**INVEST NI RESPONSES**

Q: There are more than 66,000 NI firms (VAT/PAYE registered) but Invest NI supported just 2,795 indigenous firms between 2011 and October 2014. Why is that figure so small, particularly considering that DETI’s Research Agenda 2012-2015 states “Invest NI is currently planning to service a wider local business base by moving away from client companies and towards a tiered support structure for all businesses.”?

A: The information provided to you under FOI 820 relates to financial support, it does not include the support Invest NI provides which does not require a Letter of Offer – such as the Regional Start Initiative which has helped 9,353 entrepreneurs to develop businesses plans which in turn will ultimately create 5,148 new jobs. In addition it does not include businesses that have availed of our advice services, events, or nibusinessinfo.co.uk resource.

It should also be noted that, as detailed on our website, we principally support those businesses that can make the greatest contribution to growing our economy. These are businesses that have ability to grow and drive productivity in the economy and are keen to export their goods and services outside Northern Ireland.

Q: Is it appropriate that more than one-third of Invest NI’s support for local businesses went to bodies that are already heavily reliant on Government funding - NI Screen, Queen’s University and Ulster University?

A: Our funding enables NI Screen to support projects and initiatives that will benefit businesses in the Film, TV and Digital Media sector.  NI Screen manages the investment of this funding on behalf of Invest NI, and over 2011-2014 of the funding provided to NI Screen (£21.6milion), £18.4million has been invested in the local economy through the “Screen Fund”. It is important to note that the £42million of the funding awarded in March 2014 covers the four year period of NI Screen’s new four year strategy, “Opening Doors Strategy (2014-2018)”.

Our support to universities is for collaborative R&D projects between the University and a company, or for a university research project that could result in the spin-out of a business.

As the funding is being used to benefit businesses it is therefore wholly appropriate.

Q: Local businesses based in the east received 81% of Invest NI funding of local firms during the time period covered by our request compared to 19% for NI firms in the west. Why is there such a geographical disparity, particularly considering the Northern Ireland Economic Strategy states “we will ensure that all sub regions are able to grow and prosper, whilst recognising the importance of Belfast and Derry/Londonderry as key drivers of economic growth”?

A: Invest NI support for businesses is demand-led – i.e. it requires a business to approach Invest NI with a business plan and demonstrate a need for support. Of the near 68,000 businesses in Northern Ireland, 65% are located in the East with 35% in the West.  In addition, the vast majority of large firms (in terms of employment) are also located in the East. It is therefore only to be expected that we receive a larger proportion of applications for support from businesses based in the East.

We continue to encourage businesses to contact us, and we are actively working with the new councils in the Community Planning process to support economic development in the future.

Q: Why are there such variations in funding per head of capita – ranging from £452.59 in the former Belfast District Council area down to £33.24 in the former Ards Borough Council area?

A: Invest NI support for businesses is demand-led – i.e. it requires a business to approach Invest NI with a business plan and demonstrate a need for support. Budgets are not allocated to specific locations, nor do we direct our support to specific areas. It is therefore natural that there are variations in funding levels based on the geographical spread of NI businesses, and in turn the number of those businesses that seek our support.

Q: Why is Invest NI still using jobs ‘promoted’ figures instead of jobs created, particularly considering the criticism it has received from the Audit Office and Public Accounts Committee for using this method to measure its performance?

A: It is the NI Executive that sets the targets and reporting structures of Invest NI. Jobs promoted are the number of jobs a project expects to create at the time of initiation. Most projects take 3-5 years for implementation with most jobs being created in years 2-4. It is therefore accurate, when we are reporting on in-year performance/spend, to talk about jobs promoted.

However, since 2013/14 Invest NI has also provided jobs created figures – we are the only UK/RoI development agency to do this. Jobs created in a year are the result of projects supported in previous financial years and can therefore not be mapped to jobs promoted in the same year.

Q: The Audit Office found that “the most reliable estimate suggests a 75% conversion rate” of “promoted jobs which translate into jobs created” – is that estimate still the same. If not what is the figure you use?

A: The latest figure, based on projects supported in 2011-12, is 76%. This the latest year for which this analysis has been undertaken as it takes 3-5 years for jobs to be created, it would therefore be meaningless to analyse more recent years.

Q: Some of the companies that received funding between 2011 and 2014 are in administration, no longer trading or have made redundancies – has Invest NI made any effort to recover any of that money?

A: Invest NI monitors projects throughout, and for a period of time (normally 3 years) following completion.

