SKILLS INTERVENTION PROGRAMME APRIL 2010 TO OCTOBER 2016

EVALUATION - FEBRUARY 2018

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INVEST NI

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EVALUATION

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INVEST NI

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EVALUATION

GLOSSARY OF TERMS

AMR	Annual Monitoring Return
AS	Assured Skills
ASHE	Annual Survey of Hours and Earnings
BIS	Department for Business, Innovation and Skills
BITP	Business Improvement Training Programme
CDP	Company Development Programme
CE	Client Executives
DEL	Department for Employment and Learning
DfE	Department for Economy
EAFST	Economic Appraisal Framework for Skills and Training
EI	Enterprise Ireland
FDI	Foreign Direct Investment
FE	Further Education
FEC	Full Economic Cost
GBER	General Block Exemption Regulation
GVA	Gross Value Added
HE	Higher Education
HPWP	High Performance Work Practices
IREP	Independent Review of Economic Policy
KPIs	Key Performance Indicators
LGD	Local Government Districts
L&D	Learning and Development
L&M	Leadership and Management
LOO	Letter of Offer
NICEI	Northern Ireland Composite Economic Index
NVQ	National Vocational Qualification
OJEU	Official Journal of the European Union
PPE	Post Project Evaluation
ROI	Return on Investment
QES	Quarterly Employment Survey
SE	Scottish Enterprise
SGP	Skills Growth Programme
SAG	Skills Advancement Grant
SFA	Selective Financial Assistance
SME	Small, Medium Enterprise
STEM	Science, Technology, Engineering and Mathematics
TNA	Training Needs Analysis
UU	Ulster University
VFM	Value for Money

Glossary of Terms

Grant award	Maximum grant available for draw down for each project as per the LOO
Grant draw down	Actual grant claimed from Invest NI at 31st Oct 2016(or 31st May 2017 if so stipulated)

1 INTRODUCTION AND BACKGROUND

1.1 Introduction

Invest NI commissioned Capaxo Ltd to undertake an independent Evaluation of the Invest NI Business Improvement Training Programme (BITP) programme, covering the period 1st April 2010 to 31st December 2012, and the Skills Growth Programme (SGP) comprising the Skills Growth Programme Grant, Skills Advancement Grant (SAG) and Training Needs Analysis (TNA) workshops / mentoring, covering the period 1st January 2013 to 31st October 2016. The BITP and SGP are collectively referred to as the Skills Intervention Programme (SIP) in this evaluation and are primarily available to Invest NI clients[1].

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

- "The Green Book: Appraisal and Evaluation in Central Government", HM Treasury 2003;
- "The Northern Ireland Guide to Expenditure Appraisal and Evaluation (NIGEAE): New DFP Guidance on the Appraisal, Evaluation, Approval and Management of Policies, Programme and Project[2].; and
- The Magenta Book: Guidance for Evaluation.

1.2 The Skills Intervention Programme

The Skills Intervention Programme (SIP) is a solution developed by Invest NI to support the upskilling of its client base.

Since its inception, in 2002, Invest NI has funded successive programmes of support to encourage skills development within businesses in Northern Ireland (NI). The Company Development Programme (CDP) operated until 2005, and, following an independent evaluation which noted the predominance of support to manufacturing companies and low levels of additionality, was replaced by the BITP.[3] Again, following an external evaluation of the BITP (covering the period 1st October 2005 – 31st March 2010 which noted improvements in additionality) and a subsequent Economic Appraisal, the BITP was superseded by the SGP in January 2013, although for projects where their planning had commenced under BITP, these continued to be approved under the BITP scheme. Hence, there were 37 BITP projects approved in 2013/14 and 1 in 2014/15, with SGP projects approved from 2013/14.

SGP was largely based upon BITP in terms of the specific nature of the support available, with the main change in programme structure being that a specific small project support – SAG - was introduced in 2013 in order to address concerns that Small Enterprises were not availing sufficiently of the programme. Through the SIP grant, co-funding is provided for eligible project costs, with no upper limit on the grant funding amounts available. For SAG projects, grant support is available for up to 50% of eligible project costs, limited to £10k over a one-year period. As part of the BITP, companies were offered support for the preparation of a training plan. Under the SGP, there was to be specific mentoring support at both the application and implementation stage, although low levels of demand for mentoring meant that these were superseded by TNA workshops from 2014.

The 2012 Economic Appraisal (para 3.7.1) noted the challenges in determining the Return on Investment (ROI) from the SIP. It references the 2011 Evaluation of the BITP, which notes that the assessment of the impact and achievements of the BITP was limited by the absence of an appropriate model/calculation in order to make an assessment of the ROI that the Programme has delivered. It also notes that participating business in BITP had difficulty in directly attributing any tangible impacts directly to the BITP. Accordingly, in September 2011, Invest NI introduced a new Economic Appraisal Framework for Skills and Training (EAFST) interventions, this being a tool developed by Invest NI to enable it to objectively assess the value to the NI economy of an upskilling development project, and

[1] TNA workshops are also available to the NI wider business base
[2] *See: www.dfpni.gov.uk/eag*
[3] In the period October 2005 to 31st March 2010, BITP awarded £60.5m to 396 businesses, with the drawdown being £41.2m or 68%. Para 1 of the request for an extension to the SGP/SAG timescale, in January 2016 notes that it is not unusual for skills programmes to have a drawdown of 55-60% of the amount offered

which is used as part of the project approval casework process. It is also implemented at the Post Project Evaluation (PPE) stage to assess the value that has actually been achieved by the training project. The EAFST is considered in section 4.4.

In March 2013, approval was given for £31.176m[4] (including £30.7m for grant assistance under SGP/SAG) for the continuation of the SIP for the period from 1st January 2013 to 31st December 2015 with a run out period to 31st December 2017 to allow for completion of projects. The corresponding private sector investment was to be £30.74m. The programme period was subsequently revised in January 2016 to allow project awards to be made to 31st December 2017, with the claims period to extend to 31st December 2019. The rationale given in January 2016 was that at March 2015 there had been only 39 SAG cases and 3 SGP cases implemented where PPEs had been completed, with the end date to be extended to ensure that the subsequent programme evaluation had sufficient evidence in order to assess if the objectives of the programme had been met.

Total grant awarded to Invest NI clients through the SIP, over the Evaluation period from 1st April 2010 to 31st October 2016, totals £52m, with draw down to 31st October 2016 of circa £20m.

1.3 Rationale for the Skills Intervention Programme

Invest NI's support to a range of skills intervention programmes has been in recognition of the fact that NI has consistently lagged behind the rest of the UK in terms of productivity. The 2012 Economic Appraisal (para 3.3.1) noted that in 2011, NI ranked lowest out of all UK Local Government Districts (LGDs) and nations in terms of Gross Value Added (GVA) per hours worked. NI's productivity continues to be 15% lower than the UK average[5], with NI continuing to be the lowest ranked UK region in terms of GVA per capita.

Research in 2016 by the University of Ulster[6] would indicate that this is partially attributed to NI's sectoral composition, which is relatively heavily focussed on low wage, low productivity sectors, and partially attributed to NI businesses' performance within sectors, with many operating at productivity levels well below the UK average. Productivity therefore is a key economic policy challenge for NI, as low levels and insufficient rates of growth to move the dial are the main contributory factors to relatively lower levels of income per capita vis a vis the rest of the UK. This research concludes that whilst a significant change in NI's sectoral structure would be required to close the productivity gap, boosting within sector productivity though investment, greater use of technology or more efficient processes, would have a large impact on the overall level of productivity and as a result, income in NI. The SIP was therefore one of the measures adopted within the Evaluation period to seek to increase productivity in NI.

1.4 Aim, Objectives and Targets of the Skills Intervention Programme

1.4.1 Overall Aims and Objectives

The core objective of Invest NI's support in the area of Skills Intervention is the encouragement of participating companies to achieve increased productivity, competitiveness and export potential through investment in training and development activities linked to capability improvement programmes. The specific aim of the programme[7] is to:

"Provide discretionary assistance to businesses to assist them to become more competitive by developing the skills of their staff to create a skilled, trained and adaptable workforce, thereby improving the capabilities of the businesses, people and processes."

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[4] This comprised £27.7m for SGP, £3m for SAG, £258k for mentoring support, £189k for marketing and £28k for Evaluation costs. Staff costs were to be an additional £6m

[5] As per University of Ulster "Understanding Productivity in NI Sept 2016" – and on a per productive job basis

[6] https://www.ulster.ac.uk/__data/assets/pdf_file/0008/118385/Understanding_productivity_in_Northern_Ireland_27_September_2016.pdf

[7] Submission to Board Casework Committee Dec 2012 and applicable to the precursor BITP programme

The Programme required companies to place their training projects in the context of their strategic business activity and consider both the strategic and operational relevance of the proposed training activity.

Financial support was targeted at “upskilling” NI’s growth orientated, globally focused, businesses, with support available for both general (i.e. transferable outside company) and specific (i.e. non-transferable outside company) training[8].

Companies were required to align their proposed training activity across four broad themes; namely management development, technical skills, soft skills and functional skills. Training mandated under statutory legislation and induction training was excluded[9].

Table 1.1: Training themes and examples of training activities

Training Theme	Examples of Training Activities
Management Development	Leadership Skills, Management Skills, Supervisory Skills
Technical Skills	Training on Equipment Use, Core Operations, Production/Processes, IT Training, Business Improvement Techniques, Health & Safety Training (Non-statutory only)
Soft Skills	Communication Skills, Time Management, Team development, Presentation Skills, Project Management
Functional Skills	HR Skills, Sales Skills, Marketing Skills, Finance Training

The SIP was open to manufacturing and internationally tradable service companies located within NI (i.e. indigenous and pre-existing Foreign Direct Investment (FDI)) meeting Invest NI’s client company criteria. Support could be accessed on an ongoing basis, although the focus by Invest NI was on training that was new and additional to the individual company in NI. Project funding awards could be made to companies on a standalone project basis or in conjunction with wider expansion/investment plans supported under Selective Financial Assistance (SFA), with there being 58 projects formally linked together through Letters of Offer (LOO) during the evaluation period. There were also three collaboration projects supported[10].

The programme was also accessible by new FDI companies wishing to establish a manufacturing or internationally tradable service business within NI, with BITP/SGP being seen as a critical part of the support package offered by Invest NI in attracting FDI to NI and a significant factor in the decision by FDI prospects to locate in NI.

In this regard, Invest NI works closely with the Department for the Economy (DfE) and its predecessor, the Department for Employment and Learning (DEL) to provide a package of support to FDI companies that could include DfE’s Assured Skills programme, Invest NI’s SFA and the Invest NI SIP. Details on Assured Skills is included in section 3.

The SIP is managed and administered by the Skills and Competitiveness Division[11], with the team including a Programme Manager, Business Advisers, and overseen by the Director of Skills and Competitiveness Solutions. The financial management and claims function is conducted by the Invest NI Claims and Finance team.

1.4.2 Overview of BITP (accounting for 45% of SIP awards by value in the Evaluation period)

There was no annual or programme budget established for the BITP, however, in the annual Invest NI Operating Plan, a target for the number of BITP cases was set at 80 p.a. from 2009/10 (a circa £11.5m

[8] The Economic appraisal noted that support was to be provided towards two distinct types of training, namely general training (training involving tuition which is not applicable only or principally to the employee’s present or future position in the undertaking, but which provides qualifications that are largely transferable to other undertakings or fields of work i.e. that was deemed to be of a wider benefit to the economy) and specific training (training that would benefit only the company receiving the assistance

[9] VAT is also excluded from eligible costs.

[10] NI Hotels Federation (2), NI Advanced Engineering Competence Centre (1) – an offer was made against a further NI Advanced Engineering Competence Centre project which did not proceed

[11] There has been some change in the name of the division managing the Skills Intervention Programme: while the same Programme manager has been in place since 2010, BITP was managed by the Business Improvement division until 2012, by the Skills and Strategy division until 2017 and, from 2017, by the Skills and Competitiveness division

anticipated annual award by Invest NI based on an average project award of £144k over the previous five years). As part of the BITP, companies were also offered a "free" service whereby Invest NI would fund 2 days of consultancy support for the preparation of a training plan (at £800).

The key features of the BITP intervention were as follows:

- Training was divided into Company Specific Skills and General Skills in line with General Block Exemption Regulation (GBER) 800/2008 Articles 38 and 39;
- Eligible costs included Trainee Wages, Internal Trainer costs, Travel and Accommodation, External Trainer costs and Training Materials;
- There was no requirement for skills training to be accredited;
- The levels of maximum co-funding support for the two types of training were set as follows:

Table 1.2: Training support available by company size and type of training

	Small	Medium	Large
General Training	80%	70%	60%
Company Specific Training	45%	35%	25%

- Project quality was based on the Invest NI Business Advisers' assessment of the proposed training. A range of factors determined the actual level of grant rate award, including the quality of the project, additionality, mobility etc. The actual average grant rate awarded to BITP projects in this period, at 28% of eligible costs, was lower than the maximum available. There were no projects supported at grant levels in excess of 50% of eligible costs;
- The average BITP project has been implemented over 36 months[12] although companies could apply for an extension;
- Client Executives (CE) generally notified the Skills and Competitiveness Division of a client's interest in the programme;
- Companies were requested to submit an Initial Project Application for assessment, followed by a Full Training Application (note the detailed process for SGP below);
- Key Performance Indicators (KPIs) were set for each project for the project period and then revised each year, being project specific but generally including business performance indicators relating to the financial impact of the project, i.e. increased turnover and/or cost savings;
- There was a claw back clause in the LOO that could be acted upon when a company would be reimbursed for grant aided costs by the employee (ie employee reimburses for a training course where they then leave the company);
- Projects were monitored through Annual Monitoring Reviews (AMR) and PPE reports; and
- LOOs were presented to successful companies, these noting that claims could be submitted at three monthly intervals and providing guidance on the claims process and supporting documentation required. All claims were to be accompanied by invoices for external costs and signed timesheets for internal staff costs (trainer and trainee), plus evidence of payment through the bank.

[12] As informed by Invest NI although it is noted that SGP projects are typically over 24 to 40 months and can be longer in some instances

1.4.3 Overview of SGP (accounting for 53% of SIP awards by value in the Evaluation period)

The key features of the approved SGP intervention were as follows (the main changed programme features are highlighted in bold):

- The targeted number of projects under SGP Grant was to increase to 88 p.a. (reflecting the average actual awards for BITP for the five years to March 2010), **but with additional support (and targets) for small companies under SAG**[13];
- The SGP complied with Articles 38 and 39 of the GBER (subsequently replaced by Article 31 GBER 651/2014) which permitted Invest NI to support both internal and external training costs incurred by the company;
- SGP grants continued to support Internal and External Trainer costs, Trainee wages, training materials (i.e. on-line materials, accreditation costs), travel and accommodation. **Accommodation costs were not eligible from 1st July 2014 but have been re-introduced by the E.C. in 2017 as an eligible cost category;**
- **The financial support available to support trainee wages as part of SGP projects was restricted to the sum of all other eligible costs**. In implementing the project, applicants could vary spend across themes (management development, technical, soft skills and functional skills) and within themes, so long as overall expenditure remained within the overall approved limit. In addition, the 50/50 split between Trainee Wage and Other Training Costs had to be maintained or support for Trainee Wages was to be reduced as a proportion of eligible costs. Such flexibility required the written consent of the Business Advisor, and could be approved without the need to issue an amendment to the LOO;
- **Invest NI did seek to support projects at a higher level of grant assistance where the eligible costs were restricted to external costs (and excluded internal staff trainer and trainee wage costs), this was aimed at reducing the levels of issues arising with the claims process;**
- There continued to be no requirement for training to be accredited;
- Limits were set on maximum grant aid rates through GBER, based on company size and if general or specific training (as per Table 1.2). **Changes to State Aid rules through GBER 651/2014 removed the differentiation between General and Specific Training in terms of maximum grant aid rates**;
- Actual average grant awards, at 23% of eligible costs, was lower than the maximum available (and lower than under BITP);
- Training Plans generally lasted for 24-40 months although longer in some instances, with requests for extensions also considered;
- **The EAFST tool was developed and used to assess and score all projects at application and PPE stage.** The EAFST tool was developed and introduced by Invest NI on the back of difficulties experienced in assessing impacts of skills interventions as part of previous evaluations (see Section 4.4 for further details). Similar to BITP, project quality was assessed based on the Invest NI Business Advisers' own view of the training, with similar: application and approval processes (see below), processes for establishment of KPIs, as well as AMRs and PPEs.
- **There was more stringent challenge of projects to ensure exclusion of training programmes previously supported within companies**;
- The SGP LOO conditions and claims process continued on from BITP, although a number of changes were introduced since 2012 including a requirement for all activity to be completed during the claim period[14], and evidence of payment of all payroll costs including PAYE; and
- **A variation of project clause was introduced into the LOOs from 2014, allowing Invest NI discretion so as not to pay out against projects that are materially different to that agreed**.

Typically, the company initially engages with its CE who then refers cases to the Skills and Competitiveness Division as appropriate. After initial discussions between the company and a Business Adviser, the company will complete an Initial Project Application, which then allows the company up to 3 months to complete and submit a Full Training Application. Up until mid-2013, at the application stage, companies could avail of mentoring support to complete a TNA. This support was withdrawn due to a lack of demand. Since 2013, Invest NI has run regular (monthly) TNA half day workshops which are available to Invest NI client and non-client companies.

[13] Small companies accounted for 192 or 48% of projects awarded in BITP to March 2010 (source BITP Evaluation)

[14] Note that this requirement was challenged by clients and is now at the discretion of the Business Adviser

On receipt of the Full Training Application, the Business Adviser reviews the plan with the applicant, undertakes a challenge function to assess the validity of the training activities and costs, considers the extent to which such activities will lead to the "upskilling" of staff and therefore meets the company's and Invest NI's objectives. The Business Advisor also undertakes an EAFST assessment, which, based on an assessment of the project against eight characteristics of skills and training projects or programmes as noted in academic literature (see Appendix VI), categorises projects as Higher Potential, Improved Potential and Basic Potential projects[15]. The EAFST score, together with the company size, strategic fit of company against priority sectors, the project's compatibility with the company's strategic business plan, additionality, mobility, previous levels of support from Invest NI and other key criteria[16], will determine the levels of grant support offered to each project.

All projects are subject to approval based on Invest NI delegated approval thresholds.

1.4.4 Overview of SAG (accounting for 2% of SIP awards by value in the Evaluation period)

In line with the recommendations from the 2012 evaluation, Invest NI launched a new SGP training scheme for small enterprises called 'the Skills Advancement Grant' (SAG) – initially called the Skills Accelerator Grant. The SAG training support is designed to be of a more tactical nature to address short term skills needs. This element of the SIP is only available to Small Enterprises and offers a simplified application process which limits support to external trainer and travel costs. The level of support available is 50% of approved eligible costs up to a maximum level of £10k per application and for a maximum duration of 12 months.

The Economic Appraisal suggested a potential target for 100 SAG awards p.a.

SAG projects are also subject to an EAFST assessment at Application and PPE stage. The claims process is similar to SGP, although it is less onerous as SAG supported costs are restricted to external costs which are easier to vouch from an administrational perspective.

1.5 Awards and Draw Down

The actual level of spend committed by Invest NI and drawn down by companies over the Evaluation period is set out below:

Table 1.3 Award and Draw Down in Evaluation Period 1st April 2010 to 31st October 2016

£000	Actual Grant awarded £000	Actual Grant awarded No.	Total Grant draw down £000	Actual Grant draw down No[17].
BITP	24,552	193	12,734	178
SGP	28,108	224	6,886	156
Combined BITP/SGP	52,660	417	19,620	334
SAG	1,107	198	607	164
Total	53,767	615	20,227	498

Total grant committed was £52m for 417 projects for BITP/SGP, and £1.1m for 198 SAG projects. Invest NI has indicated that of the 417 BITP/SGP projects, 334 had commenced at 31st October 2016, these being in respect of circa 265 unique businesses. In total 164 SAG projects had commenced for circa 150 unique businesses. This represents a total of c.415 companies participating in SIP in the Evaluation period.

The level of awards and project numbers over the six years and seven months to 21st October 2016 of £53.7m and 615 projects compares to the awards from BITP over the period from October 2005 to March 2010 of £60.5m across 396 projects.

[15] Higher Potential projects have a score of over 65%, Improved Potential projects are those scoring 45.1% to 65% and Basic Potential projects are those scoring up to and including 45%
[16] Other factors will include the level of development/ advance for the Company; and the benefits to the NI Economy
[17] As per Invest NI data base

Note that the 2011 BITP Evaluation does not comment on the overall level of draw down. The 2012 Economic Appraisal assumed that all funding awards would be drawn down. The low levels of draw down relative to the levels modelled as part of the 2012 Economic Appraisal are discussed further in section 3, with Invest NI noting similar low levels of draw down in the case of SFA etc.[18]

1.6 The scope, purpose and objective of the Evaluation of the Skills Intervention Programme from 1st April 2010 to 31st October 2016

The scope of the Evaluation of the Invest NI SIP is set out in Appendix I. In conducting the evaluation, Capaxo employed a methodology that included:

- A robust desk-based analysis of pertinent materials relating to the Skills Intervention Programme during the period under review, this including the Application, Casework papers, AMR reports, PPE reports;
- Consultations with the Steering Group that was established for the evaluation;
- Consultations with the SIP delivery team;
- Desk top review of strategic context;
- Benchmarking with other Skills Intervention models at a national and international level;
- Telephone consultations with a sample of participant company representatives as per Appendix IV and V with completion of an agreed questionnaire with each;
- Consultations with key stakeholders as per Appendix II;
- Review of the EAFST model as per Appendix VI;
- Review of Additionality and GVA at section 6; and
- Analysis and synthesis of findings and conclusions.

Capaxo sought to conduct a survey of 129 companies with the split to be 95 BITP/SGP and 34 SAG projects. The sample selected was agreed with Invest NI as being representative by size, sector and FDI/non FDI. The questionnaire was also agreed with Invest NI.

Detailed information on each project was provided by Invest NI including the Application, Casework papers, AMRs, PPEs etc (where available).

All sample companies received details of their project (spend, grant, draw down) in advance of the survey together with their targeted objectives. They were also forwarded a copy of the survey questionnaire.

Invest NI CEs contacted each company prior to the survey commencing and requested their cooperation.

Responses were received:

Table 1.4: Company Responses to request for survey

	Number	Grant award £000
Companies completed BITP/SGP surveys	85	17,270
Companies completed SAG survey	34	241
Sub total	119	17,511

[18] Based on 2013 Evaluation from 2004-2011, drawdown was £254m against offers of £421M = 60.3% - comparable to SGP/BITP

2 STRATEGIC CONTEXT

2.1 Introduction

Section 2 is concerned with an assessment of the economic and strategic context in which the BITP and SGP/SAG was launched and continues to operate. This section considers the original rationale for the intervention including strategic content, market failures, the wider economic context in terms of productivity and skills, and trends that are shaping the Learning and Development (L&D) framework.

2.2 Strategic Context

2.2.1 Government Strategies - Programme for Government, DfE and Invest NI

NI Programme for Government (PfG) DETI and Invest NI Corporate Plans (2008-2011)

PfG 2008/11 noted that a successful economy is characterised by high productivity, a highly skilled and flexible workforce and employment growth, stating “We have much to do in terms of building our skills base, increasing prosperity and improving our productivity’.

It highlighted a specific Productivity Growth Target (2008-11), to: “Deliver support for improving people and process capability in line with business needs through a streamlined Business Improvement Programme, providing timely cost efficient & effective interventions in structured training & development by clients focussed on market led innovation & development.”

DfE (through DETI) identified two relevant priorities for BITP for the period 2008/11 including PSA 1 Productivity Growth and PSA 3 Increasing Employment – including attracting high quality inward investment and supporting domestic investment. Objective 6 under PSA 1 had a target to: *Increase the level of skills to aid productivity improvements in manufacturing and tradable services, noting that Skills are one of the main attractions for foreign investment into the economy, and it is important to ensure that the future supply of skills is consistent with the demands of existing and prospective businesses.*

This was further highlighted in the **Invest NI Corporate Plan 2008-2011** which noted its challenge as being ‘to improve the international competitiveness of the economy, increase entrepreneurial activity and encourage more businesses to sell in international markets’.

NI PfG, NI Economic Strategy, DETI and Invest NI Corporate Plans (2011-2015)

PfG 2011-2015 established economic growth as a top priority for the NI Executive with a strong focus on rebalancing the economy to redress dependence on the public sector, rebuilding the economy to address the impact of the global downturn on the local economy and labour market, and reducing inequality and disadvantage.

The NI Economic Strategy 2012 established the NI Executive’s priorities for economic growth.

In-line with the NI PfG and Economic Strategy, **DETI’s Corporate Plan 2011-2015** had as a priority to create wealth and employment through a focus on export-led economic growth. The Plan highlighted the need for the NI Government to place focus on rebalancing and rebuilding the NI economy.

Within the Economic Strategy framework, the Plan highlighted the need to “improve employability and the level, relevance and use of skills” and to “develop the skills base of the local economy to meet the needs of employers, as a means to deliver the Executive’s wider economic goals”. The Executive established the target to secure £110m investment in skills, particularly management and leadership development to drive productivity and growth.

DETI had also established priority sectors from the launch of the MATRIX Horizon Panel reports in 2008.

Invest NI's 2011-2015 Corporate Plan highlighted the important role of the BITP had in *"improving employability and the level, relevance and use of skills"*. The Plan highlights the importance of the skills of the workforce as a key driver of productivity and economic success, with emphasis on embedding leadership and management skills throughout our business base; providing mentoring support; and ensuring education/skills are aligned to business needs.

NI draft PfG (2016-2021), DfE draft Industrial Strategy and Invest NI Business Strategy (2017-2021)

The economy continues to be a major priority in the **Draft PfG Framework 2016 – 2021.** It adopts an outcomes-based approach, with the key outcomes relevant to B ITP/SGP being "Prosperity through a strong, competitive, regionally balanced economy".

The **DfE draft Industrial Strategy "Economy 2030"** January 2017 sets out a plan to turn NI into one of the world's most innovative and competitive small advanced economies. There are five priority pillars for growth including "Enhancing Education, Skills and Employability, Driving Inclusive, Sustainable Growth; and Succeeding in Global Markets". Priorities include supporting skills development to meet the needs of industry.

In setting an ambition of transforming the NI economy, Economy 2030 seeks to, inter alia, position NI to be characterised as:

- An economy where more of our companies have an international outlook exporting their goods, products and services outside of our region;
- An economy where an increasing number of businesses realise their high growth potential and scale up from small to medium sized companies employing more people in the process; and
- An economy where our people possess knowledge and the skills they need to improve their lives and drive economic growth.

A further priority includes "a strong global presence as the location of choice to invest, do business with, visit, study and live".

Economy 2030 states that support will be strongest for those sectors and sub-sectors where NI has world class capabilities. These are: Financial, Business and Professional Services; Digital and Creative Technologies; Advanced Manufacturing, Materials and Engineering; Life and Health Sciences; Agri-Food; and Construction and Materials Handling.

Invest NI's Business Strategy 2017-2021[19] notes that the achievements in 2011-2016 includes £172m of skills investment[20]. The Business Strategy notes that its focus over the next four years will be on:

- Embedding innovation and entrepreneurship to support more businesses with high growth potential to start-up and scale up.
- Helping more businesses successfully sell outside Northern Ireland.
- Attracting more quality inward investors.
- Selling Northern Ireland globally in a much wider context.

Invest NI states that there is a need for greater prioritisation, determining where its support will deliver the best outcomes. It will continue to evaluate its support programmes to ensure that, where Invest NI does provide support, it is where there is market failure. Key actions going forward will include:

- Supporting those customers with the greatest growth potential to increase employment and ensure they can access the skills required to realise their ambitions.
- Working with universities and local and international partners to stimulate clustering and collaboration.
- Supporting customers to build their leadership capability and accelerate their ability to grow to scale.

[19] *https://secure.investni.com/static/library/invest-ni/documents/invest-northern-ireland-business-strategy-2017-2021.pdf*
[20] Invest NI has confirmed that the £172m is based on secured private sector expenditure based on approved offers. With draw downs of grant claimed historically less than the grant offered, the actual private sector expenditure level would therefore be expected to be less.

All of the above strategies, from 2010, have a similar theme in seeking to build a competitive, outward focused economy, supporting export growth companies, attracting FDI and increasing productivity and competitiveness in NI, and recognising that investment in skills is a key intervention in increasing competitiveness.

2.2.2 Other Strategies relevant to period – DEL, Skills Strategy

DEL Corporate Plans

DEL's vision for NI was of "a dynamic, innovative and sustainable economy where everyone achieves their full potential". It works to promote learning and skills, prepare people for work and to support the economy.

In its Corporate Plans 2008/11, 2012-2015, and 2015-2016, DEL set out its commitment to promote learning and skills, Improving Productivity and Enhancing Skills.

DEL Skills Strategy: *Success through Skills – Transforming Futures (2011)*

The Skills Strategy, Success through Skills – Transforming Futures highlights that the skills of the local workforce have a key role to play in helping NI to reach its full economic potential. The strategy aims to enable people to access and progress up the skills ladder in order to raise productivity and help to secure Northern Ireland's future in a global marketplace.

The Skills Strategy notes that there will be an increased need for people with higher level skills; for people with better management and leadership skills, to up-skill those people already in work; and to attract certain skills into the workforce, as the economy grows.

It notes the need for "**Improving productivity by increasing the skill levels of the workforce**".

The above highlights the role for Invest NI and DEL (now DfE) in working together and the need to invest in the upskilling of the NI workforce in order to meet the needs of the local economy, to support a strong export-oriented market, and to secure the wealth creating opportunities of the future. DfE (previously DEL's) support to upskilling is set out in para 2.5.1

2.3 The Economic Rationale for the provision of Invest NI Skills Intervention support: Addressing Market Failure

The rationale for government intervention must always be underpinned by the correction of a market failure. A 'market failure' describes a situation where the market alone would not efficiently organise allocation of goods and services.

The Economic appraisal for BITP/SGP in 2012 suggests there are four key factors to why the market has not and cannot of itself be expected to deliver a socially optimum level of skills and training interventions and hence why there is a need for public sector intervention (i.e. market failure exists). These factors include:

Labour market externalities and the "poaching" problem - Employers who train their employees in transferable skills increase the value of their employees to others as well as to their own firms. As a result, their employees are more likely to be "poached" by other employers, or the employees are more likely to seek employment elsewhere. Since they are unable to recover the full value of training employers are less willing to invest in the skills of their employees. In consequence, the amount of training is less than would be merited by the benefits and costs.

Missing Market - In modern enterprises, high-level skill is often aligned to the expertise of individuals, particularly when this concerns new processes. However, NI firms may be unable to obtain knowledge of valuable business processes as being developed overseas or acquire experience in their use. If there are few suppliers, dissemination of new practices will be slow. This would slow and reduce the positive externalities from new practices. In such cases there may be a missing market for the provision of such processes.

Asymmetric information - Potential users of new knowledge and processes may not understand which processes and training have a commercial worth to them (in terms of the potential benefits that would accrue to their business), nor the skill to use it; hence demand for skills and training interventions may be low.

Merit goods and positive Externalities - Skills and training interventions can be considered as merit goods. These are goods in which individuals and companies do not recognise fully the true benefits, either to themselves or to society, i.e. they have positive externalities or spillovers to society. As a result, the level of consumption of these goods would be lower than the socially optimal level if the individuals or companies have to pay the full cost at the point of use. As a result, left to its own devices, the free market would not function at the socially optimal level. This is further supported by the findings of the Independent Review of Economic Policy (IREP) in 2009 which notes the following in terms of the need for government intervention in the area of skills and training interventions:

> *"The rationale for Government intervention in skills is well established. Investment in human capital may not be at the optimum level for society due to market failures. In terms of skills investment, individuals and employers make training decisions based on their own costs and benefits and typically do not include any assessment of the wider benefits to society in the decision-making process. This is further amplified by information asymmetry – where information available to individuals or firms is incomplete, especially in terms of the benefits accruing to skills improvements. These arguments lead to the conclusion that government should intervene to subsidise transferable skills."*
>
> **(IREP)**

In assessing market failure, distinction must be drawn between FDI and non FDI companies, and the extent to which individual companies would invest in NI in the absence of Government support.

During the Evaluation period, support has been provided to 31 new FDI projects and 85 projects from existing FDI companies, ie 28% of all awards.[21] For new FDI companies considering NI as an investment location, support from Invest NI and DfE is key to choosing NI over other locations, where the investment decision is being made on the basis of the availability of a skilled NI workforce and a competitively costed workforce. Similarly, for existing FDI companies, and particularly given that the NI site may be a cost centre or reliant on an external Head Office to approve the investment decision, the opportunity to invest in upskilling the NI workforce vis a vis other globally located offices, is generally presented on the basis that subsidised support is available for an otherwise well-educated workforce.

Feedback from the BITP/SGP survey would suggest that for almost half of the FDI companies (n=11), there are no barriers to training. The market failure consideration that exists here is whether or not to invest in and/or upskill staff in NI vis a vis an alternative global location. For indigenous companies, the survey found that there are a variety of barriers to investment in skills development, including access to funds and perceived value of training when management and staff time, payback periods, certainty of benefits are taken into consideration. Companies do however recognise that they operate in a competitive market and that staff are mobile, with training considered to be a means of securing staff retention. Lack of access to experienced trainers or inability to identify experienced trainers is also an issue for 17% of respondents:

- Lack of company resources to fund the staff & trainer costs (60%);
- Perceived as involving too much time commitment from management and staff (52%);
- Lack of certainty around the company's training needs (30%);
- Lack of certainty around the benefits that would accrue from training (24%);
- Payback period considered as too long (30%);
- Concern that staff trained would subsequently leave and no payback to company from training (17%);
- Wanted to avoid staff increased expectations around pay and progression (2%); and
- No barriers (6%) but 45% of FDI (n=11).

[21] Note that there is some inconsistency in the classification of companies, these being provided by the client executive

Feedback from the SAG survey would indicate that the main barriers are time commitment from management and staff (56%), lack of funding (47%) and lack of certainty around training needs (32%) and benefits/payback too long (both 26%).

The above would indicate that the market failures identified in the Economic Appraisal continue to be relevant to indigenous companies.

The "Future of Skills & Lifelong Learning Evidence Review[22]" would support the argument that market failures may occur which drive down skill demand. These arise because of issues related to financing training or, lack of or poor quality information about the potential returns from any investment. Recent research has illustrated the way in which the cost of training can be a barrier to training where the employer encounters a large net cost at the end of the training period. Unless employers are assured that they can appropriate a return on their investment in skills they may be unlikely to make that investment (Gambin and Hogarth 2015).

Market failures therefore lead to an underinvestment in a free market situation and Government involvement is necessary to ensure that the socially optimal level of education and training is provided. If training was only paid for by the private sector then it would be under-consumed, therefore, the socially optimal quantity of skills would not be provided without government support and it is this that provides the rationale for Invest NI support for Skills Development.

2.4 The Wider Economic Context - Productivity and Skills

The level of need for investment in training and skills development should be considered within the context of its role in driving productivity growth and living standards in the NI economy.

Productivity

One of the most fundamental weaknesses in the NI economy is its low level of productivity. Productivity, how much is produced for a given input (e.g. hours worked), is critical in driving sustainable growth in an economy, bringing about improved living standards and wage growth. The UK is already considered a 'laggard' country in terms of productivity. It ranks 5th among the G7 countries, with Germany top and Japan bottom. NI's productivity (measured by GVA per hour worked) is just 80% of the UK average, lowest across the 12 regions alongside Wales[23].

The productivity gap between NI and the rest of the United Kingdom is both significant and complex. A number of studies have examined the issue in detail (Nevin Institute[24], the CBI[25] and the Ulster University (UU) Economic Policy Centre[26]) and established that there is a myriad of reasons why that gap exists. Part of the explanation can be attributed to the 'mix' of industries in the region, typically sectors contributing lower value added to the economy. However, NI also manages to produce less output per person compared to the UK average in the same sectors. It is this 'residual' productivity gap which commentators believe is likely to be explained by a lack of investment in capital, both physical but also human. The UU research concludes that whilst a significant change in NI's sectoral structure would be required to close the productivity gap in NI vis a vis other UK regions, boosting within sector productivity though investment, greater use of technology or more efficient processes would have a larger impact on the overall level of productivity and as a result, income in NI.

The research strongly emphasises the critical role that skills play in addressing productivity concerns. The *"Future of Skills & Lifelong Learning Evidence Review[27]"* notes a wealth of evidence pointing to rising investments in education and training over recent decades bringing about a productivity

[22] Foresight, Government Office for Science – "The UK skills system: how well does policy help meet evolving demand?" August 2016
[23] ONS, 2015
[24] Nevin Institute - Productivity and the NI economy 2016
[25] CBI – unlocking regional growth 2016
[26] DEL/UU Economic Policy Centre Skills Barometer 2016
[27] Foresight, Government Office for Science – "The UK skills system: how well does policy help meet evolving demand?" August 2016

dividend[28][29]. It states that the *'economic evidence points unequivocally to increased investments in skills and improved productivity growth going hand-in-hand'* (Siansei and van Reenen 2003, Harris et al 2005, Gambin 2009, Holland et al 2013, van Reenen 2013). A recent paper by the Institute of Fiscal Studies (IFS) has identified a statistically and economically significant effect of training on productivity in the UK. Using a new panel of British industries 1983-1996 researchers estimate that an increase of 1 percentage point in the proportion of employees trained is associated with about a 0.6% increase in productivity and a 0.3% increase in wages. As such, skills are one of five factors which the UK Government believes are critical for determining productivity growth[30] (others include investment, innovation, enterprise and competition). Skills interventions are therefore used extensively in national and regional economic development strategies and programmes for Government.

