

Final Evaluation of the Design Service Programme, 2012-15

A Draft Report by Hatch
December 2020

Invest Northern Ireland

Final Evaluation of the Design Service Programme, 2012-15

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Executive Summary

- i. Hatch was commissioned by Invest Northern Ireland (INI) to undertake an independent final evaluation of its Design Service Programme (DSP) between October 2012 and September 2015. The £3.5 million DSP was funded through £1.75m of INI funding (50%) and £1.75m of ERDF (50%).

Performance Review

- ii. £1.98 million was spent over the first two years and 10 months of programme delivery against an approximate budget of £4.1 million.
- iii. This can be attributed to 1) not delivering on the proposed Strategic Design Manager Resource (DMR) support, 2) lower than expected daily consultant fees, 3) cost effectiveness delivered in the transfer from fewer Design Advice Service supports to more Design Clinics, 4) reductions in marketing spend following the first year of delivery, once demand was outstripping target, 5) cost effectiveness associated with larger DDP cohorts and 6) lower than expected INI staff salary costs.
- iv. Strategic Design Manager Resource (DMR) support was not delivered, partly due to a lack of pipeline of suitable clients.
- v. 75% fewer Mini DDPs were delivered as the programme team focused on the delivery of the main DDPs, to maximise the benefits generated.
- vi. All other core delivery outputs exceeded target, by between 29% and 59%.
- vii. One planned large scale high profile promotional/awareness raising events, two trade events and the majority of 36 planned roadshows were not delivered.
- viii. Four more case studies were delivered by March 2014 than targeted for the whole delivery period.

Beneficiary Journey and Outcomes

- ix. Evidence from a web survey of beneficiaries has provided the following insights:
 - Around one third of respondents heard about the programme through an Invest NI Client Executive. When they first engaged with the DSP, the majority of respondents (59%) stated that they were aiming to strengthen the identity of their branding.
 - All respondents indicated that the support / project options suggested to them either highly or largely reflected their business needs and challenges.
 - Over three quarters of respondents reported that the design support they received was integrated with their wider business strategy and plan.
 - The survey findings suggest that the programme has been particularly successful in supporting businesses with their goals of designing new or improving the design of existing products processes and services.
 - Overall levels of satisfaction with the support were high, with 87% respondents reporting that they were either satisfied or very satisfied with the support received. However, 8% respondents highlighted that they were unhappy with quality of the outputs produced by designers.

Assessing the Impact on the Northern Ireland Economy

- x. The scale of the net additional impacts from the DSP are subject to some uncertainty due to:
- significant growth expectations among participants that are yet to be realised and therefore subject to greater uncertainty
 - the impact, deadweight and displacement estimates being based on self-reported perceptions of firms
 - a response rate which was lower than usually anticipated, which can be attributed at least in part to the ongoing circumstances surrounding COVID-19, whereby some employees have been furloughed and businesses have had a range of competing demands and challenges.
- xi. Our assessment suggests that the DSP has created an estimated £1.33 million in net additional GVA for the Northern Ireland economy to date.
- xii. The majority of the economic value generated as a result of the DSP is expected to emerge over the next three years, as the supported businesses continue to implement design changes that they expect will lead to growth in business performance.
- xiii. Drawing on the estimated impacts to date and future growth anticipated by businesses surveyed, we estimate that the business growth among beneficiaries supported to date could lead to £6.25 million in net additional GVA for the Northern Ireland economy in total including estimated future changes in business performances expected by beneficiaries that are attributable to the programme.
- xiv. Discounting future benefits at 10%, in line with the NI Guide to Expenditure Appraisal and Evaluation (NIGEAE), this would result in £0.70 generated for every £1 of public money invested to date, rising to £2.70 by 2023.
- xv. Due to the uncertainty regarding future impacts estimated and the limitations of the analysis outlined in this section, these impact estimates should be treated with caution and considered as indicative.

1. Introduction

- 1.1 Hatch was commissioned by Invest Northern Ireland (INI) to undertake an independent final evaluation of its Design Service Programme (DSP) between October 2012 and September 2015. The £3.5 million DSP was funded through £1.75m of INI funding (50%) and £1.75m of ERDF (50%).
- 1.2 This study follows the 2015 evaluation of the DSP undertaken by BDO, by providing an additional look at the programmes performance against spend and output targets and an updated assessment of the impacts that have been generated five years after the programme closed.
- 1.3 This evaluation is undertaken in line with HM Treasury’s Green Book guidance on appraisal and evaluation: “Appraisal and Evaluation in Central Government”, Current Edition, HM Treasury and Northern Ireland Guide to Expenditure Appraisal and Evaluation (NIGEAE) .

Evaluation Approach

Evaluation Objectives

- 1.4 The objectives set out in the evaluation Terms of Reference are:
 - to thoroughly assess the inputs¹, outputs, outcomes and impacts² associated with the intervention, to include a detailed assessment of the overall economic and wider impacts
 - to identify the internal and external factors which have impacted upon the performance of the intervention either positively or negatively, within the period
 - to determine the Return on Investment associated with the intervention, clearly identifying actual and anticipated values
 - to assess the economy, efficiency and effectiveness with which public funds have been used on the intervention
 - to assess the extent to which the intervention represented good Value for Money (VFM) and appropriate use of public funds across the full spectrum of relevant VFM indicators.

Evaluation Research

Programme Performance Review

- 1.5 We have drawn on the 2015 Evaluation of the 2012-15 DSP produced by BDO to provide a summary of performance against spend, output and outcome targets.

Client Survey

- 1.6 We have sent a survey to the 412 businesses that benefitted from the higher value support delivered through the DSP (covering the Design Advisory Service (DAS) and Design Capability Service (DCS)) between 2012 and 2015.

¹ This should include a comparison of the costs actually incurred on the intervention 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.

² To include all relevant impacts, including an assessment of the gross and net turnover, employment, GVA and productivity impacts. This should take account of deadweight/additionality, displacement, leakage and substitution effects

- 1.7 The survey explored client satisfaction, opinions on the support provided and expertise/capability of design advisors, barriers faced and outcomes and bottom-line and employment benefits achieved (and expected in future) as a result of their time with the DSP.
- 1.8 Overall, there were 32 respondents to the survey - an 8% response rate. At the 95% confidence level, the confidence interval for the sample as a whole is $\pm 17\%$.
- 1.9 Due to some respondents not answering all of the questions, the margin of error is larger for some questions (e.g. only 29 of the beneficiaries responded to the questions regarding impacts, which represents a slightly lower 7% response rate and an 18% margin of error).
- 1.10 A response rate that is lower than hoped for can be attributed at least in part to the on-going circumstances surrounding COVID-19, whereby some employees have been furloughed and all business have had a range of competing demands and challenges. Many of the businesses contacted will have received support some time ago. This will have also contributed to a lower response rate.

Table 1.1 Confidence Intervals for the Client Survey (95% Confidence Level)		
Sample Size	Population Size	Confidence Interval
32	412	$\pm 17\%$

Source: Hatch

2. Performance Review

Key Findings & Recommendations

- £1.98 million was spent over the first two years and 10 months of programme delivery against an approximate budget of £4.1 million.
- This can be attributed to 1) not delivering on the proposed Strategic Design Manager Resource (DMR) support, 2) lower than expected daily consultant fees, 3) cost effectiveness delivered in the transfer from fewer Design Advice Service supports to more Design Clinics, 4) reductions in marketing spend following the first year of delivery, once demand was outstripping target, 5) cost effectiveness associated with larger DDP cohorts and 6) lower than expected INI staff salary costs.
- Strategic Design Manager Resource (DMR) support was not delivered, partly due to a lack of pipeline of suitable clients.
- 75% fewer Mini DDPs were delivered as the programme team focused on the delivery of the main DDPs, to maximise the benefits generated.
- All other core delivery outputs exceeded target, by between 29% and 59%.
- One planned large scale high profile promotional/awareness raising events, two trade events and the majority of 36 planned roadshows were not delivered.
- Four more case studies were delivered by March 2014 than targeted for the whole delivery period.

