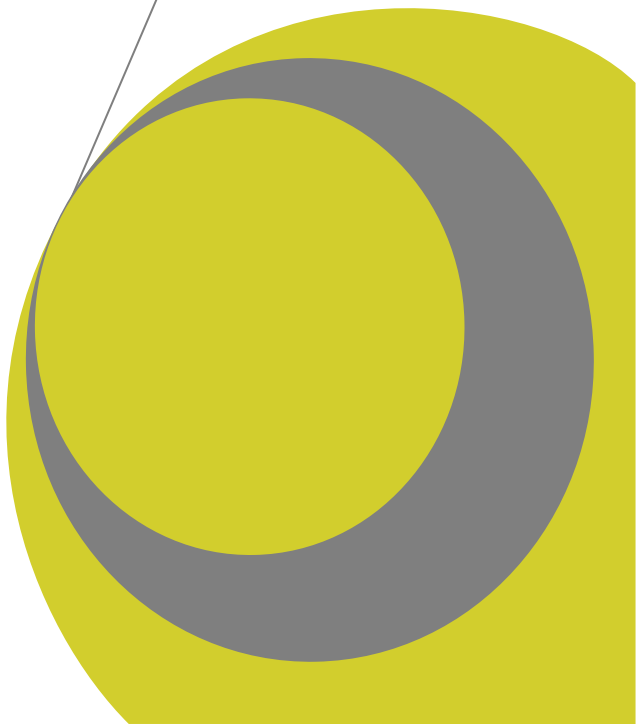


**GROWTH ACCELERATOR PROGRAMME
EVALUATION - FINAL**



8th May 2017



GROWTH ACCELERATOR PROGRAMME

EVALUATION

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List of Abbreviations

Abbreviation	Definition
BA	Business Advisor
CE	Client Executive
DETI	Department of Enterprise, Trade and Investment
DfE	Department for the Economy
DfP	Department of Finance and Personnel
DG	Development Grant
DoF	Department of Finance
EAM	Economic Appraisal Methodology
EC	European Commission
EQIA	Equality Impact Assessment
ERNI	Employers National Insurance Contributions
EU	European Union
FTE	Full-Time Equivalent
GAP	Growth Accelerator Programme
GB	Great Britain
GGE	Gross Grant Equivalent
GVA	Gross Value Added
HM	Her Majesty's
HMT's	Her Majesty's Treasury
IDB	Industrial Development Board
Invest NI	Invest Northern Ireland
IRTU	Industrial Research and Technology Unit
KWSG	Key Worker Salary Grant
LEDU	Local Enterprise Development Unit
NI	Northern Ireland
NIGEAE	Northern Ireland Guide to Expenditure Appraisal and Evaluation
PPE	Post Project Evaluation
PSM	Private sector Median
SFA	Selective Financial Assistance
SMART	Specific, Measurable, Achievable, Realistic and Time-bound
SMEs	Small and Medium Sized Enterprises
UK	United Kingdom

EXECUTIVE SUMMARY

Introduction

Invest Northern Ireland (Invest NI) has commissioned Cogent Management Consulting LLP ('Cogent' or the Evaluation Team) to undertake an independent evaluation of its Growth Accelerator Programme ('GAP'), covering the period 1st June 2007 to 31st March 2015.

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

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

The Growth Accelerator Programme

Invest NI introduced GAP to encourage Small and Medium-Sized Enterprises (SMEs) to pursue market opportunities outside NI and, in instances where it was required to facilitate this, strengthen their management team's capabilities through the recruitment of new skill sets.

By way of delivering upon its aims and objectives, GAP offers two distinct but interrelated forms of support:

- A Development Grant (DG) - Eligible businesses are able to receive up to £40k to undertake export marketing activities (e.g. market research visits, test marketing, attendance of trade fairs) outside NI. The DG also provides up to £25k towards the costs of specialist consultancy which was not part of the company's normal expenditure. Types of consultancy eligible for support include marketing consultancy, market research consultancy, business/financial planning and PR; and
- A Key Worker Salary Grant (KWSG) - By way of enhancing the skills and capability of eligible businesses' management teams, with a view to supporting its growth in external and export markets, GAP provides eligible businesses with up to £25k in grant support towards the salary cost of a 'key' worker post for a one-year period. A maximum of two positions/posts may be supported under any single GAP project. Roles supported through the KWSG are expected to have salaries in excess of the prevailing Private Sector Median (PSM). As a condition of their offer, businesses are required to retain the key worker for a minimum of three years.

An important objective of GAP was to introduce a more efficient and proportionate application, appraisal and casework process for relatively small and low-risk packages of support which, by definition, only released grant payment on the basis of vouched expenditure. It was envisaged that the adoption of such a 'process-proportionate' intervention, involving businesses completing an application form, would support the channelling of support to client businesses in a timelier manner and result in a more efficient use of internal staff resources.

Strategic Context and Rationale

At that time, and throughout the period under review, NI Government (including the DfE and Invest NI) placed a strong emphasis on creating a sustainable, competitive private sector focused on export-led economic growth. Explicit within this, there was a strategic need to support NI businesses to compete in markets outside NI and, in doing so, support them to deepen and diversify their sales base in external and export markets in order to increase employment and wealth across the region. In doing so, it was anticipated that external and export-led growth would contribute to the 'rebuilding' and 'rebalancing of the NI economy', in the wake of the economic downturn, during much of the period under review.

Our review indicates that the rationale for GAP's was based upon the view that existing (at that time) interventions did not readily lend themselves to supporting smaller marketing and/or capability development projects. Whilst it was anticipated that GAP would contribute to stimulating sales outside NI and, in doing so, encourage growth in the private sector, no specific detail was provided as to the nature and extent of market failures and structural weakness in the NI economy that GAP was seeking to address. The risk, therefore, existed that, without a clearly defined 'Theory of Change', GAP may not have been used to address the underlying causes of failure on a consistent and systematic basis. Similarly, the absence of SMART objectives linked to the underlying 'logic' of the Programme has resulted in a lack of clarity and definition as to what 'success' and value-for-money (VFM) was anticipated to look like in the context of GAP.

Operation and Delivery

GAP's model of delivery was based around providing businesses with grant support (up to £100k) to undertake marketing activities to pursue market opportunities outside NI and, in instances where it was required to facilitate this, support to strengthen their management team's capabilities through the recruitment of new skill sets. An important objective of GAP was to introduce a more efficient and proportionate application, appraisal and casework process for relatively small and low-risk packages of support which, by definition, only released grant payment on the basis of vouched expenditure.

GAP did not operate as a Programme in the conventional sense in that the individual project funding came from Invest NI divisions' annual budget as opposed to a centrally held budget. Accordingly, GAP was operationally administered by Invest NI Client Groups Business and Sector Development and Regional Business. From 2007 to 2011 the ownership of GAP, as a business solution and responsibility for its operation resided with Invest NI's Strategic Management and Planning Division (which is no longer in existence). Since 2012, the Programme has resided with the Employment and Enterprise Team (given GAP's close alignment with SFA).

Between June 2007 and March 2015, Invest NI offered £65.2m of GAP assistance to 1,899 unique businesses through 2,486 separate offers of assistance. Relatively low levels of assistance were provided through GAP - the average offer of assistance was c. £26k and two-thirds of offers were for less than £30k. The majority of the total assistance offered was made in the form of Development Grant support, whilst the remainder was offered in Key Worker Salary Grant support. The majority of offers, both in number and value terms, provided a combined package of support. The value of GAP assistance offered represented 30% of the total anticipated project costs (c. £219m) reflecting, in the main part, the impact of additional aid ceilings introduced by Invest NI due to wider affordability constraints.

The relative importance of GAP within the suite of available tools that client-facing staff have to support businesses appears to have diminished over time, largely due to the availability of small SFA support which provides comparable levels of funding to support the same activities and is administered through a similarly efficient and proportionate application, appraisal and casework process. Specifically the analysis indicates that since 2012/13, there has been a marked year-on-year decrease in the number and value of GAP offers which has culminated in a 44% fall in the annual number of GAP offers and a 57% fall in their value over the four-year period. The sharp fall in the number of GAP offers has coincided with an even more pronounced increase in the number and value of small SFA offers. Since 2012/13 the number of small SFA offers has increased by 398% and the value of offers increased by 303%, albeit from a low base. Similarly, the analysis indicates that, between 2012/13 and 2016/17, the number and value of GAP offers of assistance has fallen sharply (by 36 pps and 44 pps respectively) as a proportion of the total offers and value of assistance made through GAP and small SFA combined. In essence, it appears that small SFA is now being used to fulfil the role that GAP was originally conceived to address.

£38.1m of the £65.2m of GAP assistance offered to businesses has been drawn down. The level of draw down (59%) is broadly consistent with other Invest NI interventions.

GAP is, on the whole, highly regarded by recipients of the support and Invest NI stakeholders alike. From an external perspective, the feedback indicates that the Programme is providing adequate levels of assistance to support a range of distinct, but complementary, activities that offer the potential to stimulate businesses' growth in markets outside NI.

The flexibility of GAP - in terms of its ability to support a range of marketing and capability development activities as part of one offer of assistance – has been cited by businesses and Invest NI stakeholders as the key strength of the intervention and, when combined with the divisionally distributed model of operation, appears to have facilitated support to be channelled in an effective and timely manner.

However, looking beyond stakeholders largely positive views of GAP, it appears that the flexibility of GAP has arguably been the intervention's key weakness. That is to say, a cohort of Invest NI stakeholders indicated that, on a minority of occasions (albeit frequently cited across the cohort of Invest NI consultees), the Programme's guiding principles were not being adhered to as fully as was envisaged at the outset. It was suggested that such instances had, in certain circumstances, culminated in (amongst other things) diluting GAP's operational effectiveness and impact and had, at worst, resulted in instances where Clients' available De Minimis Funding had been utilised unnecessarily. Whilst the Evaluation Team cannot be definitive as to the frequency by which these issues occurred, or the extent of their associated impact, we note that they were commonly cited across stakeholders and Invest NI should ensure to address the issues as part of any future phase of the Programme.

Similarly, whilst it was anticipated that a GAP project would act as a catalyst to encourage businesses to implement a more strategic growth project, it appears that a significant cohort of businesses was adopting too much of an ad hoc and speculative, rather than a strategic, approach to growth. The feedback suggests that, in a number of instances (especially where multiple offers of assistance were being provided), client-facing staff could have provided a more robust challenge to encourage businesses to consider their growth plans more strategically and apply a greater challenge of the need for the GAP project.

In our view, these issues could have been (at least in part) mitigated through closer attention being paid to the Programme's delivery and performance during the period under review.

The total costs incurred by Invest NI was c. £45.9m. The inclusion of the private sector contribution (of c. £89m) towards GAP project costs indicates that the full economic costs of delivering GAP during the period under review were potentially c. £134.9m. The total internal cost of administering GAP was c. £7.84m, which represents c. 21% of assistance drawn down. This cost appears high when viewed in the context of other Invest NI interventions and suggests that GAP may not have, as was anticipated at the outset, resulted in an efficient use of staff resources.

Performance and Impact

Levels of programme/activity additionality have been calculated at 61% which should be viewed positively, especially given the fact that the majority of businesses indicated that they were already trading in markets outside NI. Whilst the analysis indicates that levels of additionality were broadly similar across micro, small and medium-sized businesses (at 65%), levels of additionality were considerably lower (at 41%) amongst large businesses.

Reflecting the fact the most businesses would not have taken forward the business development activities due to affordability constraints, the analysis indicates that just under one-third of businesses (32%) would not have taken forward the GAP activities (or would have taken the activities forward to a difference scale and/or timescale) due to full (6%) or partial market failure factors (26%). In our view, the levels of market failure are low but are somewhat unsurprising given the fact that almost four-fifths of business were trading in markets outside NI and hence typical market failures such asymmetric information relating to the potential benefits and costs that would be incurred and/or risk aversion would arguably not have been as prevalent amongst this cohort of businesses.

In our view, a decision needs to be taken by policy makers as to whether the levels of market failure are sufficient to justify an ongoing need for intervention or whether other strategic motives and/or barriers preventing businesses from taking forward business development activities (e.g. cost/affordability) offer an acceptable rationale for government intervention. It could be argued that the rationale to support businesses to undertake these types of activities arguably goes ‘beyond’ the usual market failure arguments that typically underpin the need for Government intervention, especially given the economic environment that prevailed during much of the period under review and the strategic imperatives that existed at that time. In this respect, as detailed by the calculated levels of programme/activity additionality, GAP has been largely successful in encouraging businesses to take forward business development activities (often in a more timely manner and/or to an increased scale) that offer the potential to deliver upon the strategic imperatives established by NI government. Furthermore, in the relatively smaller number of cases where it was prevalent, the feedback suggests that GAP has played a positive role in addressing those market failures that were preventing businesses from engaging in the business development activities independent of support.

From a monetary perspective the analysis suggests that the programme has directly:

- Contributed £96.5m in net additional GVA to the NI economy (against a cost to Invest NI of £45.9m). Positively, the majority (75%) of GAP projects have resulted in an increase in businesses’ turnover/sales, almost all of which derived these sales (at least in part) from markets outside NI. The analysis indicates that the support has both encouraged businesses to trade in new markets and supported businesses to derive sales in existing markets. The programme has also played a positive role in encouraging the growth of new businesses in these markets.
- Created 722 net additional FTE jobs through the KWSG element of the Programme. Positively, these jobs were of high quality (96% had salaries in excess of the NI PSM and the posts were typically at middle or senior management levels) and the majority of posts (76%) continue to be in existence;
- Created a further 1,996 net additional FTE jobs. The inclusion of the net additional FTE jobs that were created with the support of the KWSG (i.e. 722 FTEs) indicates that GAP directly created 2,718 FTE jobs; and
- Safeguarded a further 3,608 net additional FTE jobs.

In addition, to the aforementioned monetary benefits, the analysis indicates that the Programme has delivered considerable non-monetary benefits. For example, the feedback from businesses suggests that GAP has made a positive contribution to increasing their knowledge, understanding and confidence to sell into markets outside NI. Recipients of KWSG support were also of the view that the assistance had contributed to building the capacity and capability of their business’ management team and had served to address barriers that were inhibiting their growth and competitiveness. Similarly, it was the view of a significant cohort of businesses that the Programme has contributed to increasing their competitiveness, enhancing the skills of their workforce (typically resulting from knowledge being transferred from the Key Worker that was employed) and/or contributed positively to their business’ survival.

When these non-monetary impacts are considered alongside the positive employment impacts that have been generated, it is evident that GAP has, on the whole, left a positive legacy in the majority of businesses that received support. The impact of this lasting legacy should not be underestimated and, whilst caution should be placed on the sales projections that were provided by businesses (given their speculative nature), they do nonetheless indicate that many businesses plan to build upon the business development activities that were supported through GAP.

Reflecting the positive impact of GAP in supporting businesses to generate business outcomes, the level of impact additionality has been calculated at 65%. Whilst the Evaluation Team’s benchmarking of levels of impact additionality of other intervention across the UK indicate that GAP is performing relatively better than these, it is noted that the level of additionality is below those interventions that have strategic remit to support the internationalisation of businesses. As was the case with the calculated levels of programme/activity additionality, the analysis indicates that the overall level of impact additionality is lowered by the levels of additionality associated with large businesses (which have been calculated at 44%).

Duplication

Notwithstanding GAP's positive impact during the period under review, we are of the view that a real risk of duplication exists with other existing Invest NI interventions which share similar strategic objectives to GAP and offer support to encourage businesses to undertake similar activities to stimulate growth in external and export markets (and vice versa). Of primary concern, is the apparent overlap between GAP and 'small' SFA, the organisation's trade interventions and CDS.

The ongoing existence of these interventions naturally raises the question "*What should the continuing role for GAP be vis-à-vis other supports in the marketplace?*" Whilst this Evaluation has not been prescriptive in regards to which interventions should be amended and/or removed from Invest NI's portfolio of supports to remove the risk of duplication, it is recommended that Invest NI establish a cross-organisational Steering Group to consider the ongoing role for GAP vis-à-vis other Invest NI supports, and its place in the wider market. In considering GAP's role, cognisance should be taken of the following:

- There was a view amongst a cohort of Invest NI stakeholders that the flexibility of GAP, and specifically its ability to support a range of marketing and capability development activities as part of one offer of assistance, is the key strength of the intervention and has enabled assistance to be channelled to clients in an effective and efficient manner. The benchmarking analysis indicates that none of the other regions examined offer an initiative which provided a comparably holistic approach to supporting businesses to pursue market opportunities outside a business' own region through the provision of distinct, but interrelated forms of support such as the Development Grant and the Key Worker Salary Grant provided through Invest NI's GAP;
- Those same stakeholders were of the view that the potential loss of such a flexible tool would be to the detriment of the organisation's ability to respond to the needs of its clients in a timely manner;
- In instances where GAP was being utilised within a well formulated strategic approach to growth, it was suggested that the delivery of GAP support had contributed to developing a more relationship-based, as opposed to transactional-based, approach to the interaction between Invest NI staff and its clients. In this context, it was suggested that the delivery of support had contributed to practically embedding the 'Trusted Business Partner' model that is currently being developed by Invest NI; and
- A number of consultees suggested that the importance of GAP may become more prevalent in the coming months and years as Invest NI is likely to require more flexible and responsive interventions that could channel support to businesses in a timelier manner in the wake of the UK's withdrawal from the EU (following 'Brexit').

Return-on-Investment and VFM

Given the level of net additional GVA (i.e. £96.5m) indicates that return on investment¹ was:

- £1:£2.10 based on the costs to Invest NI; or
- £1:£0.72 when examined on a full-economic cost basis.

Notwithstanding the difficulties in making a definitive conclusion as to whether GAP has delivered VFM (given the absence of a 'Theory of Change' model underpinned by a set of SMART objectives) the Evaluation Team considers, taking all available evidence into consideration, that Invest NI has broadly derived value-for-money in respect of the public funds that have been invested through the Programme.

Equality Considerations

The Evaluation Team has identified no negative equality impacts and considers the Programme to be accessible to all Section 75 groupings and people with disabilities.

¹ Return-on-investment is based on actual outcomes derived to date i.e. excludes outturns anticipated to be derived by businesses in the future.

Recommendations

1. In light of the potential for GAP to duplicate other Invest NI interventions (or vice versa) and the low levels of market failure reported by businesses, Invest NI should establish a cross-organisational Steering Group to consider:
 - GAP's operational 'fit' within Invest NI's wider portfolio of marketing and capability development interventions; and
 - The nature of market failures that GAP is seeking to address; and
 - Whether the historic levels of market failure are sufficient to justify an ongoing need for intervention and/or whether other strategic motives and/or barriers preventing businesses from taking forward business development activities (e.g. cost/affordability) offer an acceptable rationale for government intervention.

Based upon Invest NI's views on each of the above, a determination should be taken on the Programme's future role, specific target audiences, its scale (both in terms of the likely demand for support and the quantum of support that should be offered to businesses) and the specific activities that should be supported.

In the context that Recommendation 1 is implemented, Recommendation 2 should be considered in the scenario that a continuing role for GAP is not determined, whereas Recommendation 3 should be considered in the scenario where a continuing role for GAP is determined:

2. In the event that it is concluded that GAP should no longer continue as an Invest NI offering:
 - a) Consideration should be given to the amendments that are required to:
 - Other existing interventions to maintain comparable levels of assistance as being currently provided by GAP; and
 - Internal processes (e.g. offers) to facilitate assistance to be channelled in (as far as possible) a similarly timely manner to that currently provided through GAP.
 - b) Clear guidance should be communicated across Invest NI as to the operational changes that will be implemented and the interventions that client-facing staff should utilise in the absence of GAP;
 - c) Careful consideration should be given to the timing of GAP's removal, to facilitate the actions identified under Recommendation 2a and 2b to be undertaken. This may require an interim budget to be allocated to maintain provision during the interim period.
3. In the event that it is concluded that GAP should continue as an Invest NI offering:
 - a) Invest NI should clearly articulate a formal Theory of Change, including the need and rationale for the intervention in terms of (at a minimum) the market failures and structural weaknesses within the NI economy that it is seeking to address.
 - b) Linked to Recommendation 3a, emphasis should be placed on establishing an appropriate mix of Specific, Measurable, Achievable, Realistic and Time-bound (SMART) activity, output and outcome targets which are linked with the overarching aims and anticipated outcomes of the Programme.
 - c) Careful consideration should be given to the scale of the annual budget set for GAP particularly in light of recent demand.
 - d) Updated internal Programme guidance should be disseminated to all client-facing staff. Greater clarity should be provided on (at a minimum) defining the activities that are eligible and, importantly, ineligible for support (e.g. what is a Key Worker?), when GAP should be utilised vis-à-vis other Invest

NI interventions offering similar support, details of De Minimis definitions and rules. This should be supported through the provision of training to all Invest NI's client-facing staff. Client facing staff should be encouraged to regularly revisit the Programme's guidance to ensure ongoing adherence.

- e) In light of the relatively lower level of programme additionality, consideration should be given to the continued need for GAP support to large businesses. If it is decided that these businesses should continue to be eligible to receive GAP support, consideration should be given to reducing the maximum aid ceilings provided to these businesses in order to increase levels of additionality. The ongoing need for providing GAP support to large businesses should be regularly reviewed by Invest NI.
- f) Client facing staff should be encouraged to provide a greater level of challenge at the project development and application stages to encourage businesses to consider how GAP 'fits' within, and will contribute to, their wider strategy for growth, as opposed to providing support to facilitate more ad hoc speculative business development activities;
- g) Enhanced communication should be encouraged across the organisation in relation to:
 - Ensuring that expertise from across the organisation is being utilised to assess the reasonableness of the strategic plan for growth that has been developed by the business in conjunction with their CE and, linked to this, ensuring that the most appropriate forms of support from across the organisation are in place to support the implementation of a longer-term strategic plan. Given the core focus of GAP, greater levels of collaborative interworking between client-facing staff and the Trade Team (and other Invest NI teams as relevant) should be encouraged;
 - The administrative 'home' of GAP including identifying who client-facing staff should contact in relation to GAP-related issues;
 - The practical roll-out of GAP and any issues being encountered therein. Whilst recognising the benefits of the divisionally distributed model of intervention, which should be retained, greater levels of communication should be encouraged between the Invest NI Divisions/Groups and GAP's central Programme management team (and vice versa).
- h) Linked to the previous point, and by way of supporting businesses to build upon the work undertaken as part of their GAP project, more robust procedures should be implemented for monitoring, reporting and sharing client-level information across the organisation. Examples of information that should be monitored, reported and shared across the organisation should include (at a minimum):
 - Baseline and ongoing turnover/sales information by geographic region/market and product/service stream;
 - Specific external and export markets that individual businesses are targeting;
 - Barriers/constraints being faced by the business in entering and/or growing their sales in the targeted external and export markets; and
 - Potential follow-on supports that are required by the business (e.g. follow-on Trade support).

This is likely to require improvements to be made at both a staff level (in terms of what is being recorded, when it is being recorded, who the information is being shared with and encouraging staff to make better use of information being monitored and reported on) and systems level (in terms of how the information can be shared and accessed).

- i) Opportunities to streamline the administration of the Programme should be identified with particular focus placed on reducing levels of staff input at the offers and claims stages (including the administration of GAP amendments).

Linked to this, by way of minimising the need for amendments to be made to client offers (and all associated administration time associated with processing these), a greater focus should be placed by client-facing staff on:

- Encouraging client businesses to give consideration to the role of the GAP project within the businesses' wider strategic plan for growth; and
 - Ensuring that projects are ready to initiate soon after the issuing of a LoO.
- j) The potential risks to the Programme should be robustly examined for any future phase of the Programme. The Appraisal should identify the potential likelihood of each risk arising, its potential impact and the risk mitigation strategies that would be put in place. The risks, featured within the Appraisal, should form the basis of a risk register that should be monitored and, where necessary, added to during the course of the Programme.
- k) In line with good programme management guidance and by way of aiding post programme evaluation, Invest NI should ensure to evaluate any future phase of the Programme in a timelier manner.

1. INTRODUCTION AND BACKGROUND

1.1 Introduction

Invest Northern Ireland (Invest NI) has commissioned Cogent Management Consulting LLP ('Cogent' or the Evaluation Team) to undertake an independent evaluation of its Growth Accelerator Programme ('GAP'), covering the period 1st June 2007 to 31st March 2015.

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

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

1.2 The Growth Accelerator Programme

1.2.1 Background to the development of GAP

The origin of GAP can be traced back to 2007, when Invest NI submitted a proposal² (March 2007) to the then Department of Enterprise, Trade and Investment (DETI) and Department of Finance and Personnel (DFP)³ to pilot a European Union (EU) De Minimis Scheme on a 12-month basis which would be focused on supporting businesses to undertake marketing and/or capability development projects with the support of relatively low levels of assistance.

At that time, and throughout the period under review, NI Government (including the DfE and Invest NI) placed a strong emphasis on creating a sustainable, competitive private sector focused on export-led economic growth. Explicit within this, there was a strategic need to support NI businesses to compete in markets outside NI and, in doing so, support them to deepen and diversify their sales base in external and export markets in order to increase employment and wealth across the region. In doing so, it was anticipated that external and export-led growth would contribute to the 'rebuilding' and 'rebalancing of the NI economy', in the wake of the economic downturn⁴, during much of the period under review.

From an operational perspective, the rationale for the introduction of the De Minimis Scheme was premised on the fact that other existing support mechanisms, primarily Selective Financial Assistance (SFA), did not readily lend themselves to supporting smaller marketing and/or capability development projects which had little or no capital expenditure or job creation and hence did not easily comply with DFP/DoF cost per job and the European Commission's (EC) Gross Grant Equivalent (GGE) thresholds. Thus it was anticipated by Invest NI that the introduction of the Scheme would more readily align its product offering with the needs of its client base.

In-line with EC De Minimis regulations⁵, the Scheme proposed to provide individual businesses with no more than €200k (equivalent to c. £130k at that time⁶) in assistance over a three-year period.

² See the 'Proposed Introduction of a Pilot De Minimis Scheme' (March 2010) paper for further details.

³ Currently the Department for the Economy (DfE) and the Department of Finance (DoF) respectively.

⁴ Strategic imperatives identified are as outlined in a number of strategic documents that existed during the period under review including (but not limited to): NI Programme for Government 2008-11 and 2011-15, the NI Economic Strategy - Priorities for Sustainable Growth and Prosperity, the Northern Ireland Innovation Strategy 2013 – 2025, DfE, DfE and Invest NI Corporate Plans 2008-11 and 2011-15 and 'Export Matters – Enabling the conditions for increasing external sales and exports in Northern Ireland' (2016)

⁵ The EC has determined that small levels of assistance (up to €200k, since January 2007, in any 3 year period) did not distort competition and hence were not subject to notification requirements.

⁶ Or the equivalent sterling value using the prevailing exchange 'spot' rate.

Ultimately, it was anticipated that the De Minimis Scheme would largely replace SFA offers of support below the £130k threshold. Accordingly, a total of £10m of funding was reallocated from the existing SFA scheme to support De Minimis projects during the 12-month pilot phase⁷.

Importantly, it was envisaged by Invest NI that De Minimis aid would only be used in circumstances where no other existing support interventions were appropriate. Thus if a project was (is) capable of being supported under either SFA, a block exemption or other separately notified scheme, then such an intervention would be used by Invest NI.

Following receipt of all necessary approvals (March 2007), the De Minimis scheme was subsequently launched in June 2007 as the Growth Accelerator Programme (GAP)⁸.

1.2.2 Aims and Objectives of the Programme

Invest NI introduced GAP to encourage Small and Medium-Sized Enterprises (SMEs) to pursue market opportunities outside NI and, in instances where it was required to facilitate this, strengthen their management team's capabilities through the recruitment of new skill sets.

In doing so, it was anticipated that the Programme would provide a number of benefits including:

- Bringing additional capability to the NI economy through the accelerated development of SMEs;
- Generating economic benefit to the UK arising from the growth in exports from both existing SMEs and new businesses with high growth potential;
- More efficient use of staff resources;
- Providing a more effective and efficient service to client companies, particularly small businesses, by embedding application and approval procedures that are proportionate to smaller offers of assistance. It was anticipated that improvements in client service provision would be realised in terms of:
 - Improved Gross turnaround times, as measured from the date on which Invest NI first became aware of a project to the date on which the offer was issued (stages A-G)⁹ for cases under £100k;
 - Improved net turnaround times as measured from date application received to date casework approved (B-F) for cases under £100k; and
 - Increased client satisfaction ratings.

