

**Invest Northern Ireland  
Performance Information Report  
2002-03 to 2007-08**

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# INVEST NORTHERN IRELAND

Helping businesses to succeed in global markets

## Our Role

Invest NI is Northern Ireland's economic development agency, sponsored by the Department of Enterprise, Trade and Investment. Our task is to deliver the Government's economic development strategies cost effectively. Our aim is to strengthen the economy and help it grow by supporting business development, increasing the level of exports, attracting high quality inward investment, and stimulating a culture of entrepreneurship and innovation. Specifically we want to increase business productivity (defined as Gross Value Added (GVA) per employee)<sup>1</sup>, which is around 20 per cent lower than the UK average. GVA is the contribution each employee makes to the economy and increasing it will help to generate wealth for the benefit of the whole community.

## Our Clients

Invest NI focuses its resources on projects that have the greatest potential to generate economic growth and prosperity. To be eligible for financial assistance, a project must be viable, show a need for Invest NI support, and generate a positive return to the economy.

To qualify as an Invest NI client a business must meet certain criteria. It should be able to demonstrate that currently, or over the next three years, it will have:

- total sales of over £100,000 per year; and
- sales outside Northern Ireland greater than 25 per cent of turnover, or greater than £250,000 a year.

Companies in the tradable services sector, that is, those that can sell their services internationally, must also:

- have the potential to sustain salaries above the Northern Ireland Private Sector Median; or
- show that they can achieve a minimum gross margin of 20 per cent.

## Our Support

Invest NI provides a wide range of support covering product and process innovation, capability development, property solutions, exporting and investment. Several programmes support research and development activities, either by the business itself, or in collaboration with academic researchers. Assistance is also available to license technology and undertake joint ventures. Our approach is to work closely with each growing client to identify the support programmes and services that will best meet their development needs. This begins with a comprehensive business analysis to benchmark the business, identify strengths and weaknesses, and then to develop it to achieve sustainable growth in the global marketplace.

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1. The amount of wealth created by a company is defined as value added and is equal to the sales generated by a company less the cost of bought-in goods and services.



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# CHIEF EXECUTIVE'S FOREWORD

# CHIEF EXECUTIVE'S FOREWORD

This is the third Performance Information Report produced by Invest NI. Its purpose is to communicate information about our actions and their impact on the performance of our clients and the economy in general. It represents a review of Invest NI activities undertaken, and client-related outcomes achieved, since the establishment of Invest NI in April 2002. It spans six financial years up to April 2008 and reflects on the performance of the agency during its first two Corporate Planning periods.

The period under review was characterised by economic buoyancy, which has since been replaced by a severe downturn in confidence, initiated by what has become known as the 'credit crunch'. The impact of the debt deflation looks like being more prolonged and far-reaching than initially expected. At the beginning of 2009 we now have evidence that some business investment projects will be postponed. Economic forecasters have continually revised prospects downward as the contraction of demand becomes clearer. The International Monetary Fund (IMF) predicts that the global recession will be the worst since World War II. It forecasts that the UK economy will contract by 2.8 per cent during 2009. The Northern Ireland regional economy is expected to broadly reflect the UK position, although it will be influenced by the Republic of Ireland, where a deeper contraction of at least four per cent is anticipated.

At such a time, it is particularly important to reflect upon our past achievements and consider their impact on those businesses with which we have been engaged during the past six years. From this information we can make some assessments regarding the connections between our activity and the performance of our clients, drawing lessons for the future. This report represents a distillation of performance indicators reflecting the diversity of our engagement with the Northern Ireland business base.

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There are many demands on our resources, and many perceptions as to how these have been applied. This report sets out the rationale for our intervention and clearly demonstrates that Invest NI has adopted a balanced approach towards business development in Northern Ireland. Although large inward investment projects, because of their scale, may receive more media attention, the reality is that Invest NI has offered more assistance towards the formation and growth of locally owned businesses. Indigenous clients were offered assistance worth almost £400 million, representing 53 per cent of the total, the remaining 47 per cent relating to those with external ownership. In addition, despite the constraints on our ability to influence the location of assisted projects, the information demonstrates a balance in our activity across the east and west of Northern Ireland, taking into consideration the relative population of these areas.

During the period under review, there were positive changes in our political landscape and the benefits to be derived from the stability which political agreement has made possible are becoming tangible. Our message to potential inward investors is now easier to communicate, in that a perceived risk of investing in Northern Ireland has been greatly reduced. Indeed a recent report<sup>2</sup> showed Belfast as the second-highest ranking UK city, after London, for attracting foreign direct investment.

The information presented in this report also shows that recent inward investment projects have been successful in generating employment opportunities for a wide range of individuals with different levels of skills and experiences. During the past six years, Invest NI has helped attract and secure new inward investment from international businesses such as Citibank, Liberty Information Technology, Allstate Insurance, Tech Mahindra, Fujitsu, NYSE Euronext, 3PAR and Mformation Technologies. Many of these are creating higher quality jobs, especially within the ICT sector where 93 per cent of new jobs will be paid salaries above the Northern Ireland average. Other investments such as those by HCL Technologies, Firstsource and LBM are providing the opportunity for many individuals to access employment opportunities within a service based environment, and the mechanism for Northern Ireland to 'catch-up' with other regions of the UK.

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2. Belfast leading the way in attracting foreign investment - OCO Global press release - 18 September 2007.

Invest NI maintains the highest standards of corporate governance and is determined to be an exemplar of public service delivery. We recognise that we must continually improve our processes, and be proactive with clients as their needs change. Since our establishment, we have been successful in responding more effectively and efficiently to these needs. The average time taken to process a request for assistance to the issue of an offer of support has reduced during the last two years from 43 to 25 days. This has been reflected in increasing levels of client satisfaction.

Invest NI's key challenge remains that of increasing the productivity, or value-added, of Northern Ireland industry. This entails strengthening business competitiveness which, in turn, will lead to greater wealth creation and better employment opportunities. The extent to which our activities contribute towards narrowing the gap in productivity with other regions of the UK will depend on our ability to stimulate and support businesses producing higher-value goods and services. It is often not recognised that Northern Ireland manufacturing already operates at productivity levels that are comparable with the UK as a whole. The deficit lies in services that, on average, are at an earlier stage of development, and in higher levels of economic inactivity.

Clearly, the economic downturn will have an adverse impact on the investment plans of many businesses, including financial services, an area in which we have been successful in attracting recent inward investment. It is likely that this sector will undergo further consolidation, resulting in a smaller number of larger players. However, new opportunities will emerge. There will be even greater pressure on survivors to manage their exposure to risk, while achieving greater operational efficiency on a global scale. This will require continued emphasis on technology and talent, which will sustain the demand for highly skilled professionals working in a competitive location. Our ability to satisfy this need remains strong.

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The additional challenges for locally owned businesses will persist for some time. Invest NI has been quick to respond to client needs and, where appropriate, to those of the wider business community. Our comprehensive suite of initiatives, both financial and non-financial, is proving popular and relevant to the current business circumstances. Internally, additional training is helping client-facing staff to assist and advise clients more effectively during a recession. We are reviewing client portfolios to identify companies most at risk and in greatest need of attention. The target days for processing client claims for grant expenditure have been reduced and accelerated payment runs have been introduced to assist with suppliers' cashflow positions. We are pleased to have taken the lead in preparing local companies, both clients and non-clients, for the challenges of the Credit Crunch. In addition, our trade initiatives are showing record uptake and our innovation programmes have been significantly simplified and expanded. This will help to maintain the encouraging momentum of export sales and R&D expenditure among client SMEs that is described in this report.

Although the economic outlook for 2009 is gloomy, there were some very positive developments during 2008 which, although outside the timeframe of this report, should be noted. The US:NI Conference in May 2008 was a major success; it attracted over 200 delegates, many of whom were senior executives from major US corporations. It provided the opportunity to reinforce the unique selling proposition offered by Northern Ireland: being cost competitive, close to customers, well supplied with talent and, particularly for North American investors, culturally compatible. A number of substantial projects were announced at the conference including a £70 million investment by Bombardier, which was followed in July by the £500 million C-Series project, the largest corporate investment in Northern Ireland. The New York Mayor, Michael Bloomberg, announced the establishment of a Bloomberg news bureau in Belfast, and Cybersource, a world leader in developing secure payment systems for use over the Internet, confirmed that it is to open an R&D centre in Belfast. NYSE Euronext also announced a £3 million expansion project, following its purchase of Wombat Financial Software, which is expected to create a further 75 high value jobs in the ICT sector.

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There is no doubt that the cyclical challenges facing the Northern Ireland economy are considerable. However, these examples demonstrate that Northern Ireland is a very competitive place from which to do global business and that Invest NI is helping to increase the economic value that, alone, can provide opportunity to its people. This is equally true of our domestically and overseas owned investors, whose interests we will continue to serve through our intensified focus on business and technical innovation and, through the provision of first-class skills in partnership with Department for Employment and Learning (DEL) and third-level education.

**Leslie Morrison**

**Chief Executive**

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# EXECUTIVE SUMMARY

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This report has been produced as a vehicle to communicate information about the performance of Invest NI and that of its clients and has been presented in an open and transparent manner. Drawing upon an extensive evidence base it presents a range of detailed analysis, reflecting the complexity of Invest NI's role and the diversity of its engagement with the NI business base. We explore the connections between our activity and the performance of our client businesses; and whilst accepting that cause and effect relationships are extremely difficult to disentangle, the information presented affords greater insight into the effectiveness of Invest NI support and the value of the leverage achieved.

The business of economic development is complex. Relating the activity of Invest NI to changes in the performance of client businesses and ultimately economic impact is not straightforward. That is not to say it should not be attempted, but deriving such relationships requires consideration of a number of interpretation issues, which are discussed in the **Introduction** to this report.

To set a context for this interpretation, **Section 1** provides an overview of the structure and composition of the client portfolio. A range of sources are used to highlight the important contribution this group of businesses make to the overall output and productivity of the private sector in Northern Ireland. The portfolio is analysed by industry sector, ownership, business size and sub-regional geography.

Invest NI manufacturing clients account for a high proportion of the sector's output: 86 per cent of turnover and 83 per cent of Gross Value Added (GVA). Although service sector clients generate a relatively smaller proportion, they have higher levels of productivity than the NI average, due to a greater representation of higher value activities.

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Locally owned businesses account for over 90 per cent of the client portfolio. Most of these are small and medium sized enterprises which demonstrated the highest rates of growth: increasing their sales by 20.1 per cent and exports by 39.7 per cent. Although there are just over 200 externally owned clients, these account for about 60 per cent of client turnover, and over 50 per cent of client GVA. The importance of business scale is demonstrated by the fact that labour productivity is 32 per cent higher in large businesses (£47,790) compared to those employing less than 50 (£36,318).

Whilst there is considerable local interest in the sub-regional pattern of economic development activity, a number of issues require consideration when interpreting such data, such as, the mobility of labour across local boundaries such as Parliamentary Constituency Areas (PCAs). Information is presented showing the distribution of client businesses and their employment patterns. Research just completed by the Economic Research Institute of Northern Ireland using DETI Census of Employment data shows that during the period 2005 to 2007 there was a net increase of 3,653 jobs, a rise of 4.6 per cent, by surviving clients (those that were in existence at the start and end of the period). The net change in employment was higher in the west of Northern Ireland (plus 1,964) than in the east (plus 1,689), with growth rates of 7.7 per cent and 3.1 per cent respectively.

Most of our performance measurement effort has been focused on those businesses which have received higher levels of support. A range of growth metrics spanning the five years 2002-03 to 2006-07 is presented for a group of significantly assisted clients. This shows that during the five year period sales output by assisted businesses grew by 17.3 per cent (real terms), resulting in a total of £10.7 billion by 2006-07. The value of external sales (those made to markets outside Northern Ireland) increased by £1.2 billion (17.4 per cent) to £8.2 billion by 2006-07. There was stronger growth in exports (sales to markets outside the United Kingdom), which increased by 30.5 per cent to reach £4.9 billion by 2006-07. Taking into account business openings and closures, there was only a marginal change in overall employment within the portfolio, increasing by 0.4 per cent to reach 86,650 by 2006-07. However, this static picture masks a dynamic in the portfolio which generated 28,873 job gains and 28,545 job losses. Whilst employment in manufacturing contracted by 9.8 per cent, mostly due to the continued demise of the clothing and textiles sector, this was counteracted by a 34.5 per cent growth by service sector clients. A major contribution to this was the 84.2 per cent growth in employment within business and financial services, driven by the expansion of contact and call centre operations, which now employ over 12,500 people.

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It is recognised that since the availability of many performance indicators is restricted to 2006 and 2007, the information will not reflect the consequences of the recent economic downturn. However, an assessment of the sensitivity of the portfolio to the 'credit crunch' is provided, including an outline of the initiatives developed to assist clients to respond to these difficult trading conditions.

During the six year period 2002-03 to 2007-08, Invest NI offered £747 million in support of business formation, expansion and innovation projects planning to invest over £3.3 billion within the Northern Ireland economy. **Section 2: Invest NI Activity** presents a review of investment supported by type of assistance, company ownership, industry sector and geography (including areas of economic disadvantage). In addition, service quality performance indicators are provided, relating to casework processing times and overall client satisfaction.

£144 million (19 per cent of total assistance) was offered to support the formation of new businesses; £317 million (43 per cent) in support of reinvestments by existing businesses; and over £285 million (38 per cent) was offered towards specific business innovation activities including R&D, trade development, training, and technology and process development projects. In terms of the assistance allocated by industrial sector, 58 per cent related to manufacturing businesses, with the remaining 42 per cent in support of service sector activities.

To provide some comparison of activity between sub-regional geographic areas we divide the total assistance offered by adult population to produce an amount per head figure. During the six year period to end March 2008, Invest NI offered £708 million of assistance that can be analysed by geographic area, which equates to £514 per head of adult population. However, it should be noted that Invest NI has limited scope for 'directing' investment to specific geographic areas. Although we are able to influence some location decisions, assistance patterns are largely demand-led by businesses wishing to improve their competitiveness and gain a larger share of international markets. In addition, the benefits associated with business development are not constrained by local boundaries such as District Council Areas (DCAs) or PCAs, which are not self-contained labour markets. Northern Ireland is a relatively small place and evidence shows that many people travel to work across local administrative boundaries, for example, NI Census data shows that 55 per cent of those who work in Belfast DCA reside in other areas.

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It is more meaningful to look at assistance patterns based on larger geographic areas, which contain a higher proportion of people who both live and work there. Relative to the population in areas to the west and east of Northern Ireland there was a remarkable degree of balance in the amount of assistance offered by Invest NI. The amount offered per head of population was only marginally higher in the west (£518), compared to the east (£512); although the amount of investment per head supported by Invest NI was 14 per cent higher in the west than the east. The amount of inward investment per head was also 39 per cent higher in the west than the east.

During the past six years 51 per cent of the assistance offered by Invest NI was to projects located within designated areas of economic disadvantage, which contain 30 per cent of the Northern Ireland population. This demonstrates a skewing of resources to these areas and increasing access to new employment opportunities for those living in them.

Invest NI aspires to the highest standards of corporate governance and to be an exemplar of public service delivery. We recognise that we must continually improve our processes and be proactive with clients as their needs change. Client satisfaction ratings, the time to process client casework, and the amount of programme expenditure per head of staff are used as indicators of our increasing organisational effectiveness and efficiency.

**Section 3: Growing the Indigenous Business Base** provides an in-depth analysis of the assistance offered to and investment stimulated by locally owned clients, the importance of which is reflected by the fact that locally owned businesses, which are mostly SMEs, received 53 per cent of the total value of assistance offered.

The Global Entrepreneurship Monitor report reveals that although the level of early stage entrepreneurial activity (known as TEA) in Northern Ireland has consistently been at the lower end of the UK regional league table, the gap has narrowed since 2002, when the NI TEA was 67.6 per cent of the UK average, compared to 87.2 per cent in 2008.

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We also present findings from research into high growth firms being undertaken by the Economic Research Institute of Northern Ireland (ERINI), along with Aston University and the University of Strathclyde. This reveals that significantly more firms grow fast in terms of employment (more than 20 per cent per annum) in Northern Ireland than in the other UK regions: 16.4 per cent compared to an average of 10 per cent for the UK. In addition, an analysis of the proportion of high growth businesses in Northern Ireland, using the OECD definition of 20 per cent per annum average growth in employment for three years on a base of at least 10 employees, reveals that Northern Ireland has a significantly greater share of high growth firms than any other region of the UK. For example, 1.4 per cent of all firms can be classified as high growth in Northern Ireland compared to 1.1 per cent in the UK.

Almost 500 new locally owned businesses with the potential for significant growth were directly assisted by Invest NI. In addition, over 18,000 individuals were offered assistance to start locally focused businesses in all areas of Northern Ireland, mostly assisted through the Start a Business Programme. The rate of start-up activity was highest in the west of Northern Ireland, notably in Fermanagh and South Tyrone and Mid Ulster.

In addition to the £166 million assistance offered to local businesses to establish and expand their operations, Invest NI offered £192 million in support of business innovation activities such as R&D, trade development, training, and technology and process development.

Notwithstanding the interpretation difficulties related to developing connections between our activity and the performance of our clients we present an input-output analysis, which provides a range of efficiency and leverage ratios, in an attempt to relate the value of the grants provided to clients with their subsequent performance. For example, the cost for each job<sup>3</sup> created by growth potential starts was about £5,000, whilst for existing locally owned businesses the cost per job was about £10,000.

**Section 4: Inward Investment** confirms that supporting internationally mobile investors to locate and develop businesses in Northern Ireland is a key component of Invest NI's strategy to increase the size and productivity of the private sector. This is not only because of the direct benefits of job and wealth creation but also because these businesses contribute to the development process by providing capital and technology, enhancing skills and creating access to export markets. Inward investment, including investments from other regions of Great Britain, also has an important role in stimulating domestic investment and innovation, as the expansion of high productivity businesses helps strengthen competition within the economy.

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3. Refer to Section 3 for detailed methodological issues.

During the reporting period, £102 million was offered by Invest NI to assist 89 externally owned businesses establish new operations within Northern Ireland. These projects planned to invest almost £520 million and create almost 10,000 new jobs. Invest NI also offered £151 million towards 110 projects to assist externally owned businesses maintain or expand their Northern Ireland operations. This contributed towards £800 million of planned investment and expected to create almost 6,000 new jobs, whilst safeguarding nearly 11,500 existing jobs, and included major investments by Allstate, Bombardier, Du Pont, FG Wilson, Moy Park and Seagate. An additional £94 million was offered in the form of innovation support, which contributed to a further £342 million of investment by externally owned businesses, and represented over one quarter of the total assistance offered to them. North America is by far the most important source of inward investment, with formation and expansion projects valued at £735 million (56 per cent of the total).

The information presented shows that recent inward investment projects have been successful in generating employment opportunities for a wide range of individuals with different levels of skills and experiences. During the past six years, Invest NI has helped attract and secure new inward investment from international businesses such as Citi, Liberty Information Technology, Tech Mahindra, Fujitsu, NYSE Euronext, 3PAR and Mformation Technologies. Many of these are creating higher quality jobs, especially within the ICT sector where 93 per cent of new jobs will be paid salaries above the Northern Ireland average. Other investments such as those by HCL Technologies, Firstsource and LBM are providing the opportunity for many individuals to access employment opportunities within a service based environment, and the mechanism for Northern Ireland to 'catch-up' with other regions of the UK. They are also creating employment opportunities within economically disadvantaged areas, which accounted for 71 per cent of all new inward investment projects and 75 per cent of associated new jobs. Our challenge is to continue to work closely with these businesses to develop higher value added aspects of their operations within Northern Ireland.

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Not surprisingly, taking into account differences in industrial structure across Northern Ireland, there was considerable variation in the rate of inward investment, which for NI as a whole was £1,199 per head and ranged from £141 per head in South Down to £3,708 in Foyle. Inward investment in Belfast is concentrated within a three mile radius of the city centre and, because of this accessible central location, it provides employment opportunities for those who live in Belfast and further afield. Evidence for the mobility of labour is provided by the NI Census, which shows that 55.3 per cent of those who work in Belfast DCA reside in other areas and specifically, in relation to South Belfast PCA, 74 per cent of workers travel to it from locations throughout Northern Ireland.

A range of indicators are also presented which attempt to make connections between our activities and the outcomes which these seek to influence. Again, interpretation issues are important and require careful consideration when attempting to disentangle complex cause and effect relationships. We present information on assisted projects and derive a number of leverage ratios which can be used to indicate the efficiency of the relationship between grant expenditure and the intermediate outcomes achieved. For example, the cost per job for first time inward investment projects was £8,250 and almost £8 of additional annual sales were generated by these projects for each £1 of grant paid.

In **Section 5: Innovation** we show the relationship between the level of innovation within a region and its productivity, suggesting that Northern Ireland's competitive position could be improved if its innovative capacity was strengthened. Whilst it is recognised that not all business innovation activity in Northern Ireland is confined to Invest NI client businesses, it is clear that this is an important constituent group, accounting for almost 90 per cent of business related expenditure on research and development.

In 2007 Northern Ireland Business Expenditure on R&D (BERD) was 0.62 per cent of GVA, compared to 1.29 per cent for the UK as a whole. However, the UK average is skewed by the high levels of R&D intensity in the east of England. On this basis Northern Ireland is placed fifth lowest of the UK regions, higher than Scotland, Wales, London and Yorkshire and Humberside.

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There is much evidence to suggest that the gap in R&D expenditure is directly related to scale, that is, business size. Over 60 per cent of UK BERD is by businesses employing 1,000 or more, and only 19 per cent of expenditure is by businesses with fewer than 250 employees. This reduces to less than 2.5 per cent if multinational corporations are excluded.

Invest NI resources are directed at embedding market-driven innovation within businesses, developing new products and services, transferring technology and developing the commercial potential of the existing research base. Invest NI's approach to innovation is closely aligned with 'think/create/innovate - the Regional Innovation Strategy (RIS) for Northern Ireland', which was published in June 2003 by an Inter-Departmental Working Group comprising all Northern Ireland Government Departments and Invest NI. The RIS aims to "create a culture and environment within which Northern Ireland will prosper by using its knowledge, skills and capacity to innovate". Invest NI also played a central role in the implementation of the second Northern Ireland Innovation Action Plan, which was developed for the period September 2004 to August 2006.

During the six years since the inception of Invest NI over £285 million (contributing towards nearly £753 million planned investment) was offered through a range of innovation programmes to support almost 10,000 business related research and development, trade development, business improvement, and technology and process development projects. Of this, £134 million was offered through a range of programmes to encourage business related research and development, and launch new technology transfer initiatives within the two universities. A key component was £44 million of support towards a £138 million investment in 21 Centres of Excellence, which are making a significant contribution towards enhancing the innovation infrastructure of Northern Ireland.

An encouraging indicator of increasing innovation activity is the growth in R&D expenditure by Invest NI small and medium sized clients. These SMEs made a significant contribution to the growth in R&D activity, with their expenditure increasing by almost 39 per cent from £53 million in 2003 to £73 million in 2006 (an average growth rate of 11.5 per cent per annum). In contrast, R&D spend by large businesses (250 plus employees) increased by just seven per cent, from £60.8 million in 2003 to £65 million in 2006.

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In conclusion, it is all too apparent from the difficulties facing the global economy that statistics can only tell us what has happened - not what will. That is not to diminish the value of historical performance information, but to set a context for its interpretation and its application. Irrespective of the lack of foresight provided by the past, it remains important that we capture and communicate those performance measures which provide the feedback signals required to evaluate the effectiveness of our strategies and actions. Whilst there is clearly a lack of business confidence and evidence that investment will be reduced during 2009, Invest NI has already demonstrated its determination to do what it can to help its clients in these especially difficult times. Invest NI is committed to helping the economy navigate through this recessionary environment, to provide the support needed to enable businesses to exploit new opportunities as they emerge, and to put the Northern Ireland economy in a position to take advantage of the upturn when this occurs. We will continue to focus on our strategic objective of improving the productivity of the private sector business base, enabling it to become more competitive and thereby create employment opportunities for all the people of Northern Ireland.

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# INTRODUCTION

# INTRODUCTION

## Purpose of the Report

The report provides a reflection of Invest NI's performance during the six financial years 2002-03 to 2007-08, and in doing so spans two corporate planning periods. Whilst the outcomes achieved against high level corporate targets are presented in Appendix 1, this Performance Information Report provides the mechanism for more in-depth analysis and interpretation. It represents a review of the activity of the agency and the performance of its clients, and is designed to inform policy development and be an information resource for interested stakeholders. It has been prepared in a spirit of openness and transparency and in doing so provides a wide range of data and analysis reflecting the diversity of the agency's engagement with the Northern Ireland business base. The report has been produced by Invest NI's Corporate Information Team, which is part of the Strategic Management and Planning function within Invest NI.

## Background

When it was established in 2002, Invest NI recognised the need to develop a systematic approach towards performance measurement. To achieve this, a Performance Information Framework (PIF) was developed to provide the information required to assess the effectiveness and efficiency of strategies and actions. The PIF was developed in line with the principles underlying the HM Treasury's 'FABRIC - A Framework for Performance Information' Guidelines, which set best practice standards for performance measurement frameworks for public bodies in the UK. This framework sets out the general principles behind producing high quality performance information. The development of this framework recognised that the performance of Invest NI must be considered across a number of dimensions including its activity and the performance of those businesses which it has sought to influence.

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## Measurement and Interpretation Issues

The ultimate objective of Invest NI's interventions is to improve the competitive position of our client businesses, thereby contributing towards an increase in regional productivity, as measured by Gross Value Added (GVA) per head. Productivity gains enable countries and regions to support higher wages and attractive returns on capital, and consequently a higher standard of living. Therefore, our primary measure of impact is the aggregate change in GVA per head of the group of clients we have supported.

However, the business of economic development is complex. It is not a simple exercise to measure the additional impact which Invest NI generates, given the long term nature of what is involved and the contribution made by others. There are a number of issues which must be considered when attempting to infer relationships between the activity of Invest NI and the performance of those clients which it seeks to influence. For example, the outcomes related to assisted projects will take place over a period of years subsequent to the offer being made. This lagged relationship means that it is very difficult to isolate the effect which our assistance has on the overall performance of the client business, and to disentangle this from other influencing factors. Other interpretation issues are discussed as follows:

### **Deadweight and Additionality**

The net impact of Invest NI's activities (that is those which are additional) can only be measured after making allowances for what would have happened in the absence of the intervention. That is the amount of deadweight that must be allowed for. No attempt has been made within this performance report to estimate the level of deadweight relating to Invest NI activities. However, all Invest NI interventions are tested individually to ensure that the project would not proceed as planned without Invest NI support.

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**Displacement**

This is the degree to which an increase in productive capacity promoted by government policy is offset by reductions in productive capacity elsewhere. This report does not attempt to assess this, but again, Invest NI interventions are tested individually to eliminate and minimise displacement effects.

**Client Status**

Due to our focus on those businesses which have demonstrated the greatest potential for growth, we recognise that our client portfolio differs in composition from the rest of the NI business population. As such, it is difficult to present a meaningful comparative analysis.