Programme Spend

- 2.1 Table 2.1 shows spend against target budget up to June 2015. This shows that **£1.98 million** in programme costs was spent over the programme delivery period. This is against a budget for programme costs of £5.1 million, £3.1 million below target. Looking at the first two years and 10 months on targeted spend from the table below suggests that £4.13 million was projected to have been spent by June 2015, suggesting spend was £2.73 million below expectations.
- 2.2 Drawing on the analysis provided in the 2015 evaluation of the DSP, this can be attributed to:
- Not delivering on the proposed Strategic Design Manager Resource (DMR) support, which accounted for around £2 million of the total £5.1 million budget (see para. 2.6 for more detail)
 - Lower daily consultant fees versus those forecast in the 2012 appraisal for the DSP
 - Cost effectiveness delivered in the transfer from fewer Design Advice Service supports to more Design Clinics
 - Reductions in marketing spend following the first year of delivery, once demand was outstripping target
 - Cost effectiveness associated with larger DDP cohorts (up to 20 participants)
 - Lower than expected INI staff salary costs: £329,000 versus a £408,000 forecast up to April 2014 (although this is not included in the programme spend cover in Table 2.1).

Table 2.1 Summary of Spend Against Target Budget to September 2015

	Target Spend				
	Year 1	Year 2	Year 3	Year 4	Total
Programme costs	£1,385,640	£1,658,810	£1,499,930	£114,290	£4,658,660
Full Economic Cost (inc. salary & evaluation costs)	£1,521,940	£1,813,100	£1,654,220	£114,290	£5,103,550
	Actual Spend				
	7 months to March 2013*	12 months to March 2014	12 months to March 2015	3 months to June 2015	Total
Programme costs	£295,610	£708,120	£679,220	£67,430	£1,750,370
Full Economic Cost (inc. salary & evaluation costs)	£341,590	£788,550	£761,290	£88,370	£1,979,790

Source: INI Programme Spend Data. Figures rounded to the nearest £10.

- 2.3 Programme underspend of £2.9 million (62%) compares to underspend of £764,000 (30%) under the 2008 to 2011 Design Service. However, the 2012-15 programme cost £1.98 million to June 2015, compared with £1.756 million between 2008 and 2011 despite more stretching targets (e.g. 300 mini and main DDPs Vs 222 under the DSP)

Programme Outputs

Output Performance to Date

Operational Outputs

- 2.4 Targets were established to ensure the development of the core programme architectures and support offer. These were:
- to create a select list of design contractors to deliver the Design Service by April 2012
 - to create a select list of design consultants to deliver consultancy support to participants on the Mini and Main DDPs by September 2013
 - to create a select list of suitably experienced and capable design consultants to deliver strategic design support to businesses by April 2012

All of these targets were achieved (although strategic design support was not delivered, as set out under para. 2.6 below).

Core Programme Outputs

- 2.5 Table 2.2 shows performance against the core programme targets:
- as presented in the 2015 evaluation undertaken by BDO, from July 2012 to April 2014 (21 months)
 - at the end of the programme, from July 2012 to June 2015 (36 months).
- 2.6 Across the five core strands of support, this shows that:
- **Design Advice Clinics** were delivered to 189 more businesses (29%) than was anticipated, having been 38% behind the total programme target in April 2014
 - 99 more businesses (59%) availed of **Design Advice Service** support than was anticipated

- **Mini-DDPs** were delivered to 47 fewer businesses (-75%) than was targeted. The programme team chose to focus more on the main DDPs as these could be delivered to INI Account Managed businesses, were likely to see clients progress further along the Design Ladder and to generate greater economic benefits. It is also important to note that when combined with the Main DDPs, the programme achieved 107% of its target, delivering to 15 more clients than expected. The 2015 evaluation concluded that mini DDPs should be maintain but that they should be restricted to where participants share common interests, or in the context of “themed” projects (e.g. for the European Service Innovation project work which had a focus on the Collaborative Network Programme, the Knowledge Transfer Partnerships and the Competence Centres).
- **Main-DDPs** were delivered to 62 more businesses (41%) than was anticipated
- **Strategic Design Manager Resource (DMR):** this element was not delivered. Reasons for this included **1)** lack of a pipeline of suitable candidates (typically larger businesses) **2)** the ability of design experts/consultants appointed through the consultants framework to deliver appropriate support **3)** a general preference among SMEs for operational as opposed to strategic level design support **4)** a lack of awareness among potential clients for design manager resource.

Table 2.2 Summary of Performance Against Core Programme Outputs

	Target	Actual (2015 Evaluation)		Actual to Programme Close	
		Number	% achieved	Number*	% achieved
Design Advice Clinics	654	471	72%	843	129%
Design Advice Service	168	187	111%	267	159%
Mini Design Development Programmes (DDP)	72	-**	-	25	35%
Main DDPs	150	196	131%	212	141%
Strategic Design Manager Resource (DMR)	30	0	0%	0	0%

Source: 2015 Evaluation of the DSP; Evaluation Terms of Reference. *Excludes clients that did not successfully complete. **No accurate figure is available from the 2015 evaluation, with participation split into financial years, cutting across the programme start date (October 2012). It is estimated that 49 Mini DDPs would be delivered between 2012 and 2015. This was not realised.

Comparison with 2011 Evaluation of the 2008 to 2011 Design Service

- 2.7 A high level comparison with the 2008-11 Design Service suggests that the DSP out performed its predecessor on the delivery targets for core design support:
- Design awareness activities: delivering 59% more Design Advice Service visits compares to a slight underperformance against target (-1%) under the predecessor scheme, albeit under a much higher target (900 visits Vs 168 under the 2012-15 DSP).
 - DDPs: The 2011 evaluation does not provide a breakdown of the support deliver through mini and main DDPs. Across mini and main DDPs the 2012-15 programme delivered 107% of its target. This compares to a 102% under the 2008 to 2011 programme.

Wider Programme Outputs

- 2.8 In addition to the core outputs set out above, the programme was set a range of wider outputs targets. Performance against these targets is summarised in Table 2.3.

Output Target (Oct15-Sept21)	Summary of Performance to Date
To deliver one large scale high profile promotional/awareness raising event per annum to promote the benefits of design to the NI business base with a minimum of 150 participants	Achieved: The Design for Business Conference – Titanic Belfast – 27 Nov 2012 – 297 attendees
To support eight businesses attend two trade exhibitions per annum i.e. 16 businesses per annum, for three years To deliver 12 small scale regional roadshow events per annum (36 in total) with an average of 20 participants at each to further promote the importance of, and potential benefits of design to NI businesses, driving demand for participation on the Design Advice Service, the Mini and Main DDPs and strategic design support interventions	Trade Exhibitions not delivered Four roadshows delivered up to March 2015
To deliver 12 case studies over 3 years to raise awareness of the programme and the benefits it has delivered	16 case studies have been prepared over the last 18 months, not all focused solely on design but with the Design Service input acknowledged

Source: Hatch; INI Programme Monitoring Data. Based on the client survey.

3. Beneficiary Journey and Outcomes

Key Findings & Recommendations

Evidence from a web survey of beneficiaries has provided the following insights:

- Around one third of respondents heard about the programme through an Invest NI Client Executive. When they first engaged with the DSP, the majority of respondents (59%) stated that they were aiming to strengthen the identity of their branding.
- All respondents indicated that the support / project options suggested to them either highly or largely reflected their business needs and challenges.
- Over three quarters of respondents reported that the design support they received was integrated with their wider business strategy and plan.
- The survey findings suggest that the programme has been particularly successful in supporting businesses with their goals of designing new or improving the design of existing products processes and services.
- Overall levels of satisfaction with the support were high, with 87% respondents reporting that they were either satisfied or very satisfied with the support received. However, 8% respondents highlighted that they were unhappy with quality of the outputs produced by designers.

