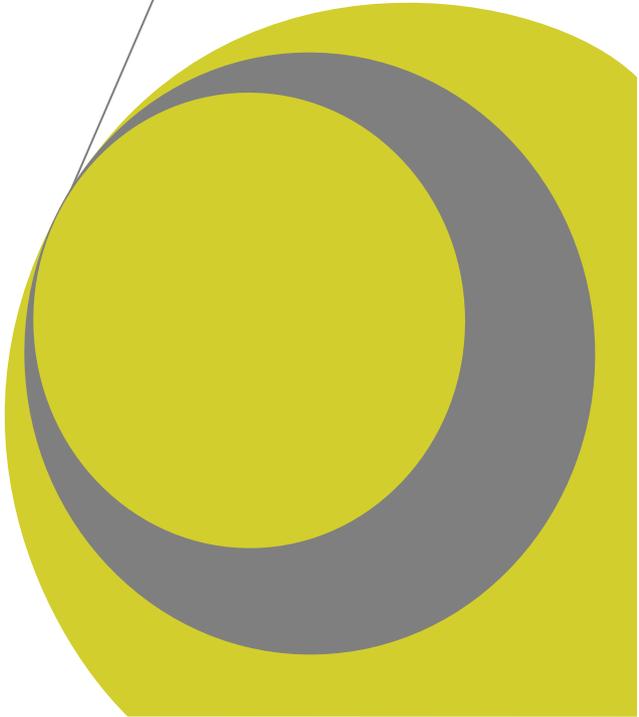


**SHORT TERM AID SCHEME
EVALUATION – FINAL**



**Cogent Management Consulting LLP
28th May 2013**



SHORT TERM AID SCHEME

EVALUATION

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List of Abbreviations

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

CONSOLIDATED EXECUTIVE SUMMARY - STAS & ASF PROGRAMME EVALUATIONS

Introduction

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

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

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

Programme Rationale

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

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

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

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

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

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

Support Available

ASF

Provision of support under the ASF sought to facilitate:

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

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

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

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

STAS

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

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

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

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

ASF Activity and Financial Drawdown

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

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

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

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

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

STAS Activity and Financial Drawdown

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

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

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

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

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

¹ Planned Investment includes Assistance Offered

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

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

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

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

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

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

Key Findings/Conclusions - ASF

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

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

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

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

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

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

Stakeholders' Satisfaction With, & Views of ASF

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

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

Key Findings/Conclusions - STAS

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

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

Furthermore, feedback from recipients indicates that STAS:

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

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

Stakeholders' Satisfaction With, & Views of STAS

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

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

Scheme Impact - ASF

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

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

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

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

Deadweight/Additionality

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

Net Additional GVA and Employment Impact

We estimate that ASF resulted in

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

GVA Return on Investment

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

Scheme Impact - STAS

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

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

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

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

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

Deadweight/Additionality

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

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

Net Additional GVA and Employment Impact

We estimate that STAS resulted in:

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

GVA Return on Investment

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

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

Lessons Learned/Implications for Future Delivery

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

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

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

1. INTRODUCTION AND BACKGROUND

1.1 Introduction

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

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

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

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

This report focuses on the Short Term Aid Scheme (STAS), with this section considering the background to the Scheme and the objectives of the Evaluation.

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

1.2 Temporary State Aid Framework

The European Commission issued a 'Temporary Community Framework for State Aid measures to support access to finance in the current financial and economic crisis' [Communication 2009/C 16/01] in mid December 2008 by way of response to the global credit crunch, as it considered "*the current global crisis requires exceptional policy responses*". One measure (Small Amounts of Compatible Aid, para 4.2.2) offered member States the opportunity to assist companies with relatively modest amounts of support (up to EUR 500,000 gross before tax deduction or other charges) without detrimentally affecting competition within the EU.

This element of the Temporary Framework operated within de minimis aid regulations. The Commission therefore recognised the potential need for a greater quantum of support at that time than would be available under the normal EUR 200,000 maximum for de minimis aid. Such support is not considered to affect trade between member States and/or distort competition. The Commission therefore took the view that assisting one company at the revised de minimis level of support under the Temporary Framework, in acknowledged extraordinary circumstances, would not distort its competition with others².

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

² Aid provided to businesses under the notified measure therefore could not exceed €500k gross. However, the amount of assistance that could be available to a company depended on how much de-minimis aid the particular business had received since 1st January 2008 (from Invest NI or other funding bodies such as InterTradeIreland).

1.3 Short Term Aid Scheme

Invest NI established the Short Term Aid Scheme (STAS) in June 2009 as part of a suite of initiatives to help its clients weather the economic downturn. With a budget of £15m over the period 1 June 2009 to 31 December 2010³, the programme provided eligible businesses with financial assistance to enable them to retain key staff and skills so that they would be ready to take advantage of an economic upturn in the medium term.

The key objectives of the Scheme were to:

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

These objectives were operationalised into a set of programme targets. The SMART targets were that by/at 31st December 2010 the programme would have:

1. Assisted 150 businesses;
2. Retained 75% of supported posts in assisted businesses; and
3. Enabled 90% of assisted businesses to continue trading.

Appendix II provides further details on the following aspects of the Scheme:

- Eligibility & support available;
- Eligible costs/definition of key workers;
- Application and appraisal process.

1.4 Invest NI's Requirements

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

The overall evaluation objectives are:

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

³ Costs incurred beyond 31st December 2010 were not eligible for support under the notified measure.

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

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

- (i) What were the reasons for the lower than expected take up? To what extent could/should take up have been higher?
- (ii) What are the reasons for the full grant offer not being drawn down?
- (iii) Are there any variances in the performance of projects based on grant size, company sector or other characteristics which can inform future programme design?

1.5 Notes on Methodology

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

- A robust desk-based analysis of pertinent materials relating to STAS;
- Consultation with the Steering Group that was established for the evaluation. This included representation from:
 - Invest NI’s Head of EU Programmes;
 - Invest NI’s Head of Leadership and Enterprise Solutions;
 - Invest NI’s Strategy Group.
- Consultations with DETI;
- Consultation with 27 Invest NI Client Executives;
- Consultation with 7 members of Invest NI STAS Panel Members;
- A survey of 1 of the 4 businesses that was offered STAS support but did not drawdown any monies. It should be noted that the remaining 3 businesses have ceased trading and were not contactable.
- A survey of 17 of the 26 STAS recipients (16 by telephone and 1 through an online survey instrument). It should be noted that 1 of the 26 recipients has now ceased trading. Of the 8 remaining trading businesses that were not surveyed, each was called on a minimum of four occasions and was issued with an online version of the questionnaire. However, no response was received. A summary of our participant survey is presented below:

Table 1.1: Overview of survey responses and confidence levels		
Total No. of STAS Recipients that are still trading	No. surveyed	Confidence Interval based on a 95% confidence level
25	17	13.72

It is noted that due to the small numbers of STAS recipients (26) and the resulting small sample size (17) that was in a position to respond to some aspects of the survey, care should be taken by the reader when interpreting or extrapolating some results.

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

2. STRATEGIC CONTEXT & RATIONALE

2.1 Programme Rationale

The rationale for the introduction of STAS is arguably well understood. During the second quarter of 2008 the UK had entered recession. However, the Northern Ireland economy had (before the period of recession) historically underperformed across a range of economic indicators as was evident by a continuing gap in living standards with the rest of the UK. Despite this, and until the beginning of the economic downturn in 2008, the NI economy had experienced a period of comparatively strong economic growth. For example, between 1997 and 2007, the average rate of growth was marginally above the UK (5.6% compared to 5.4%). However, little progress was made in improving living standards (measured by Gross Value Added (GVA) per capita), which had remained around 80% of the UK average. The rate of economic growth was also reflected in increased levels of employment. For example, the Northern Ireland economy added 124,000 jobs between December 1997 and 2007 – an increase of 20.5%. This was well in excess of the growth in employee jobs in UK (which grew by 10.7% over the same period).

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

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

Indeed, at the time of DBERR's notification to the European Commission for an umbrella scheme to support UK businesses during the economic downturn, Invest NI had received feedback from a variety of clients that had demonstrated that a number of those businesses were experiencing a short term reduction in demand for their products / services resulting in company finances being squeezed, and causing what would otherwise be a viable operation to experience financial difficulties.

As 2009 and 2010 unfolded, there was a shared recognition amongst all stakeholders (within both private and public sectors) that both GB and NI (as well as most other Western countries) faced a very deep and prolonged global economic downturn⁴. Considerable uncertainty existed (indeed, in 2013 it could be argued that it still does) as the pace of recovery varied, and some sectors, in particular, retracted greatly. For example, construction, manufacturing and business & finance all experienced significant declines between 2008 and 2011.

Indeed, whilst the rate of decline in the global downturn appeared (at the time that STAS was introduced) to be slackening, it was clear to Invest NI from their regular and ongoing contact with clients and potential investors that talk of "green shoots of recovery" was premature. Evidence collated fortnightly by Invest NI through key clients instead indicated that the number of clients reporting redundancies, and the actual number of redundancies, was continuing to increase and that the percentage of companies predicting delays in their investment intentions was still increasing.

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

Furthermore, the European Commission had recognised that *“the financial crisis is affecting not only structurally weak companies but also companies which will find themselves facing “a sudden shortage or even unavailability of credit”*. The Commission also recognised that *“an improvement in the financial situation of those companies will have positive effects for the whole European economy”*.

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

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

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

In specific relation to STAS and as a direct result of client feedback, Invest NI recognised that there was a need to assist some companies with small amounts of compatible aid, as defined in the Commission’s temporary framework and the UK’s notified measure, to allow companies experiencing short term difficulties to maintain employment and key skills until an upturn arrived.

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

2.2 Strategic Context

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

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

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

Whilst the analysis suggests that the STAS is likely to have had a limited impact in contributing to the growth in productivity and employment during the period, it should be noted that the key focus of the Fund was to support NI businesses through the downturn, in terms of stabilising (rather than growing) employment levels (as by association productivity levels). As detailed, the Evaluation Team’s analysis

suggests that 106 jobs were safeguarded/retained as a direct result of the support provided through the STAS.

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

3. PROGRAMME ACTIVITY

This section provides an overview of STAS activity.

3.1 Programme Management

The Scheme opened to applications from 1st June 2009. It was managed internally within Invest NI, with the availability of support promoted through a mix of awareness raising by Client Executives amongst existing Invest NI clients and advertising to the business base as a whole. Application forms were completed by businesses seeking support and allocated to appropriate Client Executives who appraised the project proposal and brought forward submissions for potential projects to casework panels for consideration. These panels were formed from a group of 10 staff at Director, Grade 7 and DP grades. Application and appraisal processes were designed to be streamlined so that monies were channelled quickly to eligible projects which met the objectives of the programme.

Invest NI committed to appraising all fully completed applications within 20 working days. The Evaluation Team's review indicates that for 27 (of 30) successful applications that we could establish the appraisal timeframes for, 20 (74%) were approved within the suggested 20 working days timeframe. Our review indicates that the remaining seven were largely delayed as additional information was required (and requested) to support the application.

The average time taken to process an application was 17.5 days.

3.2 Programme Activity

In total, 55 applications for support were received with 30 businesses receiving letters of offer from the STAS programme, ranging in value from £13,400 to £413,700. The majority (45 or 82%) of the 55 applications were received from pre-existing Invest NI clients, whilst 10 were received from the wider business base/non-Invest NI clients. Of the 25 applications that did not receive STAS support:

- 8 were rejected as ineligible prior to casework (1 of whom was amongst the 10 non-Invest NI clients);
- 11 were offered support (typically ASF) other than STAS (1 of whom was amongst the 10 non-Invest NI clients); and
- 6 were abandoned by the proposers prior to casework (4 of whom were amongst the 10 non-Invest NI clients).