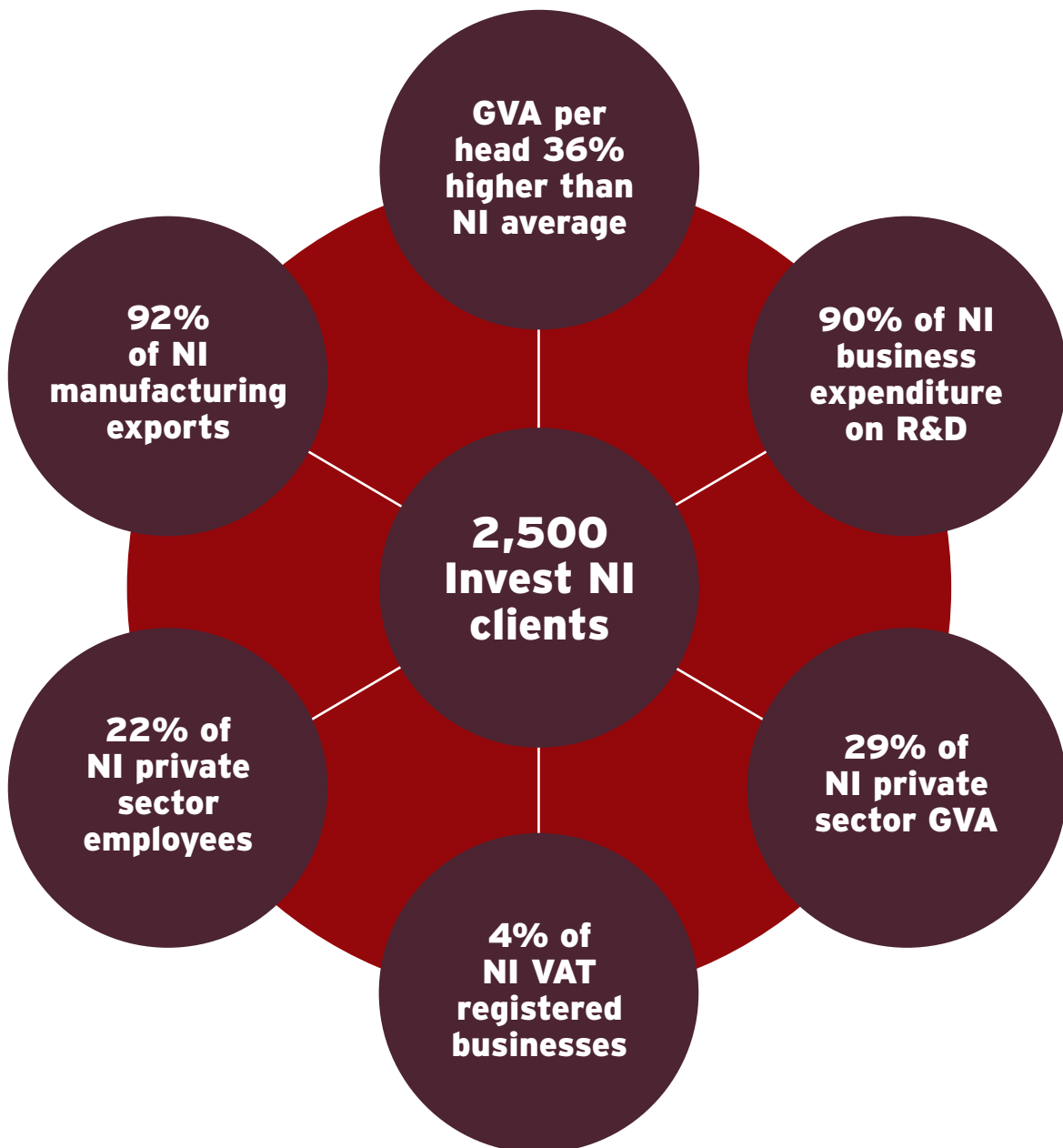
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**SECTION 1**  
**THE INVEST NI**  
**CLIENT PORTFOLIO**

# THE INVEST NI CLIENT PORTFOLIO

“Invest NI clients represent most of the businesses that can take our economy to a higher level.”

Invest NI Corporate Plan 2008-11



## Introduction

Since Invest NI's resources are constrained we must ensure they are focused on those businesses which have the greatest potential to contribute towards the growth of the Northern Ireland economy. Whilst some of our services, such as the provision of information and guidance, are accessible to all businesses, the financial support which is provided through Invest NI is directed at those with the potential for growth through the development of markets outside Northern Ireland. These constitute what we refer to as our 'client portfolio'.

This section presents an analysis of data relating to the structure and performance of the portfolio, which includes around 2,500 clients and represents around four per cent of the VAT-registered business base in Northern Ireland. These businesses employ in the region of 110,000 people, accounting for about 22 per cent of NI private sector employment. The data was extracted from a range of business surveys conducted by the Department of Enterprise, Trade and Investment, supplemented with Invest NI client monitoring information. This enables Invest NI to present a comprehensive assessment of the size and growth of the client portfolio based on measures such as GVA, turnover, exports and employment. This section also includes recent research by the Economic Research Institute of Northern Ireland, which looks at the geographic distribution of employment within client businesses.

It should be noted that since the availability of many key indicators is restricted to 2006 and 2007, the information will not reflect the consequences of the recent economic downturn. However, the sensitivity of the portfolio to the 'credit crunch' is reviewed later in the section, including an outline of the initiatives developed to assist clients respond to these difficult trading conditions.

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## The Invest NI client portfolio - key metrics

There were approximately 2,500 businesses in the Invest NI client portfolio in 2006. The Northern Ireland Annual Business Inquiry (NIABI) provides survey data for 2,016 of these, including all larger clients (those employing 250 or more), enabling a comprehensive assessment of the size and the contribution made by the portfolio, summarised as follows:

### Turnover

Turnover of over £15.7 billion, representing 31 per cent of total NI private sector turnover and 86 per cent of manufacturing turnover.

### Gross Value Added

GVA in the client group represents almost 29 per cent of NI business GVA and 83 per cent of manufacturing GVA.

### GVA per head

Labour productivity in terms of GVA per head in Invest NI client companies was £43,824 in 2006, 36 per cent higher than that of Northern Ireland as a whole.

### Employment costs per head

Employment costs per head were £23,056 in 2006, 34 per cent higher than that for the Northern Ireland private sector.

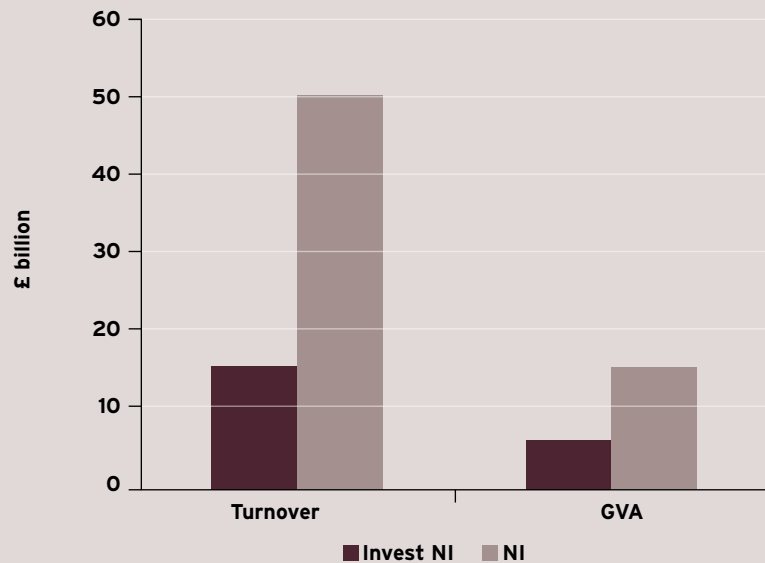
### Capital expenditure

Invest NI clients account for approximately 16 per cent of capital expenditure in the private sector, and 86 per cent of capital expenditure in the manufacturing sector.

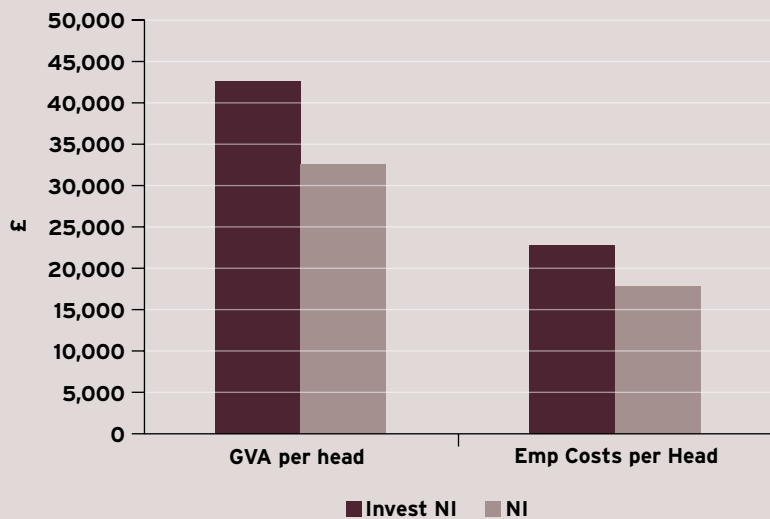
### Employment

Around 110,000 people, representing about 22 per cent of the NI private sector total.

Turnover and GVA - Invest NI clients v Northern Ireland private sector, 2006



GVA and employment costs per head - Invest NI clients v Northern Ireland private sector, 2006



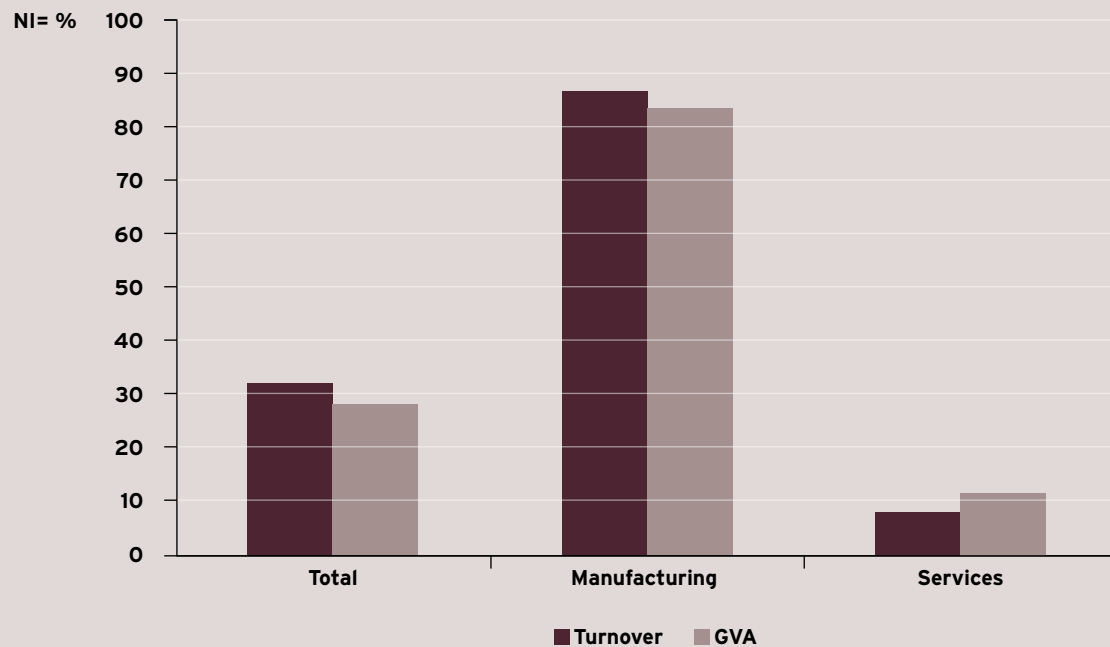
Source: Northern Ireland Annual Business Inquiry, DETI

## Sector Structure

### Manufacturing

Manufacturing businesses comprise about 55 per cent of the portfolio, representing around 30 per cent of all VAT-registered manufacturing businesses in Northern Ireland. During the year ended December 2006 the turnover of these clients was valued at £12.6 billion (86 per cent of the NI total), and the GVA produced was £3.3 billion (83 per cent of the total) - see Fig. 1.1. Their average labour productivity (GVA per head) was £48,556, almost seven per cent greater than that for all NI manufacturing businesses - see Fig. 1.2.

**Fig. 1.1 Invest NI client contribution to NI GVA and turnover, 2006**

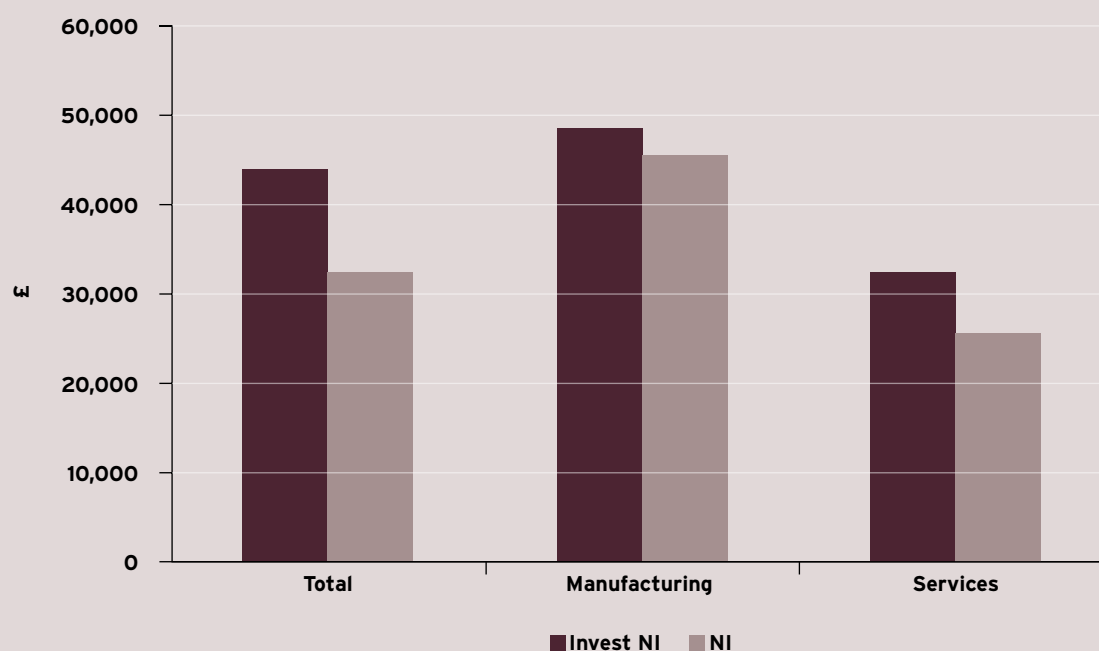


Source: NI Annual Business Inquiry, DETI

### Services

The remainder of the portfolio (mostly service sector businesses) generated a turnover of £3.3 billion and GVA of £1.3 billion. Although representing a small proportion of total Northern Ireland service sector output, the productivity (GVA per head) of these clients is over 18 per cent more than that of the NI non-manufacturing sector as a whole due to a greater representation of businesses engaged in higher value activities.

**Fig. 1.2 GVA per head in Invest NI clients compared with NI average, 2006**



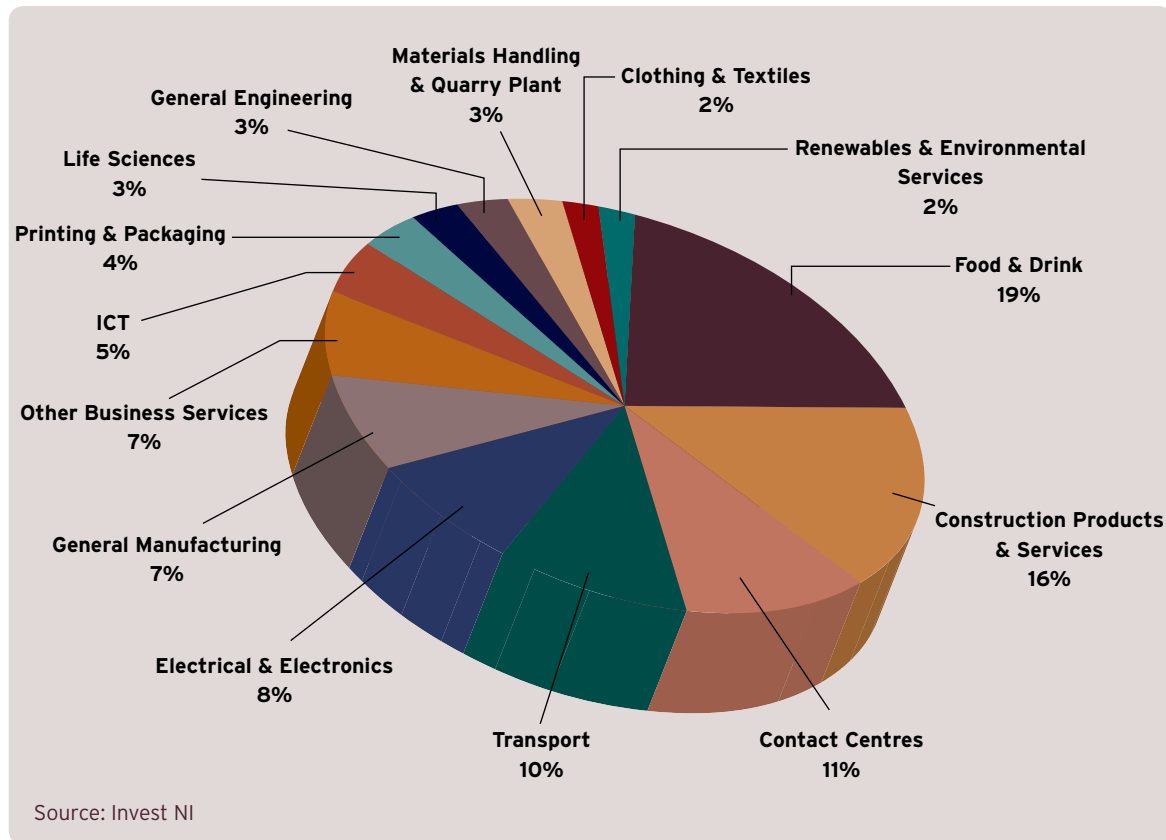
Source: NI Annual Business Inquiry, DETI

### Sub-sector Analysis

The largest sectors in terms of employment<sup>4</sup> were food and drink (accounting for 19 per cent of employment), construction products and services (16 per cent), contact centres (11 per cent) and the transport sector (10 per cent) - see Fig. 1.3. The sub-sector structure has a significant bearing on the downturn in economic conditions, which is explored later in this section.

4. Data sourced from Invest NI client performance statistics.

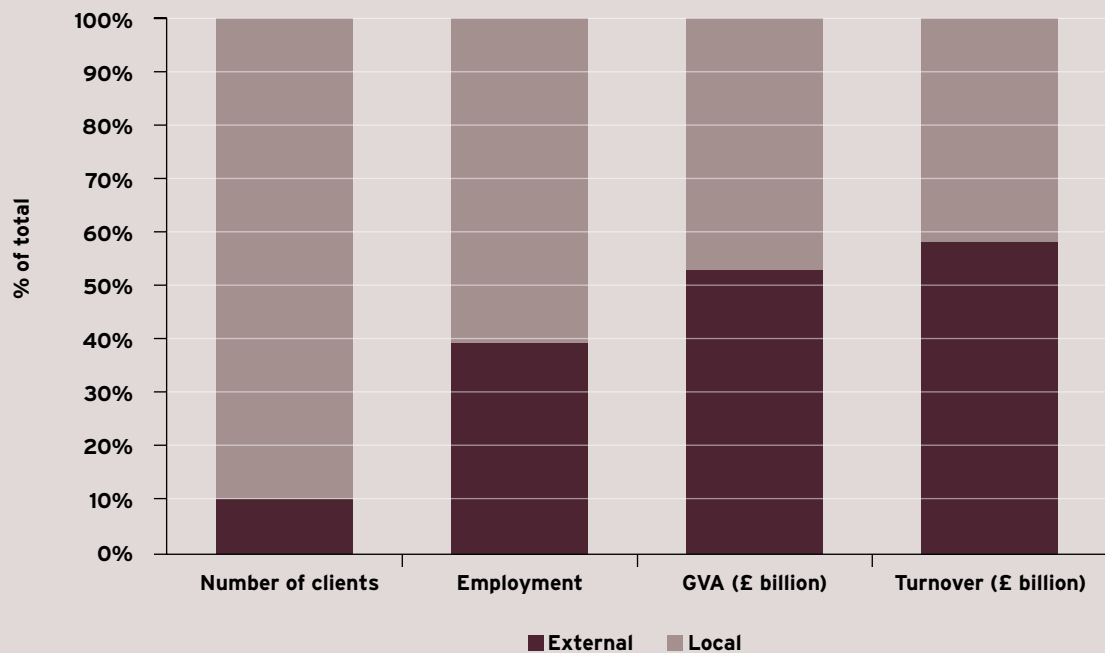


**Fig. 1.3 Employment in Invest NI clients by sector, 2007**

## Ownership of Client Businesses

Invest NI clients are predominantly locally owned (91 per cent) with the remaining nine per cent the product of inward investment by companies such as Citi, Coca-Cola and Firstsource Solutions. Inward investment also includes the acquisition of previously locally owned companies such as FG Wilson (now owned by Caterpillar Inc.) and PowerScreen International Distribution Ltd (now owned by the US based Terex Corporation).

Analysis by country of ownership shows that almost 30 per cent of externally owned companies are US owned, a further 45 per cent of businesses have ultimate parentage in Great Britain and the Republic of Ireland and 17 per cent of clients are owned by European Union based businesses. Performance data from the Annual Business Inquiry shows that externally owned businesses account for 58 per cent of client turnover and 53 per cent of client GVA - see Fig. 1.4. Labour productivity in these businesses was £58,864 in 2006, 72 per cent higher than that for locally owned clients.

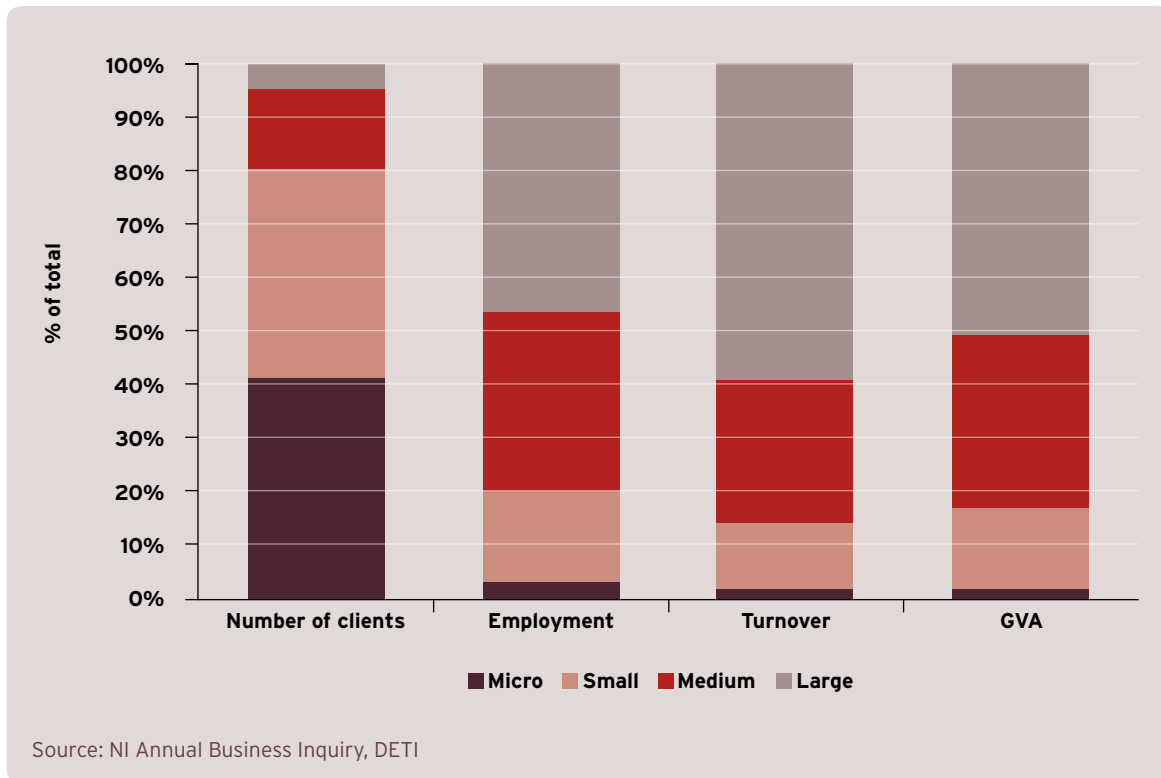
**Fig. 1.4 Key performance metrics by business ownership, 2006**

Source: NI Annual Business Inquiry, DETI

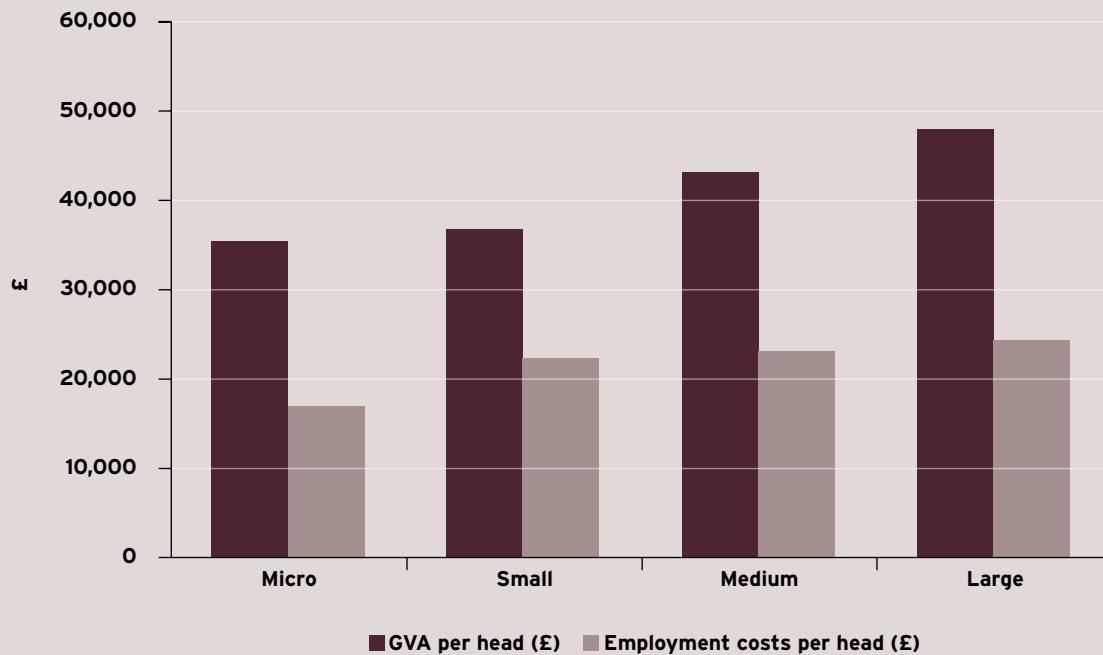
## Business Size

Analysis by business size shows that in 2006, 71 large businesses (250 plus employees) accounted for over 50 per cent of Invest NI client GVA and almost 60 per cent of business turnover - see Fig. 1.5. Approximately 80 per cent (1,611) of Invest NI client companies are small businesses (0 to 49 employees) accounting for 17 per cent of total GVA and 14 per cent of turnover.

**Fig. 1.5 Contribution to the Invest NI client portfolio by business size, 2006**



Labour productivity is 32 per cent higher in large businesses (£47,790) compared to those employing less than 50 (£36,318). Similarly, employment costs per head are 20 per cent higher in large businesses (£24,025) than small (£19,965) - see Fig. 1.6. These comparisons highlight the importance of business scale as a determining issue in levels of productivity.