- 3.1 This section draws on quantitative and qualitative evidence gathered through a beneficiary web survey which was undertaken between June – August 2020.
- 3.2 All of the DSP's clients whose contact details were provided by Invest NI were invited to participate in the web survey. Of the total 412 DSP beneficiaries that had received Design Advice Service (DAS) / mini DDP / main DDP support, 32 responses were received of which 26 were complete responses and 8 were partial responses. This represents a response rate of 8% (17% margin of error at the 95% confidence level. Due to some respondents not answering all of the questions, the margin of error is larger for some questions (sample size and margin of error is listed underneath each chart in this section).

Beneficiary Journey

Route into Service

- 3.3 When asked how they originally heard of and got in touch with the programme, 34% respondents indicated that an Invest NI Client Executive got in touch with them and 22% indicated that they got in touch with Invest NI to see what they could offer. This points towards successful marketing of the programme through Invest NI Client Executives.
- 3.4 Only 6% of respondents saw an advert for the programme and 3% found out about it online, which suggests that advertising through these methods could be strengthened.

Motivations for Support

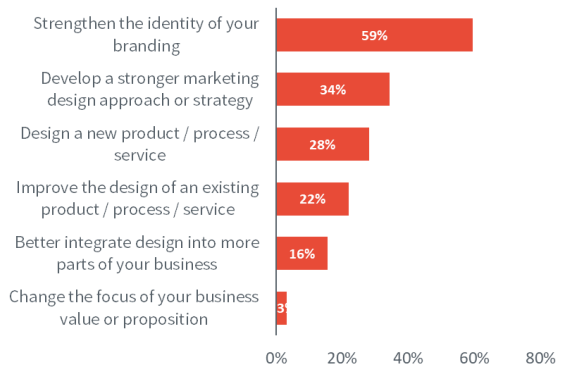
3.5 Businesses were asked what they were looking to achieve when they first got in touch with the Design Programme. The majority of respondents (59%) stated that they were aiming to strengthen the identity of their branding. A large proportion of respondents also indicated that they were looking to develop a stronger marketing design approach or strategy (34%) and design a new product / process / service (28%).

3.6 When asked how they expected a stronger focus on design to be beneficial for their business, the most common responses were:

- Better access to new markets (25% respondents)
- Grow their market share in existing markets (17% respondents)
- Increased client portfolio / secure new customers / deals (17% respondents)
- Scale up the business (13% respondents)

3.7 Other responses included improving productivity / business efficiency (6%), secure new investment (5%) and creating a brand / increasing brand awareness (3%).

Figure 3.1 Motivations for Seeking Support

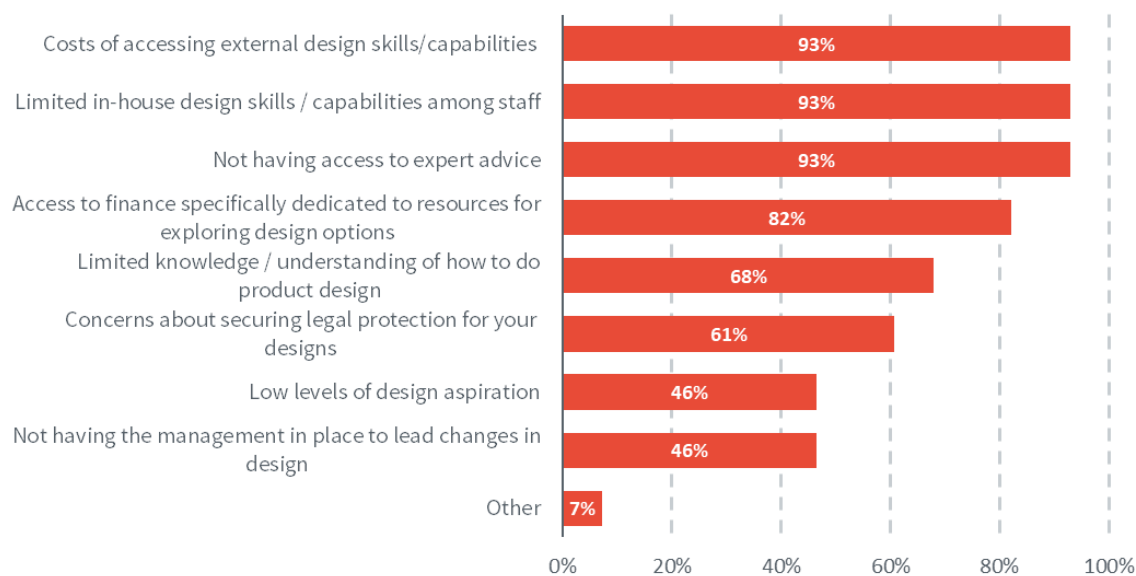


Source: Hatch Beneficiary Survey, June – August 2020. Q5: "Again, thinking back to when you first got in touch with the Design Programme, what were you looking to achieve?", n = 32, margin of error = 17%.

Barriers to Investing in Design

3.8 Businesses were asked what their barriers to investing in design were prior to joining the programme. The costs of accessing external design skills / capabilities, limited in-house design skills / capabilities and not having access to expert advice were highlighted as they key barriers to investing in design for the majority of respondents (93%).

Figure 3.2 Barriers to Investing in Design in the Business



Source: Hatch Beneficiary Survey, June – August 2020. Q4: "Thinking back to before you participated in the Design Programme, we would like you to think about the barriers to investing in design in your business at this time. How significant were each of the following barriers for your business?", n = 28, margin of error =18%. Note: chart shows proportion of respondents that indicated that each factor was a significant or very significant barrier to growth.

Overview of Support

- 3.9 The survey asked businesses whether they felt their business needs were adequately explored in the initial meeting and 96% respondents indicated that they were. 100% respondents reported that the support / project options suggested to them either highly or largely reflected their business needs and challenges.
- 3.10 86% respondents either agreed or strongly agreed that the support was delivered by experienced and credible people. The majority of respondents (85%) also either agreed or strongly agreed that the design experts/ mentors / consultants had the right amount of technical expertise.
- 3.11 When asked whether the appointed Design Mentor / Designer had a clear idea of the business's support needs and ideas for investment in design, the results were as follows:
- Design Advice Services support (workshops and presentations) from design mentors as part of a cohort: 80% indicated that the design mentors had a very good understanding and 20% indicated that they had a partial understanding

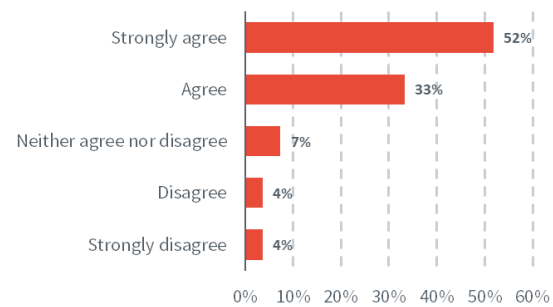
- DDP workshops / presentations from a design mentor: 83% indicated that the design mentor had a very good understanding and 17% indicated that they had a partial understanding
- DDP one-to-one support from designers: 83% indicated that the designer had a very good understanding and 17% indicated that they had a partial understanding

3.12 78% respondents either agreed or strongly agreed that the design support they received was integrated with their wider business strategy and plan.

3.13 When asked whether there were any aspects of support that businesses found particularly useful, respondents highlighted:

- **Mentoring:** the design mentors had a clear insight into how to brand and what the business needs were, so were able to provide excellent guidance.
- **The structure of the programme:** the mentoring and support from the design professionals in terms of the time schedule and keeping the project moving were key.
- **Support from design professionals:** the design logo and strapline produced, the relationship with design professionals and advice provided, having someone independent from the company to provide a different view and new ideas
- **The workshops:** successful in demonstrating the importance of design across all areas of a business.