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

Table 3.1: Summary of Scheme beneficiaries by Client business and the wider business base				
Client Status	Letters of Offer		Support Received/Money Drawn Down	
	No.	%	No.	%
Client	26	87%	23	88%
Wider Business Base	4	13%	3	12%
Total	30	100%	26	100%

Table 3.2: Summary of Scheme beneficiaries by business size				
Company Size	Letters of Offer		Support Received/Money Drawn Down	
	No.	%	No.	%
Small	24	80%	21	81%
Medium	5	17%	4	15%
Large	1	3%	1	4%
Total	30	100%	26	100%

3.3 Actual Activity Compared with Anticipated Demand

In the period before STAS was introduced, analysis undertaken by Invest NI's Senior Management had indicated a potential £10.15m need for STAS across 97 clients. This was made up of the following split of intervention sizes:

Number of Clients	Suggested Intervention Required	Total
55	50,000	2,750,000
16	100,000	1,600,000
23	200,000	4,600,000
1	300,000	300,000
2	450,000	900,000
97		10,150,000

Assuming a 50% increase on what had been identified, Invest NI's STAS Business Case therefore proposed to allocate £15m of its existing budget during the period 1st April 2009 to 31st March 2011, covering eligible expenditure from the date of scheme approval to 31st December 2010.

In summary therefore, during the intervention period, Invest NI forecast that approximately 150 companies would be assisted at an average support value of £100k.

Actual demand and activity was therefore much less than anticipated with 30 Letters of Offers issued at a combined value of £3,712,631 (an average of £123,754).

Discussion with Invest NI's STAS Panel Members and management personnel indicated that it had been difficult for Invest NI, prior to the launch of STAS, to accurately identify the likely level of demand, as it was not known with full certainty how the entire business base was progressing. However, it was important for Invest NI to have mechanisms to be able to help those businesses facing difficulty and to ensure that an adequate level of support was available (both on an individual allocation and on overall basis). Hence, a budget of £15m was established for STAS.

Factors that were suggested by Invest NI personnel (management and Client Executives) as potentially having served to limit the demand for STAS included:

- Business had to commit to retaining workers – given the severity and length of the downturn, many business were unsure if they could definitely commit to this;
- There was a relatively small window (i.e. 18 months) for such a significant amount of money (i.e. the £15m) to be applied for, assessed and drawn down by businesses;
- Invest NI had employed a strong focus on ensuring that applications were appropriately assessed and additionality was being maximised. It was noted that a number of applications were turned down at the casework meetings;
- Some Client Executives suggested that the application process may have been too demanding for some businesses;
- The criteria was potentially restrictive – The businesses had to be in difficulty (but not before the 1st July 2008), meet export criteria, operate within specific sectors, and the support had to be utilised for 'key workers' or 'key skills'. It was suggested that some businesses may not have ticked all these boxes. It was further suggested by STAS Panel Members and Invest NI management that providing evidence of each condition (but particularly 'being in difficulty' and the employees being 'key workers') may have proved overly bureaucratic and time consuming for some business and for Invest NI (in terms of approvals).
- It was further noted that there may have been some confusion amongst CEs and businesses over the criteria definitions i.e. what is a key worker? For example, what might have been seen by a business as a key worker (e.g. forklift driver or operative) may not actually be a key worker in the context of the wider market. It was as a result of such issues that a number of applications were turned down at casework
- Businesses may have been concerned that a 'stigma' would be attached to them (on the basis that they were having difficulties).

- Some businesses may not have wanted to avail of STAS support on the basis that they would subsequently have been ruled out from availing of other Invest NI support interventions;
- Indeed, it was noted by Invest NI management personnel that, at the time, Invest NI sought to provide support with a view of sustaining the business in the longer-term rather than just ‘plugging a gap’. Therefore, where other existing schemes were considered to better meet the medium-longer term needs of the business these would have been recommended ahead of STAS. We understand that, during the period that STAS was implemented, there was an increase in support administered through the GAP, BITP and R&D&I programmes. Therefore, it was suggested that whilst levels of drawdown on STAS may appear low, many businesses’ needs were still being met through existing schemes.

3.4 Current Trading Status of Recipients

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

3.5 Sectoral Profile

Appendix III provides a detailed overview of the sectoral profile. However, in summary, it is perhaps unsurprising to find that over three-fifths (61%) of recipients were found in the Engineering (42%) and Construction (19%) sectors. These sectors were commonly acknowledged to have particularly suffered as a result of the economic downturn.

The Evaluation Team notes that discussion with Invest NI’s STAS Panel Members and management personnel raised the question as to whether Invest NI’s efforts were best directed, at that time, towards the construction and engineering sectors on the basis that they are relatively lower value added sectors.

3.6 Regional Spread

Appendix III provides a detailed overview of the regional spread of recipients. Almost half (49%) of the 26 recipients were located in the Ballymena Borough Council (19%), the Belfast City Council (15%) or Derry City Council (15%) areas.

3.7 Financial Drawdown

In total, £3.7m was offered to 30 businesses, with 26 businesses accepting their Letter of Offer (total value of £3,393,835) and c£3.1m (92%) subsequently drawn down.

Table 3.4: STAS Financial drawdown			
Total Assistance Offered (£) (all 30 LOOs)	Total Assistance Offered (£) (26 recipients)	Total Drawn Down (£)	% Drawn Down
£3,712,631	£3,393,835	£3,115,186	92%

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

3.8 Programme Costs

In addition to the £3,115,186 that was drawn down by the 26 STAS recipients, two further costs were incurred in implementing STAS. They are:

1. Marketing Costs;
2. Invest NI staff time.

Marketing Costs

It is understood that the marketing costs that directly related to STAS were as follows:

Table 3.5: STAS – Direct Marketing Costs	
Brochure	£2,427
Banner for Invest NI web site	£414
e mail designed and built	£2,352 ⁵
Total Marketing Costs	£5,193

Invest NI Staff Costs

An estimate of Invest NI staff time (by staff grade and FTE days) required to implement STAS has been provided by Invest NI. This estimate includes the following activities:

- Scheme development (includes getting Board, DETI and DFP approvals);
- Scheme promotion to staff (workshops and FAQs);
- Casework panels (reviewing cases and meeting);
- Preparation by CEs of cases brought for approval (Client discussion, preparation and presenting casework,);
- Programme administration (monitoring projects, processing claims, general administration and statistical analysis).

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

As STAS ran over a 19 month period from June 2009-December 2010, the staff time has been proportionately split 53% in 2009-10 and 47% in 2010-11.

⁵ It is understood that this was not ultimately used as Invest NI decided it was better for Client teams to talk directly to clients about STAS.

Invest NI Staff Costs

Table 3.6 – STAS Invest NI staff Costs						
		% of time apportioned to Programme ⁶		Cost (£)		
	2008-09	09-10	10-11	Yr 0	Yr 1	Total
Grade 5 – 20 days	£136,616	4.9%	4.4%	£6,869	£6,352	£13,221
Grade 7 – 128 days	£72,155	31.4%	27.9%	£23,225	£21,253	£44,478
CE / DP – 388 days	£60,521	95.2%	84.4%	£59,025	£53,893	£112,918
SO – 15 days	£50,607	3.7%	3.3%	£1,431	£1,373	£2,803
EOII – 60 days	£39,501	14.7%	13.1%	£5,291	£5,449	£10,739
AO – 80 days	£37,826	19.6%	17.4%	£6,728	£6,928	£13,656
Total internal 'fully loaded' staff costs				£102,568	£95,247	£197,815

The total staff cost associated with delivering the STAS was £197,815.

STAS Full Economic Costs

Including assistance to recipients businesses, STAS direct marketing costs and Invest NI staff costs give a full economic cost of £3,318,194.

As discussed in Section 3.3, actual demand and activity was less than anticipated. Therefore, only £3,115,186 of grant expenditures was drawn down compared with the envisaged grant expenditure of £15m.

Other costs such as marketing or Invest NI staff costs were not considered within the Business Case.

3.9 Risks

The STAS Business Case identified a number of potential risks that might arise from the Scheme. This section considers whether those risks materialised during the programme, whether other emerged and identifies any actions taken by Invest NI to reduce these risks.

Table 3.7: Assessment of key risks	
Risk Identified within Invest NI Business Case	Evaluation Team's Commentary
Businesses that were not in difficulty receiving aid	The Evaluation Team does not consider that this risk materialised. Instead it was appropriately mitigated by the assessment and approval process that was employed, where companies had to demonstrate their need for assistance and actions that they had already taken to address the difficulties they were facing. Only eligible businesses that could demonstrate that they were in difficulty were eligible for assistance under the scheme.
Scheme failing to offer full additionality	Our discussion with STAS recipients indicates minimal deadweight (i.e. 0.98%) relating to the employment that was safeguarded or retained through STAS and that the vast majority of the jobs safeguarded would have been made redundant in the absence of STAS (see Section 5.3) for details. Therefore, the Evaluation Team does not consider that this risk materialised, and full additionality was almost achieved, which is often difficult to achieve with industrial assistance interventions. We consider that the approach taken by Invest NI to robustly challenge and verify the information provided by the companies mitigated this risk.
Scheme displacing other interventions	There was no risk of displacement in the case of STAS as it was an employment maintenance scheme, making it entirely distinct from all other interventions offered by Invest NI.

⁶ Costs are calculated based on a proportion of an average of 216 working days per annum.

Table 3.7: Assessment of key risks	
Risk Identified within Invest NI Business Case	Evaluation Team's Commentary
Assisted posts being lost	<p>It was anticipated that the support provided to the 26 STAS recipients would safeguard a total of 114 jobs. We understand that one of the recipients who received support for 2 jobs has since ceased trading. Therefore, using a conversion ratio of 94.5% for jobs retained (as evidenced Section 5.2) for the remaining 112 jobs, we can estimate that c106 jobs were retained as a result of STAS.</p> <p>Given that eligible businesses were those 'in difficulty' there was always a risk that some of the assisted posts would be lost, even with intervention, and which would not have been possible to mitigate entirely. Indeed, this risk was acknowledged as part of the scheme and was reflected in the objective of "having 75% of assisted posts still in place at 31 December 2010".</p>
Objections being raised to the scheme eligibility criteria	<p>There was a risk that companies which did not meet the eligibility criteria related to business type would object to being ineligible for support under STAS. No information was available to the Evaluation Team that would indicate that this risk was realised.</p>
Scheme budget insufficient to meet demand	<p>Given that only £3,115,186 of the available £15,000,000 budget was drawn down, it is evident that this risk was not realised. However, given the circumstances and the difficulties inherent with projecting demand for such support, it was prudent of Invest NI to have a reasonable cushion with which to absorb demand.</p>
Company Failure	<p>As STAS was directed towards companies experiencing difficulties due to the economic crisis, the risk of these businesses failing (and therefore loss of the public money occurring that had been utilised in supporting them) was greater than would be anticipated under Invest NI's normal intervention principles.</p> <p>Indeed, the Business Case noted that should the recession be deeper and economic upturn occur later than was forecast at that time (i.e. an assumption of signs of an upturn from mid 2010) the potential for company failures would increase and therefore those companies in receipt of support under STAS would be at an increased risk of failure as their sales projections would be less likely to be met, further increasing the potential of loss to the public purse.</p> <p>In reality, only 1 of the 26 businesses that received STAS support failed (although 3 of 4 remaining businesses that were offered STAS monies also failed). The failure of this one business therefore resulted in a loss of £30,448 of public money (or less than 1% of the £3,115,186 that was drawn down).</p> <p>The Evaluation Team considers that this risk was mitigated as far as was possible as a result of the robust assessment, undertaken by Invest NI personnel, of the businesses' future potential viability, based on past trading performance during normal economic circumstances and on the projected sales going forward.</p>

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

3.10 Equality Considerations

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

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

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

As detailed in Appendix II, STAS support was available to

- Companies in the manufacturing and tradable services sectors; however wholesale, retail and distribution companies were not eligible for support. Firms active in the fisheries and in primary production of agricultural products were also not eligible; however firms active in processing and marketing of agricultural products were eligible.
- In addition, eligible businesses were required to:
 - Be fundamentally viable;
 - Have total sales of over £100,000 per annum; and
 - Have sales outside of NI greater than 25% of turnover, or greater than £250,000 per annum.