**Fig. 1.6 GVA per head and employment costs per head by business size, 2006**

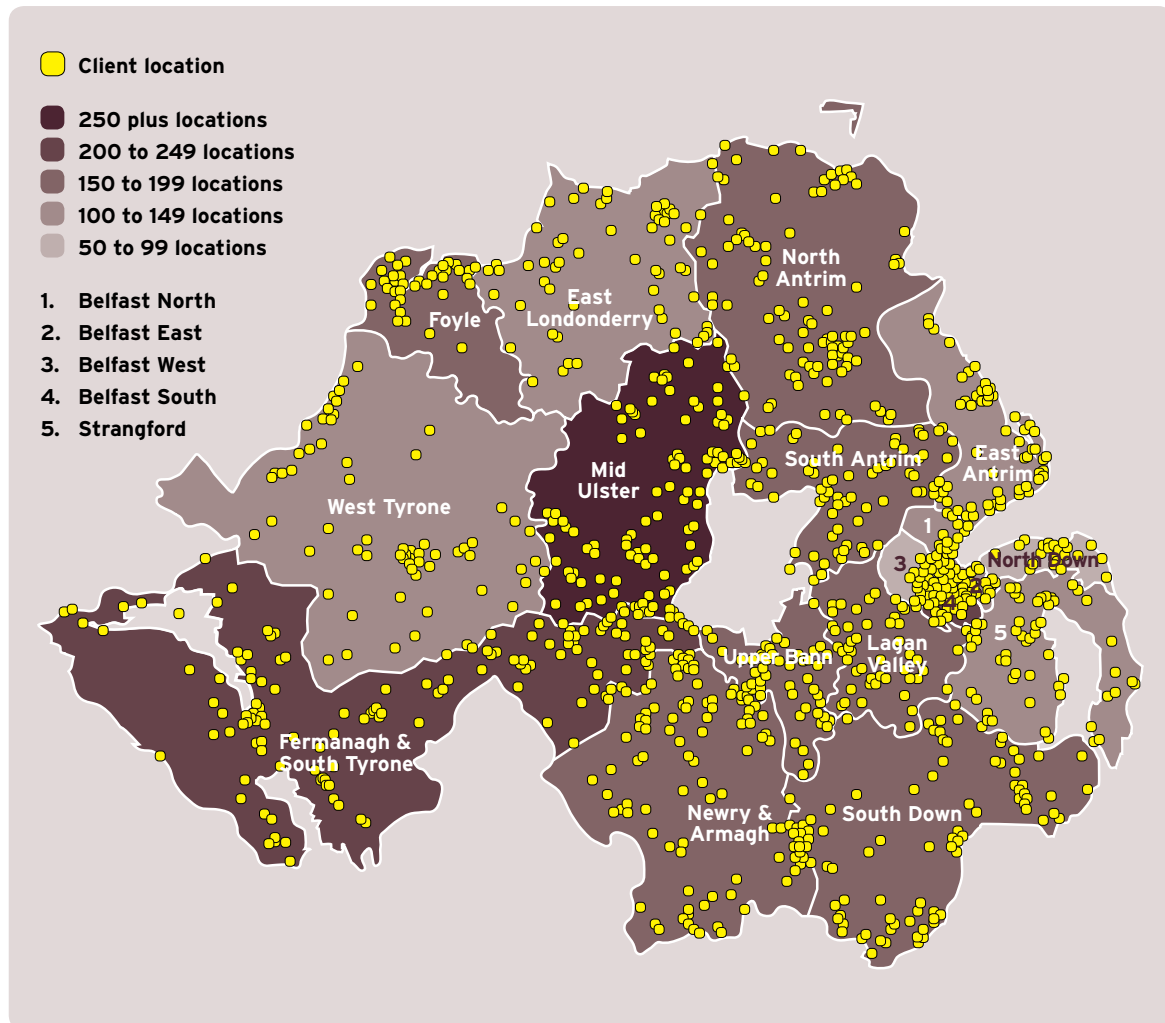
Source: NI Annual Business Inquiry, DETI

## Geographic Distribution of Client Businesses

Fig. 1.7 shows the location of businesses within the portfolio and their relative concentration across the region. This includes 188 businesses with multiple locations within Northern Ireland. The geographic distribution of Invest NI clients broadly reflects the distribution of the Northern Ireland business base. The largest proportions are in Mid Ulster (nine per cent), Belfast South (eight per cent), Fermanagh and South Tyrone (eight per cent), Newry and Armagh (seven per cent) and North Antrim (seven per cent).

As a proportion of the total number of businesses, Invest NI clients are more highly concentrated in Foyle, Mid Ulster, East Antrim and South Antrim. This may be due to the predominance of specific sectors within areas such as Mid Ulster, which has the largest proportion of manufacturing businesses, and Foyle, which has a high proportion of firms in the business services sector.

Fig. 1.7 Invest NI client locations by Parliamentary Constituency Area, April 2008



### Employment by Location

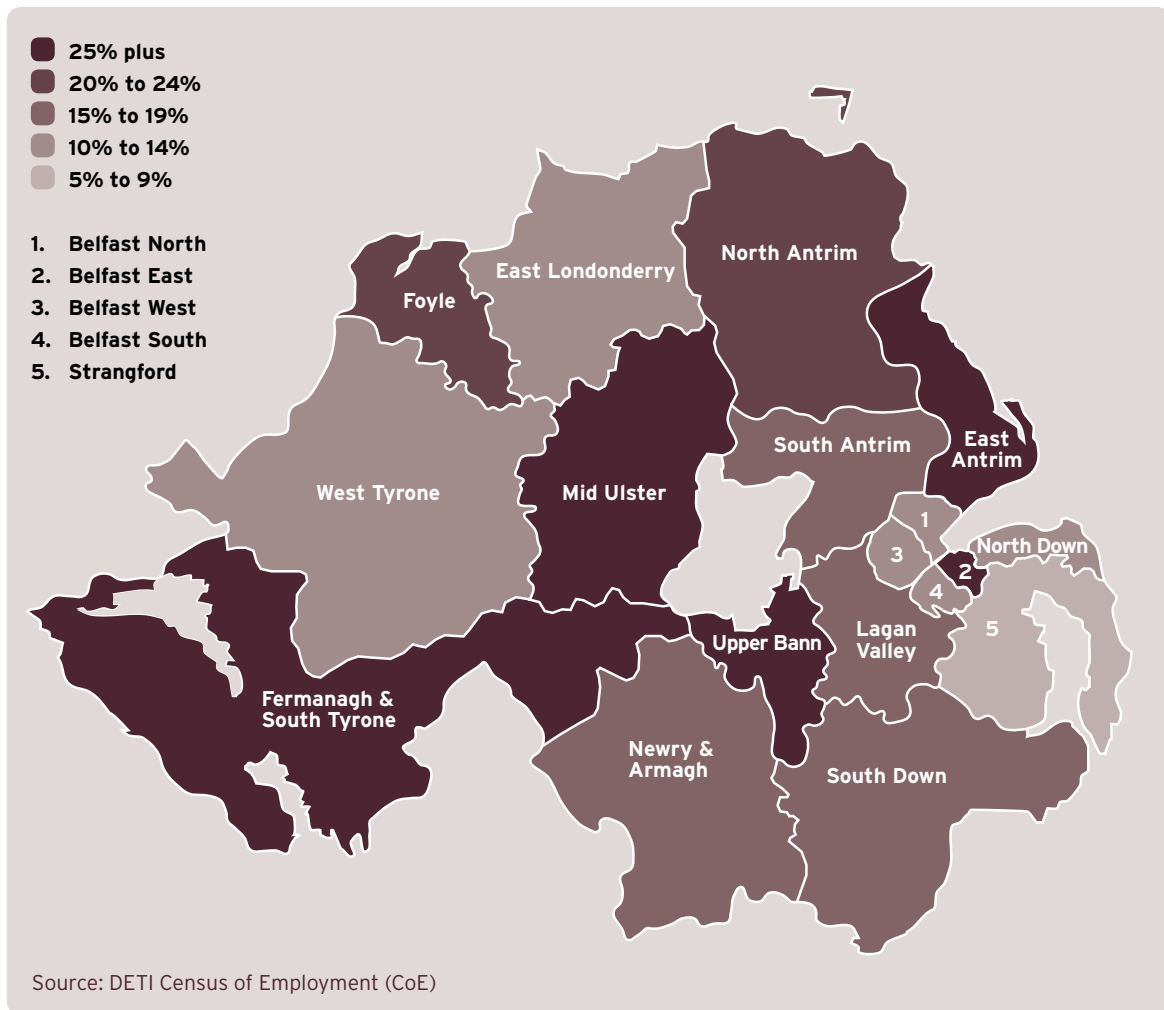
Recent research carried out by the Economic Research Institute for Northern Ireland (ERINI)<sup>5</sup> uses Census of Employment data, provided by DETI, to present a sub-regional distribution of client employment<sup>6</sup>. Fig. 1.8 displays this information for 2007 as a proportion of total private sector employment by Parliamentary Constituency Area. Included in the analysis were 1,154 clients, with an employment of 84,309 in 2007, thereby representing about 77 per cent of total client employment and 18 per cent of the total private sector employment.

Note: For the purpose of this analysis, the 'private' sector excludes all employees in public administration and defence; education; and health and social work. This is considered a reasonable approximation but means that the figures will differ slightly to the official statistics produced by DETI which include a small number of firms operating in these sectors.

5. Bonner, K and Hart, M (2009) Sub-Regional Employment Trends in Northern Ireland, 2001-07: The role of Invest NI in job creation, ERINI Working Paper (forthcoming).

6. For the purposes of this analysis an Invest NI client is defined as having been 'significantly assisted' that is, it was in receipt of an offer of assistance worth £25,000 or more in the last five years, and/or £250,000 in the previous 10 years, and has been matched to the Census of Employment datasets (a match of 80 per cent which represents all but the smallest of clients).

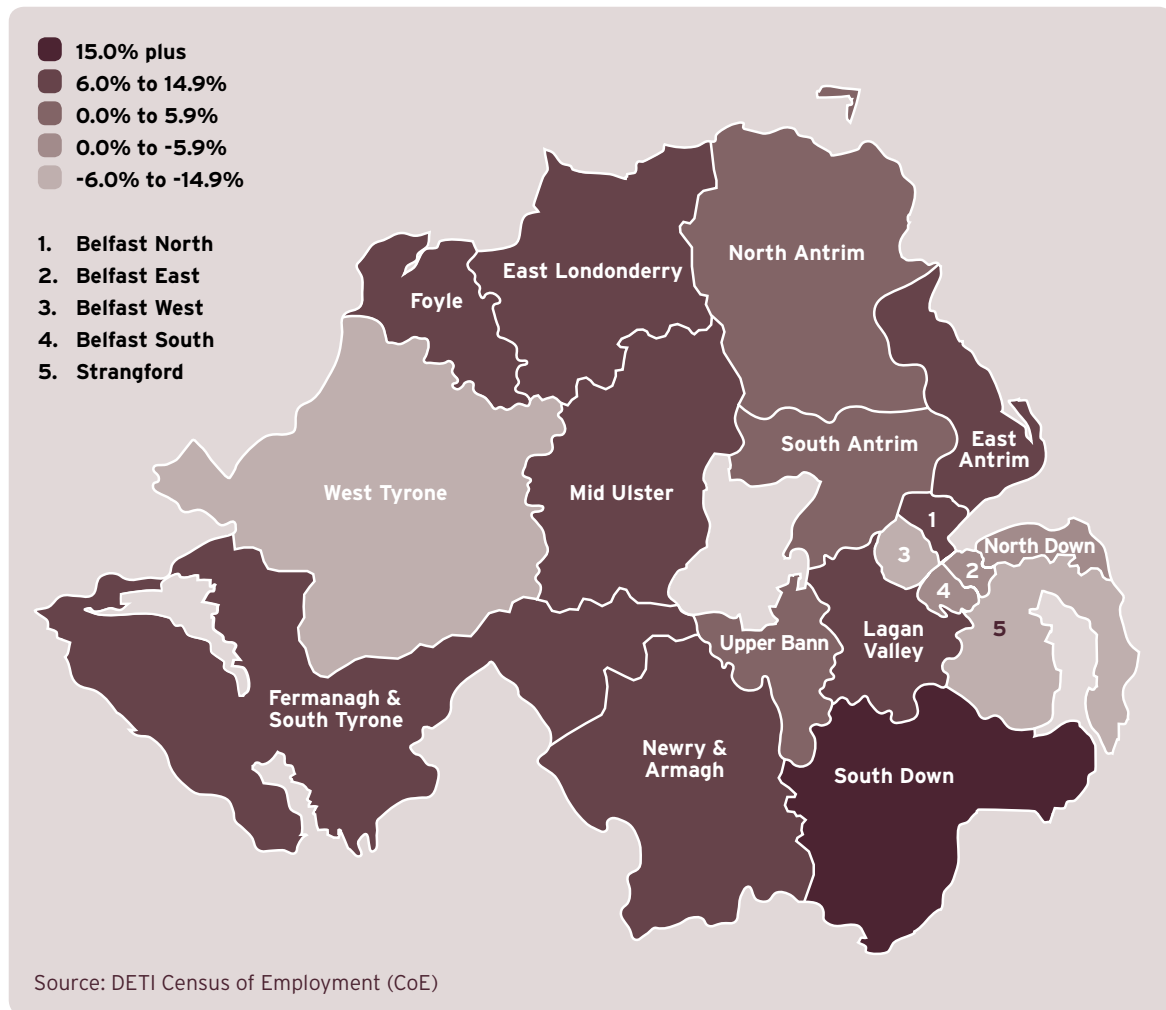
**Fig. 1.8 Invest NI client employment as a proportion of total private sector employment, 2007**



Some observations are presented as follows:

- for Northern Ireland as a whole, Invest NI client employment represents 18.1 per cent of total private sector employment;
- the highest proportions are in Mid Ulster (28 per cent), East Antrim (27.3 per cent), Belfast East (25.8 per cent), Upper Bann (25.4 per cent) and Fermanagh and South Tyrone (24.8 per cent);
- the lowest proportions are in North Down (12 per cent), Belfast West (11.5 per cent) and Strangford (9.4 per cent); and
- these differences are primarily explained by variations in industry structure. For example, both Belfast East and Mid Ulster have a larger manufacturing base than the Northern Ireland average and therefore are likely to have more businesses which meet the criteria to become an Invest NI client.

**Fig. 1.9 Employment change within Invest NI surviving clients (2005 to 2007) by Parliamentary Constituency Area**



The information presented in Fig. 1.9 relates to the changes in employment within Invest NI clients, which were in existence during the period 2005 to 2007. Overall during the period there was a net increase of 3,653 jobs - a rise of 4.6 per cent. The net change in employment was higher in the West of Northern Ireland (plus 1,964) than in the East (plus 1,689), with growth rates of 7.7 per cent and 3.1 per cent respectively. The map illustrates the variation in employment change by PCA with the highest rates in South Down, followed by Foyle, Belfast North and East Londonderry. It should be noted that employment change between areas can occur as a result of businesses changing their location. Further analysis of this issue is required to fully understand its impact.

## Growth Indicators (significantly assisted clients) 2002-03 to 2006-07

The performance metrics presented at the start of this section were derived from the NI Annual Business Inquiry and related to 2006, the most recent year for which an Invest NI client 'cut' of the data was available. However, it is also important that we consider growth of the portfolio over time and to do so we use indicators such as sales, exports, employment and sales per employee. The information was sourced from the DETI Northern Ireland Manufacturing Sales and Exports Survey, supplemented with data from Invest NI client monitoring records, and relates to the five years from 2002-03 to 2006-07. The information presented is based on a smaller group of just over 1,000 clients, those that have been classed as 'significantly assisted'<sup>7</sup>, and as such cannot be directly compared with that provided earlier. Nevertheless, it does enable a useful analysis of growth across a number of perspectives including business size, ownership and industry sector. A full set of detailed tables are presented in Appendix 2, from which the following summary is distilled.

### Sales and Exports

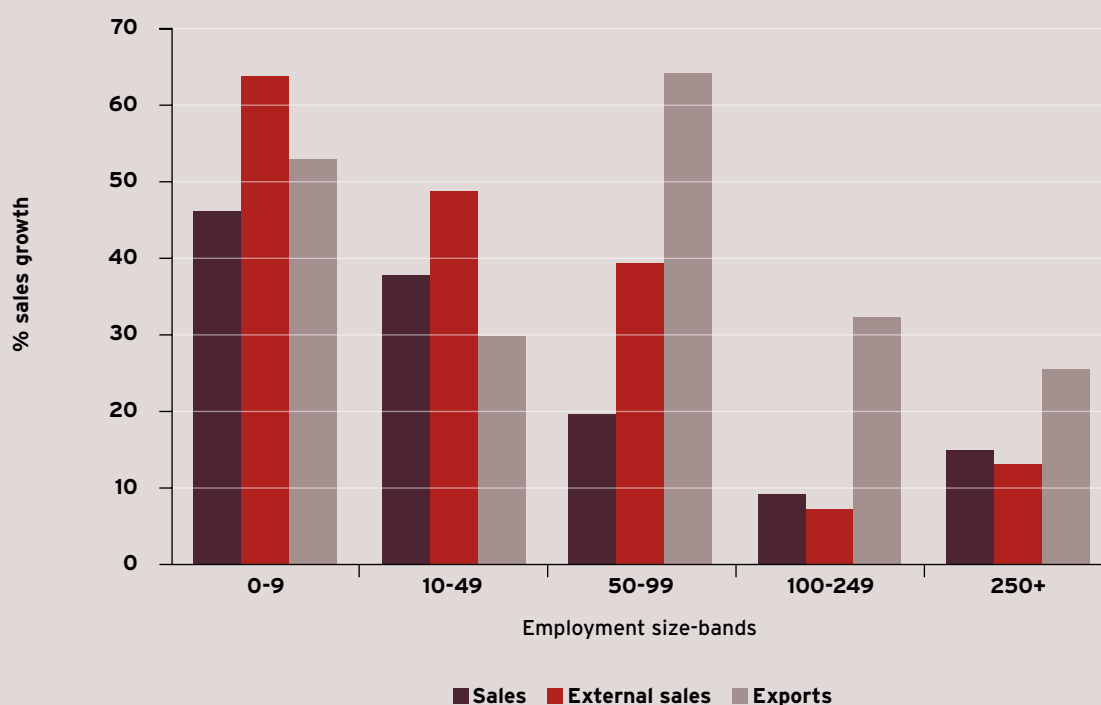
During the five year period, sales output by assisted businesses grew by 17.3 per cent (real terms), producing a total of £10.7 billion by 2006-07. The value of external sales (those made to markets outside Northern Ireland) increased by £1.2 billion (17.4 per cent) to £8.2 billion by 2006-07. There was stronger growth in exports (sales to markets outside the United Kingdom), which increased by 30.5 per cent to reach £4.9 billion by 2006-07. Consequently, export sales content (export sales as a proportion of total sales) increased from 41 per cent in 2002-03 to 46 per cent in 2006-07. This demonstrates the increasing capability of clients to compete in international markets.

The performance of the portfolio is dominated by a small number of larger businesses, which if removed, permits an analysis of its underlying performance. The remaining small and medium sized enterprises (SMEs) increased their sales by 20.1 per cent and exports by 39.7 per cent, resulting in export sales content rising from 31.5 per cent to 36.6 per cent. A client size-band analysis is presented in Fig. 1.10.

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7. The analysis is restricted to those businesses which have received more than £250,000 in the last 10 years or £25,000 in the last five years.



**Fig. 1.10 Sales growth by employment size-band (2002-03 to 2006-07)**

Source: Invest NI

Sales by externally owned clients grew by 13.6 per cent over the five years and exports by 28.8 per cent, resulting in an increase in export sales content from 51.5 per cent to 58.4 per cent. This more significant export growth was mainly due to a small number of larger companies in the electrical and electronics, materials handling and quarry plant, and general engineering sectors.

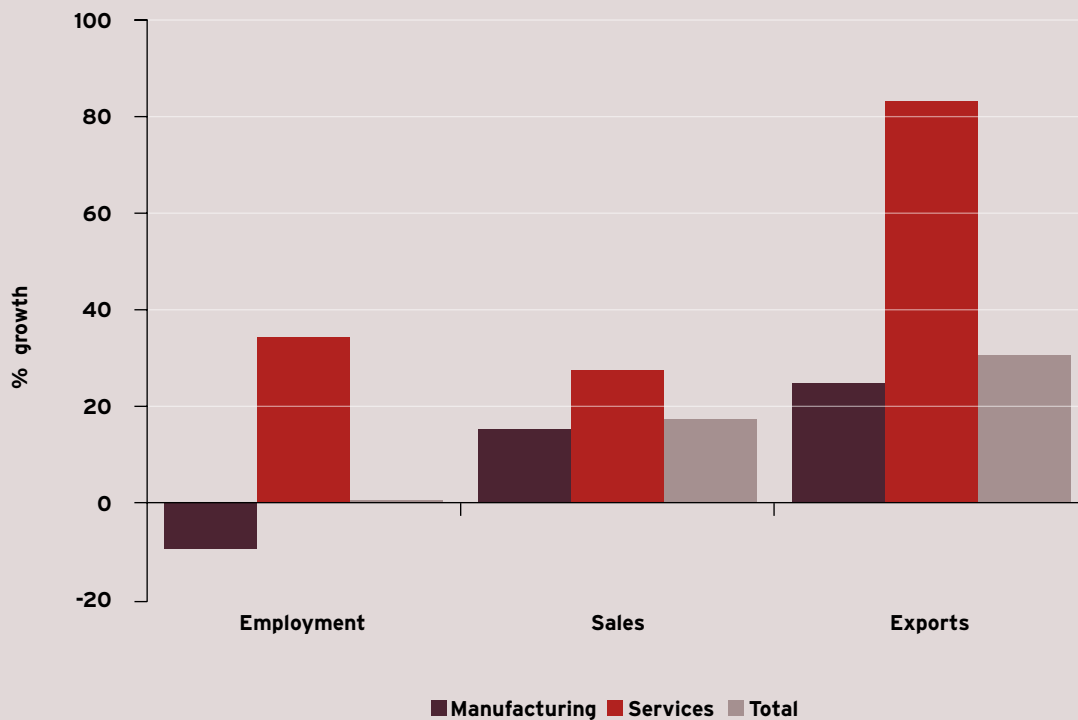
Whilst service sector sales increased by 27.5 per cent, it represented just 18.7 per cent of total sales output. Therefore, overall growth was dominated by the contribution of the manufacturing sector, which increased its sales by 15.2 per cent. Similarly, the 83.6 per cent increase in exports by the service sector had a positive, but marginal effect on the overall growth in exports - see Fig. 1.11.

There are some important interpretation issues which should be considered when interpreting these statistics:

- During the period, a number of businesses were re-categorised from manufacturing to services, reflecting the change in their primary activity. This will have contributed towards the increase in service sector output.
- Some contact and call centres<sup>8</sup>, due to the nature of their operation, do not produce sales figures. Therefore, the growth in sales and exports presented for the service sector will not reflect an increase in this aspect of business activity.

8. Some are classified as cost centres, which perform an internal business function, whilst others are profit centres and will generate revenue from their operation.

**Fig. 1.11 Sales and employment growth by sector (2002-03 to 2006-07)**

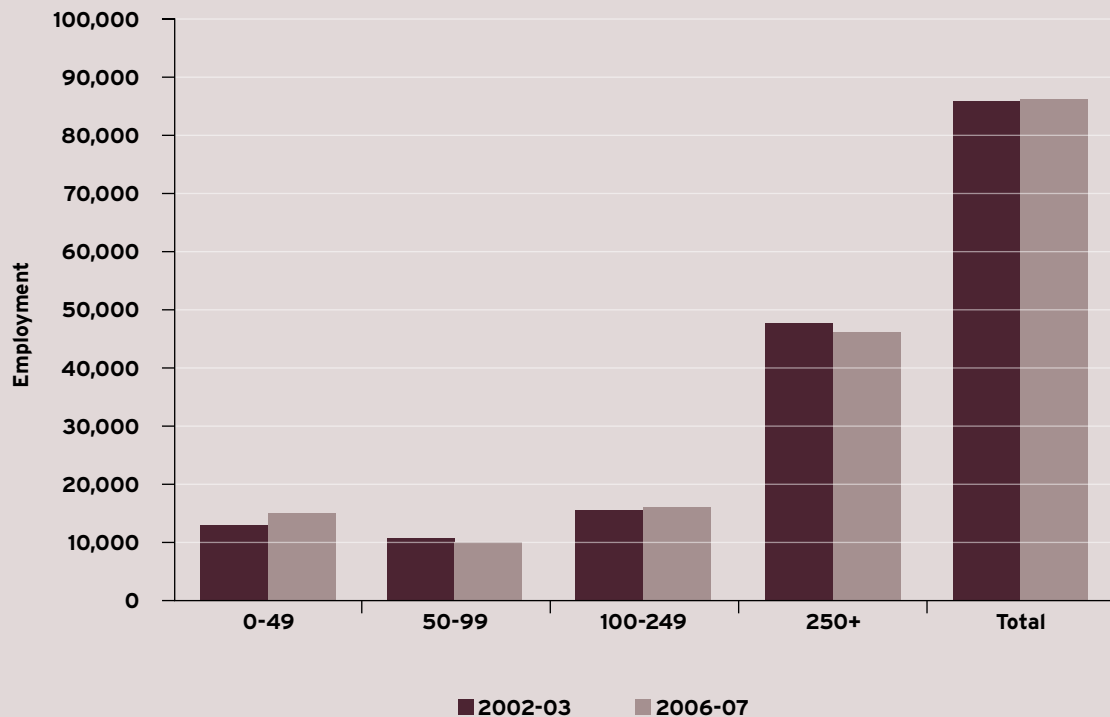


Source: Invest NI

### Employment

There was only a marginal change in employment within the portfolio, increasing by 0.4 per cent to reach 86,650 by 2006-07. However, this static picture masks a dynamic in the portfolio, which generated 28,873 job gains and 28,545 job losses. Whilst employment in manufacturing contracted by 9.8 per cent, mostly due to the continued demise of the clothing and textiles sector, this was counteracted by a 34.5 per cent growth by service sector clients - see Fig. 1.11. A major contribution to this was the 84.2 per cent growth in employment within business and financial services, driven by the expansion of contact and call centre operations, which now employ over 12,500 people.

Overall, higher rates of employment growth were achieved by smaller clients, with those employing less than 50 increasing by 18.2 per cent. In contrast, employment in larger businesses (those employing 250 or more) decreased by 3.2 per cent - see Fig. 1.12.

**Fig. 1.12 Employment change by size-band (2002-03 to 2006-07)**

Source: Invest NI

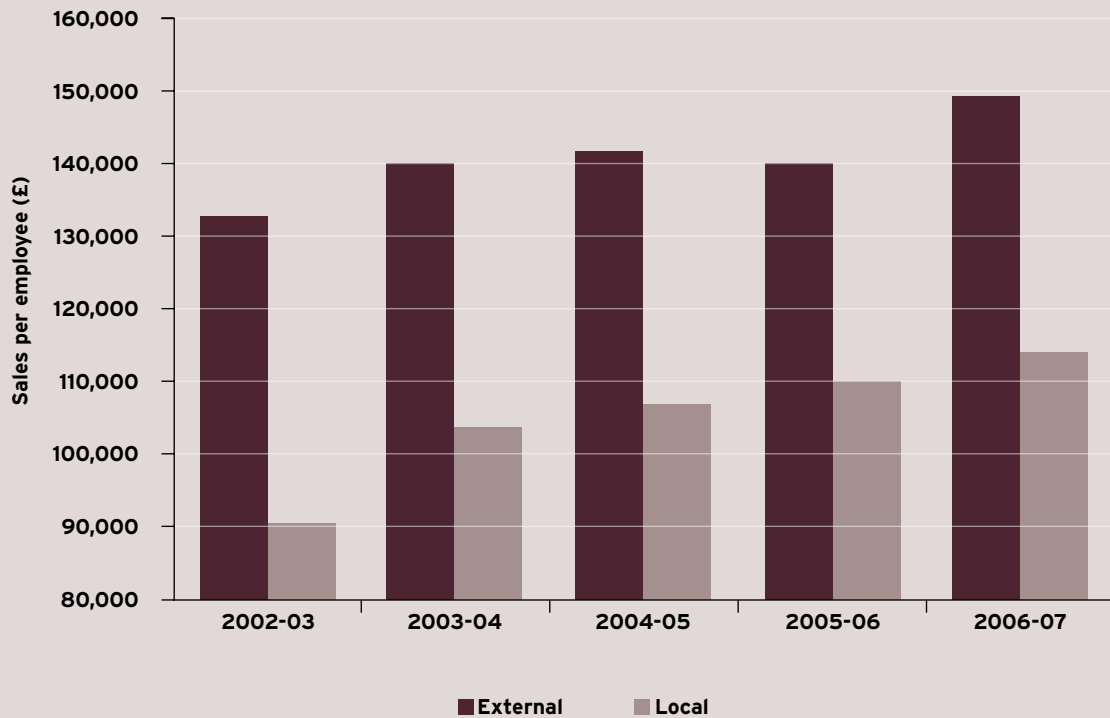
### Sales per Employee

As a consequence of static employment and significant sales growth, sales per employee increased by 18.4 per cent from just over £112,000 in 2002-03 to nearly £132,000 in 2006-07. A more detailed analysis by industry group shows a small decline within the service sector, mostly attributable to a small number of contact centres<sup>9</sup>. However, sales per employee showed strong growth across manufacturing, most notably within clothing and textiles, non-electrical machinery and electronic products.