Figure 3.3 The design experts/ mentors / consultants had the right amount of technical expertise



Source: Hatch Beneficiary Survey June – August 2020. Q11e: "The design experts/ mentors / consultants had the right amount of technical expertise", n = 27, margin of error = 18%.

Business Outcomes

Indicators of Business Change

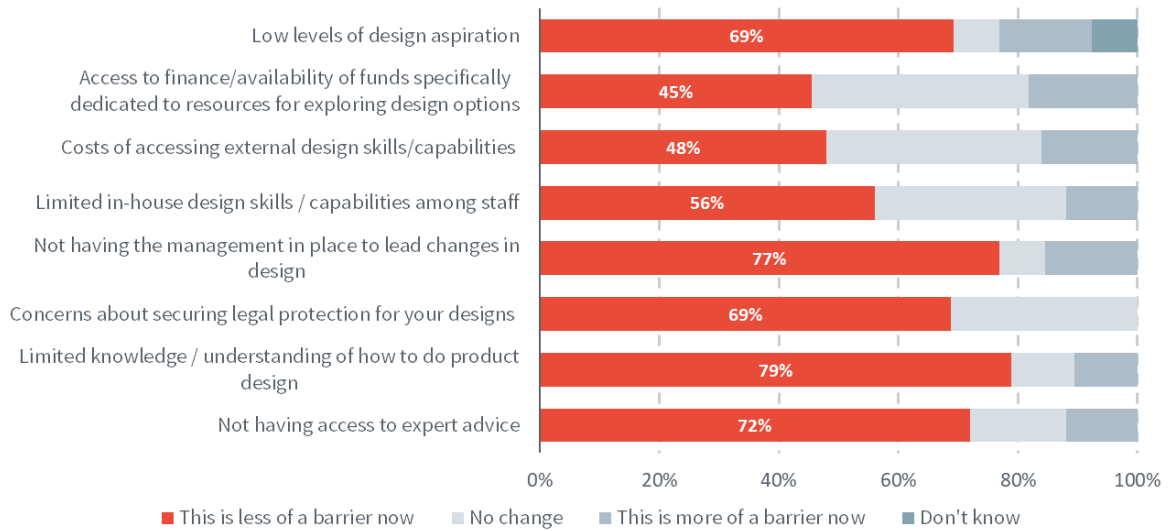
3.14 Over 70% of respondents indicated that limited knowledge / understanding of how to do product design, not having management in place to lead changes in design and not having access to expert advice is now less of a barrier to investing in design, since receiving support from the DSP.

3.15 A significant proportion of respondents (69%) also indicated that low levels of design aspiration and concerns about securing legal protection for their designs are now less of a barrier to investing in design, since receiving support from the DSP.

"Although I had an understanding of the importance of design to our brand, the Design Programme highlighted how ineffectively we were incorporating design into many areas of the business and how integral it is to business development. As a direct result of the programme we now allocate appropriate time and resources to design."

DSP Beneficiary

Figure 3.4 Overcoming barriers to investing in design



Source: Hatch Beneficiary Survey June – August 2020. Q18: "Please indicate for each of the benefits you identified earlier if this is now more of less of a barrier, as a result of the support you received through the Design Programme?", n = 27, margin of error = 18%.

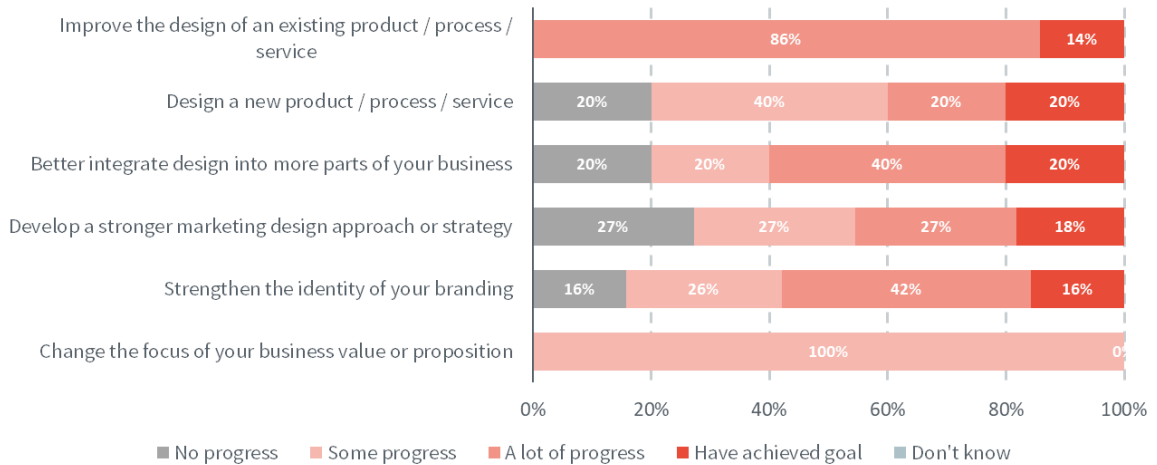
Business Outcomes

- 3.16 The survey findings suggest that the programme has been particularly successful in supporting businesses with their goals of designing new or improving the design of existing products processes and services.
- 3.17 All respondents that had the initial goal of improving the design of an existing product / process or service indicated that they had either made a lot of progress or had already achieved this goal. 80% respondents had made at least some progress towards designing a new product / process / service.

"We came to DDP in 2013 with a relatively new product, our design gave us strong coherent branding which enabled us to have confidence in the product and push sales; branding which we still use today."

DSP Beneficiary

Figure 3.5 Progress towards goals



Source: Hatch Beneficiary Survey, June – August 2020. Q19: “Please indicate the extent to which you have made progress towards achieving each of your goals as a result of the support you received through the Design Programme. Only register progress which has been a result of the support you received”, n = 28, margin of error = 18%.

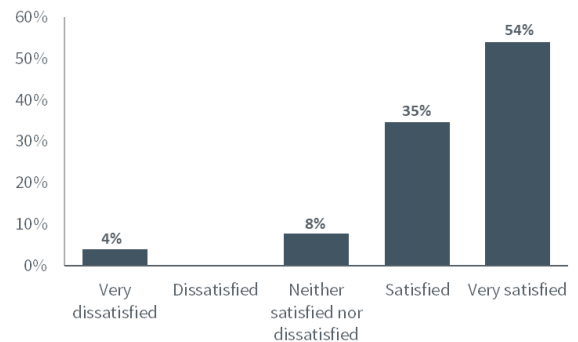
Overall Satisfaction and Reflections

3.18 Overall levels of satisfaction with the support were high, with 89% respondents reporting that they were either satisfied or very satisfied with the support received.

3.19 Only one business specified that they were very dissatisfied with the support overall. However, two respondents highlighted that they were unhappy with quality of the outputs produced by designers. One business stated that “the branding had to be redone at our own expense, the result of the programme was never used”.

3.20 Responses on the usefulness of specific aspects of the support were varied. For example, it was highlighted by one business that the initial workshops were too focused on generic design history and examples of good design, while a more tailored approach to supporting the businesses would be more helpful, while another beneficiary emphasised that the initial workshops were particularly helpful in providing an overview of design and outlining the importance of design across all areas of the business.

Figure 3.6 Overall level of satisfaction with support received



Source: Hatch Beneficiary Survey, June – August 2020. Q45: “Overall, how satisfied are you with the support you have received through the Design Programme?”, n =26, margin of error = 19%.

4. Assessing the Impact on the Northern Ireland Economy

Key Findings & Recommendations

The scale of the net additional impacts from the DSP are subject to some uncertainty due to:

- significant growth expectations among participants that are yet to be realised and therefore subject to greater uncertainty
- the impact, deadweight and displacement estimates being based on self-reported perceptions of firms
- a response rate which was lower than usually anticipated, which can be attributed at least in part to the ongoing circumstances surrounding COVID-19, whereby some employees have been furloughed and businesses have had a range of competing demands and challenges.