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

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

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

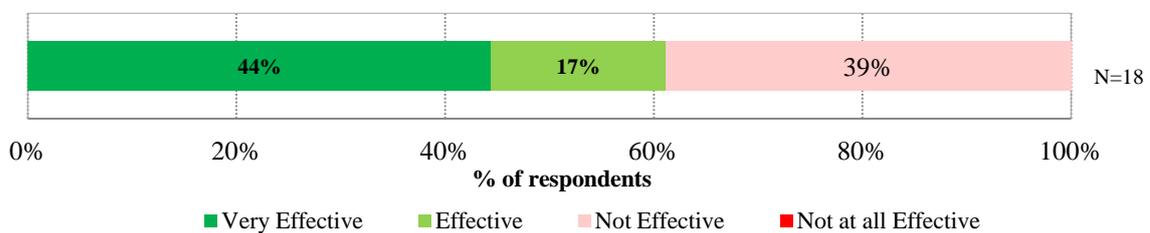
4. STAKEHOLDERS' SATISFACTION WITH, & VIEWS OF STAS

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

4.1 Promotion of the Scheme

Three-fifths (61%, N⁷=18) of those who received support from the Short Term Aid Scheme felt that promotion of the Scheme was effective; with over two-fifths (44%, N=18) describing it as very effective. Many respondents suggested that this was due to their Client Executives who made them aware that the support was available.

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



However, just under two-fifths (39%, N=18) of respondents considered the Scheme's promotion to be ineffective, suggesting their view that it was not publicised well.

"My Client Executive was very useful and alerted my business to the Short Term Aid Scheme Support. A close relationship between a client and client executive is essential when identifying support that is suitable for a business."

"The overall promotion of the Short Term Aid Scheme was weak; there was not a broad enough campaign of awareness. Many businesses were not aware at the time that the support was available and I feel that many may have missed out on this support due to a lack of promotion."

STAS Recipients

Discussion with Invest NI's STAS Panel Members and other management personnel indicates that Invest NI deliberately did not undertake a widespread marketing campaign (on the basis of minimising levels of deadweight). Instead, a decision was taken to apply a more pragmatic and targeted approach through the Client Executives. This grouping noted that at the time it was very important for Invest NI to be seen as being responsive to the needs of NI businesses during the downturn – and that the response had to be meaningful in terms of levels of support available.

Feedback from Client Executives indicates that they considered that it was appropriate that they were the key channel for promoting STAS, as they were able to identify those that were most appropriate for it. However, some Client Executives did suggest that a business' awareness of the Scheme (even for those that it might have been appropriate for) depended on the level of pro-activity of the individual CE, and their engagement with their client base.

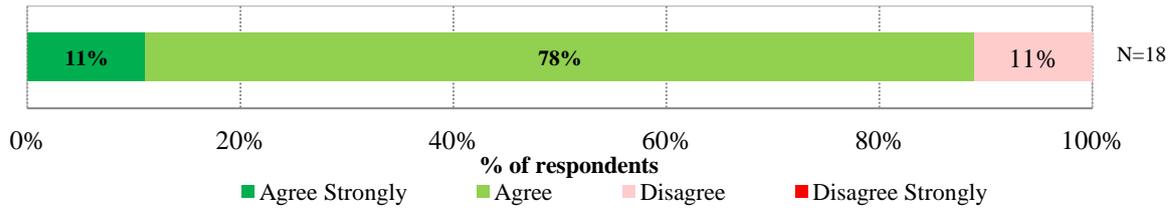
⁷ Throughout the report 'N' refers to the total number of respondents to a particular question

4.2 Application Process

4.2.1 The Application Process

Respondents reported no significant difficulties with the application process. Nearly all (89%, N=18) recipients either ‘Agreed’ (78%) or ‘Strongly Agreed’ (11%) that the process was streamlined and efficient.

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



Whilst many felt that there was a large amount of information required; most however accepted that this was necessary when receiving funding from a public body. The consensus was that the application process was as streamlined as possible and that monies were channelled quickly to eligible projects.

“This was definitely one of Invest NI’s most efficient application processes. The process was complete within six weeks from filling out the application form to receiving the funding.”

“As efficient as it could be in relation to the scale of money being dealt with as certain criteria needs to be met.”

STAS Recipients

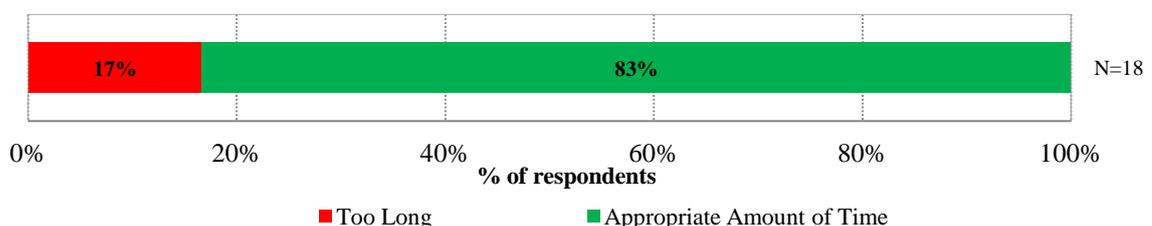
Discussion with Invest NI’s STAS Panel Members indicates their view that the application and assessment process was streamlined and efficient. They noted that the robust approach to application assessment that was taken was crucial in order to maximise levels of additionality and ensure that projects were eligible.

The majority of Client Executives considered the STAS application and assessment process to have been appropriate, recognising the higher levels of risk associated with the projects in comparison to ASF. A small number of Client Executives did, however, suggest that the application process could have been more streamlined i.e. requiring less information to be provided or allowing Client Executives to appraise and approve smaller STAS projects.

4.2.2 Timeframe

83% (N=18) of respondents viewed the length of time it took from when their application was submitted to a decision being taken on it as appropriate.

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



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

- There was a view that the role of a Client Executive can be somewhat confusing for some clients. It was suggested that the challenge function and requirement that the Client Executive has to gather particular information can sometimes appear at odds with their role to support businesses. It was suggested that that perhaps another individual or organisation could capture such information, rather than the Client Executive;
- Improved communication with/from the Client Executives. There was a suggestion amongst a small number of respondents that their Client Executive was not well informed on a number of areas, including:
 - The requirements of the STAS scheme;
 - The progress of the application after it had been submitted;
 - Other support that might be available to the business.
- Further reducing the level of paperwork required within an application process.

“Invest NI’s role is to provide help to businesses; they have to be companions and supporters to industry rather than being an oversight role where they are seen as being an obstacle. I appreciate that such an oversight is needed, but it should come from elsewhere.”

“Shorten the process and make it easier to apply for similar support as smaller companies may not have the resources to put into an application. The amount of time needed to fill out some application forms would be the equivalent of a full-time job.”

“It would be beneficial to have less red tape in place however this is understandable when applying for funding.”

STAS Recipients

4.3 Views on Support Received

4.3.1 Appropriateness of Support

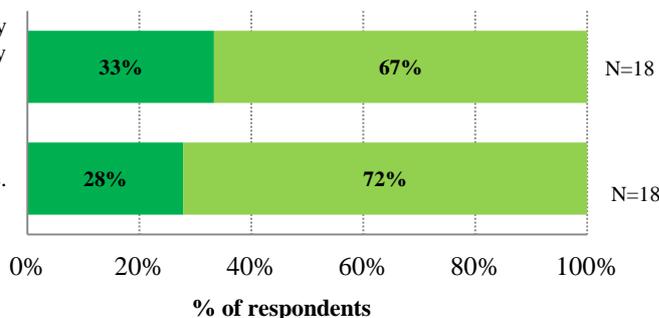
All (100%, N=18) of the survey respondents were in agreement that:

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

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

Grant support for salaries (and related costs) to maintain key skills within your workforce was an appropriate response by Invest NI to the challenges arising from the economic downturn.

The level/rates of funding available were appropriate.



■ Strongly Agree ■ Agree ■ Disagree ■ Strongly Disagree ■ Don't Know

Many respondents indicated STAS had been an appropriate response because it had enabled their business to retain key skills and expertise within the business, helping them to survive the economic downturn. In addition, the support had had a positive impact upon cash flow which had served to relieve financial pressures on the business.

“The increased cash flow allowed my business to be maintained in a bad economic climate. The support was a saviour at the time.”

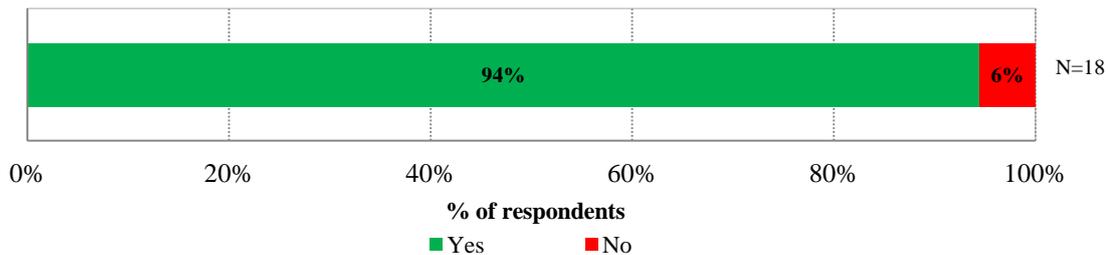
“The Short Term Aid Scheme support allowed key jobs and skills to be protected which kept crucial expertise within the business. The grant was well-structured, well-resourced and not too generous.”

“Whilst the support helped us to retain employment, in hindsight some of jobs that were safeguarded were no longer needed within the business. The business ended up being over-resourced. The money that we used to safeguard the jobs may have been more beneficial if we had used it to further develop the business in other ways.”

STAS Recipients

Nearly all (94%, N=18) respondents believe that the STAS support was the best method for Invest NI to support their business at that time.

Figure 4.5: Looking back, do you consider that the STAS support was the best method for Invest NI to support your business during that time?



It is noted that the remaining respondent (who suggested that STAS was not the best method for Invest NI to support your business during that time) was not an Invest NI client and was instead one of the recipients that was categorised as being drawn from the ‘wider business base’. This respondent appeared not to be aware of the range of support that Invest NI offers and suggested that Invest NI should have offered businesses support for R&D activities during the economic downturn.

4.3.2 Suggested Changes or Alternative Support Required

However, just over half (56%, N=18) of respondents suggested changes that they would have made to STAS or suggested alternative support that Invest NI should have offered businesses to address the challenges of the economic downturn. These were:

1. Any support that would serve to alleviate cash flow to take financial pressure off a business in difficulty. Specific suggestions included offering repayable business loans or rates relief for a period of time;
2. Ensure that the application process is as streamlined as possible. Whilst the STAS application was designed to be as streamlined as possible, some respondents continue to feel that less should be asked of applicant businesses;
3. Allowed STAS support to be offered over a longer timeframe and ensure that there is support available to the business after the completion of the STAS support;
4. Include an overall business assessment to identify key issues within business that need to be addressed.

“A business loan would have been beneficial as it would have allowed me to invest in my business to improve capital and diversify my product range. Looking back I may have preferred to get the funding upfront then pay it back rather than a grant which had restrictions.”

“Decisions as to what the funding is used for should lie with the employer. We should be able to work with Invest NI to use money for our needs as money could be more appropriately used. For example if work has decreased then the same amount of employees may not be needed and the money used to safeguard their jobs could have been used for capital requirements and research and development.”

“STAS was based around salaries; however there are occasions when increased cash flow is needed to move forward with the business. It would have been useful if there was less red tape, the requirements were too specific and funding should not have been specific to workers but instead focused on if the business was viable.”

“Support was short term however the recession is ongoing and financial support is still needed. The time frame was too short.”