The DfE draft Industrial Strategy also emphasises the role of skills investment in addressing Northern Ireland's productivity concerns. Under **Outcome 1, 'We prosper through a strong, competitive regionally balanced economy', t**he focus is placed on increasing the productivity and success of local business in a sustainable and responsible way, ensuring that growth is balanced on a regional basis. The draft Strategy recognises that businesses and the workforce remain the key drivers of economic growth and that improving the skills and employability of those in, and those wishing to join, the workforce is at the core of supporting higher levels of productivity. The Executive makes a commitment in the Strategy to *'supporting economic, social and personal development through relevant high quality learning and skills provision'*. Outcome 6 focuses on having '*more people working in better jobs';* and **includes a commitment to create new jobs based on the skills of NI's workforce through growing business and attracting new business.** The Invest NI Business Strategy also notes the need to continue to invest in skills, supporting skills development to meet the needs of industry, helping more businesses successfully sell outside NI and attracting more quality inward investors through the quality of the workforce.

The evidence strongly supports the rationale for interventions such as the SIP in addressing some of the structural deficiencies in skills development needed to drive productivity growth and improve living standards in the NI economy.

Management Practices

There is growing recognition of the role of effective leadership and management skills and practices in explaining differences in productivity across countries and regions. The empirical literature has found that the use of structured management practices is tightly linked to better performance in terms of productivity, profitability, innovation and growth (Bloom et al (2013)). Bloom et al's[31] research finds that firms with higher worker and managerial human capital have higher productivity. BIS[32] highlights that best-practice management development can result in a 23% increase in organisational performance and can significantly improve levels of employee engagement. A single point improvement in management practices (rated on a five-point scale) is associated with the same increase in output as a 25% increase in the labour force or a 65% percent increase in invested capital. Analysis by UKCES[33] has shown that management skills are crucial to ensuring high performance working and business success. Organisations with a more qualified management workforce and a dedicated programme of management development have been shown to perform better and have more sophisticated and higher quality product and market strategies.

[28] Productivity can be defined as the value of how much employees produce when in work.
[29] The economic evidence points unequivocally to increased investments in skills and improved productivity growth going handin-hand (Siansei and van Reenen 2003, Harris et al 2005, Gambin 2009, Holland et al 2013, van Reenen 2013).
[30] http://webarchive.nationalarchives.gov.uk/20160105231351/http://www.ons.gov.uk/ons/guide-method/method-quality/specific/economy/productivity-measures/productivity-handbook/index.html
[31] 'Management Practices, Workforce Selection and Productivity', Bloom et al, Centre for Economic Performance, 2016
[32] Leadership and Management Skills in SMEs: Measuring Associations with Management Practices and Performance, Research Paper Number 11, March 2015, Department for Business, Innovation and Skills (BIS)
[33] UK Employer Skills Survey 2015, UKCES

Effective leadership and management skills are however a concern in the UK. The UKCES (2015)[34] found that a lack of management and leadership skills was cited in relation to nearly three-fifths of all skills gaps existing in UK firms. BIS has noted a UK deficit in management quality relative to the US, Germany, Japan and Sweden and a view that this management deficit is likely to be a cause of the UK's productivity gap with these countries. Its research suggests that efforts by UK managers to translate new management practices into improved performance have been both slower and less successful than some of their counterparts in France, Germany and the US.

A recent paper by ONS[35] found that the use of structured management practices was higher among larger businesses and multinationals compared to smaller businesses and those owned and managed by family members. This research also found a positive correlation between management practice scores and productivity. Multinationals, large businesses (employment of 250 and over) and non-family-owned businesses had higher management scores and outperformed domestic, smaller and family-owned businesses in terms of productivity. The ONS analysis showed that on a scale of 0 to 1, a 0.10 increase in management practice score was associated with a 6.7% rise in productivity[5].

The research suggests that leadership and management (L&M) skills are relatively under-developed in many SMEs. This is important because they also show that well-developed skills and the adoption of associated management best practices are positively related to firm performance. In this sense, the evidence shows that under-developed L&M skills and a widespread failure to adopt management best practices are constraining the performance and growth of a large number of local SMEs.

Management training is generally accepted as a high leverage point in terms of impact[36]. The impact of improving management is potentially higher than for other training types (functional, technical or soft training). Leverage points are places within a complex system (a corporation, an economy, a living body, a city, an ecosystem) where a small shift in one thing can produce big changes in everything. There are accepted quick wins in management training: improvement to the system which can have an immediate effect. For example, a manager might improve their decision-making skills as a result of training, resulting in improved employee's satisfaction. There are other changes which may require time. For example, the manager may decide to implement a new performance management system. This is a large-scale change.

This emerging research therefore sets out clear evidence for the need to invest in skills development around management practices. The BIS research highlights that L&M skills are relatively under-developed in many SMEs and yet it is these skills that are associated with the adoption of associated management best practices which are in themselves positively related to firm performance and productivity more widely. The evidence therefore indicates that under-developed L&M skills and an associated widespread failure to adopt management best practices may be constraining the performance and growth of a large number of local SMEs. The UKCES notes that the survey provides evidence that improving management practice should be a priority for UK business.

2.5 Trends that are shaping the Learning and Development Environment

This section considers key trends which are shaping the L&D environment.

Josh Bersin, Principal and Founder of Bersin by Deloitte, has described the new world of work as one with learning at the center[37] He has identified a number of trends, which are shaping the learning environment; including the growth of Corporate L&D and the transformation of the L&D function as part of talent management; the shift in the learning mix, with curation of content[38] as an emerging critical activity; the triumph of experience design over instructional design; mobile learning as a

[34] UK Employer Skills Survey 2015, UKCES

[35] Management practices and productivity among manufacturing businesses in Great Britain: Experimental estimates for 2015, ONS

[36] "Management Makes the Difference: How focusing on improving firm management can boost firm performance and enhance Irish productivity", R. Homkes and E. Maguire, Irish Management Institute, December 2011. & "Thinking in Systems: A Primer", D. H. Meadows, 2008.

[37] "The Future of Corporate Learning - Ten Disruptive Trends", Josh Bersin, Principal and Founder, Bersin by Deloitte. https://www.slideshare.net/jbersin/the-future-of-corporate-learning-2016

[38] The process of collecting, organizing and displaying information relevant to a particular topic or area of interest.

complement to traditional learning; adaptive learning for individualization; artificial intelligence and machine learning and MOOCS (Massive Online Open Courses); the mix of accredited and unaccredited programmes; and measuring the effectiveness of training (the latter is discussed in section 7.1).

Bersin and others would argue that there is a place in L&D for accredited programmes, and a place for non-accredited ones. Accreditation provides a warranty that the learning has achieved certain standard, and also it is valued as certification of transferability. The pursuit and development of accredited training should have management support and be compatible with the aims/vision of the organisation. This results in a greater chance of sustainability for the training and ongoing development of the organisation and its people.

However, accredited training is not always applicable, i.e. company may require in-house specific training, conducted internally or by approved providers. Booth and Bryan (2002)[39] do report that accredited training results in higher wage returns, and notes that accreditation increases the willingness of the individual employee to contribute to the financing of the training[40]. OECD notes[41] however, that accreditation is a two-edged sword as employers appear to finance general (accredited) training investments and one can foresee that the incentives for firms to continue to do so will decrease with an increased ability of the individual to communicate the training to the labour market {and the subsequent mobility of the workforce}.

There are mixed views on the importance companies place on accreditation for programmes provided to employees. In a recent 2017 survey by the Irish Institute of Training and Development[42], 25% of the respondents noted accreditation was *very important*, 44% indicated accreditation was *important*, with the remaining 31% confirming this was *not important*. This was based on a sample of 150 organisations:

Table 2.1: Survey by Irish Institute of Training and Development: Participation

Employees	No
1-9	27
10- 49	18
50 – 99	5
100 – 249	21
250 – 499	21
500 - 999	17
1000+	41
	150

Overall, the main focus for L&D is that the learning and talent strategy is aligned to the business strategy. Moreover, training should be targeted at companies who have a clear understanding of their critical skills gaps, in alignment with their strategic priorities.

A key focus is the identification of critical skills.

In the experience of the Irish Management Institute, clarity of thought around the alignment of skills interventions to the strategic priorities and critical skills of the company is rare among SMEs. Companies often are not explicitly aware of what makes up their strategic capabilities, and how critical skills help build those strategic capabilities. A standardized approach to the development of training needs analysis could enable a better assessment of the real critical skills required across sectors. This approach has been taken for example by a recent Enterprise Ireland (EI) Client Skills Programme, currently under pilot in the Republic of Ireland. This programme, designed by the Irish Management Institute, is a one day facilitated workshop for EI Client SME companies, who identify

[39] Booth, A. and M. Bryan (2002), “Who Pays for General Training? New Evidence for British Men and Women”, IZA Discussion Paper, No. 486.]
[40] Note that the Evaluation team has not assessed any requirement by NI employees engaged under SIP to contribute to training
[41] [Hansson, B: “Job-Related Training and Benefits for Individuals: A REVIEW OF EVIDENCE AND EXPLANATIONS”, 2008 https://papers.ssrn.com/sol3/papers.cfm?abstract_id=1347622]
[42] “Learning & Development activity budgeting and current trends”, Survey report November 2017, Irish Institute of Training and Development.
https://www.iitd.ie/Portals/0/EventsNetwrok/IITD%20Conference%20Survey%20Outcomes%202017%20Angela%20ODonovan.pdf?ver=2017-12-08-122145-933

their critical skills gaps by a systematic process of alignment with the company's goals and strategic priorities.

As a further point, although company skills interventions enable company specific training, the consideration of programmes where participants from several companies take part should not be ignored. Participants highly value the cross-company learning which occur in these programmes, in addition to the opportunities for networking.

2.6 Conclusion

This section sets out the context for support to companies under the Invest NI SIP. Other supports by DfE and Invest NI are considered in section 3. DfE is currently reviewing its full complement of skills interventions.

The Evaluation Team is of the view that there was, and continues to be, clear alignment between the aims and objectives of the SIP and the strategies and policies of the NI Executive, DfE and Invest NI.

There is a wealth of academic research that supports the need for management development training with various trends emerging that are shaping the L&D environment, and a focus on ensuring that training be targeted at companies who have a clear understanding of their critical skills gaps, in alignment with their strategic priorities.

3 PROGRAMME ACTIVITY, OTHER INITIATIVES & DEMAND FOR THE INTERVENTION

3.1 Introduction

This section provides a summary of the delivery model and the level of activity that was supported under the SIP during the period under review. It considers other initiatives available to support the upskilling of the NI workforce and the attraction of FDI to NI. It also considers the overall demand for the programme.

A summary of actual grant awarded and actual draw down is as follows, with all commenced BITP projects being completed at this point, and SGP and SAG projects including completed and ongoing projects:

Table 3.1: Overview of BITP/SGP award and draw down

Costs £000	Actual award/offer	Actual draw down/spend	%
Programme cost - BITP	24,552	12,734	52%
Programme cost - SGP	28,108	6,886	24%
BITP/SGP total	52,660	19,620	37%
Programme cost - SAG	1,107	607	55%
BITP/SGP/SAG	53,767	20,227	38%

As will be discussed below, the actual draw down across the full period is circa 38% of that offered. Note that BITP draw down is 52% of grant offered and SGP draw down is 60% for completed projects.

The reasons for the variance between grant offered and drawn down is due to a variety of reasons, both within and outside of the companies' control. This is discussed further in section 4.
Details on the structure of programme support to BITP, SGP and SAG is summarised in Section 1 and detailed in Appendix III.

3.2 Activity and Project/Invest NI Expenditure

3.2.1 BITP and SGP

Spend and Activity

The Invest NI BITP/SGP database includes details of the eligible project costs[43], grants awarded under LOO, and grant draw down to date. Invest NI has also provided details of the number of projects commencing by year, where commencing is defined as projects that have drawn down some funding against their LOO, or where Invest NI is aware that the project has commenced, even if no draw down to date.

It should be noted that the database used by Invest NI is live and changing (Invest NI periodically remove projects that have not progressed). Hence the data that has been presented by Invest NI to inform the Evaluation can have has minor inconsistencies depending on when presented. This is evidenced by the differences in total grant offered and projects commenced in Table 1.3 and Table 3.2 below.

A summary of expenditure and activity for BITP and SGP is therefore set out below:

Table 3.2: BITP/SGP Summary of Expenditure and Activity

Summary of BITP and SGP Grants	Total Project Cost £m	Invest NI Grant Offer £m	Invest NI Grant Draw down £m	No Projects approved	No of Projects Commenced *	No of Projects not commencing/ claiming
2010/11 (BITP)	14.2	2.9	2.1	21	21	0
2011/12 (BITP)	18.1	5.7	3.1	37	35	2
2012/13 (BITP)	35.3	10.4	5.7	97	86	11
2013/14 (BITP)	17.5	5.1	1.9	37	35	2

[43] In some instances, ineligible costs are also shown

Summary of BITP and SGP Grants	Total Project Cost £m	Invest NI Grant Offer £m	Invest NI Grant Draw down £m	No Projects approved	No of Projects Commenced *	No of Projects not commencing/ claiming
2014/15 (BITP)	0.5	0.2	0	1	0	1
Total BITP	85.6	24.3	12.8	193	177	16
2013/14 (SGP)	14.6	3	1.1	39	34	5
2014/15 (SGP)	58.4	14	3.3	68	52	16
2015/16 (SGP)	34.1	7	2.0	66	47	19
2016 (SGP) 7 mths	17.2	3.9	0.4	51	11	40
Total SGP	124.3	27.9	6.8	224	144	80
Total	**209.9**	**52.2**	**19.6**	**417**	**322**	**95**

There were 417 projects offered support in the period, of which 322 are stated to have commenced at 31st October 2016[44]. There is some overlap between the BITP and the SGP over the 2013-2015 period, where companies had commenced the BITP process and continued with their BITP application.

The 417 supported projects had total project cost of £210m, with grant support offered of £52m (c25%).

The number of projects awards annually since 2012/13 has varied from a peak of 97 in 2012/13, to, more recently, 66 in the 2015/16. This reduces to 86 and 47 respectively when the number of projects commencing is considered.

The number of SGP projects commencing to date is between 55% and 60% of what was envisaged in the 2012 Economic Appraisal (the EA assumed all annual awards would commence).

The highest annual level of award value (£14m) was made in the year following the full launch of SGP, i.e. 2014/15, although, as noted below, only 76% of the project awards in that year have commenced. This was the last year that larger companies could avail of SFA support, and Invest NI note that combined SFA and training applications were higher in this year.

Circa 77% of all BITP/SGP projects awarded have commenced to date, although this increases to 85% when only projects awarded before 2016/17 are considered. This reflects the fact that for projects in 2016/17 there may be a time lag between projects being awarded and commencing. For projects not commencing and linked to SFA, Invest NI note that in most instances the SFA investment in jobs did not proceed either.

The above 322 projects are stated to relate to circa 265 unique businesses who have commenced a training plan with Invest NI support. This compares to the 900 core businesses that are being supported by Invest NI.

Invest NI note that projects can commence implementation prior to a grant award decision, at the company's own financial risk, and as such the actual date of commencement may be earlier than the date presented in the Table below for some projects. This would include projects that were joint submissions with SFA applications, stated to be 58 in the Evaluation period (of which 6 were BITP projects and 52 were SGP projects).

Project costs, Grants and Grant rates

The average project cost was £503k (£444k for BITP and £555k for SGP). Average total project costs ranged from £859k in 2014/15 (reflecting higher large company submissions in the year leading up to SFA changes) to £337k in the seven months to October 2016. The average grant assistance per project

[44] Owing to the fact that Invest NI SIP database is a live database, the number of projects categorised as commencing (having drawn down some grant) is constantly changing. The live nature of the database, from which point in time extracts have been used to inform the evaluation, is the reason for minor discrepancies between the totals in some Tables, i.e. 334 projects commenced as per Section 1.3 compared to 322 referenced here.. This also explains the changed grant offered total from £52.6m (Table 3.1) to £52.2m (Table 3.2).

was £125k, although this fluctuated by year – from £206k in 2014/15 to £76k in year to date in 2016/17.

Table 3.3: BITP/SGP Average cost, grant and rate

	No of projects	Average cost per project £000	Average grant per project £000	Grant rate % project costs
2010/11 (BITP)	21	676	138	20%
2011/12 (BITP)	37	489	154	31%
2012/13 (BITP)	97	364	107	29%
2013/14 (BITP)	37	473	138	29%
2014/15 (BITP)	1	500	200	40%
Total BITP	193	444	126	28%
2013/14 (SGP)	39	374	77	21%
2014/15 (SGP)	68	859	206	24%
2015/16 (SGP)	66	517	106	21%
2016/17 (SGP) 7 months	51	337	76	23%
Total SGP	224	555	125	23%
Total	417	503	125	25%

There were 48 projects offered support (circa 10%) where the project costs exceeded £1m. Of the 48 projects, the grant rate varied from a high of 43% in manufacturing to a low of 5% in a construction project[45]. [46]

Grant rates by sector across all projects are shown in Table 3.10. There are 2 sectors ("other business support" and "transport" with 8 projects) where the average grant rate is 40% or more and a further 3 sectors ("consumer/creative", "manufacturing" and "utilities" with 15 projects) where the average grant rate is 30% to 39%. The total grant awards to these 23 projects is £1.7m.

The actual grant rate across all BITP/SGP projects was circa 25% of project costs, with the average grant rates falling between BITP (when it was 28%) and SGP (when it was 23%).

Financial assistance by size of assistance and multiple supports

There were 114 projects awarded £100k or more of support, with 23 awarded over £500k (8 BITP and 15 SGP) and six awarded more than £1m of grant support:

Table 3.4: BITP/SGP Projects by Size of Awards

Grant awards	No	Grant award £000	Grant draw down	% draw down	Total Project costs
Over £1m	6	8,946	4,862	54%	37,949
Over £500k	17	12,522	3,195	26%	50,311
Over £250k	21	7,430	1,904	26%	31,388
Over £100k	70	11,412	4,229	37%	45,478
Over £50k	76	5,804	2,530	44%	21,122
under £50k	227	6,545	2,900	44%	24,095
	417	52,660	19,620	37%	210,342

These 114 projects (27% of total projects) therefore accounted for 79% of project costs, 77% of grant award and 72% of draw down.

There were multiple awards to a number of companies, with 62 companies receiving support for 145 projects, (49% of total grant). One company had five offers of financial assistance and two had four offers each, with draw down to date ranging from 31% to 51% (the most recent LOOs are dated 2014

[45] A review of a sample of projects would indicate that the INI database may include some inconsistencies, i.e. in some cases company spend records the total proposed company spend on training (eligible and ineligible), in other cases it includes only eligible company spend..

[46] A construction company had a project cost of £3.2m with grant of £162k awarded. Of the £3.2m of costs, £2.86m was internal staff costs and £320k were external costs. The Claims process was subsequently amended to award against external costs only, with the grant representing 45% of external costs.

and 2015 and as such there may be further draw down against these LOOs). Note that multiple offers related to new and/or different training activities.

Project Commencement and Draw down

Of the BITP projects, 92% have commenced, ranging from 100% in 2010/11 to 89% in 2012/13. Of the SGP projects, 64% have commenced to date. This is not unexpected for the most recent projects (22% of SGP projects in the seven months to October 2016 had commenced), however, only 76% of projects from 2014/15 have commenced. In total, there were 84 projects that have not drawn down grant, over a range of grant size:

Table 3.5: BITP/SGP Projects by Size of Awards with no draw down

	Number with no grant draw down to date	% of total projects with no draw down	LOO year of lowest draw down
Over £1m	0	0%	2014
£500k – £1m	8	47%	2014
£250k - £500k	5	24%	2015
£100k - £250k	13	19%	2014
£50k - £100k	12	16%	2015
under £50k	46	20%	2015
	84	20%	

Of the 12 companies with offers of grant assistance in excess of £250k and who had yet to draw down grant, four were in the Professional and Technical Services sector and four were in the Financial Services sector.

Projects by Invest NI Classification

Invest NI provided a profile of project awards by company size and segmentation status for the Evaluation period.

Table 3.6: BITP/SGP Projects by INI Classification

Projects by classification[47] – all projects (BITP/SGP)	No	Project costs £000	Project Grant award £000	Project draw down £000	% by award	% by draw down	Average grant £000
Large	131	136,951	31,411	12,499	60%	64%	240
Medium	112	34,698	10,487	3,727	20%	19%	94
Small/Micro	96	13,464	4,105	1,886	8%	10%	43
Entry	31	15,999	3,880	215	7%	1%	125
Tracked/wider	47	9,230	2,776	1,294	5%	7%	59
Total	417	210,342	52,660	19,620	100%	100%	126

Further details are set out in Appendix III, which indicates that projects from medium, small and micro companies, including scaling companies and high potential start ups, accounted for 208 or 50% of all project and 28% of grant awarded. Large companies accounted for 31% of projects, 60% of grant awards and 64% of grant drawn down.

Grant rates were lowest for large account managed, large high growth companies (at 22%) and Entry (24%), and highest for micro account managed (at 35%) (average for all projects being 25%).

The Invest NI Business Strategy notes the increased focus on High Potential Start-Up's, Pre-Scaling and Scaling companies and that over the period of this Strategy Invest NI will treble the number of companies on the Pre-Scaling programme and double the number on the Scaling Programme. This will provide the pipeline of large companies of the future.

[47] **Large** incorporates Global Account, Significant Account, Large Account Managed and Large High Growth; **Medium** incorporates Medium Account Managed, Medium High Growth and Scaling Account; **Small/Micro** incorporates HPSUs, Small Account Managed, Small High Growth, Micro Account Managed, Micro High Growth and Pre-entry; **Entry** incorporates Entry; and **Tracked/Wider** incorporates Tracked clients and the wider business base.

In the Evaluation period, while Invest NI while Invest NI had 16 Scaling companies (including 4 mini scaling clients), there were 15 Scaling companies supported under BITP/SGP, suggesting that almost all were availing of SIP. It is noted that Scaling companies are required to participate in the Leadership4Growth senior management training programme.

Four High Potential start-ups were also supported under BITP/SGP, although companies in these categories are eligible for and are more likely to be supported under the smaller SAG support.

Support to large projects was also a feature of CDP and BITP pre-2010. In the period 2005/6 to 2009/10, 37 companies (with awards in excess of £300k) accounted for £33.1m of financial support offered, or 52% of the total support. It is noted that in the period 2009/10 to 2015/16, 15 of these 37 have not sought or been awarded financial support (circa 50% have closed or downsized), while 22 have been offered £22.18m of grant support in the Evaluation period, (29% of the total grant).

FDI

BITP/SGP has been a key tool in attracting FDI into NI. There were 116 FDI projects, including 31 new FDI and 85 existing FDI supported in the period, with circa 40% under BITP and circa 60% under SGP.

Table 3.7: FDI projects

	Total No Projects approved	New FDI[48]	Existing FDI Companies	Total FDI	Indigenous Projects	% FDI of Total
2010/11 (BITP)	21	1	4	5	16	24%
2011/12 (BITP)	37	2	6	8	29	22%
2012/13 (BITP)	97	5	19	24	73	25%
2013/14 (BITP)	37	3	7	10	27	27%
2014/15 (BITP)	1	0	1	1	0	100%
Total BITP	193	11	37	48	145	25%
2013/14 (SGP)	39	1	7	8	31	21%
2014/15 (SGP)	68	9	19	28	40	41%
2015/16 (SGP)	66	6	16	22	44	33%
2016 (SGP) 7 months	51	4	6	10	41	20%
Total SGP	224	20	48	68	156	30%
Total	**417**	**31**	**85**	**116**	**301**	**28%**

In the period from 2012/13, new FDI have accounted for 13% of project cost value and grant awarded and only 4% of grant drawn down. The average draw down for new FDI to date in this period has been 10%, as compared to actual draw down levels across all projects of 33%. The level of drawn down across new FDI projects peaked at 43% in 2013/14, dropping to 5% or less since 2014/15 (%). It is noted that the small number of variably-sized new FDI projects results in draw down rates that can vary considerably from year to year.

Table 3.8: BITP/SGP New FDI since 2012/13

New FDI	Total Project Cost £m	Invest NI Grant Offer £m	Invest NI Grant Draw Down £m	% draw down	No of New FDI Projects	Average Grant assistance per project £000
2012/13	2.53	0.79	0.20	25%	5	157.6
2013/14	1.94	0.40	0.17	43%	4	98.8
2014/15	9.17	2.06	0.11	5%[49]	9	228.5
2015/16	5.58	1.33	0.07	5%	6	221.6
2016 (7 months)	4.19	0.96	-		4	240.3
Total	23.42	5.53	0.55	10%	28	£197.5
All Projects						
Total for all Projects	177.6	43.95	14.38	33%	359	£121.5
% New FDI from 2012/13	13%	13%	4%			

48 Included in the 'no of projects approved' column

49 2014/15 includes a project with £807k grant offer and no draw down

The above low levels of draw down mainly reflects the challenges faced by FDI in claiming for internal trainee wages and trainer costs (see para 4.3).

In addition, it is noted that BITP/SGP supported 301 projects from indigenous businesses. Total businesses commencing BITP/SGP and SAG projects (at c.415[50]) compares to the circa 1,900 key account clients that it supports, and 900 core clients noted in the Invest NI Business Strategy as delivering the majority of economic growth in NI[51]. This would indicate that over the Evaluation period, circa 20% of key account clients received support under the Skills Intervention Programme.

Assistance alongside SFA and other INI supports

The BITP/SGP has/is being used either as a stand-alone support mechanism or in conjunction with other forms of support such as SFA. However, in the majority of cases BITP/SGP is offered as a stand-alone supporting resulting from a CE request. The Programme can also be used along with other non-financial interventions such as Productivity Improvement where the Productivity Advisor recognises the need for productivity improvements and BITP/SGP can be used to ensure the requisite training is provided by the business in order to achieve the anticipated impacts. In the Evaluation period, there were 58 projects formally linked together through LOOs to other Invest NI supports, including to FDI projects.

Sectors supported

In the previous BITP Evaluation 2011, concern was expressed that disproportionate BITP support was being given to projects focused on manufacturing, rather than services.

The 2011 Evaluation had already started to demonstrate a movement towards services, with 40% of supports targeted at this area in the period 2006-2010. In the Evaluation period 2010/11 to October 2016, 38% of projects and 43% of grant support has been focused on services:

Table 3.9: BITP/SGP Split by Manufacturing and Services

Sector	No of Projects	Project costs £000	Project Grant award £000	% No of Projects	% Project Grant award £0000
Manufacturing	258	118,929	29,980	62%	57%
Services	159	91,413	22,680	38%	43%
Total	417	210,342	52,660	100%	100%

Within the Evaluation period, DfE has been supporting the MATRIX priority areas, with the sectoral areas for growth set out in the Invest NI Business Strategy.

Table 3.10: BITP/SGP Sectors and grant rates

Total	No of Projects	Project costs £000	Project Grant award £000	Grant drawn down £'000	Grant rate % project costs	% grant awarded
Admin & support services	9	7,156	1,677	57	23%	3%
Aerospace	5	11,521	2,718	864	24%	5%
Agri food	50	38,247	9,234	4,591	24%	18%
Call centres	8	6,102	938	224	15%	2%
Construction	50	13,396	2,776	1,406	21%	5%
Consumers/Creative	4	410	155	83	38%	0%
Electronics	11	12,505	2,933	1,316	23%	6%
Engineering	70	24,768	7,044	2,824	28%	13%
Financial Services	22	30,928	8,295	2,411	27%	16%
Hospitality	13	2,164	563	244	26%	1%

[50] The total is likely to include tracked clients (who will not be key account clients) and companies from the wider business base who are not Invest NI clients, with 47 companies (10%) awarded grant and falling into this category

[51] Page 7 of Invest NI Business Strategy 2017- 2021

Total	No of Projects	Project costs £000	Project Grant award £000	Grant drawn down £'000	Grant rate % project costs	% grant awarded
ICT & Telecomms	56	22,388	6,166	2,069	28%	12%
Manufacturing	8	3,615	1,198	948	33%	2%
Medical Equipment	2	623	168	102	27%	0%
Medical services	6	1,889	376	135	20%	1%
Other Business support	7	306	128	41	42%	0%
Paper, printing & packaging	17	3,563	975	448	27%	2%
Pharmaceutical	6	1,751	485	182	28%	1%
Plastics	16	4,224	1,144	600	27%	2%
Professional & Technical Services	34	20,070	4,384	467	22%	8%
Textiles	19	3,884	1,046	580	27%	2%
Transport	1	25	10	0	40%	0%
Utilities	3	807	249	28	31%	0%
Total	417	210,342	52,660	19,620	25%	100%

Whilst the SIP is a largely reactive programme, in that it is not widely advertised and instead is responsive to needs identified by companies in association with their CE, the Table below (which identifies the top 5-sub-sectors, by award value, that have participated in the programme) shows there is alignment in terms of key sectors targeted for growth by Invest NI and participation in the Programme.

Table 3.11: BITP/SGP Top 5 sectors

Total	No of Projects	Project costs £000	Project Grant award £000	Grant drawn down £'000	Average grant per project £'000	% grant awarded of project costs	% draw down against award
Agri food	50	38,247	9,234	4,591	185	24%	50%
Engineering	70	24,768	7,044	2,824	101	28%	40%
Financial Services	22	30,928	8,295	2,411	377	27%	29%
ICT & Telecomms	56	22,388	6,166	2,069	110	28%	34%
Professional & Technical Services	34	20,070	4,384	467	129	22%	11%
Sub total	232	136,401	35,123	12,362	151	26%	35%
Other	185	73,941	17,537	7,258	95	24%	41%
Total	417	210,342	52,660	19,620	126	25%	37%

Note that there are 12 large projects included above (each with grant is excess of £250k) which had yet to draw down funding at 31st October 2016, including 8 in the services sector (Financial Services and Professional & Technical Services). Two of the 12 have been classified as abandoned, one (from 2013/14) has had a substantial grant claim (for £499k) submitted and paid in 2017, with the remaining 9 expected to proceed. For the abandoned projects, both FDI owned, one (with a LOO from 2012/13) closed their Belfast operation in early 2017 as a result of global restructuring, while the other (LOO 2014/15) consolidated its workforce and ceased operations at the planned training centre.

Eligible costs supported

Invest NI provides training support for investment in management, technical, soft and functional skills (see details in Table 1.1). "Other" support refers to training costs not included in one of the 4 themes. Details are not collated by Invest NI, in a format that can be readily interrogated, of project spend by category, planned or actual. However, it has been collated as part of this evaluation for those companies participating in the survey. For the 85 companies responding to the BITP/SGP survey, 23 % of planned investment was in management training, with technical training accounting for 51%, and soft, functional and other training accounting for 27%:

Table 3.12: BITP/SGP Company survey – Analysis by Planned Spend by Training Category

BITP/SGP	Management	Technical	Soft	Functional	Other	Total
Total £000	14,943	33,606	5,052	11,990	429	66,020
	23%	51%	8%	18%	1%	100%

This compares to a BITP pre-2010 situation where circa 70% of costs were technical costs.

In supporting training projects, Invest NI applies one grant rate to all cost training categories, with the grant rate having been determined by a number of factors including the mix of training cost categories that form part of the project.

As well as supporting external costs (trainers and travel), BITP/SGP can support internal staff costs relating to the trainee salary costs, as well as the costs of internal trainers. For the 85 companies responding to the BITP/SGP survey, 36% of planned investment was for external trainers and travel costs, with 53% being for trainee wages and 12% being for internal trainers (circa 30% of all trainer costs). For foreign FDI in particular, the need to use specialised internal skills and expertise was seen to be critical to upskilling new recruits:

Table 3.13: BITP/SGP Company survey – Analysis by Training costs for 85 companies

BITP/SGP survey	External Trainer	Internal Trainer	Wages	Travel	Other	**Total**
Total £000	17,891	7,781	33,182	4,364	- 741	62,476
	29%	12%	53%	7%	-1%	100%

<u>Instances of Training completed and Accreditation</u>

Each Training Plan captures details of the proposed number of instances of training within each company (each defined as a trainee place). The number of proposed trainee places (not persons) supported as part of each project varies significantly, with Invest NI stating this to range from 1 trainee place to in excess of 1,000.

The EAFST tool (see Section 4.4 for further details on the tool) monitoring records (from March 2012) identifies the proposed number of employees in the companies undertaking the training, stated to be:

Table 3.14: EAFST records on Proposed Number of Employees to be trained to 31 Oct 2016

Size of companies	No of projects (BITP/SGP and SAG)	No of employees in Company	No of Employees in Training Plan	% of workforce to be trained	Average employees per company	Average employees per Training Plan
Large	90	73,754	39,024	53%	819	434
Medium	161	18,964	14,882	78%	118	92
Small	334	6,525	5,519	84%	20	17
Total	585	99243	59425	60%	170	102

The above would indicate that the planned training was to be in respect of almost 60,000 employees, or 60% of the workforce in those companies, including 84% of the workforce in small companies.

Details are not collated centrally, in an interrogable format, of the number of actual employees trained/instances of training undertaken. Instead, although this information is noted in some of the individual PPEs in an ad-hoc manner.
The projects also vary in terms of their durations – with anything from half a day's training to projects that take place over a number of weeks, with up to 10 days training annually per employee.

Invest NI records the proposed level of accredited training planned when assessing the projects using the EAFST tool, plus the number of current High Performance Working Practices (HPWP) and the number planned, within each company, these being recorded as:

Table 3.15: EAFST records on accreditation and HPWP

Size of companies	No of projects (BITP/SGP and SAG)	No of projects with planned accredited training	% of projects with planned accredited training	No of HPWP at commence-ment	Average No of HPWP per project
Large	90	59	66%	2,319	26
Medium	161	85	53%	3,255	20
Small	334	120	36%	4,840	14
Total	585	264	45%	10414	18

Overall, 45% of projects included an element of accredited training, ranging from 66% in large companies to 53% in medium sized companies and 36% in small companies. Details are collated on the actual level of accredited training courses completed at the PPE stage in order to assess the EAFST score.

HPWPs at commencement are recorded for most projects in the EAFST summary database, ranging from 26 HPWPs in large companies to 14 in small companies.

As part of any future programme, details should continue to be collated of both *the proposed and the actual:*

- Number of instances of training undertaken;
- Number of employees participating in training; and
- The level of accredited training (encompassing what percentage of instances of training relates to accredited training).

However, going forward, this data should be centrally collated in a format that would facilitate, at any point in time, an analysis and reporting of these programme related statistics.

3.2.2 SAG

The SAG element of the SIP was introduced in 2013/14 in order to ensure that support was easily accessible to Small Enterprises. A summary of expenditure and activity to date for SAG is set out below.

Table 3.16: Overview of SAG Activity

	Gross Cost £m	Invest NI Grant £m	No Projects	No Project commenced*	Average cost per project £000	Average grant per project £000
2013/14	0.6	0.3	48	42	13	6
2014/15	0.5	0.3	47	43	11	6
2015/16	0.7	0.3	64	52	11	5
2016 – 7 months	0.4	0.2	39	13	10	5
Total	2.2	1.1	198	150	11	6

*Those commenced are classed as those that have drawn down some if not all of the grant to date.

There have been 198 projects approved, of which 150 have commenced, these stated to relate to 138 unique businesses who have commenced a training plan with Invest NI support. The number of projects awarded and commencing peaked at 64 and 52 respectively in 2015/16. Assistance was fixed at 50% of eligible costs, with these being external costs or travel only. The above includes 2 existing FDI companies.
Total draw down at 31st October 2016 is £607k for the 198 projects against a grant award of £1.107m. The lowest level of assistance was for £375 on a project cost of £750.

In term of sectors, 18% were in Professional & Technical Services, 15% each were in ICT and construction, 9% each in engineering and consumer/creative industries and 7% in agri food:

Table 3.17: SAG Sectoral Activity

Total	No of projects	Grant awarded (a) £'000	Grant drawn down £'000	Grant average grant per project £'000
Admin & support services	4	24	20	6
Aerospace	3	25	7	8
Agri food	13	55	39	4
Call centres	1	3	0	3
Construction	30	161	65	5
Consumers/Creative	18	117	63	6
Electronics	6	22	4	4
Engineering	18	117	44	6
Financial Services	3	30	20	10
Hospitality	2	15	2	8
ICT & Telecomms	30	178	83	6
Manufacturing	3	14	2	5
Medical services	3	19	4	6
Other Business support	12	55	34	5
Paper, printing & packaging	4	18	12	5
Pharmaceutical	2	20	14	10
Plastics	3	15	14	5
Professional & Technical Services	36	188	107	5
Textiles	6	27	8	5
Utilities	1	5	5	5
Total	198	1,108	607	6

In terms of segmentation classification, 31% were small account managed clients, 26% were entry clients, and 9% each were micro account managed clients and pre entry clients. 9% are classified as tracked[52] or wider business with 1% classified as a large company and 5% as a medium sized company.[53]

For the 34 companies responding to the SAG survey, 29% of planned investment was in management training, with technical training accounting for 49% and soft and functional training for 22% of eligible costs:

Table 3.18: SAG Company survey - Analysis by Planned Spend for 34 companies

SAG	Management	Technical	Soft	Functional	Total
Total £000	149	253	50	62	513
	29%	49%	10%	12%	100%

For the majority of cases, different clients use SGP and SAG, however there have been cases where a small client has preferred to use a SGP application as the scale of the training has meant that the maximum offer from a SAG and 12 month duration were not suitable.