Our assessment suggests that the DSP has created an estimated £1.33 million in net additional GVA for the Northern Ireland economy to date.

The majority of the economic value generated as a result of the DSP is expected to emerge over the next three years, as the supported businesses continue to implement design changes that they expect will lead to growth in business performance.

Drawing on the estimated impacts to date and future growth anticipated by businesses surveyed, we estimate that the business growth among beneficiaries supported to date could lead to £6.25 million in net additional GVA for the Northern Ireland economy in total including estimated future changes in business performances expected by beneficiaries that are attributable to the programme.

Discounting future benefits at 10%, in line with the NI Guide to Expenditure Appraisal and Evaluation (NIGEAE), this would result in £0.70 generated for every £1 of public money invested to date, rising to £2.70 by 2023.

Due to the uncertainty regarding future impacts estimated and the limitations of the analysis outlined in this section, these impact estimates should be treated with caution and considered as indicative.

- 4.1 This section provides a summary of gross and net additional economic impacts, in addition to an assessment of the value for money that the project has provided during its lifetime and an indication of potential future impact.
- 4.2 The assessment of the Design Service Programme's impacts draws on evidence gathered through a web survey undertaken in June – August 2020. All of the DBP and DSP's clients whose contact details were provided by Invest NI were invited to participate in the survey and responses to the questions regarding impacts were received from 29 beneficiaries.
- 4.3 Based on the 412 DSP beneficiaries that received support from the Design Advice Service (DAS) / mini DDP / main DDP, the 29 beneficiaries that responded to the questions regarding impacts represents a 7% response rate (+/- 18% margin of error at the 95% confidence level).
- 4.4 It is important to note that the impact estimates are based on self-reported perceptions of firms on how the support is enabling them to change business practices and how this has influenced their business performance and are subject to several limitations explored later in this section.

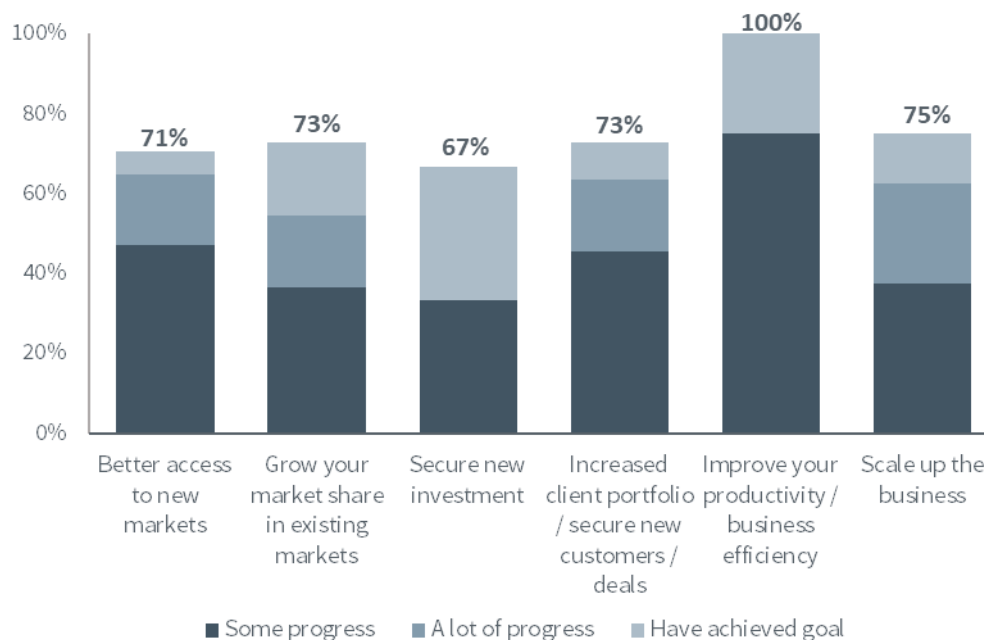
4.5 Therefore, the impact and value for money estimates provided should be treated with caution and considered as indicative. It is also worth noting that 19% of DSP respondents indicated that COVID-19 had affected or partially affected their ability to benefit from the programme. This could reflect the manner in which the survey questions were framed. Businesses were asked for the changes in business performance to date (i.e. since receiving support); their ability to secure benefits over this time period will have inevitably been influenced by COVID-19 to at least some degree.

Intermediate Impacts

4.6 Survey respondents were asked the extent to which they have made progress towards the goals they had when they first joined the programme as a result of the support received.

4.7 Of the beneficiaries that indicated that they aimed to improve their productivity / business efficiency, 100% had made at least some progress towards this goal. Over two thirds of respondents had made at least some progress towards all of their initial goals.

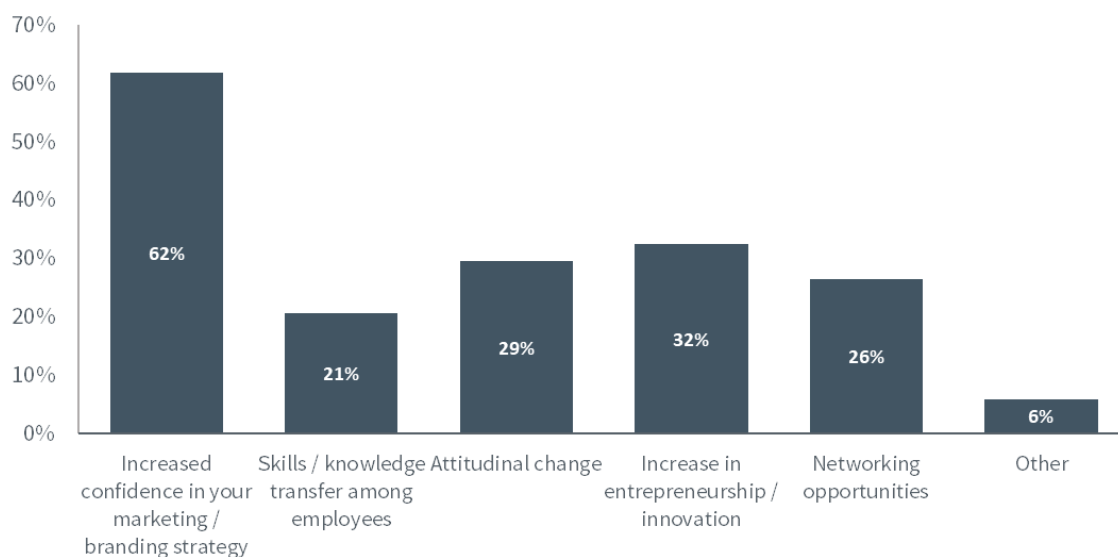
Figure 4.1 Intermediate impacts



Source: Hatch Beneficiary Survey, June – August 2020. Q20: "Please indicate the extent to which you have made progress towards achieving each of your goals as a result of the support you received through the Design Programme. Only register progress which has been a result of the support you received", n = 28, margin of error = 18%. Note: the sample size varies for each intermediate impact, as beneficiaries only responded for the factors that they indicated earlier in the survey were their goals when they first engaged with the programme.

4.8 When asked whether the support had enabled any wider benefits, 62% respondents indicated that it had increased their confidence in their marketing / branding strategy. 32% respondents indicated that it had enabled an increase in entrepreneurship / innovation.

Figure 4.2 Wider Benefits



Source: Hatch Beneficiary Survey, June – August 2020. Q44: "Has the support enabled any of the following wider benefits for your business?", n=28, margin of error = 18%.

4.9 Other positive outcomes resulting from the support highlighted by businesses included:

- the outputs produced by the design agencies they were paired with (design logos, straplines etc.)
- the benefit of having external impartial advice from a design expert, that offered a different perspective and new ideas
- the tailored guidance provided enabling beneficiaries to confidently implement changes in the business
- increased awareness importance of design across all areas of the business
- stronger, more coherent branding developed with the help of the designers which has enabled businesses to have the confidence in the product to push sales.