“A total business assessment would have been useful to direct and advise the business how to move forward and get a bigger picture overview.”

“The scheme suited my business’ needs at the time and I cannot think of any alternative support that should have been offered or any changes that could have been made.”

STAS Recipients

4.3.3 Lessons for Design and Implementation

Some respondents noted further lessons that could be applied in the design and implementation of programmes which support businesses during difficult economic conditions, these were:

- Ensure Client Executives and their client companies have a close working relationship, particularly in relation to understanding a business’ needs and signposting them to appropriate support;
- Linked with the previous point, Invest NI should leverage more support from private sector ‘business angels’, as they may have a better understanding of businesses’ needs; and
- Invest NI needs to make the design of programmes more simplified and less specific (in terms of eligibility criteria requirements) so that they are easier for companies to avail of.

“Closer relationships are needed between client executives and businesses so that relevant support can be signposted.”

“Invest NI need to stop being an administration obstruction and make it easier for all businesses to avail of support equally.”

STAS Recipients

Discussion with Invest NI’s STAS Panel members and management personnel indicated their view that should similar circumstances arise in the future, and interventions such as STAS are introduced:

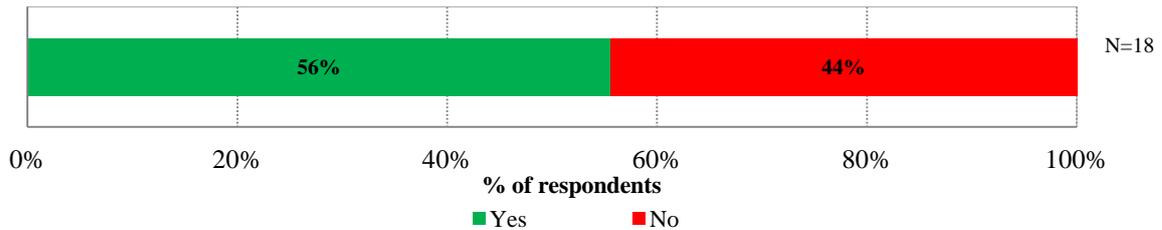
- The eligibility criteria should be more clearly defined at the outset, and conveyed to CEs in a more effective manner;
- Additional training should be provided to Client Executives in relation to Scheme administration and definitions.

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

4.4 Drawdown of Monies

More than two-fifths (44%, N=18) of respondents indicated that they did not drawdown on the full allocation of STAS monies that was offered. Almost all of these respondents offered a similar reason as to why this was the case. That is, they suggested that the dates relating to the timescales for drawing down STAS monies had not been made clear to them. Overall the respondents were in agreement that clearer timeframes and flexibility on the draw down dates would have been useful⁸.

Figure 4.6: Did your Company draw down the full allocation of STAS monies that were offered to it?



“The draw down date was not clear therefore my business missed out on monies.”

“I received around 85% of the allocation of monies as I ran out of time to make the last draw. The dates regarding this could have been made clearer.”

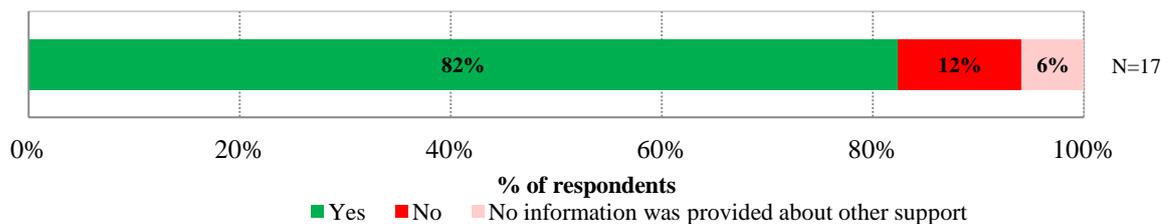
“My business missed out on 10% of the funding because I missed the last draw down date. It would have been useful if there was flexibility around the dates.”

STAS Recipients

4.5 Signposting to Other Support

More than four-fifths (82%, N=17⁹) of the recipients found information provided by Invest NI, at the time of the STAS application, regarding other potential areas of support useful.

Figure 4.7: Did you find the information provided by Invest NI regarding other potential areas of support useful?



The remaining three respondents suggested their view that their Client Executive had not been proactive in advising or signposting to other available support. The Evaluation Team notes that this situation may be influenced (as discussed in Appendix II) by the fact that businesses receiving STAS support were not eligible to apply for other Invest NI mainstream programmes that provided direct financial support (which would normally be via letter of offer).

⁸ NB one person did not draw down on any monies from STAS scheme. This is because the position that the support was being used to safeguard was no longer needed as that employee choose to find themselves another position in another business which was more secure.

⁹ The sample is 17 rather than 18 because this question was not asked in the online questionnaire which was completed by one person.

“Invest NI can be weak in making potential support known.”

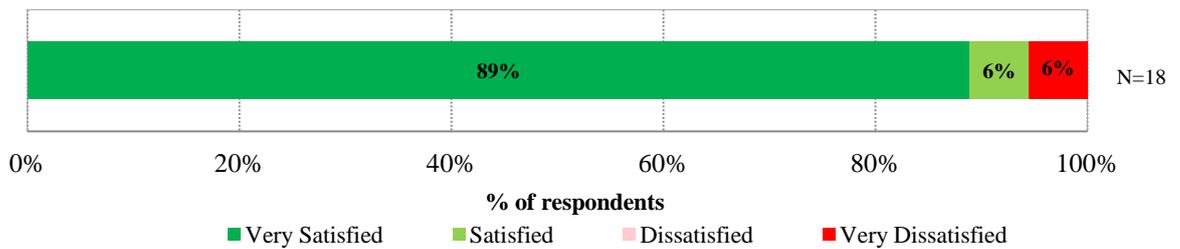
“Nothing of value was brought to the attention of my business.”

STAS Recipients

4.6 Overall Satisfaction

Encouragingly, 95% (N=18) of recipients were either ‘satisfied’ (6%) or ‘very satisfied’ (89%) on an overall basis with the support that they had received from the STAS.

Figure 4.8: Overall, how satisfied are you with the STAS support?



Those who were satisfied with the support received suggested that this was due to the funding available and that it had allowed them to retain valuable staff members. Reasons suggested for any level of dissatisfaction (including to some extent those who indicated being very satisfied or satisfied) largely relating to the timeliness of communication from their Client Executive or the time required to receive support.

“I am 100% satisfied with the support I received from STAS. It prevented job losses within my business meaning I was able to hold on to valuable staff members and move forward within the market in difficult conditions.”

“The support meant that my business was able to keep key skills and expertise which enabled us to pursue new markets and ultimately led to the business’ survival.”

“I feel very fortunate to have received STAS support. The funding increased cash flow and allowed the business to survive the difficult economic climate.”

“The implementation of the scheme was the only downside of the support; communication was not clear which put pressure on the business however the concept of the scheme was brilliant.”

“The STAS support meant that necessary jobs within the business were safeguarded. This allowed the business to focus and restructure in order to move forward during the economic downturn.”

STAS Recipients

5. SCHEME IMPACT

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

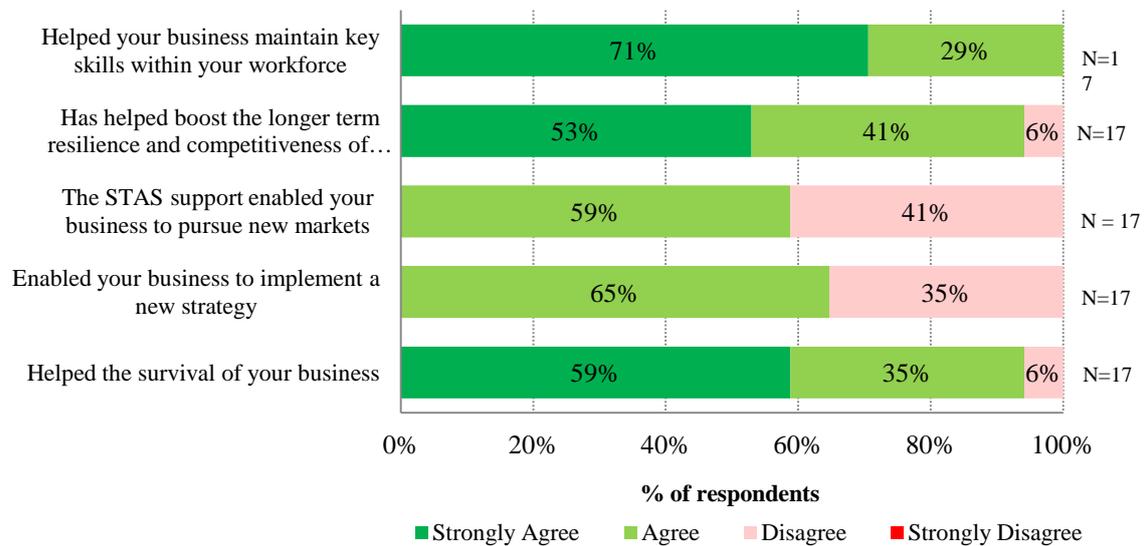
5.1 Impact of Support Received

Given that the core focus of STAS was to provide eligible businesses with financial assistance to enable them to retain key staff and skills so that they would be ready to take advantage of an economic upturn in the medium term, it is encouraging to note that all (100%, N=17¹⁰) of the survey respondents were in agreement that the support had helped their business retain key skills within their workforce.

In addition, most (94%, N=17) respondents agreed that the support had helped:

- Boost the longer term resilience and competitiveness of their business; and
- Contribute to the survival on their business.

Figure 5.1: To what extent do you agree with the following statements about the STAS support? – The STAS support



An objective of the Scheme was to “enable businesses to plan or restructure for the future through investing in key areas such as sales, marketing, management, finance, training and human resources”. In relation to this:

- Three-fifths (59%, N=17) of respondents agreed that the STAS support had enabled their business to pursue new markets; and
- Two-thirds (65%, N=17) considered that STAS support had enabled their business to implement a new strategy.

Analysis of the respondents’ responses indicates that the receipt of STAS support resulted in two key benefits that had contributed to each of the impacts detailed in the chart above:

¹⁰ NB The sample reduces to 17 rather than 18 for impact related questions as the question were not applicable to the remaining respondent whose business did not accept the STAS funding that was offered. This business had been offered support to retain one job, but the employee accepted employment elsewhere before any monies were drawn down.

1. The retention of key staff who had the skills and experience to allow the business the flexibility and knowhow as to how to change strategies to survive the downturn or to pursue new markets and thus boost resilience; and
2. The positive impact that the receipt of support had on the businesses' cashflow provided flexibility for monies to be put into other resources, thus allowing the business an opportunity to focus on how to survive the downturn.

Those respondents that indicated that STAS had not enabled their business to pursue new markets or implement a new strategy suggested that they had already agreed upon which markets to pursue and which strategy to follow, but that STAS had facilitated them doing so.

"The STAS support enabled my business to keep key staff members and move forward in the current direction that we were in. There was no change in the strategy or markets as our main aim was survival."

"My company was dependent on the construction sector and during the economic downturn we were financially stretched. The funding gave the breathing space needed to keep the business function."

"The business had to change direction and reposition in order to survive the downturn; without the retention of key staff we would not have had the skills and expertise to do this."

"Without the employees that were retained through STAS, there would not have been enough knowledge for the business to move forward into new markets which was key to its survival."

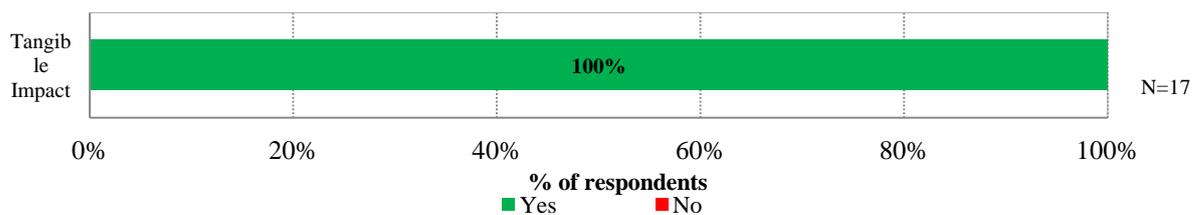
"If the business had not received the support it would not have survived. The funding subsidised salaries enabling money to be put into other resources."