3.2.3 TNA Workshops

Training support at Application Stage

One of the activities identified in the Economic Appraisal was for Invest NI to provide mentoring support to 93 SGP applicants to develop their application and/or training plan on a needs basis (with support not exceeding 35% of all SGP applications). At the time of SGP approval it was proposed that Invest NI could provide financial assistance at 49% of invoiced cost, up to a maximum of £1,500, to support the preparation of a training plan which could then be submitted to Invest NI.

52 Tracked companies are not supported but classifications can change after the offer is made.

53 SAG is for small enterprises only - Invest NI notes that there are some misclassifications in the database

At an early stage in the Programme's delivery, it was decided to provide this type of support instead via one to one support directly from the Business Advisory team and also through TNA workshops, to increase the level of company ownership over the contents of the Training Plans being developed. There have been very few (circa 5 and none since 2014) instances of mentoring support for Application/Training Plan.

A significant number of applicants have received one to one support directly from the Business Advisory team. Feedback from the 85 respondents to the BITP/SGP survey would indicate that almost 30% (n=25) received support from the Business Advisers to prepare their Applications/Training Plan, with this support considered to be highly beneficial.

A Skills/Business Advisor team member has delivered the TNA workshops, which were half day workshops open to all businesses across NI and which provided information in relation to the identification of training needs. There have been 99 TNA workshops since 2013, largely oversubscribed, with 721 companies participating, of whom 54 (7.5%) proceeded to submit an Application to SGP/SAG, with 35 projects proceeding in the three years to March 2017 (from 37 workshops and 283 participating businesses):

Table 3.19: TNA Workshops 2014/15 to 2016/17

	No Workshops	Businesses in Attendance	Subsequent SGPs	Subsequent SAGs
2014/15	13	101	6	5
2015/16	16	126	7	1
2016/17	8	56	14	2
Total	**37**	**283**	27	8

The TNA workshops have a wider role in servicing the wider business base, providing a low cost introduction to skills investment, how to identify skills gaps and encouraging clients and the wider business base to consider best practices.
It is understood that, more recently, Invest NI has introduced a pilot follow up workshop to provide companies with the tools to identify the most appropriate training providers, with details to be included on nibusinessinfo.com.

All workshops are shown on the Invest NI website and included in the news weekly internal publication.

Training support at Implementation

One of the activities identified in the Economic Appraisal was for Invest NI to provide mentoring support to 105 SGP applicants to implement their training plan on a needs basis (with support not exceeding 40% of all SGP awards).
Invest NI has indicated that there have been no requests for support. This service was withdrawn in 2014.

3.3 Operational Fit of the Intervention and Complementarity with other Invest NI programmes

The Invest NI SIP is one of a number of interventions that supports skills development in NI, with other key initiatives being:

- The DfE range of initiatives – Assured Skills, Assured Skills Collaborative, Bridge to Employment; and

- Invest NI supports – The Leadership Programme, (including the Leadership team programme), Productivity Improvement Programme.

3.3.1 DFE Initiatives including Assured Skills

The **Assured Skills ("AS") programme** follows on from the recommendation from IREP that Invest NI and the then DEL should work more closely together to support skills development in NI. The programme can be delivered for an individual company or collaboratively for a number of companies within a given sector.

Assured Skills is available to three groups: Potential Inward Investment companies; Existing companies who are expanding; and an “Enhancing Capability” strand to develop local workforce.

There are key differences between AS and SIP:

- The DfE AS programme is aimed at addressing the needs of industry through academies, whilst SIP is aimed at addressing the specific skills needs of individual companies {note that individual or collectives of companies can seek skills support through Academies, however the focus is solely on generic sectoral skills rather than those skills specific to any one company};
- Those participating in AS are seeking employment in the sector, whilst SIP provides training to company own employees;
- The AS must be delivered through FE/HE, whilst SIP offers much greater flexibility in terms of trainers; and
- AS is fully funded, SIP is co-funded.

The Assured Skills programme offers such companies the opportunity to work closely with DfE, Invest NI and Further Education (FE) and Higher Education (HE) colleges to identify skills gaps and recruit high quality employees who are trained in bespoke areas where need has been identified. Essentially, DfE selects potential employment candidates onto the programme and prepares them with the technical skills for employment within certain “high demand, high growth” sectoral areas. Delivery of the bespoke programme is by the FE/HE colleges. There is no obligation by industry to recruit candidates completing the training, however, such bespoke training academies ensure that those who graduate are 'job ready' to work either with new FDI companies, or within their sector. There is no cost to the company, as a potential employer of graduates of the academies, and no administrative processes required of companies.

To date, a number of academies have been delivered in sectors such as software testing, software development, cloud computing, data analytics, financial and legal services, CNC machining, welding, export sales and marketing, game development and 2D animation. DfE has stated that on average, 85% of participants who complete an Assured Skills Academy go on to obtain full time employment. The success of this approach is in working with employers to develop a training programme which is specifically tailored to their immediate recruitment needs. The only obligation an employer has at the end of an Assured Skills Academy is to interview the participants.

Since the inception of the Assured Skills programme, over 6,100 jobs are stated to have been promoted by DfE, with the potential to add an additional £150m into the NI economy, with a total DfE commitment of over £8million.

For FDI companies, DfE and Invest NI aim to provide an assurance to potential investors that if they locate in Northern Ireland, they will be provided with a workforce which has the skills set required for their particular project. The benefits to companies is that it provides a soft landing for new companies and reduces the risk to FDI in new labour market, makes new recruits as productive as possible quickly and de-risks the proposition for employers.

Of the 85 companies completing the BITP/SGP survey, two have participated in Assured Skills and three in the Assured Skills Collaborative programme, ie five in total. A further seven companies availed of the Bridge to Employment programme. Just one of the six new FDI to NI that participated in the survey had availed of the Assured Skills programme, with the remainder of new FDI companies reliant on internal specialist skills for the training and development of new recruits (Assured Skills can only be delivered by the FE/HE sector). An expanding FDI surveyed company also availed of the DfE programme. Assured Skills can therefore be tailored to the needs of industry but cannot be delivered specifically for one company and their specific skill requirements.

The new FDI company who did participate in Assured Skills subsequently reduced the training proposed to be delivered through their Invest NI supported SGP. A further surveyed respondent noted a preference to participating in the DfE academies rather than recruiting and training staff through their SGP, but that a request to be supported through an academy, in place of their SGP grant award, had been declined.

3.3.2 Invest NI Initiatives

Invest NI offers other solutions that are aimed at developing skills including the Leadership Programme, the Leadership Team Programme, the Productivity Improvement programme plus Interim Manager and Consultancy support, amongst others.

The **Invest NI Leadership Programme,** for SMEs, has been specifically designed to enable SME leaders to grow their business through the development of leadership skills. It offers participating companies an opportunity to assess their performance and combines one to one and peer learning in addition to the latest leadership thinking from experts and guest speakers. 86 companies have completed the Programme with a further 14 at a mid-way point.

The **Invest NI Leadership Team programme** focuses on developing the skills and relationships of the top team in selected clients in order to achieve business growth. It combines world class executive education modules, with specialist business coaching and shared learning through peer networks. 36 companies (108 individuals) have completed the Programme with a further 11 at a mid way point and 13 companies recruited for cohort 5, which commenced in September 2017.

Invest NI has also supported clients through the EI Leadership 4 Growth (L4G) programme, with 8 participants to date.

Of the total participants in BITP/SGP/SAG, 24 have availed of the Invest NI Leadership programme, 15 of the Leadership Team programme and 8 of the L4G programme. Of the 85 companies completing the BITP/SGP survey, four have completed the Invest NI Leadership Programme, four the Leadership Team programme and four the L4G. A further three SAG respondents have participated in the Leadership programmes and one completed the L4G.

It is noted that the company costs of the Invest NI Leadership related support programmes are not supported under SGP or SAG. The Leadership programmes therefore compliment the SGP by offering specific practical support, (cost) and reducing the cost of the SIP training plan[54].

The Invest NI Growth & Scaling team encourage scaling companies within the SME category to participate in Leadership for Growth or Leadership/Team programmes (some scaling companies are large companies; however, the Leadership programmes are only for SMEs). Having participated in these, the Leaders are then better placed to understand the benefits of training, identify their skills needs, and they would also be made aware of support available including SIP etc. Because the needs of each company differ, there is not a process approach taken, where all companies have to avail of every programme. There is however, a high level of participation in SIP by scaling companies.

The function of the **Productivity Improvement Team** within Invest NI is to help increase the productivity and profitability of its client businesses.

The Team has engaged with companies across all sectors in over 100 projects over the Evaluation period. Support includes hands on support to identify process improvement opportunities within the business, the co-ordination of Lean and Supply Chain Improvement projects in order to improve operational productivity and promoting and embedding a culture of continuous improvement and capability within the business. The Invest NI Productivity team offer training courses, specialist advice and mentoring and run workshops and networking events about how to get the most out of available resources.

The Productivity Improvement programme compliments the SGP by offering specific “hands-on” practical support, at no cost and supplementing the SGP Training Plans.

Invest NI has a range of other programmes to support knowledge transfer amongst businesses. These include Interim Manager and Consultancy support which supports the introduction of external

[54] SIP plans will exclude all leadership programme participation

expertise into client companies and develop the skills of the existing workforce. Other supports include the Invest NI HR Advisers who provide hands-on expertise to SMEs which is impartial and free.

DfE is currently reviewing its full complement of NI skills interventions, this exercise which Invest NI is closely involved in, will help inform any future Skills Intervention Programme.

3.4 The Demand for the Intervention

In terms of demand, Invest NI has positioned its SIP as a point of differentiation to attract FDI, and an upskilling initiative for both globally focused businesses and SMEs with the potential to grow and sell externally.

In the 30 months to July 2017, it had 856 RDSs raised on SGP/SAG, with 40% securing a SGP/SAG grant award. Invest NI would note that all eligible projects (i.e. non-routine training, that is additional etc), presented for support, are supported. Participation can be summarised as follows:

Table 3.20: SIP Participation levels

	Summary of Grant Awards BITP/ SGP	Summary of Grant Awards SAG	Total SIP Grant Awards	No of BITP/SGP Projects Commenced	No of SAG Projects Commenced	Total SIP Projects commenced
2010/11	21	0	21	21	0	21
2011/12	37	0	37	35	0	35
2012/13	97	0	97	86	0	86
2013/14	76	48	124	69	42	111
2014/15	69	47	116	52	43	95
2015/16	66	64	130	47	52	99
2016 -7 mths	51	39	90	11	13	24
Total	417	198	615	**322**	150	472
Average	63	55		49	**41**	

The 2012 Economic Appraisal notes the fall in the number of BITP projects supported in 2010/11 (21) and 2011/12 (37), this being attributed to Invest NI budgetary constraints, with no awards between May 2010 and September 2011. It is noted that there were 118 awards in 2009/10.

2014/15 also saw an increase in the number of large companies applying for a combination of SFA and BITP/SGP, as from June 2014, large companies (over 250 employees) with an existing presence in NI could no longer apply for SFA. Total awards for SGP and SAG were 124, although the number of awards (SGP and SAG) has further peaked at 130 in 2015/16.

For Invest NI, it can be difficult to fully or speedily distinguish between projects where no training has taken place (and is unlikely to) and those where training has or will take place and there is a slowness on the client's side of submitting grant claims. This lack of clarity follows on from a back drop of incomplete AMRs (where clients do not submit such returns, at all or on a timely basis), where follow up requests for progress (or lack of) go unanswered, or the fact that training plans can extend for up to 60 months and the client is not penalised if it doesn't submit a claim until (as an extreme) the end of LOO claim period(see section 4.3).

For example, it is noted that there are 12 large projects (accounting for 14% of total grant offered under SIP, of whom 8 are from 2014/15 or earlier), which did not draw down grant during the Evaluation period (see Table 3.6). Of these, it is noted that 2 have been classified as abandoned, one project (from 2013/14) has had a substantial grant claim (for £499k) submitted and paid in 2017 and the remaining are expected to proceed.

SIP is a critical intervention used by Invest NI to attract FDI. The SGP/BITP survey undertaken would indicate that for the FDI companies, support from SIP was, in 90% of cases, reasonably important or very important to the company's decision to locate or expand in NI (see Table 7.10).

However, while 615 projects have been awarded grant and circa c415 companies have participated in SIP during the Evaluation period, given that Invest NI has 1,900 account managed clients and 900 core clients[55], the Evaluation Team's view is that demand could be higher. This is similarly the case for SAG, although this is supporting an average of 41 companies a year.

Companies are awarded financial support by Invest NI under SIP for a variety of reasons, and on the basis of:

i. The need for matched funding (especially smaller companies seeking to grow through L&D, with access to modest levels of cash) and where draw down is likely to be in line with the LOO;
ii. A requirement to offer an incentive to management (where the company has the cash resources, but company owners are not yet convinced as to the benefits of training);
iii. A requirement to offer an incentive to local companies with the cash resources to invest in NI instead of a sister site in an often GB or ROI jurisdiction; and
iv. To offer a training package of support to attract a mobile FDI project to NI. SIP is used by Invest NI as a key mechanism to attract FDI.

Feedback from Invest NI would indicate that the SIP is however viewed as a relatively low volume, targeted support to a number of its mainly export focused companies (both externally owned and indigenous) rather than a high-volume intervention. In its current format, it is not intended to be widely marketed by the Invest NI Skills and Competitiveness team, instead they are generally reactive to enquiries from companies and/or their CEs[56].

In terms of demand for the SIP, all companies seeking support through an application for both SGP and SAG are supported (subject to a positive appraisal), yet the number of companies participating appears low when compared to the Invest NI client base, and levels of participation in Scotland and Ireland (see section 8).

Overall, given its strategic importance, a higher level of participation in SIP might have been expected. The level of participation can be attributed to a number of factors:

- There are variations in the level of promotion of SIP by CEs - feedback from CEs participating in the focus groups noted their willingness to promote the scheme but their awareness of other CEs who didn't;
- There is lack of positioning of L&D, overall, as a core component of a company's growth plan, although more companies do seem to be submitting joint SFA and L&D plans. By not proactively promoting the benefits of the programme, but rather acting reactively to company requests for support, there is likely to be latent demand that is not being targeted or supported;
- Equally, some companies have had previous disappointing experiences when claiming from Invest NI for L&D support and have, or intend to, opt out from seeking future support (see section 5). The claims process is improved for many companies (see below), but by not engaging with Invest NI, companies may engage in L&D only where the training outcomes are more certain, and possibly excluding more innovative forms of training, including for management and leadership at a SME level; and
- There is evidence, however, that scaling companies are participating in SIP and this should continue to be encouraged.

These issues may therefore require further consideration in a future SIP.

3.5 Summary of Findings

This section sets out the level of participation in SIP. It notes that participation is low vis a vis the total Invest NI client base, although the introduction of SAG has been successful in supporting small enterprises. Participation levels are low when compared to benchmarked regions (see section 8).

The SIP is open to all Invest NI client companies, both manufacturing and tradable services, local and externally owned services, large companies and SMEs and across all sectoral levels.

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[55] Invest NI Business Strategy 2017-2021 page 7
[56] The Skills Team are dependent on an RDS from Client Executives

SIP is currently available for repeat usage although with an oversight and guidance by the Business Advisers to ensure that only new areas of spend are being supported.

As noted above, support is given to a range of companies for a variety of reasons: those SMEs requiring financial support to undertake the training; larger indigenous companies requiring incentives to invest in the training of their NI workforce (and make them more competitive); larger indigenous companies requiring incentives to invest in the training and capability of their NI workforce vis a vis employees in another jurisdiction, and therefore helping to maintain capability and capacity in NI; and FDI, where SGP is part of the package of support acknowledged by companies in attracting them to NI.

In the latter regard, Invest NI also works alongside DfE in the provision of Academies for FDI and growth companies, with SIP being a follow-on support to the Academies.

Academic literature (see section 2.4) would highlight the need for investment in L&D. While SIP is complementary to DfE's AS and Invest NI programmes such as the Leadership programme, it is the main L&D support specific to company's training needs amongst the Invest NI client base.

Whilst the SIP is not couched internally as a high-volume type intervention that all companies would be expected to avail of, future programmes should seek to increase the levels of participation in SIP amongst targeted groups, with recommendations in section 11.

Overall, we note the following:

- Invest NI awarded £53.7m of grant in the Evaluation period of which £20.2m was drawn down. This included the new SAG programme for smaller enterprise projects with grant offered and drawn down of £1.1m and £607k respectively;
- 89% of BITP/SGP projects (373 projects) were awarded grant up to £250k, with 11% (44 projects over the evaluation period) awarded grant in excess of £250k (albeit that these are awarded over 24-40 months on average);
- It is noted that 31 new FDI companies were supported in the Evaluation period with average grant award per project of £190k. There were 4 instances where grant to new FDI exceeded £500k. The SIP programme is an important mechanism in Invest NI's portfolio in attracting FDI;
- Investment in management skills accounted for 23% of total spend in the SGP sample companies, however, this can vary by company. The EAFST has been a useful tool in encouraging spend on management development. An average of 51% of spend in the SGP sample was on technical areas, a fall from an average of 70% in BITP pre-2010. The assessment of actual versus budgeted spend for a small sample would suggest that companies are generally investing across all cost component areas in line with their plan;
- Notwithstanding the high level of support available, as noted above, the BITP/ SGP has seen a relatively high level of non-starts and incomplete draw down of grant. Draw down levels were higher in larger projects (over £1m);
- In terms of LOOs not progressing, 84 of the 417 or 1 in 5 of approved BITP/SGP projects did not draw down any grant during the Evaluation period, although claims may be forthcoming;
- For those starting and drawing down grant, 55% of grants offered to all completed BITP projects and 63% of grants offered to completed SGPs in the survey sample have been drawn down;
- SIP has supported a range of sectors including many of the Invest NI priority sectors although some areas, such as biotech and pharma, are under-represented;
- There could also be more focus on targeting participants on the Invest NI Leadership programmes, although we note strong participation from Scaling companies; and
- The data collection process in Invest NI is not currently collating all relevant data in a readily analysable format.

4 OPERATIONS & DELIVERY

4.1 Introduction

This section seeks to assess the appropriateness of the intervention's delivery model and the effectiveness of the intervention's management and operating structures, taking account of how these have evolved over time[57].

It also assesses the usefulness and appropriateness of the EAFST tool in assessing the impact of skills projects, comparing against tools/approaches used in other regions. Note that an overview of the delivery model is in section 1 and detailed out in Appendix III.

4.2 The Application, Approval, Claims and Monitoring Process

4.2.1 Overview of Processes for BITP/SGP

Application assessment and approval process

Applications for support from BITP/SGP were typically initiated as a result of:

- Direct contact between the company and Invest NI's Skills and Competitiveness Team (i.e. company self-identification);
- Enquiries raised by the company's CE; and
- As part of a package of support being offered to attract a new inward investment project.

The application process commenced with companies completing an initial project application form in which they identified and defined a comprehensive training project targeted at company improvement and increased competitiveness.

Ineligible projects are generally identified and excluded before the detailed planning stage, following enquiry from the client (through the CE).

In the event that the proposed project offered the potential to meet Invest NI's identified assessment criteria (detailed further below), companies were invited to submit a full application form. The full application requested information relating to:

Table 4.1: Application process

Overview of information required in the full application assessment[58]
• **Company background** (nature of business, number of employees, details of the sector(s) the company was operating in, target markets); • **Project details and associated costings** including: - Reasons to why the training was required; - Detailed training plan identifying the capability gap (linked to one or more of the four main training themes), the performance improvement actions (training objective), the training mechanism, the training's link to the established operational target and the company's strategic priorities. • **Timescales** - Details of when the training would start and its duration; • **Current training and development practice** - Details of recent training and development practice including a summary of T&D activities (including associated spend) undertaken in the previous 12 months; • **Project viability** - Summary of how the project would be managed; • **Additionality** - Details of evidence that the training would not occur (or would not take place to the same degree or timescale) without assistance and reasons to why financial support is needed to implement the T&D plan;

57 This encompasses inter alia the appropriateness of application and appraisal processes, engagement with participating businesses, and financial management and output monitoring arrangements. It also encompasses an analysis of risk management and an assessment of the effectiveness of any management/delivery of any European Funding e.g. the administrative arrangements including vouching requirements and expenditure eligibility).

58 Source: BITP/SGP Full Application

Overview of information required in the full application assessment[58]
• **KPIs** - Identification of Specific, Measurable, Achievable, Realistic and Time-bound (SMART) KPIs. These indicators needed to be aligned to performance improvement, increased skills and competence and planned business results; and • **Agreement** - Identification of the individual who the letter of offer would reside with.

As noted previously, training could span up to 40 months (or longer i.e. 60 months as per Section 3).

As noted, many companies (25% of survey respondents) availed of the support of the Business Advisers in the preparation of their Training Plans, with only a small number attending TNA workshops.

All projects were required to be viable, show a need for Invest NI support and offer the potential to make a positive contribution to the NI economy. More specifically, in undertaking the appraisal of the application, the Business Advisor/CE considered:

Table 4.2: Appraisal criteria

Project Appraisal Criteria
• **Project viability** - Assessment of the degree to which the project, having received assistance on a once and for all basis, was expected to earn sufficient profits to be self-sustaining without continuing subsidies; • **Additionality** - Assessment as to whether the training would not occur (or would not take place to the same degree or timescale) without assistance; • **Value-for -money and wider economic benefits** - Assessment of the potential contribution to Invest NI objectives, rationale/need for the intervention, potential benefits to the company, wider costs and benefits, regional benefits, risks and mitigating factors and levels of previous assistance; • **Mobility** - Assessment of the location of the proposed project versus the mobility of funds; • **Environmental aspects** - Assessment of any significant environmental impacts; • **Level of innovation and ambition/scale of project** compared to previous training activities; and • **Competence and skills of project team** including their capability to deliver the BITP project.

Key discussions with the applicant companies at this stage included on the eligible costs (external training, internal training, staff costs of trainees, travel and accommodation costs)[59]; the types of costs to be supported (all eligible costs are split between management, technical, functional, and soft skills training), the grant rate, the claims process and KPIs. KPIs are established against specific training activities, with additional overall KPIs for the company's projected business results also established.

The EAFST is prepared at this stage, with confirmation that the project has passed minimum levels in the case of SAG (see para 4.4 and Appendix VI).

All projects were subject to approval through a Casework committee, with sign off at the appropriate Invest NI levels. Casework papers detailed out the company's background, the project's strategic fit, summarise the detail in the application form, the fit against the appraisal criteria, the EAFST score and the detailed KPIs set for the project, with KPIs generally set for each year of the Training Plan.

LOOs were subsequently issued to successful companies, that noted the participating businesses responsibility for monitoring and evaluation as well as requirements for claiming against the awarded grant:

Table 4.3: Duties of participating Businesses

Activities undertaken by the participating businesses
• Submitting all claims within the stipulated timescales (claims could be submitted every three months); • Completing a PPE in conjunction with their CE/Business Advisor; • Payment of all VAT to external providers of training and skills development support; and • Participating in all internal and external evaluations.

[59] Accommodation costs are no longer eligible from 2014

Project Monitoring and Post Project Evaluation

Each funded project was required to complete an AMR each year. This included details of performance against project spend, draw down, annual KPIs and a narrative (by the Business Adviser and the company) on the progress and any issues for the subsequent period.

By way of evaluating each funded project, every participating business was required to complete a PPE within 6 months of completing the project, prepared in conjunction with their CE /Business Advisor. At a minimum, this evaluation was to report against the following:

- Level of investment offered and drawn-down, including reasons for any variances;
- Degree to which any SMART targets (including all Performance Improvement indicators, Competencies and skills indicators and business targets) established at the outset of the project have been achieved, including reasons for any variance; and
- Details of any other qualitative measures of success e.g. details of the project to delivering any wider and regional benefits to the NI economy.

As a means to encouraging completion of the AMR and PPEs, more recently, since 2014, monitoring reports (AMRs and PPEs) include a summary SMART Target table which includes the following indicator areas: Performance Improvement indicators, Competencies and Skills indicators, and Business Targets, with details to be captured of achievements against each.

In addition, by way of establishing the impact of the project and the degree to which it has provided Value for Money (VFM), the actual outcomes of each project are reassessed using the EAFST and compared against the anticipated scores as identified at the application stage, noting the reasons for all differences. This was to help to inform whether or not the project has achieved what it had anticipated to achieve at the outset.

The information collated through the AMR and PPEs is generally comprehensive, including details on the annual and total KPIs agreed for the training plan, although not all companies submit the reports, at all, or on a timely basis. Some PPEs note the numbers of employees trained under the training plan, although this is not collated consistently. There is an opportunity for both the client and the Business Adviser to comment on progress. The key issue is however the approach taken to measure the impact of the plan, with overall business results noted in some instances, but with no allocation/attribution of business results to the plan. Commentary on the measurement of L&D initiatives is discussed further in para 7.1.

Claims Process

Companies could submit claims on a three monthly basis, with supporting documentation including evidence of invoice and payment for external costs, travel etc, and evidence of work undertaken and payment for internal costs (trainers and trainees), with this to include vouching to signed timesheets, payslips, bank statements, Inland Revenue payments etc. This is discussed further in para 4.3.7.

Invest NI does monitor project spend by category as part of its claims process. Invest NI only pay on training completed and claimed for. This is monitored through the claims variance.

4.2.2 Overview of Processes for SAG

The processes for the 12 month maximum SAG projects were based on a simplified application process (i.e. no vouching for internal trainee /trainer costs owing to the ineligibility of internal costs), with quick turnarounds on decision making, including approval to LOO. Eligible costs and KPIs were analysed out similar to SGP. SAG only funded external costs and travel costs.

SAG will not normally support the same training for an enterprise for two consecutive applications. Any enterprise seeking SAG for three or more consecutive periods must demonstrate significant skills development to be considered for further support through the Scheme. Those enterprises that are considered ‘Pre-Start’ can only avail of up to three small company offers of £10k.

The monitoring and PPE process was also simplified with assessment against five key narrative style questions, namely impact of the training project on staff competency, flexibility of the workforce, improvement in business processes, enhancement of the customer service and impact on staff motivation. The EAFST was also calculated pre-approval and at the PPE stage, with details provided of the variance.

4.3 Assessment of the Delivery Model for the SIP

The following is noted in respect of the SIP:

4.3.1 Application and challenge process

The Programme required companies to place their training programmes in the context of their strategic business activity and consider both the strategic and operational relevance of the proposed training activity. There is evidence that Invest NI does seek to challenge the strategic nature of projects, including the level of eligible costs, with rejection of those projects/costs which are routine in nature or similar to previously supported activities, where there has been under-delivery of previous projects, or where the training is not assessed as likely to have an impact on the company's competitive position. In some cases, the client has agreed that only external costs should be considered (with assistance usually provided at a higher grant rate) in order to streamline the claims process. That said, companies are allowed to submit multiple applications, with Invest NI also combining LOOs for FDI where multiple LOOs have been issued.

The application process includes the preparation of a detailed Training Plan with the Business Advisers being particularly proactive in providing guidance in the preparation of such plans. There is no stated upper implementation timeframe for a Training Plan, with SGP stated to have plans with an average of 24-40 months, some evidence of 5 year training plans, and extensions granted where activity has not occurred within the agreed timeframe. With Invest NI's permission, companies are allowed to start training activities (at their own risk) in advance of the training plan being approved.

There is no stated upper limit on project costs, although European approval is required if grant approval exceeds €2m (there have been no projects funded at this level). There is no minimum project size, although assessment of additionality would rule out disproportionately low projects.

The casework papers generally report both eligible and ineligible costs (although this is not uniformly reported). In the database of project costs presented to the Evaluation Team, stated at £210m, there is some inconsistency of reporting, with only eligible costs reported in the majority of instances and total costs, including eligible and ineligible costs, reported in some instances.

As noted, the total BITP/SGP project costs reported for the period 1st April 2010 to 31st October 2016, was £210m. For the sample of 85 BITP/SGP projects reviewed by the Evaluation Team, accounting for £66m of project costs, the review of the Applications and Board casework papers would indicate that the costs can be analysed between management (23% of costs), technical (51%), soft and functional costs (27%).

Technical training, which is the training that is most likely to be undertaken by companies (see Table 3.12), is therefore likely to account for at least half of the "proposed" total training costs for BITP/SGP. Invest NI must continue to ensure that technical training costs supported are "incremental" rather than "routine" and "unavoidable", ie the latter including training linked to a capital investment. In reviewing the case studies referred to in section 7, as well as the detail for all of the surveyed companies, this would appear to be the case, ie the Evaluation Team have set out below the categories of technical training within four companies and all are incremental technical training:

Table 4.4: Examples of Technical Training

	Technical training
Case study 1	Global best practice knowledge building (conferences, events, networking) Global best practice knowledge building (visits in and out of group) Best practice knowledge building (in group knowledge sharing forums) Lean workgroup based improvement Process multiskilling training (internally or externally accredited - equivalent to NVQ 2/3) Train employees in standardised SOPs
Case study 2	Flexibility Training Production Operators Development and Enhancement of Syspro /MRP Microsoft Office Skills Advanced Qlkiview Training ERP Planning
Case study 3	Sewing skills Pattern making
Case study 4	MS Excel MS Powerpoint MS Project

The rationale for supporting management training is well documented in section 2 and the feedback from the Invest NI team is that there is proactive encouragement of management training within the overall company training plan, including when assessing the companies' EAFST score (when one of the key criteria under "Transferability of skills" is the level of management development training).

Invest NI does not apply different grant rate to the differing categories of training costs, including management training costs, although the casework papers would indicate that the "mix" of training would be a key consideration in the overall negotiation of the grant rate to be applied to a project.

While the proposed costs by cost categories (ie management, technical, soft and functional training) are set out in the Applications/Casework papers and the individual claims submitted for payment will have costs analysed by each of these categories, this information is not collated on a cumulative basis or the total reported in the PPEs (or the AMRs).

Invest NI does monitor project spend by category as part of its claims process, and whether the company has undertaken the training activity proposed in its approved Training Plan, including the management training that is most likely to positively impact upon the company's competitive position. Conditions in the LOO give Invest NI the flexibility to restrict grant payment if the "project" is not being implemented. This condition has never been used (although the spend levels would indicate that the majority of projects are not fully implemented). However, Invest NI has indicated that where key elements of planned training are not undertaken, that this will have a bearing on future assessment of Invest NI support, where a subsequent Training Plan has been submitted for funding.

A review of planned and actual training for six completed projects, accounting for £11m of project costs, would indicate that while only 71% of project costs were incurred, the mix of spend was in line with that planned, while the level of spend was higher for management training than technical training:

Table 4.5: BITP/SGP Comparison of Planned and Actual Expenditure for sample projects

Costs By function TOTAL	Mgt skills	Technical skills	Soft skills	Functional skills	Total cost
Projected Cost	£3,753	£6,449	£523	£1,085	£11,809
Actual	£3,143	£4,061	£248	£918	£8,369
Variance	£610	£2,388	£275	£167	£3,440
% planned completed	84%	63%	47%	85%	71%
Planned investment (mix)	32%	55%	4%	9%	100%
Actual investment (mix)	38%	49%	3%	11%	100%

Invest NI can support internal salary costs of trainees as part of its eligible costs. For the 85 projects surveyed, 30 projects had internal trainee costs at more than 50% of total project costs recorded in the Invest NI database, although there were some inconsistencies in reporting between total and eligible project costs. The level of grant awarded is circa 25% on all the project costs (as presented by Invest NI) but 47%[60] when trainee wage costs are excluded. Invest NI has introduced a ruling since 2013 that trainee costs must be no more than 50% of total eligible costs, with Invest NI often disallowing elements of eligible costs[61] or agreeing to support external costs at a higher rate. Only SGP supports internal staff costs (SAG does not). The rationale for supporting internal staff trainee costs is that staff are being diverted from productive work to training activities, although this would not always be the case for employees just recruited (including FDI) who will require training before being productive.

The BITP/SGP is not the only Invest NI intervention to include existing staff costs as part of the project costs, with this also being the case with Grant for R&D etc.

Invest NI has indicated that there is an increasing move by companies to seek financial support on external costs only (with grant levels given at up to 50%). The advantage for companies in using external training costs is the requirement only to present the external trainers' invoice, and proof of payment (the requirement from the Invest NI Claim department for internal costs is set out below). Whilst from INI's perspective the benefit is that external costs represent the cost category that is the most additional in terms of representing actual spend by the company. This preference for external training costs is reasonably straightforward for companies whose preference is to use external trainers. This is however not the case for a number of companies who have specialist training facilities in house. This is particularly the case for FDI projects where internal trainers can be located in other sites outside of NI and where the preferred or only feasible option is to bring these inhouse specialist skills to its staff in NI, or to bring NI staff to other sites for training. For the 85 projects reviewed, 28% of costs comprised the salary costs of internal trainers.

The 2012 Economic Appraisal noted the internal staff could deliver training as part of projects where there is evidence that they have accredited skills. There is no evidence that this has been a condition of such costs being eligible project costs, or indeed that this is appropriate. Consideration of the internal trainers used by the FDI companies in particular would suggest that it is the experience and expertise of the inhouse training team that is important, rather than accreditation per se.

There is currently no mechanism to support off site internal trainer development costs, including for online tools etc where the upfront resource required may be significant, and benefits accrue to NI companies. This is increasingly a cost for companies, with trends moving towards online courses.

4.3.2 Timescale for approval

A number of companies surveyed noted that length of time for approval of their training application, although companies can be given permission to commence at their own risk. A review of a very small number of the 85 surveyed companies suggests that applications are being processed on a timely basis, although the practice of giving prior approvals may delay the actual receipt of an acceptable training plan:

Table 4.6: BITP/SGP Review of Timelines for Approval for sample projects

Size of award	Application date	LOO date	Timeline
£86k – FDI	Oct 2012	June 2013	8 months
£126k - FDI	May 2014	June 2014	1 month
£435k	April 2014	June 2014	3 months
£185k - FDI	Nov 2014, accepted March 2016	April 2016	1 month from acceptance – company had prior approval
£32k	June 2016	Sept 2016	3 months

[60] Internal staff trainee costs are £32.9m on the 85 projects

[61] In the survey data used by the Evaluation team, four projects from 2015/16 had internal trainee costs greater than 50% of total costs but less than 50% of eligible costs.

4.3.3 The level of draw down of Invest NI grant

Companies are requested to submit claims forms every 3 months. The Skills and Competitiveness Division seek to be proactive in encouraging claims to be submitted on a regular basis, with verbal and written reminders to clients.

There is evidence of companies conducting training but delaying the submission of claims, with a small number of companies submitting a claim for all or most of the training activity at the completion deadline (one company submitted a claim for £499k in 2017, based on a 2013/14 LOO). Invest NI has indicated that in 2017, there are 120 companies who are more than 6 months late in submitting a claim.

The majority of survey respondents reported challenges in submitting claims and getting claims approved (see para 4.3.7). There may be genuine reasons why it is difficult to submit and secure approval for a claim; ie the challenges in preparing timesheets were this is not normal company practice, and in securing internal staff payslips and bank statements where training is being provided by non-NI staff.

As per Table 3.5, 84 of the 417 or 1 in 5 of approved BITP/SGP projects did not draw down any grant during the Evaluation period.

For Invest NI, it can be difficult to fully or speedily distinguish between projects where no training has taken place (and is unlikely to) and those where training has or will take place and there is a slowness on the client's side of submitting grant claims. This lack of clarity follows on from a back drop of incomplete annual monitoring returns or no monitoring returns being submitted by clients, where follow up requests for progress (or lack of) go unanswered, or the fact that training plans can extend for up to 60 months and the client is not penalised if it doesn't submit a claim until (as an extreme) the end of LOO claim period.

For the 84 projects that did not draw down grant, these ranged across all project sizes, with an average of 16% to 20% of projects failing to draw down any grant across the size categories reviewed (i.e. grants up to £50k, £50k to £100k, £100k to £250k). The main reasons (which are similar to those companies starting but not completing training) appears to be lack of time for training (staff and management time) underpinned by a lack of priority given to training vis a vis other business activities, or indeed changes in priorities if growth plans had not materialised. For a number of companies, training plans did not commence due to a change in strategic direction including a change in ownership or global restructuring. Equally, in a number of instances, (as narrated by Invest NI staff), training grant was secured as part of the plan to maximise investment value prior to sale, with no champion or priority following the change of ownership. Also, submissions were made by large companies at the time of the changes introduced to SFA (2014/15) when companies were submitting joint SFA and SIP projects in order to maximise future grant levels, but with spending not then materialising at all or at the level envisaged.

Overall, Invest NI is a lender of last resort. It provides financial support to companies where there is evidence of market failure, ie that the training activity would not take place without Invest NI assistance. Invest NI does take account of the company's ability to fund the project when assessing each project and the level of grant to be awarded. However, the reasons for Invest NI support does vary. As set out in para 3.4, Invest NI SIP support acts as (i) match funding for SMEs with access to modest levels of cash; (ii) acts as an incentive to some companies (where the company has the cash resources but company owners are not yet convinced as to the benefits of training; (iii) acts as an incentive to local companies with deep cash resources to invest in NI instead of a sister site in an often GB or ROI jurisdiction and (iv) is also part of the overall package of support to attract a mobile FDI project to NI. For companies falling into points (iii) and (iv), a key element of the assessment by Invest NI will be of the project's mobility, and the extent to which the company will relocate or reinvest in NI vis a vis another location.

