and principles".	The cost of advice in this area can be prohibitively expensive. Support from Invest NI can speed up this process dramatically	**Unavailable**
Productivity Improvement Programme: Advice	This advice is captured under Productivity Improvement and Supply Chain improvement.	The cost of advice in this area can be prohibitively expensive. Support from Invest NI can speed up this process dramatically	**Unavailable**

COVID / Economic Recovery

Programme	Target Audience / Description	Market Failure	RoI / GVA
Aerospace Customer Diversification	Covid response Programme to identify opportunities for diversification for the Northern Ireland Aerospace supply chain.	Need to diversify aerospace markets due to pandemic. No private sector funding in this area.	Unavailable
Supply Chain Resilience & Development Framework	Graduated 3-step framework of support, primarily providing specialist advisory support to help businesses identify supply chain risks and appropriate mitigations, identify supply chain opportunities and develop supply chain capability. Complemented by the provision of financial support for a key supply chain worker.	Advisory support for supply chain resilience. Limited private sector support during the pandemic.	Unavailable
Process & Organisational Improvement Grant	The programme provides grant support to eligible companies to help them build internal teams, and engage consultants as needed, to develop and implement process and organisation improvements. The project must support the business to work in a new way and help it towards industry 4.0.. Max support £50k for SME £200k for large Co	Looking to help companies improve efficiency and organisation during a time of market turmoil. Limited private funds available.	Unavailable
Digital Selling Capability Grant	The scheme is a series of competitive funding calls to help retail businesses effected by the impact of Covid-19 to develop their online sales capability and help support viable businesses in the sector during the recovery stage. Intended to help support businesses that cannot avail of equivalent Invest NI support schemes already available. Cost supported: developing an e-commerce solutions or digital marketing consultancy to help the business grow their online sales.	Due to lockdowns, support offered to businesses to move sales online to keep operating	Unavailable
Productive Investment Capital Grant	A grant of up to £250,000 is available to improve productivity by investing in new technology and processes, software and knowledge acquisition, automation or the adoption of digital manufacturing technologies.	Limited market support in this area.	Unavailable

Economy and place (Jobs and investment)

Programme	Target Audience / Description	Market Failure	RoI / GVA
LED Measure - Investment for Growth & Jobs Programme	Under the EU Investment for Growth & Jobs Programme Invest NI offer support to Councils to address identified needs in local businesses to improve the economy with an emphasis on Job Creation. Funding is split by 60% ERDF, 20% Council, 20% Invest NI, with Invest NI being responsible for the administration of 80% of this grant funding.	Unavailable	