STAS Recipients

5.2 Tangible Impact of STAS Support

All (100%, N=17) of the respondents indicated that there had been a direct impact upon their business' turnover and/or employment as a result of support that their business received from STAS.

Figure 5.2: As a result of receiving STAS support (and maintaining key skills within your workforce) was there any tangible impact upon your business



Perhaps unsurprisingly (and as illustrated below) all (100%, N=17) of the respondents indicated that employment had been safeguarded/retained as a result of receiving STAS support. The table below illustrates that 82 of 87 (94%) jobs that were safeguarded during STAS have since been retained by the businesses.

Table 5.1: Positions Supported by STAS & Retained		
Company	Number of positions supported through STAS	Number of these positions retained since STAS
A	2	2
B	3	2
C	5	4
D	12	12
E	12	12
F	6	6
G	1	1
H	5	5
I	3	3
J	6	6
K	8	8
L	3	3
M	2	1
N	3	3
O	N/A	N/A
P	7	5
Q	4	4
R	5	5
Total	87	82

It was anticipated that the support provided to the 26 STAS recipients would safeguard a total of 114 jobs. We understand that one of the recipients who received support for 2 jobs has since ceased trading. Therefore, using a conversion ratio of 94.5% for jobs retained (as evidenced in the table) for the remaining 112 jobs, we can estimate that c106 jobs were retained as a result of STAS.

In addition:

- Just over one-third (35%, N=17) indicated that the receipt of STAS had had a beneficial impact upon their turnover, with:
 - 29% suggesting that it had had an impact upon their business' sales to GB; and
 - One-quarter (24%, N=17) indicating a direct impact upon their sales outside the UK;

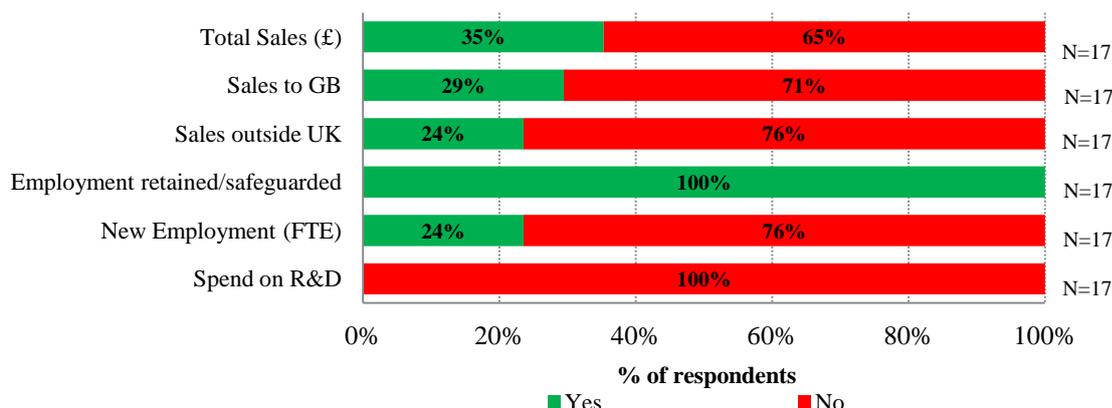
The sales impact suggested by the 17 respondents totals £3,510,000¹¹ (see Appendix IV for details). These businesses suggested that the sales had been achieved as a result of the retention of expertise and skills which had provided the knowledge to enter new markets and to help the business become more competitive.

- One quarter (24%, N=17) indicated that STAS had helped the business create new employment. Each of these respondents indicated that the (total of 6) new jobs that have been created offer salaries above the NI median i.e. £18,720 per annum¹².

¹¹ NB 6 respondents in total reported a direct impact upon their sales; however this included the one online respondent who did not provide any indication of the level of sales impact.

¹² This includes all basic pay relating to the pay period, before deductions for PAYE, National Insurance, pension schemes and voluntary deductions. It includes paid leave, maternity pay and sick pay, but excludes bonuses or incentive pay, any overtime pay, travel and subsistence expenses etc.

Figure 5.3: Type of Business impact as a result of STAS’s Support?



“The business was kept in a strong position due to the retention of key staff which meant we were more competitive when trying to win work. The increased sales as a result of staying competitive meant we were able to employ a new staff member.”

“The STAS support allowed key skills to be retained within the business, this expertise and experience allowed the business to pursue new markets. Tackling new markets led to the increase in sales and we had to employ 3 new staff members to deal with the extra workload.”

“We moved into the GB market and this was only possible with the help of the key staff members that were retained.”

“The person whose position was safeguarded by the STAS support was our main sales person. Without the support these sales would have been lost.”

STAS Recipients

It was the view of the Client Executives that no specific variables influenced a project’s success more than others and the success of the project was very much dependent on the individual company. It was suggested that a business’ level of commitment had a big influence on the success of the project.

The Evaluation Team’s analysis has identified no variances in the performance of projects based on grant size, company sector or other characteristics which could inform future programme design.

5.2.1 Persistence

Each of the 5 businesses (that reported an impact on sales and provided an indication of that impact) that suggested that the receipt of STAS had led to a tangible impact on their sales anticipate that this impact will persist at the current level for up to 2 years.

Table 5.2: If there has been an increase in turnover, how long do you anticipate the increase will persist at this level?		
	No.	%
0-2 years	5	100%
3-5 years	0	0%
6-10 years	0	0%
11 years+	0	0%

5.3 Deadweight/Additionality

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

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

Table 5.3: STAS Deadweight/Additionality			
	N	Deadweight	Additionality
Employment Safeguarded/Retained	17	0.98%	99.02%
Other Impacts	6	48.99%	51.01%

Our discussion with STAS recipients indicates minimal deadweight (i.e. 0.98%) relating to the employment that was safeguarded or retained through STAS and that the vast majority of the jobs safeguarded would have been made redundant in the absence of STAS. However, our analysis indicates that, on average, 51.01% of any other ‘economic benefit’ achieved by 6 (of 17) STAS recipients is additional. The Evaluation Team notes that the respondent samples size is relatively small as only a small number of businesses received STAS support. Therefore care must be taken when interpreting or extrapolating these results.

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

- Respondents noted that without the support key staff members would have been made redundant;
- The retention of key staff and skills within the businesses provided the knowledge needed to implement new strategies and pursue new markets leading to additional sales. These additional sales also led to new employment to manage the increase in sales; and
- Retention of key staff members stabilised the businesses allowing them to remain strong and competitive leading to an increase in sales.

“Without the STAS support the business would not have been able to retain the safeguarded jobs. Many redundancies would definitely have had to have been made for the business to survive.”

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

“Skills were kept which were used to move into the GB market. We needed the retained employees’ knowledge and expertise to successfully do this.”

“STAS funding stabilised the business. The staff who were retained enabled us to work together to become more efficient, helping to be more competitive which led to an increase in sales.”

STAS Recipients

It is noted that Invest NI’s STAS Business Case indicated that the additionality would be justified at both scheme and project level by the business retaining key employment and skills which would otherwise be lost through redundancy (which in itself would add additional costs to the business) – the counterfactual was therefore that employment would be lower without assistance under STAS. At the company level, it was suggested that if no intervention occurred then the outcome would be lower employment than would be the case by intervening. At the scheme level, the Business Case stated that key skills retention would assist economic growth when recovery occurred. In this context, the

deadweight of 0.98% associated with jobs safeguarded or retained should be viewed particularly positively.

5.3.1 Additional Sales & Employment

The table below shows the additional sales after deadweight/additionality is considered:

Table 5.4: Deadweight/Additionality impact on Sales				
	NI Sales	GB Sales	Sales Outside UK	Total Sales
Total (N=16 ¹³)	£2,039,100	£1,151,000	£319,900	£3,510,000
Additional Sales after Deadweight of 48.99%	£1,040,136	£587,120	£163,180	£1,790,435
Results for 26 Recipients	£1,690,221	£954,070	£265,168	£2,909,457

The table below shows the additional employment impact after deadweight/additionality is considered:

Table 5.5: Deadweight/Additionality impact on Employment		
	Actual Employment Safeguarded/Retained (N=17)	New Employment (full-time equivalents) (N=16)
Total	82	6
Employment after Deadweight	81	3.06
Results for 26 Recipients ¹⁴	105	2.91 ¹⁵

5.4 Displacement Considerations

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

We have calculated displacement based on two factors:

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

On an overall level, the Evaluation Team has calculated that the Displacement Factor at the NI level for the 17 respondents to this question is 41.47%; whilst at the UK level it is 35.59%.

We note that levels of displacement were minimised through STAS as the result of the following:

- The scheme operated under de minimis rules and therefore no distortion of competition was recognised by the EU;
- The scheme did not displace existing Invest NI support schemes as it was a maintenance scheme;
- Close liaison with DEL was maintained to ensure the scheme did not duplicate or displace any DEL activities;
- There was no displacement of employment as only existing posts with key skills requirements could be supported; and

¹³ N=16 rather than 18 as one respondent did not accept STAS therefore it had no impact upon himself or his business. Another respondent completed the online questionnaire and did not specify the level of sales, new employment or retained employment achieved.

¹⁴ The deadweight ratio is applied to the 106 jobs estimated as being retained in Section 5.2.

¹⁵ Includes an allowance for displacement

- Sales displacement was minimised as the scheme was focused on maintaining existing levels of activity and was not overtly growth related.

5.5 Net Additional Sales and Employment Impact

The table below applies the NI displacement factor (of 41.47%) to the additional sales (i.e. the gross sales minus an allowance for deadweight of 48.99%). Analysis indicates that after displacement is applied to additional sales impact of £2,909,457 for the 26 STAS recipients, it results in total net additional sales of £1,702,888.

Table 5.6: Calculation of Net Additional Sales				
	NI Sales	GB Sales	Sales Outside UK	Total Sales
Additional Sales for 26 Recipients	£1,690,221	£954,070	£265,168	£2,909,457
Total Net Additional Sales	£989,276	£558,411	£155,201	£1,702,888

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

Table 5.7: Calculation of Net Additional Employment		
	Actual Employment Safeguarded/Retained	New Employment (full-time equivalents) (N=16)
Results for 26 Recipients	106	4.97
Total Net Additional Employment	105	2.91

5.6 Net Additional GVA Impact

Applying sectoral specific GVA averages¹⁶ for those respondents that identified tangible sales impacts, we can conclude that the estimated total net additional sales of £1,702,888 would have generated circa £572,518 net additional GVA (see Appendix IV for calculations).

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

Table 5.8: GVA of Northern Ireland for 2011 (£ million)		
GVA Breakdown	2011	% of total
Gross operating surplus (GOS) – profits	£12,139	41%
Compensation of employees – wages/salaries	£17,731	59%
Total NI GVA	£29,870	100%

Using this information, we can estimate STAS’ GVA impact on:

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

Table 5.9 – STAS Net Additional GVA	
GVA Breakdown	£
Gross operating surplus (GOS) – profits	£234,732
Compensation of employees – wages/salaries	£337,786
Total STAS Net Additional GVA	£572,518

¹⁶ Source: Northern Ireland Annual Business Inquiry 2010 (DFP 21 December 2011)

5.7 Gross and Net Additional Productivity Impact

As outlined within Section 1, the STAS Programme 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. Achieving growth or productivity impacts were not objectives of the programme. However, some recipients did experience growth and have indicated that STAS contributed to that growth to some extent. Therefore, for the STAS Programme, there is not an evident or robust relationship between sales, employment and productivity evident.