Limitations of the Impact Assessment

- 4.10 It is important to recognise that there are a range of limitations in undertaking an impact assessment of this nature, which need to be borne in mind when considering the findings of the assessment.

Challenges in Self-Reporting Survey Approaches

- 4.11 A robust counterfactual assessment was not feasible within the current scope and budget for this study, therefore an evaluation scoping exercise concluded that self-reported impact assessment would be the most appropriate impact assessment approach.

- 4.12 It is important to note that the robustness of an impact assessment using self-reported beneficiary survey data would be considered low on the Maryland Scientific Methods Scale (an objective means of scoring the robustness of different approaches to counterfactual impact evaluation). Although this method has some limitations, it offers a pragmatic solution to:

- capture timely and insightful evidence on outcomes and impacts

- cover all relevant aspects of the outcome and impact indicator framework
 - explore additionality quantitatively and qualitatively.
- 4.13 The impact estimates are based on self-reported perceptions of firms on how the support is enabling them to change business practices and how this influences bottom line performance.
- 4.14 One of the key limitations in the survey approach is around businesses' willingness to provide information required for modelling. A key challenge is around business turnover data, where businesses can often be sensitive about revealing this information.
- 4.15 To reduce this risk, the survey asks businesses to estimate turnover either through a rough approximation or within given brackets, which tends to increase the response rate. With less specific information on turnover pre and post support however, simplifying assumptions have to be used to estimate gross turnover change, which weakens the quality of the data.
- 4.16 A second, related limitation is that in order to model factors such as deadweight and displacement, beneficiaries are asked a series of questions which are not straightforward to answer (such as what they believe would have happened had the support not been available). There are inherent difficulties that businesses will face in attempting to answer such questions, which again affect the quality of the data produced.

Survey Confidence Intervals

- 4.17 In grossing up from the data in the survey sample to all beneficiaries supported, we make the assumption that the information provided by sample beneficiaries is representative of information that would be provided by the broader population of beneficiaries.
- 4.18 In order to assess the extent of certainty of these estimates, we can assess the confidence intervals of the sample, which helps to provide further understanding of the robustness of the final data.
- 4.19 Overall, there were 29 respondents to the impact questions in the survey, which represents a 7% response rate (on the basis of 412 beneficiaries in total supported to date). At the 95% confidence level, the confidence interval for the sample as a whole is $\pm 18\%$. These confidence intervals broken down by type of support are summarised in the table below.
- 4.20 To a degree, we can use sensitivity testing to analyse the potential effects of some of the unknown factors, helping us to get a better sense of the potential range of impacts.

Assessing Gross GVA Impacts

Establishing Gross Annual Turnover and Employment

- 4.21 We have asked businesses what turnover and employment growth they have created since receiving support through the DSP. We have also asked them what growth they foresee over the next three years.
- 4.22 Across the sample of 29 respondents, the following number of businesses indicated gross changes in turnover and employment to date:
- 12 businesses indicated that they had increased their turnover since receiving support from the DSP.
 - 8 businesses indicated that they had increased their employment since receiving support from the DSP.
- 4.23 The following number of respondents indicated that they expected gross changes in turnover and employment in the next three years:
- 8 businesses indicated that they expect a gross increase in turnover over the next three years.
 - 11 businesses indicated that they expect a gross increase in employment over the next three years.

Converting Turnover Growth to Annual GVA

- 4.24 To convert estimates of gross turnover into GVA, a ratio of turnover to GVA at a sector level for each respondent has been used, based on the sector in which they operate. This is based on the latest data from the ONS Annual Business Survey (2018).

Assessing Cumulative Impacts Over Time

- 4.25 Future impacts are based on the respondents' self-reported expected change in business performance over a period of three years since receiving support. We apply linear growth over these periods towards the gross annual estimates. This aligns with government guidance on the persistence of impacts that can be associated with public interventions.

Estimated Gross GVA Impacts

- 4.26 Based on the approach outlined above we estimate that the gross benefits generated as a result of the DSP total **£2.4 million** to date, rising to **£8.97 million** by August 2023.
- 4.27 The gross employment and GVA impacts supported by the DSP are summarised in the table below:

Figure 4.3 Estimated Gross Benefits of the DSP

	Gross Benefits		
	To Date	Future (next 3 years)	Total
Employment	114	119	233
GVA	£2.4m	£6.6m	£8.97m

Source: Hatch Beneficiary Survey, June – August 2020, n=38, margin of error =15%. Note: sample size varied by support type (high value and other) and the margin of error is significantly larger for beneficiaries that received lighter touch support due to a smaller sample size.

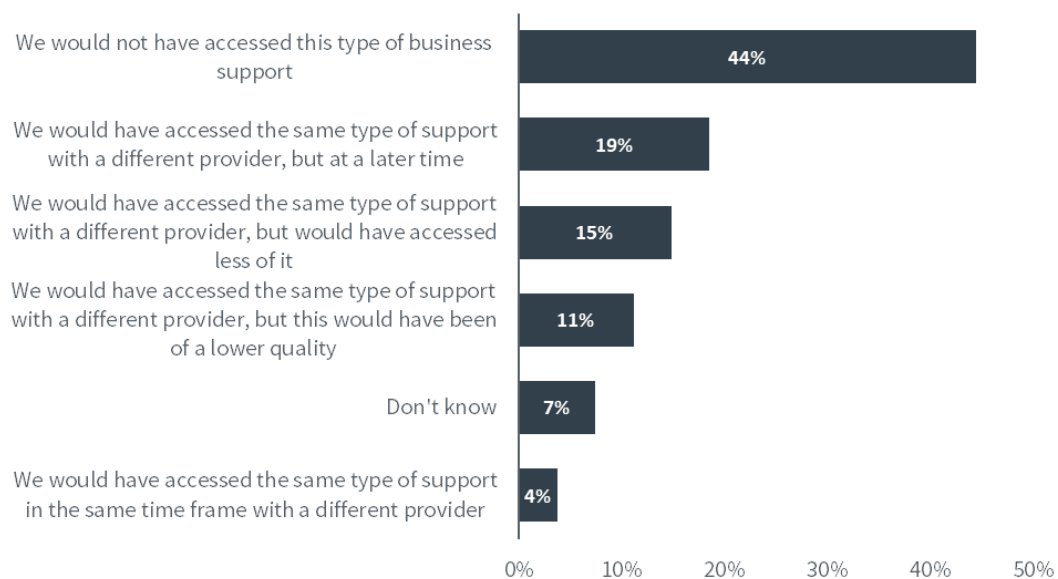
Assessing Net Additional Impacts³

Deadweight & Attribution

- 4.28 This refers to the extent to which the gross change in business performance would have occurred without the beneficiaries taking part in the DSP.
- 4.29 Our estimates of deadweight drew on business' assessment of two types of outcome:
- 1) Firstly, we assessed the proportion of gross change in performance that beneficiaries felt was attributable directly to the support from the project. This was analysed individually for employment and turnover and for changes experienced to date and those expected in future. Overall survey respondents indicated that:
 - 13% of the gross changes in turnover to date was reported to be attributable to the programme
 - 12% of the gross changes in turnover expected in future was reported to be attributable to the programme
 - 6% of the gross changes in employment to date was reported to be attributable to the programme
 - 11% of the gross changes in employment expected over the next three years was reported to be attributable to the programme
 - 2) Secondly, we assessed what beneficiaries reported they might have done if the support from the DSP was not available – in particular whether they would have received similar support from another business support provider. The findings of this are summarised in the chart below.

³ Multiplier effects have not been applied. This follows NIGEAE guidance, that second round multipliers should not be applied, as alternative uses for public funding would also generate indirect (supply-chain) and induced (expenditure) effects. Leakage has been accounted for in terms of businesses relocating outside of NI but is expected to be negligible in terms of NI-based company employees living outside of NI.