An analysis by country of ownership shows that as a consequence of a 26.1 per cent growth by locally owned clients (compared to 12.6 per cent by externally owned clients), the gap in sales per employee between these two groups narrowed from 68 per cent to 76 per cent - see Fig. 1.13.

9. Contact centres included in sales per employee calculations are profit centres. Cost centres, however, do not generate any sales and are excluded from these calculations.

**Fig. 1.13 Sales per employee by ownership (2002-03 to 2006-07)**

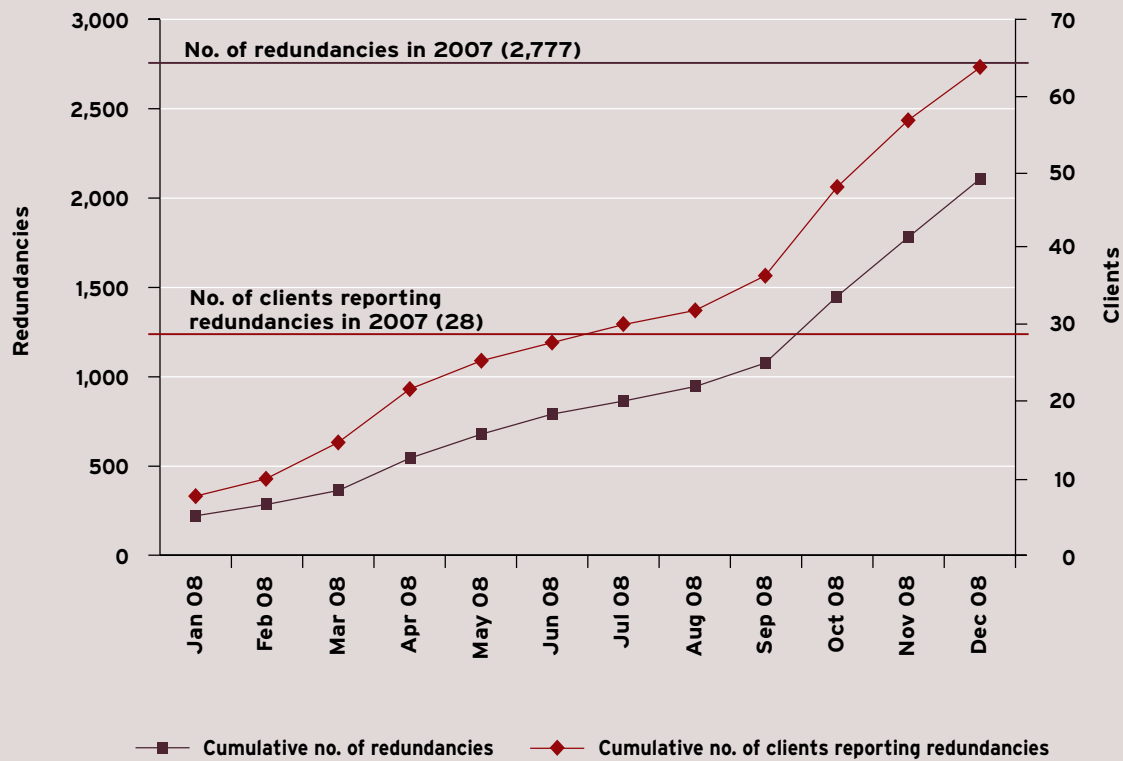


Source: Invest NI

## Impact of the 'Credit Crunch'

The performance information presented relates to the period just prior to the economic downturn. How this affects the Invest NI client portfolio will have a considerable bearing on Northern Ireland's economic performance, as these businesses account for almost one third of total NI private sector output, as well as influencing the fortunes of other NI businesses. Redundancy statistics for 2008 provide an indication of the immediate impact of the economic slowdown. These show that during 2008, 63 clients reported redundancies totalling 2,078 jobs. Although the total number of redundancies is marginally lower than that of 2007 (which included 900 job losses as a result of the closure of Seagate in Limavady), there has been more than a two-fold increase in the number of businesses affected - see Fig. 1.14.

**Fig. 1.14 Cumulative number of redundancies and clients reporting redundancies January 2008 to December 2008**

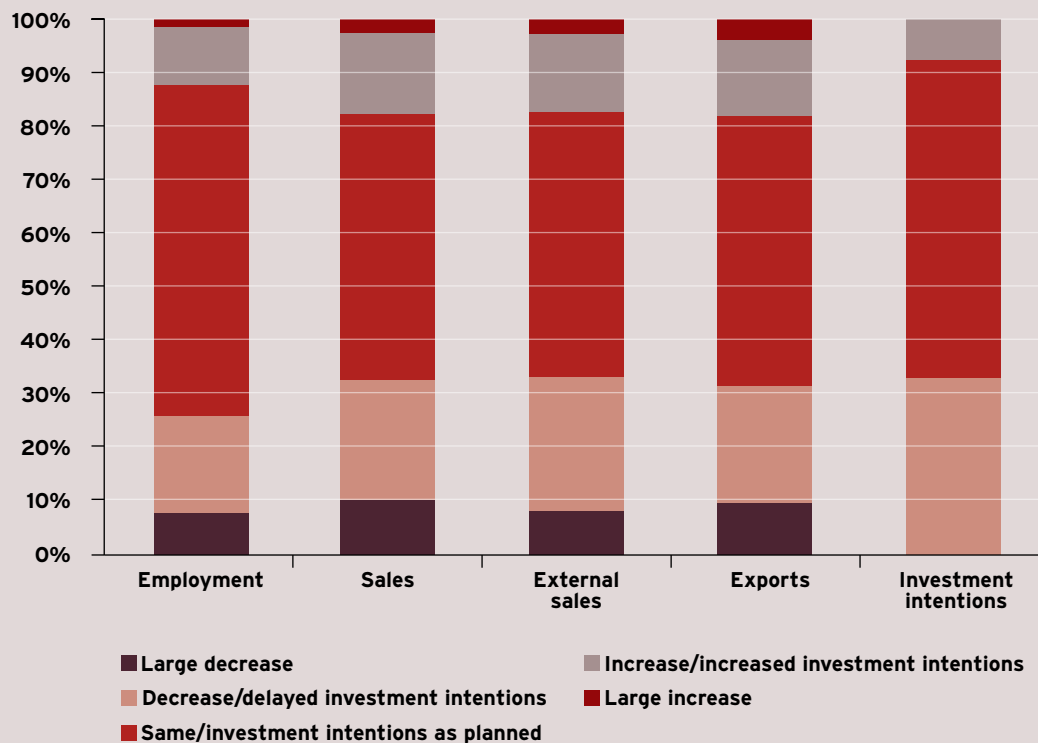


Source: Invest NI

The portfolio's industry sector composition exposes the degree of sensitivity to the economic slowdown. Approximately 25 per cent of reported redundancies during 2008 related to the construction products sector, which has been particularly affected by the retrenchment in the UK and Republic of Ireland housing markets. In addition, the worldwide contraction in the automotive sector has impacted on the performance of the Northern Ireland transport equipment sector, with a number of larger businesses reporting reduced output in the later stages of 2008. Businesses in the electrical, electronic and engineering sectors, and materials handling and quarry plant sector have also reported redundancies during 2008.

The Invest NI client portfolio is also highly sensitive to the performance of its larger businesses. Recent forecast information for the 'Top 100' clients (based on sales performance) shows that over 20 per cent of businesses predicted a decline in employment, with just over 10 per cent forecasting employment growth. Almost 30 per cent of these clients predict a decline in sales and exports with just less than one third predicting growth - see Fig. 1.15.

**Fig. 1.15 Top 100 companies: forecasted client performance for next 12 months**



Source: Invest NI

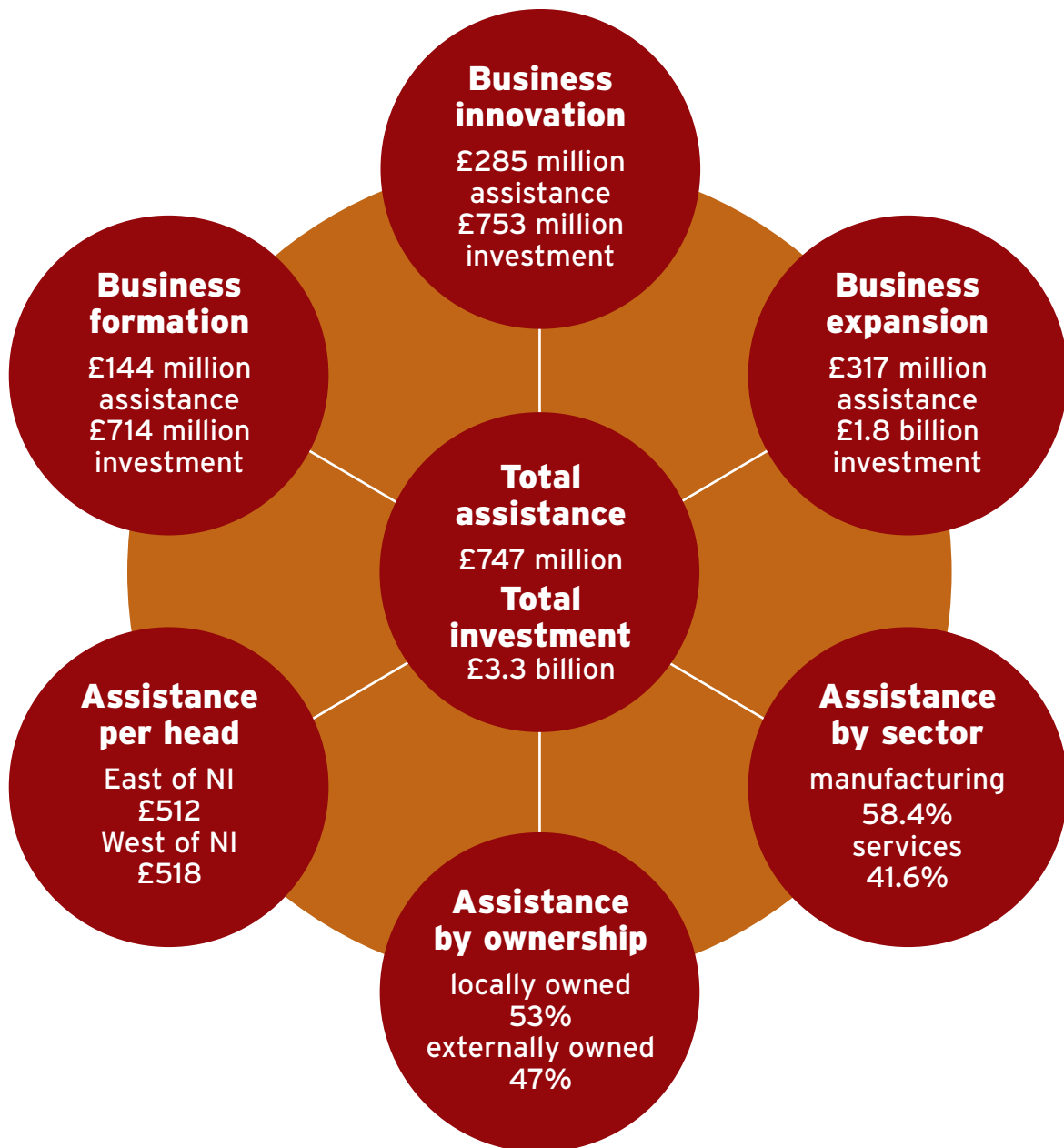
In response to the current economic conditions Invest NI has launched a range of initiatives offering businesses practical advice and support. These include events to provide businesses with guidance in the key areas of financial and cash flow management, improving internal efficiencies, supply chain management and securing extra sales outside of Northern Ireland. Clients can also avail of five days free diagnostic support delivered by special advisors, resulting in an action plan to address some of the current challenges facing their businesses. To help implement specific projects identified from the diagnostic support, Invest NI has also announced a £5 million Accelerated Support Fund. The fund is available for clients to undertake projects up to the value of £100,000 and Invest NI will contribute 50 per cent of the approved costs, a much higher contribution rate than is normally available.

**SECTION 2**  
**INVEST NI ACTIVITY**  
**(2002-03 to 2007-08)**

# INVEST NI ACTIVITY

“Invest NI will work with any manufacturing and tradable services business that has export potential and the prospect of improving productivity by becoming more internationally competitive.”

Invest NI Corporate Plan 2008-11





## Introduction

Invest NI assistance makes an important contribution towards its clients' investment in business formation, expansion and innovation. This section presents an analysis of the £747 million offered by Invest NI during the six year period 2002-03 to 2007-08, in support of projects planning to invest over £3.3 billion within the Northern Ireland economy. This includes a review of activity by type of assistance, company ownership, industry sector and geography (including areas of economic disadvantage). In addition, service quality performance indicators are provided, relating to casework processing times and overall client satisfaction.

Of the total assistance offered by Invest NI, 56 per cent was in the form of Selective Financial Assistance (SFA), the main aim of which is to achieve higher levels of business growth leading to long term high quality employment. Each intervention is assessed to ensure that the business has the potential for sustained growth, primarily through the development of markets outside Northern Ireland, and is tested for its 'additionality', that is that it would not proceed in the scale or within the timescales planned without Invest NI support.

In addition to SFA, Invest NI provides a range of other schemes and programmes to assist with the formation and growth of client businesses. In line with the principles of good corporate governance these support mechanisms are periodically evaluated in order to assess their performance against targets and their overall effectiveness. During the six year period since April 2002, in the region of 60 evaluations were carried out, of which 14 were considered 'primary' due to the importance of the programme under review. Summary details can be found in Table 21 in Appendix 3.

## Assistance and Investment<sup>10</sup>

### Activity by Category of Assistance

Invest NI assistance has been grouped into three main areas of activity: business formation, expansion and innovation; and analysed by business ownership: local and external.

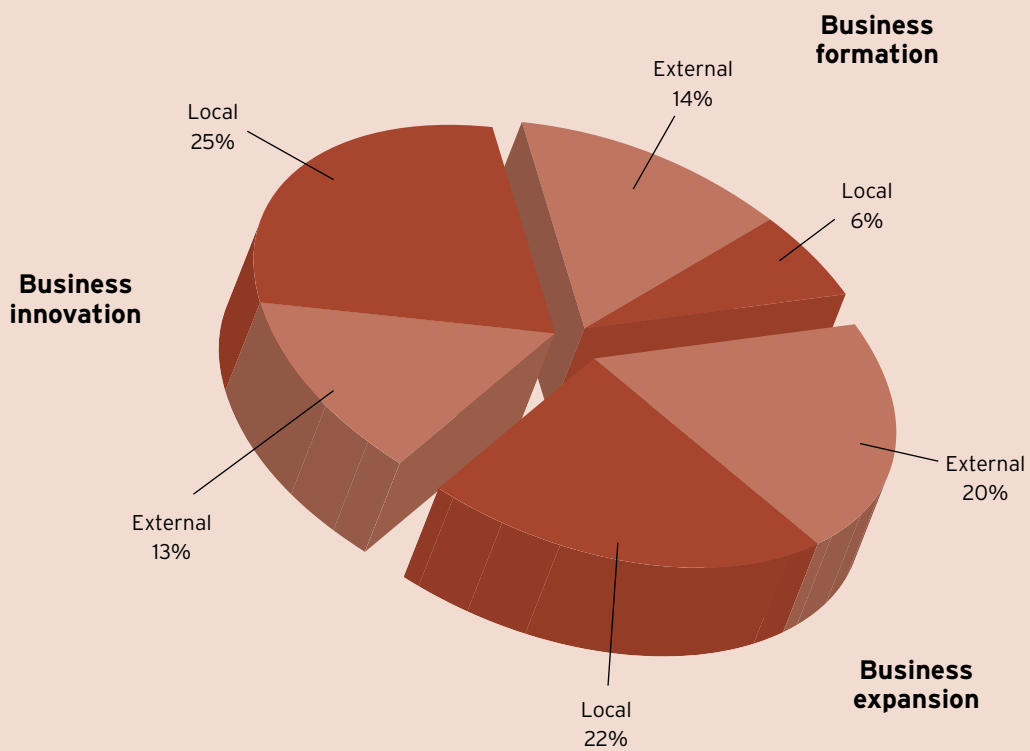
This information is presented in Fig. 2.1 and graphically in Fig. 2.2.

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10. Assistance figures relate to the amount of support offered by Invest NI, which forms part of the investment planned by the business.

**Fig. 2.1 Assistance offered by type<sup>11</sup> (2002-03 to 2007-08)**

Activity	LOCALLY OWNED				EXTERNALLY OWNED				TOTAL	
	Assistance		Investment		Assistance		Investment		Assistance	Investment
	£ m	%	£m	%	£m	%	£m	%	£m	£m
Business formation	42	29	190	27	102	71	524	73	144	714
Business expansion	166	52	1,037	56	151	48	800	44	317	1,838
Business innovation	192	67	415	55	94	33	338	45	285	753
<b>Total</b>	<b>399</b>	<b>53</b>	<b>1,643</b>	<b>50</b>	<b>347</b>	<b>47</b>	<b>1,662</b>	<b>50</b>	<b>747</b>	<b>3,304</b>



11. Local business formation includes locally owned start-up and pre-start projects.

**Business Formation**

£144 million (19 per cent of total assistance) was offered to support the formation of new businesses and included:

- 89 offers (£102 million of assistance) to first time internationally mobile projects. This contributed towards £524 million (16 per cent of the overall total) of planned investment; and
- 1,246 offers (almost £42 million of assistance) supporting the formation of 681 locally owned businesses<sup>12</sup>.

**Business Expansion**

Invest NI offered £317 million (43 per cent of the total) in support of its clients' decisions to expand existing businesses within Northern Ireland. This contributed towards a planned investment of over £1.8 billion and included:

- over £151 million offered to 110 expansion projects by externally owned clients. This contributed to £800 million of planned investment and included major projects by companies such as Du Pont, Seagate, Bombardier, Allstate, Michelin, Copeland and Schrader Electronics; and
- almost £166 million of assistance offered in support of expansion projects by locally owned clients, planning to invest just over £1 billion. These included clients such as Radox Laboratories, the Almac Group, Delta Print & Packaging, Dale Farm and Wrightbus.

**Business Innovation**

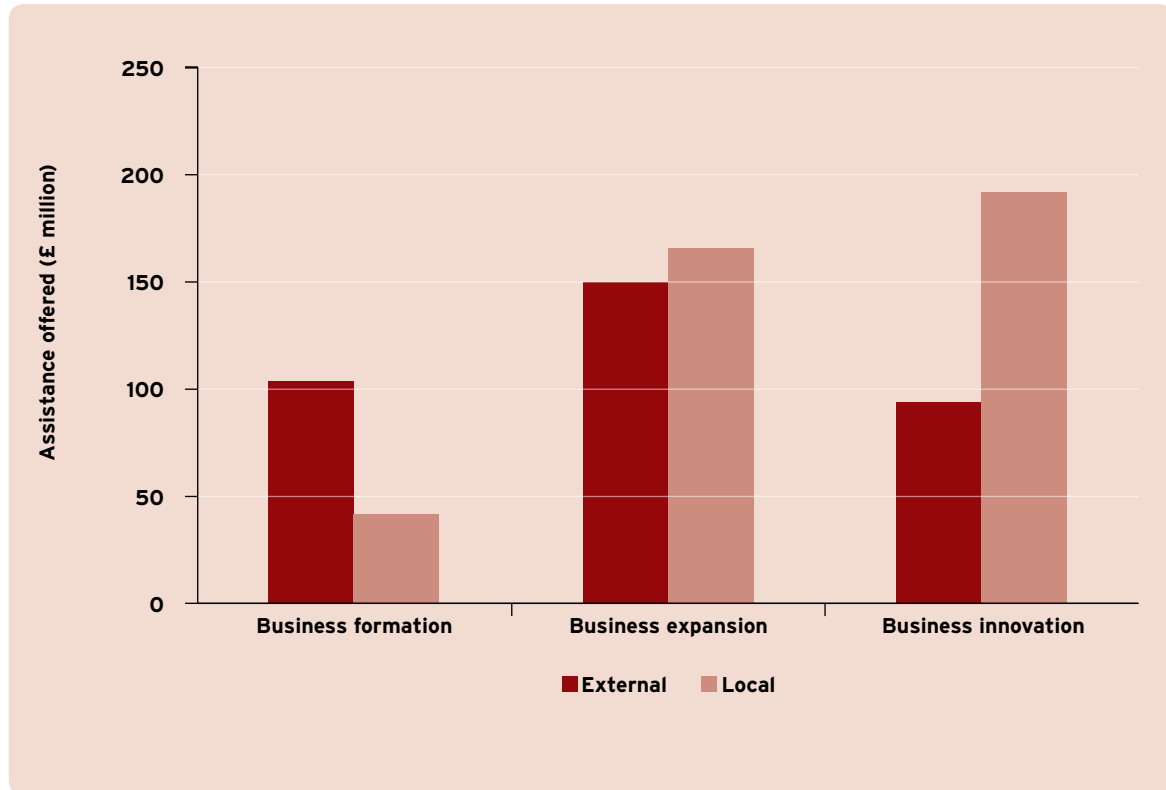
Over £285 million (38 per cent of the total) was offered in support of specific business innovation activities including R&D, trade development, training, and technology and process development projects. This contributed towards an investment of almost £753 million, comprising of:

- £94 million to externally owned clients (supporting an investment of £338 million); and
- £192 million to locally owned clients (supporting an investment of £415 million).

A list of clients in receipt of offers of assistance valued at £250,000 or more is presented in Table 20 in Appendix 3.

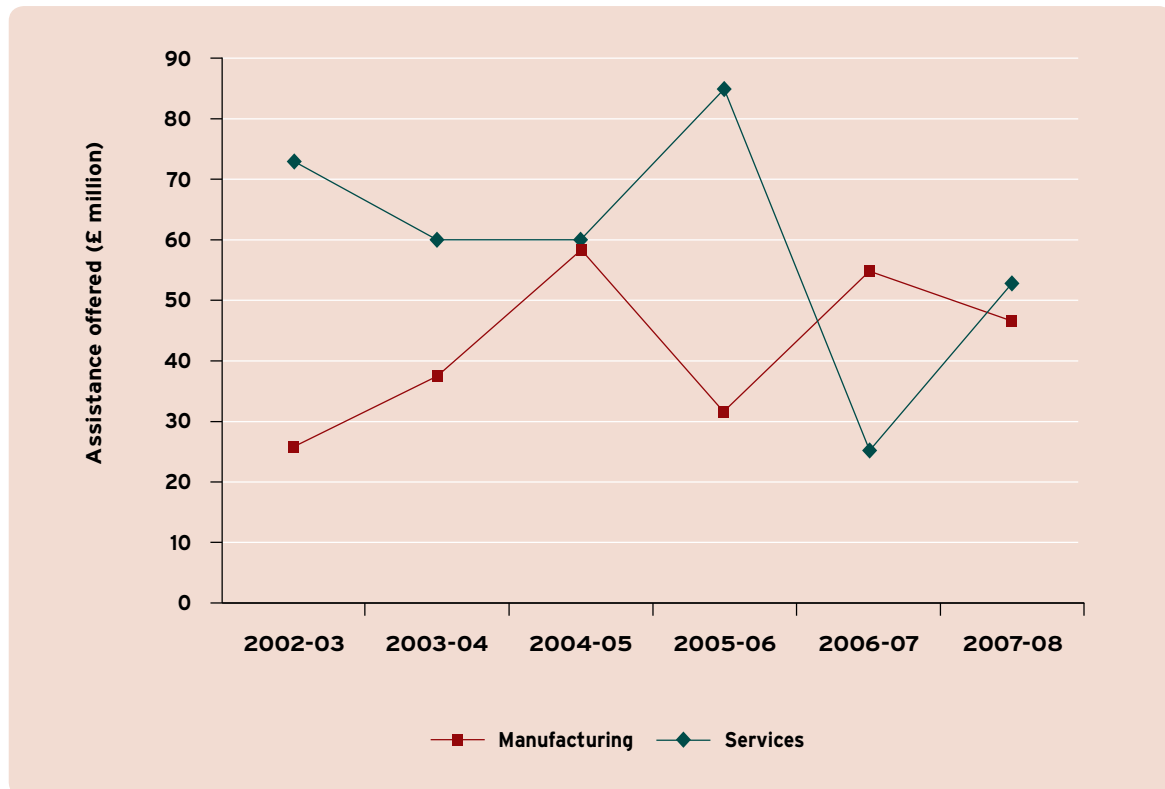
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12. This does not include offers made to 18,136 individuals assisted through the Start a Business Programme (SABp), which is delivered in partnership with Enterprise Northern Ireland.