Therefore, the table below illustrates the gross and net additional productivity impacts only for those businesses that achieved increased sales as a result of STAS.

Table 5.10 - Productivity Calculation	
	Only Businesses with increased Sales
Gross GVA Impact	£1,180,076
Gross Employment impact (including both employment safeguarded and new employment created)	29
Gross Productivity Impact for Sample	40,692
Productivity Impact after Deadweight	20,757
Net additional Productivity for Sample	12,149

Calculations can be found in Appendix IV.

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

5.8 GVA Return on Investment

As detailed in Section 3.8, including assistance to recipients businesses (£3,115,186), STAS direct marketing costs (£5,193) and Invest NI staff costs (£197,815), the full economic cost of STAS was £3,318,194.

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

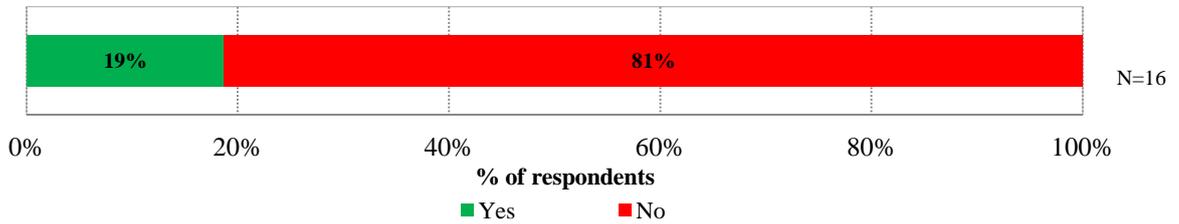
However, it should be recognised that the aim of STAS was to maintain capability and capacity within eligible companies in order that they would be in a position to take advantage of an economic upturn. Therefore, as a maintenance scheme, it was entirely distinct from standard Invest NI programmes which seek to lever additional economic activity. In relation to this, the Business Case developed for STAS suggested that measurement of economic benefits must necessarily depart from the standard model employed by Invest NI.

5.9 Other Benefits or Unexpected Impacts

One-fifth (19%, N=16¹⁷) of respondents indicated that they had received unexpected impacts or benefits as a result of the STAS support. These respondents referred to impacts such as positive impacts on their mental state due to a reduction in their stress levels, an ability to negotiate better discounts due to increased cash flow and developing closer relationships with Invest NI leading to more funding.

¹⁷ N=16 rather than 18 as one respondent did not accept STAS therefore it had no impact upon the business. Another respondent completed the online questionnaire where this question was not asked.

Figure 5.4: Did the receipt of STAS support lead to any other benefits or unexpected impacts/benefits for you or your business that have not already been discussed?



Most respondents stated that they got what they expected from the STAS support which was safeguarding jobs.

“The increased cash flow allowed me to buy materials quicker and in bulk leading to deals being made with suppliers causing the business to save money.”

“The support improved my relationship with Invest NI which contributed to the business receiving a Research and Development grant.”

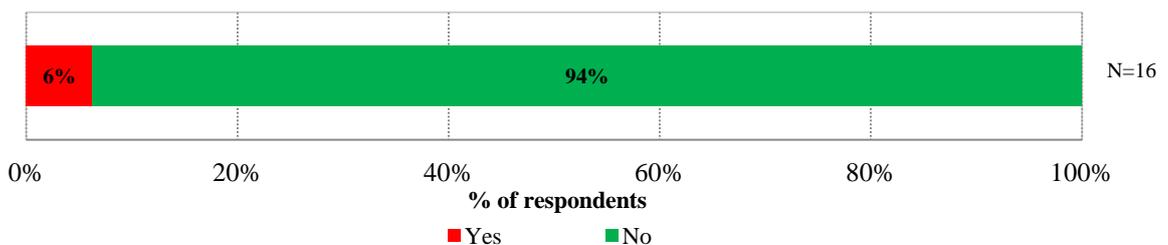
“My mental state improved as a result of the STAS support as I knew wages were being taken care of each month. This allowed me to become more creative as I was not worrying constantly about cash flow problems.”

STAS Recipients

5.10 Duplication and Complementarity

94%, (N=16¹⁸) of respondents indicate that in the absence the STAS support they or their business would not have been able to get the same or similar support elsewhere.

Figure 5.5: In the absence of the support would you/your business have been able to get the same or similar support elsewhere?



The respondent who suggested they may have got similar support from elsewhere suggested that this would have been in the form of a bank loan, rather than grant support.

“I would have maybe been able to receive a loan from a bank however not a direct grant.”

STAS Recipient

As discussed in Section 3.9, the Evaluation Team considers that there was no risk of displacement in the case of STAS as it was an employment maintenance scheme, making it entirely distinct from all other interventions offered by Invest NI. Furthermore, we could identify no other publicly funded support to businesses that was available at that time with which STAS would have duplicated activity.

¹⁸ N=16 rather than 18 as one respondent did not accept STAS therefore it had no impact upon himself or his business. Another respondent completed the online questionnaire which this question was not specified.

We note that businesses receiving STAS support were not eligible to apply for other Invest NI mainstream programmes that provided direct financial support (which would normally be via letter of offer)¹⁹. However, once the business came out of difficulty they would be eligible again to apply for other Invest NI programmes. STAS support would remain in place until either:

- i. The end of the STAS letter of offer period; or
- ii. Until a letter of offer for a new growth project had been accepted by the business, whichever was the sooner.

Client Executives therefore needed to decide if STAS was the most appropriate form of support or whether a more appropriate offer could be made via Invest NI's other programmes such as GAP, ASF, BITP or Grant for R&D. The business' ability to fund their element of any support was clearly an important consideration in deciding what was appropriate.

We therefore consider that STAS was entirely complementary with other Invest NI products and assistance available to target businesses over the lifetime of the programme.

5.11 Wider & Economic impact

Wider and regional economic impacts associated with STAS include:

Wider Economic Impacts	The maintenance of key skills that were required for the business to operate successfully.
Regional Economic impact	It is understood that the majority of jobs safeguarded through STAS offered salaries above the basic median wage, which provides an indication of job quality. Also STAS ensured that the majority of jobs assisted are still in place, thereby providing longevity.

5.12 Cost Effectiveness

Indicators of cost effectiveness include:

- Cost per net additional job safeguarded and/created = £30,750 (i.e. £3,318,194: 107.91 FTEs).

¹⁹ However, a business that was successful in its application for STAS, could still claim payments from pre-existing Letter of Offers, as long as it satisfied the conditions for the support.

6. CONCLUSIONS & LESSONS LEARNED

6.1 Conclusions

6.1.1 *Achievement of Objectives*

Following a European Commission communication in mid December 2008 that sought to respond to the global credit crunch, and considered “*the current global crisis requires exceptional policy responses*”, Invest NI established the Short Term Aid Scheme (STAS) in June 2009 as part of a suite of initiatives to help its clients weather the economic downturn. With a budget of £15m over the period 1 June 2009 to 31 December 2010, the programme 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.

Indeed, at the time of DBERR’s notification to the European Commission for an umbrella scheme to support UK businesses during the economic downturn, Invest NI had received feedback from a variety of clients that had demonstrated that a number of those businesses were experiencing a short term reduction in demand for their products / services resulting in company finances being squeezed, and causing what would otherwise be a viable operation to experience financial difficulties.

By late 2010, over 34,000 employee jobs (seasonally adjusted) were lost since the peak in employment in June 2008. The majority of the job losses were in manufacturing, construction, retail and business & finance.

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

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

In specific regard to its remit, it is the Evaluation Team’s view that STAS should be considered particularly successful.

Whilst it did not assist 150 businesses as projected, it is recognised that accurately projecting demand for such support, and in such uncertain circumstances would always have proved problematic. However, it did support:

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

Furthermore, feedback from recipients indicates that STAS:

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

6.1.2 Programme Management

The Scheme was managed internally within Invest NI, with the availability of support promoted through a mix of awareness raising by Client Executives amongst existing Invest NI clients and advertising to the business base as a whole. The average time taken to process an application was 17.5 days.

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

6.1.3 Programme Activity

In total, 55 applications for support were received with 30 businesses receiving letters of offer from the STAS programme. 26 of the 30 businesses that were offered STAS monies subsequently drew down monies. Only 1 of these 26 businesses is no longer trading.

Invest NI had forecast that approximately 150 companies would be assisted at an average support value of £100k. Actual demand and activity was therefore much less than anticipated with 30 Letters of Offers issued at a combined value of £3,712,631 (an average of £123,754).

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

6.1.4 Financial Drawdown

In total, £3.7m was offered to 30 businesses, with 26 businesses accepting their Letter of Offer (total value of £3,393,835) and c£3.1m (92%) subsequently drawn down. In most instances where a business did not draw down its full allocation of funding, it appears that this was as a result of changes within the business rather than any particular issue with the STAS scheme.

6.1.5 Programme Costs

The full economic costs of implementing STAS (including assistance to recipients businesses, STAS direct marketing costs and Invest NI staff costs) was £3,318,194.

6.1.6 Risks

The Evaluation Team considers that Invest NI's overall approach to risk management was robust and proportionate.

6.1.7 Stakeholders' Satisfaction With, & Views of STAS

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

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

6.1.8 *Scheme Impact*

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

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

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

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

In addition:

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

6.1.9 *Deadweight/Additionality*

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

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

6.1.10 *Net Additional GVA and Employment Impact*

We estimate that STAS resulted in

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

6.1.11 *GVA Return on Investment*

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

However, it should be recognised that the aim of STAS was to maintain capability and capacity within eligible companies in order that they would be in a position to take advantage of an economic upturn.

Therefore, as a maintenance scheme, it was entirely distinct from standard Invest NI programmes which seek to lever additional economic activity.

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

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

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

Appendix I - Invest NI's Core Requirements

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The core objectives of the evaluation are as follows:

Introduction
a. Outline the programme that is to be evaluated and set out clearly the scope, purpose and objectives of the evaluation.
Strategic Context & Rationale
b. Briefly review the strategic context under which the programme operated and assess whether the programme(s) represented an appropriate response to the position in 2008/9. c. Summarise the operational fit of the programme(s) with the objectives of the Invest NI Corporate Plan and DETI Corporate Plan (using the appropriate Corporate Plans in place during the evaluation period). d. Briefly review the original rationale for the programme(s) outlining the precise nature and scale of the market failures and/or equity issues that the programme(s) were seeking to correct. Identify the scale of need and demand and conclude on the extent to which the rationale was valid.
Operation and Delivery
e. Assess the appropriateness of the delivery model adopted by Invest NI, including programme marketing and promotion, the range of activities/support provided, and the intervention rates adopted. Highlight any lessons for the design of similar programmes in the future. f. Assess the programme management and operating structures adopted by Invest NI to determine how effective the organisation has been in managing/delivering the programme(s). This should encompass the appropriateness of application and appraisal processes, engagement with participating businesses, and financial management and output monitoring arrangements. Review the ability of Invest NI to provide these activities taking into account financial resources, experience and knowledge. g. Examine the degree of complementarity with other Invest NI products and assistance available to target businesses over the lifetime of the programme(s). Identify the extent to which the programme(s) overlapped or duplicated with other publicly funded support to businesses in Northern Ireland. h. Identify the main risks that emerged during the programme(s) and any actions taken to reduce these risks. Assess whether the overall approach to risk management was robust and proportionate. i. Compare the costs actually incurred on the programme(s) with those estimated at the outset, and clearly explain any reasons for variances. A full economic cost analysis (including opportunity costs) must be undertaken in accordance with NIGEAE guidance. This must include the costs of marketing elements, evaluation costs, fully loaded NI and/or EDO staff time, admin input, procurement costs, legal costs etc.
Performance and Impact
j. Review the outturn performance of the programme(s) against the original objectives and SMART targets, and if appropriate, identify reasons for any divergence. Assess the appropriateness of the target setting methodology; and if appropriate, identify reasons for under-performance providing recommendations for improvement in future programmes. k. In line with the objectives, targets and actions included under PSA 1 and PSA 3, the evaluation should for each programme as far as is possible:- <ul style="list-style-type: none">• assess the employment impact per annum:<ul style="list-style-type: none">- Gross and net additional employment arising from projects assisted;- Gross and net safeguarded employment arising from projects assisted.• assess the GVA (Gross Value Added) impact per annum:<ul style="list-style-type: none">- Additional profits arising from projects assisted;- Additional wages/salaries arising from projects assisted.• assess the productivity impact per annum:<ul style="list-style-type: none">- Gross and net GVA/Employment²⁰ (additional, arising from project outputs). <p>In the absence of actual profit and wage/salary information, tenderers should demonstrate how they would arrive at GVA and productivity outputs from the programme.</p> <p>NB: In line with HM Treasury guidance, evaluators should examine the direct GVA impacts but must exclude the indirect and induced impacts (eg. on turnover, employment or GVA) when they are calculated using multipliers. For example, data on any indirect effects (sub-contracting supply chain or spillovers) should be collected at</p>

²⁰ Full Time Equivalent (FTE)

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

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

Return on Investment and Value for Money

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

Equality Considerations

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

Invest NI's Equality Scheme can be accessed on Invest NI's website at www.investni.com/equality.