1.2.3 Assistance available under GAP

By way of delivering upon its aims and objectives, GAP offers two distinct but interrelated forms of support:

1. A Development Grant (DG); and
2. A Key Worker Salary Grant (KWSG).

Eligible businesses are able to avail of one or both forms of support as part of a given GAP project. Details on each form of support are provided below.

⁷ The 2010 De Minimis proposal paper noted that during 2005/06, SFA offers under £130k accounted for 397 (90%) by volume and £9.8m (10%) by value. Whilst it was acknowledged that that all of the 05/06 SFA offers below £130k may not necessarily have been offered under De Minimis if it had been available (i.e. some of these offers may still have used SFA as the most appropriate intervention instrument), £10m of funding was proposed to be reallocated to the De Minimis scheme for the period of the pilot.

⁸ It should be noted that GAP represented only one of a number of De Minimis schemes that were introduced by Invest NI during the period under review.

⁹ The different stages for a project are as follows: Stage A-Date First Became Aware of the Project, Stage B-Date Application Form Received, Stage C-Date Application Form Accepted, Stage D-Date Appraisal Complete, Stage E-Date Submitted to Casework, Stage F- Date Casework Approved, Stage G-Date Letter of Offer Issued, and Stage H-Date Letter of Offer Accepted.

Development Grant

Eligible businesses are able to avail of financial assistance towards export marketing and/or specialist consultancy activities which seek to bring a new or existing product/service to a new market outside NI. An overview of the support provided through DG assistance is detailed in the table below:

Table 1.1: Overview of support available through the GAP Development Grant	
Export marketing activities	<p>Eligible businesses are able to receive up to £40k to undertake export marketing activities outside NI. Key activities, all of which are required to be undertaken <u>outside</u> NI, eligible for support include:</p> <ul style="list-style-type: none"> • Market research visits; • New market development visits; • Test marketing; • Trade fairs & Exhibitions (attendance or participation); • Product demonstrations; • Product launches / seminars/ Open Days / Special Event Days • Mail Shot Campaign • Advertising • Promotional CD or DVD • Packaging • Web Design <p>Appendix I provide a summary of the marketing costs eligible for support through the GAP Development Grant.</p>
Specialist Consultancy	<p>Eligible businesses are able to receive up to £25k towards the costs of specialist consultancy which was not part of the company's normal expenditure. Types of consultancy eligible for support include marketing consultancy, market research consultancy, business/financial planning and PR.</p>

Key Worker Salary Grant Support

By way of enhancing the skills and capability of eligible businesses' management teams, with a view to supporting its growth in external and export markets, GAP provides eligible businesses with up to £25k in grant support towards the salary cost of a 'key' worker post for a one-year period.

To be eligible for support the position/post is required to:

- Address an identifiable barrier that is inhibiting the growth of the business;
- Be a new position (as opposed to supporting an existing post and/or internal promotion), at junior, middle or senior management level. The new position should report to either the owner/manager or a function head. Full-time¹⁰ or part-time positions can be supported but the post is required to be sustainable (beyond the funded period);
- Include significant responsibilities and purely operational roles (e.g. computer programmer or engineer technician) are not eligible for support¹¹;
- Spend the majority of their time based in NI (i.e. not based permanently in export markets)

A maximum of two positions/posts may be supported under any single GAP project. Roles supported through the KWSG are expected to have salaries in excess of the prevailing Private Sector Median (PSM). As a condition of their offer, businesses are required to retain the key worker for a minimum of three years.

Given the focus of GAP, projects to be supported under the Programme are required to meet Invest NI's intervention principles i.e. involve incremental/additional activities focusing on stimulating growth in external and/or export markets. To avoid duplication with SFA, eligible projects are expected to have

¹⁰ A position is deemed to be full-time if 20 or more hours are worked per week.

¹¹ Where a post had some operational content, it was expected that assistance would be reduced in proportion to the operational content of the role.

low/no capital expenditure and low/no job creation (over and above any posts supported through the Key Worker Salary Grant).

At present, GAP assistance may be offered to existing or new pre-start, start-up and established Invest NI clients, of all sizes¹², who are seeking to stimulate their growth through external (GB) and/or export (outside the UK) markets.

There is an absolute maximum offer of £100k for an individual GAP project and, in line with EC aid thresholds, eligible businesses are able to claim up to €200k (c. £130k) in De Minimis support over a three year period.

There is currently no limit on the number of GAP offers that a business can receive and businesses are able to have up to three GAP projects running concurrently (permitting that the De Minimis aid thresholds are not being breached). GAP support to SMEs is limited to 50% of eligible, vouched and approved costs and 40% for large businesses¹³.

GAP support is not permitted to be used to support or subsidise:

- Import substitution;
- Advertising within NI;
- The costs or quantities of exported goods or services;
- The establishment of a distribution network in an export market;
- Export marketing activity/expenditure being undertaken/incurred at the time of application;
- Costs already being supported under an existing Invest NI scheme;
- Businesses in operational difficulty (e.g. to substitute Buying Time and/or Restructuring support);
- Business within the following sectors and/or engaging in the following activities: primary production of agricultural products (listed in Annex 1 to the EC Treaty); the processing and marketing of agricultural products; fishery and aquaculture; the coal sector.

Similarly, GAP was not to be used to extend/expand upon the scope of a project that was already being assisted under an existing Invest NI scheme (e.g. SFA)¹⁴.

1.2.4 Model of operation

An important objective of GAP was to introduce a more efficient and proportionate application, appraisal and casework process for relatively small and low-risk packages of support which, by definition, only released grant payment on the basis of vouched expenditure. It was envisaged that the adoption of such a ‘process-proportionate’ intervention, involving businesses completing an application form, would support the channelling of support to client businesses in a timelier manner and result in a more efficient use of internal staff resources.

To avail of GAP support businesses are required to complete an application form in which they are required to provide information in each of the following areas:

¹² Whilst GAP was initially limited to SME clients, Invest NI sought and was subsequently granted approval to provide GAP support to large businesses from 2012 given the prevailing economic circumstances that existed at that time. The extension of support to large businesses was initially introduced on a temporary basis (to September 2012) with a view to reviewing its continued need every 6 months. The Programme has remained open to large businesses since 2012.

¹³ Please note that whilst De Minimis can be used to fund 100% of eligible costs, Invest NI was (is) of the view that that the adoption of a 100% grant rate would potentially result in a lack of commitment to see a project through to completion if no financial commitment was required to be provided by the applicant. As such the identified grant rate ceilings were introduced to maximise ‘buy-in’ to GAP projects.

¹⁴ The De Minimis paper noted that State Aid Regulations specifically state that “De Minimis aid may not be cumulated with State Aid in respect of the same project”. Essentially, this is to prevent De Minimis from being used as a “top-up” to other assistance. To safeguard against this, it was proposed that the application form would require a clear definition of the project to be supported and, unless authorised by a Managing Director, there must be a clear 6 months between a client’s offer of SFA and an offer under the De Minimis Scheme pilot, and vice versa.

- Profiling details of the business (e.g. history, ownership, products/services, markets the business is selling into, historic levels of turnover, details of the management team and organisational structure etc.
- Details of the project that the business is seeking assistance for including its commercial objectives, key milestones, anticipated project outcomes and timescales
- Anticipated project costs
- Anticipated project outcomes both for the business (in terms of changes to sales outside NI, employment etc.) and any wider and regional benefits to the NI economy;
- Details of previous assistance received.

Upon receipt, the business' Client Executive (CE) is required to undertake an initial review of the GAP application to ensure it has been appropriately completed and the proposed project is suitable for support (in terms of its eligibility with the Programme pre-defined guidelines). In doing so, it is expected that the CE will have constructively challenged the details contained within the application, ensuring the assistance being requested by the Client is the minimum level required to enable the project to proceed (to the same scale and within the same timescales). CEs are required to inform the Client business in writing, within five working days, that their application is being taken forward for approval or a rationale to why the application has been rejected or returned for completion.

In the event that the CE deems the proposed project to be supportable, the CE is required to provide:

- A short GAP casework submission commenting proportionately on the scope of the proposed project (including project need, objectives and costs) and its adherence to Invest NI's intervention principles including additionality, viability and economic efficiency (anticipated economic benefits), projects risks and displacement. The casework submission will also provide details of processing times and the proposed date of the Post Project Evaluation (PPE);
- The applicant's signed application form; and
- A copy of the applicant's annual or audited accounts (and the most recent management accounts if available).

The above documentation is required to be submitted for approval in-line with the following GAP approval delegations:

- CEs and Managers are not permitted to approve their own cases;
- Line Managers can approve cases up to £50k; and
- Manager Casework Committee can approve up to £100k.

In widening the scope of GAP to include large companies (during 2012), Invest NI acknowledged the importance that the additionality argument associated with these projects was robustly challenged (given the relatively small levels of assistance provided through the Programme). As such, a further additionality check is included which involves a Divisional Director having to endorse the additionality argument for all GAP offers to large businesses¹⁵.

In the event that the casework is approved, a Letter of Offer (LoO) is issued for signature to the Client business. To realise and maintain the concept of simple, standard GAP offer there should be no pre-conditions, additional general conditions and employment conditions. Extensions or amendments to the LoO are only expected to be applied in exceptional circumstances.

Recipients of DG and/or KWSG support are required to claim support within 24 months and 36 months respectively of the issuing of a letter of offer. It is therefore anticipated that the project would be delivered over a period of up to 18 months so as to provide businesses with sufficient time to draw down the grant support (following the submission of a completed claims form). Each individual GAP project is subject to a Post Project Evaluation (PPE).

¹⁵ The Divisional Director is required to countersign the casework submission and note their own comments in relation to the additionality case.

1.2.5 Programme Management

In-line with the management and administration of SFA, GAP does not operate as a Programme in the conventional sense in that the individual project funding comes from Divisions' annual budget as opposed to a centrally held budget. Accordingly, GAP is operationally administered by Invest NI Client Groups Business and Sector Development and Regional Business.

From 2007 to 2011 the ownership of GAP as a business solution and responsibility for its operation resided with Invest NI's Strategic Management and Planning Division (which is no longer in existence). Since 2012, the Programme has resided with the Employment and Enterprise Team (given GAP's close alignment with SFA), which was later (from April 2017) subsumed into a newly formed Business Solutions Development and Compliance Team.

1.3 Invest NI's Requirements

Invest NI requires an Evaluation of its GAP for the period 1st June 2007 to 31st March 2015. Invest NI's specific requirements are detailed in full in Appendix III.

1.4 Methodology

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

- A robust desk-based analysis of pertinent materials relating to GAP during the period under review and benchmarked interventions;
- Telephone and face-to-face consultations with:
 - The Evaluation Steering Group that was established for the evaluation. This included representation from Invest NI's Employment and Enterprise (N=3) and Economics Teams (N=2);
 - 33 other Invest NI staff members. Per Table 1.2, feedback was derived from staff members of Invest NI's ELT and SMT, as well as from staff that had a direct operational responsibility for administering the Programme.

Table 1.2: Invest NI staff members engaged in the primary research	
Type of Consultee	No. of Consultees
Executive Leadership Team (ELT) or Senior Management Team (SMT)	11
GAP Project Approvers	7 ¹⁶
GAP Project Owners	13
Claims Team	2
Total Invest NI Consultees	33

- A telephone survey of 252 businesses that received 351 offers of GAP assistance and drew down this assistance (either partially or wholly) during the period under review. Of the total number of businesses:
 - 169 businesses received at least one offer of Development Grant and Key Worker Salary Grant assistance as part of their respective GAP offer;
 - 69 businesses received at least one offer of Development Grant only assistance as part of their respective GAP offer; and
 - 14 businesses received at least one offer of Key Worker Salary Grant only assistance as part of their respective GAP offer.

¹⁶ 5 of the 7 GAP Approvers were also GAP Project Owners.

The tables below provide a summary of the feedback derived from the primary research, including all associated response rates and confidence intervals.

Table 1.3: Survey response rates – Unique businesses and nature of assistance offered					
Nature of GAP assistance offered	Unique businesses	Business Responses	No. of GAP projects covered	Business Response rate	Business Confidence Interval
Development Grant and Key Worker Salary Grant	1,194	169	197	14%	+/- 6.99%
Development Grant Only	618	69	122	11%	+/- 11.13%
Key Worker Salary Grant Only	76	14	32	18%	+/- 23.81%
Unknown	9	0	0	0%	+/- 100%
Other	2	0	0	0%	+/- 100%
Total	1,899	252	351	13%	+/- 5.75

Table 1.4: Survey response rates – No. of businesses receiving each GAP support type				
Nature of GAP assistance offered	Business interventions by assistance type	Business Responses	Business Response rate	Business Confidence Interval
Development Grant	1,812	238	13%	+/- 5.92%
Key Worker Salary Grant	1,270	183	14%	+/- 6.7%
Unknown	9	0	0%	+/- 100%
Other ¹⁷	2	0	0%	+/- 100%
Total	3,093	252	13%	+/- 5.92

Table 1.5: Survey response rates – No. of GAP projects				
Nature of GAP assistance offered	GAP Project interventions	No. of GAP projects covered	Business Response rate	Business Confidence Interval
Development Grant	2,257	319	14%	+/- 5.09%
Key Worker Salary Grant	1,549	229	15%	+/- 5.98%
Unknown	9	0	0%	+/- 100%
Other	5	0	0%	+/- 100%
Total	3,820	548	14%	+/- 3.87

- A telephone survey of 17 businesses that received 20 offers of GAP assistance but did not draw down any level of assistance and are no longer eligible to do so (i.e. are outside the 24 months period).

1.4.1 Limitations in Addressing the Terms of Reference

From the outset, it important to note that GAP was approved based upon a proposal submitted to, and subsequently approved by, the then DETI and DFP to introduce a Pilot De Minimis Scheme for a 12-month period. This proposal was not subject to Economic Appraisal and GAP was not subject to any further Programme-level approvals to support activity beyond this 12-month period¹⁸. In addition, we note that this evaluation represents the first review (internal or external) of the Programme since it was introduced 9 and a half years ago.

¹⁷ 1 business was offered £85k in capital grant and another was offered £20k in revenue grant.

¹⁸ It is however understood that that after the first year, appraisals were undertaken at project level and approved within allocated Divisional budgets alongside SFA projects. GAP has also been the subject of Internal Audit's review of De Minimis schemes.

Our review of the proposal indicates that the rationale for GAP's introduction related more so to the operational limitations of other supports, rather than how it was anticipated that it would address market failures and structural weaknesses with the NI economy. Consequently, outside the information provided within the proposal (which has been documented in the preceding sub-sections and throughout this report), there was no formal statement of the need and rationale for GAP during the period under review in terms of the specific structural weaknesses and market failures that the Programme was seeking to address. Similarly, no SMART¹⁹ input, activity, output and outcome objectives/targets were established for the Programme.

Whilst a 'Theory of Change' model could have been utilised to justify the ongoing need for GAP, its absence precludes the Evaluation Team from being able to make a definitive conclusion in relation to a number of areas of the Terms of Reference, most notably, the value-for-money that had been provided by GAP. Put simply, it is difficult to fully conclude on the success of a discreet intervention in the absence of knowing what value-for-money was anticipated to look like from the outset.

In addition, the absence of an earlier review of the Programme has, in itself, posed additional research complications, most notably relating to 'memory decay', with many businesses having to recall the support received (which was in, many situations, of a relatively small scale), and its subsequent impact, from as far back as 2007.

Whilst the Evaluation Team is content that such issues have not overly affected the quality of the information that has been utilised within its analysis and the overall conclusions of the research, we consider that in-line with good programme management and governance, such a scenario should be avoided in the future; albeit, we recognise that Invest NI's appraisal, approval and evaluation procedures have changed considerably since GAP's approval in 2007.

¹⁹ Specific, Measureable, Achievable, Realistic and Time-bound

2. PROGRAMME ACTIVITY

2.1 Introduction

Section 2 provides a summary of the activity that was supported through GAP during the period under review (June 2007 and March 2015).

2.2 Offers of GAP Assistance

2.2.1 Overview of GAP Offers

Between June 2007 and March 2015, Invest NI offered £65.2m of GAP assistance to 1,899 unique businesses through 2,486 separate offers of assistance.

Table 2.1: Number of GAP offers				
Year	No. of GAP offers	Value offered	Value of total project costs	Offer as % of overall total costs
2007/2008 (10 months)	178	£4,697,372	£13,683,327	34%
2008/2009	247	£7,132,984	£23,637,754	30%
2009/2010	301	£9,680,985	£30,231,667	32%
2010/2011	220	£4,636,479	£18,836,456	25%
2011/2012	360	£9,871,699	£34,414,419	29%
2012/2013	421	£12,116,231	£40,680,194	30%
2013/2014	423	£10,045,581	£32,549,164	31%
2014/2015	336	£7,015,426	£25,031,792	28%
Total	2,486	£65,196,757	£219,064,773	30%
Range		£0.5k - £180k	£1.1k - £2.65m	
Mean		£26,226	£88,119	
Median		£21,596	£68,790	

Whilst SMEs were eligible to receive up to 50% of eligible, vouched and approved costs (with large businesses able to receive up to 40%), the value of GAP assistance offered represented 30% of the total anticipated project costs (c. £219m) reflecting the impact of additional aid ceilings (which saw support capped at 40%, then 30%) introduced by Invest NI due to wider affordability constraints.

Two-thirds (66%, N=2,486) of offers were for less than £30k. The average offer of assistance was £26.2k, whilst the median offer was £21.6k.

Table 2.2: GAP offers by size band				
Band size of offers	No. of offers	% of offers	Value of offers	% of value of offers
£1 - £9,999	497	20%	£2,979,278	5%
£10,000 - £29,999	1,139	46%	£21,754,777	33%
£30,000 - £49,999	636	26%	£25,042,560	38%
£50,000 - £69,999	109	4%	£6,451,978	10%
£70,000 - £99,999	96	4%	£7,898,346	12%
£100,000 + ²⁰	9	<1%	£1,069,818	2%
Total	2,486	100%	£65,196,757	100%

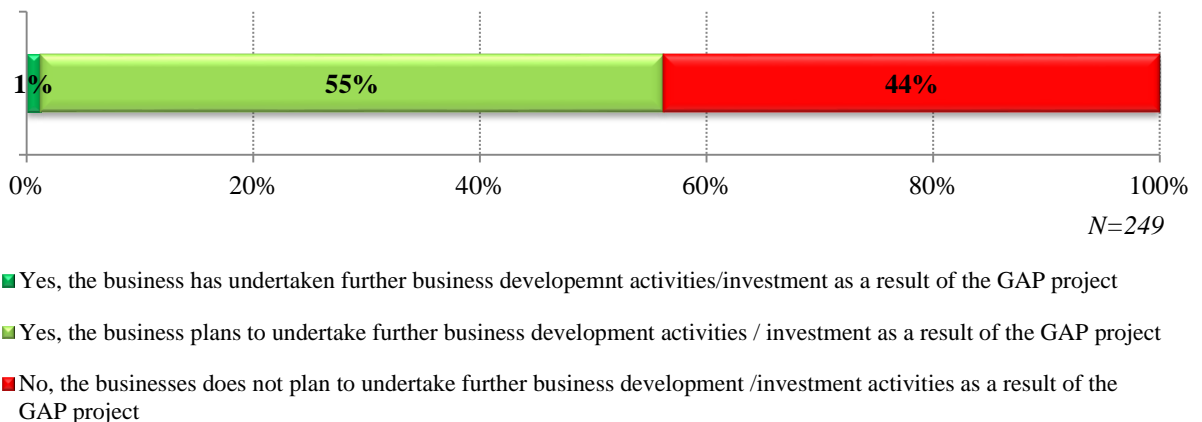
²⁰ Whilst there is an absolute maximum offer of £100k for an individual GAP project, monitoring information provided by Invest NI indicates that 7 offers exceeded this maximum £100k GAP offer limit (but did not exceed the €200k European De Minimis limit). In the case of 5 of the 7 offers, the CE sought, and was subsequently granted, approval from Invest NI's (then) Strategic Management and Planning Division to exceed the maximum aid ceiling on the basis of the potential VFM that would be delivered by the projects. It is unclear as to why the other 2 cases exceeded the aid ceilings.

Whilst most businesses received one offer of GAP support, just over one-fifth (22%, N=1,899) of businesses received multiple offers of assistance, which accounted for 41% of all offers and 48% of total assistance offered.

No. of offers	No. of businesses	% of businesses	No. of offers	% of offers	Value of assistance	% of value of assistance
1	1,475	78%	1,475	59%	£34,070,951	52%
2	303	16%	606	24%	£19,178,736	29%
3	87	4%	261	10%	£7,620,867	12%
4	28	1%	112	5%	£3,686,233	6%
5	4	<1%	20	1%	£385,581	<1%
6	2	<1%	12	1%	£254,389	<1%
Total	1,899	100%	2,486	100%	£65,196,757	100%

The levels of repeat assistance may reflect the fact that businesses were adopting too much of an ad hoc and speculative, rather than a strategic, approach to growth. Indeed, whilst our discussions with Invest NI indicate that it was anticipated that a GAP project would act as a catalyst to encourage businesses to implement a more strategic growth project, the primary research indicates that more than two-fifths (44%, N=249) of businesses do not plan to, undertake further business development activities as a result of GAP. For many of these businesses, the decision to avail of GAP support was more overtly driven by a need to address immediate issues facing the business, by addressing a specific barrier that was inhibiting their growth, and/or undertake more speculative business development activities which would potentially support their growth.

Figure 2.1: Likelihood of businesses undertaking further business development as result of GAP



Consultation with Invest NI suggests that, in a number of instances (especially where multiple offers of assistance were being provided), client-facing staff could have provided a more robust challenge to encourage businesses to consider their growth plans more strategically and apply a greater challenge of the need for the GAP project.

Figure 2.2 and Table 2.4 provide a longitudinal analysis of GAP offers during the period under review. Salient points to note include:

- Between June 2007 and March 2015, Invest NI made, on average, 331 offers of GAP assistance per annum. This equated to an average of £8.7m per annum;
- Whilst the trend in offers of GAP assistance (both in number and value terms) was upwards during the period under review, this trend masks two distinct reductions in demand for GAP support. These being:

- During 2010/11 there was a 27% fall in the number of GAP offers (equivalent to a 53% fall in the value of offers) from the previous financial year. Consultation with Invest NI indicates that this sharp reduction is likely to reflect the impact of recessionary pressures on businesses which resulted in lower levels of appetite amongst many businesses to undertake investment projects.

Linked to this, we note that, the fall in demand corresponded with the introduction of a number of short-term Invest NI interventions (as part of a wider ‘Credit Crunch’ initiative) which sought to help its clients to weather the economic downturn. Discussions with Invest NI indicates that the availability of these initiatives, most notably the Accelerated Support Fund (ASF) and the Short Term Aid Scheme (STAS), is likely to have contributed to the reduction in demand for GAP support during this year²¹.

- Since 2012/13, there has been a marked year-on-year decrease in the number and value of GAP offers²² which has culminated in a 44% fall in the annual number of GAP offers and a 57% fall in their value over the four-year period.

Discussions with Invest NI indicate that is likely to be reflective of two complementary operational changes; namely the:

- Securing of a Cost Per Job derogation for SFA projects under £100k (henceforth referred to as ‘small SFA’) awarded to SMEs²³; and
- Introduction of a more streamlined and proportionate application process with the introduction of an application form for small SFA projects²⁴.

The combined impact of the changes was that, from a process perspective, there was little difference between GAP and small SFA. On the basis that all costs that are eligible for support under GAP, are also currently eligible under small SFA, meant that the latter provided a viable option for Client Executives to choose small SFA (over GAP) for projects involving no/low capital, revenue expenditure and/or job creation²⁵.

²¹ As part of the ASF, businesses were able to receive up to £50,000 at a grant rate of 50% of eligible, vouched and approved costs towards: salary costs of new and existing staff contributing to the project, consultancy costs; salary costs of those involved in training relating to projects; external training costs and eligible travel and subsistence costs. During 2009/10, 126 cases of ASF support was approved, with a further 17 approved in 2010/11. With a budget of £15m over the period 1 June 2009 to 31 December 2010, STAS provided eligible businesses with financial assistance to enable them to retain key staff and skills so that they would be ready to take advantage of an economic upturn in the medium term. During 2009/10, 29 cases of STAS support were approved.

²² The number of GAP offers fell by, on average, 13% per annum; whilst the value of GAP offers fell by 18% per annum. Calculations are based on the prorated figures for 2016/17.

²³ The 2009 Independent Review of Economic Policy (IREP) recommended increased delegated authority for Invest NI. In light of this recommendation, and drawing on the nature of support which was available in GB (specifically, the Grant for Business Investment) Invest NI sought, and subsequently secured, a CPJ derogation for SFA under £100k awarded to SMEs during June 2010.

²⁴ As noted in Section 1, the introduction of the GAP application form was viewed to be a key mechanism in ensuring the application process was streamlined and proportionate. During 2011, Invest NI’s Jobs Fund (a variation on mainstream SFA) also adopted an application based approach and in time developed a simplified £100k (and under) application form which eased the application process for smaller Jobs Fund projects. Thus the decision to introduce an application form for small SFA projects to streamline the application process was seen by Invest NI as a natural progression.

²⁵ We do however note that, on the basis that small SFA requires an element of capital expenditure or job creation to be supported through the project, CEs may have chosen to use GAP in projects that only involved the provision of marketing support (through the Development Grant) i.e. had no capital expenditure or job creation. We do however note that only one-third (33%) of GAP offers involved an offer of Development Grant support only. Further details on the support available through small SFA is provided in Appendix VII.

In addition, and notwithstanding the overarching principle that De Minimis aid would only be used in circumstances where no other existing support interventions were appropriate, consultation with Invest NI indicates that client facing staff may also be more inclined to select small SFA over GAP on the basis that any jobs promoted, over and above those directly supported by the intervention, are recorded and contribute towards individual and Corporate job promotion/creation targets. The selection of small SFA over GAP, for this reason, was identified as being particularly pertinent amongst Regional Business CEs who gained an increased remit for supporting new (rather than established businesses) following the Invest NI Client Segmentation exercise²⁶.