Given the various rationale for offering support, as noted above, and even where companies may be slow to draw down funding, the need for Invest NI to offer financial support to such companies for training is not diminished. For any future programme, Invest NI may consider measures to encourage improved draw down, including having a shorter training plan period, a clear alignment of training plans to a critical skills analysis (which TNA's are available to help identify), company objectives and desired business outcomes, with this having the potential to result in focused training, committed to by the company management, able to be implemented in terms of staff and management time, linked to agreed and prioritised objectives and capable of draw down.

4.3.4 Level of Training Plan Implementation

The low level of drawdown also reflects the fact that not all training plans are commenced, and for those that are commenced, some are not fully implemented.

There is feedback from companies that training needs change as market conditions change, and not all planned training will be required, this will be inevitable for training plans spanning multiple years.

The LOO does legally include provision under a 'variation' clause for Invest NI to vary the maximum amount or restrict payment of financial assistance in the event that Invest NI considers that the agreed training activities in the training plan will not be achieved and/or are materially different to those in the training plan.

The view of the Evaluation Team, and accepted by Invest NI, is that many companies seek to include all possible areas of training in their training plan, running for up to 40 months (or more), rather than prioritising training in the immediate future and then reapplying to Invest NI when there is better clarity on the types of training needed.

Concerns over the claims process (see below) have also impacted on draw down. Companies also highlighted the need for signposting to quality providers and sharing of best practices etc to better facilitate the delivery of their training plan. The Evaluation Team note however that Invest NI cannot recommend specific training providers without actually tendering for their services, whilst this would also compromise INI's impartiality.

4.3.5 Extensions

Companies can seek variations to their approved training plan, although company feedback indicates a lack of clarity as to the degree of flexibility that exists. It is noted that 97 amendments (mainly extensions) were approved in the 30 months to July 2017. Invest NI would indicate that variations and extensions can be agreed, although it seeks to ensure that the main training objectives are not varied.

4.3.6 Monitoring and PPEs

Invest NI sets detailed KPI targets for companies in relation to the constituent components of the training being conducted but does not always agree targets for the business results that the company is seeking to achieve (including sales growth, cost savings, export sales etc), or how the business results would be apportioned to the training (in particular where linked to an SFA LOO). This has caused challenges for companies during this Evaluation in determining the impact of their training project (with such apportionment not being considered in the AMRs or PPEs). This does however highlight the challenges generally in quantifying the economic impact of training and development; the benchmarking exercise would indicate that other regions (ie Ireland) seek to assess the progress made towards achievement of objectives rather than the economic impact, although Scotland also seeks to assess the business results. Further details on the evaluation of L&D are included in para 7.1.

Invest NI has indicated that there are some challenges in getting companies to submit AMR and PPE returns. 87.63% of AMR due to March 2017 were returned, with 72% of PPEs due in the four years to March 2017 having been returned (although 88% in the previous three years). This is a condition of support in the LOO, however one that is difficult to enforce.

The AMRs and PPEs include details on total spend but do not analyse spend by the key categories of Management, Technical, Soft and Functional skills, to determine and record if there has been over/under emphasis on any component. Invest NI has indicated that categories of spend are monitored through the claims process and that it informally notifies companies if they have exhausted particular categories of spend and restricts further draw down in this area.

4.3.7 Claims Process

There have been various concerns expressed about the claims process (which is governed by the Invest NI Claim and Finance team and outside of the control of the Skills and Competitiveness Division although the processes are relayed by the Business Advisers to clients at the outset). Areas of concern included the need for daily attendance records, for copies of payroll records, for BACS/bank statements (as proof of payment) and conditions of contract, have been a challenge for FDI companies in particular where they are claiming for overseas based internal trainers. Inability to meet the Invest NI Claim team's requirements have prohibited a number of FDI companies from drawing down grant support. Of the 85 companies surveyed under BITP/SGP, five (three FDI) stated that they had completed the training but had not claimed the majority of the Invest NI grant.

In order to address these challenges, the Skills & Competitiveness Division have been supporting external training costs only at a higher rate (up to 50%) than overall costs (where the average is a 25% grant rate); this has been popular with some companies but impractical for others (in particular large FDI with internal specialized training processes) where there is no alternative to specialized internal training.

There is evidence (from the casework papers) that the Business Advisers are clearly explaining the claims process to companies at the outset to companies, including FDI, and accepting their assurances that the company has the processes in place to meet the Invest NI claims criteria, with companies subsequently reporting difficulties, despite these early assurances.

FDI companies have queried why Invest NI cannot accept the auditors' report as evidence of payment for internal trainers' costs in particular, rather than seek copy payroll details and bank statements of international companies where such data is maintained at headquarters rather than in NI.

Given the issues with the claims process, a number of indigenous companies have stated that in future they will continue with training without Invest NI support. A number of FDI have expressed significant disappointment in their ability to claim the training grants offered in their initial discussions with Invest NI.

A number of companies noted their frustration in that the requirements of the Claims department have varied between individual claims, including nugatory work required in one claim but not subsequently required in future claims. In a number of instances, changes in the claims process have been relayed by the Claims team to the client without any prior discussion or notification to the Skills and Competitiveness division, although the latter will be the main client interface for client feedback.

There is generally support for a move to electronic timesheets and approvals, with businesses noting that the Invest NI processes were at odds with company policy on paperless offices. In parallel, was a request to amend the Invest NI pre-selected claims form which was considered to be laborious to complete.

That withstanding, companies recognize the progress that has been made between BITP and SGP:

> Claims process has improved greatly since the last training plan. It is now simplified and a choice given in claiming for external only. INI is very well organised and Team have been very supportive. The scheme has been flexible.
>
> Company respondent

4.3.8 SAGS

SAGs are awarded for a one-year period. The feedback on the process, from application to claims, has been positive, with this being a more simplified process than SGP. Some companies queried the restriction in the project implementation timescale to 12 months (where payment is up front or phased and training periods straddle a longer period).

Management/delivery of any European Funding

The SIP does not include European funding.

4.4 Framework for Assessing the Potential Impact of Skills and Training Interventions

The EAFST was introduced in 2012 and is prepared for all projects at approval stage and at PPE stage.

The EAFST is a unique tool built by Invest NI from academic evidence with the aim being to provide an information base, from which the characteristics of high impact, medium impact and low impact training projects could be identified. From these characteristics, a weighting and scoring framework was created, which identified those projects that are relatively weaker or stronger on a consistent and comparable basis. These results were then to be used to inform judgements on the relative merits of projects and potential offers of assistance including grant rates. The introduction of the EAFST follows on from the BITP Evaluation which noted the difficulties that are encountered within skills and training interventions in terms of developing a framework that can monetise the outcomes of these projects.

Accordingly, a weighting and scoring framework was developed using eight characteristics of skills and training projects or programmes and from this an excel model was created as an easy to use tool for the Business Advisers to use to help measure and report upon the potential benefits of skills and training interventions on a consistent and comparable basis. The eight characteristics and weightings are as follows:

Table 4.7: Characteristics for EAFST

Eight Characteristics	Weighting
Excess demand for skills in relation to supply	25%
Transferability of skills	25%
Level of Qualifications	20%
Number of High Performance Working Practices	15%
Number of Days Training per Employee	2.5%
Source of Training i.e. on-the-job, off-the-job	2.5%
Training Budget in place	5%
Country of Ownership	5%
Total	100%

This EAFST tool provides an overall score for each of the projects or programmes which allows a comparison, based on relative merit, by size of company and by sector.

SGP and SAG projects, once scored, are ranked as being Higher Potential, Improved Potential or Basic Potential projects, with targets set for the overall Programme as follows:

Table 4.8: Targets for EAFST

	SGP target (min % of projects)	SAG target (min % of projects)
Higher Potential 65.1% & above	40%	40%
Having Improved Potential - 45.1% to 65%	30%	60%
Basic Potential - 45% and below	30%	0%
Total	100%	100%

In summary:

- All SAG projects are to score 45%+
- Across SGP projects and SAG, no more than 30% of all projects to score <45%.

The EAFST for skills and training is used as an important element of the assessment of economic efficiency of each project, and in informing the overall Value for Money conclusion in relation to each project. Other criteria (including financial viability, funding / affordability, additionality, mobility and cost effectiveness etc) will also apply as normal in all approvals. Overall, however, there is expected to be a positive relationship between the grant rate offered and the percentage EAFST score i.e. the higher the EAFST score and the better the project from an economic development perspective, the higher the grant rate.

Summary of EAFST scores at Application Stage

Invest NI presented a document "The EAFST March 2013" report, which provides details of all scores for 621 projects, namely 369 prepared for small companies, 161 for medium sized companies and 91 large companies (and is prepared to March 2017).[62]

The median scores have been calculated at 61.4% and is in excess of 60% for all of the main Invest NI sectors (at Application stage) with the exception of Food and Drink (at 52.9%). The EAFST score is lower for small (and micro) companies and highest for large companies:

Table 4.9: BITP/SGP and SAG EAFST median scores – application stage

Median score	1st April 2012 to 31st March 2017	No of companies
Small	59.6%	369
Median	64.0%	161
Large	67.0%	91
Total	61.4%	621

The median score has been reasonable constant since its introduction in 2012/13.

The assessment against targets would indicate that targets were achieved in respect of SGP projects but not SAG projects:

Table 4.10: BITP/SGP and SAG EAFST Actual and Target – application stage

	SGP target	SGP Actual	SAG target	SAG Actual
Higher Potential 65.1% & above	40%	45%	40%	22%
Having Improved Potential - 45.1% to 65%	30%	42%	60%	76%
Basic Potential - 45% and below	30%	13%	0%	3%
Total	100%	100%	100%	100%
Total assessed to 31st March 2017		421	198	227

Summary of EAFST scores at Post Project Evaluation

From the 621 cases from 1st April 2012 to 31st March 2017, there have been 221 (35.58% of cases) projects that the EAFST has been completed at PPE stage. Twenty projects were not completed and another fourteen projects did not have sufficient information from the Client to complete the EAFST.

The median score at PPE stage to 31st March 2017 is 61.3%, which is in line with the overall median EAFST score of 61.4% at casework stage.

Evaluation Team Review of EAFST Tool

The Evaluation Team notes that none of the benchmark regions have a similar tool. The Team have the following observations:

- Influencing Behaviours

  It is the view of the Evaluation Team that a key benefit of the tool is that it has been successfully used by Invest NI to influence companies and advise on appropriate investment behaviours, (by benchmarking applications against the criteria for high, medium and low projects, by benchmarking against similar sectors, size of companies), and encouraging greater investment in management development practices, and excluding routine technical training etc from eligible costs, in order to maximise the scores from the EAFST. In practice this means that following

[62] Note that EAFST scores have been prepared for 11 BITP projects.

assessment of the initial EAFST score, particularly where a project is scoring low against benchmarks in the same sector, to the extent that this will impact upon approval or levels of assistance, Invest NI will provide such feedback and encourage the company to reconsider areas of training that will increase the EAFST score, all to the benefit of the company. Invest NI also spends time at the outset in satisfying itself that the company has in place the necessary requirements to manage the training project, i.e. what records will be kept, who will manage it etc.

- Sector Deficits

In total, 25% of the scoring for the EAFST is in relation to the extent to which there is a supply shortage, at degree level or appropriate qualification, in export-oriented priority sectors. Details are taken from the Skills Barometer (see para 2.4).

Some sectors, such as agri food which is dependent on less qualified staff, but accounts for 25% of NI's manufacturing exports and employment, can score low in the sector weighting category. Some sectors can fail to score in this category, i.e. printing, although the applicant may be globally competitive and export orientated.

Recommendation - the assessment of skills demand and supply should be continually reviewed, and should take account of the skills needs of priority sectors, as well as the skills needs of all large-scale export orientated sectors;

- Skills Types/Sector Deficits/Transferability of Skills

In total 25% of the scoring for the EAFST is in relation to the extent to which there is a supply shortage, at degree level or appropriate qualification in export-oriented priority sectors, with a further 15% weighting allocated to the transferability of skills (i.e. can the skills be used outside the applicant company).

There is room to potentially incorporate greater granularity within the tool to account for variances in the skills gaps areas themselves, (in addition to sector and transferability considerations). This is best illustrated through an example where two projects are presented for funding and assessed with the EAFST tool, as follows:

- **Project 1**: IT Company, training 10 staff in *cyber security related technology*, no qualifications, external provider
- **Project 2**: Engineering Company, training 10 staff in *Microsoft Project*, no qualifications, external provider

Both projects would obtain the same score using the EAFST tool, even though the quantum/value of skills gaps in the areas of cyber security and Microsoft Project are likely very different. Currently, separate qualitative text on wider benefits are used to capture the higher desirability of cyber technology training.

Recommendation – the EAFST should be reviewed from the perspective of its granularity, with specific reference to scarcity of higher value skill types/complexity of training needs/innovative natures of the skills gap, in addition to taking account of sector gaps, and transferability considerations.

- Project Size

There is currently no sense of scale in assessing various project sizes as part of the EAFST tool. Each company is assessed relative to its overall investment, with no weightings to reflect the size of the project and this wider macro impact of upskilling on the NI economy; as such, the PPE EAFST score does not serve as an indicator of the extent to which the project was implemented.

Recommendation – the EAFST should be reviewed from the perspective of potentially accounting for project size, as well as project quality.

- Data Collection

The EAFST summary data records the number of employees in the companies undertaking the training and the number of employees proposed for training in the Training Plan. Details are not collated of the number of actual employees trained although this is noted in some of the individual PPEs.

Recommendation: Details should be collated of the proposed number of instances of training, number of employees participating in training, and accreditation levels, as well as the actual numbers of each, in an interrogable format.

4.5 Progress against the Action Plan (as per 2011 Evaluation)

Details of progress against the Action Plan prepared following the 2011 Evaluation of BITP is as follows, with the main issue relating to monitoring:

Table 4.11: Review of Action Plan from 2010 Evaluation

Key recommendations emerging from the 2010/11 Evaluation of the BITP	Action Taken
Need for the BITP	
1. Invest NI should continue to invest in companies' skills development where these are linked to the growth of client companies particularly those focused on investing in R+D, Innovation and Exporting;	Invest NI has continued to invest in skills development, with casework papers demonstrating the proposed growth plans, (and targets for sales which will include export sales), although less directly linked to R&D and Innovation.
2. Invest NI should set clear Objectives and Targets for the programme based on the strategic context and rationale for the programme	A series of output/activity SMART objectives/targets were established in the 2012 Economic Appraisal.
Additionality	
3. Business Advisors should be provided with training to further challenge and assess the content of client skills plans.	It is understood that training was undertaken, including for the EAFST introduced in 2013.
4. Invest NI should continue to rigorously analyse and challenge the training and development costs applied for by companies to further increase additionality.	There is evidence that Business Advisers are challenging the training and development costs, both the internal staff costs and the strategic nature of the costs. There is a challenge to additionality. This may be weakened by the extent to which companies are late in submitting claims.
Development and Implementation of BITP Monitoring System	
5. Invest NI should develop its system to ensure it can provide all the necessary information to support the management of the programme, namely offer information, monitoring and evaluation information against targets.	Invest NI has appropriate systems in place including a requirement for annual monitoring returns and PPEs with detailed annual KPIs for SGP projects and a simplified process in place for SAGs. There are challenges in getting companies to submit returns/PPEs and on a timely basis, although no penalties in place where these are not submitted. KPIs are included at a detailed operational level, with companies also reporting their business results against targets, but with no apportionment of business results to the training activity. EAFST reports are prepared pre-approval and at the PPE stage, with variances noted and comparison made against companies in the sector, but with no reporting of the level of investment vis a vis that projected.
6. Invest NI should develop and implement a robust methodology to establish RoI metrics for skills investment, against which the programme needs to be monitored. It is fully appreciated that there are difficulties with developing robust calculations for RoI calculations based on skills	EAFST reports are prepared pre-approval and at the PPE stage. The EAFST scores are successfully used by Invest NI to influence companies and advise on appropriate investment behaviours,
7. Invest NI Business Advisors should be trained in the new systems, that they are set targets for completion and that they are assessed on the completions.	As noted, it is understanding that training has occurred and all Business Advisers report on the EAFST etc

Key recommendations emerging from the 2010/11 Evaluation of the BITP	Action Taken
Need to link BITP and HRM best practice support	
8. We recommend that a check is completed to ensure that client companies have HRM best practice systems in place to ensure they are able to make best use of their resources. As part of the BITP process at project level, BIS should ensure that any BITP offer is used to implement an effective HR Management System where one does not already exist.	An assessment of the company's HRM system takes place as part of the application process with companies reporting the extent to which they have adopted against 38 HRM processed and practices. There does not appear to be any recommendations made to companies as to the appropriateness of particular work practices.
Need to Link with DEL Supports	
9. DEL and Invest NI should continue to work together and take this opportunity to explore how they can share their expertise, materials, programmes etc. for max impact with client companies.	DFE and Invest NI work closely in respect of Assured Skills. DFE is currently reviewing all of the initiatives used to support skills development in NI.
Need to meet Invest NI Application and Claims Process Targets	
10. Invest NI needs to ensure that BA staff are completing the application review process appropriately and that they are being measured on their performance. Invest NI needs to meet its own Application and Claims processing targets and urgent action is needed to review the internal processes to ensure that these can happen. Invest NI should seek to deliver on-going performance improvement through reducing the time taken to process applications and claims year on year.	The Evaluation team's view is that applications are now being processed by the Skills and Competitiveness division on a timely basis, although the practice of giving prior approvals may delay the actual receipt of an acceptable training plan. There is evidence of the Skills and Competitiveness Division ensuring that clients are fully aware of the requirements of the Claims department at the outset, encouraging support to be targeted at external costs and seeking to be proactive in encouraging claims to be submitted on a regular basis.
Need to Market Support to SMEs	
11. Invest NI need to work closely with the Regional Offices and HQ Teams to assess how many small or micro clients could benefit from investment in training and development.	This issue is addressed through the establishment of SAG
12. A Small Firm focused programme/ approach needs to be developed and marketed.	SAG was introduced in 2013/14.
Need to meet Invest NI Application and Claims Process Targets	
13. Invest NI increase the number of small growth firms who are encouraged to invest in training and development and with this other best practice HRM systems.	SAG was introduced in 2013/14 although uptake has been lower than projected. As noted above, an assessment of the company's HRM system takes place as part of the application process.

4.6 Conclusion

This section considers the Operations and Delivery of the SIP. There have been challenges in the level of draw down, the management of the Invest NI data base, and the claims process. The EAFST has been instrumental in influencing the level of investment in management development skills, key areas of sectoral demand etc although some adjustments are necessary in order to reflect the quantity as well as quality of investment. Recommendations are included in section 11.

5 STAKEHOLDERS SATISFACTION WITH, & VIEWS OF, THE SKILLS INTERVENTION PROGRAMME

5.1 Introduction

This section provides the key findings emerging from the primary research with companies in receipt of Skills Intervention support, in terms of their satisfaction with, and views of the SIP.

5.2 Overview of companies participating in consultations

5.2.1 Companies participating in BITP/SGP survey

Details of the companies participating in the consultations are set out in Appendix IV (for BITP/SGP) and Appendix V for SAG.

Of the 42 companies supported under BITP, 11 had LOOs dated 2010/11 and 2011/12, 22 had LOOs dated 2012/13 with the remainder in the following two years.

Of the 43 companies supported under SGP, 26 had LOOs dated 2013/14 and 2014/15, 11 had LOOs dated 2015/16 with 6 relating to the seven months to October 2017.

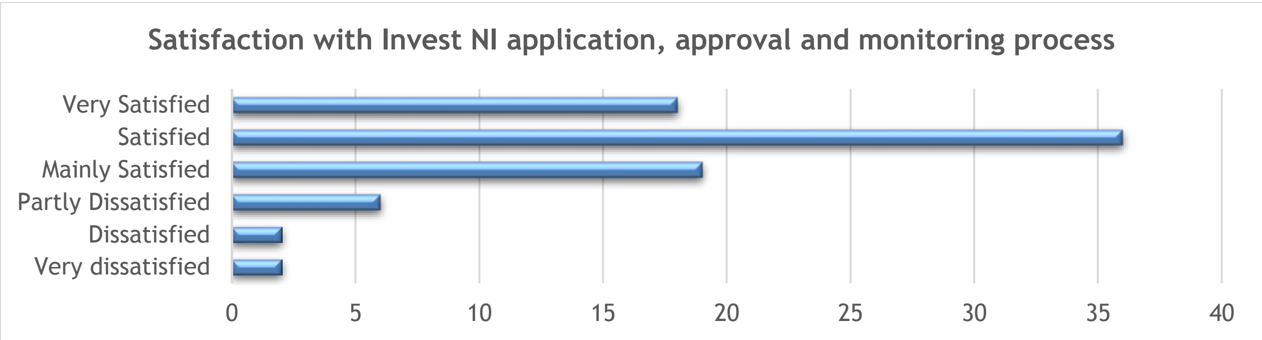
Of the 85 respondents from BITP/SGP, 30 were externally owned and 55 were locally owned. 11 of the 30 were classified as FDI in the Invest NI classifications.

Of the 34 respondents from SAG, all were locally owned, with LOOs dated from 2012/13 to 2016/17.

5.3 Companies' Satisfaction with support during BITP/SGP

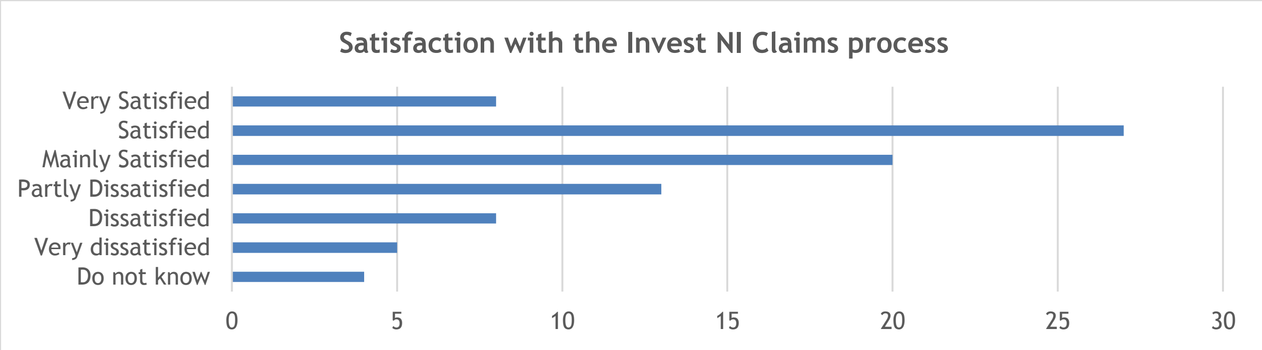
5.3.1 Support from Invest NI at the Application stage

25 companies (n=85) reported that they had received support from Invest NI Business Advisors during the application process, with advice on the training plans content, structure, KPIs and general guidance on the application stage. The feedback is extremely positive, with respondents appreciating the accessibility of Invest NI staff and the detailed practical support. This is reflected in the satisfaction levels with the application process, approval and monitoring process, with 65% being satisfied or very satisfied and 12% being dissatisfied:



5.3.2 Satisfaction with the Invest NI Claims process

The Evaluation Team's view is that the responses above are partially tainted by the more negative attitude towards the claims process, where 41% of respondents were satisfied or very satisfied and 30% were dissatisfied (see section 4.3.7):



5.3.3 Further participation

It is noted that 59 companies state that they have embarked on further training and development initiatives post their BITP/SGP project, with 26 (44%) stating that they have secured Invest NI support for such additional projects. This will in part reflect the fact that some forms of training may be ineligible by Invest NI support (ie mandatory, not sufficiently different to justify Invest NI support) although a small number have stated that their experience with the BITP/SGP programme would discourage further participation (this relates to BITP participants for indigenous companies and SGP for FDI).

In total 90% of respondents would recommend the Invest NI SIP (including 40% who would probably recommend it), with 5% stating that they would not recommend the Programme, and 5% who did not know.

5.4 Companies' Satisfaction with SAG

All 34 of the SAG respondents were satisfied with all aspects of the SAG programme, including 18 (56%) who were very satisfied.

5.5 Invest NI Stakeholder Feedback on satisfaction with SIP

5.5.1 Focus groups with Invest NI Client Executives

Two focus groups were held with Invest NI CEs, responsible for a range of sectors, and including regional staff.

Staff were positive as to the benefits to the NI economy from support and encouragement to upskill employees within Invest NI clients, noting that in many cases, such support can influence the companies' attitude towards training

Feedback on BITP/SGP noted the positive steps that had been made in repositioning SGP, with BITP considered to be cumbersome and inflexible in terms of the claims process and more flexibility available within SGP, including with a higher grant rate given on external costs only. Some noted that there was further promotion needed amongst companies that had participated in the previous BITP given the difficulties they encountered in managing and claiming from the programme and the changes that have been subsequently introduced. It was noted that a number of their client companies had been discouraged by the inflexibility of the programme and would pursue training in the future without Invest NI support.

It was noted that Invest NI has its Leadership programmes, targeted at a select number of mainly scaling companies. Hence SGP is considered useful in supporting management development training in particular and in the upskilling of staff. Examples were given of companies securing national awards as a result of participation, ie Moy Park, Heartsine.

The difficulties for externally owned companies in claiming for internal trainer costs was seen as a weakness, which created some uncertainty as to eligible and ineligible costs. Most CEs were aware of the intensive support provided by the Business Advisors in providing clarification to companies but noted that such one to one support was not likely to be sustainable.

CEs noted the challenges in determining the business results arising from training and development programmes, although feedback is generally positive from companies.

There were positive views in respect of the SAG programme, its ability to support tactical training, this being the first step for many Small Enterprises in considering their strategic training needs, and in generally supporting the upskilling of small businesses. A number of CEs noted the benefits of supporting mentoring under SAG. The ease and timeliness of the approval and claims process was acknowledged, as was the flexibility in changing providers etc, although instances were given when a 18 rather than a 12 month programme would have been beneficial (ie a course straddling 18-24 months) and where the companies were likely to incur project costs in excess of £20,000. CE's considered it to be appropriate that only Small Enterprises are eligible for SAG, and additionality considerations would make medium sized and larger companies ineligible.

5.5.2 Other Invest NI staff

Consultations were held with senior Invest NI staff, a representative from Senior Management Team, the Director responsible for the SIP and senior staff responsible for FDI.
The importance of SGP in attracting FDI to NI was noted, and the extent to which Invest NI worked closely with DfE and the Assured Skills programme. There was concern as to the challenges perceived by FDI companies in assessing Invest NI support, although the inability of the Skills and Competitiveness Division to influence the claims process was noted.

SGP was also seen as important in supporting the growth plans of all external owned companies and those with multiples sites including in other jurisdictions.

With the levels of draw down and projects not commencing is an area of concern, prioritization was recognized as being an increasing challenge also for NI, given the pressure on budgets.

5.6 Recommendations for Improvements

There were a number of recommendations for improvements to the SIP in relation to improved marketing, an improved claims processes, the length of SAG and upper limits for SAG, all designed to increase participation and encourage draw down, as well as ensure that SIP was fit for purpose as a means of attracting FDI. These are discussed in section 11.

5.7 Summary Conclusions

The preceding analysis would suggest that businesses are very satisfied with the Business Advisors and generally with the approval process, but that there continues to be concerns with the Invest NI claims process which Invest NI's measures already introduced to simplify the process (through supporting external costs only) cannot address in all instances, especially for FDI. Invest NI staff note the positive impact of SIP in FDI and in growing the competitive position of its growth companies.

6 FINANCE

6.1 Introduction

Details on Programme costs, Budgeted and Actual, are included in Appendix IX and summarized below.

6.2 Total Budgeted cost for BITP/SGP and SAG from 1st April 2010 to 31st October 2016

In summary, the total Budgeted cost for BITP and SGP/SAG to 31st October 2016 can be calculated as follows - BITP costs are based on pro-rated costs from the relevant Economic Appraisal extrapolated to September 2012; SGP costs are based on the pro-rated costs of the preferred option in the 2012 Economic Appraisal to 31st October 2016:

Table 6.1: Estimated Invest NI Budgeted Cost for SIP 1st April 2010 to 31st Oct 2016

Estimated costs 1st April 2010 to 31st Oct 2016	Total Cost based on 100% draw down of Awards £000 BITP – 2 yrs and 9 mths	Total Cost based on 100% draw down of Awards £000 SGP/SAG	Total Cost £000
BITP/SGP awards	12,013	22,892	34,905
SAG awards	0	2,924	2,924
Mentoring support - Application	0	74	74
Training plan implementation	0	153	153
Training needs analysis			0
Total Direct Programme spend	12,013	26,040	38,053
Invest NI Programme Staff costs	2,414	3,600	6,014
Invest NI Finance/Legal Staff costs	1,171	1,806	2,977
Invest NI Marketing Staff costs	10	19	29
Total Invest NI staff costs	3,595	5,423	9,018
Invest NI marketing costs	0	189	189
Invest NI evaluation costs	0	14	14
Total	15,608	31,667	47,275

6.3 Actual costs of the Skills Intervention Programme for the period under evaluation

The actual costs of the SIP between 1st April 2010 and 31st October 2016 are (based on apportionment by Invest NI):

Table 6.2: Actual Invest NI Cost for Skills Intervention Programme 1st April 2010 to 31st Oct 2016

Estimated Actual costs	Total Cost based on 100% draw down of Awards £000 1st April 2010 to 31st Oct 2016	Total Cost based on actual Grant distributed £000 1st April 2010 to 31st Oct 2016
BITP awards	24,552	12,734
SGP awards	28,108	6,886
BITP and SGP awards	52,660	19,620
SAG awards	1,107	607
Mentoring support - Application stage	0	0
Training plan implementation support	0	0
Training needs analysis workshops	19	19
Total Direct Programme spend	53,786	20,246
Invest NI Programme Staff costs	5,818	5,818
Invest NI Finance and Legal Staff costs	2,553	2,553
Invest NI Marketing Staff costs	50	50
Invest NI marketing costs	32	32
Invest NI evaluation costs	35	35
Total INI programme cost	62,207	28,648
Invest NI cost excluding Direct Programme spend	8,488	8,488

Programme spend and draw down for BITP, SGP and SAG above are as per the Invest NI database presented to the Evaluation Team.

Invest NI staff costs

The Invest NI total staff cost (excluding direct SIP spend) is £8.422m, as follows:

Table 6.3: Actual Invest NI Cost for Skills Intervention Programme 1st April 2010 to 31st Oct 2016 (as estimated by Invest NI)

£000	Programme team staff costs	Finance and Legal staff costs	Marketing staff costs	Total to 31st October 2016
Director (Grade 5)	285	36		321
Grade 7	577	235		812
DP	4112	440		4,552
Skills Adviser	539	222		761
SO	0	412	50[63]	462
EO1	231	1033		1,263
AO	74	176		250
Total	5818	2553	50	8,422

All cost above are fully loaded costs. The staff input in 2016/17 is:

Table 6.4: Actual Invest NI Resource for Skills Intervention Programme 2016/17

Staffing 2016/17	No of Programme team staff	No of Finance and Legal staff	No of Marketing staff	Total
Director (Grade 5)	0.4	0.05	0	0.45
Grade 7	1	0.5	0	1.5
DP	8.5	0.7	0	9.2
Skills Adviser	0.8	0	0	0.8
SO	2	0.6	0.1	2.7
EO1	0	1.04	0	2.04
EO2	1	2.6	0	2.6
AO	0	0.4	0	0.4
Total	13.7	5.89	0.1	19.69

The salary costs of Invest NI compare to awards and draw downs as follows:

Table 6.5: Actual Invest NI Cost for Skills Intervention Programme 1st April 2010 to 31st Oct 2016

£000	Based on Actual Awards	Based on Actual Grant drawn down to date
BITP	24,552	12,734
SGP	28,108	6,886
Combined BITP/SGP	52,660	19,620
SAG	1,107	607
Total	53,767	20,227
Training needs analysis workshops	19	19
Total Direct Programme spend	53,786	20,246
INI staff costs	8,422	8,422
INI other costs (marketing /evaluation)	67	67
% staff costs of Direct Programme Spend	16%	42%

The above total Invest NI staff costs represent 16% of grant awarded but 42% of grant drawn down.

The underpinning Economic Appraisal envisaged that £6.0m of programme staff time (excluding finance/legal) would be associated with £38m awards and draw down, on the basis the Economic

63 Estimated - 0.1FTE pa

Appraisal assumed all awards would be drawn down. In reality, to date, £5.8m staff time has been associated with £53m offers and £20m draw down. It is recognized that the time intensive element of projects, from Invest NI programme staff perspective, is at the application stage, and the level of staff time required to move from £20m drawdown to the actual level of draw down associated with £53.7m awards is unlikely to be significantly higher.

Therefore, the variance between awards and draw down makes it difficult to conclude definitely on the efficiency with which the programme is being implemented.

We note that some companies have completed training but not claimed from Invest NI due to issues on claims, and for a significant number of companies their projects have recently commenced, and/or there will inevitably be delays in submitting claims, hence the salary cost to draw down will likely reduce over time.

The cost of training needs analysis workshops was stated to be £18.5k based 37 workshops from 1st April 2014 to 31st October 2016 at an average cost of £500 (for hire of venue and catering). There were no TNA workshops before 2014. The TOR states that there have been very few (circa 5 and none since 2014) instances of mentoring support for Application/Training Plan (with this being an internal staff cost). There has been no support for implementing/claim preparation since SGP was launched. Any mentoring offered since 2012 was for application/training plan only.

Invest NI has noted that the estimate of Invest NI programme time is based on a best estimate. Programme staff cost has varied from £976k in 2011/12 to an average of £832k pa over the following four years. Finance and legal staff cost has varied from an average of £498kpa in 2010 to 2012 to £330k in 2015/16.

6.4 Variance between Budgeted and Actual Grant award and Draw down

Consideration of the variance between budgeted i.e projected spend and actual spend (based on both total grant awards and also total draw-downs to date) would indicate that the SIP has awarded £15.9m in excess of that budgeted but spent (through the claims process) £17.6m less than budgeted. The 2012 Economic Appraisal was prepared on the basis of 100% draw down level, although this has proven to be circa 65%:

Table 6.6: Variance on Budgeted and Actual Cost for Skills Intervention Programme 1st April 2010 to 31st Oct 2016

Variance on Budgeted and Actual Costs £000	Variance on total award	% variance to Budget	Variance on total draw down	% variance to Budget
BITP awards	12,539	104%	721	6%
SGP awards	5,216	23%	(16,006)	(70%)
BITP/SGP total awards	17,755	51%	(15,285)	(44%)
SAG awards	(1,817)	(62%)	(2,317)	(79%)
BITP/SGP/SAG total awards	15,938	42%	(17,602)	(47%)
Mentoring support - Application stage	(74)	(100%)	(74)	(100%)
Training plan implementation support	(153)	(100%)	(153)	(100%)
Training needs analysis workshops	19		19	
Total Direct Programme spend	15,733	41%	(17,826)	(47%)
Invest NI Programme Staff costs	(196)	(3)%	(196)	(3)%
Invest NI Finance/Legal Staff costs	(424)	(14%)	(424)	(14%)
Invest NI Marketing Staff costs	21	72%	21	72%
Total Invest NI staff costs	(597)	(7)%	(597)	(7)%
Invest NI marketing costs	(157)	(83%)	(157)	(83%)
Invest NI evaluation costs	21	150%	21	150%
Total INI Programme Costs	14,932	32%	(18,627)	(39%)

Note that there is an underspend against awards and draw down for SAG, by £1.8m (62%) and £2.3m (79%) respectively.

6.5 Total Public and Private Sector investment

The SIP 2010 – 2016 has a project spend of £210m (£209m for BITP/SGP and £1m for SAG projects based on the grant offered of £53.767k above). This would equate to a private sector investment of £158.7m which would reduce to £59.8m if only grant drawn down is taken into account:

Table 6.7: Projected and Estimated Private sector investment 2010 - 2016

	Private sector investment based on LOO	Private sector investment based on draw down
BITP/SGP	157,682	59,213
SAG	1,107	607
Total	158,789	59,820

The Evaluation Team noted that the actual level of spend is difficult to determine; while some companies have conducted the training and made regular claims, others have conducted the training but have yet to submit claims or been unable to submit claims as they cannot meet the conditions for the claims process, rendering it difficult to determine the actual level of training conducted. In the absence of further information, the Evaluation Team has to use the actual grant draw down, grossed up for project costs, to determine the level of private sector investment in upskilling and cross skilling. The above would therefore indicate that the total accounted for private sector spend is £59.8m over the Evaluation period. This would result in total Programme spend as follows:

Table 6.8: Total Programme Spend/Full Economic Cost (FEC) including private sector investment

£000	Based on Actual Awards	Based on Actual Grant drawn down to date
BITP	24,552	12,734
SGP	28,108	6,886
Combined BITP/SGP	52,660	19,620
SAG	1,107	607
Total INI programme spend	53,767	20,227
Total Private sector spend	157,682	59,820
Total Direct Programme spend	211,449	80,047
TNA	19	19
INI staff costs & marketing/evaluation	8,488	8,488
Total spend/FEC	219,956	88,554

6.6 Number of projects, costs and awards per FTE

Table 6.9 sets out the number of FTE staff within Invest NI working on SIP, and considers a number of cost effective matrices, including the number of projects, the project costs and awards per FTE:

Table 6.8: Total Number of Projects, Costs and Awards per FTE

		BITP/SGP			SAG		
	FTE Total	No projects per FTE	Project costs per FTE £000	Awards per FTE £000	No projects per FTE	Project costs per FTE £000	Awards per FTE £000
2010/11	27.5	0.8	516.0	105.4			
2011/12	27.5	1.3	657.7	207.1			
2012/13	20.8	4.7	1693.9	499.0			
2013/14	20.6	3.7	1559.0	393.4	2.3	31.3	14.6
2014/15	20.3	3.4	2902.9	699.9	2.3	26.7	13.2
2015/16	19.5	3.4	1749.6	359.2	3.3	36.8	17.7
2016/17	19.7	4.4	1497.5	339.5	3.4	34.6	16.9
Average	22.27	3.10	1510.9	371.9	2.83	32.4	15.6

Details are split by BITP/SGP and SAG. It is noted that there are variations by year, although averages by FTE noted for the period:

- An average of 3.1 BITP/SGP projects and 2.83 SAG projects per FTE;
- An average project cost of £1.510m for BITP/SAG and £32k for SAG per FTE; and
- An average project award of £372k for BITP/SGP and £16k for SAG per FTE.