Overall Assessment and Lessons Learned

- r. Identify lessons learned and highlight aspects of programme design and delivery which could/should be incorporated into existing or future programmes. This should draw on the Northern Ireland context and evidence from similar programmes elsewhere. Suppliers should note that a bespoke benchmarking exercise is not required.
- s. Consider the merits of re-establishing the ASF and STAS programmes in the event of a deterioration in wider economic conditions in Northern Ireland within the context of the State Aid Regulations in place²¹. If this assessment is positive, identify what changes, if any, would be appropriate in order to enhance the economy, efficiency and effectiveness of Invest NI support, taking account of other provision.
- t. Highlight any other lessons or wider implications for policy e.g. on the most appropriate mechanisms to support business viability and resilience during an economic downturn.
- u. Present a succinct set of conclusions from the evaluation, taking account of all of the evidence gathered during the assignment. Recommendations should be numbered and concisely worded and be Specific, Measurable, Achievable, Relevant and Time-Bound (SMART).

²¹ STAS was operated under a temporary relaxation of State Aid rules on de-minimis aid, that relaxation ended on 31st December 2010

Appendix II – Overview of the Short Term Aid Scheme

Appendix II – Overview of the Short Term Aid Scheme

Introduction

Invest NI established the Short Term Aid Scheme (STAS) in June 2009 as part of a suite of initiatives to help its clients weather the economic downturn. With a budget of £15m over the period 1 June 2009 to 31 December 2010²², the programme 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.

Aims of the Support

The key objectives of the Scheme were to:

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

These objectives were operationalised into a set of programme targets. The SMART targets were that by/at 31st December 2010 the programme would have:

1. Assisted 150 businesses;
2. Retained 75% of supported posts in assisted businesses;
3. Enabled 90% of assisted businesses to continue trading.

Eligibility & Support Available

As discussed, the maximum support available per business was €500,000 (approximately £450,000 at the then exchange rates) less any De-Minimis Aid offered in the period 1 January 2008 until 31 December 2010.

Financial assistance was offered to eligible businesses in the form of a grant for salaries (and related appropriate costs) to maintain key skills within their workforce. There were three maximum rates of grant support:

- 80% for small businesses;
- 70% for medium sized businesses; and
- 60% for large businesses.

The rates of assistance were set to ensure that the Scheme did not remove all of the risk from the private sector and to ensure company commitment to the support provided.

Other conditions relating to eligibility included:

- Sole Trader and Partnerships businesses were eligible; however the post held by the Sole Trader or Partner themselves was not deemed to be an eligible key post for support.
- It was envisaged that new businesses (i.e. less than 3 years old) would not generally be eligible to apply as it was considered that it would be difficult for them to demonstrate that they met the criteria of a firm in difficulty. However, this was considered on a case-by-case basis, looking particularly at maintenance of market share, viability pre 1st July 2008, trading performance and future look/pipeline of orders.
- STAS was available to companies in the manufacturing and tradable services sectors; however wholesale, retail and distribution companies were not eligible for support. Firms active in the fisheries and in primary production of agricultural products were also not eligible; however firms active in processing and marketing of agricultural products were eligible.

²² Costs incurred beyond 31st December 2010 were not eligible for support under the notified measure.

Appendix II – Overview of the Short Term Aid Scheme

- Eligible businesses were required to:
 - Be fundamentally viable;
 - Have total sales of over £100,000 per annum; and
 - Have sales outside of NI greater than 25% of turnover, or greater than £250,000 per annum.
- Businesses that were deemed to be insolvent (at Group or Company level) could not receive Invest NI support;
- Furthermore, a business was not eligible under STAS if they were in difficulty before 1st July 2008 according to the EU definition of a firm in difficulty.

Of note, businesses receiving STAS support were not eligible to apply for other Invest NI mainstream programmes that provided direct financial support (which would normally be via letter of offer)²³. However, once the business came out of difficulty they would be eligible again to apply for other Invest NI programmes. STAS support would remain in place until either:

- (i) The end of the STAS letter of offer period; or
- (ii) Until a letter of offer for a new growth project had been accepted by the business, whichever was the sooner.

Client Executives therefore needed to decide if STAS was the most appropriate form of support or whether a more appropriate offer could be made via Invest NI's other programmes such as GAP, ASF, BITP or Grant for R&D. The business' ability to fund their element of any support was clearly an important consideration in deciding what was appropriate.

Eligible businesses did not have to be loss making, but were those that were not in difficulty at 30th June 2008, and which significantly displayed some or all of the characteristics below, to the extent that without Invest NI's support under the scheme, key skills essential to the long term success of the business would be lost in the period to 31 December 2010.

Characteristics of a Firm in Difficulty	
<ul style="list-style-type: none">• Increasing losses;• Growing stock inventories;• Declining cash flow;• Rising interest charges;	<ul style="list-style-type: none">• Diminishing turnover;• Excess capacity;• Mounting debt;• Failing or nil asset value.

It was not anticipated that the Scheme would elongate the life of weak businesses that would normally fail, as it is was open only to those businesses that were in difficulty as a result of the prevailing economic conditions²⁴. All applicant businesses were required to clearly demonstrate that they met the eligibility criteria and demonstrate what actions they were taking to prepare for the upturn.

If the business could not provide evidence of prospective viability, contracts in the pipeline or demonstrable actions they proposed to take to help the business survive the downturn, then the scheme was not appropriate.

Invest NI's Business Case indicated that the companies that would potentially meet the business type, while accounting for around 4% of NI VAT registered businesses, accounted for in terms of the economy:

- 92% of manufacturing exports;
- 90% of NI business expenditure on R&D;
- 29% of NI private sector GVA;
- 22% of NI private sector employees; and
- Generate a level of GVA per head 36% higher than the NI average.

²³ However, a business that was successful in its application for STAS, could still claim payments from pre-existing Letter of Offers, as long as it satisfied the conditions for the support.

²⁴ For example, if a business' turnover was down and its market share remained the same, then this could be viewed as a result of the downturn and support through STAS would have been considered. However, if a business' turnover and market share are both down then this was more likely to be due to the company not performing well in its sector, rather than specifically downturn related, and STAS would not have been appropriate.

Eligible Costs/Key Workers

Support was available towards salary (including Gross Salary + Employer's NIC costs) and, in some instances, travel and subsistence costs only. Examples of activities which may have been supported are listed below. This list is by no means exhaustive and the type of activity under each support category below which could have been assisted varied depending on the individual circumstances identified within each application.

1. Salary of employees with key skills:

- undertaking approved FE / HE training (where the training was not already in receipt of DEL funding);
- undertaking in house up-skilling (where the training/development was not already in receipt of DEL funding);
- undertaking in-house infrastructure improvements (outside of undertaking production work); and
- introducing improved management / financial control systems in the business.

2. Salary, travel and subsistence costs of employees with key skills:

- undertaking market research or developing new leads in new markets; and
- who were seconded from a business into another Northern Ireland organisation to improve the organisation's capability, while being retained on the books of the original business.

The scheme was not a programme for maintaining employment per se. The purpose of STAS was to secure the long term future of the business through the support of key posts.

A key post could be any post in a company that was considered necessary to the business so that it was ready to take advantage of the economic upturn when it occurred, but because of the business' financial position as a result of the prevailing (at that time) global downturn the key post was likely to be made redundant.

STAS was not an employment subsidy. It supported posts that a business had decided it must do without at that point in time for cost reduction reasons, but that would be important for future growth of the business. Therefore, if the business decided it could do without the post, then it was not for STAS to support the individual to carry on doing their current job 'as is' without a different activity being undertaken in preparation for the economic upturn. However, if a business required some, or all, of its staff that were supported under STAS to undertake part of their pre-existing job function, it was considered that this should be for no more than 50% of the time they would receive STAS support. It was considered that the larger the business, the less that a requirement for staff to undertake pre-existing activity should be necessary and Invest NI would instead look in these cases for STAS supported staff to undertake activities that were different to their pre-existing job for the vast majority of their time.

Owner-managers and Managing Directors were not eligible posts for support under STAS. In a business with shareholding Directors, only 1 Director with a shareholding of 25% or more, but less than 49% was eligible for support and grants paid were no more than £50,000 of their pre-existing salary.

Business growth was not an eligible activity for support under STAS.

Payments were made in arrears, based on eligible costs over the period 1 June 2009 to 31 December 2010.

Application and Appraisal Process

The application process for STAS cases was as follows:

- A completed application form and de minimis declaration was received. All applicants had to:
 - Demonstrate need for support; provide full details of costs involved; and identify the key skilled posts requiring support that would otherwise be lost.
 - Detail actions that had been taken to address difficulties.
 - Clearly articulate the difference between the “with support” outcome (i.e. if Grant was received) and the potential outcome if no assistance was available.
 - Provide information relating to the future potential viability of the business, based on past trading performance during normal economic circumstances and on projected sales going forward.
 - Forward their most recent annual accounts, management accounts and current financial position with their completed application form.
- The Client Executive/BDM completed the eligibility checklist – The BDM past the case to the appropriate Regional Office or Sector Team.
- The CE confirmed in writing whether or not the application form met the scheme eligibility criteria.
- Eligible applications underwent financial appraisal – CE/CFAAD.
- The CE completed an appraisal template and presented casework to a selection panel which met weekly to approve cases.
- The CE informed the applicant of the Panel’s decision to approve or reject the application for support in writing.
- The CE issued a Letter of Offer to the Company – identifying eligible costs (which was then signed & returned).

Invest NI verified and appraised applications using the following criteria:

Regional Economic impact – Employment maintenance	An assessment was made of the quality and longevity of the employment being maintained. The basic median wage was to be used as the measure of quality and longevity was measured on a project by project basis.
Wider Economic Impact – Maintenance of key skills	The maintenance of key skills that were required for the business to operate successfully and would otherwise be lost from the business was to be monitored over the support period.

For cases where grant support from STAS was over £250K

- i. A financial review by CFAAD was required as part of the casework submission to the Selection Panel for proposed support of more than £250k;
- ii. Approval of the Selection Panel’s decision to offer support of £250k or more was required from two Invest NI Managing Directors (one of whom would typically be from the Client Group within which the Company is allocated).

Invest NI committed to appraising all fully completed applications within 20 working days²⁵.

²⁵ The Evaluation Team’s review indicates that for 27 (of 30) successful applications that we could establish the appraisal timeframes for, 20 (74%) were approved within the suggested 20 working days timeframe. Our review indicates that the remaining seven were largely delayed as additional information was required (and requested) to support the application.