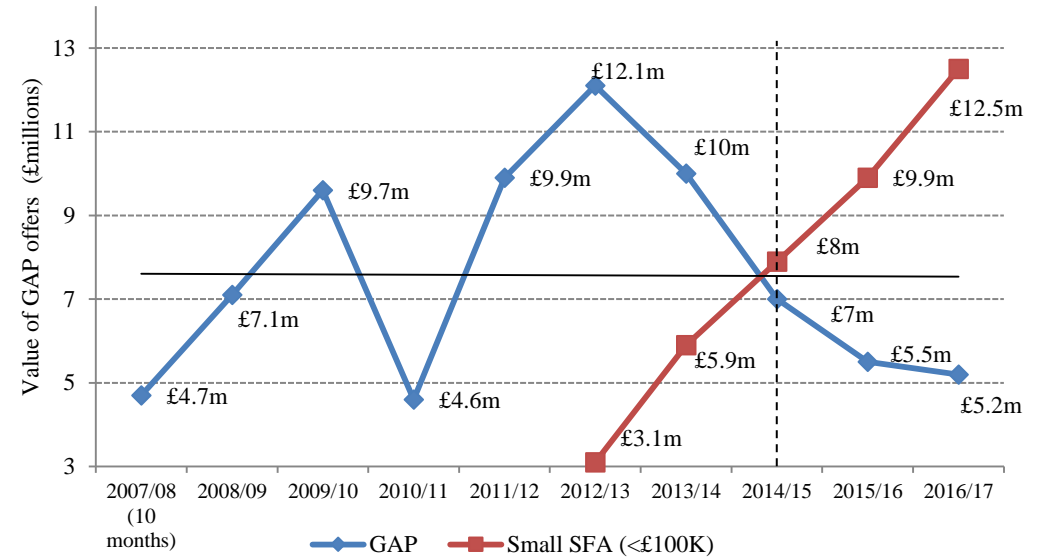
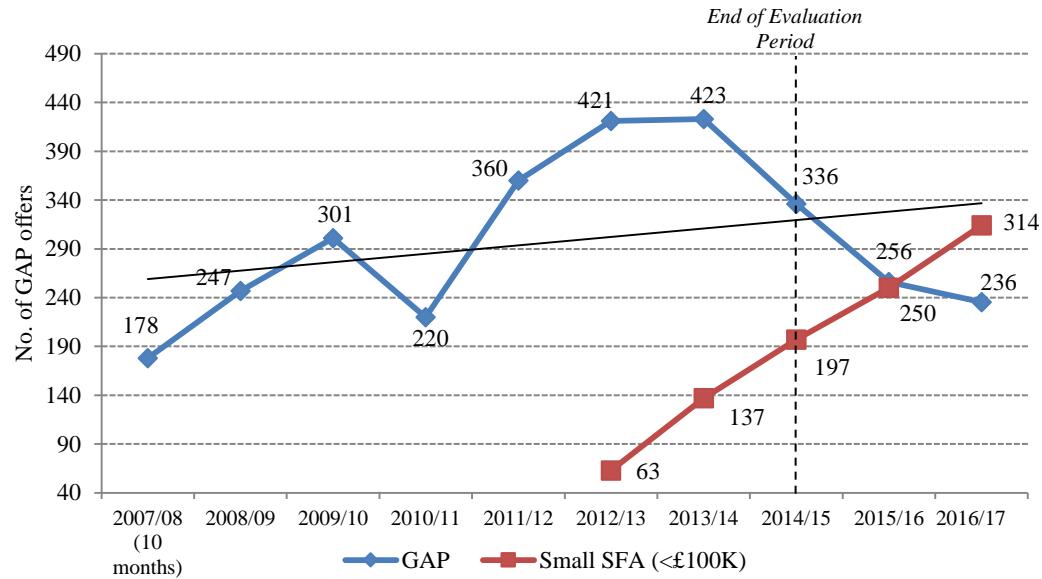
The impact of the above changes is reflected in the data, which indicates that the sharp fall in the number of GAP offers since 2012/13 has coincided with an even more pronounced increase in the number and value of small SFA offers. As illustrated in Figure 3.1, since 2012/13 the number of small SFA offers has increased by 398% and the value of offers increased by 303%, albeit from a low base. Similarly, the analysis (Table 2.5) indicates that, between 2012/13 and 2016/17, the number and value of GAP offers of assistance has fallen sharply (by 36 pps and 44 pps respectively) as a proportion of the total offers and value of assistance made through GAP and small SFA combined.

In addition to the availability of comparable support under small SFA, the availability of Jobs Fund²⁷ support, which (like ASF and STAS) was introduced to support businesses to weather the economic downturn, was also cited as having played role in reducing levels of demand for GAP support since 2012/13.

²⁶ It is understood that, as part of the Client Segmentation Exercise, more established businesses were transferred under the remit of Invest NI's Business and Sector Development Group.

²⁷ The Jobs Fund was a package of measures which sought to help rebuild Northern Ireland through the creation of employment, but also with the intention of reflecting the 'length and breadth' of the Northern Ireland economy, while also taking into consideration the priorities of a large number of strategies across various Executive Departments which had implications for the economy. Key measure of support available through the Jobs Fund included: Jobs Fund Selective Financial Assistance (SFA), Business Start Incentive Support, Social Enterprise Support, the Business Growth Programme (BGP) and the Employer Subsidy.

Figure 2.2: Number and value of GAP offers by year²⁸



Year	Business and Sector Development		Regional Business		Other	
	No. of Offers	Value of offers	No. of Offers	Value of offers	No. of Offers	Value of offers
2007/2008 (10 months)	111	£3,166,421	63	£1,417,151	4	£113,800
2008/2009	179	£5,557,136	66	£1,490,598	2	£85,250
2009/2010	226	£8,171,202	74	£1,483,423	1	£26,360
2010/2011	121	£3,176,192	98	£1,422,547	1	£37,740
2011/2012	221	£7,270,195	139	£2,601,504	-	-
2012/2013	260	£8,556,712	160	£3,512,575	1	£46,944
2013/2014	260	£8,193,509	162	£1,803,072	1	£49,000
2014/2015	205	£6,128,134	131	£887,292	-	-
Total	1,583	£50,219,501	893	£14,618,162	10	£359,094
2015/2016	183	£5,087,565	73	£452,989	-	-
2016/2017 (8 months)	114	£3,121,666	43	£359,616	-	-

²⁸ Please note that, at the time of drafting, 157 GAP offers of assistance (equating to c. £3.5m) had been made between April and November 2016 financial year 2016/2017. For the purposes of the longitudinal analysis, these have been prorated upwards to reflect the potential total offers of assistance for the 2016/17 financial year. Data relating to small SFA relates to offers below £100k and excludes Jobs Fund support.

Year	Offers of assistance				Value of assistance			
	No. of GAP offers	No. of 'small' SFA offers	Total number of GAP and 'small' SFA offers	GAP offers as a % of total offers	Level of GAP assistance offered	Level of Small SFA assistance offered	Total GAP and small SFA assistance offered	GAP assistance as a % of total assistance offered
2012/13	421	63	484	87%	£12.1m	£3.1m	£15.2m	80%
2013/14	423	137	560	76%	£10m	£5.9m	£15.9m	63%
2014/15	336	197	533	63%	£7.0m	£8.0m	£15.0m	47%
2015/16	256	250	506	51%	£5.5m	£9.9m	£15.4m	36%
Total	1,672	961	2,633	64%	£39.8m	£39.4m	£79.2m	50%

2.2.2 Offers of GAP assistance by intervention type

Almost three-fifths (59%) or c. £38.8m of the total assistance offered was made in the form of Development Grant support, whilst the remainder (40% or c. £26m) was offered in Key Worker Salary Grant support.

Type of support	No. of GAP offers ²⁹	% of offers	Value of offers	% of value of offers
Development Grant	2,257	59%	£38,778,440	59%
Key Worker Salary Grant	1,549	40%	£26,029,173	40%
Unknown	9	<1%	£197,134	<1%
Other	2	<1%	£192,010	<1%
Total	3,817	100%	£65,196,757	100%

As noted in Section 1, eligible businesses were able to avail of one or both forms of support as part of a given GAP project. As detailed in Table 2.7, the majority of offers, both in number (54%) and value (69%) terms, provided a combined package of support (i.e. both a Development Grant and a Key Worker Salary Grant).

Year	Development Grant only	KWSG only	Both (DG and KWSG)	Other ³⁰	Unknown	All GAP offers
2007/2008 (10 months)	60	15	102	1	-	178
2008/2009	88	32	126	1	-	247
2009/2010	83	26	192	-	-	301
2010/2011	71	27	122	-	-	220
2011/2012	101	18	240	-	1	360
2012/2013	142	32	241	-	6	421
2013/2014	202	35	186	-	-	423
2014/2015	179	33	122	-	2	336
Total	926	218	1,331	2	9	2,486
% of total offers	37%	9%	54%	<1%	<1%	100%
Average (per annum)	123	29	177	0	1	331
Value of assistance	£16,018,735	£3,944,950	£44,843,928	£192,010	£197,134	£65,196,757
% of total assistance	24%	6%	69%	<1%	<1%	100%

²⁹ Figures reflect offers of each type of GAP support (i.e. Development Grant and a Key Worker Salary Grant) that were made individually or as part of a combined package of support (i.e. both types of support being offered within one GAP offer).

³⁰ Other support included capital grant (£85k), Management salary grant (£87k) and Revenue grant (£20k).

2.2.3 Profile of businesses in receipt of GAP offers

Table 2.8 provides a summary of the profile of businesses in receipt of GAP offers of support. Salient points to note include:

- Unsurprisingly, given the relatively low levels of assistance available, GAP has been almost wholly used to support domestically-owned businesses (who were offered 93% in the value of GAP assistance), rather than being used as a tool to attract and retain non-NI owned businesses;
- The value of approved GAP offers was largely equally split between manufacturing (54%) and services (46%) businesses. Businesses in receipt of support operated in a diverse range of sectors (16 sectors in total), with the largest proportion of businesses operating in the business and financial services (16% of the value of offers) and software and computer services (13% of the value of offers) sectors (see Appendix IV for further details);
- Almost four-fifths (78%) of the total value of assistance was offered to small businesses (with 39% offered to micro businesses), c. one-fifth (19%) was offered to medium-sized businesses and 3% of assistance was offered to large businesses; and
- The majority (85%) of GAP assistance was offered to established businesses (i.e. those trading for more than 3 years), whilst the remainder was offered new business starts. Four-fifths (80%, N=475) of offers made to new starts, and two-thirds (66%) of the value of assistance made to these businesses, were made by the Regional Business Group.

Table 2.8: GAP offers by business characteristics						
Criteria	Businesses (N=1,899)		No. of GAP projects (N=2,486)		Value of offers (N=£65,196,757)	
	No.	%	No.	%	No.	%
Ownership						
NI owned	1,815	96%	2,376	96%	£60,902,225	93%
Non NI owned	84	4%	110	4%	£4,294,532	7%
Business type						
Manufacturing	929	49%	1,290	52%	£35,083,163	54%
Services	970	51%	1,196	48%	£30,113,594	46%
No. of Employees						
<10	1,050	55%	1,185	48%	£25,245,921	39%
10-49	611	32%	894	36%	£25,547,687	39%
50-249	213	11%	368	14%	£12,582,174	19%
250 - 499	20	1%	31	1%	£1,387,105	2%
500 - 999	4	<1%	7	<1%	£308,850	<1%
1,000+	1	<1%	1	<1%	£125,020	<1%
Business establishment						
Non-start up	1,426	75%	2,011	81%	£55,254,441	85%
Start up ³¹	473	25%	475	19%	£9,942,316	15%
<i>Of which:</i>						
– GAP Start	417	88%	418	88%	£7,834,240	79%
– Global Start	46	10%	47	10%	£1,888,423	19%
– Entry Start	7	1%	7	1%	£119,016	1%
– Export Start	3	1%	3	1%	£100,637	1%

³¹ Start-ups defined by Invest NI as being businesses that have been operating for up to three years since the commencement of trading.

2.2.5 Profile of businesses in receipt of GAP offers

Almost two-thirds (64%) of total GAP offers, and just over three-quarters (76%) of the value of offers, were made by Invest NI's Business and Sector Development group, with the remainder made by the Regional Business group.

Invest NI Group	Invest NI Division	No. of offers	% of no. of offers	Value of offers	% of value of offers
Business and Sector Development	Advanced Engineering and Construction	517	21%	£16,330,789	25%
	Food and Tourism	329	13%	£8,757,609	13%
	Growth and Scaling	299	12%	£8,597,459	13%
	Technology and Services	221	9%	£8,604,349	13%
	Life Sciences Electronics and Construction Product	217	9%	£7,929,295	12%
	Sub-total		1,583	64%	£50,219,501
Regional Business	Regional Office Network	893	36%	£14,618,162	23%
Other ³²		10	<1%	£359,094	1%
Total		2,486	100%	£65,196,757	100%

2.3 Drawdown of GAP Assistance

2.3.1 Overview of GAP draw down

Tables 2.10 and 2.11 provide an overview of the levels of GAP assistance that has been drawn down³³, with further details provided in the succeeding paragraphs.

Invest NI Group	Invest NI Division	Value of offers	Assistance drew down	% of assistance drawn down
Business and Sector Development	Advanced Engineering and Construction	£16,330,789	£9,810,992	60%
	Food and Tourism	£8,757,609	£5,643,897	64%
	Growth and Scaling	£8,597,459	£5,475,559	64%
	Technology and Services	£8,604,349	£5,209,905	61%
	Life Sciences Electronics and Construction Product	£7,929,295	£5,259,697	66%
	Sub-total		£50,219,501	£31,400,050
Regional Business	Regional Office Network	£14,618,162	£6,630,526	45%
Other		£359,094	£76,198	21%
Total		£65,196,757	£38,106,773	58%

Offered	Drawdown		Range	Mean	Median
	£	%			
£62,997,515	£37,075,811	(59%)	£126 - £122,765	£18,510	£13,811

³² 'Other' offers relates to offers of assistance made by CEs who have transferred from the Business and Sector Development or Regional Business Groups into another Invest NI Groups.

³³ Figures relate to offers of GAP assistance made between 1st June 2007 and 31st March 2015. Levels of drawdown are accurate as at October 2017.

Salient points to note include:

- £38.1m of the £65.2m of GAP assistance offered to businesses has been drawn down, representing a draw down level of 58%. This draw down levels increases marginally, to 59%, when the analysis is limited to projects that are outside the eligible draw down period (of 2 years following the receipt of a LoO).

Per Table 2.12, the drawdown level is broadly in-line (or better) with other Invest NI grant-comparable interventions.

Intervention	Drawdown rate
E-business Management Information Systems (MIS) grant	66% ³⁴
Selective Financial Assistance (SFA)	60% ³⁵
Business Improvement Training Programme/Skills Growth Programme	54% ³⁶

- The mean drawdown of GAP assistance (based upon closed GAP projects) is £18.5k and the median is £13.8k.
- Of the total number of closed projects, 42% of projects drew down 50% or less of the total GAP assistance that was offered to these projects. 16% of projects did not draw down any support (Table 2.13).

	0%	1-25%	26%-50%	51% - 75%	76% - 100%	Total
No. of projects	380	269	348	443	943	2,383
Value of projects	£7,171,854	£6,808,677	£10,120,574	£12,765,778	£26,130,632	£62,997,515
Value drawn down	£0	£957,159	£3,818,696	£8,113,959	£24,185,997	£37,075,811

- Levels of drawdown were significantly lower (18 pps lower) amongst businesses in receipt of GAP support through the Regional Business Group (45%) vis-a-vis the Business and Sector Development Group (63%). Potential reasons for the lower levels of draw down amongst Regional Business Clients are detailed in 2.3.3.
- Levels of Development Grant drawdown were marginally higher (5 pps higher) than levels of Key Worker Salary Grant drawdown.

Nature of support	GAP assistance offered	GAP assistance drawn down	Draw down rate
Development Grant	£37,568,485	£22,853,308	61%
Key Worker Salary Grant	£25,039,886	£14,114,493	56%
Other	£192,010	£108,010	56%
Unknown	£197,134	£0	0%
Total	£62,997,515	£37,075,811	59%

³⁴ Source: Evaluation of the eBusiness Service, Cogent Management Consulting (2015). Drawdown level reflects the historic drawdown level of closed MIS supported projects.

³⁵ Source: An Evaluation of Selective Financial Assistance in Northern Ireland 2004/05 to 2010/11, SQW (2013)

³⁶ Source Invest NI. Drawdown level reflects the historic drawdown level of closed BITP/Skills Growth Programme supported projects from 2007/08 to 2014/15 inclusive.

2.3.2 Activities took forward with GAP support

As detailed in Table 2.15, the feedback from businesses indicates that they undertook a diverse range of activities with the support of their respective development grant(s). More than four-fifths (86%, N=319) of projects undertook marketing activities, with the most frequently cited activities including new market development visits, market research visits and/or attendance at trade fairs and exhibitions outside NI.

Table 2.15: Activities undertaken with the support of the GAP Development Grant (N=319 GAP projects³⁷)		
	No. of GAP projects that undertook the activity	% of projects that undertook the activity
Marketing Activities	273	86%
New Market Development visits outside NI	226	71%
Market research visits outside NI	222	70%
Attendance and/or participation at Trade Fairs and Exhibitions outside NI	215	67%
Web design	154	48%
Advertising outside NI	140	44%
Delivery of product demonstrations outside NI	132	41%
Mail shot campaign outside NI	109	34%
Test Marketing outside NI	93	29%
Design of packaging	61	19%
Delivery of product launches/seminars/open days	61	19%
Creation of a promotional CD or DVD	57	18%
New machinery to ensure capacity to meet demand for export sales	2	1%
Specialist Consultancy	126	39%

Just under two-fifths (39%, N=319) of projects in receipt of a DG undertook specialist consultancy. Types of specialist consultancy support procured by these businesses included: sales and marketing (N=78), ICT (N=26), business management (N=9), production/process management (N=7), financial management (N=3) and HR consultancy support (N=3).

In terms of the posts created with the support of the KWSG, businesses indicated that the majority (60% - N=228 posts) of these were business development roles, typically involving extensive sales and marketing activities. The remaining posts were typically technical (60%) or production and/or operations (10%) focused.

Table 2.16: Nature of posts supported with KWSG assistance		
Function of posts/roles	No. of posts	% of posts
Business Development (incl. sales & marketing)	137	60%
Technical	42	19%
Production and/or operations	23	10%
Accounting/Finance	14	6%
General Management	11	5%
Total	228	100%

Business indicated that just over four-fifths (83%) of the posts that they created with the support of the KWSG were at middle (47%) or senior management (36%) levels.

Table 2.17: Managerial level of posts supported		
Managerial levels of post created	No. of posts	% of posts
Junior	38	17%
Middle	108	47%
Senior	82	36%
Total	228	100%

³⁷ Figures related to 238 unique businesses that received Development Grant assistance as part of 319 GAP projects.

2.3.3 Factors driving levels of GAP drawdown

As detailed in Table 2.18, businesses identified a number of factors that had inhibited them from drawing down GAP assistance to the levels anticipated at the outset.

Table 2.18: Factors preventing businesses from drawing down GAP assistance (either wholly or partially)³⁸		
Reasons	Development Grant	Key Worker Salary Grant
The business was unable to draw down the Grant within the 24-month timeframe due to changing business circumstances	27%	26%
The business was able to complete the project at a lower cost than what was initially envisaged within your GAP application	23%	23%
Cannot recall/ unsure	15%	25%
The business no longer needed/needs the project as initially specified	8%	9%
The business could no longer afford to complete the project to the extent that was initially specified	7%	8%
The business didn't have the time to complete the project as initially envisaged	7%	6%
The nature of the project changed/has changed from what was initially specified	6%	2%
Undertook ineligible activities and therefore could not draw down the grant	4%	1%
You had/have other business priorities	3%	3%
Personal reasons	1%	1%
Claims process was too cumbersome	1%	-
No. of projects where GAP assistance was not drawn down as envisaged	179	151

Key reasons cited included:

- Businesses were unable to draw down their respective grant within the two-year eligible period due to changing business circumstances;
- Businesses were able to complete the project at a lower cost that was envisaged at the outset. Based on their own observations, some concern was expressed by some Invest NI stakeholders that project costs were not being scoped and subsequently challenged as strongly as they could have been (especially in the early years of GAP) and, linked to this scoping issue, some projects were not ready to commence in the timescales envisaged.

As noted in Section 1, to realise and maintain the concept of simple, standard GAP offer, extensions or amendments to the LoO were (are) only expected to be applied in exceptional circumstances. However, feedback from businesses and data provided by Invest NI indicates that, as a result of delays in commencing GAP projects and/or delays in drawing down grant within the two-year eligible period, a considerable number of extensions and amendments to Letters of Offer were made. For example, during consultation, businesses indicated that 15% of their GAP projects (N=351) were subject to amendments during the course of delivery of these projects and monitoring information provided by Invest NI indicates that there were 744 GAP amendments³⁹ to GAP LoOs between 2009 and 2016. The feedback from businesses (Figures 2.3 and 2.4), and confirmed by Invest NI during consultation, indicates that the majority of amendments to GAP offers resulted from a need to extend the project's timescales, typically due to the fact there were delays in commencing the project.

³⁸ Figures may sum to in excess of 100% on the basis that respondents were able to select more than one answer. Please note, in instances where a business was offered both forms of support as part of a GAP offer, a business may not have drawn down (or only partially drawn down) one or both forms of assistance. Figures relate to 189 unique businesses who undertook 225 GAP projects which did not draw down their GAP assistance (either in whole or in part) and do not envisage drawing down any outstanding GAP assistance in the future.

³⁹ Based on the information provided, it is unclear how many GAP projects these amendments related to.

Figure 2.3: Nature of amendments made to GAP offers of assistance

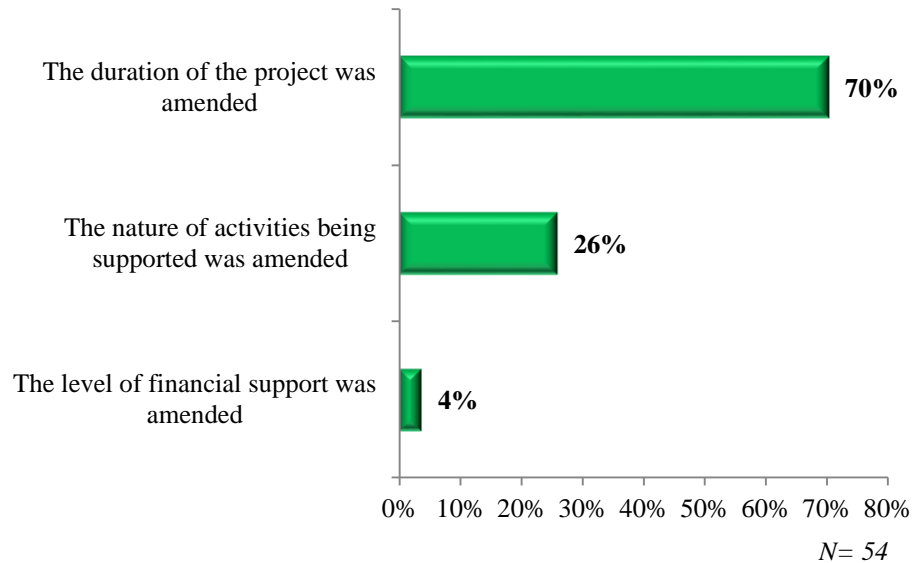


Figure 2.4: Rationale for GAP amendments

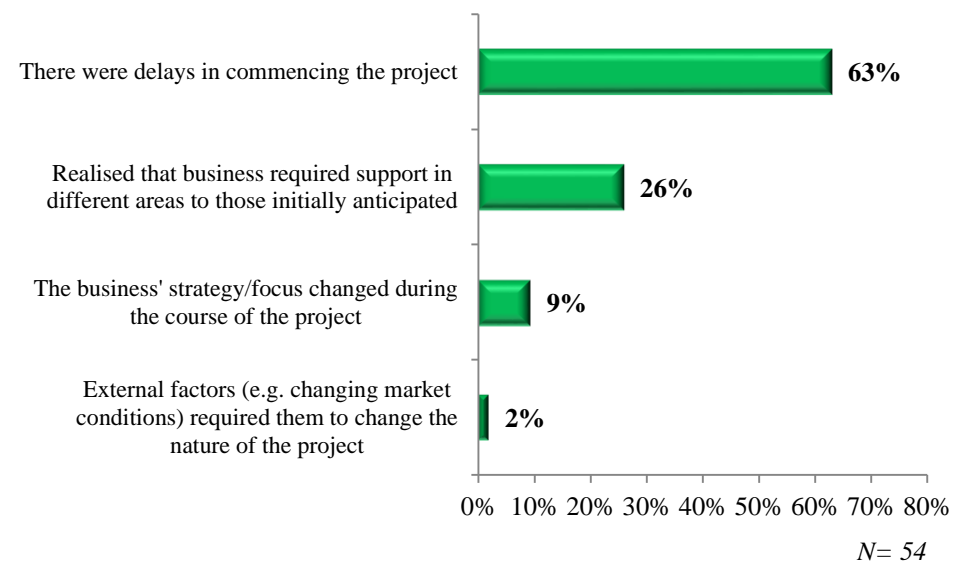


Table 2.19: Nature of amendments made by GAP support type (N=54)

	Development Grant (N=18)	Key Worker Salary Grant (N=2)	Both (N=34)
The duration of the project was amended	67%	100%	71%
The nature of activities being supported was amended	28%	-	26%
The level of financial support was amended	5%	-	3%

Table 2.20: Rationale for GAP amendments made by GAP support type (N=54)

	Development Grant (N=18)	Key Worker Salary Grant (N=2)	Both (N=34)
There were delays in commencing the project	72%	100%	56%
Realised that business required support in different areas to those initially anticipated	22%	-	29%
The business' strategy/focus changed during the course of the project	6%	-	12%
External factors (e.g. changing market conditions) required them to change the nature of the project	-	-	-

Feedback from Invest NI's Offers and Claims Team indicates that the number of amendments that were made to GAP LoOs added considerable additional workload to what was, in their view, already a labour intensive scheme to administer given the high volume of GAP projects (which were of relatively low levels of assistance).

- Other factors cited, by both businesses and Invest NI client-facing staff, that have contributed to creating delays in commencing GAP projects and, in a number of cases by association, impacted upon levels of drawdown and/or created a need to amend the project's timeframes included:
 - For some businesses, their business development plans were less well formulated, for example, in terms of identifying the markets they would target and/or how the nature of business development activities that they would undertake to enter these markets. As such, it was noted that some projects tended to be more speculative in nature and subject to deviation from the initial project plan. It was suggested that this issue was particularly pertinent amongst businesses operating in the 'regions', which were identified as being more early stage and likely to be relatively less experienced in trading in external and export markets;

This issue is reflected in the feedback from businesses, whose GAP offer was subject to amendment, with circa one-quarter of these businesses indicating that they realised that they required support in different areas to those initially anticipated and hence the nature of costs supported through GAP had to be amended within their respective LoO. The feedback from a number of businesses indicated that they would have welcomed more strategic guidance/advice from their Client Executive of how best to utilise the support that was available through GAP

"In hindsight, at the time of submitting our GAP application, I don't think we had given enough thought to the most appropriate markets that we should be targeting and what types of activities we should undertake to enter these. We would have welcomed a bit more advice in this regard from our Client Executive."

"Whilst I really appreciated the proactive approach taken by Invest NI to provide us with support, I think more time should have been taken to develop more well-thought through plan as to how we were going to achieve growth in these markets, especially given the fact that we were only selling to customers in NI at the time and no experience in export markets."

"After receiving an offer of support, we changed the focus of what we wanted to achieve and this required different types of support."

GAP Recipients of support

- Business may have delayed investment decisions (including the recruitment of new staff) due to prevailing local market conditions and levels of uncertainty;
- Delays in identifying and recruiting a suitable employee to fill the Key Worker post; and
- Changes in market conditions in individual sectoral and/or geographic markets that the business was seeking to target, meant that it was too risky to take forward the GAP project.

2.4 Risk Management

Other than indicating that EU monitoring requirements would be taken into account within GAP's "application and approvals mechanics" and that it was anticipated that any risk would be spread across a large number of projects (given the size of offers that would be made under De Minimis), no further detail was provided within the De Minimis proposal of other specific risks that were anticipated to arise during the period under review (as well as their potential likelihood and impact).

In our view, given the operational issues that have arisen during the period under review (documented in Section 3 and 4), a more robust approach to risk management may have been adopted. It is

recommended that the potential risks to the Programme are robustly examined as part of any Economic Appraisal of any future phase of the Programme. Given the nature of the Programme, and the types of issues that have occurred, specific risks that should be considered include (at a minimum):

- Reduction in levels of Programme demand;
- Duplication with other marketing and capability development interventions;
- A lack of strategic approach to growth being adopted by businesses;
- Value-for-money not being achieved etc.

The Appraisal should identify the potential likelihood of each risk arising, its potential impact and the risk mitigation strategies that would be put in place.

The risks, featured within the Appraisal, should form the basis of a risk register that should be monitored and, where necessary, added to during the course of the Programme. In-line with NIGEAE, areas that should be covered in the risk register should include: Risk number (unique within the register), risk type, author (who raised it), date identified, date last updated, description, likelihood, interdependencies with other sources of risk, expected impact, bearer of risk, countermeasure, risk status and risk action status.

2.5 Equality Considerations

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

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

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

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

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

On this basis, the Evaluation Team concludes that whilst GAP was not specifically targeted at any specific Section 75 categories, it does not appear to have had an adverse impact on any Section 75 group.