7 ASSESSMENT OF OUTPUTS, OUTCOMES & ECONOMIC & WIDER IMPACTS

7.1 Introduction

This section seeks to assess the outputs and outcomes associated with the intervention, and to undertake a tailored bespoke assessment of the overall economic and wider impacts of the intervention as a whole, clearly identifying actual and anticipated impacts, and taking account of additionality including deadweight and displacement.

7.1.1 Challenges in determining Impact from L&D Interventions

The challenges of determining the economic impact from any SIP have been noted by Invest NI[64]. A number of academic studies have demonstrated the complexities involved in assessing return on training investment[65]. Recent research by London Economics on behalf of BIS[66] has also noted the significant challenges around accessing the most relevant and appropriate range of data needed to fully understand the impact of publicly funded training on industry-level and firm-level productivity.

Moreover, measuring the outcome is not only important as a means of evaluating the training, but also as an opportunity to apply corrective measures to improve the effectiveness of the training process. Studies on the methods of evaluating training[67] are summarized by "Educapro" in the following table[68]:

Table 7.1: Training Evaluation tool

From Kirkpatrick to Brinkerhoff to Stratety™

Level 6	WIDER CONTRIBUTION	To what extent has the participants' long-term potential been increased?	Robert Brinkerhoff 2006) Gary Becker (1964, 1993)
Level 5	RETURN ON INVESTMENT	What $-value have these results contributed to the organisation or individual?	Mary Beth O'Neill (2007) Jack Phillips (1996)
Level 4	BUSINESS RESULTS	What results have been achieved and what can be attributed to the learning?	Anthony Hamblin (1974) CIRO (1970) Donald Kirkpatrick (1959)
Level 3	BEHAVIOURS	What effect has this had on the participants' behaviour in the workplace?	
Level 2	LEARNING	To what extent have skills, knowledge and attitudes changed?	
Level 1	REACTIONS	What was the participants' reaction to the intervention? Did it meet their expectations?	
Level 0	STRATETY	Stratety™ is our proprietary, patent-pending pre-and-post training evaluations platform that allows our customers to measure the effectiveness of their training investments.	

Typically, the focus on the evaluation of training is often placed on Levels 1 and 2 (Reactions and Learnings), as they are easier to measure. They are not to be underestimated, as at these levels we can qualitatively evaluate some of the necessary conditions for learning, in particular the quality of engagement of the trainee during the training programme and the engagement with the topic.

[64] 2012 Economic Appraisal (para 3.7.1)
[65] 'A review of the wage returns to private sector training', Leuven, University of Amsterdam, 2004/ 'Does Training Generally Work? The Returns to In-Company Training', Barrett & O'Connell ESRI, 1999
[66] Estimating the impact of publicly funded training on industry and firm-level outcomes, BIS Research Report No. 177, May 2016

[67] [R. Brinkerhoff and A.M. Apking, "High Impact Learning", 2001], Kirkpatrick. D.: "Techniques for evaluation training programmes" (1959) and "Evaluating training programmes: The four levels" (1994)], [Phillips, J. (1996). "How much is the training worth?", Training and Development, 50(4),20-24.]
[68] http://www.educapro.com/stratety-training-audits/

Behavioural change (Level 3), and Results (Level 4) are difficult to measure. Phillips has argued for the addition of a separate Level 5 ("Return on Investment (ROI)"), which is essentially about comparing the fourth level of the standard model to the overall costs of training. Brinkerhoff himself has argued for measurements of the wider contribution: "to what extent has the participant's long-term potential been increased?"

The 2017 survey by the Irish Institute of Training and Development (See para 2.5) of 150 companies reports the L&D impact measurements used by the respondents, as summarized in the table. It highlights that ROI is used to assess impact in only 10.26% of instances, despite the size of the companies in the survey:

Table 7.2: Impact measurements used, Irish Institute of Training and Development Survey, November 2017 (Survey of 150 organisations)

Method used to determine L&D impact	%
Reaction of participants following training (evaluation sheets)	85.58%
Behaviour of participants	68.89%
Learning achieved	76.09%
Results achieved	54.55%
ROI using a defined formula	10.26%

Impact is largely measured via participant reaction, learning achieved and behaviours, with only 10% using a formalised ROI formula.

All reports note the obvious difficulty in directly attributing tangible impacts to skills-type interventions, particularly where the skills intervention is just one of a number of interventions that companies benefit from, as well as changes to market conditions etc.

The various reports referred to above note that it is always difficult to determine cause and effect between skill interventions and actual business results. This reinforces the widely held view that evaluations of training interventions are not straightforward.

Consideration has been given to ways to measure impact more accurately. Impact maps were originally introduced by Dr. Robert O. Brinkerhoff (Brinkerhoff and Apking, 2001)[69] as a tool to ensure that learning was focused on the most organizational-critical skills. A simple impact map template considers the linkage between the four areas of Skills and Knowledge, Critical Tasks, Key Job results and Organisational Goals.

The impact maps are just a particular type of what has been called "Theory Based Evaluation". Theory-based evaluation examines the assumptions underlying the causal chain from inputs to outcomes and expected impact. Impact maps should therefore be an intrinsic part of a programme design. Theory-based impact evaluation could be contrasted with a 'black box' approach: the approach of simply reporting an impact. The black box approach may allow us to indicate that there is an impact and how big the impact is, but it does not enable us to tell why the impact happens, and as result, it makes it difficult to understand how to improve the impact or how to prevent lower impact.

The 2011 Evaluation of BITP documented that the assessment of the impact and achievements of the BITP was limited by the absence of an appropriate model/calculation to facilitate an assessment of the impact of the BITP Programme. The report also noted that participating businesses in the BITP had difficulty in directly attributing any tangible monetary impacts to the BITP.
To address this, Invest NI's EAFST (see para 4.4) was introduced as a scoring system to enable a consistent measure. The EAFST score is used as a proxy return on investment indicator at approval and PPE stage.

[69] [Brinkerhoff Robert O. and Apking, Anne M. High Impact Learning. Cambridge, MA: Perseus Publishing, 2001.]

In the continuum between Theory Based Evaluation and Black Box Evaluation, we can place EASFT relatively closer to the Black Box Evaluation.

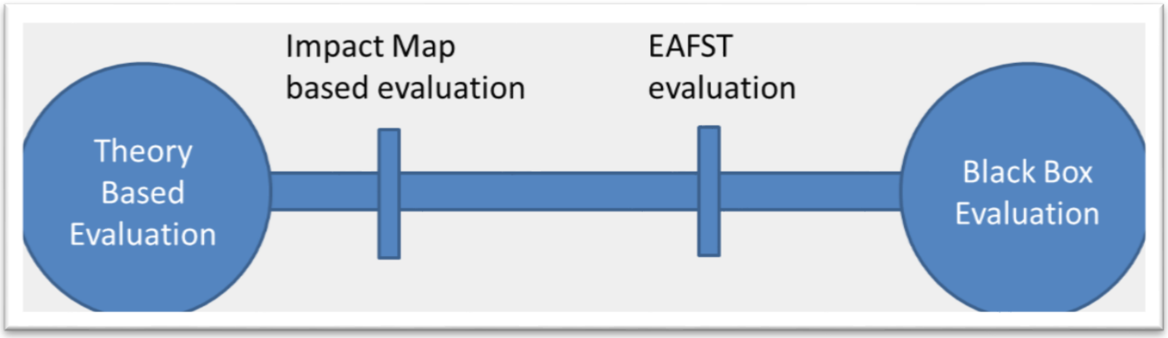


Figure 7.1: EAFST evaluation in the continuum between Theory Based Evaluation and Black Box Evaluation.

7.1.2 Challenges in determining Impact from SIP

The challenges noted above in assessing the impact of L&D programmes and particularly in determining the monetary impact values and associated ROI reflects the experience of the Evaluation Team in undertaking this evaluation of SIP, who note that it is a much more straightforward task to assess tangible economic benefits for programmes targeted at increasing exports or job creation for example.

Nonetheless in a bid to determine SIP impacts, a survey was undertaken of BITP/SGP and SAP participants as part of the current evaluation. In total, the Evaluation Team sought to conduct a survey of 129 companies including 95 BITP/SGP recipients.

Consideration was given to the survey sample to ensure appropriate representation of participants. Owing to the varied nature of the projects supported through the programme, the identification of a representative sample is more complicated for an intervention such as BITP/SGP. However, a target sample was identified and agreed with Invest NI, which took account of project size (as per award value) and drawdown levels. There were other variables which were also considered when choosing the sample and which serve to highlight the complexity in determining an appropriate sample, i.e. the differences in the size of beneficiary companies, their maturity, their sector, the timescale over which training has been implemented, the nature of the training and mix between management, technical and other activity areas.

Table 7.3 sets out, for illustrative purposes, the broad representativeness of the BITP/SGP sample in terms of number of projects, project size and draw down of funding.

Table 7.3: Representativeness of BITP/SGP Sample on basis of Project Approval Value

Project Approval Value	Project		Grant Approved		Drawdown	
	Population (417)	Sample (95)	Population (417)	Sample (95)	Population (417)	Sample (95)
	% Projects	% Projects	% Grant	% Grant	% Drawdown	% Drawdown
Over £1m	1%	4%	17%	32%	25%	37%
Over £500k	4%	5%	24%	18%	16%	15%
Over £250k	5%	8%	14%	14%	10%	13%
Over £100k	17%	28%	22%	23%	22%	20%
Over £50k	18%	24%	11%	9%	13%	9%
Under £50k	54%	29%	12%	5%	15%	6%
	100%	100%	100%	100%	100%	100%

A further 34 SAG companies were surveyed. Owing to the smaller potential range of project sizes, the representativeness of the sample is not as problematic. Notwithstanding this, company segmentation category and sector was taken into account in identifying the SAG sample (see Appendix V).

As part of the process of attempting to measure impacts, and to facilitate feedback from respondents, a proforma schedule was prepared by the Evaluation Team that set out potential KPIs (across management development skills, technical skills, systems and processes, culture and morals, business performance and standards and accreditation). AMRs and PPEs were reviewed for each of the companies in the survey sample and the proforma partially populated to make it bespoke to the individual company. This was then sent to each surveyed company prior to the survey consultations. This data has been useful in promoting responses around the "softer" impacts and the overall changes in business metrics. In the majority of cases, however, details were not available or forthcoming in relation to business growth and/or cost as attributed to the SIP project.

Invest NI provided detailed information on each project including the Applications, Casework papers, AMRs, PPEs etc. (where available). All sample companies received reminder summary details of their budgeted and actual project values (spend, grant, draw down), their targeted and actual objectives, as well as a copy of the questionnaire in advance of the survey taking place, to facilitate survey discussions around the achievement of objectives and impacts.

Details of the findings of the surveys of participants are set out in para 7.2 for BITP/SGP and SAG. As noted below, there have been significant limitations associated with identifying the monetary impact values associated with the SIP projects, with respondents noting the challenges in attributing business results directly to L&D initiatives. This mirrors the feedback in the PPEs where business results, where reported, were reported in their totality, rather than being apportioned to the Invest NI supported training plan.

Given these limitations, the assessment of programme effectiveness not only considers the feedback from the survey in terms of the monetary impact of the programme, it places increased emphasis on findings from the EAFST tool analysis, the assessment of leveraged investment (para 6.5), the findings from specific case studies, and findings from the surveys in relation to changes in behaviours and the wider benefits reported to be attributed to SIP. These findings in their totality are used to help determine the value for money attributed to SIP.

7.2 Monetary Impact reported of SIP

7.2.1 Survey Response – BITP/SGP

There were 417 BITP/SGP approvals over the period, of which 334 had commenced. In total, 85 BITP/SGP companies responded to the survey, representing 25% of the 334 projects which had commenced as at 31 October 2016. Respondents included 42 businesses in receipt of assistance from BITP (24% of BITP projects) and 43 from SGP (30% of SGP projects) and representing 42% of BITP grant approved and 25% of SGP grant approved by Invest NI[70].

The Invest NI data bank would indicate that for the survey respondents, just over three-fifths (62%) of funding had been drawn down by BITP projects running over the period 2010/11 to 2014/15. At 31st October 2016, 30% of funding had been drawn down by SGP participants over the period 2013/14 to 2016/17, increasing to 40% at May 2017 when the survey was undertaken.

Table 7.4: Approval and Draw Down Values of Survey Respondents

	BITP	SGP 31st Oct 2016	SGP 31st May 2017
Amount Approved	£10,089,968	£7,043,051	£7,043,051
Amount Drawn down to date	£6,240,388	£2,089,470	£2,804,762
	62%	30%	40%

Of the survey respondents, 11 are classified as new FDI and 30 as externally owned (not new FDI projects).

It is important to note that in many instances, the appropriate personnel dealing with the project at its inception were no longer in post at the time of the survey. All responses are as notified by the individual companies; there was no verification work undertaken by the Evaluation Team, although details of one key outlier was checked with the company and the associated Invest NI CE.

7.2.2 Monetary Impact of BITP/SGP as reported by 34 companies quantifying impact

Of the 85 respondents, 75 businesses or 88% stated that the SIP programme had had a positive impact on their business. Of these, 37 were in a position to provide a monetary value to that impact. The remaining 38 could not for the reasons outlined in Section 7.1 above, which includes difficulties in apportioning business results to one L&D type intervention.

There was significant variation in terms of scale of impacts reported by the businesses. Of the 37 reporting and putting a value on impact, 21 reported turnover increases, 11 reported a combination of increased sales and reduced costs, while 5 reported cost reductions only. There was a large range of impacts reported, in terms of impact per £1 drawn down. For example, 6 businesses reported sales increases/cost savings of under £5 for every £1 of Invest NI assistance drawn down while 10 businesses reported a comparator figure of £100 or more (4 of which employ 250+ employees). There was also a significant variation in the year of award of projects reporting monetary impact. For example, 1 project had been awarded SGP in 2016/17 while 3 projects reporting impact had an approval year of 2010/11. This means there are some businesses reporting impact after 1 year while others are reporting up to 6 years impact since participating on the programme. As part of the impact assessment no account has been taken for future benefit values so as to allow each company an equal number of years of impact benefits.

Table 7.5: LOO award dates of 37 respondents

	BTP	SGP
2010/11	3	-
2011/12	4	-
2012/13	9	-
2013/14	3	4
2014/15	-	9
2015/16	-	4
2016/17	-	1
Total	19	18

[70] Of the 322, 177 were BITP with grant approved of £24.3m and 144 were SGP with grant approved of £27.9m

The nature of training of the businesses reporting monetary impact is broadly similar to the overall population. For example, 24% of funding among the 37 companies was for management training compared to 23% overall and 48% for technical training (51% overall).

The financial benefits reported by the 37 companies are set out in Appendix IX and summarised:

Table 7.6: Financial Impact of 37 companies

Financial Impact reported	No of companies	£000
Project awards for 37 projects		19,262
Project draw down for 37 projects		4,862
Sales Impact	31	124,456
Cost Savings Impact	16	8,266
Total	37	132,772

The estimated turnover impacts ranged from £100k to £20m, with 15 reporting sales increases of less that £500k and 5 companies reporting increased sales in excess of £10m. Five companies reported cost savings in excess of £500k. Five companies account for 54% of the impact reported, three of which are large high growth and one large account managed based on Invest NI classifications. Together these five account for 29% of the draw down to date. There is also one large account managed project which stated there has been a significant sales impact associated with their skills project but they were unable to quantify the financial impact at this point.

It is difficult to draw conclusions from the survey findings in terms of impact when account is taken for the timing of the investment e.g. for the earliest projects assisted in 2011/12 and 2012/13 returns per £1 invested ranged from £1.30 to £288, while for the more recently assisted projects (2014/15 to 16/17) returns per £1 invested ranged from £0.6 to £206. It is also difficult to draw any conclusions from the survey findings on differences in impact in terms of the nature of training e.g. for those where 50% plus of spend was related to Management skills development returns per £1 invested ranged from £1.40 to £199. For those where 50% plus of spend related to technical skills development returns per £1 invested ranged from £1.30 to £565.

Additionality and deadweight are considered in para 7.3. Displacement for BITP/SGP is noted below. The estimated financial impact (after adjustment for deadweight and displacement) is:

Table 7.7: BITP/SGP Financial Impact on 37 companies

Financial Impact reported		£000[71]
Project Awards for 37 projects and INI costs[72]		20,707
Project Draw down for 37 projects and INI costs		6,307
Potential Draw down for 37 projects and INI costs[73]		12,382
Financial impact	37 companies	132,722
Deadweight	49%	(65,034)
Impact less Deadweight		67,688
Displacement	8.8%	(5,957)
Impact less Deadweight and displacement		61,732
Gross Value Added (GVA) net of deadweight and displacement		21,211
- Sales increases (30% GVA)	17,366	
- Cost savings (100% GVA)	3,845	

[71] Figures are subject to rounding
[72] An estimated 17% of INI Programme Costs or £1.445m have been attributed to the 37 projects on the basis that they account for 17% of drawdown. The figure has been revised upwards to reflect the delay in draw down compared to expenditure on project costs
[73] Based on c. 60% drawdown which is the average level of drawdown for SIP completed projects

The return on investment for the 37 projects is estimated:

Table 7.8: Return on Investment for 37 companies

Financial Impact reported	£ Gross Value Added	£ Costs	Return per £1 invested
Project Awards for 37 projects incl INI costs	21,211	12,382	£1.71
Project Draw down for 37 projects incl INI costs	21,211	6,307	£3.36

The above means that at this point in the programme, every £1 spent by Invest NI on skills investment in these 37 projects is estimated to have generated £3.36 in net return to the economy through increased GVA. Based on the likely full drawn level, the projects have generated a £1.71 return. However, as noted above, the analysis does not take account of future impacts that may arise are ongoing projects are implemented and drawn down increases, not does it take account for the private sector costs.

Consideration was given to the merits in extrapolating the results for the 38 projects not able to quantify the monetary benefits or indeed the wider BITP/SGP population. However, given the challenges that projects have had in estimating the monetary benefits, and the significant variation in impacts reported across the 37 survey respondents identifying the momentary impacts, such extrapolation was not considered to be appropriate.

7.2.3 Monetary Impact of SAG as reported by 11 companies quantifying Monetary values

Of the 34 SAG companies surveyed, 12 (35% with a draw down of £54k) reported attributed sales of £2,015k and costs savings of £77k[74] arising from participation in the SIP, with a further 16 (47% and with a draw down of £69k) noting that there had been a financial impact but the company was unable to quantify this by apportioning the business results to the programme. Six companies (18%) reported no monetary impact. The monetary costs and benefits reported are summarised:

Table 7.9: SAG Financial Impact

Financial Impact reported for SAG	Spend £000	Draw down £000	Increase in Sales £000	Cost savings £000	Additional Sales/Cost Savings £000[75]	GVA £000[76]
Reported (n=12)	90	54	2,015	77	£920	£300
Non-Reported (n=16)	114	69	n/k	n/k	n/k	nk
Total	204	123	2,015	77	nk	nk
Companies Surveyed (n=34)	241	141				
%	85%	87%				

Deadweight is estimated at 47% on the basis of the survey findings.
The findings of the 12 SAG respondents reporting financial benefits is that a GVA of £300k (net of deadweight and additionality) was achieved, with a net impact of £5.55 for every £1 draw down of Invest NI monies for the 12 respondents.

7.3 Additionality of BITP/SGP

This section considers the level of deadweight and displacement associated with BITP/SGP. In this section additionality is taken to refer to the inverse of deadweight, with displacement considered separately.

[74] One client quantified a cost saving and noted a further sale impact but was unable to quantify
[75] Net of deadweight and displacement
[76] Net of deadweight and displacement

7.3.1 Previous Training Investment - BITP/SGP Companies

In the 3 years prior to participating on Invest NI SIP, 59 (79%) of respondents had undertaken training and development in their business. Of those previously undertaking training and development activities, almost all involved self-funding (58), although 19 (32%) had received funding from Invest NI and 6 had received funding support from the then DEL.

7.3.2 Barriers to Training - BITP/SGP Companies

Companies were asked what they considered to be the main barriers to training investment in Northern Ireland. Just over two-fifths believed that there was an issue with of the level of company resources required to fund staff and trainer costs, and a further 40% believed that perceptions around the extent of time commitment needed from management and staff represented a barrier. The length of payback period and lack of certainty around the company's training needs were also perceived as barriers for 1 in 5 respondents.

Table 7.10: What are the main barriers to investing in training in Northern Ireland?

	%
Lack of company resources to fund the staff & trainer costs	44%
Perceived as involving too much time commitment from management and staff	40%
Payback period considered as too long	22%
Lack of certainty around the company's training needs	19%
Concern that staff trained would subsequently leave and no payback to company from training	14%
Lack of certainty around the company's training needs	13%
Not knowing where to find the right training providers/suppliers	13%
Wanted to avoid staff increased expectations around pay and progression	1%
No Barriers	1%

7.3.3 Activity Deadweight and Additionality - BITP/SGP Companies responses

The companies were asked what the likelihood was that the company would have undertaken the project approved by Invest NI in the absence of Invest NI support.

In total, 8 businesses (or 9%) of respondents stated that the skills investment made through their participation on the Invest NI programmes definitely would not have happened in the absence of Invest NI support. A further 8% stated that it probably would not have happened. The majority of businesses either stated that the investment would not have happened at the same level of activity (55%) or as quickly (18%). Just 5% of respondents stated that the investment would have happened anyway. The level of overall activity additionality is estimated as 51%.

Table 7.11: In the absence of INI support, what is the likelihood that the Company would have undertaken the project approved by Invest NI

	Number	**2017**
Definitely would not have happened	8	9%
Probably would not have happened	8	9%
Would have happened anyway	3	4%
Would have happened but not at the same level of activity	47	55%
Would have happened, but not as quickly	15	18%
Blank	4	5%
	85	100%
Overall Additionality		*51%*

It is not possible to compare the aggregate activity additionality factors reported as part of the 2011 and current Evaluation, owing to differences in the questions asked (see non applicable (na) response categories below), owing to the fact that the precise additionality weightings applied as part of the 2011 Evaluation are unknown and as such may be different to those used in the current evaluation; and owing to the fact that the BITP included smaller SAG type projects. Also, displacement was not taken into account in the previous BITP evaluation.

Table 7.12. Would training have proceeded in the absence of Invest NI Programmes?

	2017 All	2017 BITP only
Definitely would not have happened	9%	7%
Probably would not have happened	9%	12%
Would have happened anyway	4%	5%
Would have happened but not at the same level of activity	55%	50%
Would have happened, but not as quickly	18%	19%
Would have happened, but in a longer timeframe and with part of the training	na	na
Blank	5%	7%
	100%	100%
Overall Additionality[77]	*51%*	

None of the companies classified by Invest NI as new FDI (n=11) stated that the project definitely would not have proceeded without Invest NI support. However, the survey did ask FDI companies how important was support from the Invest NI SIP to their decision to locate or expand in NI. The majority, 80% of FDI companies, considered the skills support provided by Invest NI as very important to their decision to locate in NI.

The findings support the view that training support is an important contributory factor to FDI decisions to locate to NI. Once FDI companies have made the decision to locate in NI however, owing to the lack of required skills, training must be undertaken, hence the partial additionality'.

Table 7.13: Would training have proceeded in the absence of Invest NI Programmes?

	2017 All	2017 Ext. Owned	2017 New FDI	2011[78]
Definitely would not have happened	9%	10%	0%	22%
Probably would not have happened	9%	0%	0%	n/a
Would have happened anyway	4%	7%	18%	5%
Would have happened but not at the same level of activity	55%	70%	73%	35%
Would have happened, but not as quickly	18%	13%	9%	30%
Would have happened, but in a longer timeframe and with part of the training	n/a	n/a	n/a	8%
Blank	5%	0%	0%	
	100%	100%	100%	100%
N=	85	30	11	74

Table 7.14: For New FDI, how important was INI support to your decision to locate in NI?

	2017
Very important to decision	80%
Reasonably important	10%
Moderately important	10%
	100%
N=	10*

**{The response of a further company, classified by Invest NI as an FDI - is not applicable- this is a local company with an FDI investor}*

Some further commentary provided by survey respondents relating to the Activity Deadweight/Additionality include the following:

[77] Note: this is based only on those companies who directly answered the question (N=81)
[78] Relates to BITP only

Table 7.15: Commentary by companies on deadweight/additionality

Likelihood of Activity	Comment
Definitely would not have happened	• Wouldn't have had the financial means • The ***funding from INI justified the spending in this area*** • Training would have continued ***without structure***
Would have happened, but not as quickly	• Some areas of the business ***would not have expanded as quickly*** without INI help • Resources would not have been available
Would have happened but not at the same level of activity	• This is small company with limited time and expertise. ***Gave the confidence to proceed*** • Invest NI support was ***critical in getting Buy in*** from the Directors who had previously ***not seen the value of training***, but proceeded on the basis of a lower cost • Training would have happened without INI support on areas relating to wax coating and entering into the Apparel market. Other areas would have taken longer without the support of INI. • Invest NI ***gives you a structure*** and keeps you to a timeframe i.e. provides motivation • Would ***not have done training in a structured way***. All elements would not have been addressed • They would have undertaken the project ***but lower objectives would have been set*** • ***Management or leadership training would have been dropped*** to focus more on functional and technical skills where you can see more benefits immediately • Resources available would have resulted in ***limited activity*** • SFA support has been leveraged to fund training and development activities - for the purposes of internal budget • Without INI support we ***wouldn't have been able to plan, fund and execute such an extensive training programme***.
Would have happened anyway (note: both FDI)	• The company ***had no choice but to do the project - had already recruited the staff and needed niche skills*** that were not available • Graduates recruited required intensive training that results in a qualification from the Chartered Institute of Legal Institute – ***company had to do the training***

7.3.4 Impact Deadweight and Additionality - BITP/SGP

Companies were asked to identify the impact of Invest NI support as a result of their participation on the SIP and with that, whether the impact would have been achieved without Invest NI support. Of the 85 companies responding to the survey, 8% suggested that the impact achieved as a result of the Programme definitely would not have been achieved, and a further 15% stated it probably would not have been achieved. Just one company suggested that the impact would have happened anyway. An initial review of the overall impact of BITP/SGP estimates impact additionality as 51%.

Table 7.16 In the absence of Invest NI support, what is the likelihood of company achieving impact?

	Number	%
Definitely would not have happened	7	8%
Probably would not have happened	13	15%
Would have happened anyway	1	1%
Would have happened but not at the same level/number/value	30	34%
Would have happened but not at the same level/number/value and not as quickly	15	19%
Would have happened, but not as quickly	11	13%
Not applicable - no benefits	2	2%
Don't know/did not respond	5	6%
Blank	1	1%
	85	100%
Overall Impact additionality		*51%*

As it is not possible to compare the current ratio for additionality to the previous ratio under BITP, comparison has been made to other programmes, ie:

- Productivity Improvements 61% additionality (incl deadweight but excl displacement
- Innovation Vouchers – 47% additionality (incl deadweight and displacement)
- Capability Development Scheme - 64% (incl deadweight but excl displacement)
- Leadership Team Programme – 48% (incl deadweight but excl displacement)

With Additionality levels ranging from 47% to 61%, SIP is therefore comparable.

7.3.5 Displacement

The displacement estimate for BITP/SGP is 8.8% within NI and 18.6% within Great Britain.

7.3.6 Additionality and Displacement in SAG per survey responses

Responses from the SAG respondents would indicate that the additionality are 51.8% for activity and 53% for impact. The displacement estimate for SAG is 17% within Northern Ireland and 28% within Great Britain.

7.4 Overall Assessment of Additionality in relation to SIP

Section 7.3 sets out the feedback from survey respondents on additionality, with the overall level of both activity and impact additionality being 51% for BITP/SG and 51.8/53% for SAG. In assessing additionality, we note the rationale for Invest NI support, ie as per para 3.4, with this being demonstrated also in the case studies in para 7.7, ie companies were awarded financial support by Invest NI under SIP for a variety of reasons, and on the basis of:

i. The need for matched funding (especially smaller companies with access to modest levels of cash) and where draw down is likely to be in line with the LOO (Case studies 3, 6 and 7);
ii. A requirement to offer an incentive to management (where the company has the cash resources but company owners are not yet convinced as to the benefits of training (Case study 2) and in particular management development training;
iii. A requirement to offer an incentive to local companies with deep cash resources to invest in NI instead of a sister site in an often GB or ROI jurisdiction (Case study 1); and
iv. To offer a training package of support to attract a mobile FDI project to NI (Case studies 4 and 5).

As per Table 3.6, BITP/SGP supported a range of company sizes (including 127 projects from small companies with SAG introduced for Small Enterprises).

For Invest NI, financial support under SIP is therefore used to address issues of affordability (especially for small enterprises accessing SAG and covers point I above) and also as an incentive to encourage investment in L&D, either where this would not take place at all or would not include management development training (as per point ii above) or would take place in another jurisdiction (points iii and iv above). Invest NI support under points ii to iv is therefore used to influence behaviours, in encouraging training that would not take place for the benefit of the NI economy. The development of the EAFST tool, and its weightings including towards areas where there are skill shortages, on management development training, and on accredited training, etc, has also been beneficial as a tangible tool to encourage behavioural change.

The Business Advisers have also been instrumental in ensuring that repeat training and unavoidable training (ie unavoidable technical training on the introduction of new machinery) is excluded. EAFST scores are presented at case work and at PPE stage, with an annual EAFST report also reported to the Invest NI Senior Management team.

Details on the EAFST are set out in Section 4.4. While some issues have been raised as to the ability to measure the quantity of training proposed, with PPE scores comparable, on average, to those presented at casework, this would suggest that the behavioural change that Invest NI is seeking to encourage within companies L&D spend, is actually being delivered.

The slow levels of draw down of claims is noted in para 4.3.7.

Given the various rationale for offering support, as noted above, even within those categories (ii to iv) which may well be slow to draw down funding, the need for Invest NI to offer financial support to such companies for training is not diminished.

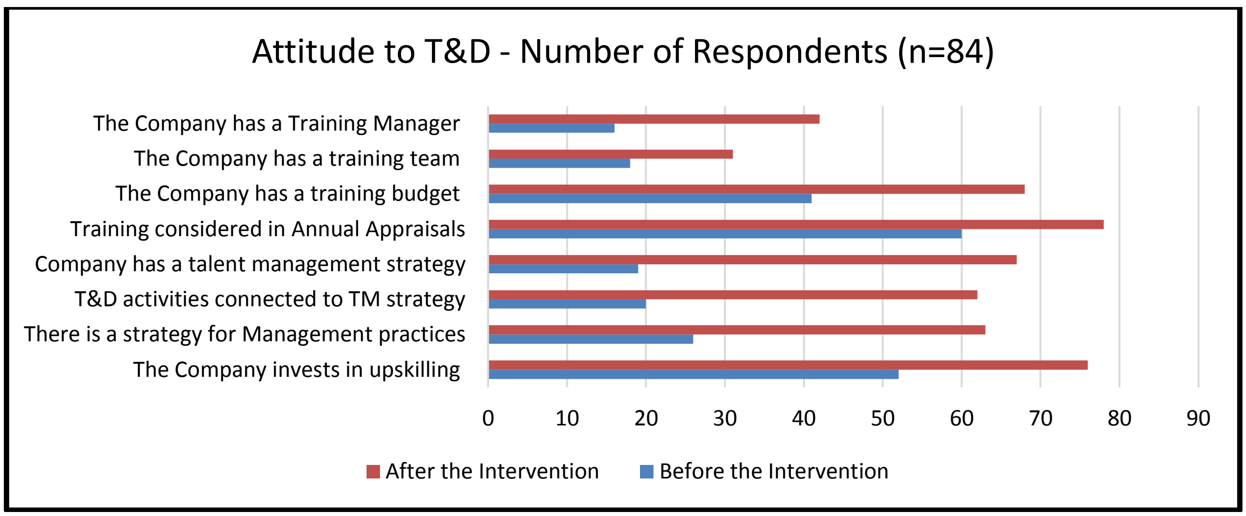
7.5 Wider and Regional Benefits

7.5.1 Impact on Company Behaviours

A key issue for the SIP is the extent to which it has resulted in changed behaviours across companies participating in the programme.

The number of companies reporting that they have an annual Training and Development budget and have invested in the upskilling of staff has increased by 66% (from 41 to 68 companies) and 46% (from 52 to 76 companies) (n=84).

Of interest too is the approach to staff training and development. The feedback would indicate that there has been a marked improvement in the attitude to Training and Development as a result of companies participating in the SIP.



After the SIP, of the 84 company respondents:

- 49% have a Training Manager position (19% before the intervention);
- 36% have a training team in place (21% before the intervention);
- 81% have a dedicated training budget in place (49% before the intervention);
- 93% consider training as part of the Annual Appraisals (71% before the intervention);
- 81% have a talent management strategy (23% before the intervention);
- 75% of companies' Training & Development activities are connected to that talent management strategy (24% before the intervention);
- 74% have a strategy for the development of Management practices (31% before the intervention); and

- 90% invest in upskilling of staff (as well as re-skilling) (up-skilling being training leading to new qualifications) (63% before the intervention).

7.5.2 The benefits reported by the EAFST PPEs

Details of the EAFST scores from the PPEs are noted in section 4.4. The EAFST project scores at casework approval indicated that, up until March 2017, and across 621 projects for BITP/SGP and SAG, the median score was anticipated to be 61.4%. The results for BITP/SGP indicate that 87% of projects are assessed as having higher or improved potential:

Table 7.17: BITP/SGP projects scored as per EAFST approvals to March 2017

	Small	Medium	Large	Total	%
Higher Potential (65.1% and above)	52	79	48	179	45%
Improved Potential (45.1% -65.1%)	65	60	39	164	42%
Basic Potential (<45.1%)	25	22	4	51	13%
Total	142	161	91	394	100%

The EAFST at PPE stage was 61.3% for 221 projects. This indicates that for the training that is being completed, the quality is high in terms of the criteria used (based on academic evidence), as part of the tool, and is likely to be mainly across higher or improved potential areas.

7.5.3 BITP/SGP Project Outcomes

For each BITP/SGP project, Invest NI agreed KPIs with the company at the approval stage, with these comprising project-specific performance improvement indicators, skills and competency indicators and business performance indicators, ie an increase in turnover and/or cost savings associated with the project (although not all projects had business improvement indicators). These were reviewed at the Annual Review and at the completion of the PPE.

For the 85 BITP/SGP survey respondents, these were asked to indicate the extent to which their KPIs (under a range of categories) were achieved, or were anticipated to be achieved (where the project was ongoing):

Table 7.18: BITP/SGP – Objectives achieved

BITP/SGP Objectives Achieved N=85	Total responses	Wholly	Partially	Did not achieve	Wholly %	Partially %	Total Wholly/& partially %
Management Development							
Develop leadership and management competency and skills	82	43	35	4	52%	43%	92%
Improve Succession planning	14	7	7	0	50%	50%	16%
Improve Talent Management	18	12	6	0	67%	33%	21%
Develop Recruitment skills	7	4	3	0	57%	43%	8%
Technical Skills							
Increase technical competency of staff, introduce new or enhanced technical skills or practices	80	39	38	3	49%	48%	91%
Increased flexibility of staff so that more multi-disc'ary	44	28	15	1	64%	34%	51%
Increased machine through-put/reduce down-time/reduce giveaway/wastage	28	14	14	0	50%	50%	33%
Increase labour efficiency	37	18	19	0	49%	51%	44%

BITP/SGP Objectives Achieved N=85	Total responses	Wholly	Partially	Did not achieve	Wholly %	Partially %	Total Wholly/& partially %
Systems & Processes							
Improve business processes and work flows	60	25	31	4	42%	52%	66%
Introduce new innovative practices	46	25	19	2	54%	41%	52%
Reduce Time to Market for new product launch	13	7	6	0	54%	46%	15%
Reduce product stock outs	14	6	8	0	43%	57%	16%
Culture/Morale							
Increase staff motivation and staff morale	77	37	38	2	48%	49%	88%
Support employees to complete recognised professional qualifications	32	25	7	0	78%	22%	38%
Introduce a structured approach to business improvement and training	80	22	17	41	28%	21%	46%
Manage staff performance	24	14	9	1	58%	38%	27%
Reduce absenteeism	8	4	4	0	50%	50%	9%
Reduce staff turnover	15	11	4	0	73%	27%	18%
To increase the ability of staff to take on more responsibility	37	20	17	0	54%	46%	44%
Attract staff	15	13	2	0	87%	13%	18%
Business Performance							
Develop new business opportunities	61	39	18	4	64%	30%	67%
Grow profitable sales	63	31	30	2	49%	48%	72%
Grow export sales	59	35	23	1	59%	39%	68%
Reduce costs	31	17	13	1	55%	42%	35%
Increase market share	22	12	9	1	55%	41%	25%
To deliver improved and sustained competitiveness	50	30	19	1	60%	38%	58%
Enhance customer service	45	28	17	0	62%	38%	53%
Reduce customer complaints	30	10	5	15	33%	17%	18%
Standards & Accreditation							
Introduce quality standards	22	9	13	0	41%	59%	26%
To work towards/retain IIP Accreditation	10	4	6	0	40%	60%	12%

The above highlights the range of project outcomes recognised by companies:

- 92% reported increased competency of their management staff;
- 91% reported increased technical competency and new or enhanced technical skills;
- 88% reported enhanced staff motivation;
- 72% reported that they had grown profitable sales with 67% developing new business opportunities;
- 66% reported improved business processes with a number noting that this area was already well organised;
- 53% reported providing enhanced customer service, with a number noting that this area was already well organised; and
- 51% reported enhanced flexibility of the workforce.