Appendix III – Profile of STAS Activity

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The sectoral profile of the STAS recipients was recorded as follows:

Business Sector	Letters of Offer		Support Received/Money Drawn Down	
	No.	%	No.	%
Engineering	12	40%	11	42%
Construction	5	17%	5	19%
Business Services	3	10%	3	12%
Printing	2	7%	2	8%
Textiles	2	7%	2	8%
Advertising	1	3%	1	4%
Art & Design	1	3%	1	4%
Consultancy	1	3%	-	
Manufacturing	1	3%	-	
Telecoms	1	3%	1	4%
Telesales / Business Services	1	3%	-	
Total	30	100%	26	100%

Perhaps, unsurprisingly, over three-fifths (61%) of recipients were found in the Engineering (42%) and Construction (19%) sectors. These sectors were commonly acknowledged to have particularly suffered as a result of the economic downturn.

Almost half (49%) of the 26 recipients were located in the Ballymena Borough Council (19%), the Belfast City Council (15%) or Derry City Council (15%) areas.

Invest NI RO	Council Area	Letters of Offer		Support Received/Money Drawn Down	
		No.	%	No.	%
Eastern	Ards				
	Belfast	4	13%	4	15%
	Castlereagh	2	7%	2	8%
	Lisburn	3	10%	3	12%
	Newtownabbey	1	3%	1	4%
	North Down				
	Sub-Total	10	33%	10	38%
North Eastern	Antrim	1	3%	1	4%
	Ballymena	5	17%	5	19%
	Ballymoney	1	3%	1	4%
	Carrickfergus	1	3%	1	4%
	Larne				
	Moyle				
	Sub-Total	8	27%	8	31%
North West	Coleraine				
	Derry	5	17%	4	15%
	Limavady				
	Magherafelt	1	3%	1	4%
	Sub-Total	6	20%	5	19%
Southern	Armagh				
	Banbridge				
	Craigavon				
	Down	1	3%	1	4%
	Newry and Mourne				
	Sub-Total	1	3%	1	4%
Western	Cookstown				
	Dungannon and South Tyrone				
	Fermanagh	2	7%	1	4%
	Omagh	3	10%	1	4%
	Strabane				
	Sub-Total	5	17%	2	8%
Total		30	100%	26	100%

Appendix III – Profile of STAS Activity

In total, £3.7m was offered to 30 businesses, with 26 businesses accepting their Letter of Offer (total value of £3,393,835) and c£3.1m (92%) subsequently drawn down.

Total Assistance Offered (£) (all 30 LOOs)	Total Assistance Offered (£) (26 recipients)	Total Drawn Down (£)	% Drawn Down
£3,712,631	£3,393,835	£3,115,186	92%

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

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

Cogent's evaluation of the STAS Programme utilised a telephone and online survey methodology to elicit STAS support recipients' self-reports on the impact of the support received. A survey of 17 of the 26 STAS recipients (16 by telephone and 1 through an online survey instrument) was undertaken. It should be noted that 1 of the 26 recipients has now ceased trading. Of the 8 remaining trading businesses that were not surveyed, each was called on a minimum of four occasions and was issued with an online version of the questionnaire. However, no response was received. A summary of our participant survey is presented below:

Total No. of STAS Recipients that are still trading	No. surveyed	Confidence Interval based on a 95% confidence level
25	17	13.72

It is noted that due to the small numbers of STAS recipients (26) and the resulting small sample size (17) that was in a position to respond to some aspects of the survey, care should be taken by the reader when interpreting or extrapolating some results.

For participating businesses to provide the required information, a number of relatively complicated and detailed questions on impact and economic benefits need to be asked. We note that the Department for Business, Innovation and Skills' (BIS) research²⁶ indicates that telephone interviewing is a mode of research well suited to business surveys. BIS' research indicates that telephone interview is felt to be less intrusive and less time consuming for business respondents than a face-to-face interview. Furthermore, response rates to a telephone survey are likely to be significantly higher than for a self-completion survey.

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

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

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

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

Cogent's approach to the evaluations that we conduct on behalf of Invest NI, whilst cognisant of the constraints relating to available budgets and timescales is focused upon maximising the validity²⁷ and reliability²⁸ of our participant

²⁶ Source: Self Assessment as a tool to Measure the Economic Impact of BERR policies – a best practice guide, Department for Business, Innovation and Skills (BIS), September 2009.

²⁷ **Validity** refers to the extent of matching, congruence, or 'goodness of fit' between the questions asked and the concept it is purported to measure i.e. are the questions measuring what was intended?

²⁸ **Reliability** is concerned with questions of stability and consistency (repeatability). Is the operational definition measuring 'something' consistently and dependably, whatever that 'something' may be? Do repeated applications of the operational definition under similar conditions yield consistent results? If the study was to be carried out again, would it produce the same findings?

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satisfaction and economic impact data. To maximise validity and reliability, we chose a methodology that was guided by two overriding considerations:

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

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

- Observational error²⁹ (**measurement**) pertains to inaccuracies in the answers recorded as being given by respondents and the relationship of these answers to the underlying attribute or concept being measured.
- Non-observational error³⁰ (**representation**) pertains to deviations of a statistic estimated on a sample from that on the full population.

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

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

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

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

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

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

These issues cut across a number of relevant points, particularly in relation to respondent selection, the questions being asked and the sources of error that may arise; specifically measurement error and non-response error. However they are

²⁹ These include Validity (the match between what we are intending to measure and what we are actually measuring), Measurement error (the observed gap between the ‘true’ value and the response obtained. If the measurement error is systematic then this will result in response bias) and Processing error (results from coding and editing. For example, miscoding answers to the ‘wrong’ answer category).

³⁰ These include Coverage error (results from imperfections in the sampling frame, i.e. missing eligible people or businesses from our target population), Sampling error (results from the way in which the survey sample is drawn. There are two types of sampling error. First, there is the sampling error that arises when some members of the sampling frame are given a much reduced (or no) chance of selection. This can result in survey estimates that are biased compared with what one might find in the population. Second, sampling error can occur through sampling variance that arises by chance when drawing the sample. This type of ‘error’ will affect the precision with which estimates can be made), Non-response error (results from missing information about all sample members i.e. because some businesses did not take part in the survey or answer a particular question), and Adjustment error (resulting from weighting or imputation. Sometimes these methods can make things worse rather than better, for example because imputation strategies can assume that results obtained from respondents apply to non-respondents as well. Such an approach can therefore magnify non-response bias rather than reduce it).

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of particular importance to surveys concerned with providing information to be able to assess economic impact, because of the need to:

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

Taking on-board the aforementioned considerations of data quality and measurement error, we implemented the following methodology in conducting and analysing the survey results. According to BIS³¹, these criteria can also be seen as reflecting best practice in developing and implementing surveys.

³¹ Source: Self Assessment as a tool to Measure the Economic Impact of BERR policies – a best practice guide, Department for Business, Innovation and Skills (BIS), September 2009.

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

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Criteria		Cogent's Approach
Questionnaire design	Questionnaire content established	<p>Cogent worked with Invest NI's Evaluation Steering Group to identify and finalise the content and priorities of the questionnaire after reviewing the survey aims.</p> <p>Consideration was given to balancing the requirement to meet the TOR and keeping the questionnaire to a reasonable length, so as to ensure respondent burden was kept to a minimum.</p> <p>We place a focus on asking clear and unambiguous questions using question wording and response options that we consider will not 'lead' respondents to provide any particular response.</p> <p>We focus on asking questions in a logical order that follow the steps of their engagement in a project or programme, with questions that might be considered more personal (e.g. relating to turnover/economic impact) asked later in the questionnaire to allow a rapport to be developed between the respondent and our consultancy team.</p>
	Most appropriate respondent(s) identified	In the first instance, Cogent contacted the named individual on Invest NI's databases.
	Questions designed that respondents understand, are willing and able to answer	Cogent worked with Invest NI's Evaluation Steering Group to ensure that our questionnaires were designed to enable all types of respondent to provide the information required as easily as possible and ensure results are comparable (e.g. the characteristics of recipients of a particular support intervention may differ widely and therefore the questions must make sense across the board).
	Pilot test conducted	<p>Cogent piloted the questionnaires with a selection of individuals on the STAS Programme database.</p> <p>The pilot encountered few, if any, problems with the process, such as unwillingness to take part, difficulty in pinpointing the correct person to take part or high item non-response at certain questions.</p>
Data collection	<p>Clear guidance and training for interviewers/fieldworkers provided to ensure that data are collected in a consistent way and interviewer bias minimised.</p>	<p>Cogent uses a team of experienced consultants to conduct the telephone surveys. This facilitates the team being very clear about the survey's objectives and their role in the data collection process. All of our consultants on the team are fully briefed shortly before fieldwork and provided with written documentation to refer to during it. This minimises the potential interviewer error.</p> <p>Our use of experienced consultants means that they have the necessary skills to encourage potential respondents to take part and reassure them that the information they give is important, and will be treated in confidence.</p>
Data processing	<p>Coding and editing procedures documented, staff trained and quality monitored</p>	<p>On completion of the primary research phases of the evaluation and economic impact assessment, all quantitative data is inserted into an appropriate statistical package (i.e. SPSS) ready for analysis.</p> <p>When undertaking the analytical phase of the research, we understand the importance of accuracy. In order to ensure quality and consistency in our data collection, entry and analysis we employ a range of quality control mechanisms, including:</p> <ul style="list-style-type: none"> • Double Punching / Verification of data – We undertake double-checking of 10% of the surveys by a second consultant in order to verify whether data has been correctly entered. • Production of Data Entry Guidelines – It is our practice at Cogent to produce data entry guidelines. These detail each question and what should be entered and how missing or incorrect data should be handled. This ensures consistency and reliability of the final data. • Data cleansing – We employ a range of statistical techniques to aid in the detection (e.g. descriptive statistics, scatterplots, histograms) and correction (e.g. recoding of data errors to 'missing') of any errors in the dataset.

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Criteria		Cogent's Approach
		<p>Our process for data cleaning and editing is carried out by trained staff, in a systematic way, to ensure processing error does not creep in.</p> <p>Completed questionnaires are retained for a six-month period after the final evaluation report is signed off by Invest NI.</p>
	Inconsistencies in the data are checked with respondents	When data appear to be inconsistent or findings are unexpected, our consultancy team re-contacts the respondent to uncover exactly why this may be.
Data analysis	Errors/biases dealt with consistently	<p>Survey bias and errors, where they occur, are dealt with consistently to ensure comparability across responses is retained.</p> <p>Cogent Team's has worked with Invest NI to agree appropriate methods to deal with outliers and non-response when analysing the data.</p> <p>The potential for measurement error and the effect it might have on the data is considered within our report when interpreting findings.</p>
Outputs and dissemination	Reports are clear, well-written, timely and accessible	<p>We consider that our report clearly addresses the research objectives; that all outputs are accessible in terms of being easy to locate, read, interpret and understand.</p> <p>The information provided within our report (Executive Summary) and within this appendix given in a report should help the reader to interpret the key findings: assess base sizes, calculate confidence intervals and assess statistical significance.</p>
Evaluating Economic Impact		Per BIS best-practice guidance, we utilised a mixture of both quantitative and qualitative 'measures' (objective and subjective reports) of impact, as respondents often find it difficult to quantify the level of impact an intervention has had. Qualitative accounts of what has taken place are also helpful in fully understanding the effect of the intervention.

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Assessment of Non-Response Bias

Non-response error refers to bias in the sample responding to the survey, which results from differential response rates across different subgroups of the population. The Evaluation Team notes that a number of potential respondents (8 out of a total of 25) chose not to participate in the survey. However, there was insufficient data on the participant databases (e.g. type of sectors operating in, size of business³²) to determine if a non-response bias was evident. In many cases, it is our observation that prospective respondents' time constraints (either through being too busy, out of the country on business etc.) were the key factor limiting their willingness/ability to participate.

³² We note that on most business surveys, response rates are higher amongst larger businesses. Source: Understanding Non-Response and Reducing Non-Response Bias. Peter Lynn, Institute for Social and Economic Research (ISER) University of Essex, July 2008