2.6 Summary Conclusions

Salient points to note with regards to the review of the Programme's activity include:

- Between June 2007 and March 2015, Invest NI offered £65.2m of GAP assistance to 1,899 unique businesses through 2,486 separate offers of assistance. The average offer of assistance was £26.2k and two-thirds of offers (66%, N=2,486) were for less than £30k;
- Almost three-fifths (59%) or c. £38.8m of the total assistance offered was made in the form of Development Grant support, whilst the remainder (40% or c. £26m) was offered in Key Worker Salary Grant support. The majority of offers, both in number (54%) and value (69%) terms, provided a combined package of support;
- Just over one-fifth (22%, N=1,899) of businesses received multiple offers of assistance;
- The value of GAP assistance offered represented 30% of the total anticipated project costs (c. £219m) reflecting, in the main part, the impact of additional aid ceilings introduced by Invest NI due to wider affordability constraints;
- The relative importance of GAP within the suite of available tools that client-facing staff have to support businesses has diminished over time, largely due to the availability of small SFA support which provides comparable levels of funding to support the same activities and is administered through a similarly efficient and proportionate application, appraisal and casework process. In essence, it appears that small SFA is now being used to fulfil the role that GAP was originally conceived to address;
- £38.1m of the £65.2m of GAP assistance offered to businesses has been drawn down, representing a 'live' draw down level of 58%. This draw down level increases marginally (to 59%) based on completed GAP projects;
- Whilst it was anticipated that a GAP project would act as a catalyst to encourage businesses to implement a more strategic growth project, it appears that a significant cohort of businesses was adopting too much of an ad hoc and speculative, rather than a strategic, approach to growth. The feedback suggests that, in number of instances (especially where multiple offers of assistance was being provided), client-facing staff could have provided a more robust challenge to encourage businesses to consider their growth plans more strategically and apply a greater challenge of the need for the GAP project; and
- Whilst GAP was not specifically targeted at any specific Section 75 categories, it does not appear to have had an adverse impact on any Section 75 group.

3. STAKEHOLDERS' SATISFACTION WITH, AND VIEWS OF, GAP

3.1 Introduction

Section 3 provides a detailed analysis of the key findings, emerging from the primary research with businesses in receipt of GAP support and other Invest NI stakeholders, in terms of their satisfaction with, and views of, the programme.

3.2 Operation of GAP - The *External Perspective*

3.2.1 *Businesses' Satisfaction with the nature and levels support available and Programme administration*

As detailed in Figure 3.1 (overleaf) and Table 3.1, recipients of GAP support expressed a high level of satisfaction in relation to the administration of, and support delivered through, the Programme. Specifically, typically 90% or more of businesses indicated that they were very satisfied or satisfied with the:

- Nature and content of support provided through GAP in terms of the:
 - Types of marketing and specialist consultancy activities and costs eligible for support through the DG; and
 - Nature, number and level of seniority of posts that were eligible for support through the KWSG, as well as the time period in which the posts were supported (i.e. 1 year).

Of particular note, businesses welcomed the breadth of activities that were eligible for support as part of a GAP project which, in their view, supported an integrated and holistic approach to addressing the marketing and capability needs of the businesses.

"The support allowed us to take a rounded approach to developing our sales outside NI. The Key Worker Salary Grant supported us to appoint a sales and marketing manager who was able to undertake market research visits to GB and Belgium with the support of the marketing (Development) Grant."

"We really welcomed the support that was available, especially given the difficult economic conditions over the last number of years. We got salary support towards the cost of a business development manager, who able to take a fresh look at our approach to growing the business in export markets. So far, the manager has helped us secure sales in NI and in two new export markets. We've actually had to provide the manager with an assistant, given the demand on his time from the new business opportunities that he has identified."

"It was great to receive an offer of assistance that covered so many things. We have been able to get some consultancy support to help us do some market research and then undertook a number of visits to the markets to explore the opportunities more fully."

"The support allowed us to attend a trade fair and appoint a new sales development manager. Whilst the impact of the activities has not come overnight, we are gaining some good traction in a number of new markets and seeing the results in our top-line."

- Levels of assistance that were available through the Programme both at a grant-type level (i.e. up to £40k towards marketing costs and £25k in specialist consultancy costs through the DG and £25k per post through the KWSG) and overall as part of a GAP project (i.e. £100k).

"I'm really grateful for the support received...we just wouldn't have had the money to undertake these activities without support."

"The levels of support available definitely seem fair and helped reduce at least some of the risk of undertaking these types of activities."

“The contribution that we received towards a new marketing manager really made a difference. Without the support, we would have held off in creating the post to a time when it was more affordable. This may have been a year or two later and would have resulted in us missing out on a number of opportunities that achieved with the support of the manager.”

“It’s only right that businesses are required to contribute towards the cost of the activities and in this respect, the levels of assistance that were provided were very reasonable.”

- Administration of the Programme in terms of the:
 - Application process including the ease of completion of the GAP application form, any support/guidance that was provided to assist businesses to complete the form and the length of time between submitting a GAP application and being provided with a Letter of Offer; and
 - Financial claims process including the levels of administration required to submit a claim, the length of time between submitting a financial claim and receiving payment, the quality and timing of any advice provided to make a claim and the time period within which the financial support had to be drawn down (24 months from receiving a letter of offer).

“The application process was very straightforward and my Client Executive was always at the other end of the phone to address any queries I had. Compared to other supports we have applied for, this was a relatively pain-free process.”

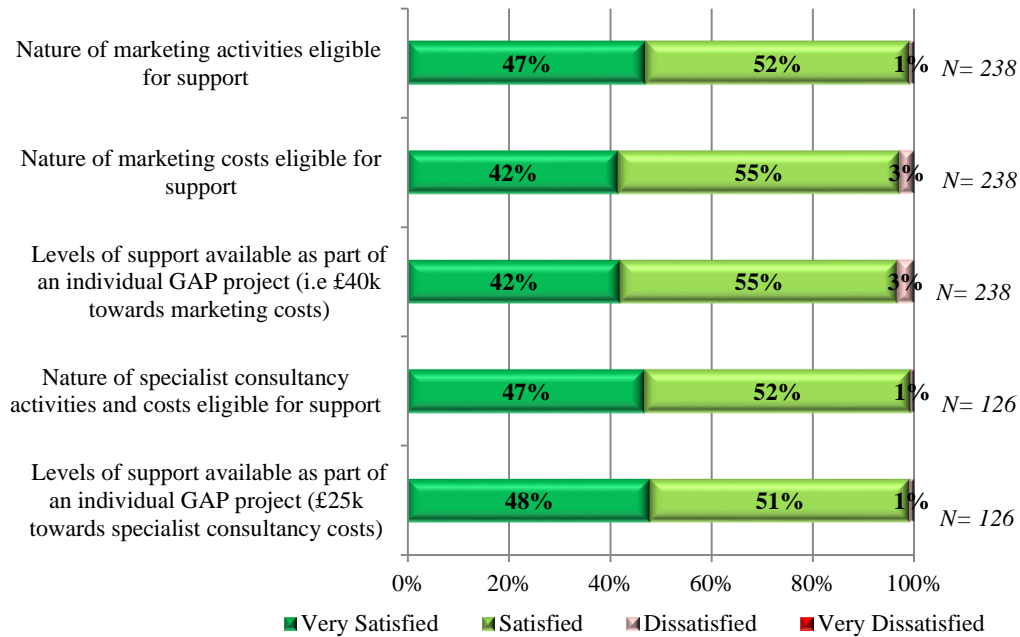
“I was surprised at how quickly the process moved following the initial conversation that I had with my Client Executive, it was less than two weeks before we were told that our application had been successful.”

“There really wasn’t that much to it. I had a chat with my Client Executive, filled in an application and was advised of the decision soon after. Claiming the support after we had completed the project was really straightforward too. With so many things going on in the businesses, it was good that the process was simple and didn’t take too much time.”

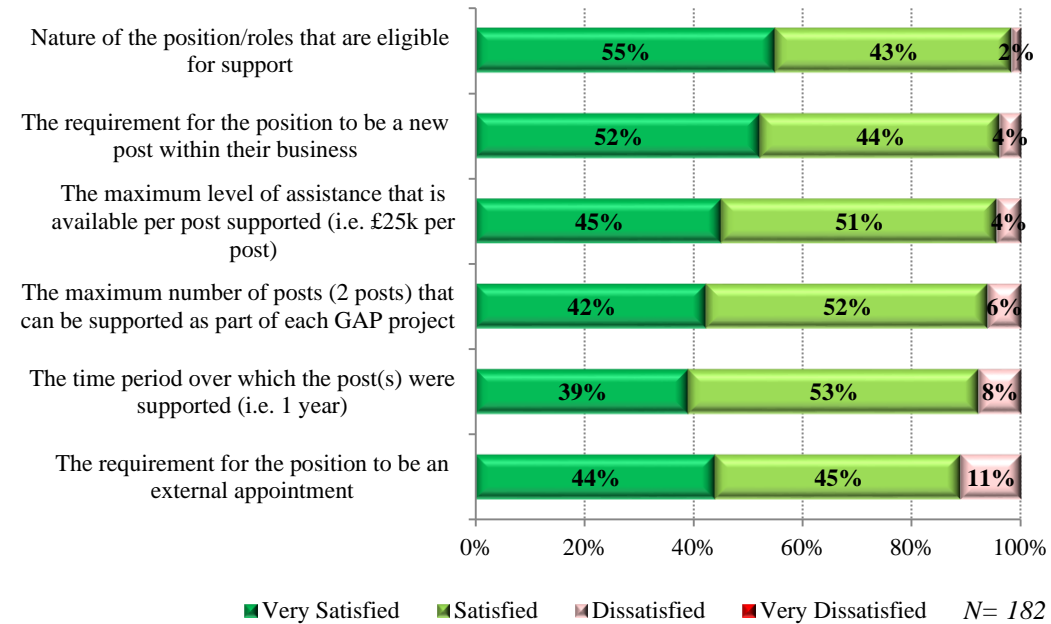
Table 3.1: Satisfaction with the overall support and administration of GAP (N=252)		
	% of businesses that were.....	
	‘very satisfied’ or ‘satisfied’	‘dissatisfied’ or ‘very dissatisfied’
GAP Application process		
The ease of completion of the GAP application form	93%	7%
Any support/guidance that was provided to assist you in completing the application	98%	2%
The length of time between submitting your GAP Grant application and being provided with a Letter of Offer	98%	2%
Overall levels of Assistance		
The overall maximum offer of assistance available as part of any GAP application (i.e. £100k)	97%	3%
The maximum contribution available as part of any GAP application (i.e. 50% of eligible, approved and vouched costs)	97%	3%
Claims Process		
The financial claims process in terms of:		
- The levels of administration required to submit a claim	83%	17%
- The length of time between submitting a financial claim and receiving payment	95%	5%
- The quality of any advice provided to support you in submitting a claim	96%	4%
- The timing of any advice provided to support you in submitting a claim	96%	4%
The time period within which the financial support had to be drawn down (24 months from receiving a letter of offer)	95%	5%

Figure 3.1: Businesses' satisfaction with DG and KWSG support

Development Grant support

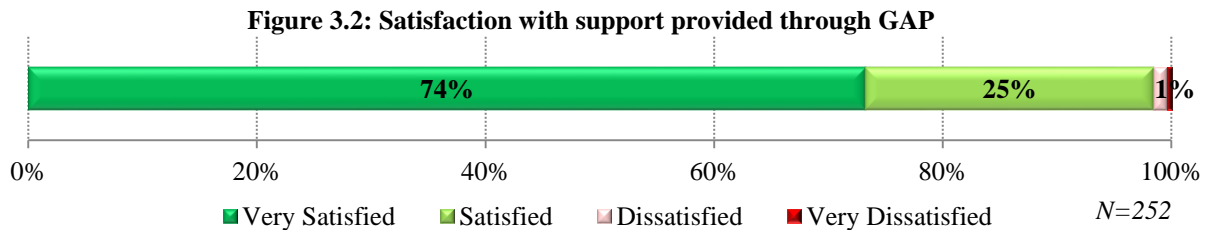


Key Worker Salary Grant support



3.2.2 Overall satisfaction with the Programme

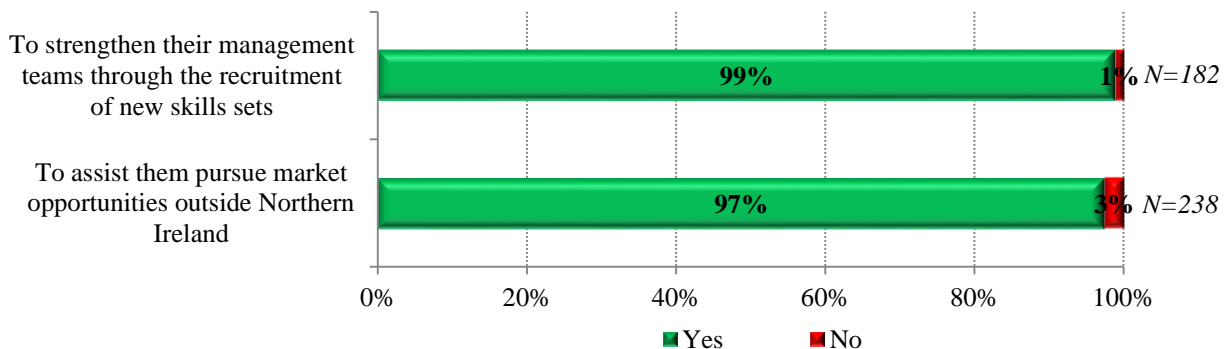
Building on the high levels of satisfaction reported by businesses in relation to the individual areas of support that were delivered through GAP, nearly all businesses (99%, N=252) indicated that they were either ‘very satisfied’ (74%) or ‘satisfied’ (25%) with the overall support provided through the programme.



Unsurprisingly then, almost all businesses stated that they would recommend the programme to other businesses in order to:

- Assist them to pursue market opportunities outside Northern Ireland (97%, N=238); and
- Strengthen their management teams through the recruitment of new skill sets (99%, N=182).

Figure 3.3: Willingness of respondents to recommend the programme to other businesses



“Overall, I’m very happy with the support that we received. I would have no hesitation in recommending it to other businesses that are looking to grow their business outside Northern Ireland.”

“From start to finish it was a really straightforward process and the support was effective in meeting our business’ needs.”

“I was delighted with the support and, despite the relatively low levels of assistance available, the activities supported with the assistance really made a difference.”

3.2.3 Businesses’ Recommendations for Improvement

Given the reported high levels of satisfaction, only a small number of businesses (16%, N=252) made recommendations as to how the Programme could potentially be improved. These recommendations included:

- Invest NI providing follow-on financial assistance and advice to recipients to build upon the work undertaken as part of the GAP project (N=28);
- Simplifying the application and claims process (N=13);
- Extending the length of time that businesses have to draw down GAP assistance (N=10)
- Providing a level of assistance at the outset of the Programme, as opposed to payment in arrears (N=6).

“There is only so much you can do with a relatively small level of assistance. Whilst we made good progress in exploring markets, we would have needed additional support and advice to build upon the work undertaken.”

“We would have welcomed additional advice and support on how to maximise the opportunities that we identified during our market visits.”

“The project was really useful to get ourselves in front of potential customers. However, further visits to these potential customers will be required to demonstrate our capability and build longer term working relationships. It would be really useful if we could have received this follow-on support.”

“Whilst the application and claims process was much better than other programmes that we have been involved in, there is still room for improvement. Aspects of the application felt repetitive and we were required to provide quite a bit of information that was not readily at hand. Similarly, there was quite a bit of time required to complete and submit our claim form, despite it just being for a few thousand pounds.”

“It would be really useful if the duration that businesses can draw down the support is extended, say to three years”.

3.3 Operation of GAP - The Internal Perspective

Aligned with the positive feedback provided by recipients of GAP support, the majority of Invest NI stakeholders were of the view that the model of operation established to administer GAP support was broadly fit-for-purpose. Specifically, it was suggested that the flexibility of GAP – in terms of its ability to support a range of marketing and capability development activities as part of one offer of assistance – was frequently cited as the key strength of the intervention and, when combined with the divisionally distributed model of operation, had facilitated support to be channelled in an effective and timely manner.

However, for a number of consultees, the flexibility of GAP was also cited as the intervention’s key weakness. That is to say, a cohort of Invest NI stakeholders indicated that, on a minority of occasions (albeit frequently cited across the cohort of Invest NI consultees), the Programme’s guiding principles were not being adhered to as fully as might otherwise have been the case.

Specific issues that were identified by these Invest NI stakeholders included:

- Posts that were ultimately created with KWSG support were not, in all cases, deemed to be ‘Key Workers’, in the wider context of the business and its operations. Stakeholders citing this concern emphasised that the issue was more pronounced in the early years of GAP’s operation with greater scrutiny applied by both CEs and GAP ‘Approvers’ in more recent years. It was suggested that the issue had been exacerbated by, in their view, a lack of clarity within the Internal Scheme Guidance as to how a Key Worker should be defined. Whilst the Evaluation Team notes that the relative importance of a post, and hence its status as a ‘key worker’, will vary from business to business; in our view, greater clarity could have been provided within the guidance to remove, at least in part, a level of subjectivity in the decision-making process;
- Contrary to guidance, GAP was being used to extend/expand the scope of project that had been assisted under another Invest NI intervention. For example, one Invest NI stakeholder indicated that they had observed a scenario whereby a business that had received an SFA employment went on to receive a KWSG to support additional employees as part of an expansion project;
- GAP was being selected over other Invest NI interventions because of the relative ease of the approval and administration process and/or due to the fact that GAP offered a relatively higher level of assistance in value terms, rather than availing of other supports which would have been delivered by another internal team that could potentially have provided more specialised export development/marketing expertise (e.g. through the Trade Team) which could have benefited some businesses/projects;

- Linked to the previous point, stakeholders suggested that communication between Invest NI's Trade Team and Client Executives' (and vice versa) could potentially have been more effective to ensure that the most appropriate solution was provided to businesses at the outset and that the need for follow-on support could be identified and provided to support the business to build upon the progress made as part of their GAP project;
- A more overt rationale for offering GAP assistance was to meet CEs' allocated performance targets relating to GAP, as opposed to addressing the underlying needs of the business. However, whilst the Evaluation Team cannot confirm the veracity of this view, a number of other Invest NI stakeholders were of the view that the existence of a robust appraisal and approval process had served to ensure that support was only ever provided in instances where there was a proven need (as articulated against Invest NI's intervention principles);
- CEs, wanting to be 'seen' to supporting their clients' needs, were offering GAP assistance in the absence of having an alternative form of support to offer;
- Client facing staff did not always sufficiently challenge businesses' growth plans with a speculative and ad-hoc, rather than a strategic, approach being taken by some businesses to growth. This was cited as being particularly pertinent in instances where there were multiple offers of GAP assistance and/or where multiple amendments were made to GAP LoOs. On a more positive note, in instances where GAP was being utilised within a well formulated strategic approach to growth, it was suggested that the delivery of GAP support had contributed to developing a more relationship-based, as opposed to transactional-based, approach to the interaction between Invest NI staff and its Clients. In this context, it was suggested that the delivery of support had contributed to practically embedding the 'Trusted Business Partner' model that is currently being developed by Invest NI; and
- Concerns that the additionality argument underpinning the need to provide support to large businesses was not challenged as robustly as it could have been. Opinion was divided as to whether these businesses should continue to be eligible for GAP support, as part of any future iteration of the Programme.

It was the view of these consultees that these issues had combined to (at least in part) increase levels of GAP uptake over and above what was anticipated by these stakeholders at the outset⁴⁰, dilute GAP's operational effectiveness and impact, lower levels of GAP assistance being drawn down and had, at worst, resulted in instances where Clients' available De Minimis Funding had been utilised unnecessarily.

Whilst the Evaluation Team cannot be definitive as to the frequency by which these issues occurred, or the extent of their associated impact, the individual issues were commonly cited across Invest NI stakeholders. In this regard, we consider that GAP would likely have benefited from closer attention, in terms of the monitoring and ongoing review of the Programme's delivery and performance, during the period under review.

During consultation, Invest NI stakeholders suggested that the above issues could have been mitigated (at least in part), and the administration of the Programme improved more generally, through:

- The issuing of more detailed Scheme Guidance and encouraging CEs to regularly revisit the guidance;
- The provision of training (to all employees) on the parameters of the Programme and De Minimis definitions and rules;

⁴⁰ The Evaluation Team does however note that an initial annual budget (of £10m) was allocated for a 12-month pilot period only, with no indication of the anticipated number of projects and associated programme budget identified thereafter.

- A greater degree of challenge being applied at the project development and application stages. Specifically, it was suggested that in a number of instances, CEs could have challenged businesses to adopt a more strategic approach to growth;
- Greater levels of communication across the organisation with regards to:
 - Ensuring that expertise from across the organisation was being utilised to assess the reasonableness of the strategic plan for growth that had been (or should have been) developed by the business in conjunction with their CE and, linked to this, ensuring that the most appropriate forms of support from across the organisation were in place to support the implementation of a longer-term strategic plan. This view is reflective of the feedback from a number of businesses who indicated that they would have welcomed additional follow-on support and advice to build upon the work undertake as part of the GAP project.

Given the core focus of GAP, it was suggested that a greater level of collaborative interworking between client-facing staff and the Trade Team should have been taken forward;

- The administrative ‘home’ of GAP. In a number of instances, Invest NI stakeholders expressed uncertainty as to who was ultimately responsible for the administration and management of GAP at a Programme level. Practically, a number of Client Executives indicated that they were uncertain as to where they should seek assistance to address GAP-related issues within the organisation;
- The practical roll-out of GAP and any issues being encountered therein. Whilst recognising the benefits of the divisionally distributed model of intervention, it suggested that these could have been more effective communication between the Invest NI Divisions/Groups and GAP’s central Programme management team (and vice versa). We do however note that any lack of communication between the two may have resulted from, the reported uncertainty amongst a number of stakeholders as to GAP’s administrative home.
- Linked to the previous point regarding communication, more robust procedures could have been implemented for monitoring, reporting and sharing client-level information across the organisation. It was noted that this would require improvements to be made at both a staff (in terms of what is being recorded and when it is being recorded) and systems level (in terms of how the information can be shared and accessed).

3.4 Summary Conclusions

GAP is, on the whole, highly regarded by recipients of the support and Invest NI stakeholders alike. From an external perspective, the feedback indicates that the Programme is providing adequate levels of assistance to support a range of distinct, but complementary, activities that offer the potential to stimulate businesses’ growth in markets outside NI.

The flexibility of GAP - in terms of its ability to support a range of marketing and capability development activities as part of one offer of assistance – has been cited by businesses and Invest NI stakeholders as the key strength of the intervention and, when combined with the divisionally distributed model of operation, appears to have facilitated support to be channelled in an effective and timely manner.

However, looking beyond stakeholders largely positive views of GAP, it appears that the flexibility of GAP has arguably been the intervention’s key weakness. Specifically, the feedback suggests that, on a minority of occasions (albeit frequently cited across the cohort of Invest NI consultees), the Programme’s guiding principles were not being adhered to as fully as was envisaged at the outset. It was suggested that this had, on occasions, culminated in (amongst other things) diluting GAP’s

operational effectiveness and impact and resulted in instances where Clients' available De Minimis Funding had been utilised unnecessarily.

In our view, these issues could have been (at least in part) mitigated through closer attention being paid to the Programme's delivery and performance during the period under review. In the event that Invest NI continues to provide support through GAP, appropriate steps should be taken to address the operational deficiencies highlighted.

4. IMPACT OF GAP

4.1 Introduction

Section 4 considers the impact that the receipt of GAP support had on recipient businesses⁴¹.

4.2 Programme Additionality

The net impact of Invest NI's GAP (i.e. it's additionality) relating to businesses' decision to engage in similar activities to pursue market opportunities outside NI and/or strengthen the management team through the recruitment of new skill sets, or where relevant, to undertake these activities to a similar scale and/or within a similar timescale, can only be measured after making allowances for what would have happened in the absence of the support. That is, the support must allow for deadweight. 'Deadweight' refers to activity that would have occurred without the intervention i.e. the GAP support.

Appendix IX provides a detailed overview of the Evaluation Team's deadweight/additionality calculations. However, in summary, we have calculated levels of activity deadweight using a 'participant self-assessment' methodology. The methodology utilises a series of questions⁴² within the participant survey and assigns weightings (agreed in conjunction with DfE's Economist Team) to the individual responses.

The questions sought to ascertain respondents' views on the impact that the receipt of GAP support had on their decision to take forward the GAP activities. Options included:

- Whether they would have taken forward the activities at all;
- Whether they would have taken forward the activities but on a reduced scale;
- Whether they would have taken forward the activities, but at a later date;
- Whether they would have taken forward the activities but on a reduced scale and at a later date; and
- Whether they would have taken forward the activities at the same scale and within the timescale regardless of the GAP.

Depending on the response provided, a level of additionality/deadweight was applied. For example, a respondent who indicated that they definitely would not have taken forward the activities in the absence of the GAP would have been assigned a level of 100% additionality (i.e. full additionality). Conversely, a respondent who indicated that they definitely would have taken forward the activities within the same timescale regardless of the receipt of the GAP support would have been assigned a level of 100% deadweight (i.e. no additionality). Other responses were given a weighting somewhere between these two extremes (i.e. a level of partial additionality/deadweight).

The outcomes of the analysis are provided below:

Business size	Deadweight	Additionality
Micro (N=107)	35%	65%
Small (N=108)	36%	64%
Medium (N=27)	36%	64%
SMEs (N=242)	35%	65%
Large (N=10)	59%	41%
Overall (N=252)	39%	61%

⁴¹ The number of questions that respondents will have provided feedback on will have varied depending on the nature of support that it received. As such, the number of respondents (N) will differ between questions.

⁴² In-line with DETI guidance, these questions focused on identifying the likelihood that the individual would have undertaken the GAP activities, what scale of activities would have been undertaken in the absence of support (if relevant) and how much later would the activities would be undertaken (if relevant).

At an overall level, the level of programme/activity additionality has been calculated at 61% which should be viewed positively, especially given the fact that the majority of businesses (79%, N=250) indicated that they were already trading in markets outside NI (Figure 4.1 and Table 4.2). Whilst the proportion of business that were already trading in markets outside NI is somewhat unsurprising given the fact that Invest NI’s segmentation criteria requires that businesses must already be trading outside NI (in the case of established businesses) or have the potential to trade outside NI (in the case of business start-ups); positively, the feedback from businesses (see Section 4.6.2) indicates that the GAP assistance has contributed to supporting a significant cohort of businesses to enter into new markets and/or secure follow-on sales in existing markets outside NI.

Figure 4.1: Prior to receiving GAP support, was your business trading in markets outside NI?

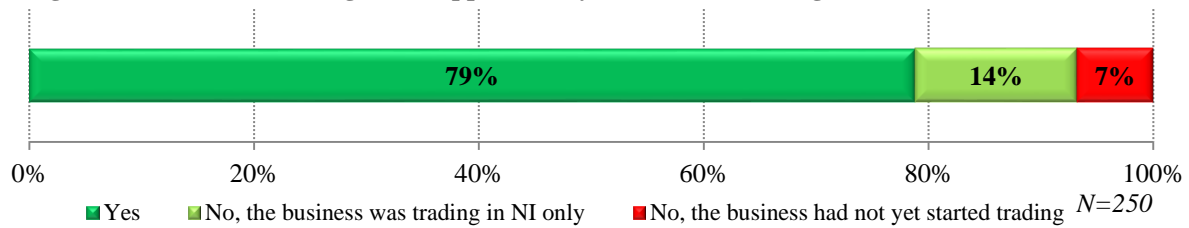


Table 4.2: Location of sales made by businesses trading outside NI (N=197)	
Location of sales outside NI	% of businesses trading in market
External markets (GB)	53%
Export markets - ROI	63%
Export markets - Outside the British Isles	37%

However, whilst the analysis indicates that levels of additionality were broadly similar across micro, small and medium-sized businesses (at 65%), levels of additionality were considerably lower (24 pps lower) amongst large businesses. The relatively lower levels of additionality amongst these businesses are somewhat unsurprising given the relatively low levels of assistance offered through GAP (as noted that average level of GAP assistance offered was £26k).

Notwithstanding the fact that only 3% (or £1.82m) of the value of GAP offers was made to large businesses, the relatively low levels of additionality are cause for concern and it is recommended that Invest NI review the appropriateness of these businesses receiving GAP support in the future. Indeed, in the exceptional case where the need for assistance can be justified, in our view, these businesses should be directed to other forms of Invest NI support that presently exist to support businesses to undertake similar/the same types of business development activities (see Section 4.8 for further details).

Levels of additionality were broadly equivalent across the two types of assistance provided through GAP.