**Fig. 2.2 Assistance offered by type and business ownership (2002-03 to 2007-08)**

### Industrial Sector

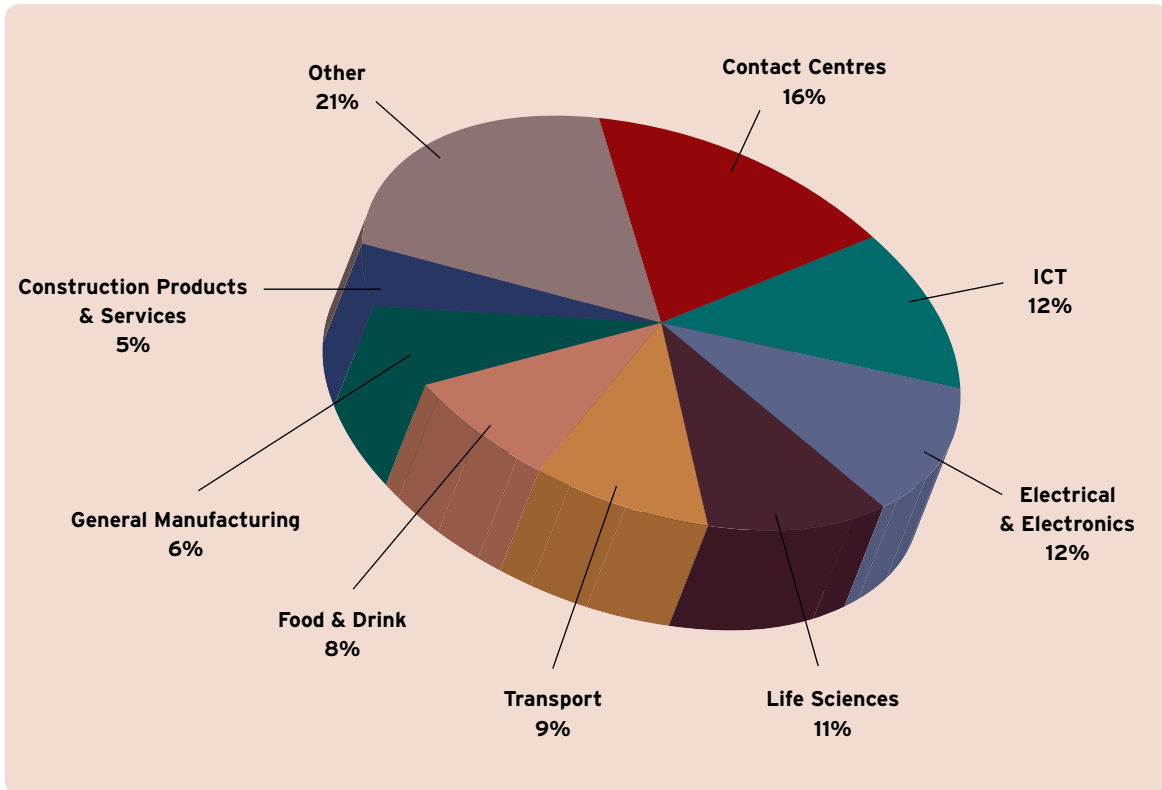
Assistance is offered by Invest NI to client businesses across a wide range of industry sectors and at various stages of development. The majority of this activity is aimed at enhancing the competitive position of the business and its ability to compete in external markets. A comparison of the amount of assistance offered by broad industrial group (manufacturing and services) is presented in Fig. 2.3. Further details are contained in Appendix 3 (Tables 17 and 18).

**Fig. 2.3 Assistance offered by manufacturing v services (2003-03 to 2007-08)**

Direct industry sector related support over the six year period amounted to £610 million<sup>13</sup>. In total £356 million of assistance was offered to clients engaged in manufacturing activities, compared to £254 million in the service sector. A more detailed analysis by industry sector is presented in Fig. 2.4. Summary points relating to this include:

- £95.47 million assistance in support of £379.8 million investment by contact centre operations. This represented 16 per cent of sector related support and included projects by Citi, Firstsource Solutions, Allstate, LBM Holdings and HCL Technologies;
- the ICT sector represented £76 million of assistance and included offers to Fujitsu, Tech Mahindra, Nortel and MFormation. Total planned investment arising from these projects was £334 million;
- clients in the Electrical & Electronics sector were offered £71.4 million, contributing towards projects planning to invest £338.2 million;
- 64 per cent of assistance was offered to clients categorised within the OECD definition of knowledge based sectors; and
- the Food & Drink sector received £51.3 million of assistance, and was boosted by the provision of additional funding to support marketing, innovation, supply chain and logistics under the Fit for Market Strategy. This enabled Invest NI to offer a wide range of direct assistance against many of the Strategy's 31 recommendations, with a strong focus on marketing and innovation.

13. An additional £136.7 million was offered which cannot be allocated by industrial sector. Most of this was in the form of support to the two Northern Ireland universities and other Third Sector Organisations (TSOs).

**Fig. 2.4 Invest NI assistance<sup>14</sup> offered by sector (2002-03 to 2007-08)**

14. Excludes £136.7 million of assistance, which was allocated to Trade (£22 million), Business Improvement Services (£12.85 million), Technical and Process Development (£3.36 million) and Third Sector Organisations (TSOs) and Universities (£98.5 million).

## Property Solutions

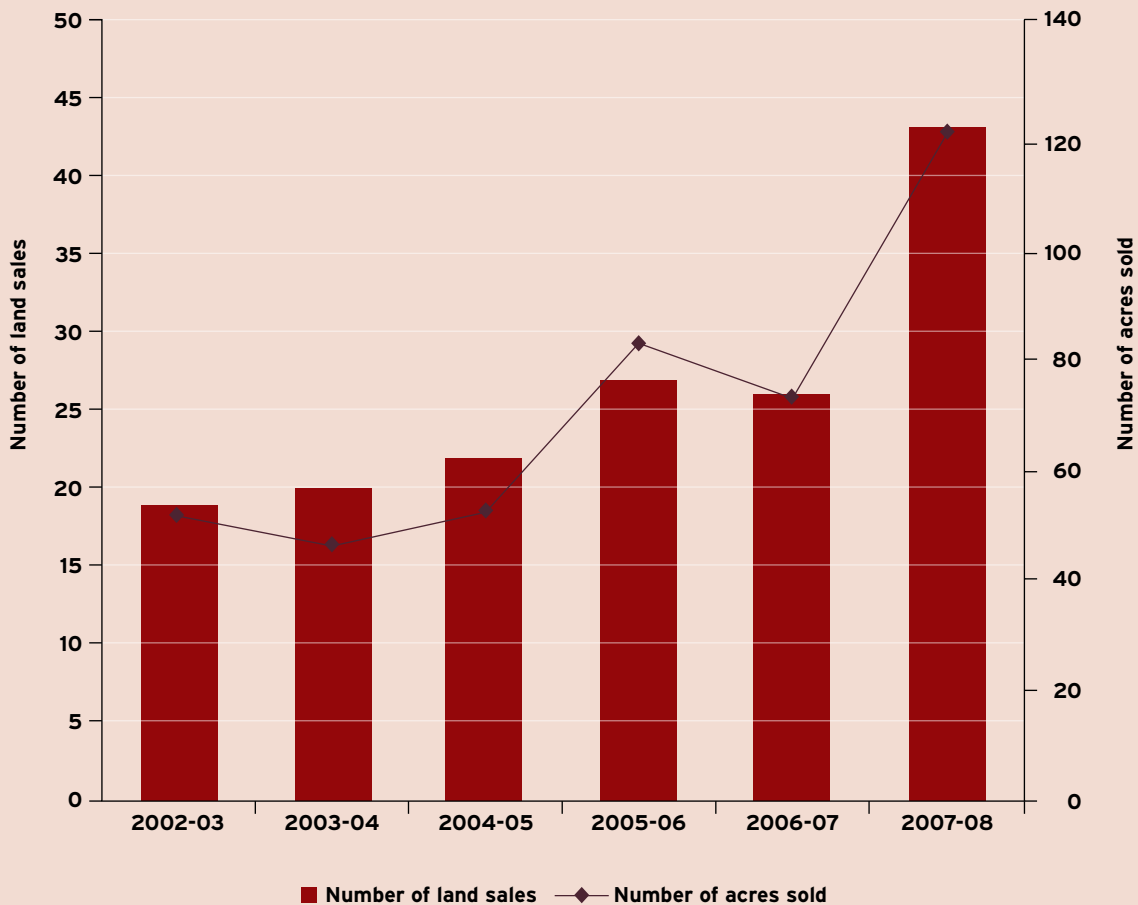
Invest NI provides a variety of property solutions to both locally and externally owned companies. One of these key support mechanisms is the provision of serviced sites for clients to purchase and construct their own premises. To facilitate this Invest NI acquires and develops business parks across Northern Ireland based on the location of Regional Development Strategy main hubs and where the private sector is not providing property sales solutions.

Invest NI's total landholding is 2,778 acres of which 758 are not currently occupied, and as such are immediately available for client projects. The chart below shows the total number of acres and land sales by year from 2002-03 to 2007-08. The bulk of these sales were to locally owned clients.

An analysis of the investment made by client companies, following the purchase of a site from Invest NI, shows that on average £1 million of investment is made for each acre sold.

As can be seen, if this historic trend was to continue, Invest NI's landholding could be exhausted within a relatively short period. Therefore, Invest NI is currently active in acquiring and developing additional sites with an aim to providing a balanced spread of opportunity across Northern Ireland.

**Number of acres and land sales 2002-03 to 2007-08**



## Geographic Distribution of Assistance Activity

Invest NI has limited scope for 'directing' investment to specific geographic areas. Although we are able to influence some location decisions, assistance patterns are largely demand-led by businesses wishing to improve their competitiveness and gain a larger share of international markets. In addition, the benefits associated with business development are not constrained by local boundaries such as DCAs or PCAs, which are not self-contained labour markets. Northern Ireland is a relatively small place and evidence shows that many people travel to work across local administrative boundaries, for example NI Census data shows that 55 per cent of those who work in Belfast DCA reside in other areas.

Although Invest NI does not directly create jobs, it does provide assistance for businesses to improve their competitive position, which in turn may lead to employment creation. In respect of new internationally mobile projects in particular we do present the benefits of specific areas to foreign investors once they become serious about investing in Northern Ireland, but the decision regarding a specific location is made by the business itself.

Since much of the mobile foreign investment which Invest NI targets and wins is in the tradable services sector, the main differentiator is access to skilled workers. Therefore, metropolitan areas such as Belfast will have an advantage in that it provides access to a critical mass of population, and opportunities for those who can commute relatively short distances. In the case of established businesses, reinvestment patterns will mostly be determined by the existing location of the business. Despite the constraints on our ability to influence the location of investment decisions, the following analysis demonstrates a balanced approach towards business development across Northern Ireland.

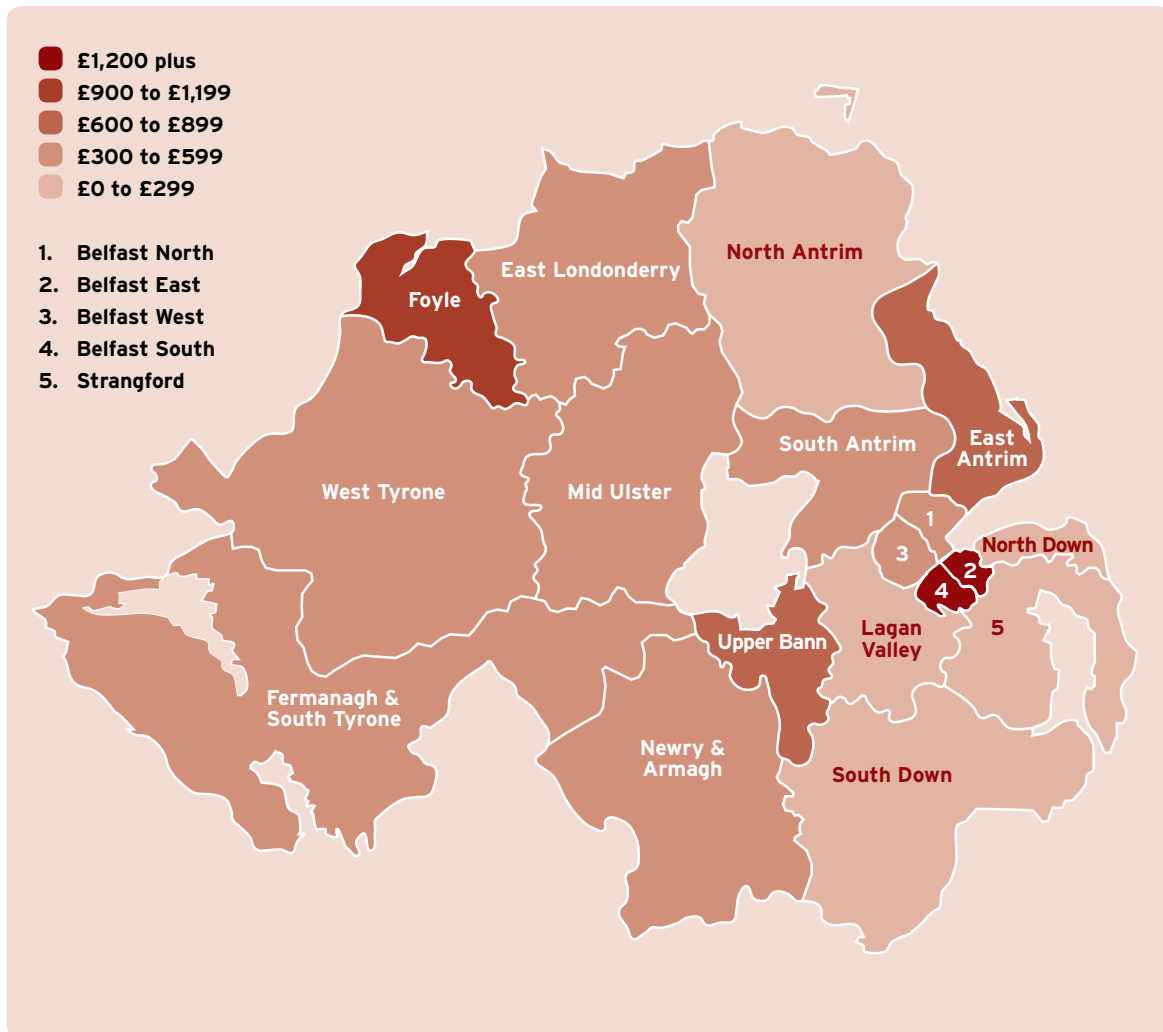
### Assistance by PCA

To provide some comparison of activity between sub-regional geographic areas we divide the total assistance offered by adult population to produce an amount per head figure. During the six year period to end March 2008 Invest NI offered £708 million of assistance that can be analysed by geographic area. This equates to £514 per head of adult population. The amount of assistance offered per adult population ranged from £132 per head in Strangford to £1,406 in South Belfast - see Fig. 2.5. This variation is not surprising given the very different characteristics of these areas.

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**Fig. 2.5 Invest NI assistance per head by Parliamentary Constituency Area**



The constituency with the highest rate of assistance per head, South Belfast, covers most of the city centre, and as such is chosen as a location by many businesses because it provides access to labour, transportation linkages and proximity to suppliers and customers. It also includes Queen’s University Belfast, which received over £18 million of assistance towards over £57 million of investment in the Research and Technological Development Centres of Excellence. Clearly the benefits arising from such investments will not be restricted to those who reside in south Belfast, since 74 per cent of those working in the constituency travel to it from other areas across Northern Ireland. In addition, a recent investment by HCL BPO Services (Northern Ireland) Limited on the Boucher Road, involving 850 new jobs, offers employment opportunities to people across a much wider area including West Belfast. This demonstrates the limitations of interpreting assistance patterns based on relatively small sub-regional geographies.

## Equality

Invest NI is acutely aware of the ever increasing diversity of the Northern Ireland population and is committed to its responsibilities under Section 75 of the Northern Ireland Act 1998. As such we aim to promote equality of opportunity between persons of different religious belief, political opinion, racial group, age, marital status, sexual orientation, and also between men and women, persons with or without a disability and persons with or without dependents.

To this end Invest NI has demonstrated a commitment to Equality, Section 75 and the Government's Lifetime Opportunities Policy. In November 2003 Invest NI published its first Equality Scheme, approved by the Equality Commission, to set out how it would meet its obligations under Section 75 and Schedule 9 of the Northern Ireland Act 1998. This Act requires Invest NI to have due regard to the need to promote equality of opportunity between the nine designated categories.

The agency is fully committed to its Equality and Lifetime Opportunity responsibilities and has made this aspect of its operations a priority. As a result Invest NI has:

- established a dedicated Equality Unit;
- fully implemented the Equality Scheme and reports on it annually;
- provided training to its entire staff on Section 75, equality and diversity issues, and disability awareness;
- appointed a network of Equality Co-ordinators throughout the organisation in order to fully mainstream the equality agenda into Invest NI;
- produced a five year review report on all of its activities under Section 75, Equality and Good Relations;
- undertaken a series of Equality Impact Assessments (EQIAs), which have been through a public consultation process;
- produced a series of EQIAs including those on Invest NI's Accelerating Entrepreneurship Strategy (July 2005), its Recruitment and Selection Policy (September 2004), its Business Development Solutions Programme (which covers the organisation's full suite of intervention programmes to June 2007) and its new Corporate Plan (2008-11); and
- developed a Programme of Outreach to ensure ongoing contact with representatives from the nine Section 75 categories above.

Most recently we have just completed a Draft Equality Monitoring Strategy in relation to our programmes, initiatives and strategies, in accordance with current advice from the Equality Commission. This is an extensive piece of work which we hope will further reinforce and mainstream equality of opportunity within Invest NI. In early 2009 we also aim to undertake an EQIA of our Access and Communications Policy, which will focus on how we communicate both internally and externally with staff and customers.

**Fig. 2.6 Assistance, investment and inward investment in Northern Ireland regions (2002-03 to 2007-08)**



Note: Investment per head includes inward investment per head

### The 'East', 'West' and 'North West' compared

It is more meaningful to look at assistance patterns based on larger geographic areas, which contain a higher proportion of people who both live and work there. To achieve this, assistance and investment data has been compared for areas defined as the 'East', 'West' and 'North West'<sup>15</sup> of Northern Ireland<sup>16</sup>, a summary of which is presented in Figures 2.6 and 2.7.

Relative to the population in areas to the West and East of Northern Ireland, there was a remarkable degree of balance in the amount of assistance offered by Invest NI. The amount offered per head of population was only marginally higher in the West (£518), compared to the East (£512); although the amount of investment per head supported by Invest NI was 14 per cent higher in the West than the East. In addition, the amount of inward investment per head was 39 per cent higher in the West than the East.

15. The 'North West' is contained within the 'West of NI' region.

16. The composition of these areas is provided in the Glossary.

**Fig. 2.7 Assistance, investment and inward investment by region (2002-03 to 2007-08)**

Measure	East	West	North West	Northern Ireland
Assistance per head	£512	£518	£614	£514
Investment per head	£2,298	£2,614	£2,747	£2,384
Inward investment per head	£1,104	£1,451	£1,899	£1,199

Note: Investment includes inward investment

With regard to the North West of Northern Ireland, each of these indicators of activity was higher than in the East or West due to major investments by Seagate and Du Pont in Derry District Council Area.

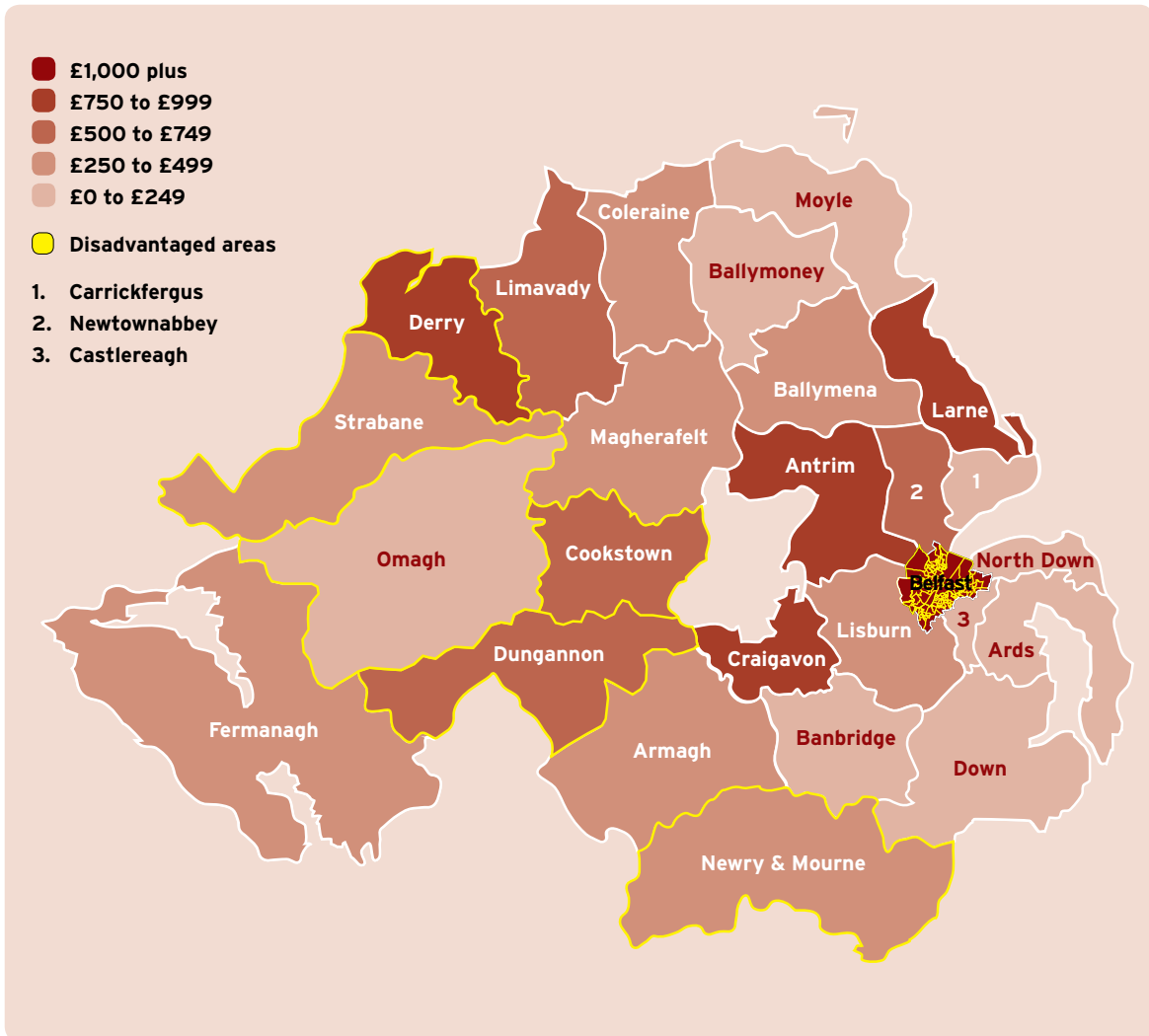
### Assistance Offered Within Disadvantaged Areas

'Lifetime Opportunities'<sup>17</sup> was launched in November 2006 as the Anti-Poverty and Social Inclusion Strategy for Northern Ireland, and identifies what are termed as 'disadvantaged' areas based on their relative levels of deprivation. During the past six years 51 per cent of the assistance offered by Invest NI was to projects located in these areas which contain 30 per cent of the Northern Ireland population - see Fig. 2.8. This demonstrates a skewing of resources to those areas which are most economically disadvantaged and increasing access to new employment opportunities for those living in them.

Despite the operational and interpretation difficulties referred to earlier, Invest NI is fully committed to making a contribution to stimulate economic growth in deprived areas and to help narrow the gap on key indicators such as economic inactivity between these areas and the rest of Northern Ireland. However, there are many deep-rooted social and economic issues manifesting themselves in economic inactivity and low levels of skill and education attainment, which must be addressed to achieve this goal. This will require the co-ordinated efforts from all parts of government with support from the private sector. Invest NI is working increasingly closely with Department of Enterprise, Trade and Investment (DETI) and Department for Employment and Learning (DEL) to contribute towards addressing these issues.

17. [www.ofmdfni.gov.uk/antipovertynov06.pdf](http://www.ofmdfni.gov.uk/antipovertynov06.pdf)

**Fig. 2.8 Invest NI assistance per head by District Council Area (highlighting disadvantaged areas)**



## Service Delivery

Invest NI aspires to the highest standards of corporate governance and to be an exemplar of public service delivery. We recognise that we must continually improve our processes and be proactive with clients as their needs change. Client satisfaction ratings, the time to process client casework and the amount of programme expenditure per head of staff are used as indicators of our increasing organisational effectiveness and efficiency.

### Client Satisfaction

To monitor our standard of service delivery we receive feedback through two forms of client satisfaction survey:

#### The Annual Client Satisfaction Survey

This is based on a sample of clients who have recently received an offer of support. A recent analysis of 794 interviews conducted between 9 June and 6 August 2008 showed that:

- a) over half of all clients surveyed (61 per cent) were either satisfied or very satisfied with the overall quality of service provided by Invest NI. This reflects a rise of two percentage points from 59 per cent in the previous year. (Mean score 3.56 out of 5);
- b) satisfaction with staff performance was high, having increased 10 percentage points to 77 per cent of clients stating they were satisfied with the quality of service provided by staff. (Mean score 3.96 out of 5);
- c) the majority of respondents (64 per cent) were either satisfied or very satisfied with the range of programmes and services provided by Invest NI, which was a significant improvement compared to the 57 per cent in 2007. (Mean score 3.65 out of 5); and
- d) almost two thirds of the interview sample (61 per cent) would speak highly of Invest NI.

#### The Monthly Client Satisfaction Survey

This is a more regular survey designed to supplement the annual survey and provide a more immediate response from those clients who have just received a letter of offer. In doing so it provides an indication of their overall level of satisfaction with the process involved with working with Invest NI. The results from the January 2009 survey showed that:

- a) clients expressed an overall satisfaction rating of 79 per cent;
  - b) 75 per cent agreed that Invest NI was helping to develop their business; and
  - c) 94 per cent considered that Invest NI acted with professionalism and integrity.
-

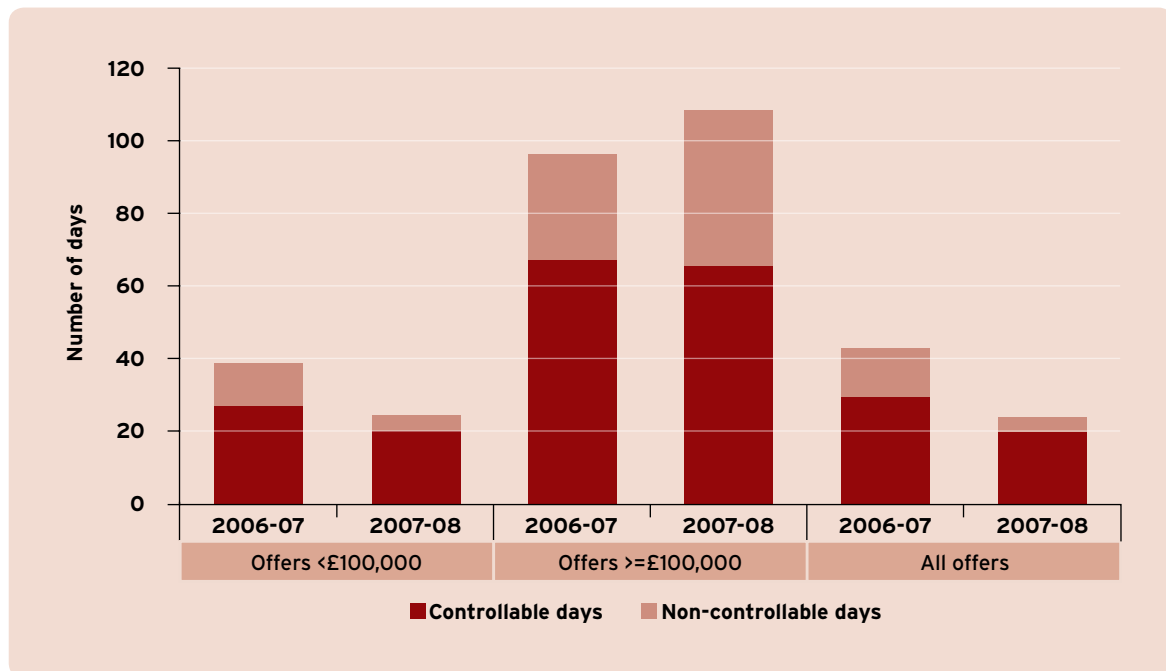
### Casework Processing Times

Invest NI continually strives to streamline its internal processes whilst ensuring high standards of accountability in the use of public funds. This is often a difficult balance to achieve, with clients occasionally expressing frustration at the time taken to process applications.

A study of processing times between the receipt of a Business Plan to the issue of a Letter of Offer shows improvements from 2006-07 to 2007-08. We looked at the average total number of days taken to process a case and the number that were within Invest NI's control.

Average casework processing times for 2007-08 were 25 working days (of which 21 were within Invest NI's control), significantly lower than the 2006-07 figures of 43 and 29. Specific analysis of offers under £100,000 shows median processing times of 22 days (total) and 19 days (controllable), compared to 111 and 63 for offers above that threshold. The former category again shows a marked improvement on the 2006-07 position and is largely due to the introduction of the Growth Accelerator Programme (GAP), which was introduced to provide flexible support to clients, particularly SMEs, for a range of activities including covering key worker salaries, marketing and consultancy.