While a project is ‘live’, monies are only released when key milestones are met, or jobs have actually been created.

If a company fails to maintain the number of jobs we have supported, or a company ceases trading during this control period Invest NI will seek to recover monies – this is called ‘clawback’.

If, however, the company ceases trading or makes redundancies after the control period it is deemed that the company has met it obligations and the NI economy has benefited from a return on our investment. In these cases no clawback is sought.

Q: When Alastair Hamilton gave evidence to the Enterprise, Trade and Investment Committee in November 2014 on Invest NI’s half-yearly 2014/15 results, he said that 2,983 job losses were all “account managed companies”. Were all those job losses between April 2014 and September 2014?

A: This is based on Key Performance Indicators which come from Company Annual Accounts and would refer to an annual change in employment within these companies between 2012 and 2013.  As the accounts are all submitted at different times, we can’t tie down the exact dates between which the jobs were lost.

Q: DETI Research Agenda 2012-2015 states “Invest NI delivers a wide range of support to companies throughout NI, and has a target to ensure that a proportion of investment projects are close to areas of economic disadvantage which have high levels of poverty”. What is that target? Also the former Derry, Strabane and Limavady council areas suffer from high unemployment and deprivation so why is Invest NI not doing more for those areas? Our data shows the spend of Invest NI per head of capita varies greatly from £453 in the former Belfast Council area to £105 in Derry and £41 in Limavady.

A: Invest NI has no target in its current Corporate Plan to ensure that “a proportion of investment projects are close to areas of economic disadvantage which have high levels of poverty”.

As mentioned before, our support is demand-led. We do not direct our support to specific areas, or allocate budget.

Q: The chief executive of NICVA has described Invest NI’s support of voluntary, community and social enterprises as “very small” and “piecemeal” and said that such organisations are not being given enough support to help them expand and scale up. Does Invest NI believe it has fully exploited the potential of such organisations considering the NI Economic Strategy says the onus for economic growth rests with the private and community/voluntary sectors working in partnership with the public sector? Also a DETI/DSD report acknowledges the potential of the third sector to be more enterprise driven but identified lack of finance as one of the barriers.

A: As mentioned before, we principally support those businesses that have ability to grow and drive productivity in the economy and are keen to export their goods and services outside Northern Ireland. Our support is therefore focussed on those businesses either currently exporting or with a desire and ability to export given the right support.

While support for social entrepreneurship now lies with Councils, Invest NI has historically provided support through schemes such as the Regional Start Initiative, and funding for organisations such as Women in Business, Prince’s Trust, and other organisations supporting under-represented groups.

We continue to work in partnership with DSD and DETI to deliver Social Enterprise Incubation Hubs <http://secure.investni.com/static/library/invest-ni/documents/social-enterprise-hubs-building-transformation-before-after.pdf>

Q: How important is Invest NI support for local companies?

A: Our support has helped local companies grow to scale, reach new customers in new markets, develop new products and create new jobs. During the period 1 April 2011 to 30 September 2014 offers accepted by Invest NI locally-owned customers amounted to £352million.  This support will ultimately lead to investment in the local economy of £1.7billion and almost 15,000 (14,717) new jobs.

In 2014/15 93% of our offers of support were to local companies.

Q: Can you send me the press release on Granville Ecopark’s investment announcement and/or job creation announcement.

A: This project has not been formally announced, therefore there is no press release.

Q: The data we have received shows that 37 SFA schemes have no specific job targets and 763 GAP projects do have specific job targets. Can you explain this?

A: While the SFA scheme is the principal scheme under which we support companies to create jobs, it is also used to support capital expenditure, such as building a new factory, or purchasing new machinery. This expenditure is likely to ultimately lead to new jobs but the company may not ask us for support to create these jobs.  In these cases there will be 0 in the jobs column.

GAP provides support for companies to undertake market development activities.  In some cases a company may look for support for a key worker to deliver this activity.  While the GAP project is not a specific job creation scheme, jobs can form part of the company’s plans and where this is the case the jobs are recorded.  In 509 of the cases provided to you under GAP, there were no jobs attached, hence a 0 in the job column.

Q: How much of the £3.75m has been released to Granville Ecopark to date? How many of the 12 jobs promoted have been created to date?

A: Information relating to drawdown by a company is only available under FOI.  Information relating to the number of jobs created to date is commercially sensitive to the company while the project is still live, therefore this will not be released, even under FOI, until the project is complete.