Table 4.3: Activity/programme additionality by nature of assistance	
Development Grant Assistance	KWSG assistance
61%	60%

4.3 Nature and Extent of Market Failure

As noted in Section 1, the need for GAP (as identified within the Invest NI Pilot De Minimis Scheme proposal) was based upon the view that existing (at that time) interventions did not readily lend themselves to supporting smaller marketing and/or capability development projects. Whilst the proposal, and subsequent Internal Guidelines, also indicated that it was anticipated that GAP would contribute to stimulating sales outside NI and, in doing so, encourage growth in the private sector, no specific detail was provided as to the nature and extent of market failure that GAP was seeking to address. The risk, therefore, existed (and continues to exist) that, without a clearly defined ‘Theory of Change’ (meaning the basic market failure, economic rationale, and objectives), GAP may not have been used to address the underlying causes of failure on a consistent and systematic basis. This issue is likely to have been

exacerbated by the fact that there was no formal review of the Programme’s efficacy prior to the current Evaluation.

Indeed, a recurring theme expressed amongst Invest NI stakeholders in relation to the ongoing need for GAP was that ‘GAP is a flexible tool that has always been with us and businesses seem to like it’. Whilst the Evaluation Team would attest to this view, it appears that the need for GAP was too overtly focused on addressing an internal process-related issue, with little articulation given as to why GAP was needed from a business’ perspective. In our view, these process-related arguments, whilst important in their own right, are not of sufficient merit to justify the ongoing need for a key Invest NI intervention on their own.

As such, it is recommended that, in the event that Invest NI continues to provide support through GAP, greater attention is given to defining the Theory of Change in terms of the structural weaknesses and market failures that the Programme is seeking to address. In doing so, Invest NI should take cognisance of the findings of the current Evaluation.

Notwithstanding the aforementioned issues, the Evaluation Team sought to undertake an assessment of the factors that prevented businesses from undertaking the GAP activities or undertaking them in the same manner (i.e. at the same scale or in the same timescale) in the absence of GAP support, as illustrated below:

Table 4.4: Factors preventing businesses from undertaking the activities that were supported by GAP, or undertaking them in the same manner	
Need for support	% of businesses
The business could not afford to take forward the GAP project in the absence of receiving the financial support	93%
The implementation of the GAP Project was too risky to take forward without financial support	28%
Without knowing more about the potential benefits, the business would not have considered undertaking the business development activities	14%
Other priorities within the business prevented it from having the required time to proceed with development activities	1%
N=	228⁴³

Based on these findings, the Evaluation Team was able to undertake an analysis of the degree to which market failure played a role in businesses’ decision to take forward the GAP activities. This analysis involved categorising a business’ motives for participation based on:

- **No Market failure** - The business felt that the GAP activities ‘definitely would have happened anyway’ or stated that they would not have undertaken the activities because they:

- Would have been unable to afford the activities in the absence of the financial support; and/or
- Had other business priorities which prevented them from having the required time to take forward the activities.

- **Partial Market failure** - The business’ decision to undertake the GAP activities was due to both non-market failure and market failure factors. That is to say, they would not have undertaken the activities or would not have undertaken them in the same manner (i.e. to the same scale and/or within the same timescales), because they:

⁴³ Responses will not sum to 100% on the basis that businesses were able to select more than one response. It should be noted that this question was only asked to those individuals who stated that they would not have undertaken the GAP activity without the support. 24 individuals noted that they would have undertaken these activities without the support.

- Would have been unable to afford the activities in the absence of the financial support; and/or
- Other business priorities which would have prevented the business from having the required time to take forward the activities; and/or
- Without knowing more about the potential benefits, the business would not have considered undertaking the business development activities; and/or
- The implementation of the GAP project was too risky to take forward without financial support (market failure – risk aversion due to asymmetric information).

- **Full Market Failure** - The business’ decision to undertake the GAP activities was solely due to market failure factors (asymmetric information) i.e.:

- Without knowing more about the potential benefits, the business would not have considered undertaking the business development activities; and/or
- The implementation of the GAP project was too risky to take forward without financial support.

The results of this analysis are presented in the table below:

Business size	No market Failure	Partial market failure	Full market failure
Micro (N=107)	77%	16%	7%
Small (N=108)	63%	32%	5%
Medium (N=27)	56%	41%	3%
Large (N=10)	60%	20%	20%
Overall (N=252)	68%	26%	6%

Reflecting the fact the most businesses (93%, N=228) would not have taken forward the business development activities due to affordability constraints, the analysis indicates that just under one-third of businesses (32%, N=252) would not have taken forward the GAP activities (or would have taken the activities forward to a difference scale and/or timescale) due to full (6%) or partial market failure factors (26%). Unsurprisingly, the affordability issue was relatively more pronounced amongst SMEs vis-à-vis large businesses and hence has been reflected by the relatively lower levels of market failure amongst this cohort.

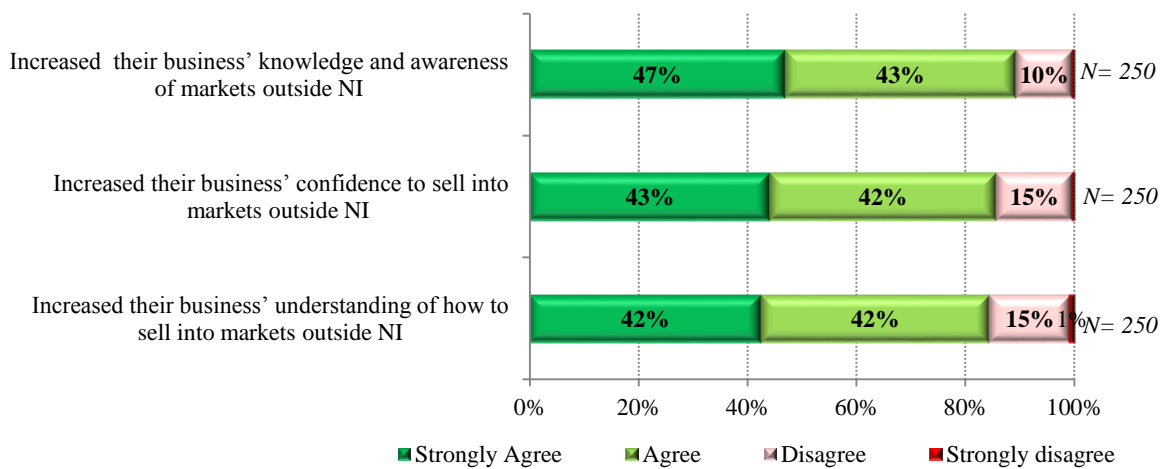
In our view, the levels of market failure are low but are somewhat unsurprising given the fact that, as noted, almost four-fifths of business were trading in markets outside NI and hence typical market failures such asymmetric information relating to the potential benefits and costs that would be incurred and/or risk aversion would arguably not have been as prevalent amongst this cohort of businesses. In our view, a decision needs to be taken by policy makers as to whether they are sufficient to justify an ongoing need for intervention or whether other strategic motives and/or barriers preventing businesses from taking forward business development activities (e.g. cost/affordability) offer an acceptable rationale for government intervention. For example, we note that at the time of approval, and throughout the period under review, there was a strategic imperative for the NI Government to incentivise NI businesses to undertake activities to deepen and diversify their sales base in external and export markets in order to increase employment and wealth across the region. Thus, it could be argued that the rationale to support businesses to undertake these types of activities arguably goes ‘beyond’ the usual market failure arguments that typically underpin the need for Government intervention, especially given the economic environment that prevailed during much of the period under review. In this respect, as detailed by the calculated levels of programme/activity additionality, GAP has been largely successful in encouraging businesses to take forward business development activities, often in a more timely manner and/or to an increased scale, that offer the potential to deliver upon these strategic imperatives.

4.4 Impact of GAP on Businesses' Ability to Sell into Markets outside NI

Encouragingly, the feedback from businesses suggests that GAP has made a positive contribution in increasing their businesses' knowledge, understanding and confidence to sell into markets outside NI. Specifically, the majority of respondents (85% +) were in agreement that the support received through GAP had increased their:

- Knowledge and awareness of markets outside NI (89%, N=245⁴⁴);
- Understanding of how to trade with markets outside NI (85%, N=245); and
- Confidence to trade with markets outside NI (86%, N=245).

Figure 4.2: Impact of GAP support on businesses' knowledge, understanding and confidence to sell into outside NI



“When we received GAP support, confidence was really low both within our business and across the economy more generally. Like many businesses at that time, we were ‘battening down the hatches’ and largely focused on protecting our sales with customers in domestic markets. GAP provided us with support to visit new markets including Belgium and Germany. We also had an opportunity to attend a number of trade fairs where we identified a number of new customers and suppliers. The support has served to ‘kick-start’ the business again after the global downturn and built our confidence for the future.”

“As a result of the support, we were able to attend a number of trade fairs at which we demonstrated our product. We met a number of potential customers who expressed considerable interest in our products and provided some useful feedback on technical changes that they would require before placing an order. Following the visit, we were able to amend the product and have secured considerable sales over the last three years. Whilst the level of support was quite small, we simply did not have the money to undertake the activities ourselves”.

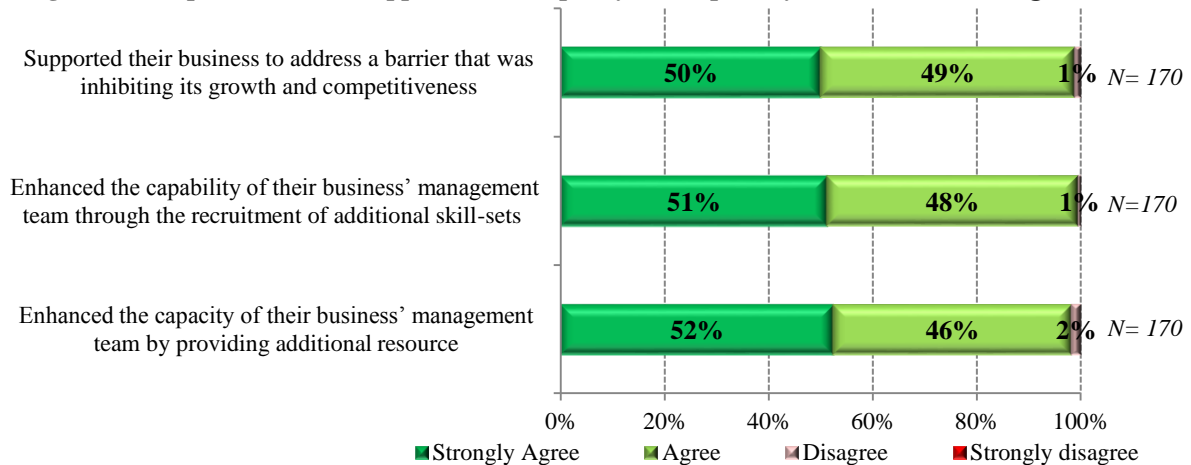
“The programme provided us with an insight into specific markets through market research visits where we could analyse the current needs of that marketplace. This knowledge was then carried back to the business where we could inform and tailor our products to the needs of the market.”

GAP recipients of support

In addition, almost all businesses in receipt of KWSG support (N=170) were in agreement that the support has contributed to building the capacity and capability of their business' management team and has served to address barriers - typically in the form of a lack of expertise (capability) and/or time (capacity) to dedicate to undertaking activities - that were inhibiting their growth and competitiveness.

⁴⁴ Please note that the number of respondents excludes those businesses that did not draw down GAP support.

Figure 4.3: Impact of KWSG support on the capacity and capability of businesses' management teams



“Prior to receiving support, we had no presence outside NI and were unsure about how to best to go about selling into these markets. With GAP support we employed a Business Development Manager who helped us develop a strategy to grow the business and, importantly, make contact with potential customers in these markets. With the help of this manager, we are now trading in the Republic of Ireland and Scotland and hope to break into a number of eastern European markets soon”.

“Given the relatively small size of the business, we just didn't have the time and resources to dedicate to sales and marketing activities outside NI and hence we wouldn't have taken the risk of increasing our headcount without support. However, the availability of financial support helped reduce the risk and we subsequently appointed a sales manager who was charged with targeting potential customers in new exports markets. The manager has been with us for 4 years and we have subsequently had to take on additional employees to fulfil the orders that we have secured.”

“We brought in a technical manager who helped us to refine our products to meet customer specifications and address technical issues. The appointment of this manager also freed up my time, allowing me to get out to speak with potential new customers and business develop.”

GAP recipients of support

4.5 Business Investment leveraged

Based upon monitoring information provided by Invest NI, levels of investment contributed by businesses was not available at an individual project or programme level.

However, as noted in Section 2, it was anticipated that businesses would contribute 70% of total GAP project costs. Assuming businesses' actual contribution was equivalent to the level anticipated, suggests that businesses may have contributed c. £89m towards the completion of GAP projects (Table 4.6).

Table 4.6: Potential Gross private sector investment leveraged		
GAP Assistance drawn down	Potential private sector contribution (@70% of actual project costs)	Potential total project costs
£38,106,773	£88,915,804	£127,022,577

The application of the calculated level of activity/programme additionality (61%), to the gross level of business investment leveraged, suggests that GAP may have directly encouraged businesses to make £54.2m of investment (Table 4.7).

Table 4.7: Net additional private sector investment		
Gross private sector investment	Programme/activity additionality	Net additional private sector investment
£88,915,804	61%	£54,238,640

Whilst the business investment should not in itself be viewed as a Programme related business outcome, it does nonetheless play an important role in facilitating the business development activities to be taken forward and, in doing so, supports businesses to subsequently realise monetary and non-monetary business outcomes.

4.6 Achievement of Business Outcomes

Section 4.5 provides a summary of the monetary and wider non-monetary outcomes derived by businesses in receipt of GAP support.

Technical notes (relating to the assessment of monetary outcomes derived by businesses)

- In assessing the monetary outcomes derived by the total number of projects in receipt of GAP support the Evaluation team has applied grossing-up analysis to the feedback provided by the sample of businesses that engaged in the primary research;
- On the basis that businesses may have drawn down multiple GAP offers of support, grossing up has been undertaken at a project (as opposed to business) level;
- Given the differing intensities of support provided through GAP, the grossing up analysis has been undertaken based upon the nature of support derived by businesses i.e. based on whether the business received:
 - DG support only (122 GAP projects within the sample and 926 GAP projects within the population); or
 - KWSG support only (32 GAP projects within the sample and 218 GAP projects within the population); or
 - Both DG and KWSG support as part of one GAP offer (197 GAP projects within the sample and 1,331 GAP projects within the population).
- For prudence, as part of the grossing up analysis, the Evaluation Team has excluded:
 - All GAP projects that had not drawn down their respective support at the time of consultation⁴⁵;
 - Statistical outliers identified within the sample and re-included these (following the grossing-up analysis) to estimate the impact of the support at a programme level;
 - Businesses that are no longer operating⁴⁶.
- Further details of the grossing up analysis undertaken can be found in Appendix V.

4.6.1 Direct Job Creation with the support of the KWSG

Based on monitoring information provided by Invest NI, a total of 367 FTE jobs were anticipated to be created in the sample of businesses (N=224) that received KWSG support. As at October 2016, a total of 298 FTE jobs had been created in the sample of businesses that had drawn down their KWSG support, representing 81% of the total jobs promoted. In line with the Programme's requirement that the jobs supported through GAP would be of higher quality (in salary terms), 96% of jobs actually created within

⁴⁵ Based upon monitoring information provided by Invest NI, this relates to 484 offers of DG support that were made (on their own or in conjunction with KWSG support) and 443 offers of KWSG support that were made (on their own or in conjunction with DG support) but were not drawn down (either partially or in full).

⁴⁶ In addition to the 252 businesses that the Evaluation Team consulted with, based on its research, a further 45 had received an offers of GAP assistance but no longer operate. Therefore, of the total businesses that the Evaluation had knowledge of their operating status (N=297), 15% were no longer operating. The application of this proportion, to the total number of unique businesses in receipt of an offer of GAP support (N=1,899) suggests that 288 businesses are no longer operating. On the basis that a unique business was provided with (on average) 1.3 offers of GAP assistance, suggests that a further 373 GAP offers of assistance should be removed from the analysis. Based upon the nature of support offers to the 45 dissolved businesses, the Evaluation calculated the nature of GAP offers of assistance that should be removed from the analysis. These were: 26 offers of DG only assistance, 104 of KWSG only assistance and 243 offers of DG and KWSG assistance.

the sample had salaries in excess of the NI PSM⁴⁷. Positively, just over three-quarters (76%) of the posts established with the KWSG support are still in existence (57% of which continue to employ the original key worker(s)).

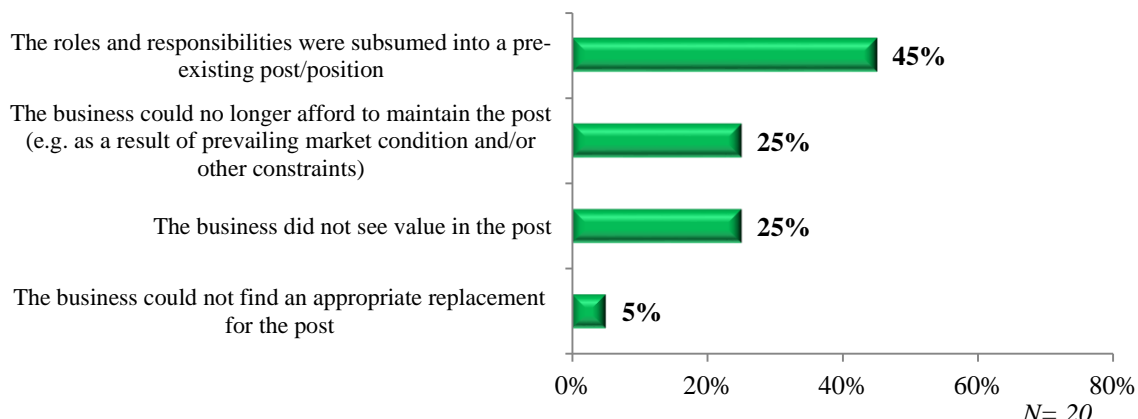
Table 4.8: Direct job creation with the support of KWSG		
Population	Sample	Population
No. of unique businesses receiving an offer of KWSG assistance	224 ⁴⁸	1,268
No. of offers of KWSG assistance	270 ⁴⁹	1,549
Total no. of jobs promoted (FTEs)	367	2,104
<i>minus</i> No. of jobs promoted in businesses that did not draw down their KWSG	(28)	(575)
No. of jobs promoted in businesses that drew down their KWSG	339	1,529
No. of jobs actually created (FTEs) in businesses that drew down their KWSG	298 (81%)	1,346 (64%) ⁵⁰
No. of jobs created in excess of the PSM (FTEs)	286 (96%)	1,292 (96%)
No. of posts still in existence ⁵¹	227 (76%)	1,023 (76%)

The application of these findings to the total number of jobs promoted (N=2,104) suggests that (as at October 2016):

- 1,346 FTEs may actually have been created with the support of KWSG assistance, which represent 64% of the total jobs promoted;
- 1,292 FTE jobs (or 96% of the total jobs created) had salaries in excess of the NI median salary; and
- 1,023 FTE jobs may still be in existence (or 76% of the total jobs created).

Feedback from businesses that are no longer employing their respective Key Worker (N=20) indicates that 9 of these businesses subsumed the worker's roles and responsibilities into a pre-existing post/position. A further 10 business indicated that they no longer employ the Key Worker on the basis that they could no longer afford to maintain the post (N=5) or the business did not see value in the post (N=5).

Figure 4.4: Key Worker post(s) are no longer in existence



The removal of the calculated KWSG activity deadweight (i.e. 39%) and displacement (i.e. 12%) to the total gross jobs created (N=1,346) indicates that the KWSG support provided through GAP directly created 722 FTE jobs, 693 of which had salaries in excess of the NI PSM.

⁴⁷ The PSM median across the period under review was c. £18.5k.

⁴⁸ Figure includes 41 unique businesses that received 41 offers of KWSG support, but are no longer operating. It was anticipated that these GAP would create 50 Key Workers.

⁴⁹ Figure includes 41 unique businesses that are no longer operating.

⁵⁰ The proportion of promoted jobs actually created across the population will be different to the proportion within the sample on the basis that the relative proportion of businesses that drew down their KWSG, within each cohort, is different.

⁵¹ Excludes businesses that are no longer operating and businesses that are operating, but no longer employ the Key Worker.

Table 4.9: Net additional jobs supported by the KWSG	
Metric	Population
Jobs promoted	2,104
Gross Jobs created with KWSG support	1,346
Less deadweight (39%)	525
Less displacement (12%) ⁵²	99
Net additional jobs created with KWSG support	722
Jobs with salaries in excess of PSM	693
No. of posts still in existence	549

4.6.2 Calculation of other Gross Impacts

Revenue/Sales

The feedback from the sample of businesses that engaged in the primary research indicates that three-quarters of GAP projects (75%, N=351) resulted in an increase in turnover/sale, almost all of which derived these sales (at least in part) from markets outside NI.

Table 4.10: Location of sales resulting from GAP projects – Survey Sample (N=351 GAP projects)		
Market	No. of projects deriving sales in the location	% of projects deriving sales in the location
NI sales	76	22%
External sales (GB)	134	38%
Export sales (outside the UK)	195	56%
Sales outside NI	260	74%
Sales in any market	264	75%

Business indicated that their respective GAP projects had contributed to supporting them to derive c. £102.1m in sales, 92% of which were from outside NI.

Table 4.11: Value of sales derived in sample of GAP projects ⁵³								
Nature of support drawn down	NI sales		External sales		Export sales		Total	
	N=	£	N=	£	N=	£	N=	£
DG only	15	£532,000	33	£9,851,000	47	£12,025,829	68	£22,408,829
KWSG only	9	£1,520,000	17	£9,220,000	16	£4,835,000	24	£15,575,000
DG and KWSG	21	£5,637,500	46	£35,185,000	72	£23,299,713	93	£64,122,213
Total	45	£7,689,500	96	£54,256,000	135	£40,160,542	185	£102,106,042
% of total sales	8%		53%		39%		100%	

Table 4.12: Mean, median and range of sales derived within the sample of GAP projects									
Nature of support drawn down	NI sales			External Sales			Export Sales		
	Mean	Median	Range	Mean	Median	Range	Mean	Median	Range
DG only	£3.9k	£3.5k	£0.5k - £80k	£245.3k	£77.5k	£4k - £1.4m	£270k	£125k	£300k - £1m
KWSG only	£127.5k	£120k	£20k - £300k	£281.3k	£160k	£20k - £1m	£222.3k	£150k	£20k - £650k
DG and KWSG	£191.9k	£160k	£10k - £750k	£670.7k	£300k	£5k - £4m	£293k	£200k	£6k - £1m

⁵² As detailed in Section 4.6.3, the Evaluation Team's analysis suggests that the displacement factor at the NI level is 12%; whilst at the GB level, it is 17%.

⁵³ 'N' refers to the number of projects that businesses were willing and able to quantify a level of monetary benefit derived.

A comparative analysis of the markets which businesses were selling into (prior to receiving GAP support) vis-à-vis the markets they are currently selling into (post receiving GAP support) indicates that:

- 42% of businesses are now selling into a new market. Examples of countries that businesses have started selling into included: ROI, GB, Spain, France, Netherlands, Germany, USA, the UAE and New Zealand;
- Of those businesses that were not trading (i.e. pre-starts) or trading in domestic markets only (21%, N=252), 87% of these businesses have started trading in an external and/or export market; and
- 46% of businesses reported having derived further sales in external and export markets that they had been selling into prior to receiving GAP support.

The Evaluation Team's grossing up analysis indicates that GAP has contributed (at least in part) to supporting businesses to derived £560.4m in increased sales/revenue, 93% (or £518.4m) of which was derived in markets outside NI.

Table 4.13: Value of sales derived from all GAP projects (N=2,486 GAP projects)				
Nature of support	NI sales	External sales	Export sales	Total
DG only	£4,983,454	£98,508,007	£118,508,493	£221,999,954
KWSG only	£7,918,103	£28,222,540	£21,014,597	£57,155,241
DG and KWSG	£29,123,202	£147,441,530	£104,670,143	£281,234,875
Total	£42,024,760	£274,175,077	£244,193,233	£560,390,070
% of total sales⁵⁴	7%	49%	44%	100%

Cost savings

Unsurprisingly, give the strategic focus of GAP, businesses reported that only a very small proportion (2%, N=351) of projects had contributed to them achieving reductions in their operating costs. Of these projects (N=6), businesses were only able to quantify the impact of 4 GAP supported projects, suggesting that they had derived £86k in cost savings. At an overall level, the Evaluation Team's grossing up analysis indicates that GAP has supported businesses to derive c. £661k of cost savings.

Table 4.14: Summary of the cost savings across all GAP projects (N=2,486 GAP projects)	
Nature of support drawn down	Cost savings
DG only	£509,665
KWSG only	£152,180
DG and KWSG	-
Total	£661,845

GVA impacts

By way of calculating the gross GVA impacts associated with GAP, the Evaluation Team applied the average NI sectoral GVA which prevailed during the period under review (of 30.0%) to the calculated increase in turnover and added the calculated decrease in costs that were potentially derived by businesses⁵⁵.

Table 4.15: Calculation of Gross GVA			
GVA component	Monetary Impact	Conversion ratio	Gross GVA
Increase in revenue	£560,390,070	30.0%	£168,117,021
Decrease in costs	£661,845	N/A	£661,845
Total	£561,051,915		£168,778,866

⁵⁴ The percentage split of sales by market location for the population will not be equivalent to split within the sample due to distribution of GAP projects by intervention type within the population and the treatment of statistical outliers within the analysis.

⁵⁵ GVA can be calculated by summing business EBITDA (calculated by summing operating profit, depreciation and amortisation) and wages and salaries. The analysis assumes that a pound of cost saving is equivalent to a pound of GVA on the basis that it will typically provide a direct impact on a business' operating profits. The approach to calculating GVA impacts was agreed in conjunction with Invest NI.

The analysis indicates that the support provided through GAP contributed (at least in part) c. £168.8m in gross GVA to the NI economy.

Employment created (in excess of jobs created with the support of the KWSG)

Businesses indicated that just under half (49% - N=351) of their GAP projects had contributed to increasing their employment. Businesses that were willing and able to quantify the impact of the support on their employment levels, suggested that they had increased their staff complement by 761 full-time equivalent employees (FTEs). Three-fifths (60%, 761 FTEs) of these new employees had salaries in excess of the PSM.

Table 4.16: Increased employment – Survey Sample (N=351 GAP projects)								
Nature of support offered	No. of GAP projects	No. of projects achieving the benefit	No. able to quantify the impacts	No. of new FTEs	FTEs >PSM	Range (excl. Outliers)	Mean (excl. outliers)	Median (excl. outliers)
DG Only	122	54 (44%)	54 (100%)	219	112 (51%)	1 – 12 FTE	3.8	3
KWSG Only	32	17 (53%)	17 (100%)	73	48 (66%)	1 – 6 FTE	3	3
Both forms of support	197	101 (51%)	96 (95%)	469	298 (64%)	1 – 22 FTE	5	2.5
Total	351	172 (49%)	167	761	458 (60%)	1 – 22 FTE	4.3	2.8

The Evaluation Team’s grossing up analysis to the total population of projects indicates that businesses may have increased their employment by 3,490 FTEs, with 2,093 of these potentially having salaries in excess of the NI PSM.

Table 4.17: Increased employment across all businesses’ GAP projects (N=2,486 GAP projects)		
Nature of support	FTEs	No. of jobs > PSM
DG Only	1,580	948
KWSG Only	239	143
Both forms of support	1,671	1,002
Total	3,490	2,093

Employment Safeguarded

In addition to the new jobs created with the support of GAP, businesses indicated that half of GAP projects (44% - N=351) had resulted in the safeguarding of employment. Businesses that were willing and able to quantify the impact of the support, suggested that they had safeguarded 997 FTE jobs.