**Fig. 2.9 Median casework processing times (2006-07 to 2007-08)**



**Budget Efficiency**

The Invest NI activity discussed earlier in this section was based on the amount of assistance offered by the agency. Another indicator of organisational efficiency relates to the actual amount of expenditure made relative to the amount of staff employed. During the six year period almost £800 million of expenditure was made by Invest NI through its ranges of schemes and programmes, representing an annual average of £132 million. Increased resource efficiency is indicated by the fact that the amount of expenditure per head of staff was 12 per cent greater in 2007-08 than it was during 2002-03.

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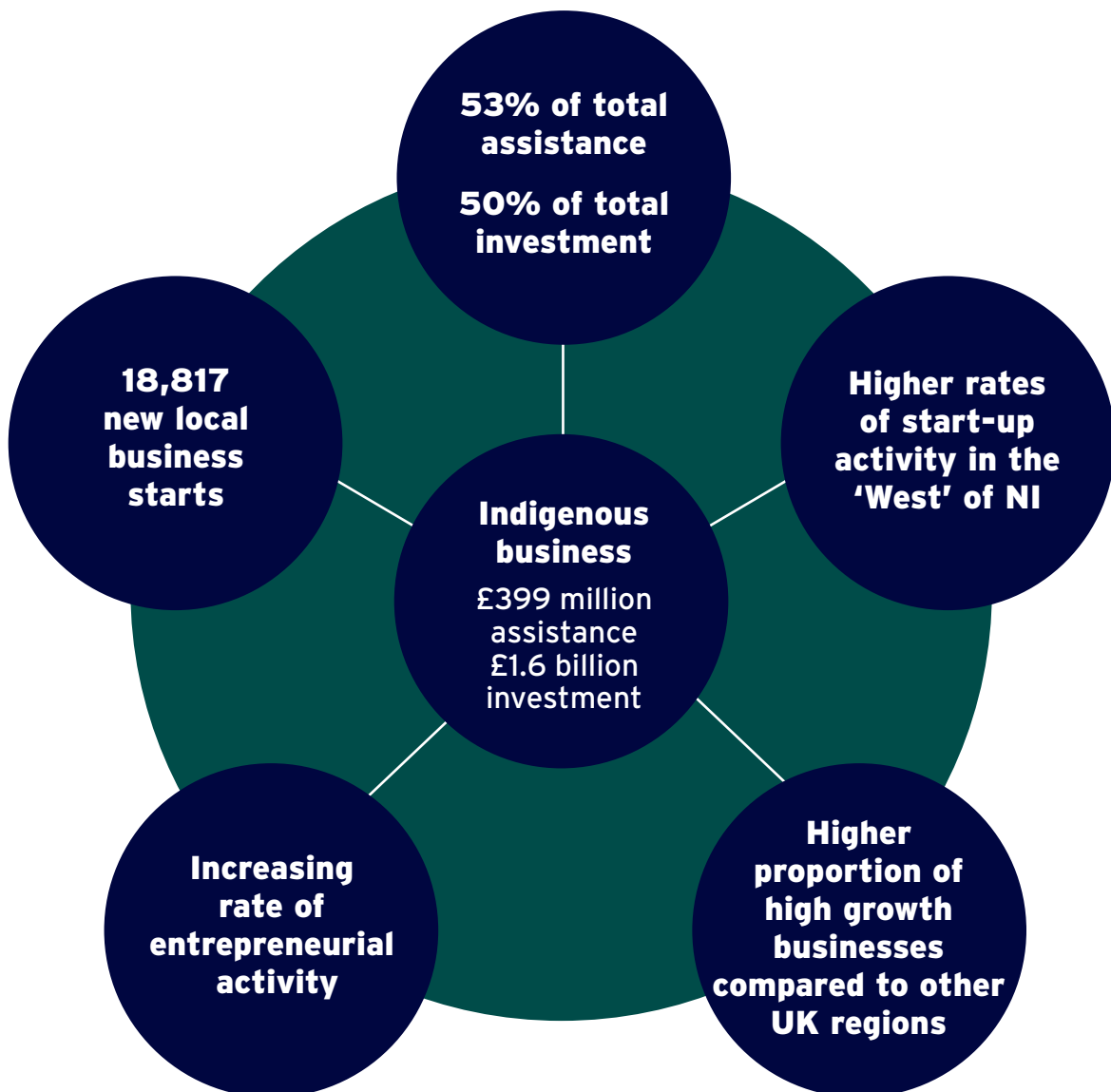


**SECTION 3**  
**GROWING THE INDIGENOUS**  
**BUSINESS BASE**

# GROWING THE INDIGENOUS BUSINESS BASE

“We will address the structural weaknesses in our economy and focus on growing the private sector including small and medium indigenous enterprises.”

Northern Ireland Executive Programme for Government 2008-11



## Introduction

At the start of 2007 there were an estimated 132,000 businesses in Northern Ireland, the vast majority (99.9 per cent) of which are small and medium sized enterprises (SMEs)<sup>18</sup>. Indeed, 94,000 of these have no employees, that is, sole proprietorships and partnerships comprising only the self-employed owner-manager. Those businesses employing less than 250 people account for a greater proportion of private sector employment in NI compared to the UK as a whole - 81.4 per cent and 59.2 per cent respectively. At 2007 there were 730 foreign owned businesses operating in Northern Ireland. Therefore, the indigenous business sector is core to the success of the NI economy and Invest NI contributes towards its development by providing support to both new start-ups and the expansion of existing businesses.

Whilst Invest NI is concerned with the growth of locally owned businesses, our intervention is focused on those which demonstrate the greatest potential return to the economy in terms of generating wealth, and as reflected in higher salary levels and exports. Those businesses which are reliant on the domestic market are considered to have more limited scope for growth and, therefore, are generally excluded from the interventions provided by Invest NI.

Since the inception of Invest NI in April 2002, £399 million has been offered in support of locally owned businesses, 53 per cent of the total. This involved a wide range of development projects including the establishment of new businesses and the expansion of existing ones. Assistance was offered across a wide range of industry sectors, business sizes and throughout all areas of Northern Ireland.

This section of the report presents a review of Invest NI activity in relation to stimulating entrepreneurship, supporting the establishment of new business formation and the growth of existing locally owned businesses. The outcomes achieved by clients in receipt of assistance are also assessed by relating their performance (in terms of employment, sales and exports) with the value of support received.

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18. Source: BERR Enterprise Directorate Analytical Unit.

### Accelerating entrepreneurship

A vibrant entrepreneurial culture is an important constituent of a dynamic economy. The ability of an economy to facilitate the motivations of individuals and translate these into new business formations is a measure of its success in exploiting new opportunities, increasing competitiveness and generating wealth.

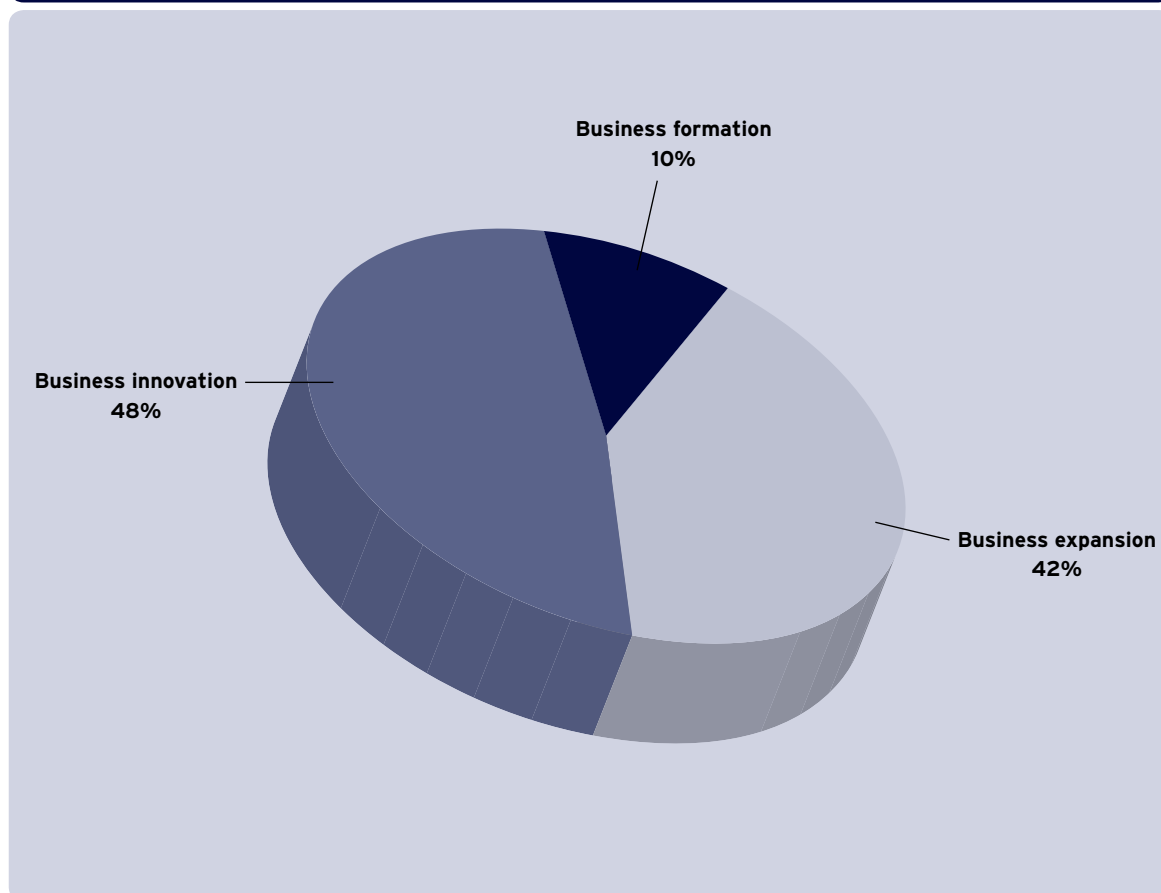
It has been recognised for some time that there is an entrepreneurial deficit within Northern Ireland, the evidence for which is provided by the Global Entrepreneurship Monitor (GEM) research project, supported by Invest NI since 2002-03<sup>1</sup>. Whilst this reveals that the level of early stage entrepreneurial activity (known as TEA) in Northern Ireland has consistently been at the lower end of the UK regional league table, the gap has narrowed since 2002, when the NI TEA was 67.6 per cent of the UK average, compared to 87.2 per cent in 2008. The results from GEM demonstrate that individuals in Northern Ireland are significantly less likely than those in most other regions of the UK to set up a new business. The implication is that there are factors at work which serve to depress the level of entrepreneurial activity in Northern Ireland, such as the size of the public sector, female participation rates and levels of deprivation. However, Northern Ireland is not unique in a UK context. A similar result is observed for other regions such as the North East, North West, Yorkshire and Humberside and Scotland, confirming the view that there is an 'entrepreneurial deficit' in the northern and peripheral regions of the UK, which may not be related solely to the characteristics of the population.

One of the first major initiatives introduced by Invest NI was the Accelerating Entrepreneurship Strategy (AES). This was launched in June 2003 as a response to a commitment made in the Programme for Government to address the low level of entrepreneurial activity in Northern Ireland. The strategy was co-ordinated and managed by Invest NI in partnership with DETI, other government departments, local authorities and organisations that provide support for entrepreneurs. Implementation of the AES involved the development and implementation of interventions to stimulate entrepreneurial activity targeted at areas such as the education sector, young people, women and disadvantaged communities. Although the AES formally ended in 2006 many of its actions have continued. The production of a new enterprise strategy for Northern Ireland will be completed by the Department of Enterprise, Trade and Investment later in 2009.

<sup>1</sup> In partnership with DETI, Belfast City Council and Enterprise Northern Ireland.

## Assistance and Investment Activity

Between 2002-03 and 2007-08, Invest NI offered £399 million to locally owned businesses towards projects which planned to invest £1.64 billion in the local economy. As with externally owned investment, Selective Financial Assistance (SFA) represented an important mechanism of support towards local business formation and expansion, providing assistance of £161 million. In addition, £192 million was offered in support of business innovation activities such as R&D, trade development, training, and technology and process development - see Fig. 3.1.

**Fig. 3.1 Invest NI assistance offered to indigenous clients<sup>19</sup> (2002-03 to 2007-08)**

### **Business Formation (Business Start-ups)**

During the six year period Invest NI directly offered assistance to 493 new locally owned businesses that have the potential for significant growth, primarily through the development of markets outside Northern Ireland. Thirty-six of these were classified as 'global' starts because of their immediate prospect of competing in international markets. In addition, 18,324 offers were made to individuals intending to set up a business with a focus on the local market. Most of these were assisted through the Start a Business Programme (SABp), and generally do not meet the criteria to qualify for other forms of support provided by Invest NI. The programme is also not delivered directly by Invest NI, but in partnership with Enterprise Northern Ireland, and therefore although included in Fig. 3.2, the activity is excluded from other Invest NI statistics.

19. Does not include assistance offered through the SABp.

**Fig. 3.2 Indigenous start-ups by type (2002-03 to 2007-08)**

Start focus	No. of offers	Total assistance (£ million)	Planned investment (£ million)
Externally focused	457	16.23	102.33
Globally focused	36	5.20	31.00
Locally focused	188	2.35	9.01
<b>Total Invest NI direct support</b>	<b>681</b>	<b>23.77</b>	<b>142.35</b>
SABp (indirect support)	18,136	9.84	145.09
<b>Total support</b>	<b>18,817</b>	<b>33.61</b>	<b>287.43</b>

Note: The investment figure for businesses assisted through the SABp is produced by deducting the number of offers which do not proceed, discounting to allow for partnerships, and then multiplying by £10,000, the average cost of setting up a business in Northern Ireland, sourced from Global Entrepreneurship Monitor research data.

### High growth firms in Northern Ireland

A new Business Structures Database (BSD) of UK business demography (births, deaths and survival) has been constructed by the Office for National Statistics (ONS) from annual snapshots of the Inter-Departmental Business Register for the period 1997 to 2005. This database allows an analysis of the growth performance of the population of approximately 1.1 million surviving firms in the UK and across the regions (for example around 26,000 in Northern Ireland) between 2002 and 2005.

The Economic Research Institute of Northern Ireland (ERINI), along with Aston University and the University of Strathclyde, are using this data as part of a NESTA funded research project\*. Their initial findings reveal that the growth rate distribution of firms in Northern Ireland is exceptional in a UK regional context, with around one-third (32.5 per cent) of all firms exhibiting no growth in employment between 2002 and 2005, compared to just over 60 per cent in the rest of the UK. Significantly more firms grow fast in terms of employment (more than 20 per cent per annum) in Northern Ireland than in the other UK regions: 16.4 per cent compared to an average of 10 per cent for the UK. This is mainly due to the growth performance of firms with less than 10 employees in 2002. However, at the other end of the growth rate distribution there are also significantly more firms in Northern Ireland which experienced a sharp decline in employment (more than minus 20 per cent per annum) compared to elsewhere in the UK: 12 per cent compared to 10.5 per cent.

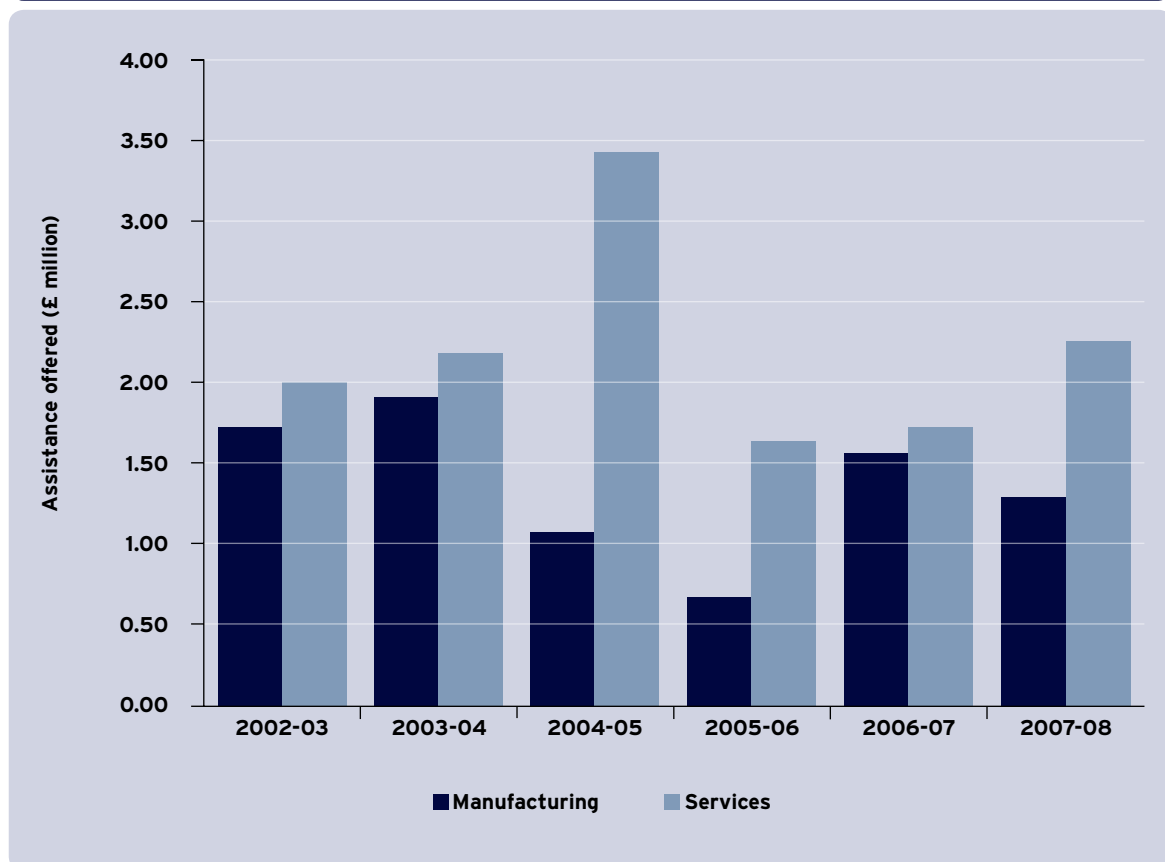
Finally, an analysis of the proportion of high growth businesses in Northern Ireland, using the OECD definition of 20 per cent per annum average growth in employment for three years on a base of at least 10 employees, reveals that Northern Ireland has a significantly greater share of high growth firms than any other region of the UK. For example, 1.4 per cent of all firms can be classified as high growth in Northern Ireland (n=364 firms) compared to 1.1 per cent in the UK (n=11,369 firms).

\* Anyadike-Danes, M; Bonner, K; Hart, M and Mason, C (2009) Mapping Firm Growth in the UK: the identification of high growth firms and their economic impact. NESTA - National Endowment for Science, Technology and the Arts.

Figures 3.3 and 3.4 present an analysis of high growth start-ups (external and global starts) activity by industrial group and sector, showing that:

- 56 per cent of these projects were within the services group and were offered £13.2 million of assistance contributing towards planned investment of £83.4 million;
- £8.2 million of support was offered to manufacturing based projects, which account for 44 per cent of high growth potential start-ups;

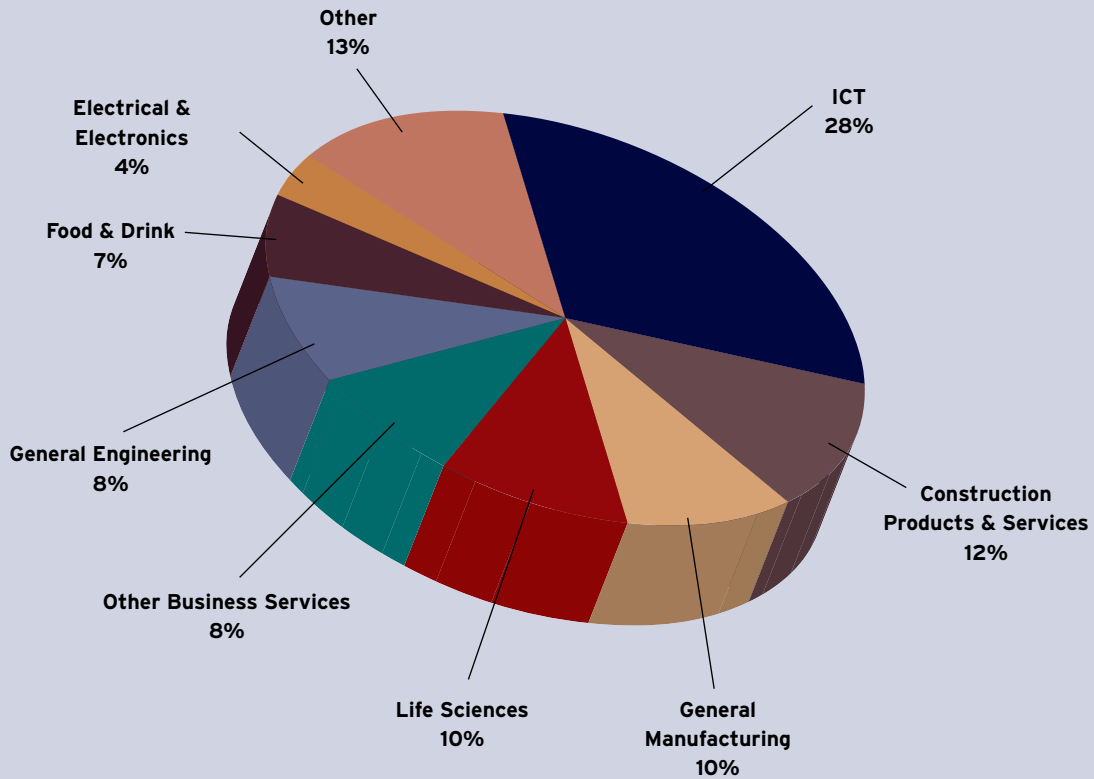
**Fig. 3.3 Assistance offered to high growth starts by broad industry group (2002-03 to 2007-08)**



- The ICT sector accounted for £6 million (29 per cent) of assistance to high growth start-ups, contributing towards £35 million of planned investment;
- £2.5 million was offered to new businesses in the Construction Products & Services sector, which planned to invest £15 million; and
- 56 per cent of this assistance was offered to businesses categorised as being within the OECD definition of knowledge based sectors<sup>20</sup>.

20. The OECD definition of knowledge based industries is based on the UK Standard Industrial Classifications (SIC) 2003 and includes: High Technology Manufacturing Industries (SIC codes 24.4, 30, 32, 33, 35.3), Medium-High Technology Manufacturing Industries (SIC codes 24 [excl.24.4], 29, 31, 34, 35.2) and Knowledge Based Marketed Services (SIC codes 64 to 67 and 71 to 74).

**Fig. 3.4 Invest NI direct start-up assistance offered to high growth starts by sector (2002-03 to 2007-08)**



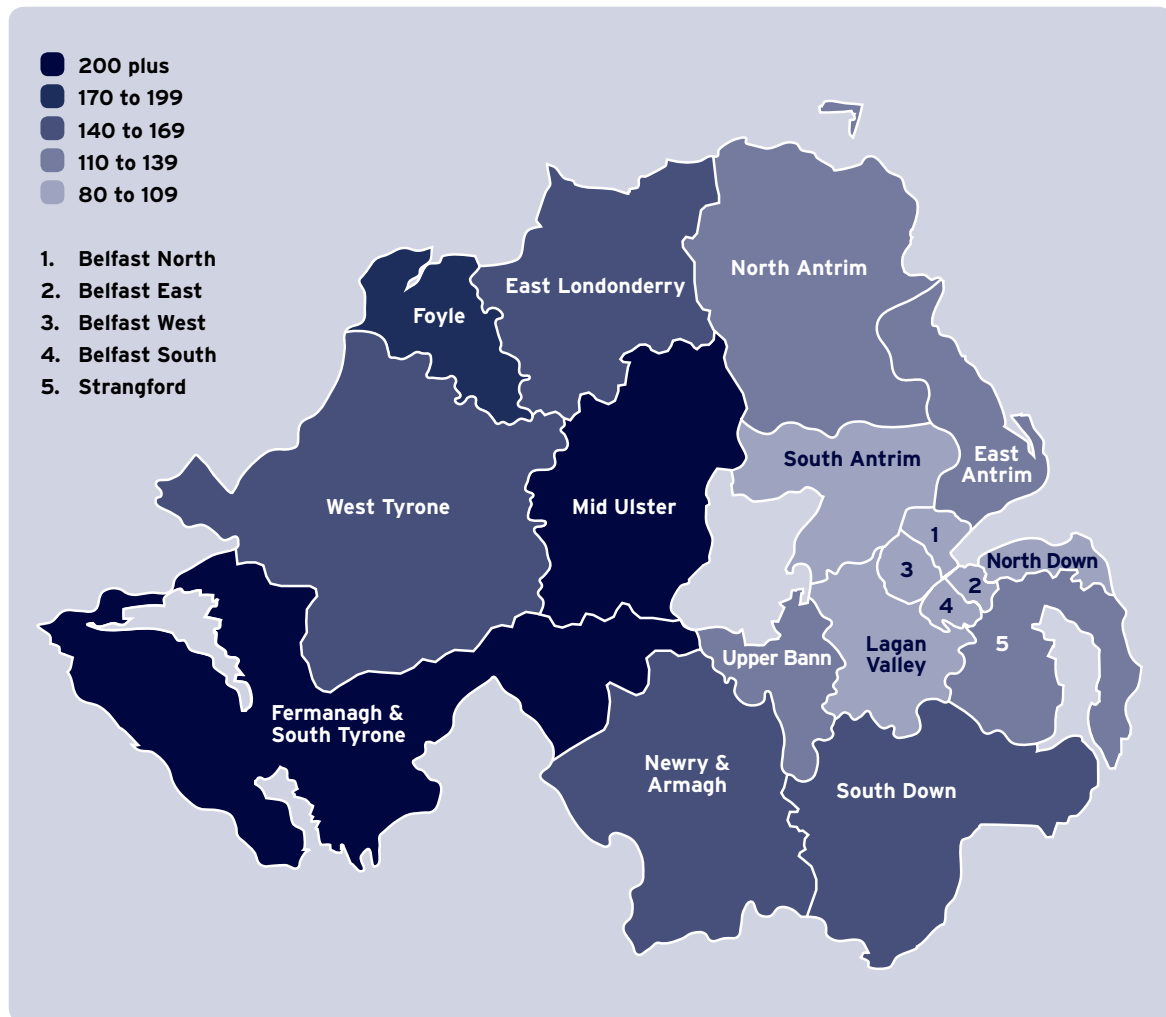
### The Sub-regional Geography of Start-up Activity

As previously stated, Invest NI has limited scope for 'directing' investment to specific geographic areas. Assistance patterns with respect to locally owned business starts will be determined by the owner(s) of the business, and will relate to the availability of suitable business premises, proximity to markets and labour supply. They will also be influenced by the business owner's place of residence.

The following presents an analysis of the overall volume of assisted indigenous business start-up activity and its dispersion across Northern Ireland. During the six years 18,817 offers were made in support of business start-up activity. This represents an average rate of 136 offers of assistance per 10,000 adult population, and with respect to Parliamentary Constituency Areas (PCAs), a range from the lowest rate of 82 in North Belfast, to the highest of 210 in Fermanagh and South Tyrone. Fig. 3.5 indicates that areas to the West (181) of Northern Ireland generally have higher start-up rates per 10,000 than those in the East (120).