Figure 4.4 Beneficiaries' expected actions in the absence of the DSP



Source: Hatch Beneficiary Survey

4.30 Where beneficiaries indicated they would have received the same support in the same timescales, this is removed as deadweight. For those responses indicating beneficiaries would have received support but it would have been of lower quality / occurring later, a proportion of the impacts are removed as deadweight. Overall the findings show:

- 34% of the attributable increase in GVA since receiving the support would have been secured through other business support provision and is deadweight
- 55% of the attributable increase in GVA expected over the next three years is deadweight
- 54% of the attributable increase in employment since receiving the support would have been secured through other business support provision and is deadweight
- 33% of the attributable increase in employment over the next three years is deadweight

Displacement

4.31 Economic impacts generated through the DSP will displace some activity from elsewhere in Northern Ireland.

4.32 A proxy for this was used, asking beneficiaries to individually estimate the proportion of their direct competitors that operate within Northern Ireland which was then applied to the individual changes in business performance reported. The findings of this are overall are that displacement accounted for:

- 17% of the gross increase in GVA since receiving the support
- 16% of the gross expected increase in GVA over the next three years
- 11% of the gross increase in employment since receiving the support
- 9% of the gross expected increase in employment over the next three years

Net Additional GVA Impacts

- 4.33 After accounting for deadweight and displacement, we estimate that **£1.33 million** in net additional GVA has been created to date.
- 4.34 Drawing on the achievements to date and the future growth expected by businesses surveyed, we estimate that the business growth among beneficiaries supported to date could lead to **£6.25 million** in net additional GVA benefits for the Northern Ireland economy by 2023.

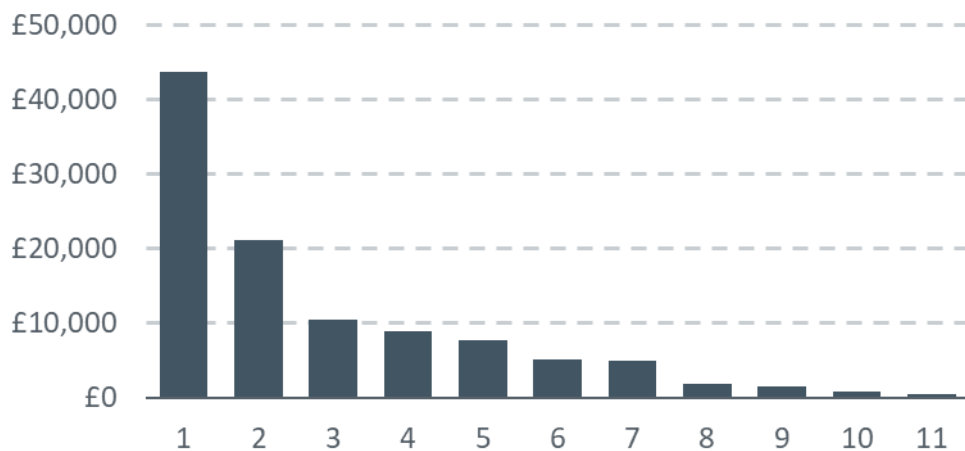
Figure 4.5 Estimated Net Additional Impacts of the DSP

	Net Additional Benefits		
	To Date	Future	Total
Employment	45	71	115
GVA	£1.33m	£4.93m	£6.25m

Source: Hatch Beneficiary Survey, June – August 2020, n=38, margin of error =15%. Note: sample size varied by support type (high value and other) and the margin of error is significantly larger for beneficiaries that received lighter touch support due to a smaller sample size.

- 4.35 Looking at the distribution of current net additional impacts indicates that the majority of total net additional GVA is accounted for by a very small number of businesses.

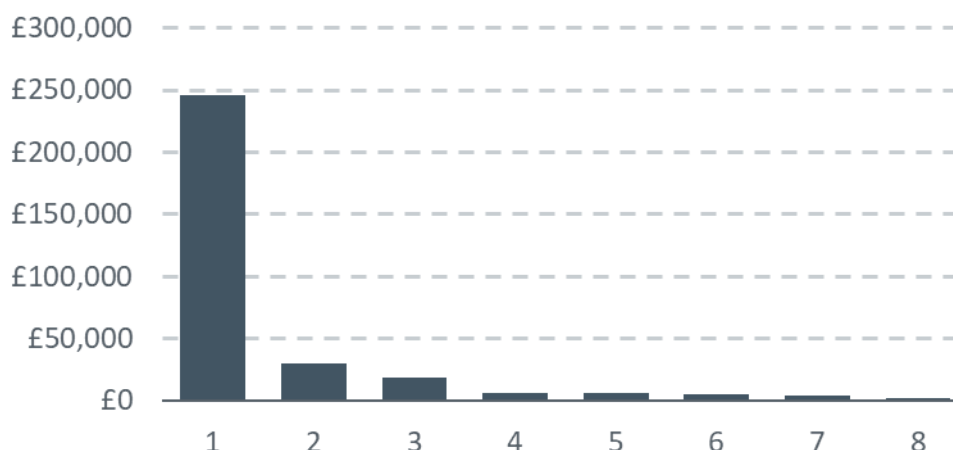
Figure 4.6 Distribution of Net Additional GVA Impacts to Date



Source: Hatch Beneficiary Survey, June – October 2020

- 4.36 When taking into consideration the net additional GVA impacts expected in future, the distribution indicates that this is accounted for by an even smaller number of businesses.

Figure 4.7 Distribution of Future Expected Net Additional Impacts



Source: Hatch Beneficiary Survey, June – October 2020

- 4.37 The majority of the future impacts expected are based on the response of one business that indicated that they expected to generate a large amount of turnover over the next three years as a result of the support received. This business operates in the manufacturing sector, focusing on eco-innovation and the development and commercialising new products, therefore it could be assumed that this expected turnover growth is linked to the expected commercialisation of a new product.
- 4.38 If this business' expected growth in turnover is removed from the calculations, the total net additional GVA impact of the DSP decreases from £6.25m to £2.43m (and the BCR would decrease to £1 net additional GVA generated for every £1 of public money invested by 2023).
- 4.39 This would meet the minimum return on investment that should be expected from the programme.

Calculating the Benefit-Cost Ratio

- 4.40 The Benefit-Cost Ratio (BCR) shows the estimated return on public investment. A BCR of 2:1 indicates a £2 return in terms of economic value for the Northern Ireland economy for every £1 of public money contributed to the project.
- 4.41 £1.98 million was spent on the programme to June 2015 which we estimate has so far generated £1.33 million in net additional GVA to date and which could by 2023 (subject to businesses continuing to make the progress planned) rise to £6.25 million.
- 4.42 Discounting future benefits at 10%, in line with the NI Guide to Expenditure Appraisal and Evaluation (NIGEAE), this would result in £0.70 generated for every £1 of public money invested to date, rising to £2.70 by 2023.
- 4.43 On the basis of the total impacts (including those to date and those expected to arise in future), it is not expected that the programme will achieve its overall GVA target (£8.3 million).

Table 4.1 Benefit Cost Calculations		
	To Date	Total (to 2023)
Net Additional GVA Benefits	£1.33m	£6.25
Public Sector Cost	£1.98m	
Net Present Value of Benefits ⁴	£1.33m	£5.28m
Benefit-Cost Ratio	0.7:1	2.7:1

Source: Hatch

- 4.44 The findings suggest that significant growth expectations among a small number of DSP participants are yet to be realised with c.75% of the total impacts expected by 2023 being accounted for by future impacts expected by beneficiaries over the next three years. This could relate to innovative beneficiaries only bringing products to market / gaining new clients / expanding into new markets only recently and attributing this, and the associated increase in turnover expected, to the DSP.