Table 4.18: Safeguarding of employment – Survey Sample (N=351 GAP projects)							
Nature of support offered	N	No. of projects achieving the benefit	No. able to quantify the impacts	FTEs (of those able to quantify)	Range	Mean (excl. outliers)	Median (excl. outliers)
DG Only	122	54 (44%)	45	382	1 - 55	7	3
KWSG Only	32	14 (44%)	12	114	1 – 20	8	6
Both forms of support	197	86 (44%)	71	501	1 - 26	7	5
Total	351	154 (44%)	128	997	1 - 55	7	3

The Evaluation Team’s grossing up analysis indicates that the total number of projects that received support during the period under review may have potentially safeguarded 5,551 FTE jobs.

Table 4.19: Safeguarding of employment across all businesses' GAP projects (N=2,486 GAP projects)

Nature of support	FTEs
DG Only	3,009
KWSG Only	509
Both forms of support	2,033
Total	5,551

Other benefits derived

Positively, business indicated that they had derived a number of other benefits as a result of the support provided through GAP, with the most frequently cited including increased knowledge and awareness of markets outside NI, increased competitiveness, enhanced skills of their workforce (typically resulting from knowledge being transferred from the Key Worker being that was employed) and/or impacting positively on their business' survival.

Table 4.20: Achievement of other Business Outcomes (N=351 GAP projects)

Output achieved	N=	% of GAP projects
Increased knowledge and awareness of markets outside NI	316	90%
Increased competitiveness	216	62%
Improved the skills of their workforce	171	49%
Impact on their business' survival	167	48%
Increased productivity/efficiency	146	42%
Increased expenditure on R&D	55	16%
Other	28	8%

Other benefits identified by businesses included:

- Identification of, and subsequent development of working relationships with, new suppliers;
- Identification of potential new customers (with whom the businesses intend to sell to in the future); and
- Increase levels of businesses' confidence (linked to the impact of the support on business survival).

4.6.3 Calculation of net additional impacts

Impact Additionality

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

Please note that given that most evaluations are undertaken some time after an activity is implemented, the Evaluation Team does not consider it appropriate to apply 'activity additionality' to impact measures. The reason being that, in the intervening period, any variety of factors (and support interventions) may have had an impact on a business' performance. Therefore, an impact additionality measure was used to ascertain the level of deadweight/additionality relating to business outturns.

The analysis of individual survey responses and application of the same 'participant self-assessment' methodology used to assess 'activity additionality', results in the following levels of 'impact deadweight and additionality'⁵⁶:

⁵⁶ See Appendix IX for further details.

Table 4.21: Impact Additionality/deadweight		
Business size	Deadweight	Additionality
Micro (N=104)	29%	71%
Small (N=105)	31%	69%
Medium (N=27)	28%	72%
SMEs (N=236)	30%	70%
Large (N=9)	56%	44%
Overall (N=245)⁵⁷	35%	65%

Reflecting the positive impact of GAP in supporting businesses to generate business outcomes, the level of impact additionality has been calculated at 65%. Whilst the Evaluation Team’s benchmarking of levels of impact additionality of other intervention across the UK indicate that GAP is performing relatively better than these (for example, the level of impact additionality is 8pps higher than the impact additionality for all interventions), it is noted that the level of additionality is 8.5pps below those interventions that have strategic remit to support the internationalisation of businesses⁵⁸.

As was the case with the calculated levels of programme/activity additionality, the analysis indicates that the overall level of impact additionality is lowered by the levels of additionality associated with large businesses (which have been calculated at 44%). The removal of these businesses indicates that the level of impact additionality increases to 70% which is more in-line with the benchmarked levels for internationalisation interventions. The calculated levels of impact additionality again raise the question as to whether large businesses should continue to be eligible to receive GAP support and this should be considered further by Invest NI.

Table 4.22: Benchmarking of impact additionality/deadweight⁵⁹			
Location	Nature of interventions	Mean Additionality	Mean Deadweight
UK Regional	All interventions	57.0%	43.0%
	Programme interventions only	56.2%	43.8%
	Theme: Business development and competitiveness	50.9%	45.5%
	Subtheme: Individual enterprise support	52.7%	47.3%
	Subtheme: Support for internationalisation of businesses	73.5%	26.5%
NI	GAP (all businesses)	65%	35%
	GAP (SMEs only)	70%	30%

Displacement

The Evaluation Team has also considered the potential displacement that might be created by the impact of GAP support. To assess this, we have again utilised a series of questions⁶⁰; the answers to which are assigned a ‘displacement factor’ in both the NI market and the broader UK market.

We have calculated displacement based on two factors:

1. The proportions of the businesses that participants compete with that are based in NI/GB, keeping in mind the markets which their company sells into; and
2. Whether, in the participants’ area of business, market conditions have improved over the period since receiving support.

On an overall level, the Evaluation Team’s analysis suggests that that the displacement factor at the NI level is 12%; whilst at the GB level, it is 17%.

⁵⁷ Please note, seven respondents were unable to answer this question as they did not receive any impacts or didn’t draw down on the funding offered.

⁵⁸ Whilst the BIS research does not identify the interventions that were included to calculate the mean level of deadweight for the ‘Support for Internationalisation of Business’ subtheme, the research notes that this subtheme includes interventions that provide support to firms with export potential.

⁵⁹ Source: Research to Improve the Assessment of Additionality (BIS, 2009).

⁶⁰ Developed in conjunction with DETI’s Economists.

Summary of Net Additional Monetary Benefits

The removal of the calculated levels of impact deadweight (35%) and NI displacement (12% respectively) to the gross monetary impacts potential achieved by businesses in receipt of GAP support suggests that the programme may have directly

- Contributed £96.5m in net additional GVA to the NI economy;
- Created a further 1,996 FTE jobs. The inclusion of the net additional FTE jobs that were created with the support of the KWSG (i.e. 722 FTEs) indicates that GAP directly created 2,718 FTE jobs; and
- Safeguarded a further 3,608 FTE jobs.

Table 4.23: Summary of the Gross and net additional impacts			
Metric	GVA⁶¹	Employment created (in excess of KWSG posts)	Employment safeguarded
Gross impact	£168,778,866	3,490	5,551
Less deadweight (35%)	£59,072,603	1,222	1,943
Less displacement (12%)	£13,164,752	272	N/A
Net additional impact	£96,541,511	1,996	3,608

Anticipated Impacts

In addition to the actual outcomes achieved to date, businesses that received GAP support, also provided an indication of the aggregate anticipated turnover, costs savings and employment impacts that they anticipate occurring over the next three years as a result of the GAP support provided (Table 4.24).

Table 4.24: Anticipated project impacts over the next three years (N=252 GAP recipients)	
Turnover	
No. of businesses anticipating increase in turnover	179 (71%)
No. of businesses able to quantify increase in turnover	129
Total increase in turnover of those that could quantify	£39,224,998
Increase in employment (FTE)	
No. of businesses anticipating an increase in employment	111 (44%)
No. of businesses able to quantify increase in employment	95
Total increase in employment of those businesses that could quantify	173
Cost Savings	
No. of businesses anticipating decrease in costs	12 (5%)
No. of businesses able to quantify decrease in costs	7
Total decrease in costs of those businesses that could quantify	£1,365,000

Consultation with businesses indicated that they anticipated the above impacts to be realised on the basis that they would continue to realise business outcomes as a result of the marketing and capability development activities that had been taken forward with the support of GAP. Whilst caution should be taken in terms of placing reliance on the above figures (given their speculative nature⁶²), any positive changes in the above metrics will reflect positively on the return-on-investment and associated VFM provided by the programme during the period under review.

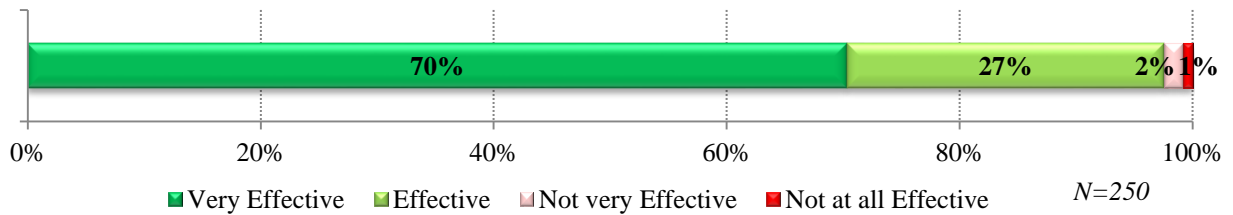
⁶¹ Please note that GVA is a function of the sales and cost savings derived by businesses.

⁶² Given the speculative nature of the forecasts, the anticipated impacts have not been grossed up to the total population.

4.7 Overall Effectiveness of the support

Nearly all businesses (97%, N=250) stated that the support they received through GAP was ‘very effective’ (70%) or ‘effective’ (27%) in terms of supporting their business to explore and/or pursue market opportunities outside NI and/or to strengthen their management team through the introduction of a key worker.

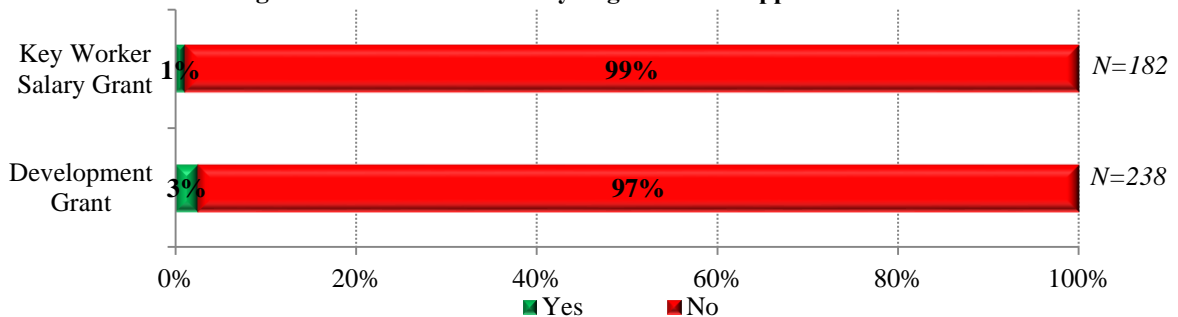
Figure 4.5: Effectiveness of the support received through GAP



4.8 Duplication and Complementarity

Nearly all businesses indicated that, in the absence of GAP, they would have been unable to get the same or similar support elsewhere. However, it should be noted that, on the basis that it is the role of the CE to identify and align support to the individual needs of businesses (where this is required), rather than stimulating demand for its supports through their wider marketing, the majority of businesses may not have knowledge and awareness of the breath of interventions that are available across the organisation.

Figure 4.6: Businesses’ ability to get similar support elsewhere



Notwithstanding this feedback, there was a broad consensus amongst Invest NI stakeholders that, given the nature of costs eligible for support through GAP, there was a risk that the Programme was duplicating other supports (both within, and external to, Invest NI) which have similar strategic objectives and provide similar support to client businesses. Details on each of these supports are provided in the succeeding paragraphs.

4.8.1 Positioning of GAP vis-à-vis ‘Small SFA’

As previously discussed, since 2012/13, there has been a marked year-on-year decrease in the number and value of GAP offers which coincided with a number of operational changes including the:

- Securing of a CPJ derogation for SFA projects below £100k awarded to SMEs; and
- Introduction of a more streamlined and proportionate application process.

On the basis that all costs eligible for support under GAP, are also currently eligible under small SFA, this has led to small SFA becoming a viable option for CEs to offer Clients (over GAP) for projects involving no/low capital, revenue expenditure and/or job creation. In essence, the analysis and feedback from a number of Invest NI stakeholders indicate that small SFA is now being used to fulfil the role that GAP was originally conceived to address.

Whilst noting that small SFA may not be a suitable intervention to support projects that are limited to undertaking marketing and/or specialist consultancy activities (i.e. the activities would not directly result in capital expenditure or job creation), we note that the historic number of instances where only marketing and specialist consultancy costs were supported (i.e. Development Grant assistance was only offered) was relatively low⁶³. However, in our view, projects that only involve marketing and/or consultancy activities could arguably be supported under other Invest NI interventions (discussed further below).

4.8.2 *Positioning of GAP vis-à-vis Other Support Initiatives*

Recognising the potential duplication risk, the following sub-sections assess the ‘fit’ of GAP (and the separate eligible components therein) alongside other comparable supports offered by Invest NI (including the Trade Team, Capability Development Solutions, e-Business and the Design Service) and within the broader marketplace (including the InterTradeIreland Acumen Programme). Further details on each of the comparable supports are attached as Appendix VII.

⁶³ Per Section 2, one-third of the total offers of support (33%, N=1,899) involved an offer of DG assistance only.

Table 4.25: Development Grant - Marketing Activities

Focus of support	The purpose of the Development Grant is to assist a client with export marketing activities outside NI and/or with specialist consultancy. Nearly three-fifths (59%), or £38.8m of total assistance offered during the period under review was made in the form of Development Grant support.		
Maximum Assistance	GAP may provide up to £40k of assistance towards the costs of marketing activities associated with bringing a new or existing product/service to a new market outside NI.		
Activities supported	% of DGs that undertook this activity (N=319)	Eligible Costs	Appraisal Team Commentary on potential Duplication and Complementarity
New market development visits outside NI	71%	Travel & subsistence costs outside NI (max. of 2 company reps)	<p>Invest NI's Trade Team provides a range of supports to businesses based in NI with the specific objective of increasing their level of exporting activity. These programmes are aimed at assisting both experienced exporters to grow and enter into markets in which they currently have had limited exposure, and assisting SMEs with little or no export experience to develop the knowledge and confidence to explore opportunities in overseas markets.</p> <p>It is noted that, like GAP, the Trade Team provides support for NI businesses to undertake market visits and/or to attend/participate in exhibitions in markets outside NI. Specifically, Invest NI's Trade Team provides support towards eligible costs such as travel and subsistence, accommodation, stand costs and promotional materials (for exhibitions).</p> <p>Discussions with Invest NI have indicated that there are a number of differences between the support offered through GAP and the Trade Team in relation to the development of markets outside NI, for example:</p> <ul style="list-style-type: none"> Trade supports a higher rate of assistance than is presently available under GAP (50% -v- 30%); Unlike GAP, Trade only supports costs associated with the marketing of new rather than existing products/services (rather than new). Whilst visits to external and ROI markets are currently supported by the Trade Team only UK travel and accommodation and ROI accommodation is supported for SMEs); and Test marketing and product demonstrations are not currently supported by the Trade Team. <p>Nonetheless, given the similar objectives and nature of the support provided by GAP and Invest NI's Trade Team to support the growth of NI businesses in markets outside NI, it is suggested that directly comparable support could potentially be provided with a small number of amendments to the nature of eligible costs and available levels of assistance.</p> <p>Outside SFA, there does not appear to be any other Invest NI interventions that support comparable costs and activities to the advertising, marketing and promotional costs supported under GAP.</p> <p>However, and as noted above, given the similar objectives of GAP and Invest NI's Trade Team in relation to the development of markets outside NI, there could be potential for these costs to be supported by the Trade Team going forward in the event that the scope of its eligible support was broadened.</p>
Market research visits outside NI	70%		
Attendance and/or participation at Trade Fairs and Exhibitions outside NI	67%	<ul style="list-style-type: none"> Stand rental costs Stand assembly costs (e.g. exhibition stand contractor's fees) Stand operating costs (e.g. insurance, electricity, interpreter) Travel and subsistence costs (max. of 2 company reps) Transportation costs 	
Product demonstrations outside NI	41%	<ul style="list-style-type: none"> Travel and subsistence costs (if client doing demonstration) Professional fees 	
Test Marketing outside NI	29%	Travel & subsistence costs outside NI (max. of 2 company reps)	
Advertising outside NI	44%	Design and origination costs, production and placement costs	
Mail shot campaign outside NI	34%	<ul style="list-style-type: none"> Mailing agency fees Purchasing or rental costs of mailing list excluding NI Design and origination costs of mailer (excluding printing) Mailing costs outside NI 	
Product launches/ seminars/ open days/ special event days	19%	<ul style="list-style-type: none"> Costs for publicity and promotional materials (excluding printing costs) Travel and subsistence costs relating to attendance at the event 	

Table 4.25: Development Grant - Marketing Activities

Focus of support	The purpose of the Development Grant is to assist a client with export marketing activities outside NI and/or with specialist consultancy. Nearly three-fifths (59%), or £38.8m of total assistance offered during the period under review was made in the form of Development Grant support.		
Maximum Assistance	GAP may provide up to £40k of assistance towards the costs of marketing activities associated with bringing a new or existing product/service to a new market outside NI.		
Activities supported	% of DGs that undertook this activity (N=319)	Eligible Costs	Appraisal Team Commentary on potential Duplication and Complementarity
Creation of a promotional CD or DVD	18%	Professional creative fees up to production of master copy (excludes cost of additional copies)	
Web design	48%	Design costs associated with the development of product promotion sites only (<i>GAP guidance notes that E-commerce projects which require enhanced functionality should be referred to the E-Business Team</i>)	<p>During consultation, a number of consultees indicate that there was potential overlap between the web support available through GAP and assistance available through the eBusiness Service (eBS). However, consultation with the Business Manager indicates that, on recognition of the potential for duplication at the time of GAP's approval (2007), Invest NI took the decision that GAP support would be limited to the development of product/service promotion websites only, whereas businesses requiring sites with enhanced e-commerce functionality would be supported through the eBS.</p> <p>Whilst noting that this demarcation has largely removed the potential for the duplication of support, Invest NI should consider the operational merits of moving all web design related supports under the e-Business Team, given the intrinsic linkage between the promotion and subsequent sale of goods and services.</p>
Design of packaging	19%	Design and origination costs only	<p>Invest NI's Design Service provides a three-stranded approach to encouraging design-led businesses to innovate and grow, including the provision of up to a maximum of 20 days of mentoring and consultancy support (across the 3 strands) to identify and address design issues and to implement design projects.</p> <p>Consultation with the Design Service Manager indicates that the Design Service focuses upon the story-telling, positioning and 'look and feel' of the design running throughout the platforms as opposed to providing technical support towards packaging design. In this regard, it was the view of the Design Service Team (and shared by the Evaluation Team) that GAP complements rather than duplicates support through the Service (and vice versa). Indeed, recognising the potential complementarity between the two supports, the consultee indicated that CEs are required to advise the Service if the client business is receiving relevant support through another initiative (e.g. GAP, e-BS, Technical Advisory Unit etc.) prior to receiving Design Service's support.</p>

Table 4.26: Development Grant - Specialist Consultancy

Maximum Assistance	GAP may provide up to £25k of assistance towards the costs of specialist consultancy associated with bringing a new or existing product/service to a new market outside NI.		
Activities supported	% of DGs (N=319)	Eligible Costs	Appraisal Team Commentary on potential Duplication and Complementarity
Business Development Consultancy - Specialist expertise not part of the company's normal expenditure	39%	<ul style="list-style-type: none"> - Marketing Consultancy fees and expenses; - Market Research Consultancy fees & expenses; and - Business/ Financial Planning. 	<p>Capability Development Solutions (CDS)</p> <p>Like GAP, the Consultancy strand of CDS provides businesses with “<i>specialist knowledge, expertise or experience not otherwise available in-house.</i>” Specifically, the Scheme’s guidance notes state that this strand of CDS provides grant assistance towards the costs of working with a Consultant to help develop a business or marketing strategy or identify and set goals and objectives. It is suggested that this solution may be appropriate for projects such as formulating a business or marketing strategy, identifying or setting goals or delivering a specific project that improves the capability and competitiveness of a company. In this regard, there appears to be overlap between GAP’s Business Development Consultancy (specifically the marketing consultancy, market research consultancy and business/financial planning) and the activities eligible for support under the Consultancy Strand of CDS. We do however note that GAP presently provides relatively higher levels of assistance to eligible businesses vis-à-vis what is currently available through CDS (i.e. CDS support is capped at a maximum of £7.5k or 20 consultancy days versus a maximum of £25k under GAP. In addition, non-fee related expenses are ineligible under CDS but eligible under GAP).</p> <p>InterTradeIreland’s Acumen Programme</p> <p>Acumen provides financial support to businesses based throughout the island of Ireland towards the consultancy costs associated with market research in relation to cross-border opportunities and the implementation of a cross-border strategy. Therefore, where NI-based businesses are seeking GAP support for Marketing Consultancy fees or Market Research Consultancy fees relating to the ROI market, there is potential that directly comparable support could be provided by InterTradeIreland.</p> <p>It is noted that the Acumen Programme’s Consultancy Strand provides 50% towards a maximum cost of £8,000 (i.e. up to £4,000 of support through Acumen) which represents a higher rate of assistance (50% -v- 30%, albeit for a smaller maximum value) than currently available through GAP.</p>
		<ul style="list-style-type: none"> - Translation costs 	<p>Invest NI Trade Support</p> <p>As noted, Invest NI’s Trade Support provides Translation / Interpreting Consultancy Services up to a maximum of £5k per company (at a support rate of 50%) in a 12 month period.</p>
		<ul style="list-style-type: none"> - Purchase of published research material; - PR; - Photography costs. 	<p>Outside SFA, there does not appear to be any other Invest NI interventions that support comparable costs and activities.</p>

Table 4.27: Key Worker Salary Grant (KWSG)

Purpose and Prevalence	The purpose of the KWSG is to enhance the skills and capability of eligible businesses’ management teams, with a view to supporting its growth in external and export markets. Two-fifths (40%), or £26m of total assistance offered during the period under review was made in the form of KWSGs, with 63% of the total GAP offers (N=2,486) including a KWSG.
Maximum Assistance	GAP may provide up to £25k for a KWSG under any single GAP project towards the costs of a maximum of two positions.
Activities Supported and Eligible Costs	Appraisal Team Commentary on Duplication
<p>To be eligible for support, the position/post is required to:</p> <ul style="list-style-type: none"> • Address an identifiable barrier that is inhibiting the growth of the business; • Be a new position (as opposed to supporting an existing post and/or internal promotion), at junior, middle or senior management level. The new position should report to either the owner/manager or a function head. Full-time⁶⁴ or part-time positions can be supported but the post is required to be sustainable (beyond the funded period); • Include significant responsibilities and purely operational roles (e.g. computer programmer or engineer technician) are not eligible for support⁶⁵; • Spend the majority of their time-based in NI (i.e. not based permanently in export markets). <p>A maximum of two positions/posts may be supported under any single GAP project. Roles supported through the KWSG are expected to have salaries in excess of the prevailing Private Sector Median (PSM). As a condition of their offer, businesses are required to retain the key worker for a minimum of three years.</p>	<p>CDS – Interim Manager and Non-Executive Director</p> <p>During consultation, a small number of stakeholders indicated that there was a risk of duplication between GAP and the Interim Manager and Non-Executive Director (NED) strands of CDS which provide grant assistance towards the costs of working with either an Interim Manager or a NED. However, a review of the scheme guidance for CDS and discussions with the CDS Team indicate that the risk of duplication between the Interim Manager and NED Programmes and the KWSG is minimal on the basis that:</p> <ul style="list-style-type: none"> • Interim Managers are not employed by the participating business, and instead, provide consultancy support on short-term contracts (up to a maximum of 50 days across a 12-month period) to tackle a specific business issue or problem. Conversely, GAP supports the employment of up to two key workers within the recipient business and the posts must be retained for at least 3 years; • NED provides up to a maximum of £15k of assistance for consultancy support provided by an experienced NED across a two-year period in order to develop capability at board level within client companies i.e. the aims and objectives differ from those supported through GAP; and • Whilst GAP support is open to pre-start, start-up and established businesses, Interim Manager and NED are open to businesses with a turnover of at least £250k and external sales of 25% per annum. Therefore there is limited scope for overlap in eligible businesses. <p>Skills Advancement Grant</p> <p>The Skills Advancement Grant provides up to £10k of assistance towards 50% of eligible external training and travel costs for small businesses which are involved in manufacturing or an internationally tradeable service and are classified as pre-start or entry or are existing small Invest NI clients. Whilst a number of consultees suggested that there was a risk of duplication between GAP and the Skills Advancement Grant, we notes that whilst both offer the potential to address specific deficiencies in management, technical, soft or functional skills within the business, the methods by which these achieve the stated objective differs with Skills Advancement Grant being used to up-skills existing employees and the KWSG support element of GAP being used to recruit new skill sets. As such, the Evaluation Team does not consider there to be a meaningful risk of duplication between the two interventions.</p> <p>InterTradeIreland’s Acumen Programme</p> <p>Acumen provides financial support towards the employment of either a full-time of part-time sales resource to support businesses throughout the island of Ireland to increase their sales within the cross-border market. Therefore, where NI-based businesses are seeking to employ a key worker to increase their sales in the ROI market, there is potential that directly comparable support could be provided by InterTradeIreland. It is noted that the Acumen Programme provides 50% towards the cost of the first year’s salary (up to a maximum of £15,000 for a full-time person or up to £8,000 for a part-time person, which is higher than the grant rate of 30% typically offered through GAP. It is noted that the proposal for the introduction of GAP specifically referenced the need for GAP applications to test whether Acumen support was also being sought in relation to the salary of a key worker responsible for developing ROI markets.</p>

⁶⁴ A position is deemed to be full-time if 30 or more hours are worked per week.

⁶⁵ Where a post had some operational content, it was expected that assistance would be reduced in proportion to the operational content of the role.

The preceding analysis clearly indicates that a number of interventions exist which share similar strategic objectives to GAP and offer support to encourage businesses to undertake similar activities to stimulate growth in external and export markets. The overlap between the interventions was also noted by a number of CEs who expressed uncertainty as to the circumstances in which one intervention should be selected over another when trying to address clients' needs and indicated that they would welcome further guidance in this regard.

In the relatively small proportion of cases where 'small SFA' cannot be utilised to fund similar (to GAP) activities to stimulate growth in external and export markets, the availability of wider marketing and capability development support across Invest NI, and from InterTradeIreland, offer potential alternatives. Whilst we note that these other interventions do not, in all cases, currently provide directly comparable levels of support and/or support the same eligible costs; in our view, a number of small modifications could be made to these existing interventions to ensure that like-for-like support is provided.

The Evaluation Team considers that the existence of a number of similarly focused supports results in a 'chicken and egg' type scenario should Invest NI wish to take steps to minimise the risk of duplication or to streamline supports so as to achieve efficiency savings or enhance internal communication surrounding the differing situations when one support is more appropriate than another. That is, the ongoing existence of these other interventions naturally raises the question "*what should the continuing role for GAP be vis-à-vis other supports in the marketplace?*" Evidently, our specific focus, within this evaluation report, is on GAP, rather than the other similar supports identified. However, our review indicates that historically there has only been a small number of situations where the other interventions could not have supported very similar activities to those that were ultimately supported by GAP. In light of this, it is recommended that Invest NI establish a cross-organisational Steering Group to consider the ongoing role for GAP vis-à-vis other Invest NI supports, and its place in the wider market. In doing so, careful consideration should be given to the operational 'fit' of each within Invest NI's wider portfolio of marketing and capability development interventions.

In considering GAP's role, the following should be borne in mind:

- There was a view amongst a cohort of Invest NI stakeholders that the flexibility of GAP, and specifically its ability to support a range of marketing and capability development activities as part of one offer of assistance, is the key strength of the intervention and has enabled assistance to be channelled to clients in an effective and efficient manner;
- Those same stakeholders were of the view that the potential loss of such a flexible tool would be to the detriment of the organisation's ability to respond to the needs of its clients in a timely manner;
- In instances where GAP was being utilised within a well formulated strategic approach to growth, it was suggested that the delivery of GAP support had contributed to developing a more relationship-based, as opposed to transactional-based, approach to the interaction between Invest NI staff and its clients. In this context, it was suggested that the delivery of support had contributed to practically embedding the 'Trusted Business Partner' model that is currently being developed by Invest NI;
- Indeed, a number of consultees suggested that the importance of GAP may become more prevalent in the coming months and years as Invest NI is likely to require more flexible and responsive interventions that could channel support to businesses in a timelier manner in the wake of the UK's withdrawal from the EU (following 'Brexit').

More broadly, stakeholders noted that in the case of marketing and consultancy costs, Invest NI may not be able to administer other supports that exist across the organisation in a similarly streamlined manner (on the basis that multiple application forms and Letters of Offer would potentially need to be completed to enable businesses to avail of the support). However, it was suggested that if one composite application form was developed and introduced, this might enable one Letter of Offer to be issued to client businesses which would, for example, cover a range of support interventions provided by the Trade Team and/or other Invest NI teams over a specific time period. It was suggested that this would

require amendments to internal offers and claims processes as well as additional collaboration and interworking between Invest NI teams, but would potentially offer comparable ease of administration (from an internal and business perspective) to that provided through GAP, along with additional opportunities to leverage the ‘value-added’ expertise present with the Trade Team in relation to markets outside NI.