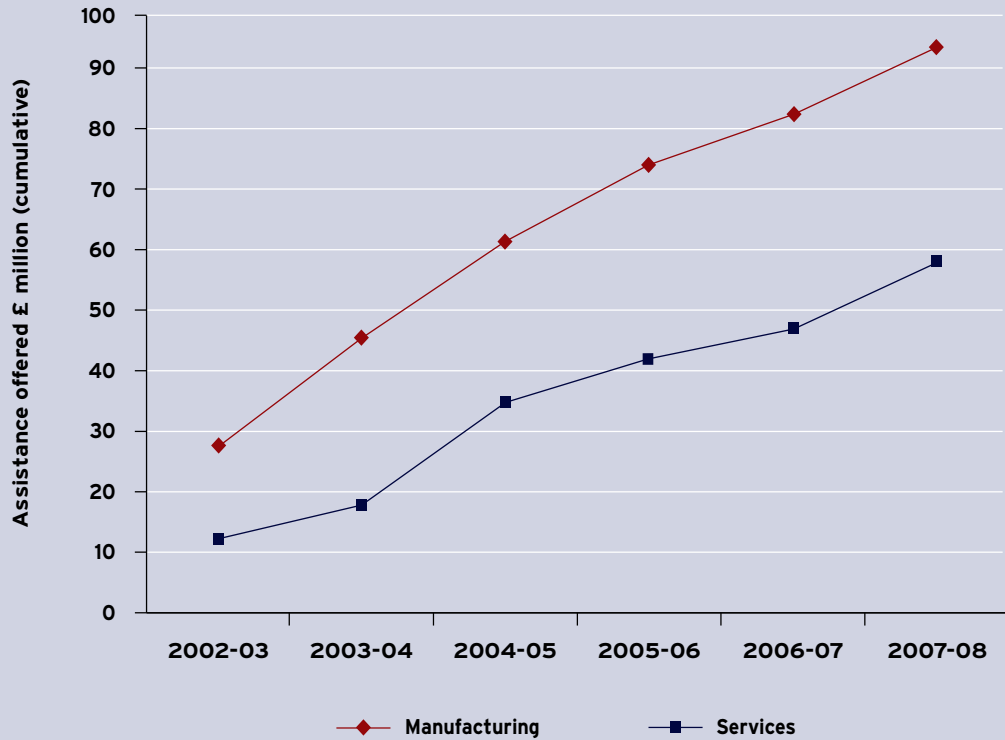
**Fig. 3.5 Invest NI assisted start-ups per 10,000 adult population by Parliamentary Constituency Area**



### Business Expansion

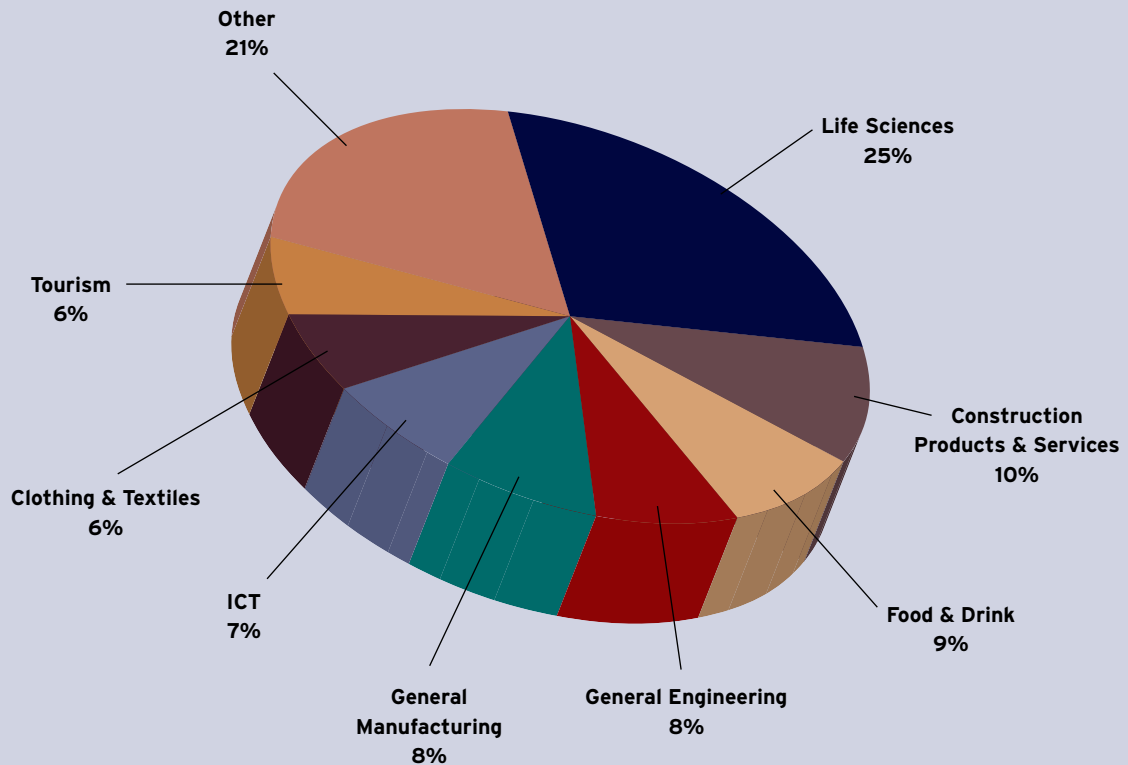
In addition to the assistance towards the formation of locally owned businesses, Invest NI offered £166 million in support of expansion projects, which planned to invest over £1 billion within the economy. These included projects by major local manufacturing companies such as Radox Laboratories, Almac Group, Norbrook Laboratories and Wrightbus; as well as service based businesses such as the Hastings Hotels Group, Willowbrook Foods Ltd, Wilson's Country Ltd and Omagh Renewable Energy. Fig. 3.6 compares the amount offered to indigenous expansion projects engaged in manufacturing activities (£94 million) to that relating to services (£59.4 million). An additional £12.4 million was offered to organisations for specific sectoral initiatives which help develop and support businesses in their decisions to expand.

**Fig. 3.6 Cumulative assistance offered (£ million) to indigenous expansion projects, manufacturing v services (2002-03 to 2007-08)**



Additional detail is presented in Fig. 3.7, which shows that in terms of offer value, Life Sciences represented the largest sector with £38.4 million of assistance contributing towards 96 projects planning to invest almost £282 million.

**Fig. 3.7 Invest NI assistance<sup>21</sup> offered to indigenous expansion projects by sector (2002-03 to 2007-08)**



### Business Innovation

In addition to the assistance offered to local businesses to establish and expand their operations, Invest NI offered £192 million in support of business innovation activities such as R&D, trade development, training, and technology and process development. This represented over 48 per cent of the assistance offered to locally owned clients during the period, and demonstrates Invest NI's commitment to embedding market driven innovation within the indigenous business base. A more detailed analysis of innovation support is provided in Section 5.

21. Excludes £12.4 million of assistance allocated to Third Sector Organisations.

## Input-Output Analysis

Earlier in this section we examined the amount of assistance offered to locally owned businesses. It is also important that we attempt to link these inputs through to what actually happened in terms of the amount of grant payments made and the change in client performance to which this contributed. A range of performance indicators can then be presented, including measures such as job creation, additional annual sales and exports, and wages and salaries generated. These are represented as intermediate outcomes since assisted projects can take up to five years to reach maturity, which is beyond the timeframe of the analysis.

To explore the connections between assisted businesses and their subsequent performance reviewed a group of projects assisted within a specific timeframe, the three years 2002-03 to 2004-05. The amount of assistance paid to these businesses during the five years 2002-03 to 2006-07 was captured, along with the performance outcomes achieved by 2006-07.

Two groups of locally owned businesses were examined:

1. growth starts; and
2. expansion and reinvestment projects by existing locally owned businesses.

The projects included in the analysis were identified on the basis that they received an offer during the three years 2002-03 to 2004-05 containing SFA, one of the objectives of which is to help businesses create new jobs and/or safeguard existing employment. A summary diagram relating our activity with outputs, in terms of the projects which received grant payments, and their intermediate outcomes is presented in Fig. 3.8.

It should be noted that the relationship between offers made during the activity period, 2002-03 to 2004-05, and the payments received by clients is complicated by existing businesses having received offers during a previous time period, and/or additional offers during the five year period 2002-03 and 2006-07. Any payments relating to these offers have been included since they will clearly influence the outcomes achieved. This also explains why the value of the payments may be greater than the amount offered, since the latter is restricted to the SFA projects identified during the three year activity period.

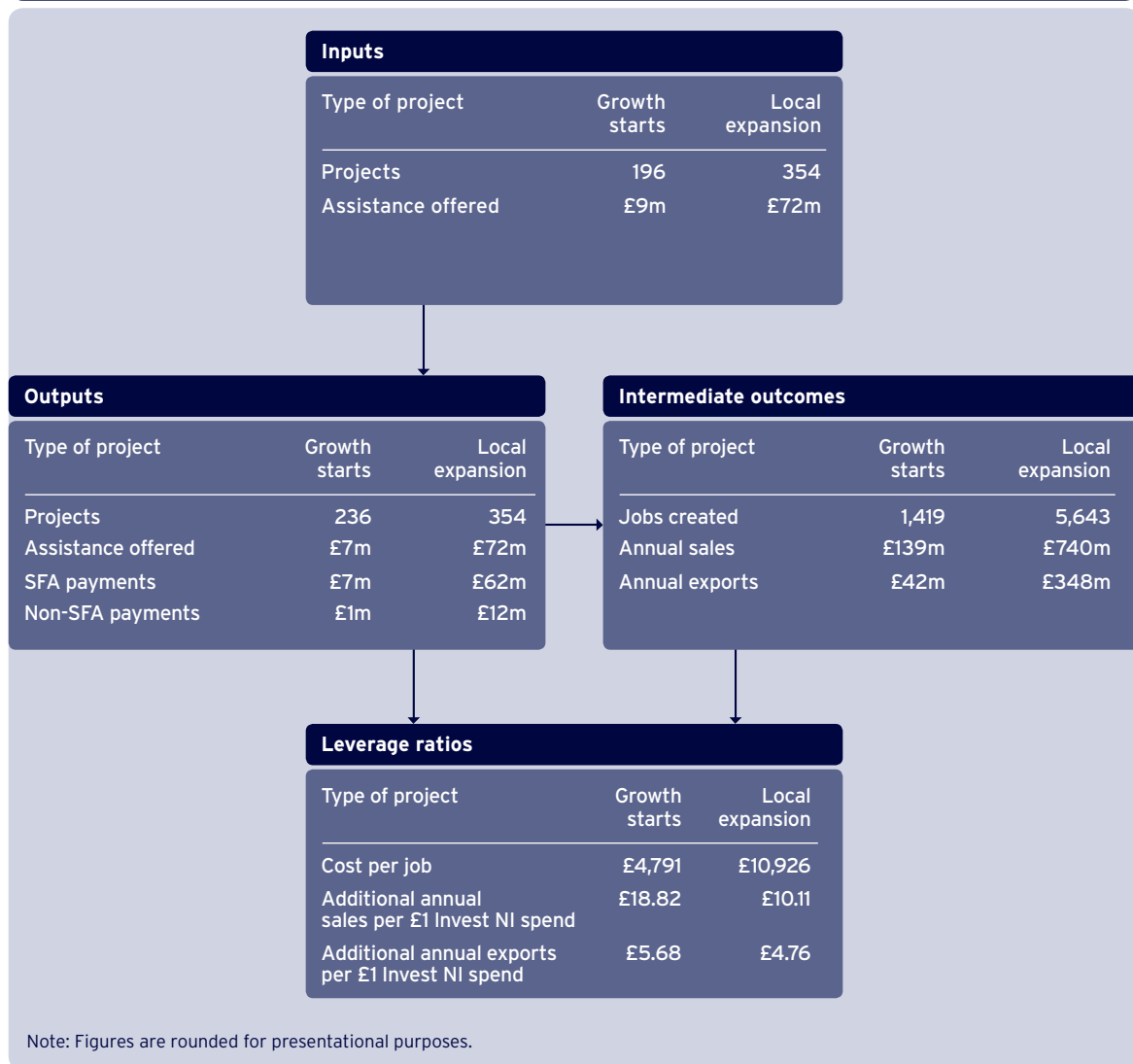
A number of leverage ratios have been calculated based on the outcomes achieved by 2006-07 and relating these to the amount of grant paid. For example, the cost per job figure is produced by dividing the amount of SFA paid to businesses by the number of jobs created<sup>22</sup>. The other ratios presented relate to the leverage achieved per £1 of grant expenditure (including non-SFA support).

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22. Cost per job calculations are based on SFA payments only (as this is the only form of assistance which is employment related).

This analysis is not intended as a full economic evaluation, but to present a range of intermediate outcomes set against the actual programme costs involved. In doing so it provides a range of metrics, which can be considered as efficiency indicators. It does not consider the counter-factual position, that is what would have happened without our intervention. However, all projects are individually assessed for additionality to ensure they would not proceed at the scale, location and timeline without Invest NI support.

**Fig. 3.8 Locally owned clients input-output analysis**



As we attempt to develop connections between our activity and the performance of our clients, the issues raised by this analysis demonstrate that there are a number of interpretation issues which should be considered; disentangling cause and effect relationships is not straightforward as previously discussed in the **Introduction** to this report.

### 1. Growth Starts

During the period 2002-03 to 2004-05 258 growth starts were offered £7 million of assistance by Invest NI. In terms of outputs, 196<sup>23</sup> of these received grant payments totalling £7.4 million (including £6.8 million of SFA) during the five year period to end of 2006-07. The intermediate outcomes achieved by this group by March 2007 are summarised as follows:

- 1,419 new jobs created;
- annual sales of £139 million; and
- annual export sales of £42 million.

Relating the cost of the intervention with the subsequent performance of the group produces a number of leverage ratios, which are indicative of the efficiency of the support provided. For example, the cost for each new job created was £4,791<sup>24</sup>; and £18.82 of annual sales and £5.68 of annual exports were generated for every £1 of grant payment made.

### 2. Expansion of Existing Locally Owned Businesses

Comprising 354<sup>25</sup> existing locally owned clients, this group received £72 million (including £62 million of SFA) of grant payments to expand or develop an existing business.

The outcomes achieved by this group by March 2007 are summarised as follows:

- 5,643 jobs created;
- additional annual sales of £740 million; and
- additional annual exports of £348 million.

Relating the cost of the intervention with the intermediate outcomes of this group of clients produces a cost per job of £10,926; and leverage ratios of £10.10, additional annual sales and £4.80 additional annual exports for every £1 of grant provided. However, it should be noted that this analysis is not as refined as that for inward investment expansions in Section 4, because due to data constraints safeguarded jobs for locally owned projects could not be isolated. As a consequence, it is likely that cost per job figures presented will be inflated, since all payments will have been assumed to relate to new additional jobs.

In addition, some of the assistance paid to clients was in the form of shares and loans and is therefore repayable. The analysis presented above does not account for this, nor does it account for assistance which has been reclaimed from businesses which did not meet the terms and conditions of the contractual agreement with Invest NI. If these factors could be addressed it would improve the leverage information presented.

23. This group of businesses excludes companies which did not proceed with their investment and those businesses for which performance information was unavailable.

24. The leverage factor relates only to SFA payments, which represented £6.8 million of the total.

25. This excludes businesses which did not proceed with their investment and therefore received no assistance and those businesses for which performance information was not available.

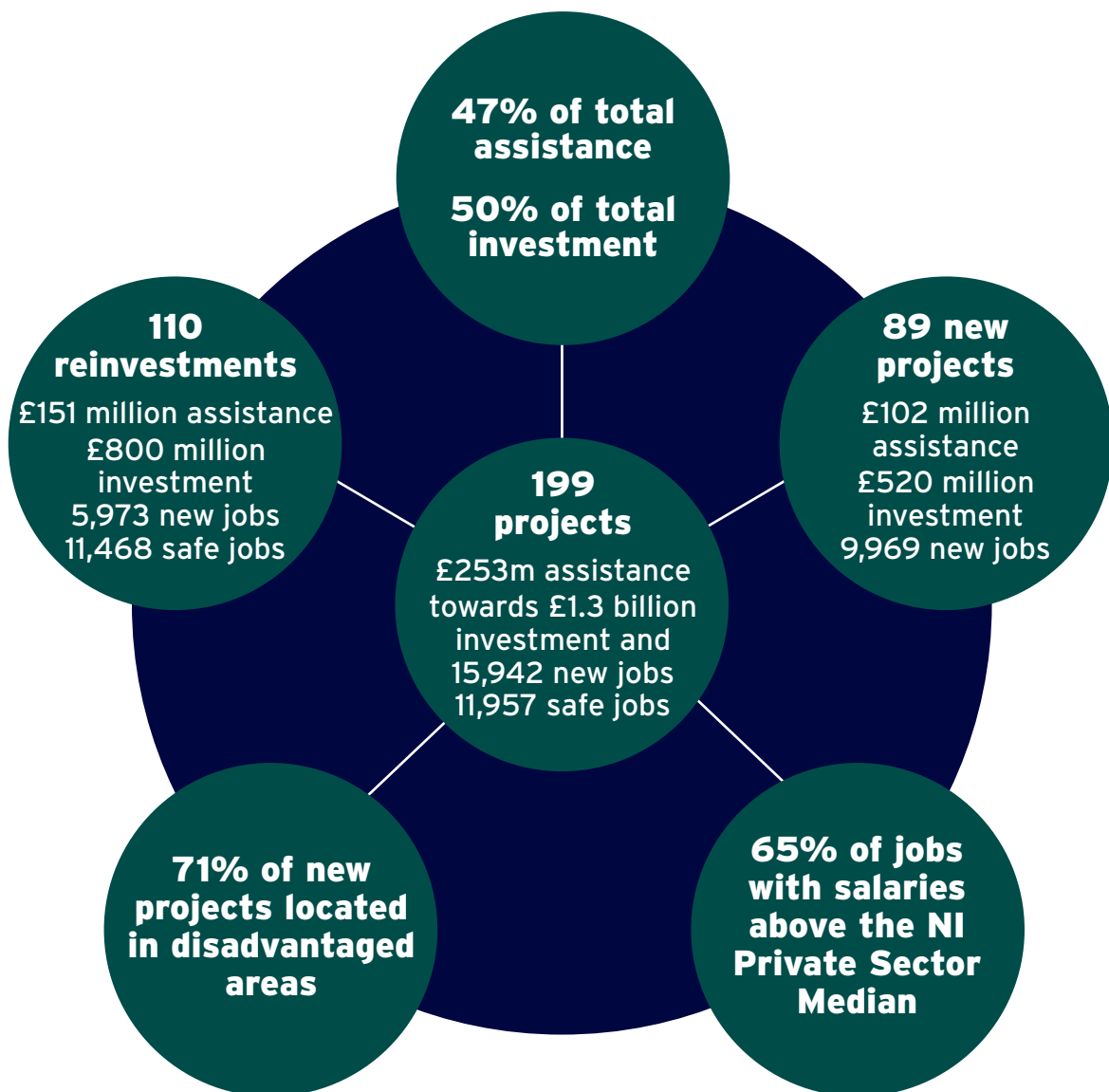
# **SECTION 4**

## **INWARD INVESTMENT**

# INWARD INVESTMENT

“Northern Ireland is in a prime position to capitalise on foreign direct investment (FDI) opportunities. FDI data shows that Belfast is the highest performing destination city, second only to London, in attracting foreign investment projects.”

Belfast leading the way in attracting foreign investment - OCO Global press release - 18 September 2007





## Introduction

Supporting internationally mobile investment to locate and develop businesses in Northern Ireland is a key component of Invest NI's strategy to increase the size and productivity of the private sector. This is not only because of the direct benefits of job and wealth creation, but also because these businesses contribute to the development process by providing capital, technology, enhanced skills and access to export markets. Inward investment, including investment from Great Britain, also has an important role in stimulating domestic investment and innovation, as the expansion of high productivity businesses helps strengthen competition within the economy. Invest NI's support is focused on those manufacturing and service sector projects which are capable of generating sales from markets outside Northern Ireland. In 2007 there were approximately 730 foreign owned businesses with a presence in Northern Ireland<sup>26</sup>, of which 236 were Invest NI clients. The difference is mainly due to those businesses engaged in retail and distribution activities which mostly service the local market, and are therefore not eligible for Invest NI support.

As discussed in Section 1, although small in number, externally owned clients make a vital contribution to the overall output generated by the Invest NI portfolio, representing 58 per cent of its turnover and 53 per cent of its gross value added (GVA). This section provides a detailed review of Invest NI offer activity relating to inward investment, an analysis of the quality of jobs expected to be created as a result, and an examination of the relationship between the amount of grant assistance provided and the outcomes derived in terms of jobs, sales and wages.

## Assistance and Investment Activity

In addition to the £253 million of Selective Financial Assistance (SFA) used to support the formation and expansion of externally owned businesses, £94 million was offered towards business innovation projects, including specific R&D, trade development, training, and technology and process development activities. The total value of inward investment assisted by Invest NI was £1.66 billion; it promoted almost 16,000 new jobs, whilst safeguarding almost 12,000 existing jobs - see Fig. 4.1.

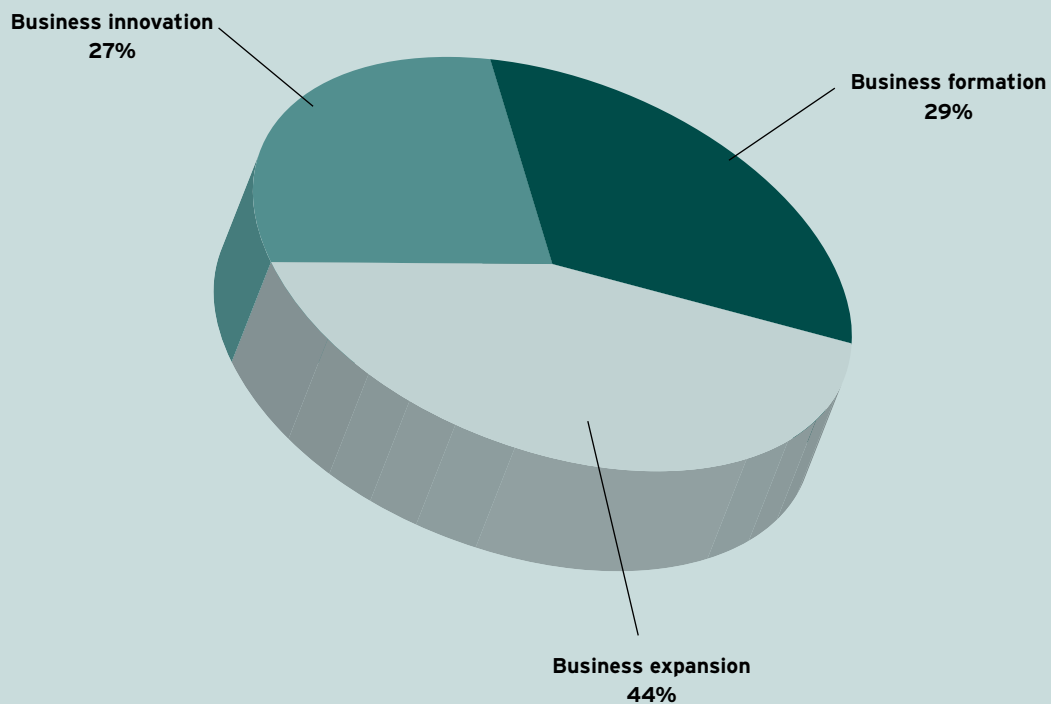
Detailed figures on job promotion through inward investment are contained in Tables 27 to 34 in Appendix 5.

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26. Inter-Departmental Business Register (IDBR) - Edition Ten, 30 June 2008, published by the Department of Enterprise, Trade and Investment.

**Fig. 4.1 Invest NI inward investment by type of assistance (2002-03 to 2007-08)**

Type	No. of offers	Jobs promoted	Jobs safeguarded	Assistance offered (£ million)	Planned investment (£ million)	% contributed by Invest NI
Business formation (new inwards)	89	9,969	489	101.79	519.77	19.6
Business expansion (reinvestments)	110	5,973	11,468	151.49	800.14	18.9
Business innovation	1,024	-	-	94.13	341.70	27.5
<b>Total</b>	<b>1,223</b>	<b>15,942</b>	<b>11,957</b>	<b>347.41</b>	<b>1,661.61</b>	<b>20.9</b>



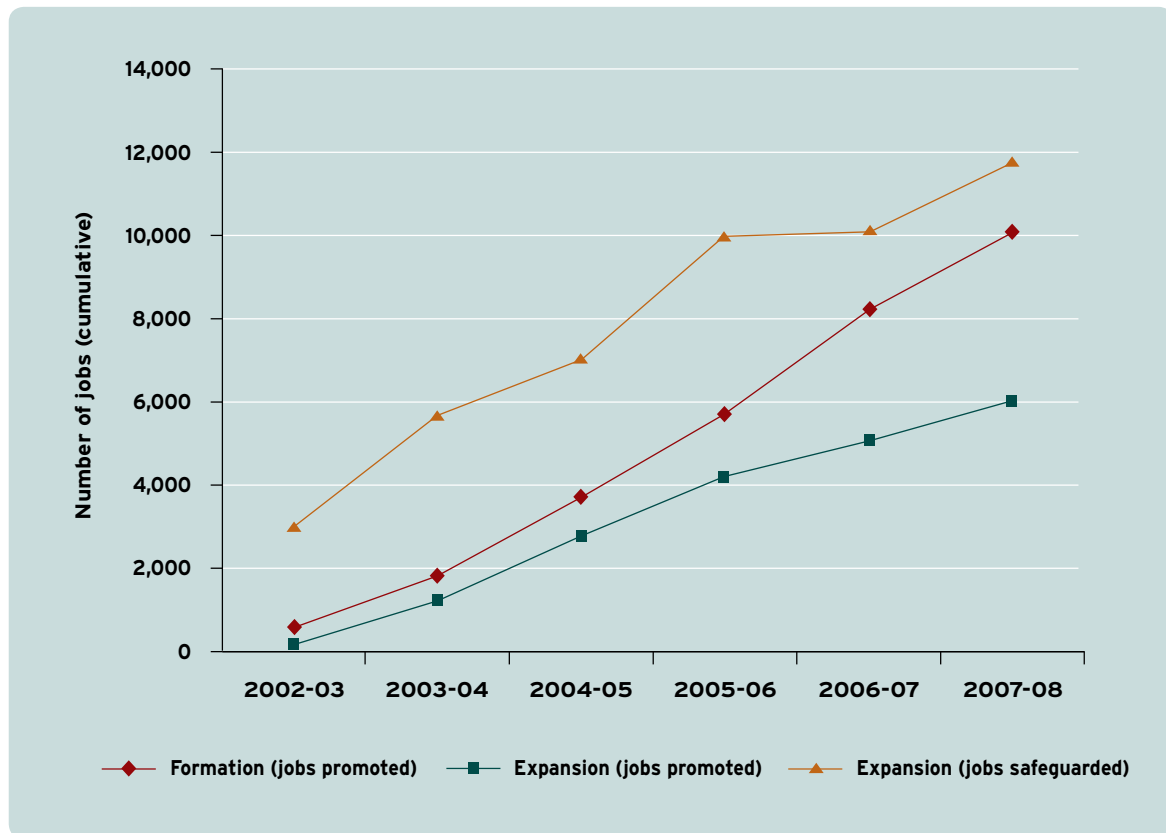
New FDI projects can safeguard existing jobs when:

- the new investor acquires an existing operation in NI; or
- the investment introduces a new function, to which existing NI employees transfer; or
- existing jobs would be lost if the investment in a new function or location was not secured.

### **Business Formation (New Inward Investment)**

During the reporting period, £102 million was offered by Invest NI to assist 89 externally owned businesses establish new operations within Northern Ireland. These projects planned to invest almost £520 million and create almost 10,000 new jobs - see Fig. 4.2. They included internationally mobile investments by companies such as Citi, Coca-Cola, Tech Mahindra and Controlled Electronic Management Systems Ltd.