Additional comments from companies included:

Table 7.19: SGP – Feedback from companies

- Provides useful, beneficial and tailored support for local businesses, Encourages the training and development of staff that may not have occurred without their support. Helps to unlock the potential of employees through improving their skill base.
- It formalises and brings a structure to training. It forces the company to justify training. It identifies training needs.
- Presents a structure for introducing new skills, practices, upskilling, qualifications
- Great opportunity to develop your staff and gain financial support. Allows cross training/up skilling, which otherwise would not happen.
- Good flexibility - IT industry is changing daily, and Invest NI allows for flexibility on what is approved and changes
- Funding enables company to carry out higher value skills training across the Company at a faster pace. It helps to ensure that the Company remains competitive.
- Training support is flexible and can direct funding to where it makes a difference.
- Good support to businesses financially. Helps the Company to focus on objectives for training
- Bring a Process for Measurement and review which the company wouldn't do on its own
- Annual Reviews are good to help see where values come from and refocus.
- Great Programme, great initiative, great for a global company that can put resource anywhere, and can help to develop skills
- Great opportunity to upskill staff, when limited funding. Savings in staff costs through subsidy encourages companies to invest in soft skills and management skills - companies will quite often only do technical training. Has improved productivity. Encourages investment in management skills.
- This has been a very strategic programme for the Company - only seeing the tip of the iceberg in terms of value
- Funding helps to drive and focus towards doing more things. Allows you to avail of external expertise which improves quality. INI were very supportive in helping to create a programme of value

Company respondents

<u>Wider Impacts associated with SAG support</u>

For each SAG project, these are assessed at PPE stage against five areas, namely has the competency of the staff increased as a result of the training, has the training enhanced the flexibility of the workforce; has the training improved business processes; has the training provided an enhanced customer service and has the training enhanced staff motivation.

Table 7.20: SAG – Objectives achieved

SAG Objectives Achieved	Total responses	Wholly	Partially	Did not achieve	Wholly %	Partially %	Total Wholly/& partially % n=34
Increase competence of staff, enhance skills	34	21	10	2	62%	29%	91%
Enhance flexibility of workforce	19	9	10	0	47%	53%	56%
Improve business processes	29	15	14	0	52%	48%	85%
Enhanced customer service	22	10	12	0	45%	55%	65%
Increase staff motivation and staff morale	29	24	5	0	83%	17%	85%
Develop new business opportunities	19	14	5	0	74%	26%	56%

The above indicates the impact of the programme, with 91% of respondents reporting an increase in the competence of staff, and 85% reporting improved work processes and staff motivation.

In terms of the feedback on SAG, a review of the PPEs would indicate that companies have been more positive in terms of relaying the positive impact of the SAG project than the feedback to the Evaluation team suggests.

It is recognised however that most companies are undertaking a small amount of niche training and training may, for example, enhance an existing skill, allow management development of staff etc, rather than introduce increased flexibility.

7.6 SIP Case Studies

A number of case studies are included below by way of illustrating the impact of the SIP. Information used in the case studies has been taken from a review of the Case work papers, monitoring reports, PPEs as well as discussions with the companies. It is noted that in some instances, companies have had difficulties in linking the impact of training and development interventions with business results.

<table>
<tr><th colspan="2">Table 7.21: Case Study 1: Company A (BITP 2012/13)</th></tr>
<tr><td>Company overview</td><td>Company A is a large agri food processor, with external ownership. There are over 5,000 staff employed in NI. Turnover was £1.089bn at the time of the application in 2012, with the LOO dated Nov 2011. There are no NI competitors. The company has multiple sites across GB.</td></tr>
<tr><td>Training and development requirements</td><td>In Nov 2011, the Company submitted an application for assistance towards training with project costs of over £14m (including wages of £10m). Following discussions, this was revised to under £6m of costs, reflecting a more prioritised and immediate training requirement of the business. The project has a start date of Nov 2011 and ran to Dec 2014.
The project is based around capability investment in people resourcing, and skill sets, required to deliver 'best in class' performance to underpin strategy. Investment in three key areas was identified to deliver improved and sustained competitiveness:

• Leadership, management skills, core competences and talent.
• Structured approaches to improvement and attaining world class performance.
• Leveraging IT based knowledge to deliver competitive advantage.</td></tr>
<tr><td>Nature of support delivered</td><td>Budgeted and actual spend was as follows:
<table>
<tr><th>£000</th><th>Management</th><th>Technical</th><th>Soft</th><th>Functional</th><th>Total cost</th></tr>
<tr><td>Budgeted</td><td>1,683</td><td>3,450</td><td>240</td><td>573</td><td>5,946</td></tr>
<tr><td>Actual</td><td>1,581</td><td>3,307</td><td>175</td><td>303</td><td>5,366</td></tr>
<tr><td>£000</td><td>External Trainer</td><td>Internal Trainer</td><td>Wages</td><td>Travel</td><td>Total cost</td></tr>
<tr><td>Budgeted</td><td>1,092</td><td>533</td><td>3,806</td><td>515</td><td>5,946</td></tr>
<tr><td>Actual</td><td>2,113</td><td>383</td><td>2,602</td><td>268</td><td>5,366</td></tr>
</table>
Grant was awarded at 25%, ie £1.486m. Total draw down at October 2016 was £1.193m. There were to be 8,992 training interventions.</td></tr>
<tr><td>Training not completed</td><td>90% of training was completed. Including 94% of the proposed management training, with a shortfall on soft and functional training. Management development training accounted for almost 30% of total training costs.</td></tr>
<tr><td>What the training delivered - Impact of the support – outputs, outcomes and impacts</td><td>The Invest NI support allowed for significant investment in the NI site and improved the competitive position of the NI site.

The Company has provided key performance indicators for measurement on productivity, yield, waste and labour utilisation to help measure the impact of the training on the company.

The plan was that business improvement training, the development of the Company's Training Academy, and other operational training would contribute towards improved productivity and reduced waste targets; whilst development of the management team would ensure that the company builds on its success to date and continues to improve and grow the business. In addition, investment in the development of employees throughout the company was to lead to improved morale, and reduced absenteeism across the sites.</td></tr>
</table>

<table>
<tr><th colspan="2">Table 7.21: Case Study 1: Company A (BITP 2012/13)</th></tr>
<tr><td></td><td>
Of the training that was completed:
• ‘Management development’ introduced a structured approach to management development for the first time within the Company, using leading academic institutions.
• ‘Technical training’ introduced lean and business improvement techniques throughout the business
• ‘Soft skills’ addressed team development, interpersonal skills, and project management.
• ‘Functional skills’ looked at financial awareness, developing the sales and marketing function and helping achieve professional qualifications.

KPIs for the project were: improving productivity; reducing giveaway; reducing waste; reducing customer complaints and reducing absenteeism. As a result of this project the company achieved all its productivity and waste targets, all of the customer complaint targets and most of the giveaway targets.

In 2016, the Company has been recognised for its learning and development strategy at the prestigious Chartered Institute of Personnel and Development Northern Ireland (CIPD NI) Awards, which celebrate excellence within the HR profession. The Company received the award for ‘Most Effective Organisational Learning and Development Strategy’ in recognition of the company’s culture of learning across the business. Judges commended the Company’s extensive training and skills development initiatives including its high-performance team workshops, graduate management training scheme, new operative training courses, as well as the wide range of placement and bursaries opportunities.
</td></tr>
<tr><td>Impact of the support – Business Outcomes</td><td>
Sales increased by £370m in the period. The Company notes that the project, and specifically the management development, has contributed to the overall improvement in revenue, however it states that it is not possible to attribute a fixed amount of sales growth to a training intervention and the sales impact has not been quantified.

Total cost savings are estimated at £1.5m as set out in the Table below:
<table>
<tr><th>Key aspects</th><th>Value of Benefit (£) by year</th><th>Anticipated (£)</th><th>Commentary</th></tr>
<tr><td>Management Development</td><td>2014 48%
2015 48%
2016 50% £250K</td><td>2017 Target
52%
£294K</td><td>Internal Fill rate for Management positions – financials based on saving in recruitment cost.</td></tr>
<tr><td>Systems & Processes,</td><td>£1m over three years across 2 sites</td><td>£250K by end 2017</td><td>Reduction due to increased skills, problem solving, process control etc</td></tr>
<tr><td>Culture/Morale,</td><td>£250K across three years and 2 sites</td><td>£100K by end 2017</td><td>Based on Labour turnover reduction for salaried staff</td></tr>
</table>
</td></tr>
<tr><td>EAFST</td><td>
<table>
<tr><td>Proposed EAFST score</td><td>53.4%</td></tr>
<tr><td>Actual EAFST score</td><td>63.0%</td></tr>
</table>
The PPE EAFST score was 9.6 percentage points more than when calculated at the casework stage. This is due to the fact that the company completed more management development as a proportion of the total project than anticipated, and the number of HPWPs increased over the last number of years. The average levels of qualifications didn’t score as highly - the company completed more qualifications than originally stated, although many of these were at lower QCF Levels.
</td></tr>
</table>

Table 7.22: Case Study 2: Company B (SGP 2014/15)	
Company overview	Company B is a large locally owned company in the agri sector. There were 240 staff employed in NI (420 in total) at the date of the application, and turnover was £102m. There are no NI competitors.
Training and development requirements	With the previous training plan in 2008 not implemented in full (18% draw down), the company appointed an experienced HR Manager to drive the project. A training budget was assigned for

<table>
<tr><th colspan="2">Table 7.22: Case Study 2: Company B (SGP 2014/15)</th></tr>
<tr><td></td><td>the first time, demonstrating a change in attitude from the Senior Management team towards training and development.

The project had a start date of May 2013 and end date of April 2016 (approval was April 2014). The end date has been extended to Oct 2017. The project is based around capability investment in people resourcing, and skill sets. Investment was identified in three key areas:

• Strategic Leadership / Management Development: an understanding of global trends; the ability to think strategically; and the skills to influence business strategy.
• Technical Development: support to access ‘Best in Class’ and R&D technology to help provide the tools and capabilities that deliver significant growth opportunities.
• Introduction of new ERP System: critical to ensure that the business aligns with the customer base and supports the growth of the company.</td></tr>
<tr><td>Nature of support delivered</td><td>Budgeted spend was as follows (the project is not yet complete so no details are included of actual spend):

<table>
<tr><th>£000</th><th>Management</th><th>Technical</th><th>Soft</th><th>Functional</th><th>Total cost</th></tr>
<tr><td>Budgeted</td><td>1,679</td><td>789</td><td>105</td><td>95</td><td>2,668</td></tr>
<tr><th><u>£000</u></th><th>External Trainer</th><th>Internal Trainer</th><th>Wages</th><th>Travel</th><th>Total cost</th></tr>
<tr><td>Budgeted</td><td>1,411</td><td>158</td><td>1,003</td><td>96</td><td>2,668</td></tr>
</table>
Grant was awarded at 43% of eligible costs of £1.557m (external costs and travel), ie £669k (25% of total project costs). Total draw down at October 2016 was £247k. 64% of the projected spend is in management development.</td></tr>
<tr><td>Training not completed</td><td>The project is ongoing. The AMR notes that the Project Manager has been heavily involved in a number of acquisitions which has impacted upon delivery. While the project was due to terminate in April 2016, the company sought an extension of 18 months. They anticipate that the project will completed in full.</td></tr>
<tr><td>What the training delivered -

Impact of the support – outputs, outcomes and impacts</td><td>A key benefit of the Training Plan has been its ability to demonstrate the benefits of non technical training to the Company directors which will facilitate future investment in management development.

Key operational impacts to date are:

• Delivery on time increased from 96% to 98.75 %
• Days lost/absent per employee reduced from 11.5% to less than 5.2%
• Turnover rates reduced marginally from 12.5% to just over 12%.
• Reduction in Unit Cost from 13p to 10p
• Improve Reporting Systems across all IT functions

As per the application, it was proposed that approx 35% of the external training would be delivered by NI based providers, hence developing the training supply chain and putting over £490k back into the economy.
Significant investment has been given to the sales team which has contributed to increased revenues in the business. A critical element of the training has been achieved through the networks of the new HR manager, introducing new GB based sales training professionals to the company.

The Invest NI offer gave the company the incentive to roll out training across the company – something that the company has not seen value in previously.</td></tr>
<tr><td>Impact of the support – Business Outcomes</td><td>Sales increased by £25m in the period. There had been 6 managers accountable for £75m of business. The HR Manager has attributed an additional £20m of sales to the training conducted with the six sales managers. There have also been cost savings at the rate of 5% of staff (20 people out of 450 staff), or £600k.</td></tr>
<tr><td>EAFST</td><td>
<table>
<tr><td>Proposed EAFST score</td><td>77.5%</td></tr>
<tr><td>Actual EAFST score</td><td>n/a – project ongoing</td></tr>
</table>
The high score reflects the investment in IT and management.</td></tr>
</table>

<table>
<tr><th colspan="2">Table 7.23: Case Study 3: Company C (SGP 2015/16)</th></tr>
<tr><td>Company overview</td><td>Company C is a locally owned SME in the textile industry. There were 32 staff employed in NI at the date of the application, and turnover was £2.8m. The company has only one NI based competitor, but has a number of international competitors.</td></tr>
<tr><td>Training and development requirements</td><td>The project had a start date of Feb 2015 and end date of Feb 2017. The courses proposed were to enable the company to up-skill staff in various tailoring and advanced design skills as well as bringing skills in-house that were previously outsourced to external consultants such tendering and project management skills, HR and advanced specification writing. The majority of the training was of a general nature with skills that are easily transferrable and would be sought after in the wider workplace.</td></tr>
<tr><td>Nature of support delivered</td><td>Budgeted and actual spend was as follows:
<table>
<tr><th>£000</th><th>Management</th><th>Technical</th><th>Soft</th><th>Functional</th><th>Total cost</th></tr>
<tr><td>Budgeted</td><td>6</td><td>42</td><td>13</td><td>39</td><td>89</td></tr>
<tr><td>Actual</td><td>6</td><td>27</td><td>13</td><td>31</td><td>77</td></tr>
<tr><th>£000</th><th>External Trainer</th><th>Internal Trainer</th><th>Wages</th><th>Travel</th><th>Total cost</th></tr>
<tr><td>Budgeted</td><td>43</td><td>4</td><td>42</td><td>0</td><td>89</td></tr>
<tr><td>Actual</td><td>30</td><td>3</td><td>44</td><td>0</td><td>77</td></tr>
</table>
Grant was awarded at 35% of eligible costs of £89k, ie £31k. Total draw down at October 2016 was £20k, with final draw down of £26k (85%).</td></tr>
<tr><td>Training not completed</td><td>87% of training was completed, including 100% of the proposed management training, and 64% of technical training. Only 7% of planned training was however in management development training.</td></tr>
<tr><td>What the training delivered -

Impact of the support – outputs, outcomes and impacts</td><td>The project delivered against significant business processes, efficiencies and business development targets.
Key operational impacts are:

• Improved orders shipped on-time from 92% to 98%
• Number of in house samples/garments produced increased from 90 per week to 110 per week
• Reduced the cost of external consultants from £132k pa to £90k pa
Staff competency has been greatly improved as a result of the skills development programme. Whilst the company has made several key external management appointments (specifically on technical management) the main drivers of the recent growth has been the improved performance and productivity of existing staff allied to a substantial investment in IT.
The workforce, particularly those involved in manufacturing, distribution and customer service, has become much more flexible. The Company has physically expanded its administration, customer service, and contract management floorspace and environment and this had led to improved teamworking as well as greater flexibility.</td></tr>
<tr><td>Impact of the support – Business Outcomes</td><td>Sales increased by £4.1m in the period, from £2.8m to £6.9m and is forecast to reach £7.5m in the current year. The Company has attributed £3m of sales to the training conducted, with all being export sales. The plan helped to focus on business improvement strategies, with additional cost savings of £25k.</td></tr>
<tr><td>EAFST</td><td>
<table>
<tr><td>Proposed EAFST score</td><td>48.4%</td></tr>
<tr><td>Actual EAFST score</td><td>47.5%</td></tr>
</table>
The PPE notes that the score fell slightly as not all training was completed.</td></tr>
</table>

<table>
<tr><th colspan="2">Table 7.24: Case Study 4: Company D (SGP 2014/15)</th></tr>
<tr><td>Company overview</td><td>Company D is a global accountancy firm, with an established base in NI. There were 800 employed in NI at the time of the application.</td></tr>
<tr><td>Training and development requirements</td><td>The project had a start date of June 2014 and end date of June 2019. The need arose from the opportunity to establish a new service centre and 504 associated jobs in Belfast over 5 years. The company targets regulated and semi-regulated sectors such as financial services, pharmaceuticals, healthcare, utilities and government. Demand for the service is being driven by increasing regulation, mergers and acquisitions, corporate re-structuring, transformation programmes and technology implementation, coupled with the downward pressure on headcount and salary costs within these businesses.
It was proposed that 504 staff will be recruited from the local graduate pool as follows:</td></tr>
</table>

<table>
<tr><th colspan="2">Table 7.24: Case Study 4: Company D (SGP 2014/15)</th></tr>
<tr><td></td><td>• Business Analyst 1: 354 recent Graduates with little or no relevant experience
• Business Analyst 2: 100 recent Graduates with less than 2 years relevant experience
• Team Leader: 50 experienced Graduates with key industry experience
The company will provide a bespoke Learning and Development programme before deploying graduates on client sites. The key aspect will be in functional training in Derivative Basics, Investment Banking, Trading Software, Banking, Legal and compliance etc</td></tr>
<tr><td>Nature of support delivered</td><td>Budgeted spend was as follows (the project is not yet complete so no details are included of actual spend):
<table>
<tr><th>£000</th><th>Management</th><th>Technical</th><th>Soft</th><th>Functional</th><th>Total cost</th></tr>
<tr><td>Budgeted</td><td>80</td><td>347</td><td>302</td><td>2,263</td><td>3,003</td></tr>
<tr><td><u>£000</u></td><td>External Trainer</td><td>Internal Trainer</td><td>Wages</td><td>Travel</td><td>Total cost</td></tr>
<tr><td>Budgeted</td><td>640</td><td>146</td><td>2,087</td><td>130</td><td>3,003</td></tr>
</table>
Grant was awarded at 30% of eligible costs of £1.450m, ie £435k (14% of total training costs).
Total draw down at October 2016 was £77k.
Assistance was given in conjunction with £1.9m SFA support.

The plan was amended in February 2016. The amendment removed wages in their entirety from the plan in order to facilitate claims and reflect the high level of external training being proposed. The grant rate was increased to 40% with amended costs include external trainer and travel only. This amendment has allowed the company to meet the increase in externally accredited courses.

The company did seek support under the DfE Assured Skills (and would have considered it to be beneficial) but were unsuccessful as the Invest NI funding for this project was already in place.</td></tr>
<tr><td>Training not completed</td><td>The project is ongoing. They anticipate that the project will completed in full.</td></tr>
<tr><td>What the training delivered -

Impact of the support – outputs, outcomes and impacts</td><td>The Invest NI support facilitated the securement of this FDI for NI.

Through this new service, this global company will provide its clients with ready-made, highly skilled teams to quickly staff-up projects and will provide “high quality, multi-disciplinary, mobile, cast effective resources’ to support the clients’ business objectives.
Training is mostly in the areas of Investment Banking, Derivatives, Compliance, and Project Management.
A revised academy style model has been developed to develop new recruits and provide a clear pathway for career progression. There are significant accredited qualifications associated with the project.

The application noted that 90% of staff will be working outside of NI, rising by 1% each year. Staff will be highly mobile and when trained to a high level of expertise may ultimately seek employment elsewhere.</td></tr>
<tr><td>Impact of the support – Business Outcomes</td><td>This training was part of the establishment of The Company’s new service offering, with the Company providing multi-disciplinary resources to its global banking & financial services clients.
Support from Invest NI gave the incentive and push to make sure training happened.

Sales achieved are £5m in 2015 and £11m in 2016. Projected sales are £15m for 2017.
The company acknowledges that training has been critical to the achievement of sales, however the percentage of sales attributed has not been identified.</td></tr>
<tr><td>EAFST</td><td>
<table>
<tr><td>Proposed EAFST score</td><td>67%</td></tr>
<tr><td>Actual EAFST score</td><td>n/a</td></tr>
</table>
</td></tr>
</table>

Table 7.25: Case Study 5: Company E (SGP 2014/15)	
Company overview	Company E is a UK based FDI providing a process outsourcing service for Fortune 500 and FTSE 100 companies. Group turnover at application stage was circa £50m. NI is now one of 7 Global Client Service centres. The company received its LOO from Invest NI in 2014 and opened in Jan 2015. It had planned for 250 people. Staff has grown in NI to over 240.

<table>
<tr><th colspan="2">Table 7.25: Case Study 5: Company E (SGP 2014/15)</th></tr>
<tr><td>Training and development requirements</td><td>The project had a start date of July 2014 and end date of Dec 2017 (prior approval given in January 2014). The need arose from the opportunity to establish a new service centre and reduce corporate costs.

The proposed training covers a wide range of skills including:
• Understanding the business\sector AMS Systems and Processes
• Employment Law— Data Protection, Discrimination, etc.
• Management Development & Leadership Training
• IT Skills including a range of Microsoft training
• The use of Social Media
• Continuous improvement techniques such as Lean and Six Sigma
• Softer Skills including interviewing, motivation, communication, time management, presentations, influencing and negotiating skills etc.</td></tr>
<tr><td>Nature of support delivered</td><td>Budgeted spend was as follows (the project is not yet complete so no details are included of actual spend):

<table>
<tr><th>£000</th><th>Management</th><th>Technical</th><th>Soft</th><th>Functional</th><th>Total cost</th></tr>
<tr><td>Budgeted</td><td>230</td><td>833</td><td>867</td><td>596</td><td>2,526</td></tr>
<tr><td><u>£000</u></td><td>External Trainer</td><td>Internal Trainer</td><td>Wages</td><td>Travel</td><td>Total cost</td></tr>
<tr><td>Budgeted</td><td>45</td><td>831</td><td>1,526</td><td>122</td><td>2,526</td></tr>
</table>

Grant was awarded at 30% of eligible costs of £2.001m, ie £600k (24% of total training costs). Total draw down at October 2016 was £12k. 10% of training was in management development. Assistance was given in conjunction with £1m SFA support and Assured Skills pre employment support of £400k.</td></tr>
<tr><td>Training not completed</td><td>The training plan is ongoing. The company anticipates that the project will be partially completed. The company will not complete the training as planned due to:
• The fact that they have found the pre-employment Assured Skills training extremely useful delivering well trained staff. This has resulted in less post-employment training requirements. They have used up all their allocation for academies and have requested additional academies.
• Rather than using External providers, as originally planned, they are delivering ongoing training in-house including the introduction of their new e-learning training portal Edge' (Invest NI cannot support training where no "real" trainer costs apply).
• Some of the training is deemed to be no longer necessary.</td></tr>
<tr><td>What the training delivered - Impact of the support – outputs, outcomes and impacts</td><td>The Invest NI support facilitated the securement of this FDI for NI and enabled the training of new staff for the NI operation.

Key objectives for the company were to reduce corporate costs as % net income from 17% to 12% - now at 16%. It also had a 10% target for absenteeism – now at 6% and a target of a 15% attrition rate - now 10%. There has been a huge growth in the Company in the NI operation. Employment targets are being achieved.</td></tr>
<tr><td>Impact of the support – Business Outcomes</td><td>The company has stated its additional sales attributed to NI staff to be circa £12m. The Company notes that it has had challenges with the claims process and has been unable to draw down Invest NI Skills Intervention support. Hence, business outcomes have been achieved largely without Invest NI support,</td></tr>
<tr><td>EAFST</td><td>
<table>
<tr><td>Proposed EAFST score</td><td>43.8%</td></tr>
<tr><td>Actual EAFST score</td><td>n/a</td></tr>
</table>

The score is low at 43.8% despite the management and leadership training, microsoft IT training and softer skills training, due to the fact that these courses are not accredited.</td></tr>
</table>

Table 7.26: Case Study 6: Company F (BITP 2012/13)	
Company overview	Company F is a locally owned SME in the manufacturing sector, with a turnover of £6m at application stage in 2012 and 90 staff. It has participated in the Invest NI Leadership programme.

<table>
<tr><th colspan="2">Table 7.26: Case Study 6: Company F (BITP 2012/13)</th></tr>
<tr><td>Training and development requirements</td><td>The project had a start date of Feb 2012 and end date of Feb 2015. This BITP was focused on 3 key areas – investment in a structured technical training programme for operators to achieve the required skill levels for its range of engineering services in order to grow the export side of the business; development of the management team at all levels along with the introduction of key performance management systems and practices to drive improvements in quality and efficiency through the engagement of the operator teams; up-skilling of the Office Team to provide the highest levels of best-in-class customer service, supplier and stock management.</td></tr>
<tr><td>Nature of support delivered</td><td>Budgeted and actual spend was as follows:
<table>
<tr><th>£000</th><th>Management</th><th>Technical</th><th>Soft</th><th>Functional</th><th>Total cost</th></tr>
<tr><td>Budgeted</td><td>18</td><td>82</td><td>17</td><td>34</td><td>151</td></tr>
<tr><td>Actual</td><td>3</td><td>111</td><td>1</td><td>12</td><td>127</td></tr>
<tr><th>£000</th><th>External Trainer</th><th>Internal Trainer</th><th>Wages</th><th>Travel</th><th>Total cost</th></tr>
<tr><td>Budgeted</td><td>39</td><td>36</td><td>73</td><td>4</td><td>151</td></tr>
<tr><td>Actual</td><td>43</td><td>30</td><td>44</td><td>10</td><td>127</td></tr>
</table>
Grant was awarded at 30% of eligible costs, ie £45k. The project is complete and drew down £38k. 12% of training is in management development.</td></tr>
<tr><td>Training not completed</td><td>84% of training was completed, although technical training represented 87% of total training against a planned 54%. Only 2% of planned training was however in management development training, against a planned 12%.</td></tr>
<tr><td>What the training delivered -

Impact of the support – outputs, outcomes and impacts</td><td>The company allowed for the training of staff at a time of investment in equipment and technology.
Key business improvements achieved by 2013:
Improved On-Time Delivery from 85% end 2011 to 95%
Reduced Internal Reject Rates from 100ppm parts rejected end 2011 to 34ppm
Increased Machine Utilisation (Milling)
The company notes that it was encouraged through the scheme to engage professional external training bodies and this training has greatly increased the knowledge of its employees.</td></tr>
<tr><td>Impact of the support – Business Outcomes</td><td>Project was ongoing for 3 years. Base turnover was £6m. Current turnover is £9m.
The project has enabled the company to grow organically. The company had to adapt and improve to facilitate the growth and demands from customers so necessity would have driven some improvements but on a much lesser scale. Therefore, the company estimates that £1.25m of additional sales are directly attributed to the training programme.
There are also cost savings due to a reduction in late deliveries and air freight costs at approx £40000 pa. Further cost savings of £50,000 pa arise from reduced wastage, and increased throughput. Total annual savings of £90,000 pa (estimated to equate to £270,000 over 3 years).</td></tr>
<tr><td>EAFST</td><td>
<table>
<tr><td>Proposed EAFST score</td><td>70.2%</td></tr>
<tr><td>Actual EAFST score</td><td>63.6%</td></tr>
</table>
Overall the EAFST score fell from 70.2% to 63.6%. The main reason for the drop is the lack of qualifications which were in the original plan. Although the company claimed 84% of the offer, it undertook very little of the management training. There was an increase in the amount of technical training but not enough to compensate for the loss of engineering qualifications.</td></tr>
</table>

<table>
<tr><th colspan="2">Table 7.27: Case Study 7: Company G (SAG 2015/16)</th></tr>
<tr><td>Company overview</td><td>Company G is a locally owned SME in the IT sector, with a turnover of £230k at application stage in 2015 and 12 staff. Turnover has increased to £1.1m by May 2017.</td></tr>
<tr><td>Training and development requirements</td><td>The project had a start date of Nov 2015 and end date of Nov 2016. Key training was to be in respect of management development and technical training (agile project management).</td></tr>
<tr><td>Nature of support delivered</td><td>Budgeted and actual spend was as follows:
<table>
<tr><th>£000</th><th>Management</th><th>Technical</th><th>Soft</th><th>Functional</th><th>Total cost</th></tr>
<tr><td>Budgeted</td><td>8</td><td>11</td><td>1</td><td>0</td><td>20</td></tr>
</table></td></tr>
</table>

<table>
<tr><th colspan="2">Table 7.27: Case Study 7: Company G (SAG 2015/16)</th></tr>
<tr><td></td><td>
<table>
<tr><td>Actual</td><td>8</td><td>0</td><td>0</td><td>0</td><td>8</td></tr>
<tr><td>£000</td><td>External Trainer</td><td>Travel</td><td>Total cost</td><td></td><td></td></tr>
<tr><td>Budgeted</td><td>17</td><td>3</td><td>20</td><td></td><td></td></tr>
<tr><td>Actual</td><td>7.5</td><td>0.5</td><td>8</td><td></td><td></td></tr>
</table>
Grant was awarded at 50% of eligible costs, ie £10k. The project is complete and drew down £4.8k. Training has been solely in respect of leadership and management.</td></tr>
<tr><td>Training not completed</td><td>The company only conducted the management development training. Pressures on staff time meant that the technical training was postponed.</td></tr>
<tr><td>What the training delivered - Impact of the support – outputs, outcomes and impacts</td><td>The company has noted that the leadership and management development training has enabled the company to grow as planned. Internal staff have been promoted to senior levels and the training has equipped them with the skills, knowledge and competence to grow the business and to manage staff effectively. A key aspect of the training was in respect of sales training, with subsequent successes in procurement exercises.</td></tr>
<tr><td>Impact of the support – Business Outcomes</td><td>There were two international contracts secured under competitive tender which management attribute to the training, one for £130k and one for £220k.
A further £400k is anticipated in 2017.</td></tr>
<tr><td>EAFST</td><td>
<table>
<tr><td>Proposed EAFST score</td><td>68.1%</td></tr>
<tr><td>Actual EAFST score</td><td>62.5%</td></tr>
</table>
The reduction is due to accredited training not being undertaken.</td></tr>
</table>

The above is indicative of the benefits perceived from the Skills Intervention Programme.

7.7 Conclusion on the monetary and wider benefits of SIP

The inherent difficulties in measuring the monetary impact of L&D programmes was noted from the outset, with the introduction of EAFST as a tool to seek to influence behaviours and serve as a proxy measure of impact (see Section 4.4).

Notwithstanding the widely acknowledged challenges that exist, the Evaluation Team undertook a survey of BITP/SGP participants and SAG participants to elicit views in relation to impacts. Of the 85 BITP/SGP respondents, a significant 75 businesses or 88% did state that the programme had had a positive impact on their business. Of these, 37 were in a position to provide a monetary value to that impact (equating to £21.2m of additional GVA) while 38 could not. Based on the responses from these 37 businesses, it is noted that at this point in the programme every £1 spent (as per drawdown) by Invest NI on skills investment in these 37 projects is estimated to have generated £3.36 in net return to the economy through increased GVA (ie net of deadweight and displacement).

Responses to the SAG survey would also indicate a net positive impact in sales and cost savings. Of the 12 SAG respondents reporting financial benefits is that a gross GVA of £300k (net of deadweight and displacement) was achieved, with a net impact of £5.55 for every £1 draw down of Invest NI monies.

The challenges and limitations associated with the monetary impact assessment places greater weight on other findings from the evaluation, including:

- The implications of having introduced the EAFST tool in terms of providing reassurance that the skills projects supported by Invest NI are providing value to the NI economy. As set out in Section 4.4, the Evaluation Team have confirmed a key benefit of the tool is that it has been successfully used by Invest NI to influence companies and advise on appropriate skills investment behaviours, including securing greater investment in management development practices and excluding more routine type technical training;

- The Programme has helped secure private sector skills investment totalling c.£59m based on draw down (or £157m based on grant awards) (Table 6.7);

- Companies are reporting significant changes in their behaviours and attitudes to L&D (para 7.5.1), with for example 90% of survey respondents now investing in upskilling of staff up from 63% prior to the SIP; and 93% of companies now reporting considering training as part of employee annual appraisals, up from 71% before the SIP; and with 81% of companies reporting having a talent management strategy in place, up from 23% before the SIP; and

- The Case studies demonstrate the scale of some of the benefits realised for individual companies, both monetised and non-monetised benefits, including the attainment of training awards, and providing greater clarity to the individual companies on the benefits of training etc.

8 BENCHMARKING

8.1 Introduction

The purpose of this benchmarking exercise is to assess what supports are provided to upskilling the workforce in other progressive countries, namely Scotland, Wales, Ireland, Canada- Ontario, Sweden and Estonia. We conducted desk research to explore programmes for in-company upskilling of employees in relevant countries. The desk research was complemented by email discussions and, when required, phone conversations with relevant contacts at the studied agencies.

Figure 8.1 presents a summary of the programmes we have studied. The programmes range from those quite NEAR to the current efforts of Invest NI to those quite FAR from current Invest NI up-skilling Programmes.

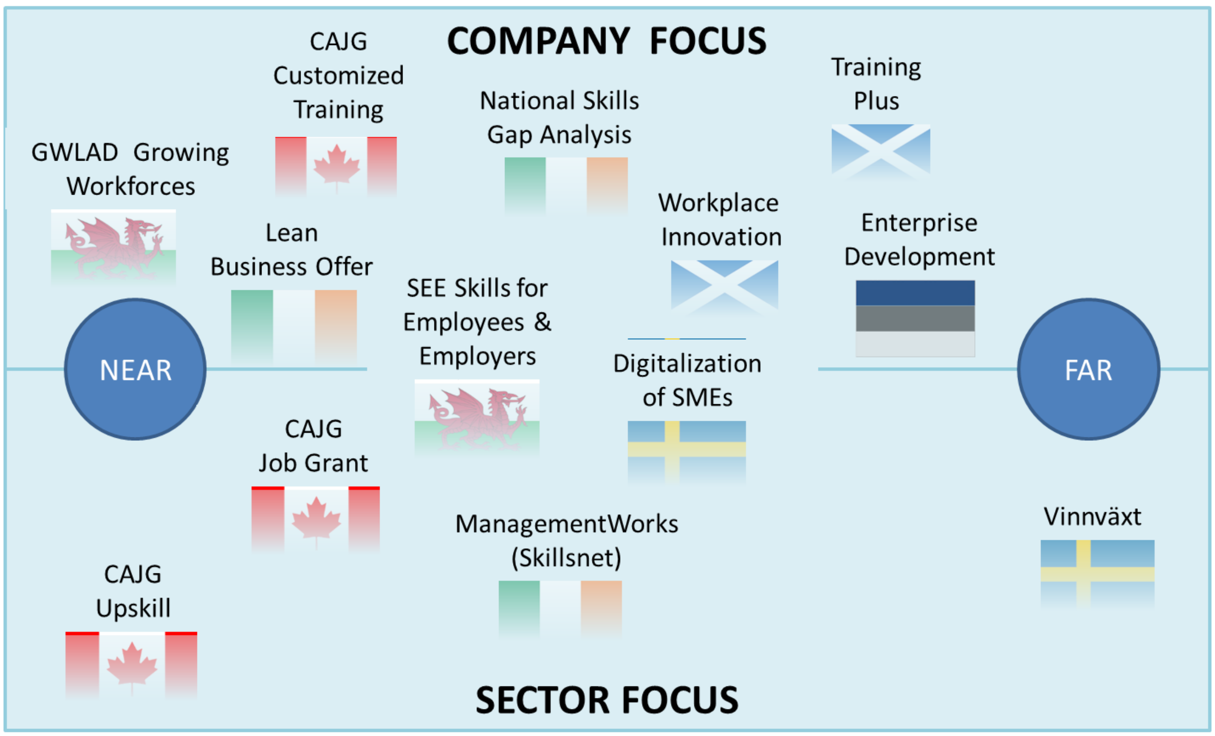


Figure 1. Programmes examined in this benchmarking study. Programmes are also classified according to their focus: Company vs Sector.

The more traditional programmes are more susceptible to direct comparison with Invest NI programmes, while the innovative programmes were more difficult to compare, in particular because the upskilling elements were often a component of an overall programme.

Details are included in Appendix VII and VIII and summarised below.

8.2 Scotland

"Workplace Innovation" is a programme focused on upskilling to empower employee-driven innovation, creating a system to enable innovation: developing the people and place required for innovation to happen. All types of skills are included, but the emphasis is on Innovation Skills, the skills required to innovate, with Management Skills being the second highest type.