4.9 Achievement of Objectives

The Evaluation Team’s review of approval documentation indicates that whilst the anticipated benefits that would be derived from supporting GAP were evident at a headline level (at least for the 12-month pilot phase), and could be broadly mapped to the prevailing strategic imperatives that existed (as articulated with the PfG and Invest NI’s Corporate Plans), no formal Specific, Measurable, Achievable, Realistic and Time-bound (SMART) targets were established for GAP. Ideally, such objectives should be intrinsically linked to the unpinning logic of the intervention (in terms of anticipated inputs, activities, outputs and outcomes) and should flow seamlessly from the rationale for the intervention. As noted, however, a formal ‘Theory of Change’ articulating the rationale for GAP was not evident from the outset or during the period under review and hence appropriate SMART objectives were unlikely to be created in its absence.

Notwithstanding these issues, the table below provides commentary as to the degree to which each of the strategic benefits, anticipated at the outset, have been achieved with the support of GAP during the period under review.

Table 4.28: Progress toward Anticipated Benefits	
Anticipated benefit	Progress toward benefit
Bringing additional capability to the NI economy through the accelerated development of SMEs	<p>More than four-fifths of respondents (85% +) were in agreement that the support received through GAP had increased their:</p> <ul style="list-style-type: none"> • Knowledge and awareness of markets outside NI (89%, N=245); • Understanding of how to trade with markets outside NI (85%, N=245); and • Confidence to trade with markets outside NI (86%, N=245). <p>In addition, almost all businesses in receipt of KWSG support (N=170) were in agreement that the support has contributed to building the capacity and capability of their business’ management team and has served to address barriers - typically in the form of a lack of expertise (capability) and/or time (capacity) to dedicate to undertaking activities - that were inhibiting their growth and competitiveness.</p>
Generating economic benefit to the UK arising from the growth in exports from both existing SMEs and new businesses with high growth potential	<p>From a monetary perspective the analysis suggests that the programme has <u>directly</u>:</p> <ul style="list-style-type: none"> • Contributed £96.5m in net additional GVA to the NI economy; • Created a further 1,996 FTE jobs. The inclusion of the net additional FTE jobs that were created with the support of the KWSG (i.e. 722 FTEs) indicates that GAP directly created 2,718 FTE jobs; and • Safeguarded a further 3,608 FTE jobs. <p>Of those businesses that were not trading (i.e. per-starts) or trading in domestic markets only (21%, N=252), 87% of these businesses indicated that they have started trading in an external and/or export market</p>
More efficient use of staff resources	<p>Based on our review of the De Minimis proposal it is unclear as to the nature of the metric that was to be used to assess the efficiency of staff resources or the baseline value of this metric to facilitate post programme evaluation.</p> <p>However, per Section 6, the total internal cost of administering GAP has been estimated to be c. £7.8m, which represents c. 21% of assistance drawn down. This cost appears high, particularly when viewed in the context of other Invest NI interventions.</p>
Providing a more effective and efficient service to client companies, particularly small businesses, by embedding application and approval procedures that are proportionate	<p>Based on the feedback, it appears that the delivery model adopted to administer GAP support has been fit-for-purpose and has supported the channelling of support in an efficient and effective manner.</p>

Table 4.28: Progress toward Anticipated Benefits																																											
Anticipated benefit	Progress toward benefit																																										
to smaller offers of assistance. It was anticipated that improvements in client service provision would be realised in terms of:																																											
– Improved turnaround times for cases under £100k; and	<p>The proposal for the introduction of GAP⁶⁶ noted that at that time (March 2007) the average net turnaround days from receipt of a business plan to issue of the letter of offer ranged from 20 days for cases of less than £10k to 68 days for cases from £50k to £100k.</p> <p>Analysis of the actual casework processing times between April 2011 and March 2015⁶⁷, indicates that there has been a significant reduction in the number of controllable days in processing GAP applications under all levels of assistance.</p> <table border="1"> <thead> <tr> <th rowspan="3"></th> <th rowspan="3">Total number of offers (per Casework Processing Time Report)</th> <th colspan="4">Average Total Controllable Days (from receipt of business plan/application to issue of the Letter of Offer)</th> </tr> <tr> <th colspan="4">Range of Assistance</th> </tr> <tr> <th>£10k or less</th> <th>£10,001 - £50k</th> <th>£50,001 +</th> <th>All</th> </tr> </thead> <tbody> <tr> <td>Baseline average⁶⁸</td> <td></td> <td>20</td> <td>40</td> <td>68</td> <td>Not identified</td> </tr> <tr> <td>April 2011 – March 2015</td> <td>1,384</td> <td>18</td> <td>25</td> <td>30</td> <td>24</td> </tr> <tr> <td>Variance (days)</td> <td></td> <td>-2 days</td> <td>-15 days</td> <td>-38 days</td> <td>-</td> </tr> <tr> <td>Variance (%)</td> <td></td> <td>10% reduction</td> <td>38% reduction</td> <td>56% reduction</td> <td>-</td> </tr> </tbody> </table> <p>In addition, as noted in Section 3, businesses expressed a high level of satisfaction with both the length of time between submitting their GAP application and being provided with a Letter of Offer (98%, N=252) and the length of time between submitting a financial claim and receiving payment (95%, N=252). These findings indicate that the introduction of GAP has enabled support to be channelled to client businesses in a timelier manner.</p>						Total number of offers (per Casework Processing Time Report)	Average Total Controllable Days (from receipt of business plan/application to issue of the Letter of Offer)				Range of Assistance				£10k or less	£10,001 - £50k	£50,001 +	All	Baseline average ⁶⁸		20	40	68	Not identified	April 2011 – March 2015	1,384	18	25	30	24	Variance (days)		-2 days	-15 days	-38 days	-	Variance (%)		10% reduction	38% reduction	56% reduction	-
	Total number of offers (per Casework Processing Time Report)	Average Total Controllable Days (from receipt of business plan/application to issue of the Letter of Offer)																																									
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		£10k or less	£10,001 - £50k	£50,001 +	All																																						
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Variance (%)		10% reduction	38% reduction	56% reduction	-																																						
– Increased Client satisfaction ratings	<p>Appendix VI provides a comparative analysis of the client satisfaction ratings for GAP recipients vis-a-vis recipients of other Invest NI programmes across the period from 2012 to 2015.</p> <p>Whilst the client satisfaction ratings for both GAP and the other Invest NI programmes were high (with no aspect scoring lower than 84% across either cohort), the proportion of GAP recipients which provided positive feedback on each aspect of the intervention was at least equal to, if not higher than the proportion which provided positive feedback relating to the same aspect for other Invest NI programmes, with the GAP satisfaction ratings ranging from 85% to 94% across the 12 aspects rated, as compared with a range of 84% to 91% for the other Invest NI programmes. This suggests that GAP contributed towards increasing Invest NI client satisfaction ratings.</p>																																										

In summary, it appears that GAP made a positive contribution towards the overarching benefits that were anticipated to be derived from the Programme.

⁶⁶ Proposed Introduction of a Pilot De Minimis Scheme' (March 2007)

⁶⁷ Please note that data was not available for GAP processing times prior to April 2011.

⁶⁸ Baseline are per the GAP De Minimis Paper. Whilst not specifically stated within the De Minimis paper, it is assumed that the net turnaround days related to Invest NI Controllable days.

4.10 Summary Conclusions

Based on the feedback from businesses in receipt of support, the following key conclusions can be drawn with regards to the impact made by GAP during the period under review:

- Levels of programme/activity additionality have been calculated at 61% which should be viewed positively, especially given the fact that the majority of businesses indicated that they were already trading in markets outside NI. Whilst the analysis indicates that levels of additionality were broadly similar across micro, small and medium-sized businesses (at 65%), levels of additionality were considerably lower (at 41%) amongst large businesses. In light of this, it is recommended that Invest NI review the appropriateness of large businesses receiving GAP support in the future, especially in light of the relatively low levels of assistance that have been drawn down (c. £26k);
- Reflecting the fact the most businesses would not have taken forward the business development activities due to affordability constraints, the analysis indicates that just under one-third of businesses (32%) would not have taken forward the GAP activities (or would have taken the activities forward to a difference scale and/or timescale) due to full (6%) or partial market failure factors (26%). In our view, the levels of market failure are low and it is a decision that needs to be taken by policy makers as to whether they are sufficient to justify an ongoing need for intervention and whether other strategic motives and/or barriers preventing businesses from taking forward business development activities (e.g. cost/affordability) offer an acceptable rationale for government intervention;
- Encouragingly, the feedback from businesses suggests that GAP has made a positive contribution in increasing their businesses' knowledge, understanding and confidence to sell into markets outside NI. Similarly, recipients of KWSG support were of the view that assistance has contributed to building the capacity and capability of their business' management team and has served to address barriers that were inhibiting their growth and competitiveness;
- During the period under review, GAP may have directly encouraged businesses to make £54.2m of investment;
- The KWSG support administered through GAP is estimated to have directly created 722 FTE jobs. Positively, these jobs were of a high quality (96% had salaries in excess of NI PSM and posts were typically at middle or senior management levels) and the majority (76%) of posts continue to be in existence;
- Positively, the majority (75%) of GAP projects have resulted in an increase in businesses' turnover/sales, almost all of which derived these sales (at least in part) from markets outside NI. The analysis indicates that the support has both encouraged businesses to trade in new markets and supported businesses to derive sales in existing markets. The programme has also played a positive role in encouraging the growth of new businesses in these markets;
- Reflecting the positive impact of GAP in supporting businesses to generate business outcomes, the level of impact additionality has been calculated at 65%. Whilst the Evaluation Team's benchmarking of levels of impact additionality of other intervention across the UK indicate that GAP is performing relatively better than these, it is noted that the level of additionality is 8.5pps below those interventions that have strategic remit to support the internationalisation of businesses. As was the case with the calculated levels of programme/activity additionality, the analysis indicates that the overall level of impact additionality is lowered by the levels of additionality associated with large businesses (which have been calculated at 44%). The removal of these businesses indicates that the level of impact additionality increases to 70% which is more in-line with the benchmarked levels for internationalisation interventions;

- Levels of displacement have been calculated at 12% for NI and 17% at GB level
- From a monetary perspective the analysis suggests that the programme has directly:
 - Contributed £96.5m in net additional GVA to the NI economy;
 - Created a further 1,996 FTE jobs. The inclusion of the net additional FTE jobs that were created with the support of the KWSG (i.e. 722 FTEs) indicates that GAP directly created 2,718 FTE jobs; and
 - Safeguarded a further 3,608 FTE jobs.
- Notwithstanding GAP’s positive impact during the period under review, we are of the view that a real risk of duplication exists with other existing Invest NI interventions which share similar strategic objectives to GAP and offer support to encourage businesses to undertake similar activities to stimulate growth in external and export markets. Of primary concern, is the apparent overlap between GAP and ‘small’ SFA, the organisation’s trade interventions and CDS. Whilst we note that these other interventions do not, in all cases, currently provide directly comparable levels of support and/or support the same eligible costs; in our view, a number of small modifications could be made to these existing interventions to ensure that like-for-like support is provided.

Given the ongoing existence of these other interventions, due consideration should be given by Invest NI to the future role of GAP. In doing so, careful consideration should be given to GAP’s current operational ‘fit’ within Invest NI’s wider portfolio of marketing and capability development interventions.

5. BENCHMARKING

5.1 Introduction

As part of the research process, the Evaluation Team has benchmarked the support provided through the Invest NI GAP against programmes delivered elsewhere. At an overarching level, it is important to note that none of the other regions considered provided support during the period under review which was directly comparable in nature to that provided through Invest NI's GAP.

That is, whilst the benchmarking analysis provides an overview of programmes/initiatives provided elsewhere which had/(have) similar aims and objectives to either the Development Grant or the Key Worker Salary Grant, none of the other regions offered an initiative which provided a comparably holistic approach to supporting businesses to pursue market opportunities outside a business' own region through the provision of distinct, but interrelated forms of support such as the Development Grant and the Key Worker Salary Grant provided through Invest NI's GAP.

Notwithstanding this, Table 5.1 provides a summary comparison of the Invest NI GAP Development Grant and Key Worker Salary Grant with relevant comparators, with further details on each initiative⁶⁹ attached as Appendix VIII.

⁶⁹ Along with a number of other benchmarks considered for reference.

Table 5.1: Benchmarking Analysis

Category	Development Grant		Key Worker Salary Grant	
	Invest NI – Development Grant	Enterprise Ireland (EI) – Internationalisation Grant	Invest NI - Key Worker Salary Grant (KWSG)	Scottish Development International – International Business Manager for Hire (IBMH)
Support available	Financial support towards export marketing and/or specialist consultancy activities which seek to bring a new or existing product/service to a new market outside NI.	Financial support towards the costs for established client businesses companies to research and explore business opportunities in international markets. Eligible projects include research into a new market for a new or existing product or researching an existing market for a new product.	Financial support towards one-year of salary costs for a ‘key’ worker to enhance the skills and capability of a business’ management team, with a view to supporting its growth in external and export markets.	Financial support to fund a business professional with international expertise to work within the business for a period of time to help to address knowledge, skills and/or funding gaps and to develop the business’ international strategy or operations.
Eligibility	Support is available to Invest NI clients who are an existing or new pre-start, start-up and established businesses of all sizes that are seeking to stimulate their growth through external and/or export markets.	Support is potentially available to EI clients who have engaged in an eligible service activity or manufacture in the ROI, employ more than 10 staff, have an available De Minimis balance and have not received comparable support from An Bord Bia/An Bord Iascaigh Mhara.	Support is available to Invest NI clients who are an existing or new pre-start, start-up and established businesses of all sizes that are seeking to stimulate their growth through external and/or export markets.	The IBMH support is open to all Scottish based businesses (of any size) that have ambitions for global trade.
Eligible costs	<ul style="list-style-type: none"> Market research visits New market development visits Test marketing Trade fairs & Exhibitions Product demonstrations Product launches / Seminars/ Open Days / Special Event Days Mail Shot Campaign Advertising Promotional CD or DVD Packaging Web Design Specialist consultancy for marketing, market researching, business/financial planning and/or PR. 	<p>SMEs can apply for the following support:</p> <ul style="list-style-type: none"> Salaries and overheads – Up to €1,000 per week (max. 12 weeks) towards salaries associated with the project and 30% towards overhead costs for those individuals. This is only available for businesses with 50 or fewer employees. Foreign travel & subsistence – Support towards overseas trips including travel expenses and subsistence (up to €200 per day for an overnight trip or €60 per day for a day trip). Consultancy fees – up to €900 per day (inc. travel, subsistence and other expenses) to hire a specialist consultant to input into/undertake the project. Trade fairs – Support towards the costs for clients to participate in an 	<p>Roles supported are expected to:</p> <ul style="list-style-type: none"> Address an identifiable barrier to growth; Be new positions, at junior, middle or senior management level; Be sustainable full-time or part-time positions; Include significant responsibilities and purely operational roles; and Spend the majority of their time-based in NI. 	<p>Eligible posts supported by IBMH include contractors/ consultants, temporary or permanent employees and individuals who are new to the business. The post may be based in-market.</p> <p>The specific remit of the post is determined by the individual business, however eligible international activities to be undertaken by this role include market assessments; product customisation; and setting up internal systems to deal with international markets.</p>

Table 5.1: Benchmarking Analysis

Category	Development Grant		Key Worker Salary Grant	
	Invest NI – Development Grant	Enterprise Ireland (EI) – Internationalisation Grant	Invest NI - Key Worker Salary Grant (KWSG)	Scottish Development International – International Business Manager for Hire (IBMH)
		<p>international trade fair for the first time. Eligible costs including entry fees (for up to 5 people) stand rental and set-up costs, sundries and up to €500 towards the cost of related promotional material, brochure design costs, translation costs etc. Participation at conferences, symposiums, standalone business events, demonstrations or meetings is ineligible.</p> <ul style="list-style-type: none"> • Business Accelerator – a Business Accelerator is an EI appointed in-market industry expert. Businesses can avail of support towards a maximum of 20 days support at a maximum daily rate of €1,500. <p>Large businesses can apply for comparable foreign travel and subsistence and consultancy support, but no financial assistance is available for large businesses for salaries and overheads, trade fairs and/or Business Accelerators.</p>		
Grant assistance	Up to £40k towards export marketing activities and up to £25k towards specialist consultancy each at a current rate of assistance of 30%.	Taking into account the rules detailed above, the maximum grant funding available is 50% of eligible expenditures up to a maximum grant of €35,000.	Up to £25k in grant support at a current rate of assistance of 30%. There is currently no limit on the number of GAP offers that a business can receive and businesses are able to have up to three GAP projects running concurrently (permitting that De Minimis aid thresholds are not breached). Up to two key workers may be supported under any one GAP project.	<ul style="list-style-type: none"> • Introductory assistance – Up to £7k of support at a maximum of 50% assistance rate to hire an international manager or consultant for a period of three months or on a part-time basis. • One Year IBMH – Between 30% and 50% assistance towards one year of salary costs based on a maximum salary of £60,000.

Salient points to note from the benchmarking analysis include:

5.1.1 Development Grant

- Similar to the GAP Development Grant, each of the market development initiatives considered within the benchmarking analysis (Appendix VIII) aimed to increase exports and internationalisation amongst indigenous businesses through the provision of financial support towards eligible costs. Furthermore, often the nature of costs which were eligible under the benchmark initiatives was similar to those costs which could be supported through the GAP Development Grant e.g. market visits, attendance at trade missions/exhibitions and business development consultancy. However, in considering these initiatives the following is noted:
 - The Development Grant provided a ‘wrap-around’ grant offered through one Letter of Offer which offered flexibility to businesses to utilise the financial support against a broad range of different cost categories.
 - Conversely, most of the benchmarking models considered (e.g. the support offered by Business Wales, Scottish Enterprise/Scottish Development International (SDI) and the Department for International Trade (DTI)) provided a suite of individual support initiatives which:
 - Businesses were required to apply to separately, and subsequently received separate letters of offers for; and
 - Provided financial support towards specific and distinct eligible costs (e.g. a Tradeshow Access Grant provided by DTI would cover only costs associated with attendance at one specified tradeshow).

In this regard, whilst sharing a common overarching purpose the GAP Development Grant, the market development initiatives provided elsewhere typically represented more direct comparators with Invest NI’s Trade Supports in terms of their specific aims, objectives and delivery models, than with the support provided under GAP.

- However, Enterprise Ireland’s Internationalisation Grant currently provides financial support for client businesses which offers flexibility across five categories of expenditure relating to a market development project and therefore represents a more relevant comparator with the GAP Development Grant (Table 5.1).
- Notwithstanding this, there are a number of key differences between the support provided under the GAP Development Grant and Enterprise Ireland’s Internationalisation Grant, as follows:
 - Whilst the Development Grant is open to all Invest NI businesses (regardless of business stage or size), the Internationalisation Grant is limited to Enterprise Ireland clients which have at least 10 staff (thereby excluding micro-businesses).
 - The support provided under the Internationalisation Grant is narrower and more focused than the GAP Development Grant with just five eligible cost categories and specific eligibility ceilings and rules within these categories. For example, under the Internationalisation Grant, trade fair costs are limited only to the costs of participation (rather than attendance) at an international trade fair for the first time (*vis-à-vis* support to either attend or participate with no stipulated limit on the number of times the business has attended the event under GAP). The additional eligibility rules under the Internationalisation Grant may potentially offer greater clarity for client businesses and Enterprise Ireland’s Development Advisors as well as greater mitigation against the risk of duplication with other supports when compared to the Development Grant.

- Whilst both the Internationalisation Grant and the Development Grant are potentially available to large businesses, Enterprise Ireland offers more focused support in these instances, with only foreign travel and subsistence costs and consultancy fees being eligible (albeit to the same maximum level and rate of assistance as for SMEs).
- The maximum level of grant assistance which is available under each GAP Development Grant offer (i.e. £65k including both export marketing activities and specialist consultancy) is more than double the maximum grant of €35,000 (£29,850)⁷⁰ available under each Internationalisation Grant offer. However, the maximum level of assistance which is available under the Internationalisation Grant (50%) is higher than the equivalent rate which is currently available under GAP (30%).

5.1.2 Key Worker Salary Grant

- Similar to the GAP Key Worker Salary Grant, SDI also offers financial support to businesses to fund the costs associated with employing a Business Manager to address skills gaps which are serving as barriers to achieving export sales activity. In considering these initiatives, it should be noted that:
 - The Key Worker Salary Grant provides one year of salary support for one or two key workers. Whilst the IBMH has one option (the ‘One Year IBMH’) which is comparable to this model, it is also possible for businesses to avail of the ‘Introductory Assistance’ option under IBMH whereby the business employs a Business Manager or consultant on a 3-month temporary basis. This model may offer greater flexibility than the current GAP depending on the needs of the individual business.
 - The level of grant assistance available under the One Year IBMH is broadly in line with the Key Worker Salary Grant, in that a business may receive assistance of between 30% and 50% of a maximum salary of £60,000 (i.e. up to a maximum of £30,000 of support) under the IBMH, as compared with a maximum of £25,000 under the Key Worker Salary Grant.

5.2 Summary Conclusions

In summary, during the period under review, the GAP delivery model was unique in that it provided a holistic approach consisting of two distinct, but interrelated forms of support through the Development Grant and the Key Worker Support Grant. In contrast, the benchmarking regions considered provided initiatives which had similar aims and objectives to either one (but not both) of the GAP forms of support. Furthermore, most of the initiatives considered elsewhere did not provide comparable flexibility to GAP’s Development Grant in their approach to support market development and specialist consultancy activities. Instead, the other regions generally support export development through a suite of individual support initiatives, similar to that provided by Invest NI’s Trade Team.

The GAP Development Grant provides a similar offer (in terms of objectives and content) as the Internationalisation Grant in ROI but has the potential to offer higher levels of grant assistance to across a broader range of eligible cost categories. Based on the feedback from stakeholders and duplication analysis, there appears to be potential for Invest NI to narrow the focus of, and provide more explicit guidance for, the GAP Development Grant, in line with the model in ROI.

⁷⁰ EC exchange rate for March 2017 http://ec.europa.eu/budget/contracts_grants/info_contracts/infoeuro/index_en.cfm

6. PROGRAMME FINANCE

6.1 Introduction

Section 7 examines the costs associated with administering GAP during the period under review. In doing so, the section also examines the return-on-investment and value-for-money (VFM) that has been delivered by the Programme.

6.2 Proposed versus Actual Costs

6.2.1 Anticipated Costs

Per Section 1, a total of £10m of funding was reallocated from the SFA scheme to support GAP projects during the 12-month pilot phase (i.e. from June 2007 to May 2008). However, a specific annual Programme budget was not established for GAP beyond this period with funding awarded from annual Divisional budgets based upon funds available at any given time (i.e. based on affordability).

6.2.2 Actual Costs

Table 6.1 provides a summary of the actual GAP costs incurred during the period under review. In-line with NIGEAE, costs have been considered on a full-economic cost basis.

Table 6.1: Actual GAP Costs	
GAP Assistance drawn down	£38,106,773
Potential private sector contribution	£88,915,804
GAP project investment sub-total	£127,022,577
Invest NI staff costs ⁷¹	£7,837,191
Costs to Invest NI⁷²	£45,943,964
Full economic cost	£134,859,767

Salient points to note include:

- The total investment made in GAP projects during the period under review was potentially £127m;
- The total internal cost of administering GAP was c. £7.84m, which represents c. 21% of assistance drawn down.

Tables 6.2 and 6.3 provide a summary of the cost of administering each GAP offer (including, where relevant, amendments to Letters of Offer).

Table 6.2: Invest NI staff input per GAP offer				
Activity	No. of days of staff input	Staff grade(s)	Fully loaded daily rate	Fully-loaded cost
Scoping /Application	2	Client Officer	£226	£453
Appraisal & Casework write up	2.5	Client Officer	£226	£566
Approval	0.5	Client Officer	£226	£113
Offer	1.5	Executive Officer	£202	£304
Claim	4.9	Executive Officer Client Officer Executive	£217	£1,064
Monitor	2	Client Officer	£226	£453
Total (per GAP offer)	13.4			£2,952
No. of GAP offers				2,486
Sub-total				£7,337,827
Minus monitoring time associated with GAP projects that did not drawdown their offer of assistance	2	Client Officer	£226 x 380 GAP offers	(£171,998)
Total cost				£7,165,829

⁷¹ Internal staff costs have been provided by Invest NI and are reflective of the full economic costs of staff time including ERNI plus Superannuation, and loadings. These costs are based on the DfE Ready Reckoner of Staff Costs.

⁷² GAP Assistance drawn down plus Invest NI staff costs.

Table 6.3: Invest NI staff input per GAP amendment				
	No. of days of staff input	Staff grade(s)	Fully loaded daily rate	Fully-loaded cost
Amendments	2	Client Officer	£226	£453
	2	Executive Officer	£202	£405
Total per GAP amendment	4			£857
No. of amendments				783
Total cost				£671,361

Technical notes:

- All staff time input and associated costs have been provided by Invest NI;
- The daily rate relating to claims reflects a blended daily rate based upon the time input from 1 x Executive, 1 x Client Officer and 5 x Executive Officers;
- Invest NI staff costs and are reflective of the full economic costs of staff time including ERNI plus Superannuation, and loadings. These costs are based on the DfE Ready Reckoner of Staff Costs. The 2009/10 salary costs have been uplifted to today's prices by applying a 3% annual increase. The superannuation and loadings have been uplifted using HMT's GDP deflators;
- Based upon monitoring information provided by Invest NI, it is assumed that 100 amendments are made to GAP offers per annum.

The analysis indicates that it takes, on average, 13.4 days to administer a GAP project (which is not subject to any amendments) at a cost of c. £3k per offer. A typical amendment to a GAP offer takes, on average, 4 days and costs £857.

The cost associated with administering the GAP programme appears high, especially when viewed in the context of other Invest NI interventions. For example, whilst noting the relatively higher number of lower value offers of assistance provided through GAP, the internal cost of administering GAP (based upon assistance drawn down) nevertheless appears disproportionately high to that of SFA (which was calculated to be 8.5%)⁷³.

In the event that Invest NI continues to provide support through GAP, opportunities to streamline the administration of the Programme should be identified. For example, we note that within the staff costs provided by Invest NI, c. 5 days of time has been allocated for undertaking all claims activities associated with an individual GAP project. Similarly, the number of days associated with amending a GAP offer (4 days) appears high. In-line with one of GAPs main process-related guiding principles, Invest NI should seek to reduce the number of amendments being made to LoO. A greater focus on encouraging client businesses to give consideration to the role of the GAP project within the businesses' wider strategic plan for growth, coupled with a greater focus on ensuring that projects are ready to initiate soon after the issuing of a LoO, are likely to help in this regard.

- The total costs incurred by Invest NI was c. £45.9m. The inclusion of the private sector contribution (of c. £89m) towards GAP project costs indicates that **the full economic costs of delivering GAP during the period under review were potentially c. £134.9m.**

⁷³ The Evaluation of SFA indicates that the programme management cost was £21.5m and the total assistance drawn down was c £254m. Source: An Evaluation of Selective Financial Assistance in Northern Ireland 2004/05 to 2010/11, SQW (2013). The SFA Evaluation does however note that the staff costs exclude time inputs from the Economist Team, Legal Team, Senior Management in Invest NI and other agencies involved in investment decisions (e.g. NI and UK Government Departments). During consultation, Invest NI also indicated that the costs excluded the costs associated with the Invest NI Offers and Claims team.

6.3 GVA Return-on-investment

Given the level of net additional GVA (i.e. £96.5m) indicates that return on investment⁷⁴ was:

- £1:£2.10 based on the costs to Invest NI; or
- £1:£0.72 when examined on a full-economic cost basis.