Comparison Against the 2008 to 2011 Design Service

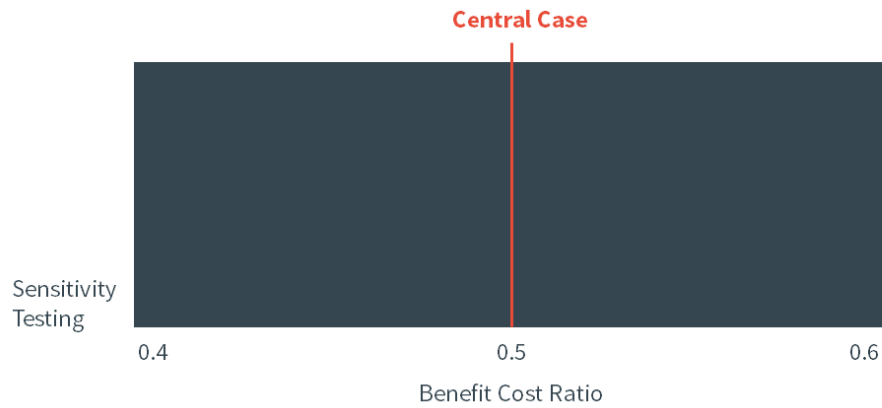
- 4.45 Despite modest impact creation, the estimated impacts created are higher than realised under the predecessor programme (as per the 2011 Evaluation of the 2008-11 Design Service). Here it was found that £1.2 million in GVA had been generated over the three years of the programme. This figure incorporated turnover retained (or safeguarded). Removing this aspect of economic impact, to ensure consistency with our own estimates, suggests GVA realised over the three years of the predecessor programme to be just over £500,000.
- 4.46 Against programme expenditure of £1.756 million, this would suggest a return of just £0.29 for every £1 of public funding spent at the time of the evaluation. This compares favourably against our estimate for the 2012-15 DSP of a £0.7 return on every £1 invested (excluding future benefits).

Sensitivity Analysis

- 4.1 The impact analysis is based on the survey responses of the beneficiaries that responded to the questions regarding impacts, of which there were 29 in total. Based on the 412 DSP beneficiaries that received support from the Design Advice Service (DAS) / mini DDP / main DDP, the 29 beneficiaries that responded to the questions regarding impacts represents a 7% response rate (+/- 18% margin of error at the 95% confidence level).
- 4.2 This suggests that any data generated from the survey could be 18% higher or lower for the population as a whole than was found in the survey sample.
- 4.47 To a degree, we can use sensitivity testing to analyse the potential effects of some of the unknown factors, helping to get a better sense of the potential range of impacts. Sensitivity testing has been undertaken to test two scenarios where 82% and 118% of estimated current and future impacts are realised.
- 4.48 Figure 4.8 below shows how the overall GVA per £1 funding invested would change if the impacts to date were 18% lower and higher than estimated. It demonstrates that the impacts of the DSP could lead to a net additional return on every £1 invested of between **£0.40 to £0.60**.

⁴ Net present benefits are discounted at a rate of 10% in line with NIGEAE guidance. Costs incurred to date are not discounted.

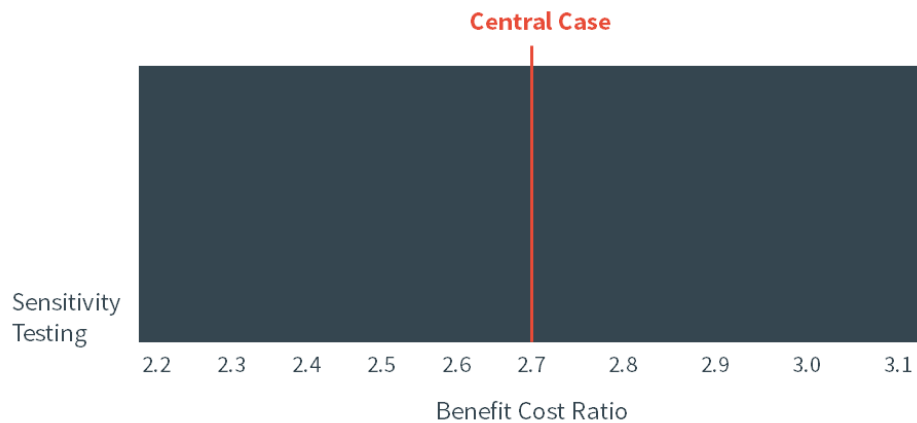
Figure 4.8 Sensitivity Testing and its impact on the DSP'S Benefit Cost Ratio to Date



Source: Hatch

4.49 Figure 6.7 below shows how the overall GVA per £1 funding invested would change if the total estimated impacts (to date and future impacts to 2023) were 15% lower and higher than estimated. It demonstrates that the impacts of the DSP could lead to a net additional return on every £1 invested of between **£2.20 to £3.10**.

Figure 4.9 Sensitivity Testing and its impact on the DSP's Total Benefit Cost Ratio (to date and up to 2023)



Source: Hatch

5. Key Findings

Performance Review

- 5.1 £1.9 million was spent over the first two years and ten months of programme delivery against an approximate budget of £4.1 million.
- 5.2 This can be attributed to 1) not delivering on the proposed Strategic Design Manager Resource (DMR) support, 2) lower than expected daily consultant fees, 3) cost effectiveness delivered in the transfer from fewer Design Advice Service supports to more Design Clinics, 4) reductions in marketing spend following the first year of delivery, once demand was outstripping target, 5) cost effectiveness associated with larger DDP cohorts and 6) lower than expected INI staff salary costs.
- 5.3 Strategic Design Manager Resource (DMR) support was not delivered, partly due to a lack of pipeline of suitable clients.
- 5.4 75% fewer Mini DDPs were delivered as the programme team focused on the delivery of the main DDPs, to maximise the benefits generated.
- 5.5 All other core delivery outputs exceeded target, by between 29% and 59%.
- 5.6 One planned large scale high profile promotional/awareness raising events, two trade events and the majority of 36 planned roadshows were not delivered.
- 5.7 Four more case studies were delivered by March 2014 than targeted for the whole delivery period.

Beneficiary Journey and Outcomes

- 5.8 Evidence from a web survey of beneficiaries has provided the following insights:
 - Around one third of respondents heard about the programme through an Invest NI Client Executive. When they first engaged with the DSP, the majority of respondents (59%) stated that they were aiming to strengthen the identity of their branding.
 - All respondents indicated that the support / project options suggested to them either highly or largely reflected their business needs and challenges.
 - Over three quarters of respondents reported that the design support they received was integrated with their wider business strategy and plan.
 - The survey findings suggest that the programme has been particularly successful in supporting businesses with their goals of designing new or improving the design of existing products processes and services.
 - Overall levels of satisfaction with the support were high, with 89% of respondents reporting that they were either satisfied or very satisfied with the support received. However, 8% of respondents highlighted that they were unhappy with quality of the outputs produced by designers.

Assessing the Impact on the Northern Ireland Economy

- 5.9 The scale of the net additional impacts from the DSP are subject to some uncertainty due to:

- significant growth expectations among participants that are yet to be realised and therefore subject to greater uncertainty
 - the impact, deadweight and displacement estimates being based on self-reported perceptions of firms
 - a response rate which was lower than usually anticipated, which can be attributed at least in part to the ongoing circumstances surrounding COVID-19, whereby some employees have been furloughed and businesses have had a range of competing demands and challenges.
- 5.10 Our assessment suggests that the DSP has created an estimated £1.33 million in net additional GVA for the Northern Ireland economy to date.
- 5.11 The majority of the economic value generated as a result of the DSP is expected to emerge over the next three years, as the supported businesses continue to implement design changes that they expect will leader to growth in business performance.
- 5.12 Drawing on the estimated impacts to date and future growth anticipated by businesses surveyed, we estimate that the business growth among beneficiaries supported to date could lead to £6.25 million in net additional GVA for the Northern Ireland economy in total including estimated future changes in business performances expected by beneficiaries that are attributable to the programme.
- 5.13 Due to the uncertainty regarding future impacts estimated and the limitations of the analysis outlined in this section, these impact estimates should be treated with caution and considered as indicative.

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