"Training plus" is a programme targeted at large companies who are mobile investors. This is a low-volume high-impact programme to support expansion plans and the creation of new jobs/protect existing jobs. While the whole range of skills (managerial, soft, technical, functional, etc.) could be included, the focus is on developing new skills at the site to ensure it remains competitive.

8.3 Wales

Wales' current skills approach is to create integrated employment, skills and business support initiatives, through the *Skills Gateway*, a portal for skills development support. *Business Wales* offers a number of programmes across Wales, while different regions also have specific programmes, providing a flexible response based on local and regional needs, with a high level of accredited courses provided by HE/FE.

"Growing Workforces through Learning And Development" (South Wales) is a subsidized training scheme for accredited work-based learning programmes, delivered by HE. The scheme aims to stimulate demand for learning and skills development with a direct impact on the performance of a business.

"Skills for Employers and Employees" (SEE) (North Wales) is a programme targeting the development of staff skills through nationally recognized qualifications. The focus is on strategic sectors: Food, Digital Economy, Life Sciences and Health, Advanced Manufacturing, Tourism, Recreation and Leisure, Care, Construction, Energy and Low Carbon. Companies from other sectors can also apply.

8.4 Ireland

In 2015, EI invested €25m in strengthening leadership capability and €33m in building capacity in Irish Enterprise. In 2015, 156 companies also received funding to improve productivity, profitability and environmental best practice through Enterprise Ireland Lean and Green business offers.

"Lean Business Offer" provided Enterprise Ireland's SME clients with three levels of funding to help companies improve competitiveness: **LeanStart**, **LeanPlus** and **LeanTransform.**

"ManagementWorks" is operated centrally by *Skillnets* and is based on a network model, whereby networks of enterprises engage in the design, management and delivery of specific training programmes to employees/ jobseekers across a broad range of sectors. **ManagementWorks** has the overall objective of "addressing the need to enhance the level of management capability of small and medium-sized firms". About 75% of the training was for certified training days.

"Skills Analysis National Programme" for EI clients (and building upon the concept of the one to many support under the Invest NI TNA programme) is a programme currently being developed by EI through the Irish Management Institute. The programme is an almost 100% funded focused critical skills gap analysis, identifying those skills required for growth. This will then enable EI and partners to support those companies on acquiring the identified critical skills. The project design includes a webinar, a questionnaire, a one-day workshop and some follow up with the individual SMEs. The one-day workshop will be delivered 25 times across all geographies in the Republic of Ireland from September 2017.

8.5 Canada-Ontario

"Canada-Ontario Job Grant" (COJG) provides direct financial support for employers or consortia of employers who wish to purchase training for their workforce. The training is intended for employed individuals acquiring new skills for their current job, or to prepare for another job with the same employer, and for unemployed individuals seeking a new job. Support is for strategic sectors: Agriculture, Forestry, Fishing and Hunting, Mining, Quarrying, Manufacturing (including food), Oil and Gas Extraction. Each COJG Employer Application is restricted to one course.

Some changes in the Canada Ontario Job Grant programme can be observed in two recent pilots within this programme: the “Customized Training” pilot focuses on firm specific training solutions, while the “Upskill” pilot focuses on essential skills training aligned with the shared needs of the sector.

Only four sectors are eligible to apply for UpSkill funding: Agriculture, Forestry, Fishing and Hunting; Manufacturing including Food; Mining, Quarrying; and Oil and Gas Extraction.

8.6 Sweden

Based on initial discussion with the Swedish Agency, two programmes were examined.

The **“Arbeta strategiskt med kompetens”** programme (“Working strategically with access to skills in industrial enterprises”), although not focused on up-skilling of employees, could decide that upskilling is a solution the SME should choose after they’ve gone through the programme. Pilot projects will offer validation of competence for staff in industrial enterprises. The result of the validation will be connected to the business strategy of the SME so that the SME will start to systematically work on accessing the required skills by their own means. The projects are run by organisations in the SME support system with SMEs not awarded a grant directly but receiving 4 hours support in assessing the business strategy and 4 hours analysis/action plan.

“Digitalization industrial SMEs” is a programme to support SMEs to take their next step in their development to become more digital/automated. This is one of the programmes which form the Swedish Government action plan for a Smart Industry including through access to skills and “going digital”. The aim is to strengthen the industries innovation capabilities and competitiveness.

“Vinnväxt” is a competition in which regions may receive funding for long-term innovation initiatives. The initiatives will focus on the growth area where they have the potential to achieve international success. This programme includes upskilling regional innovation capabilities - not directly employee capabilities.

8.7 Estonia

The "Enterprise Development Programme" aims to support well-thought-out development, improved action planning, innovation implementation and product development within growth companies. It is expected that in the course of the development programme, each participating enterprise will launch new products and services that are more profitable than their predecessors.

The programme is not focused solely on upskilling but can include upskilling of employees if this is what is required for growth during the implementation of the company’s development plan. The focus is on three Strategic Sectors: ICT horizontally through all sectors, Health technologies and services and More efficient use of resources. The impact of the skills interventions is not evaluated separately, but within the overall outcome of the programme.

Table 8.1 presents the trends observed across all the programmes examined. Note that for SGP, details on the number of projects and spend are presented for the 31 months to October 2016 unless otherwise stated:

Table 8.1 Overview of Benchmarking

	Northern Ireland	Scotland	Wales	Ireland	Canada	Sweden	Estonia
Programmes	1: SGP -project costs over £20k 2: SAG - £20,000 and less project costs, and for Small firms only	1: Workplace Innovation 2: Training plus 3: Co-operative Development Scotland[79]	1: Growing Workforces through Learning and Development 2: Skills for Employers and Employees	1: Lean Business Offer (3 progs) 2: Manage-mentWorks 3: Skills Analysis National Prog	1: Canada-Ontario Job Grant 2: COJG Customised training 3: COJG Upskill for p'ships	1: Arbeta strategiskt med kompetens 2: Digitalization Industrial SMEs 3: Vinnväxt	1: Enterprise Development Programme (wider than upskilling)
Context	900 core clients as defined by INI	220 noted as high growth companies. SE reported 2,600 acc mgd companies in 2016	n/k	n/k	n/k	n/k	620 noted as high growth companies
Accreditation and Specified Providers	1 and 2: No requirement for Accreditation; No specific providers	1, 2 & 3: No requirement for Accreditation; No specific providers	1 &2: Accredited training through nominated providers (FE/HE sector)	1: Includes accredited progs 2: Includes accredited progs with specified providers 3: Not accred-ited but named provider	1: Includes accredited progs 2 & 3: Accredited progs with specified providers	1: n/a 2: Specified coaches 3: n/a	1: No requirement for Accreditation; No specific providers
Support for management training	1 & 2: Yes	1, 2 &3: Yes	1 & 2: Yes	1 & 2: Yes 3: Identify of skills gap	1, 2 &3: Yes	1, 2 & 3: Yes	1: Yes
Average Annual No of projects	1: 63 projects awarded, 49 commenced 2: 55 projects awarded, 41 commenced	1: 700/890 companies 2: 5 projects 3: n/k	1: 38 companies 2: 160 companies	1: 115 companies 2: 500 companies 3: 360 companies	1: 3,600 companies 2: n/k 3: n/k	1: n/k 2: 300 companies 3: n/a	1: 220 companies

[79] the arm of Scottish Enterprise working in partnership with Highlands and Islands Enterprise that supports company growth through co-ownership and collaborative business models.

	Northern Ireland	Scotland	Wales	Ireland	Canada	Sweden	Estonia
Average Annual Award/spend by value	1: £9.7m award/ £2.2m draw down 2: £250k award/ £125k draw down	1: £2.5m awarded 2 & 3: £2.4m	1: £740k award 2: £5.4m	1: €4.7m 2: €1.66m 3: n/a – no direct grant support	1: £120m 2: n/k 3: n/k	1: n/k 2: £7.2m 3: €1m	1: £40.5m
Average grant support per project/company	1: £126k grant/£47k draw down[80] 2: £6k grant/£3k draw down	1: £3.5k grant 2: £0.9m 3: n/k	1: £19k grant 2: £32k	1: €40k 2: €3.4k 3: n/a	1: £33k 2: £6k 3: £6k Max $10/15k per trainee	1: Not grant but 4 hrs of support 2: £24k 3: n/a	1: £184k
Support for large projects/companies	1: SGP open to all companies. For all BITP/SGP, 114 projects offered £100k plus, 23: £500k plus & six: £1m plus	1: Open to all but mostly SME 2: Large company only 3: n/k	1: Open to all 2: Open to all	1: No 2: No 3: No	1: Open to all 2: Open to all 3: Open to all	1: No-only SME 2: No-Only SME 3: Open to all	1: Open to all
Support for SMEs	1: For all BITP/SGP, 227 projects offered < £50k 2: Specific SAG programme	1: Open to all but mostly SMEs 2: only Large 3: N/k	1: Open to all 2: Open to all	1: SME only 2: SME only 3: SME only	1: Open to all 2: Open to all 3: Open to all	1: SME only 2: SME only 3: Open to all	1: Open to all
Period of support	1: 24-40 mths 2: 12 mths	1: 18 mths 2: 12-18 mths 3: n/k	1: 6-12 mths 2: Max 18 mths	1: 7 days to 12 mths 2: 6 mths 3: 1 day +	1: Max 12 mths 2: Ave 18 mths 3: Max 12 mths	1: n/k 2: 12 mths 3: 10 years	1: 24-36 mths
Eligible costs	1: External training plus travel (Min 50% of cost). Internal Trainer and Staff trainee cost. 2: External training Travel max £20k	1: External costs, internal costs as exceptions. 2: External training plus travel, Internal Trainer and Staff trainee costs, consumables. 3: n/k	1: Course costs of trainer, travel costs and consumables for trainees. 2: Course fees.	1: External training, travel, can include Internal trainer and employee costs 2: External training	1: External costs, fees and trainee cost if <50 employees 2: External costs 3: External costs, fees, TNA	1: External training support 2: External costs of coaching 3: External costs	1: External costs incl marketing support

[80] Based on all of BITP/SGP

	Northern Ireland	Scotland	Wales	Ireland	Canada	Sweden	Estonia
				3: N/a – no direct support			
Upper limit on eligible costs	1: No upper limit 2: Max £20k	1: None stated although max £60k cost for internal salaries 2: None stated 3: n/k	1: None stated 2: None stated	1: €6-€500k 2: n/k 3: n/a	1: Max $10/15k per trainee 2: $10k per trainee 3: $10k per trainee	1: 4 hrs support 2: Implied upper limit 3: each region €1m pa for 10 years	1: None stated
Average Levels of grant assistance	1: Discretionary - 25% grant on all costs, up to 50% on external costs 2: Fixed 50% grant	1: 30-50%. 2: 30-40% 3: n/k	1: 40-70% 2: 50-80% Both dependent on company size	1: 25-50% 2: 35% 3: companies pay a nominal amount	1: 66% 2: 66% 3: 66%	1: n/a 2: n/k 3: 50%	1: 25-45% dependent on company size
Support to FDI	BITP/SGP is a key support to FDI – 116 of 471 projects were FDI, including 31 new FDI	1: N/a 2: Could be used for FDI	1 &2: No specific mention of FDI support	1 &2: Open to FDI 3: For SMEs only	1, 2 &3: No specific mention of FDI support	1, 2: No specific mention of FDI support 3: Will include FDI	1: No specific mention of FDI support
Approach to Training Needs Analysis	1& 2: INI have TNA workshops open to all. Low participation	1&2: 100% funded TNA for SMEs and large companies receive grant	1: On-line TNA 2: Govt prepares TNA	1: n/a 2: n/a 3: 100% funded TNA to identify critical skills gaps to enable growth	1 & 2: n/k 3: Eligible costs include TNA	1, 2 & 3: n/k	1: n/k
Focus on Jobs/safeguarding existing jobs	INI has no targets for jobs created/safeguarded	1: Measures impact on jobs 2: Grants linked to Jobs Created/safeguarded	1, 2 &3: no targets for jobs	1, 2 & 3: no targets for jobs	1, 2 & 3: Linked to jobs including vul. employees	1, 2 & 3: n/k	1: n/k

8.8 Trends Observed from the Benchmarking exercise

During the research we observed several trends in the programmes provided by the Government Agencies in the different countries.

Eligibility – a number of programmes were only open to SMEs or focused on SMEs (ie Ireland and Sweden). Only Scotland has a dedicated programme for larger companies, while programmes in Scotland, Wales and Canada were open to larger companies as well as SMEs. None of the programmes were "competitive" programmes. The Invest NI SIP was comparable in size to Scotland, Wales and Ireland in terms of annual average draw down although larger in terms of total grant offered pa. The average grant awarded per project/company was higher under SGP than in other regions, with the exception of Estonia, although the latter is not solely focused on skills. The SGP period of support generally exceeds that of the other benchmark programmes, these averaging 12-18 months.

Scale of support: Many of the benchmarked regions appeared to provide support to a higher volume of companies per annum than the Invest NI SIP (ie circa 130 in NI, versus 700+ in Scotland, 1,000 in Ireland) (although the business base will be higher in these regions), although at lower average grant levels.

Development of Management, Innovation and Functional Skills. The development of Management Skills is acknowledged as an important lever to improve company performance. High Performance Management Practices are the equivalent to High Performance Working Practices (HPWP) for management. They are higher impact levers of change. Many of the programmes included the development of management skills, ie the network model of *Skillnets'* "Management Works" effectively extends management skills to SMEs. As noted below, an emphasis on the development of innovation skills was observed in a number of programmes, often in parallel to the development of management skills. However, there is generally acceptance of the need for the development of all types of skills including functional skills.

Development of Innovation Skills. This is an ubiquitous trend which includes developing innovation management, doing innovation, and more recently developing ecosystems for innovation. Most countries have recently developed policies on Innovation. Canada has specifically developed a "Innovation and Skills Plan" in Budget 2017. Several countries (Sweden, Scotland, and the Republic of Ireland) have made significant efforts in the development of Innovation Skills. In addition to the above EI programmes, EI's "Innovation 4 Growth" brings Innovation Skills to SMEs.

Scotland seems to be moving towards a higher value added with "Workplace Innovation", by focused on upskilling to empower employee-driven innovation, creating a system to enable innovation.

Sweden brings a sectoral focus on developing innovation milieus, well ahead of most other countries, where the development of innovation skills is the current focus.

Individual Companies and Clusters: The benchmarking exercise highlights programmes focused on individual companies and also programmes focused on clustering and attendance by companies at one to many events. This is mainly in the case of SMEs focused training, where the benefits of sharing expertise and networking are more clearly felt.

Sector Focus - A sectoral focus underlines many of the programmes. Although most programmes are open to all sectors, recruitment can be biased towards the strategic sectors as identified by the Agencies as part of Regional or National Strategies.

Accreditation and specified providers - benchmarked programmes included accredited (ie Wales, Canada, Ireland) and non-accredited programmes (ie Scotland and Estonia). For accredited programmes, these were often delivered by the HE/FE sector (similar to DfE Assured Skills) and focused on management development.

Eligible costs: In the majority of cases, costs were external costs. Scotland and Ireland had flexibility to include internal trainer and trainee staff costs, although the latter in particular noted the challenges in auditing internal costs and the subsequent emphasis on external costs.

Levels of assistance: A number of programmes had specific ranges of support for small, medium and large companies.

Approach to TNA and Critical Skills Focus: Many of the programmes had specific support for TNAs, including funding support. Business Wales has automated and placed on-line one of the steps of the Training Needs Analysis, a self-assessment of the current situation. The trend observed is around identifying “what are the critical skills?” This is observed indirectly in programme which demands to know as part of the evaluation process what the expected direct business result is from the upskilling intervention. (ie SE’s “Business Support Application Form”) The trend is more directly observed in EI’s “National Skills Gap Analysis”, which is focused on identifying the critical skills gaps that need to be addressed to achieve business outcomes and growth in SMEs.

Dual focus on Jobs/safeguarding existing jobs, on higher value added and Upskilling: A number of programmes had an emphasis on jobs, both created and safeguarded, including developing the innovation capabilities of established companies. Scotland’s “Training Plus” offered support to large companies only in conjunction with an expansion plan.

Support for FDI: Invest NI appeared to be unique in the level of support to FDI, although FDI were eligible to seek support for programmes in Scotland, Ireland and Sweden. Overall, other benchmarked programmes appeared to be more strategically focused on developing high growth potential indigenous companies.

Evaluation of Impact of Benchmarked Programmes: benchmarked programmes had procedures for monitoring and assessment of impact. None had an Economic assessment tool similar to EASFT. The impact of the EI programmes were evaluated with survey and econometric analysis, ie reporting improvements in productivity and/or capacity increases plus positive impacts on the long-term performance of their business.

9 PERFORMANCE AGAINST OBJECTIVES

9.1 Introduction

This section seeks to assess the extent to which the intervention is meeting its stated objectives, as set out in the Evaluation TORs, and review the performance outturns against the objectives and SMART targets and explain any variances.

9.2 Objectives of the Skills Intervention

9.2.1 Objectives of the Invest NI Skills Intervention Programme

The Economic Appraisal notes the aim of the SIP as being to: *"Provide discretionary assistance to businesses to assist them to become more competitive by developing the skills of their staff to create a skilled, trained and adaptable workforce, thereby improving the capabilities of the businesses' people and processes".*

The Terms of Reference for this Evaluation notes that "The core objective of Invest NI's support in the area of the BITP and SGP is the encouragement of participating companies to achieve increased productivity, competitiveness and export potential through investment in training and development activities." The focus for Invest NI is on responding to the training needs as identified by the client company, and supporting those activities leading to new or improved skills. The Evaluation would indicate that:

For the 85 BITP/SGP companies surveyed:

- 90% now invest in the upskilling of staff (as well as re-skilling) (up-skilling being training leading to new qualifications) (63% before the intervention); and
- 37 (44%) reported a monetary impact arising from participation in the SIP, with a further 38 (45%) noting that there had been a monetary impact but the company was unable to quantify this by apportioning the business results to the programme.

For the 34 SAG companies surveyed, 11 (32%) reported a quantified monetary impact arising from participation in the SIP, with a further 19 (56%) noting that there had been an unquantified monetary impact.

This would indicate that the programme is demonstrating success in terms of the objectives the SIP is aiming to achieve.

9.2.2 Performance against SMART targets

The Economic Appraisal notes that historically, programme targets established for the BITP have been solely activity focused (i.e. relate to number of projects to be supported and levels of funding to be disseminated) with little/no emphasis placed on establishing output/outcome targets for the Programme. This section concludes on the achievement of programme targets (activity, spend, EAFST related, as well as outcomes) as set out in the underpinning Economic Appraisal.

<u>Number of BITP/SGP Projects approved and commencing</u>

The SMART targets with regards to approved project numbers is shown in the Table overleaf. It is noted that the SGP was targeted to commence on 1 January 2013 (ie 2012/13) but actually started in 2013/14. The targets have been adjusted accordingly.

Table 9.1: BITP & SGP Targets and Performance

BITP & SGP Targets and Performance - Approvals					
Year	**Activities**	**Target BITP & SGP Projects**	**Actual**	**Variance**	**Net variance**
2010/11	BITP projects[81]	80 BITP	21 BITP	-59 BITP	-59
2011/12	BITP projects	80 BITP	37 BITP	-43 BITP	-43
2012/13	BITP projects	80 BITP	97 BITP	+17 BITP	+17
2013/14	BITP projects SGP projects	40 BITP 44 SGP	37 BITP 39 SGP	-3 BITP -5 SGP	-8
2014/15	BITP projects SGP projects	0 BITP 88 SGP	1 BITP 68 SGP	+1 BITP -20 SGP	-19
2015/16	SGP projects	88 SGP	66 SGP	-22 SGP	-22
2016/17 7 mths	SGP projects	44 SGP[82]	51 SGP	+7SGP	+7
Total	BITP projects SGP projects	280 BITP 264 SGP	193 BITP 224 SGP	-87 BITP - 40 SGP	
Total	BITP and SGP combined	544	417	-127	-127

As noted in section 3, the actual number of BITP projects awarded support in 2010/11 and 2011/12 was below the target of 80, this being attributed to Invest NI budgetary constraints at the time.

Over the total Evaluation period, the total target was for 544 BITP and SGP approved projects, represented by 280 BITP projects and 264 SGP projects. Attrition was not considered as part of the Economic Appraisal, it being assumed that all projects approved would commence.

The actual number of projects awarded support in the Evaluation period was 417. Of the 417 projects approved, 334 or 80% have actually commenced to date. The underperformance is largely related to SGP. It is noted that some SGP projects that have yet to commence.

Table 9.2: Summary of BITP & SGP Under - Performance

BITP & SGP Targets and Performance				
Year	**Activities**	**Target BITP & SGP Projects**	**Actual commencing**	**Variance**
Total	BITP projects approved in year SGP projects approved in year	193 BITP 224 SGP	178 BITP 156 SGP	-15 BITP - 68 SGP
Total	BITP and SGP combined	417	334	-83

While there was a shortfall of SGP projects approved against target of 127 projects, this increases to a shortfall of 210 when projects commencing (to date) is considered (i.e. 544 less 334).

<u>**Level of private sector investment in SGP projects**</u>

SGP had a Corporate Plan target of £110m secured private investment, or circa £30m pa[83]. Secured Investment refers to total projected spend on training, not net private sector spend. The target of 110m was exceeded at £124m, based on award values, but was £59m based on draw down.

<u>**Number of SAG Projects approved and commencing**</u>

Targets were set for SAG awards, with there to be 100 SAG awards a year and a maximum of £10k grant each. Activity for SAG to 31st October 2016 is set out below[84]:

81 The Operating Plan had a target of 80 BITP projects a year
82 Target for a half year only – SGP was approved for 3 years and had a budget of 264 projects
83 SGP was approved for three years. At an overall target of £110m, this would equate to £36.7m pa. There were no investment targets set for BITP.
84 SAGs were targeted to start in 2012/13 – actually started in 2013/14

Table 9.3: SAG Targets and Performance

	Targeted No of Project	Actual No Projects	No Project commenced*	Average grant £000
2013/14	50	48	42	6
2014/15	100	47	43	6
2015/16	100	64	52	5
2016	50[85]	39	13	5
Total	300	198	150	6

*Those commenced are classed as those that have drawn down some if not all of the grant to date.

The above 150 projects are stated to relate to 138 unique businesses who have commenced a training plan with Invest NI support. The above would indicate a shortfall against projects approved (44%) and commencing (50%).

EAFST Scores

Targets were set for SGP and SAG in respect of the scoring of projects under the EAFST tool depending on if they are assessed as being of Higher Potential, Improved Potential or Basic Potential.

- All SAG projects to score 45%+
- Across SGP Grants and SAG no more than 30% of all projects to score <45%.

Invest NI has presented a document "The EAFST March 2013" report, which provides details of all scores for 621 projects approved to March 2017, namely 369 prepared for small companies, 161 for medium sized companies and 91 large companies.[86]

Details of projects' scores for BITP and SGP (to March 2017) including 46 small projects not classified as SAG, are set out in Table 4.10. The assessment against targets would indicate that targets were achieved in respect of SGP projects, but not SAG projects in relation to higher potential projects. Across SGP and SAG projects significantly less than 30% of projects scored less than 45%:

Table 9.4: EAFST Targets and Performance

	SGP target	SGP Actual	SAG target	SAG Actual
Higher Potential 65.1% & above	40%	45%	40%	22%
Having Improved Potential - 45.1% to 65%	30%	42%	60%	76%
Basic Potential - 45% and below	30%	13%	0%	3%
Total	100%	100%	100%	100%
Total assessed to 31st March 2017		421	198	227

Training support at Application and Implementation

One of the activities identified in the Economic Appraisal was for Invest NI to provide mentoring support to 93 SGP applicants to develop their application and/or training plan on a needs basis (with support not exceeding 35% of all SGP applications). As a result of the introduction of the TNAs and owing to the fact that companies worked more closely with their business advisors, the demand for this element of the programme did not materialise. As such, there were very few (circa 5 and none since 2014) instances of mentoring support for Application/Training Plan.

Equally in relation to mentoring support for implementing training plans, this role was taken on by the Business Advisors.

Non-Financial Impact of receiving BITP/SGP support

Targets were also set for the SGP programme in respect of the increased competency of staff, enhanced flexibility of the workforce, improved business processes, enhanced customer service and enhanced staff motivation as a result of receiving SGP support. Details are as set out in Section 9.3 below.

85 Target for six months
86 Note that EAFST scores have been prepared for 11 BITP projects.

9.3 Conclusion on Performance against Targets for Skills Intervention

Table 9.5: Assessment of Performance against targets

Output/Activity Targets	*Output/Activity Achievements*	*Assessment*
For the 88 main SGP awards per annum the total number of projects funded, should be disaggregated as follows: – 40% of projects funded should be assessed as having 'Higher Potential[87]'; – 70% of projects funded should be assessed as having 'Improved/Higher potential'; and – 30% of projects funded should be assessed 'Basic Potential'.	Of the 398 SGP/BITP projects assessed and including projects to 31st March 2017: – 45% assessed as having 'Higher Potential'; – 87% assessed as having 'Improved/Higher Potential'; and – 13% assessed as 'Basic Potential'.	Target achieved
Provide 100 simplified grants[88] (up to a maximum £10k) per annum. The total number of projects funded, should be disaggregated as follows: – 40% of projects funded should be assessed as having 'Higher potential'; and – 100% of projects funded should be assessed as having 'Improved /Higher potential'.	Of the EAFST scores done for SAG projects: – 22% of projects assessed as having 'Higher potential'; – 97% of projects assessed as having 'Improved or higher potential' – c3% of projects assessed as Basic Potential	Target not achieved
All SAG projects to score 45%+	Five SAG projects scored less than 45+	Target largely achieved
Across SGP Grants and SAG no more than 30% of all projects to score <45%.	53 or 9% of projects scored <45%.	Target achieved
Provide mentoring support to 93 SGP applicants to develop their application and/or training plan on a needs basis (with support not exceeding 35% of all SGP applications).	54 companies have attended a TNA workshop and submitted an Application. 25% of the BITP/SGP projects received support from the Business Advisors to develop their application and/or training plan. On an extrapolated basis, the total of 93 is likely to have been exceeded.[89]	Target achieved through different means
Provide mentoring to 105 applicants to implement their training plan on a needs basis (with support not exceeding 40% of all SGP awards)	Business advisors took on this role as part of their support to companies.	Target became non-relevant
90% of businesses reporting increased competency of their staff as a result of receiving SGP support[90]	Of the BITP/SGP beneficiaries, 89% of businesses reported increased competency of their management staff and 91% increased technical competency Of the SAG beneficiaries, 91% of businesses reported increased competency of their staff	Target achieved
75% of businesses reporting enhanced flexibility of the workforce as a result of receiving SGP support	Of the BITP/SGP beneficiaries, 54% of businesses reported enhanced flexibility of the workforce although 96% reported increased technical competency and new or enhanced technical skills	Target partially achieved

[87] As per EAFST score.
[88] SAG
[89] 25% of 417 is 104
[90] This target and the following four relate to all participants

Output/Activity Targets	*Output/Activity Achievements*	*Assessment*
	Of the SAG beneficiaries, 56% of businesses reported enhanced flexibility of the workforce	
80% of businesses reporting improved business processes as a result of receiving SGP support	Of the BITP/SGP beneficiaries, 70% of businesses reported improved business processes with a number noting that this area was already well organised Of the SAG beneficiaries, 85% of businesses reported improved business processes	Target largely achieved
75% of businesses reporting providing enhanced customer service as a result of receiving SGP support	Of the BITP/SGP beneficiaries, 56% of businesses reported providing enhanced customer service, with a number noting that this area was already well organised Of the SAG beneficiaries, 65% of businesses reported providing enhanced customer service	Target partially achieved
85% of businesses reporting enhanced staff motivation as a result of receiving SGP support	Of the BITP/SGP beneficiaries, 94% of businesses reported enhanced staff motivation Of the SAG beneficiaries, 85% of businesses reported enhanced staff motivation	Target achieved

10 ECONOMY, EFFICIENCY, EFFECTIVENESS AND VALUE FOR MONEY

10.1 Introduction

This section will seek to assess and conclude on the economy, efficiency and effectiveness with which public funds have been used on the intervention over the period being evaluated.

10.2 Economy, Efficiency and Effectiveness

10.2.1 Economy Measures

Economy measures are concerned with showing that the appropriate inputs (ie resources used in carrying out the project) have been obtained at least cost.

In terms of assessing the project costs to be supported and the grant rate to be applied, internal business cases are prepared for each BITP/SGP project, and approval processes in place, which indicate that applications are subject to a robust challenge process, including around eligible costs (with a focus on excluding any activities previously supported) and an assessment of individual company's additionality and ability to fund projects. Over the Evaluation period, grant rates averaged 25%.

BITP/SGP project costs include a high level of staff costs relating to trainee wages, although there is a restriction in place that wage costs can be no more than the sum of all other eligible costs. Invest NI has demonstrated that it supports costs only where these are deemed to be "unavoidable" and where support for these costs will ensure future investment in NI.

In relation to new FDI cases, casework papers demonstrate challenge in securing the FDI projects at least cost to NI.

The emphasis for SAG was on ease of application, with companies required to seek quotations and grant aid provided at a fixed rate of 50% of eligible project costs.

The benchmarking exercise would suggest that at grant rates of 25-50%, that Invest NI supports investment in skills development at a comparable level to other regions,

It is the Evaluation Team's view that Invest NI made appropriate efforts to ensure that project inputs were obtained at the least cost to the NI economy.

10.2.2 Efficiency Measures

Efficiency relates to measures that are concerned with achieving the maximum output from a given set of inputs.

Invest NI has confirmed that the SIP is a targeted intervention, focused on increasing Higher Value added skills and Upskilling a selected number of NI companies. BITP/SGP has supported 334 projects in 265 unique businesses which compares to the Invest NI core business base of 900 client companies.

It has the flexibility to support a range of companies by size, with grant levels varied to reflect the need for Invest NI support (grant levels are typically lower for large companies). It is also a key support in attracting FDI.

It supports a range of sectors including many of the Invest NI priority sectors although some areas, such as biotech and pharma, are under-represented. There could also be more focus on targeting participants on the Invest NI Leadership programmes where this would be a required next step in their company development.

SAG, as a new initiative, would also appear to be successful as a focused and timebound intervention.

The Programme efficiency assessment is impacted upon by the low level of draw down versus awards per LOO - 52% drawn down of BITP and 60% of (completed) SGP projects against that offered. Overall, Invest NI awarded £53m of grant in the Evaluation period of which £20m was drawn down. This included the new SAG programme for Smaller Enterprise projects with grant offered and drawn down of £1.1m and £607k respectively. Low levels of draw down can be attributed to a number of factors, including, for BITP/SGP, the fact that with project award periods averaging 24-40 months and some being up to 5 years in length, training needs are difficult to determine over these larger periods and tend to be all-encompassing, and with management reporting challenges in having the time to implement training, lower levels of draw down are perhaps inevitable. It is noted in Table 3.4 however, that large projects (over £1m grant) have reporting higher levels of draw - 54% compared to the average of 37%. This would indicate that the larger companies are better equipped to determine training needs over longer periods than say SMEs. This would suggest that for SMEs in particular, that shorter training plans may be more appropriate.

There is also an issue with projects assisted and not progressing. While LOOs had been issued in respect of 417 BITP/SGP projects, 84 of these projects have not yet commenced, including 12 projects with awards of circa £7m. In some instances, this will reflect a lack of commitment by management to the training plan, although some projects are affected by external factors, such as a change in the market conditions, ownership etc.

The Programme efficiency assessment is also impacted upon by the lateness of claims submitted to Invest NI; which may exaggerate the low level of draw down at £20m versus £53m awards per the LOOs.

There are 120 companies whose grant claims are 6 months or more overdue, with Invest NI encouraging timely submission of claims but being flexible in continuing to process and pay against late claims.

For SAG, there is also an underperformance in terms of the number of projects, grant offered and draw down.

Low levels of draw down are impacting on the assessment of the efficiency of Invest NI staff costs in implementing the programme.

The Economic Appraisals underpinning the spend in the Evaluation period envisaged that £6.0m of programme staff time (excluding finance/legal) would be associated with £38m awards and draw down. In reality, to date, programme staff cost, at £5.8m, has been associated with £53m offers and £20m draw down (across SIP). It is recognized that the time intensive element of projects, from Invest NI programme staff perspective, is at the application stage, and the level of staff time required to move from £20m drawdown to the actual level of draw down associated with £53m awards is unlikely to be significantly higher.

The TNA workshops are regularly oversubscribed and have a wider role in servicing the NI wider business base, providing a low cost introduction to skills investment, how to identify skills gaps as well as encouraging clients and the wider business base to consider best practices.

Based on the above, it is the Evaluation Team's view that Invest NI has achieved a reasonable level of output from a given set of inputs. SIP has offered support to 615 projects, from micro companies to large companies, and for periods up to 5 years, with many companies being late in submitting claims. 20% of BITP/SGP projects and over 30% of SAGs had not commenced at October 2016 although some would have been expected to start after this date. The need to manage all-encompassing/lengthy projects has been inefficient to manage from an Invest NI staff time perspective. The variance between awards and draw down therefore makes it difficult to conclude definitely on the efficiency with which the programme is being implemented.

10.2.3 Effectiveness Measures

Effectiveness measures are concerned with showing the extent to which aims, objectives and targets of the programme are being achieved. The core objective of Invest NI's SIP is stated to be *the encouragement of participating companies to achieve increased productivity, competitiveness and export potential through investment in training and development activities linked to capability improvement programmes*, with the specific aim being to: *'Provide discretionary assistance to* *businesses to assist them to become more competitive by developing the skills of their staff to create a skilled, trained and adaptable workforce, thereby improving the capabilities of the businesses, people and processes.*'

BITP/SGP

In the context of these over-arching programme objectives, the evaluation has found that that BITP/SGP has:

- Leveraged a total private sector investment in skills of 157m, based on project awards, or c.£59m based on draw down to date;
- Changing participating companies' behaviours in the area of skills development, as evidenced through the increased levels of companies reporting:
    - investment in upskilling (90% versus 63% at outset);
    - considering training as part of annual appraisals (93% versus 70% at outset);
    - having a strategy for the development of management practices (74% versus 31% at outset);
    - having a talent management strategy in place (81% versus 23% at outset); and
    - having a dedicated training budget in place (81% versus 49% at outset).
- Helped companies deliver a number of non-monetary type outcomes, including:
    - 92% reported increased competency of their management staff;
    - 91% reported increased technical competency and new or enhanced technical skills;
    - 88% reported enhanced staff motivation;
    - 66% reported improved business processes;
    - 53% reported improved customer service;

- Supported a range of training needs, increasingly management costs which account for 29% of eligible costs in the BITP/SGP surveyed companies, and with technical costs accounting for 49% as compared to 70% in BITP pre-2010, with technical support only given to areas that are non routine and not previously supported. Overall, Invest NI used its support to incentivise behavioural change and investment by companies in a "rounded" training plan that includes management development training.

In terms of measuring actual monetary impacts, various studies reference the difficulties inherent in attributing business metric impacts to skills-type interventions. Notwithstanding this, the Evaluation Team attempted to elicit monetary impacts from a representative sample of SIP participants. The survey confirmed the significant challenges associated with exercise, with just 37 of 75 businesses able to put a monetary value on the impact of their training project. On the basis of the findings across the 37 respondents a net impact of £3.36 has been achieved for every £1 draw down of INI monies. Because of the variability in impact values reported and the varying project levels of implementation, a grossing up to overall level programme impacts was not completed.

The Evaluation found a level of programme impact additionality of 51%, which is broadly comparable with other Invest NI interventions, including 47% for the Innovation Vouchers programme, 48% for the Leadership Team programme, 61% for Productivity Improvements and 64% for the Capability Development scheme.

The EAFST tool, adopted in 2012, has been instrumental in influencing investment behaviours in management practices and has helped improve the quality of training supported. The EAFST score is used as a proxy return on investment indicator at approval and PPE stage. The view of the Evaluation Team is that the EAFST tool should continue to be used by Invest NI. A number of shortcomings are noted, there is currently no sense of scale; and the EAFST score at PPE stage, which reflects quality and not quantity, does not serve as an indicator of the extent to which the project was implemented. Overall, however, the mechanism continues to be appropriate, however care should be taken to ensure that the assessment of skills demand and supply (at 25% of the score's weighting) should therefore be continually reviewed to take account of the skills needs of priority sectors as well as the skills needs of all export orientated sectors.

SAG

In the context of the programme objectives above, the evaluation has found that that SAG has:

- Leveraged a total private sector investment in skills of £1.1m, based on project awards, or £609k based on draw down to date
- Helped companies deliver a number of non-monetary type outcomes, including:
  - 91% reported increased competency of their management staff;
  - 85% reported enhanced staff motivation and staff;
  - 85% reported improved business processes and workflow;
  - 65% reported enhanced customer service;
  - 56% reported increased flexibility of the workforce; and
  - 56% reported new business opportunities.

- Supported a range of training needs, including management costs at 29% of total costs.

A review of the PPEs would indicate that companies have been more positive in terms of relaying the positive impact of the SAG project than the feedback to the Evaluation Team suggests. Total sales and cost savings reports were £2m and £77k from 11 surveyed SAG projects (and grant draw down of £51k). The findings of the 12 SAG respondents reporting financial benefits is that GVA of £300k (net of deadweight and displacement) was achieved, with a net impact of £5.55 for every £1 draw down of Invest NI monies.