Table 6.4: Actual GAP Costs			
	Cost	Net Additional GVA	Return-on-investment
Costs to Invest NI	£45,943,964	£96,541,511	£1 : £2.10
Full economic cost	£134,859,767		£1 : £0.72

Whilst the calculated return-on-investment ratios indicate that GAP has delivered additional GVA benefit in excess of the costs incurred by Invest NI, and has performed well when benchmarked against other Invest NI interventions, the Programme has, nonetheless, not secured additional benefit for the NI economy in excess of the full-economic costs incurred. However, based upon the findings detailed within the 2013 Evaluation of SFA, the Evaluation Team's benchmarking analysis indicates that GAP's return-on-investment is broadly aligned with SFA's when examined based on the costs incurred by Invest NI only and GAP performs relatively better when the returns are assessed on the full-economic costs incurred.

Table 6.5: Benchmarking of GAP return-on-investment		
	GAP return-on-investment	SFA return-on-investment ⁷⁵
Costs to Invest NI	£1 : £2.10	£2.11
Full economic cost	£1 : £0.72	£0.29

6.4 Cost Effectiveness

In the absence of an Economic Appraisal, anticipated cost-effectiveness indicators were not identified for GAP. Other indicators of cost-effectiveness calculated by the Evaluation Team include:

Table 6.6: Cost effectiveness indicators ⁷⁶		
	Based on costs to Invest NI (£45.9m)	Based on full-economic costs (£134.9m)
Cost per project supported (N=2,082)	£22,067	£64,774
Cost per business supported (N=1,575)	£29,171	£85,625
Cost per pound of net additional investment leveraged (£54,238,640)	£0.85	N/A
Cost per net additional jobs created (N=2,718 FTEs) ⁷⁷	£16,904	£49,617
Cost per net additional job safeguarded (N=3,608 FTEs)	£12,734	£37,378

⁷⁴ Return-on-investment is based on actual outcomes derived to date i.e. excludes outturns anticipated to be derived by businesses in the future.

⁷⁵ Source: An Evaluation of Selective Financial Assistance in Northern Ireland 2004/05 to 2010/11, SQW (2013). Please note that the SFA Evaluation did not calculate the return-on-investment based upon full-economic costs. As with the current Evaluation, the actual private sector contribution made by businesses to SFA projects undertaken was not available. However, we note from the Evaluation that, it was anticipated that Invest NI's contribution to the project costs would be 13%. On the basis that £254m of SFA support was drawn, and assuming that the private sectors actual contribution continued to be 87% of total project costs suggests that the total private sector contribution was potentially £1.7bn. The sum of the Invest NI contribution (c. £254m), the private sector contribution (c. £1.7bn) and internal management costs (£21.5m) suggests that the full economic cost of delivering SFA was potentially £1.975bn. The Evaluation indicated that the support had contributed £582m in net additional GVA, suggesting that the return-on-investment (based on full economic costs) was £0.29.

⁷⁶ Cost effectiveness indicators are based on GAP projects / recipients of support that actually drew down GAP support during the period under review.

⁷⁷ Number of FTEs created is based on jobs created with the support of the KWSG (N=722 FTEs) and other jobs created in excess of this (N=1,996).

6.6 Value-for-Money

The absence of a ‘Theory of Change’ model underpinned by a set of SMART input, activity, output and outcome objectives/targets linked to the underlying ‘logic’ of the Programme has resulted in a lack of clarity and definition as to what ‘success’ and value-for-money (VFM) was anticipated to look like in the context of GAP. As such, it is difficult for the Evaluation Team to conclude definitively as to whether or not the Programme has provided VFM in respect to the funds invested in it.

Notwithstanding this caveat, we have considered GAP’s performance in the context of Invest NI intervention principles in the table below:

Table 6.5: Summary of Value for Money		
VFM Indicator	Conclusion	
Strategic Fit	In-line with the strategic imperatives of the NI Government that existed during the period under review, the Evaluation Team’s analysis indicates that GAP had contributed positively to building the capacity and capability of NI businesses to compete in markets outside NI and address barriers that were inhibiting their growth and competitiveness. As evidenced by the sales achieved by a significant cohort of businesses, the Programme has supported recipients of support to deepen and diversify their sales base in external and export markets which has ultimately contributed to increasing employment and GVA within the region.	
Need & Market Failure	<p>Our review of the approval documentation indicates that the rationale for GAP’s introduction was predicated on the need to address the operational limitations of other supports. Whilst the proposal, also indicated that it was anticipated that GAP would contribute to stimulating sales outside NI and, in doing so, encourage growth in the private sector, no specific detail was provided as to the nature and extent of market failures and structural weaknesses that GAP was seeking to address.</p> <p>Reflecting the fact that affordability was the primary reason as to why businesses would not have taken forward the marketing and capability development activities independent of support, the calculated levels of market failure are low (32%). Issues relating the duplication of support raise, in our view, more fundamental questions around the need for, and future role of, the Programme.</p>	
Additionality	<p>Levels of programme and impact additionality have been calculated at 61% and 65% respectively. Under both scenarios, the level of additionality has been significantly reduced by the inclusion of the levels of additionality associated with large businesses.</p> <p>More positively, the Programme has played an important role in encouraging SMEs to undertake marketing and capability development activities that offer the potential to support their growth in markets outside NI.</p>	
Duplication and complementarity	<p>We are of the view that a real risk of duplication exists with other existing Invest NI interventions which share similar strategic objectives to GAP and offer support to encourage businesses to undertake similar activities to stimulate growth in external and export markets.</p> <p>In this regard, Invest NI should give due consideration of the continued role of GAP within its wider portfolio of marketing and capability development interventions.</p>	
Economy Efficiency and Effectiveness	Indicator	Evaluation Team’s Commentary
	Economy measures are concerned with showing that the appropriate inputs (i.e. the resources used in carrying out the project)	<p>Whilst an Economic Appraisal was not completed for the Programme, we note that:</p> <ul style="list-style-type: none"> By way of encouraging Clients’ engagement in GAP projects, Invest NI did not adopt the 100% aid ceiling permitted under De Minimis. Indeed, Invest NI reduced the maximum contribution from 50% to

Table 6.5: Summary of Value for Money	
VFM Indicator	Conclusion
	<p>have been obtained at least cost</p> <p>40% and then 30% during the period under review due to affordability constraints.</p> <ul style="list-style-type: none"> Each GAP grant application was internally appraised and subject to approval prior to Invest NI committing support.
	<p>Efficiency relates to measures that are concerned with achieving the maximum output from a given set of inputs</p> <p>In the absence of an economic appraisal and targets relating to the activity that was anticipated to be delivered by GAP, the Evaluation Team is unable to conclude as to whether Invest NI achieved the maximum outputs from a given set of inputs.</p>
	<p>Effectiveness measures are concerned with showing the extent to which aims, objectives and targets of the project are being achieved</p> <p>As above, the absence of SMART targets for what GAP was seeking to achieve, over and above the overarching strategic benefits, means that whilst outputs/outcomes can be judged, it is hard to see if these are really what was intended/needed.</p> <p>As such, the absence of these targets precludes the Evaluation Team from concluding on the effectiveness measure of VFM.</p>
Cost effectiveness	Cost effectiveness indicators are as per Section 6.4.

Economic Efficiency test results

From a monetary perspective the analysis suggests that the programme has directly:

- Contributed £96.5m in net additional GVA to the NI economy (against a cost to Invest NI of £45.9m);
- Created 722 net additional FTE jobs through the KWSG element of the Programme. Positively, these jobs were of high quality (96% had salaries in excess of the NI PSM and the posts were typically at middle or senior management levels) and the majority of posts (76%) continue to be in existence;
- Created a further 1,996 FTE jobs. The inclusion of the net additional FTE jobs that were created with the support of the KWSG (i.e. 722 FTEs) indicates that GAP directly created 2,718 FTE jobs; and
- Safeguarded a further 3,608 FTE jobs.

In addition, to the aforementioned monetary benefits, the analysis indicates that the Programme has delivered considerable non-monetary benefits. For example, the feedback from businesses suggests that GAP has made a positive contribution to increasing their knowledge, understanding and confidence to sell into markets outside NI. Recipients of KWSG support were also of the view that the assistance had contributed to building the capacity and capability of their business' management team and had served to address barriers that were inhibiting their growth and competitiveness. Similarly, it was the view of a significant cohort of businesses that the Programme has contributed to increasing their competitiveness, enhancing the skills of their workforce (typically resulting from knowledge being transferred from the Key Worker that was employed) and/or contributed positively to their business' survival.

When these non-monetary impacts are considered alongside the positive employment impacts that have been generated, it is evident that GAP has, on the whole, left a positive legacy in the majority of businesses that received support. The impact of this lasting legacy should not be underestimated and, whilst caution should be placed on the sales projections that were provided by businesses (given their

speculative nature), they do nonetheless indicate that many businesses plan to build upon the business development activities that were supported through GAP.

In short, notwithstanding the difficulties in making a definitive conclusion as to whether GAP has delivered VFM, the Evaluation Team considers, taking all available evidence into consideration, that Invest NI has broadly derived value-for-money in respect of the public funds that have been invested through the Programme.

7. CONCLUSIONS & RECOMMENDATIONS

7.1 Introduction

The section presents the Evaluation Team's key conclusions and recommendations arising from the evaluation process.

7.2 Conclusions

7.2.1 *Strategic Context and Rationale*

At that time, and throughout the period under review, NI Government (including the DfE and Invest NI) placed a strong emphasis on creating a sustainable, competitive private sector focused on export-led economic growth. Explicit within this, there was a strategic need to support NI businesses to compete in markets outside NI and, in doing so, support them to deepen and diversify their sales base in external and export markets in order to increase employment and wealth across the region. In doing so, it was anticipated that external and export-led growth would contribute to the 'rebuilding' and 'rebalancing of the NI economy', in the wake of the economic downturn, during much of the period under review.

Our review indicates that the rationale for GAP's introduction was based upon the view that existing (at that time) interventions did not readily lend themselves to supporting smaller marketing and/or capability development projects. Whilst it was anticipated that GAP would contribute to stimulating sales outside NI and, in doing so, encourage growth in the private sector, no specific detail was provided as to the nature and extent of market failures and structural weakness in the NI economy that GAP was seeking to address. The risk, therefore, existed that, without a clearly defined 'Theory of Change', GAP may not have been used to address the underlying causes of failure on a consistent and systematic basis. Similarly, the absence of SMART objectives linked to the underlying 'logic' of the Programme has resulted in a lack of clarity and definition as to what 'success' and value-for-money (VFM) was anticipated to look like in the context of GAP.

7.2.2 *Operation and Delivery*

GAP's model of delivery was based around providing businesses with grant support (up to £100k) to undertake marketing activities to pursue market opportunities outside NI and, in instances where it was required to facilitate this, support to strengthen their management team's capabilities through the recruitment of new skill sets. An important objective of GAP was to introduce a more efficient and proportionate application, appraisal and casework process for relatively small and low-risk packages of support which, by definition, only released grant payment on the basis of vouched expenditure.

GAP did not operate as a Programme in the conventional sense in that the individual project funding came from Invest NI divisions' annual budget as opposed to a centrally held budget. Accordingly, GAP was operationally administered by Invest NI Client Groups Business and Sector Development and Regional Business. From 2007 to 2011 the ownership of GAP, as a business solution and responsibility for its operation resided with Invest NI's Strategic Management and Planning Division (which is no longer in existence). Since 2012, the Programme has resided with the Employment and Enterprise Team (given GAP's close alignment with SFA).

Between June 2007 and March 2015, Invest NI offered £65.2m of GAP assistance to 1,899 unique businesses through 2,486 separate offers of assistance. Relatively low levels of assistance were provided through GAP - the average offer of assistance was c. £26k and two-thirds of offers were for less than £30k. The majority of the total assistance offered was made in the form of Development Grant support, whilst the remainder was offered in Key Worker Salary Grant support. The majority of offers, both in number and value terms, provided a combined package of support. The value of GAP assistance offered represented 30% of the total anticipated project costs (c. £219m) reflecting, in the main part, the impact of additional aid ceilings introduced by Invest NI due to wider affordability constraints.

The relative importance of GAP within the suite of available tools that client-facing staff have to support businesses appears to have diminished over time, largely due to the availability of small SFA support which provides comparable levels of funding to support the same activities and is administered through a similarly efficient and proportionate application, appraisal and casework process. Specifically the analysis indicates that since 2012/13, there has been a marked year-on-year decrease in the number and value of GAP offers which has culminated in a 44% fall in the annual number of GAP offers and a 57% fall in their value over the four-year period. The sharp fall in the number of GAP offers has coincided with an even more pronounced increase in the number and value of small SFA offers. Since 2012/13 the number of small SFA offers has increased by 398% and the value of offers increased by 303%, albeit from a low base. Similarly, the analysis indicates that, between 2012/13 and 2016/17, the number and value of GAP offers of assistance has fallen sharply (by 36 pps and 44 pps respectively) as a proportion of the total offers and value of assistance made through GAP and small SFA combined. In essence, it appears that small SFA is now being used to fulfil the role that GAP was originally conceived to address.

£38.1m of the £65.2m of GAP assistance offered to businesses has been drawn down. The level of draw down (59%) is broadly consistent with other Invest NI interventions.

GAP is, on the whole, highly regarded by recipients of the support and Invest NI stakeholders alike. From an external perspective, the feedback indicates that the Programme is providing adequate levels of assistance to support a range of distinct, but complementary, activities that offer the potential to stimulate businesses' growth in markets outside NI.

The flexibility of GAP - in terms of its ability to support a range of marketing and capability development activities as part of one offer of assistance – has been cited by businesses and Invest NI stakeholders as the key strength of the intervention and, when combined with the divisionally distributed model of operation, appears to have facilitated support to be channelled in an effective and timely manner.

However, looking beyond stakeholders largely positive views of GAP, it appears that the flexibility of GAP has arguably been the intervention's key weakness. That is to say, a cohort of Invest NI stakeholders indicated that, on a minority of occasions (albeit frequently cited across the cohort of Invest NI consultees), the Programme's guiding principles were not being adhered to as fully as was envisaged at the outset. It was suggested that such instances had, in certain circumstances, culminated in (amongst other things) diluting GAP's operational effectiveness and impact and had, at worst, resulted in instances where Clients' available De Minimis Funding had been utilised unnecessarily. Whilst the Evaluation Team cannot be definitive as to the frequency by which these issues occurred, or the extent of their associated impact, we note that they were commonly cited across stakeholders and Invest NI should ensure to address the issues as part of any future phase of the Programme.

Similarly, whilst it was anticipated that a GAP project would act as a catalyst to encourage businesses to implement a more strategic growth project, it appears that a significant cohort of businesses was adopting too much of an ad hoc and speculative, rather than a strategic, approach to growth. The feedback suggests that, in a number of instances (especially where multiple offers of assistance were being provided), client-facing staff could have provided a more robust challenge to encourage businesses to consider their growth plans more strategically and apply a greater challenge of the need for the GAP project.

In our view, these issues could have been (at least in part) mitigated through closer attention being paid to the Programme's delivery and performance during the period under review.

The total costs incurred by Invest NI was c. £45.9m. The inclusion of the private sector contribution (of c. £89m) towards GAP project costs indicates that the full economic costs of delivering GAP during the period under review were potentially c. £134.9m. The total internal cost of administering GAP was c. £7.84m, which represents c. 21% of assistance drawn down. This cost appears high when viewed in the context of other Invest NI interventions and suggests that GAP may not have, as was anticipated at the outset, resulted in an efficient use of staff resources.

7.2.3 Performance and Impact

Levels of programme/activity additionality have been calculated at 61% which should be viewed positively, especially given the fact that the majority of businesses indicated that they were already trading in markets outside NI. Whilst the analysis indicates that levels of additionality were broadly similar across micro, small and medium-sized businesses (at 65%), levels of additionality were considerably lower (at 41%) amongst large businesses.

Reflecting the fact the most businesses would not have taken forward the business development activities due to affordability constraints, the analysis indicates that just under one-third of businesses (32%) would not have taken forward the GAP activities (or would have taken the activities forward to a difference scale and/or timescale) due to full (6%) or partial market failure factors (26%).

In our view, the levels of market failure are low but are somewhat unsurprising given the fact that, almost four-fifths of business were trading in markets outside NI and hence typical market failures such as asymmetric information relating to the potential benefits and costs that would be incurred and/or risk aversion would arguable not have been as prevalent amongst this cohort of businesses. In our view, a decision needs to be taken by policy makers as to whether the levels of market failure are sufficient to justify an ongoing need for intervention or whether other strategic motives and/or barriers preventing businesses from taking forward business development activities (e.g. cost/affordability) offer an acceptable rationale for government intervention. It could be argued that the rationale to support businesses to undertake these types of activities arguably goes ‘beyond’ the usual market failure arguments that typically underpin the need for Government intervention, especially given the economic environment that prevailed during much of the period under review and the strategic imperatives that existed at that time. In this respect, as detailed by the calculated levels of programme/activity additionality, GAP has been largely successful in encouraging businesses to take forward business development activities (often in a more timely manner and/or to an increased scale) that offer the potential to deliver upon the strategic imperatives established by NI government. Furthermore, in the relatively smaller number of cases where it was prevalent, the feedback suggests that GAP has played a positive role in addressing those market failures that were preventing businesses from engaging in the business development activities independent of support.

From a monetary perspective the analysis suggests that the programme has directly:

- Contributed £96.5m in net additional GVA to the NI economy (against a cost to Invest NI of £45.9m). Positively, the majority (75%) of GAP projects have resulted in an increase in businesses’ turnover/sales, almost all of which derived these sales (at least in part) from markets outside NI. The analysis indicates that the support has both encouraged businesses to trade in new markets and supported businesses to derive sales in existing markets. The programme has also played a positive role in encouraging the growth of new businesses in these markets.
- Created 722 net additional FTE jobs through the KWSG element of the Programme. Positively, these jobs were of high quality (96% had salaries in excess of the NI PSM and the posts were typically at middle or senior management levels) and the majority of posts (76%) continue to be in existence;
- Created a further 1,996 net additional FTE jobs. The inclusion of the net additional FTE jobs that were created with the support of the KWSG (i.e. 722 FTEs) indicates that GAP directly created 2,718 FTE jobs; and
- Safeguarded a further 3,608 net additional FTE jobs.

In addition, to the aforementioned monetary benefits, the analysis indicates that the Programme has delivered considerable non-monetary benefits. For example, the feedback from businesses suggests that GAP has made a positive contribution to increasing their knowledge, understanding and confidence to sell into markets outside NI. Recipients of KWSG support were also of the view that the assistance had contributed to building the capacity and capability of their business’ management team and had served to address barriers that were inhibiting their growth and competitiveness. Similarly, it was the view of a

significant cohort of businesses that the Programme has contributed to increasing their competitiveness, enhancing the skills of their workforce (typically resulting from knowledge being transferred from the Key Worker that was employed) and/or contributed positively to their business' survival.

When these non-monetary impacts are considered alongside the positive employment impacts that have been generated, it is evident that GAP has, on the whole, left a positive legacy in the majority of businesses that received support. The impact of this lasting legacy should not be underestimated and, whilst caution should be placed on the sales projections that were provided by businesses (given their speculative nature), they do nonetheless indicate that many businesses plan to build upon the business development activities that were supported through GAP.

Reflecting the positive impact of GAP in supporting businesses to generate business outcomes, the level of impact additionality has been calculated at 65%. Whilst the Evaluation Team's benchmarking of levels of impact additionality of other intervention across the UK indicate that GAP is performing relatively better than these, it is noted that the level of additionality is below those interventions that have strategic remit to support the internationalisation of businesses. As was the case with the calculated levels of programme/activity additionality, the analysis indicates that the overall level of impact additionality is lowered by the levels of additionality associated with large businesses (which have been calculated at 44%).

7.2.4 Duplication

Notwithstanding GAP's positive impact during the period under review, we are of the view that a real risk of duplication exists with other existing Invest NI interventions which share similar strategic objectives to GAP and offer support to encourage businesses to undertake similar activities to stimulate growth in external and export markets (and vice versa). Of primary concern, is the apparent overlap between GAP and 'small' SFA, the organisation's trade interventions and CDS.

The ongoing existence of these interventions naturally raises the question "*What should the continuing role for GAP be vis-à-vis other supports in the marketplace?*" Whilst this Evaluation has not been prescriptive in regards to which interventions should be amended and/or removed from Invest NI's portfolio of supports to remove the risk of duplication, it is recommended that Invest NI establish a cross-organisational Steering Group to consider the ongoing role for GAP vis-à-vis other Invest NI supports, and its place in the wider market. In considering GAP's role, cognisance should be taken of the following:

- There was a view amongst a cohort of Invest NI stakeholders that the flexibility of GAP, and specifically its ability to support a range of marketing and capability development activities as part of one offer of assistance, is the key strength of the intervention and has enabled assistance to be channelled to clients in an effective and efficient manner. The benchmarking analysis indicates that none of the other regions examined offer an initiative which provided a comparably holistic approach to supporting businesses to pursue market opportunities outside a business' own region through the provision of distinct, but interrelated forms of support such as the Development Grant and the Key Worker Salary Grant provided through Invest NI's GAP;
- Those same stakeholders were of the view that the potential loss of such a flexible tool would be to the detriment of the organisation's ability to respond to the needs of its clients in a timely manner;
- In instances where GAP was being utilised within a well formulated strategic approach to growth, it was suggested that the delivery of GAP support had contributed to developing a more relationship-based, as opposed to transactional-based, approach to the interaction between Invest NI staff and its clients. In this context, it was suggested that the delivery of support had contributed to practically embedding the 'Trusted Business Partner' model that is currently being developed by Invest NI;
- Indeed, a number of consultees suggested that the importance of GAP may become more prevalent in the coming months and years as Invest NI is likely to require more flexible and responsive interventions that could channel support to businesses in a timelier manner in the wake of the UK's withdrawal from the EU (following 'Brexit').

7.2.5 Return-on-Investment and VFM

Given the level of net additional GVA (i.e. £96.5m) indicates that return on investment⁷⁸ was:

- £1:£2.10 based on the costs to Invest NI; or
- £1:£0.72 when examined on a full-economic cost basis.

Notwithstanding the difficulties in making a definitive conclusion as to whether GAP has delivered VFM (given the absence of a ‘Theory of Change’ model underpinned by a set of SMART objectives) the Evaluation Team considers, taking all available evidence into consideration, that Invest NI has broadly derived value-for-money in respect of the public funds that have been invested through the Programme.

7.2.6 Equality Considerations

The Evaluation Team has identified no negative equality impacts and considers the Programme to be accessible to all Section 75 groupings and people with disabilities.

7.3 Recommendations

1. In light of the potential for GAP to duplicate other Invest NI interventions (or vice versa) and the low levels of market failure reported by businesses, Invest NI should establish a cross-organisational Steering Group to consider:
 - GAP’s operational ‘fit’ within Invest NI’s wider portfolio of marketing and capability development interventions; and
 - The nature of market failures that GAP is seeking to address; and
 - Whether the historic levels of market failure are sufficient to justify an ongoing need for intervention and/or whether other strategic motives and/or barriers preventing businesses from taking forward business development activities (e.g. cost/affordability) offer an acceptable rationale for government intervention.

Based upon Invest NI’s views on each of the above, a determination should be taken on the Programme’s future role, specific target audiences, its scale (both in terms of the likely demand for support and the quantum of support that should be offered to businesses) and the specific activities that should be supported.

In the context that Recommendation 1 is implemented, Recommendation 2 should be considered in the scenario that a continuing role for GAP is not determined, whereas Recommendation 3 should be considered in the scenario where a continuing role for GAP is determined:

2. In the event that it is concluded that GAP should no longer continue as an Invest NI offering:
 - a) Consideration should be given to the amendments that are required to:
 - Other existing interventions to maintain comparable levels of assistance as being currently provided by GAP; and
 - Internal processes (e.g. offers) to facilitate assistance to be channelled in (as far as possible) a similarly timely manner to that currently provided through GAP.

⁷⁸ Return-on-investment is based on actual outcomes derived to date i.e. excludes outturns anticipated to be derived by businesses in the future.

- b) Clear guidance should be communicated across Invest NI as to the operational changes that will be implemented and the interventions that client-facing staff should utilise in the absence of GAP;
 - c) Careful consideration should be given to the timing of GAP's removal, to facilitate the actions identified under Recommendation 2a and 2b to be undertaken. This may require an interim budget to be allocated to maintain provision during the interim period.
3. In the event that it is concluded that GAP should continue as an Invest NI offering:
- a) Invest NI should clearly articulate a formal Theory of Change, including the need and rationale for the intervention in terms of (at a minimum) the market failures and structural weaknesses within the NI economy that it is seeking to address.
 - b) Linked to Recommendation 3a, emphasis should be placed on establishing an appropriate mix of Specific, Measurable, Achievable, Realistic and Time-bound (SMART) activity, output and outcome targets which are linked with the overarching aims and anticipated outcomes of the Programme.
 - c) Careful consideration should be given to the scale of the annual budget set for GAP particularly in light of recent demand.
 - d) Updated internal Programme guidance should be disseminated to all client-facing staff. Greater clarity should be provided on (at a minimum) defining the activities that are eligible and, importantly, ineligible for support (e.g. what is a Key Worker?), when GAP should be utilised vis-à-vis other Invest NI interventions offering similar support, details of De Minimis definitions and rules. This should be supported through the provision of training to all Invest NI's client-facing staff. Client facing staff should be encouraged to regularly revisit the Programme's guidance to ensure ongoing adherence.
 - e) In light of the relatively lower level of programme additionality, consideration should be given to the continued need for GAP support to large businesses. If it is decided that these businesses should continue to be eligible to receive GAP support, consideration should be given to reducing the maximum aid ceilings provided to these businesses in order to increase levels of additionality. The ongoing need for providing GAP support to large businesses should be regularly reviewed by Invest NI.
 - f) Client facing staff should be encouraged to provide a greater level of challenge at the project development and application stages to encourage businesses to consider how GAP 'fits' within, and will contribute to, their wider strategy for growth, as opposed to providing support to facilitate more ad hoc speculative business development activities;
 - g) Enhanced communication should be encouraged across the organisation in relation to:
 - Ensuring that expertise from across the organisation is being utilised to assess the reasonableness of the strategic plan for growth that has been developed by the business in conjunction with their CE and, linked to this, ensuring that the most appropriate forms of support from across the organisation are in place to support the implementation of a longer-term strategic plan. Given the core focus of GAP, greater levels of collaborative interworking between client-facing staff and the Trade Team should be encouraged;
 - The administrative 'home' of GAP including identifying who client-facing staff should contact in relation to GAP-related issues; and

- The practical roll-out of GAP and any issues being encountered therein. Whilst recognising the benefits of the divisionally distributed model of intervention, which should be retained, greater levels of communication should be encouraged between the Invest NI Divisions/Groups and GAP’s central Programme management team (and vice versa).
- h) Linked to the previous point, and by way of supporting businesses to build upon the work undertaken as part of their GAP project, more robust procedures should be implemented for monitoring, reporting and sharing client-level information across the organisation. Examples of information that should be monitored, reported and shared across the organisation should include (at a minimum):
- Baseline and ongoing turnover/sales information by geographic region/market and product/service stream;
 - Specific external and export markets that individual businesses are targeting;
 - Barriers/constraints being faced by the business in entering and/or growing their sales in the targeted external and export markets; and
 - Potential follow-on supports that are required by the business (e.g. follow-on Trade support).

This is likely to require improvements to be made at both a staff level (in terms of what is being recorded, when it is being recorded, who the information is being shared with and encouraging staff to make better use of information being monitored and reported on) and systems level (in terms of how the information can be shared and accessed).

- i) Opportunities to streamline the administration of the Programme should be identified with particular focus placed on reducing levels of staff input at the offers and claims stages (including the administration of GAP amendments).

Linked to this, by way of minimising the need for amendments to be made to client offers (and all associated administration time associated with processing these), a greater focus should be placed by client-facing staff on:

- Encouraging client businesses to give consideration to the role of the GAP project within the businesses’ wider strategic plan for growth; and
 - Ensuring that projects are ready to initiate soon after the issuing of a LoO.
- j) The potential risks to the Programme should be robustly examined as part of any future phase of the Programme. The Appraisal should identify the potential likelihood of each risk arising, its potential impact and the risk mitigation strategies that would be put in place. The risks, featured within the Appraisal, should form the basis of a risk register that should be monitored and, where necessary, added to during the course of the Programme.
- k) In line with good programme management guidance and by way of aiding post programme evaluation, Invest NI should ensure to evaluate any future phase of the Programme in a timelier manner.