TNA Workshops

The TNA workshops have a wider role in servicing the wider business base, providing a low cost introduction to skills investment, how to identify skills gaps and encouraging clients and the wider business base to consider best practices. There have been 99 TNA workshops since 2013, largely oversubscribed, with 721 companies participating.

Overall - SGP and SAG

Whilst SGP and SAG are underperforming in terms of achievement against participation targets, the main SMART objectives established are being achieved.

It is the Evaluation Team's view that on balance, the effectiveness measure of VfM has been achieved, albeit to a limited extent.

10.3 Value for Money

Consideration is given to the extent to which the Skills Intervention Programme represents good VfM and appropriate use of public funds across the full spectrum of relevant VFM indicators. Value for money is considered against relevant indicators:

Table 10.1: Value for Money

Summary of Value for Money	
VFM Indicator	**Conclusion**
Strategic Fit	SIP fits with draft PfG 2016-2021, Economy 2030, the Invest NI Business Strategy 3017-2021/ The rationale for investment in L&D is noted in various academic literature. The SIP has positively contributed to supporting NI businesses to: o Invest in Higher Value Skills and Upskilling within growth companies; increase the skills base of participating companies and facilitate the exchange of knowledge and best practices; o Address barriers to business growth with improvements in productivity and competitiveness; o Embed a culture of investment in skills and continuous improvement; o Increase their export sales;

<table>
<tr><th colspan="2">Summary of Value for Money</th></tr>
<tr><th>VFM Indicator</th><th>Conclusion</th></tr>
<tr><td></td><td>
Invest in accredited programmes; and
Encourage participation by Small Enterprises through the SAG initiative.
The SIP has also positively contributed to supporting FDI investment into NI.

The Evaluation Team concludes that the Programme has assisted businesses to become more competitive by developing the skills of their staff to create a skilled, trained and adaptable workforce, thereby improving the capabilities of the businesses, people and processes.</td></tr>
<tr><td>Need & Market Failure</td><td>The Evaluation would suggest that there was a clearly defined need for Invest NI to provide support to NI companies in their investment in training and development activities linked to capability improvement programmes.

Productivity in NI is at 80% of the UK average (para 2.4); academic studies reviewed in Section 2 have confirmed the link between L&D and improved productivity.

At the time of approval, there was a need for Government to provide support to encourage greater levels of investment in skills and capability development, with the EAFST tool being particularly instrumental in influencing investment behaviours in management practices, thus helping to facilitate business growth, improvements in competitiveness and reduce the productivity gap with other UK regions.

There is evidence of a number of ongoing market failures (including asymmetric information and coordination failures) which are acting as barriers to companies to invest in skills development, ie 60% of BITP/SGP survey respondents noted a lack of company resources to fund costs, 24% noted lack of certainty as to the benefits, 30% considered the payback period to be too long, while 17% companies noted the challenges in identifying the appropriate trainer. Market failures lead to an underinvestment in a free market situation and Government involvement is necessary to ensure that the socially optimal level of investment in L&D. If training was only paid for by the private sector then it would be under-consumed, therefore, the socially optimal quantity of skills would not be provided without government support - it is this that provides the rationale for Invest NI support for Skills Development.
The Evaluation would also suggest that there was a clearly defined need for Invest NI to provide support to FDI companies where the support under the Skills Intervention Programme was an integral part of the overall financial offering (with SFA) in encouraging establishment and re-investment in NI vis a vis other regions.

Based upon the research findings, the Evaluation Team concludes that there is sufficient evidence to indicate that there is a continued need for Invest NI to provide support to NI businesses through the SIP.</td></tr>
<tr><td>Additionality</td><td>The Evaluation found a level of programme impact additionality of 51% for BITP/SGP and 53% for SAG, which is broadly comparable with other Invest NI interventions, including 47% for the Innovation Vouchers programme, 48% for the Leadership Team programme, 61% for Productivity Improvements and 64% for the Capability Development scheme.

Companies have been slow to submit grant claims and draw down levels have been low. Invest NI has supported companies where they need match funding to fund the L&D, but also provided grant as an incentive to encourage investment in L&D in NI, as well as to attract new FDI into NI.</td></tr>
</table>

<table>
<tr><th colspan="2">Summary of Value for Money</th></tr>
<tr><th>VFM Indicator</th><th>Conclusion</th></tr>
<tr><td>Displacement and complementarity</td><td>The BITP/SGP displacement estimate is 8.8% within NI and 18.6% within Great Britain.
The displacement estimate for SAG is 17% within Northern Ireland and 28% within Great Britain. The latter is higher because of the number of smaller companies availing of SAG as a first step in investing in training.

There are a range of interventions that supports skills development in NI, including the DfE range of initiatives (i.e. Assured Skills) and the Invest NI Leadership programme.
The SIP where participating companies are not eligible to avail of the Invest NI niche Leadership programmes.</td></tr>
<tr><td>Economy Efficiency and Effectiveness</td><td>
<table>
<tr><th>Indicator</th><th>Evaluation Team’s Commentary</th></tr>
<tr><td>Economy measures (see para 10.2.1)</td><td>Internal business cases are prepared for each SIP project, with a robust challenge process.
There is an assessment of individual company’s additionality and ability to fund projects.
BITP/SGP project costs include a restriction that wage costs can be no more than the sum of all other eligible costs.
SAG supports external costs only.
Invest NI supports costs only where these are deemed to be “unavoidable” and where support for these costs will ensure future investment in NI.
New FDI cases are secured at least cost to NI.
The benchmarking exercise would suggest that Invest NI supports investment in L&D at a comparable level to other regions,

It is the Evaluation Team’s view that Invest NI made appropriate efforts to ensure that project inputs were obtained at the least cost to the NI economy.</td></tr>
<tr><td>Efficiency measures (see para 10.2.2)</td><td>SIP is a targeted intervention, focused on increasing Higher Value added skills and Upskilling a selected number of NI companies.
It is also a key support in attracting FDI.
It supports a range of sectors including many of the Invest NI priority sectors although some areas, such as biotech and pharma, are under-represented.
It has the flexibility to support a range of companies by size, although there could also be more focus on targeting participants on the Invest NI Leadership programmes.
SAG, as a new initiative, would also appear to be successful as a focused and timebound intervention.
The Programme efficiency assessment is impacted upon by the low level of draw down versus awards.
There is also an issue with projects assisted and not progressing.
The Programme efficiency assessment is also impacted upon by the lateness of claims submitted to Invest NI.
Low levels of draw down are impacting on the assessment of the efficiency of Invest NI staff costs in implementing the programme.
The TNA workshops have a wider role in servicing the NI wider business base.

It is the Evaluation Team’s view that Invest NI has achieved a reasonable level of output from a given set of inputs.</td></tr>
</table>
</td></tr>
</table>

Summary of Value for Money		
VFM Indicator	**Conclusion**	
	Effectiveness measures	The core objective of Invest NI's SIP is stated to be the encouragement of participating companies to achieve increased productivity, competitiveness and export potential through investment in training and development activities linked to capability improvement programmes, with the specific aim being to: 'Provide discretionary assistance to businesses to assist them to become more competitive by developing the skills of their staff to create a skilled, trained and adaptable workforce, thereby improving the capabilities of the businesses, people and processes.' In the context of these over-arching programme objectives, the evaluation has found that that BITP/SGP has: • Leveraged a total private sector investment in skills of 157m, based on project awards, or c.£59m based on draw down to date; • Changing participating companies behaviours in the area of skills development; • Helped companies deliver a number of non-monetary type outcomes; - Supported a range of training needs, increasingly management costs; and - Incentivised behavioural change and investment by companies in a "rounded" training plan that includes management development training. In terms of measuring actual monetary impacts, various studies reference the difficulties inherent in attributing business metric impacts to skills-type interventions. On the basis of the findings across the 37 respondents for BITP/SGP, a net impact of £3.36 has been achieved for every £1 draw down of INI monies. Because of the variability in impact values reported and the varying project levels of implementation, a grossing up to overall level programme impacts was not completed. The Evaluation found a level of programme impact additionality in BITP/SGP of 51% and 53% in SAG, which is broadly comparable with other Invest NI interventions, including 47% for the Innovation Vouchers programme, 48% for the Leadership Team programme, 61% for Productivity Improvements and 64% for the Capability Development scheme. The EAFST tool, adopted in 2012, has been instrumental in influencing investment behaviours in management practices and has helped improve the quality of training supported. SAG has also been instrumental in delivering behavioural changes and non-monetary outcomes. Total gross sales and cost savings reported were £2m and £77k from 11 surveyed SAG projects, and a net impact of £5.55 has been achieved for every £1 draw down of INI monies.

<table>
<tr><th colspan="2">Summary of Value for Money</th></tr>
<tr><th>VFM Indicator</th><th>Conclusion</th></tr>
<tr><td></td><td><table><tr><td></td><td>The TNA workshops have a wider role in servicing the NI wider business base.

Whilst SGP and SAG are underperforming in terms of achievement against participation targets, the main SMART objectives established are being achieved.

It is It is the Evaluation Team's view that on balance, the effectiveness measure of VFM has been achieved, albeit to a limited extent.</td></tr></table></td></tr>
<tr><td>Cost effectiveness</td><td>Cost effectiveness indicators cannot be produced for skills type interventions, in a similar manner to other progammes such as those aimed at job creation where a cost per job can be readily established. Cost effectiveness can be assessed on the basis of average award value, average grant rate, and average leveraged private sector investment.

These can be shown as follows:

<table>
<tr><th>Average p.a.</th><th>BITP/SGP</th><th>SAG</th></tr>
<tr><td>Ave award value per project</td><td>£126k</td><td>£6k</td></tr>
<tr><td>Ave draw down per project</td><td>£47k</td><td>£3k</td></tr>
<tr><td>Ave grant rate % eligible costs</td><td>25%</td><td>50%</td></tr>
<tr><td>Ave no of projects awarded</td><td>63</td><td>55</td></tr>
<tr><td>Ave no of projects commenced</td><td>49</td><td>41</td></tr>
<tr><td>Ave annual award</td><td>£9.7m</td><td>£250k</td></tr>
<tr><td>Ave annual draw down</td><td>£2.2m</td><td>£125k</td></tr>
</table>

These can be compared to benchmarked programmes in other regions, ie Scotland and Ireland:

<table>
<tr><th>Average p.a.</th><th>Scotland</th><th>Ireland</th></tr>
<tr><td>Ave award value per project</td><td>£3.5k + £0.9m for large projects</td><td>€3.4k to €40k</td></tr>
<tr><td>Ave draw down per project</td><td>n/k</td><td>n/k</td></tr>
<tr><td>Ave grant rate % eligible costs</td><td>30-50%</td><td>25-50%</td></tr>
<tr><td>Ave no of projects awarded</td><td>700-890 + 5 large projects</td><td>615</td></tr>
<tr><td>Ave no of projects commenced</td><td>n/k</td><td>n/k</td></tr>
<tr><td>Ave annual award</td><td>£4.9m</td><td>€6.3m</td></tr>
<tr><td>Ave annual draw down</td><td>n/k</td><td>n/k</td></tr>
</table>

The above would highlight the differences in the various regions.</td></tr>
<tr><td>EET</td><td>In terms of measuring actual monetary impacts, various studies reference the difficulties inherent in attributing business metric impacts to skills-type interventions. Notwithstanding this, the Evaluation Team attempted to elicit monetary impacts from a representative sample of 85 BITP/SGP participants. The survey found that 75 (88%) of respondents stated their project had a monetary impact on their business, just 37 were able to put a monetary value on the impact. On the basis of the findings across the 37 respondents, a net impact of £3.36 has been achieved for every £1 draw down of INI monies. Because of the variability in impact values reported and the varying project levels of implementation, a grossing up to overall level programme impacts was not completed.

In a similar manner, the findings of the 12 SAG respondents reporting financial benefits is that GVA of £300k was achieved (net of deadweight and displacement), with a net impact of £5.55 for every £1 draw down of INI monies.</td></tr>
</table>

Summary of Value for Money	
VFM Indicator	**Conclusion**
	Given the challenges and limitations that exist in terms of identifying monetary impact values at a programme level, additional findings are referenced here in relation to: • the EAFST tool analysis; • leveraged investment (para 6.5); • findings from specific case studies; and • changes in behaviours as reported by the surveyed respondents and the wider benefits attributed to SIP. The feedback from the EAFST tool analysis is that 88% of businesses planned to invest in areas considered to be higher potential or improved potential projects. With the median score from the PPEs being 61.3% as compared to 61.4 % as casework approval, this would suggest that such levels are being achieved. SIP has leveraged private sector spend of at least £59m (based on draw down). The feedback from businesses would suggest that support changed behaviours as evidenced through the increased levels of companies reporting: • investment in upskilling (90% versus 63% at outset); • considering training as part of annual appraisals (93% versus 70% at outset); • having a strategy for the development of management practices (74% versus 31% at outset); and • having a talent management strategy in place (81% versus 23% at outset). • having a dedicated training budget in place (81% versus 49% at outset) It has also helped companies deliver a number of non-monetary type outcomes, including • 92% reported increased competency of their management staff; • 91% reported increased technical competency and new or enhanced technical skills; • 88% reported enhanced staff motivation; • 66% reported improved business processes; and • 53% reported improved customer service. The SIP has also contributed to providing the NI economy with other wider benefits (including knowledge transfer through access to internal trainers from FDI) and regional benefits including the benefits of collaborative projects.

Given the above, and the inherent difficulties in determining the Value for Money aspects of L&D interventions, and the non monetary as well as monetary benefits, it is the Evaluation Team's view that Value for Money has been demonstrated.

10.4 Equality

This section of the report provides an Equality assessment of the SIP.

As a recognised public authority, Invest NI has an obligation, under Section 75 of the NI Act 1998 to provide equal opportunities for all in relation to nine categories: religious belief, political opinion, racial group, gender, marital status, age, persons with a disability and those without, persons with dependents and those without and sexual orientation. On recognition of the obligation to provide equality of opportunity, Invest NI's website (www.investni.com) outlines the following equality statement:

> *“Invest NI is committed to achieving a successful economy in Northern Ireland which provides equal opportunities for all citizens. The organisation works to fulfill its responsibilities across the spectrum of Government policy relating to Equality, the Lifetime Opportunities - Anti-Poverty and Social Inclusion Strategy and Human Rights.”*

Invest NI details in its Equality Scheme how it continues to meet its Section 75 responsibilities through its arrangements for monitoring any adverse impact of policies on the promotion or equality of opportunity. The Evaluation Team’s review of the programme’s activities indicates that the programme is available to all eligible businesses.

11 CONCLUSIONS & RECOMMENDATIONS

11.1 Introduction

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

11.2 Conclusion

11.2.1 Strategic Context

NI suffers from low levels of Productivity and a Skills Gap. This was demonstrated in the previous BITP evaluation in 2010 and at the approval stage for SGP and SAG in March 2013. At the time of the approval of the SIP in 2012, it was recognised that there was a need for Government to support investment into skills and the upskilling of the workforce in order to improve companies' competitiveness, increase export sales and reduce the productivity gap vis a vis the rest of the UK regions. This requirement continues to be recognised in the Invest NI Business Strategy 2017-2021.

There is evidence of a number of market failures (including asymmetric information and coordination failures) which are acting as barriers to companies to invest in skills development. The feedback from the survey sample would indicate that there are barriers to investment by companies in skills development including a perception that training involves too much time commitment from management and staff, a lack of certainty around the company's training needs, inability to identify appropriate training providers/suppliers and a lack of company resources to fund the staff and trainer costs.

In line with best practice, Invest NI has also sought to encourage a culture of change through investment in management practices. Current literature and academic research would support the need for investment in L&D generally and in management development in particular. Management training is generally accepted as a high leverage point to drive business growth. Research by ONS would indicate that there is a positive correlation between management practices scores and productivity.

11.2.2 Levels of investment in the Skills Intervention Programme

Details of the size of the Invest NI SIP is set out in section 3 with benchmarking in section 8.

Invest NI awarded £53.7m of grant in the Evaluation period of which £20.2m was drawn down. This included the new SAG programme for smaller enterprise projects with grant offered and drawn down of £1.1m and £607k respectively.

89% of BITP/SGP projects (373 projects) were awarded grant up to £250k, with 11% (44 projects over the evaluation period) awarded grant in excess of £250k (albeit that these are awarded over 24-40 months on average).

Companies were awarded financial support by Invest NI under SIP for a variety of reasons, and on the basis of:

- The need for matched funding (especially smaller companies with access to modest levels of cash) and where draw down is likely to be in line with the LOO (Case studies 3, 6 and 7);
- A requirement to offer an incentive to management (where the company has the cash resources but company owners are not yet convinced as to the benefits of training (Case study 2);
- A requirement to offer an incentive to local companies with deep cash resources to invest in NI instead of a sister site in an often GB or ROI jurisdiction (Case study 1); and
- To offer a training package of support to attract a mobile FDI project to NI (Case studies 4 and 5).

It is noted that 31 new FDI companies were supported in the Evaluation period with average grant award per project of £190k. There were 4 instances where grant to new FDI exceeded £500k. The SIP programme is an important mechanism in Invest NI's portfolio in attracting FDI.

Investment in management skills accounted for 23% of total spend in the SGP sample companies, however, this can vary by company. The EAFST has been a useful tool in encouraging spend on management development. An average of 51% of spend in the SGP sample was on technical areas, a fall from an average of 70% in BITP pre-2010. The assessment of actual versus budgeted spend for a small sample would suggest that companies are generally investing across all cost component areas in line with their plan.

The benchmarking would indicate that even allowing for the variation in the number of businesses in each region, the Invest NI supports a small number of companies each year (circa 100 projects commence each year), as compared to Scotland (circa 800) and Ireland (circa 615). Whilst award levels are higher, grant spent in NI (averaging £2.3m) compares to an average of £4.9m in Scotland and €6.3m in Ireland, with NI having a higher average grant per project.

The average grant awarded per project/company (at £126k) was higher under SGP than in other regions (£3.5k Scotland, except for a dedicated large company support; £19k/£32k in Ireland).

Grant levels (at an average of 25% for SGP but up to 50% on external costs only) are similar to benchmark regions, but NI appears to be unique in having no upper limits and extended periods of support (others typically offer support to companies over 12 -18 months)

Notwithstanding the high level of support available, the SGP has seen a relatively high level of non-starts and incomplete draw down of grant. Draw down levels were higher in larger projects (over £1m).

In terms of LOOs not progressing, 84 of the 417 or 1 in 5 of approved BITP/SGP projects did not draw down any grant during the Evaluation period, although claims may be forthcoming.

For those starting and drawing down grant, 55% of grants offered to all completed BITP projects and 63% of grants offered to completed SGPs in the survey sample have been drawn down.

For Invest NI, it can be difficult to fully or speedily distinguish between projects where no training has taken place (and is unlikely to) and those where training has or will take place and there is a slowness on the client's side of submitting grant claims. This lack of clarity follows on from a back drop of incomplete annual monitoring returns, where follow up requests for progress (or lack of) go unanswered, or the fact that training plans can extend for up to 60 months and the client is not penalised if it doesn't submit a claim until (as an extreme) the end of LOO claim period.

For the 84 projects that did not draw down grant (to date), these ranged across all project sizes, with an average of 16% to 20% of projects failing to draw down any grant falling into each of the size categories reviewed (i.e. grants up to £50k, £50k to £100k, £100k to £250k). The main reasons (which are similar to those companies starting but not completing training) appears to be lack of time for training (staff and management time) underpinned by a lack of priority given to training vis a vis other business activities, or indeed changes in priorities if growth plans had not materialised. For a number of companies, training plans did not commence due to a change in strategic direction including a change in ownership or global restructuring. Equally, (as per para 4.3.3), in a number of instances, (as narrated by Invest NI staff), training grant was secured as part of the plan to maximise investment value prior to sale, with no champion or priority following the change of ownership. Also, submissions were made by large companies at the time of the changes introduced to SFA (2014/15) when companies were submitting joint SFA and SIP projects in order to maximise future grant levels, but with spending not then materialising at the level envisaged.

Of the 84 projects, 12 were large projects (each with grant is excess of £250k) accounting for 14% of total grant offered under SIP, including 8 in the services sector with 5 approved in 2014/15. It is noted that 2 have been classified as abandoned, one project (from 2013/14) has had a substantial grant claim (for £499k) submitted and paid in 2017 and with the remaining expecting to proceed.

In some instances, training took place even where grant was not claimed (typically technical training if it linked to investment in capacity), but the company's processes were such that the company did not submit a claim (ie the personnel submitting the application had left and other staff were not familiar with processes and considered it to be too arduous).

In one instance within the survey sample, the Invest NI LOO had included the requirement for a dedicated Training manager as a condition of support. In most cases, however, there were no specific conditions attached to the LOOs.

Given the various rationale for offering support, as noted above, even within those categories (ii to iv) which may well be slow to draw down funding, the need for Invest NI to offer financial support to such companies for training is not diminished.

11.2.3 Programme demand and assessment of activity levels in NI

In terms of demand for the SIP, the number of companies participating appears low when compared to the SME programmes of Scotland and Ireland, in particular. The pull through from the TNA workshops is also low, although the TNA workshops have a broader purpose in promoting skills investment to the wider business base. The level of participation can however be attributed to a number of factors:

- Feedback from client executives noted those who promoted the scheme but their awareness of other CEs who didn't;
- There is lack of positioning of L&D, overall, as a core component of a company's growth plan, although more companies do seem to be submitting joint SFA and L&D plans. By not proactively promoting the benefits of the programme, but rather acting reactively to company requests for support, there is likely to be latent demand that is not being targeted or supported;
- Whilst High Potential start-ups are more likely to be supported under SAG, again, there is no evidence that these are being signposted to SAG;
- Equally, some companies have had previous disappointing experiences when claiming from Invest NI for L&D support and have, or intend to, opt out from seeking future support. The claims process is improved for many companies (see below), but by not engaging with Invest NI, companies may engage in L&D only were the training outcomes are more certain, and possibly excluding more innovative forms of training, including for management and leadership at a SME level; and
- We do note however that Scaling companies have strong participation also in SIP.

Therefore while 615 projects have been awarded grant and circa 415 companies have participated in SIP during the Evaluation period, given that Invest NI has 1,900 account managed clients and 900 core clients, demand could be higher with a targeted marketing campaign, encouraging uptake by the SME client base in particular.

11.2.4 Assessment of Programme design

The SIP is open to all Invest NI client companies, both manufacturing and tradable services, local and externally owned services, large companies and SMEs and across all sectoral levels. It provides support for internal staff trainee costs as well as external and internal trainer costs, with no upper level on project costs. Accommodation costs have been excluded since 2014 but have been recently re-introduced as a cost category. It provides support across management, technical, functional and soft training spend and at the same grant rate level. In many regards it is more generous than the programmes available in the benchmark regions, where both annual spend, average spend per project are typically lower (although Scotland has a large company scheme).

Invest NI currently supports internal trainee time where training is being delivered to internal staff. There is no mechanism to support off site internal trainer development costs, including for online tools etc where the upfront resource required may be significant, and benefits accrue to NI companies

SIP is currently available for repeat usage although with an oversight and guidance by the Business Advisers to ensure that new areas of spend are being supported. The feedback indicates that the involvement of the Business Advisers has enhanced the quality and targeting of training plans.

As noted above, support is given to a range of companies for a variety of reasons: those SMEs requiring financial support to undertake the training; larger indigenous companies requiring incentives to invest in the training of their NI workforce (and make them more competitive); larger indigenous companies requiring incentives to invest in the training and capability of their NI workforce vis a vis employees in another jurisdiction, and therefore helping to maintain capability and capacity in NI; and FDI, where SGP is part of the package of support acknowledged by companies in attracting them to NI.

In the latter regard, Invest NI also works alongside DfE in the provision of Academies for FDI and growth companies, with SIP being a follow-on support to the Academies.

All company applications are subject to assessment through the EAFST and meeting minimum EAFST score thresholds for support.

The claims process under BITP and SGP has been problematic. While some improvements have been introduced, these are not uniformly recognised and some companies have noted an intention to abstain from SGP in the future.

The data collection process in Invest NI is not currently collating all relevant data in a readily analysable format.

As a means to encouraging completion of the AMRs and PPEs, these have been simplified for SGP and SAG, with a focus on measuring a number of key behavioural changes. The process for measuring the impact of L&D intervention could be further considered. This is a challenge for all economic development agencies considering the appropriate measurement of L&D initiatives.

The Evaluation Team’s view is that some changes are required to the current programme design, to make SIP more efficient and effective. However, changes need to be introduced in the context of an uncertain business environment as the UK moves into BREXIT, and the need to introduce more efficient practices whilst maintaining the flexibility of SIP so that Invest NI can continue to support all worthy projects and companies, including from FDI and mobile projects. The key objective will be to better align results to activity and hence derive a greater understanding for the type of training that has the best “economic” impact based on the objectives of the training eg reduce attrition rate, improve productivity, grow sales etc.

That withstanding, areas for consideration could include the levels of support under SAG, the length of training programmes, the timescales for submitting claims, the costs to be supported including online costs and internal trainer development costs, the opportunity to increase participation and draw down and prioritise spend, the opportunity to simplify the claims process especially for FDI. All recommendations are noted in para 11.3 below.

11.2.5 EAFST tool

The review of the EAFST tool would indicate that the EAFST has been successfully used by Invest NI to influence companies and advise on appropriate investment behaviours, including investment in management development.

Some improvements are recommended however, mainly from the perspective of its granularity, with specific reference to skills deficits/sector demand categories/transferability of skills. Further, it is recommended that quantity as well as quality is considered as part of the Tool. Recommendations regarding data collection are also made.

11.2.6 Impact, Return on Investment and VFM

The inherent difficulties in measuring the impact of L&D programmes was noted from the outset, noted in academic research and in a recent study by EI, with Invest NI introducing EAFST as a tool to seek to influence behaviours and measure impact.

Recognising the challenges that exist, the Evaluation Team undertook a survey of BITP/SGP participants and SAG participants, with 85 BITP/SGP responses and 34 SAG responses.

Of the 85 BITP/SGP respondents, 75 businesses or 88% did state that the programme had had a positive impact on their business. 37 were able to provide details of the monetary impact. With deadweight and displacement taken into account, the additional GVA to date, for the 37 surveyed companies reporting monetary impact, was a ratio of £3.36 on grant draw down (equating to £21.2m of additional GVA).

A further 38 BITP/SGP companies noted that there had been a positive impact but were unable to quantify the monetary amount.

It should be noted also that GVA impacts were based on responses to the survey in 2017 and excluded future benefits, including for projects that have recently completed or are still ongoing.

Responses to the SAG survey would also indicate a positive impact in sales and cost savings, with a net impact of £5.55 for every £1 draw down of Invest NI monies (equating to £300k of additional GVA, net of deadweight and displacement).

Additionality as self-reported by respondents is at 51% (activity and impact) for BITP/SGP and 51.8% for activity and 53% for impact for SAG. This compares to other Invest NI programmes where additionality ranged from 47% to 61% (para 7.3.4).

Companies have reported the non-financial impact of their participation in the Skills Intervention Programme.

The Evaluation Team conclude:

- SIP provides useful, beneficial and tailored support for local businesses; it encourages the training and development of staff that may not have occurred without Invest NI support and it helps to unlock the potential of employees through improving their skill base;
- It formalises and brings a structure to training, helps companies to determine their objectives for training, forces the companies to justify training including internally, helps to identify training needs and facilitates access to external expertise, all within a structured process;
- It provides a structure for companies seeking to introduce new skills, practices, upskilling, and qualifications into companies and allows for cross training and/or upskilling, which otherwise would not have happened;
- It is a key mechanism to introduce FDI into NI;
- Invest NI funding enables companies to carry out higher value skills training across all areas, including management training, at a faster pace, thus helping to ensure that the company remains competitive;
- Survey respondents have noted significant changes in the behaviours and attitudes to L&D (para 7.5.1), with 90% of respondents investing in the upskilling of staff (63% before the intervention);
- The process of monitoring and evaluation ensures an annual focus on the validity of the original objectives and brings a requirement for measurement and review which the company wouldn't do on its own, thus helping to promote the benefits when making the case for future training;
- SAG has been beneficial in providing a simplified process for Small Enterprises; and
- Private sector leveraged investment was £59m based on draw down (£157m based on grant awards) (Table 6.6).

Given the above, the inherent difficulties in determining the Value for Money aspects of L&D interventions, the findings from the EAFST assessments, the other academic evidence that validates link between training and productivity, the non-monetary as well as monetary benefits demonstrated to date, it is the Evaluation Team's view that Value for Money has been demonstrated.

11.2.7 Equality Consideration

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

11.3 Overall Recommendations

Overall, SIP is considered to be an important tool to be deployed by Invest NI to encourage investment in L&D, especially in management development training, and to attract FDI. This will be particularly important as NI companies face increasing uncertainties over BREXIT, and the need to remain competitive continues to be paramount. Recommendations are made as follows:

A: Actions to increase draw down and participation

1. For the majority of companies, having a **shorter training plan** period (ie 18 months similar to benchmark regions), with a **clear alignment to** company objectives and desired business outcomes, is likely to result in more focused training, committed to by the company management, able to be implemented in terms of staff and management time, linked to agreed and prioritised objectives and capable of draw down.
2. For larger companies and FDI, with significant growth plans, training plans of 5 years is considered acceptable.
3. Invest NI could encourage shorter training plans through an **extended SAG**, with the project cost increased and the time period extended beyond 12 months, to help to encourage focused participation.
4. There should be a targeted campaign to encourage CEs working with growth companies to participate in SIP and continuing to signpost scaling companies from the L4G programmes.
5. Invest NI should also consider any conditions to support the implementation of the training plan that should be incorporated into the LOO, including resources to implement the training plan (where such resources could be supported under a company's GAP etc).

In considering the design of any future SIP programme, the following is noted:

B: Eligibility of Companies

1. Invest NI should continue to support all size of companies in its client portfolio.
2. All companies supported under SGP must continue to demonstrate the alignment of their training plans to company objectives and desired business outcomes.
3. All companies seeking in excess of £50k of grant must have demonstrated a growth plan and how the training plan will support the critical skills required to achieve this growth plan.
4. While Invest NI should specifically target the key sectors as set out in Economy 2030 and the Invest NI's Business Strategy 2017-2021 for support, it should continue to support worthy projects in other sectors also.
5. Consideration should be given by Invest NI to three categories of support[91]:
    - SAG for small enterprises up to a limit of £30k project cost over 18 months, with 50% grant award (allowing for an uplift/extended period);
    - SGP for SMEs with an upper limit of €2m (in line with regulations) and timescale not to exceed 18 months;
    - SGP for FDI and large companies with an upper limit of €2m (in line with regulations) and timescale not to exceed 60 months; and
    - For all SIP projects, there should be a minimum grant award per project of £1,000.
6. Given the shorter training periods for SMEs, companies should be able to make repeat applications to SGP and SAG, but with different training needs aligned to their growth plans.
7. Each application will be subject to the same tests for additionality as is currently the case, having regards to the company's ability to fund the project, the company's previous commitment to L&D and any barriers that exists that Invest NI could address, as well as the mobility of the project.

[91] It is noted that there is INI resource implications of 18 month projects for SGP

8. Each application will be subject to a EAFST test (see EAFST recommendations below), with Invest NI continuing to have threshold targets for SGP and SAGs at a programme level.

C: Eligibility of Project costs

1. Invest NI should continue to support a range of cost categories ie management, technical, functional and soft training spend.
2. Invest NI should continue to have flexibility to support a range of costs. It is recommended that the following is included as eligible costs:

   - **SAG for small enterprises** – external training costs, travel and accommodation and accreditation costs; and
   - **SGP** - external training costs, internal trainer costs, trainee costs, travel and accommodation, online tools and mobile training[92], and accreditation costs. Invest NI should also consider a mechanism to support off site internal training development, including by global companies for online tools etc, where the NI site, as well as other global sites, will benefit. In such instances, however, it may be appropriate to have a cap on the level of assistance vis a vis the number of NI staff benefitting from such training. In line with trends in L&D, the curation of content should also be included as a critical training activity.
3. There should continue to be support for accredited and non-accredited programmes.
4. With the increasing move to online training platforms, evidence of engagement and completion of such e-learning tools from the company's own management systems should be considered as a vouching mechanism, rather than through timesheets (see comments on Claims below).

D: **Grant Levels**

1. For simplicity, a single grant rate should continue to be applied to each approved project.
2. Invest NI could consider grant rates by each category as follows:

   - **SAG for small enterprises** – flat rate of 50% of eligible project costs in order to encourage uptake; and
   - **SGP – SME and Large companies** – up to and including 50%, subject to assessment of additionality.

E: Need/format of TNAs and advisor input

1. Online tools for TNA could be developed as is the case for Wales.
2. TNA Workshops should continue to support the wider business case.
3. Invest NI should consider the pilot on the enhanced TNA workshops and if this should be rolled out.
4. Best practice on Investment in Skills should be included in nibusinessinfo.com.
5. Invest NI Business Adviser support could be focused on supporting companies new to skills training with Invest NI.

F: Operational - Claims

1. For SGP, consideration could be given to clients having a cost based or trigger-based option (similar to that which exists in Invest NI currently)[93]. Trigger based grants are those where payment of grant is "triggered" at an agreed level when the training activity is undertaken and evidenced and could allow for partial and full completion (where training is over a long

[92] Mobile Training refers to training programs or content that is delivered or accessed via a mobile device. The objective of mobile training is to deliver knowledge content to a remote learner or student when they are not at a fixed or pre-determined location.

[93] This may need a different Programme derogation as the current EU Programme requires a vouched and approved approach

period). Payment of grant could be authorised following vouching of a valid claim against appropriate documentary evidence ie timesheets but would remove the need for salary payment to be evidenced.
2. Similarly, Invest NI could consider a “standardisation” approach, similar to R&D, plus the development of an “auditors statement” for large companies and international entities that would be sufficient to satisfy the “paid” element of vouched and approved.
3. Invest NI should consider the options for moving to electronic timesheets, ideally capable of being integrated with widely used company-own electronic timesheets.
4. Extensions should be given in exceptional circumstances, given that the Company’s critical needs may have changed (ie closure or acquisition) or there are circumstances clearly beyond the control of the company (such as a training supplier cancelling a course); extensions should, on average, be no longer than 9 months.
5. Invest NI should continue to encourage regular submission of claims but should consider introducing penalties for late claims, ie 5% withheld from claims over 12 months old, and allowing for some flexibility for exceptional circumstances.
6. Invest should continue to include project variation clauses in the LOOs, which, together with shorter training plans, and a simplified claims process, could reduce the level of claims outstanding.
7. Any new scheme to be widely marketed to ensure that areas of simplification are understood and thus encourage re-engagement by growth companies.
8. The Invest NI Claims team should ensure that any changes introduced are discussed and agreed with the Skills and Competitiveness division prior being issued to client companies.

G: Operational - Data collection

1. Invest NI collates programme related data in a central interrogable databank to include:

   - project status, between projects that have been started and completed, in full or partially, are ongoing, have been abandoned, have commencing but not yet claimed, and have not yet commenced but expect to in the future;
   - company classification and status – using consistent terminology that is also used in EAFST (ie existing, expansion, new FDI);
   - total project costs and eligible project costs;
   - proposed spend by category of training (ie management, technical, functional and soft training spend), type of training (external and internal training costs trainee costs, travel and accommodation costs, other costs, as appropriate), and including an identification of accredited training;
   - actual spend by category of training; type of training, and including an identification of the accredited training;
   - record the proposed and the actual number of instances of training, number of staff engaged training, and accredited training numbers;
   - extent to which the business has met the objectives of the training, based upon meaningful KPIs and perhaps a Traffic Light system to report on the extent to which KPIs have been achieved (see PPE recommendations below); and
   - EAFST scores.

H: Operational – Monitoring and Evaluation

1. Invest NI should continue to require AMRs and PPEs. The LOOs should note that future grant support may not be forthcoming where these are not presented.
2. There should be consistency in the data reported in the AMRs and PPEs[94]
3. PPEs:

   - should record the quantity of training implemented against that planned, by cost category;
   - should continue to assess the impact of training on: increased competency of management staff; increased technical competency; enhanced flexibility of the workforce; improved business processes; enhanced customer service; and enhanced

[94] This may become available as part of INI digital strategy

staff motivation. A consistent databank of indicators should be identified under each area above, to be used where relevant/appropriate based on the specifics of the projects supported;

- Record approval and actual EAFST scores;
- For SAG projects, a simplified PPE version could be adapted, with a small number of behaviour indicators measured.

I: Operational - EAFST Tool

1. The assessment of skills demand and supply should be continually reviewed, and should take account of the skills needs of priority sectors, as well as the skills needs of all large-scale export orientated sectors.
2. The EAFST should be reviewed from the perspective of its granularity, with specific reference to scarcity of higher value skill types/complexity of training needs/innovative natures of the skills gap, in addition to taking account of sector gaps, and transferability,
3. the EAFST should be reviewed from the perspective of potentially accounting for project size, as well as project quality.
4. details should be collated of the proposed number of instances of training, number of employees participating in training, and accreditation levels, as well as the actual numbers of each, in an interrogable format.

J: Operational - Marketing

1. Invest NI should keep the sectoral mix under review, to ensure that priority sectors are availing of the programme.
2. Invest NI should use case studies on its website to demonstrate the benefits of L&D.
3. Invest NI should consider opportunities for showcasing, or networking SMEs to, experienced trainers in order to encourage and facilitate participation.