**Fig. 4.2 Inward investment - jobs promoted and safeguarded by formation and expansion projects (2002-03 to 2007-08)**



### Business Expansion (Reinvestment)

Invest NI offered £151 million towards 110 projects to assist existing externally owned businesses maintain and expand their operations within Northern Ireland. This contributed towards £800 million of planned investment, and expected to create almost 6,000 new jobs, whilst safeguarding nearly 11,500 existing jobs - see Fig. 4.2. It included major investments by Allstate, Bombardier, Du Pont, FG Wilson, Moy Park and Seagate.

### Business Innovation

Innovation support worth £94 million contributed to a further £342 million of investment by externally owned businesses, and represented over one quarter of the total assistance offered to them. A detailed analysis of innovation support is provided in **Section 5: Innovation**.

## Source of Inward Investment

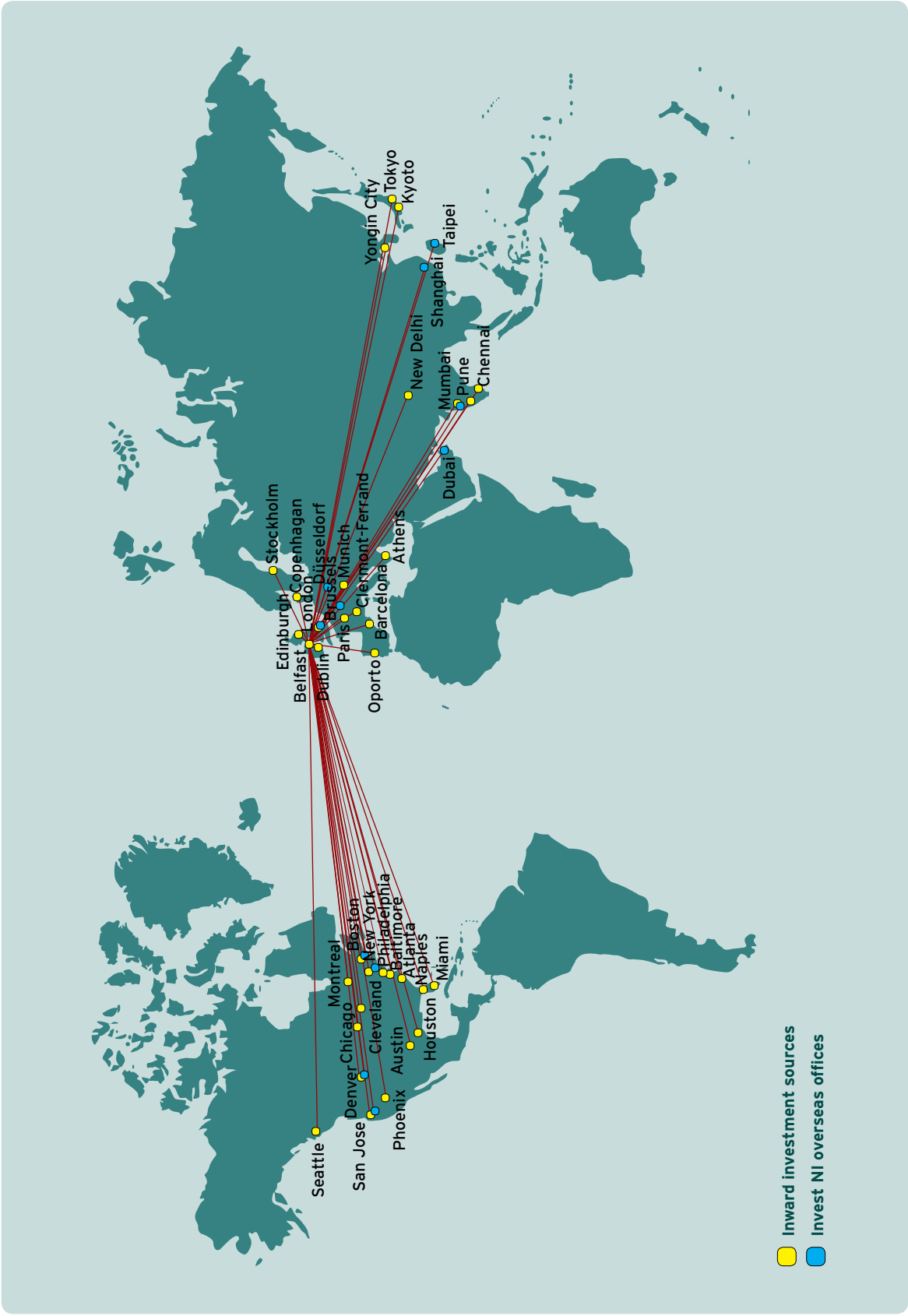
Fig. 4.3 presents a summary of the amount of Selective Financial Assistance (SFA) offered in support of inward investment during the six years under review. It shows that North America is by far the most important region, with formation and expansion projects valued at £735 million (56 per cent of the total).

**Fig. 4.3 Externally owned SFA (formation and expansion) projects by source region**

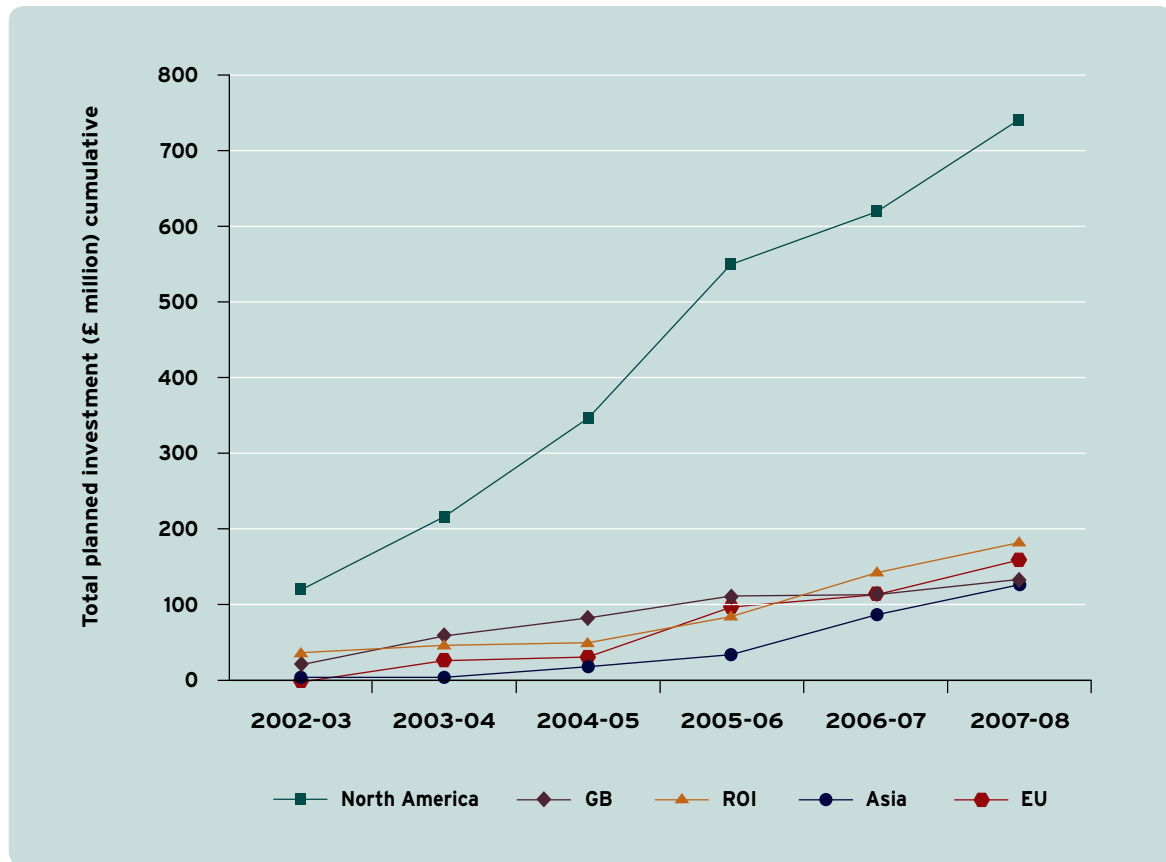
Region	Assistance offered £ million	Total planned investment £ million	Examples of larger offers
North America	144.09	735.07	Bombardier Aerospace - Short Brothers Seagate Technology Caterpillar Nacco Industries Du Pont Controlled Electronic Management Systems 3PAR Citi
Republic of Ireland	27.17	174.06	Independent News & Media Castle Hume Leisure Bank of Ireland Securities Services Glanbia Cheese Aepona
Great Britain	28.67	134.05	Abbey National British Telecom Steria LBM Holdings Reed Managed Services Yell Group
Other EU	21.37	147.16	France - Michelin Tyre France - AXA Insurance France - Teleperformance Sweden - CaridianBCT Greece - Coca-Cola
Asia	31.97	129.56	HCL Technologies Firstsource Solutions Fujitsu
<b>Total</b>	<b>253.28</b>	<b>1,319.90</b>	

Inward investment trends are summarised in Figures 4.4 and 4.5, showing how investment originating from North America has continued to grow at a much faster pace than other source markets.

Fig. 4.4 Map showing inward investment by source



**Fig. 4.5 Inward investment (formation and expansion projects) by source region**



### Attracting Investment to Northern Ireland

Through a network of international offices, Invest NI helps businesses to create or expand commercial relationships overseas, and attracts new inward investment projects to Northern Ireland. The remit of some of these offices, particularly those in the US, Middle East and the emerging markets of India and China, has been enlarged to provide direct in-market assistance to NI businesses. They also provide access to influential contacts in the public and private sectors. The international offices are located in North America, Europe, the Middle East, Asia-Pacific and India; and there are also four trade development centres located in Boston, Denver, Dubai and Düsseldorf to help local companies develop global markets for their products and services.

Since its formation, Invest NI has facilitated 845 visits by potential investors to Northern Ireland. Analysis of the number of visits made by District Council Area (DCA) is presented in Appendix 5: Inward Investment. These visits provide the means for potential investors to assess the opportunities and benefits of investing in Northern Ireland.

### US:NI Conference

In May 2008 Invest NI hosted the very successful US:NI Investment Conference, which attracted around 150 business leaders, representing 90 major US corporations, operating in those market sectors where we see the best opportunities for future inward investment. It was the largest and most influential business delegation from Corporate America ever to visit Northern Ireland. Among the visiting dignitaries were UK Prime Minister, Gordon Brown; the RoI Taoiseach, Brian Cowen; Mayor Michael Bloomberg of New York; Ambassadors and senior diplomats. Delegates at the main business session were also greeted by messages relayed from the then US President George W Bush and President of the European Commission, José Manuel Barroso. They were hosted at a series of engagements and presentations in the Transport Museum, Parliament Buildings and Hillsborough, along with BBC Blackstaff Studios where the main business presentation took place.

Since the conference an extensive follow-up process has been undertaken with Invest NI having met over 80 per cent of the target companies that were visiting NI for the first time. In addition, during and after the conference a number of major inward investment projects were announced by high quality companies such as Cybersource, Wombat (NYSE) and Bombardier. These projects will lead to the creation of a number of high quality jobs within NI.

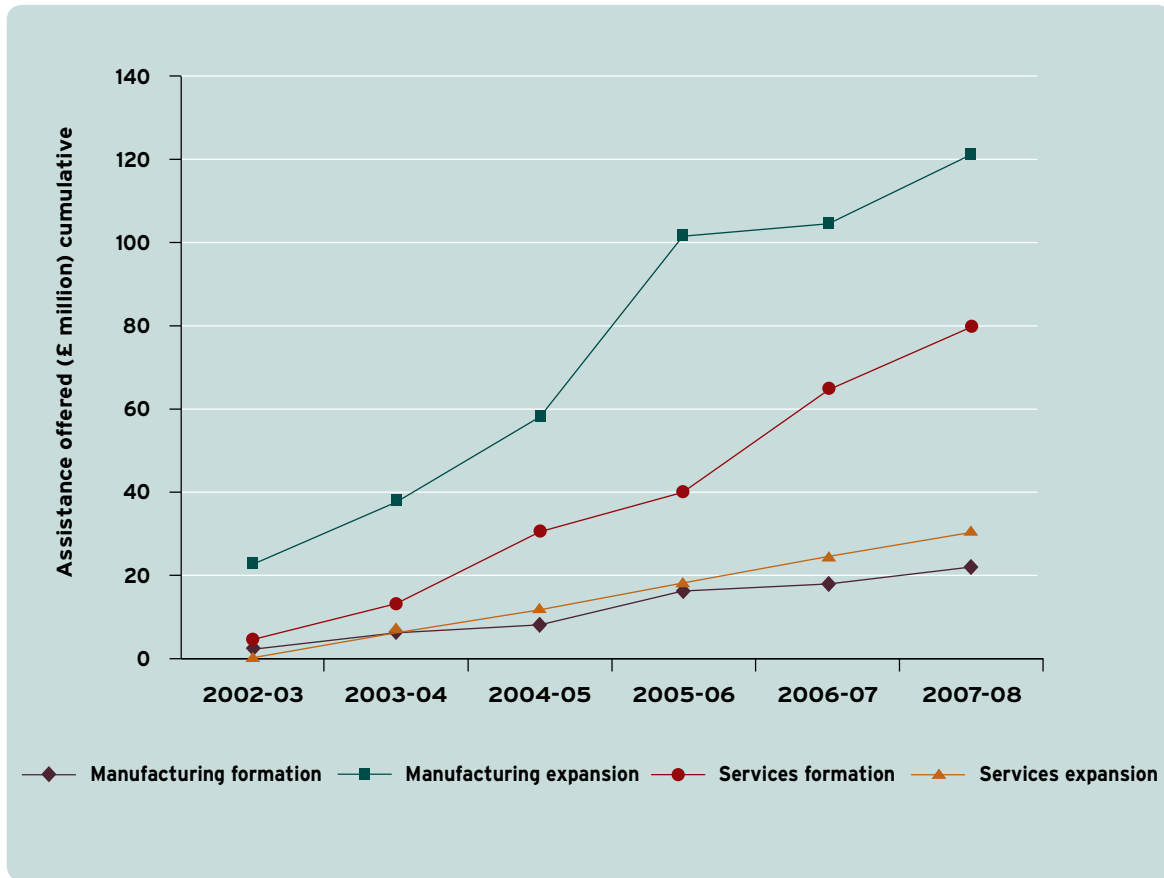
Although it is recognised that the economic downturn will clearly have an adverse impact on investment during 2009, the conference provided the platform for establishing NI as a competitive, stable and welcoming region that is pro-business and pro-active in meeting the needs of international investors.

## Inward Investment by Sector

Fig. 4.6 compares the amount of assistance offered to business formation and expansion projects by broad industry group. During the six year period £102 million was offered to business formation projects: 22 per cent in manufacturing and 78 per cent in services. £151 million was also offered to business expansion projects by externally owned clients: 80 per cent in manufacturing and 20 per cent in services.

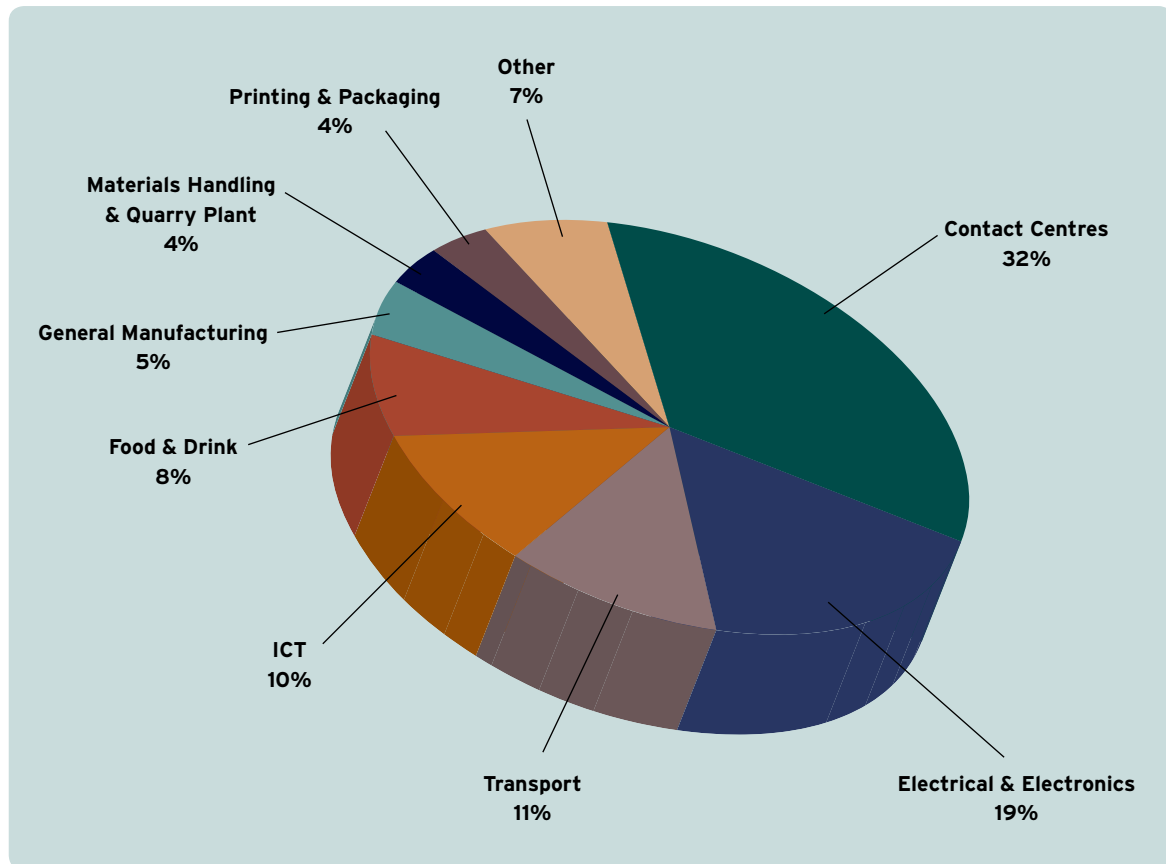
There has been a trend during the period towards more service based investment, the exception being in 2005-06 when two large manufacturing projects accounted for almost half of the assistance offered. Some of the larger new inward investments made by manufacturing clients over the six years were by Coca-Cola, Independent News & Media, and Icemos Technology; whilst major new service sector projects were established by Citi, Allstate, Castle Hume Leisure and LBM Holdings.

**Fig. 4.6 Assistance offered to externally owned business formation and expansion projects by manufacturing versus services (2002-03 to 2007-08)**



A more detailed sector analysis is presented in Fig. 4.7, which shows that in terms of assistance offered, contact centres represented the largest grouping. These projects accounted for £78 million of assistance offered, and contributed towards 37 projects planning to invest almost £295 million.



**Fig. 4.7 Invest NI inward investment by sector (2002-03 to 2007-08)**

## Quality of Employment Opportunities

As well as examining the levels of inward investment supported by Invest NI, it is important to provide an indication of the quality of employment opportunities created by these projects. This is particularly relevant in light of the new Programme for Government targets for 2008-09 to 2010-11, which task Invest NI with delivering 6,500 new inward investment jobs, 5,500 of which should have salaries above the Northern Ireland Private Sector Median (PSM), with 2,750 being at least 25 per cent over the Northern Ireland PSM.

To determine the levels of job quality within Invest NI's supported inward investment projects their expected salary levels were compared with the Northern Ireland average wage (PSM). The 173 projects included in the analysis represent 87 per cent of all inward projects and 95 per cent of assistance offered to those projects, and were expected to generate annual salaries of over £530 million per year. Fig. 4.8 presents weekly pay data for both Invest NI supported inward investment projects and the Northern Ireland PSM for each respective year, based on the results of the Northern Ireland Annual Survey of Hours and Earnings (ASHE).

**Fig. 4.8 Comparison with Northern Ireland PSM (2002-03 to 2007-08)<sup>27</sup>**

Year	NI PSM (full-time basic weekly pay)	Invest NI weekly median figures	Invest NI % difference to NI PSM
2002-03	282.5	317.3	12.3
2003-04	299.5	346.2	15.6
2004-05	308.0	274.0	-11.0
2005-06	326.6	467.7	43.1
2006-07	326.2	288.5	-11.6
2007-08	339.3	384.6	13.4

Source: DETI - Northern Ireland Annual Survey of Hours and Earnings (ASHE) 2003-08

27. Invest NI 2002-03 figures are benchmarked against ASHE 2003, 2003-04 against ASHE 2004, etc.

**Fig. 4.9 Invest NI weekly median wage v NI Private Sector Median (2002-03 to 2007-08)**

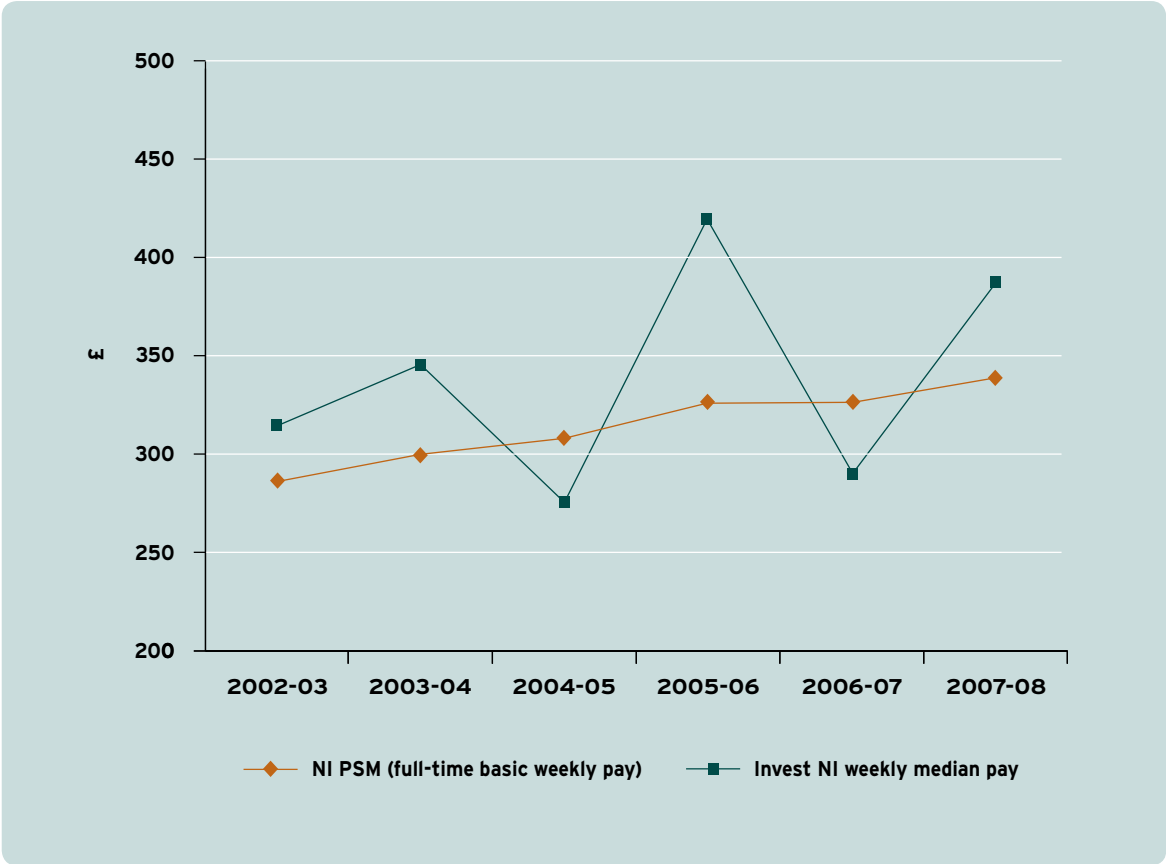


Fig. 4.9 highlights the volatility in job quality, reflecting the nature of supported projects. The highest Invest NI weekly median wage over the period was £468 in 2005-06, largely due to Seagate Technology in Londonderry, which accounted for over one third of the jobs promoted or safeguarded that year. The exception to the generally higher levels of wages and salaries within inward investment projects occurred in 2004-05 and 2006-07, when a number of lower wage projects were offered assistance, principally contact centre projects. Overall, during the six years 37 per cent of jobs promoted or safeguarded had salaries between £21,000 and £30,000 and eight per cent had salaries greater than £30,000.

**Fig. 4.10 Job quality analysis using PSM benchmark by manufacturing v services (2002-03 to 2007-08)**

Sector	No. of projects	New jobs	Safeguarded jobs	% Above NI PSM		
				New	Safe	Total
Manufacturing	90	3,244	10,429	67	86	81
Services	83	12,087	412	46	100	47
<b>Total</b>	<b>173</b>	<b>15,331</b>	<b>10,841</b>	<b>50</b>	<b>87</b>	<b>65</b>

Fig. 4.10 highlights, not surprisingly, that new jobs generally expect to be less well paid than those being safeguarded. For the six years under review half of all new jobs were to be paid above the PSM, compared with 87 per cent of safeguarded jobs. One factor contributing to this differential is that jobs promoted by new inward investment projects will tend to be filled by employees starting at the lower end of salary scales. Conversely, safeguarded jobs will be established jobs where employees are on higher levels of the pay scale.

Industry sector influences are also important. Within the manufacturing sector<sup>28</sup> 81 per cent of all jobs promoted or safeguarded were above the PSM, compared to fewer than half of service sector jobs. This is a result of a large number of contact centre projects where 65 per cent of jobs were below the PSM - see Fig. 4.11. However, at the other end of the scale were investments made by Electrical & Electronics clients such as Seagate and FG Wilson and ICT clients such as Wombat Financial Software, Microsoft, Tech Mahindra, Mformation and 3PAR. These promoted and safeguarded many high value jobs, of which 98 per cent and 92 per cent respectively were above the Northern Ireland PSM.

28. All sectors have been benchmarked against the overall Northern Ireland PSM.

**Fig. 4.11 Job quality analysis using PSM benchmark by sector (2002-03 to 2007-08)**

Sector	No. of projects	New jobs	Safeguarded jobs	% Above NI PSM		
				New	Safe	Total
Construction Products & Services	2	2	38	100	100	100
Materials Handling & Quarry Plant	6	361	680	99	100	100
Electrical & Electronics	17	776	3,289	93	99	98
General Engineering	5	132	34	95	0	96
Clothing & Textiles	5	141	1,277	38	100	94
Transport	12	519	1,905	64	0	92
ICT	41	2,551	195	93	81	92
Printing & Packaging	8	271	321	96	55	73
General Manufacturing	13	318	1,416	33	79	71
Other Business Services	3	276	0	46	0	46
Contact Centres	35	9,128	286	33	100	35
Food & Drink	19	284	1,400	33	33	33
Renewables & Environmental Services	1	14	0	29	0	29
Life Sciences	5	436	0	27	0	27
Tourism	1	122	0	16	0	16
<b>Total</b>	<b>173</b>	<b>15,331</b>	<b>10,841</b>	<b>50</b>	<b>87</b>	<b>65</b>

This evidence suggests that recent inward investment activity has been successful in creating employment opportunities for a wide range of individuals with different levels of skills and experience. Investments made by international businesses such as Citi, LBM Holdings, Fujitsu and Firstsource are providing the opportunity for Northern Ireland to develop a service sector skills base, and the mechanism for 'catch-up' with other regions of the UK and the Republic of Ireland. They are also creating employment opportunities within economically disadvantaged areas, which accounted for 71 per cent of all new inward investment projects and 75 per cent of associated new jobs. Our challenge is to continue to work closely with these businesses to develop higher value added aspects of their operations within Northern Ireland.

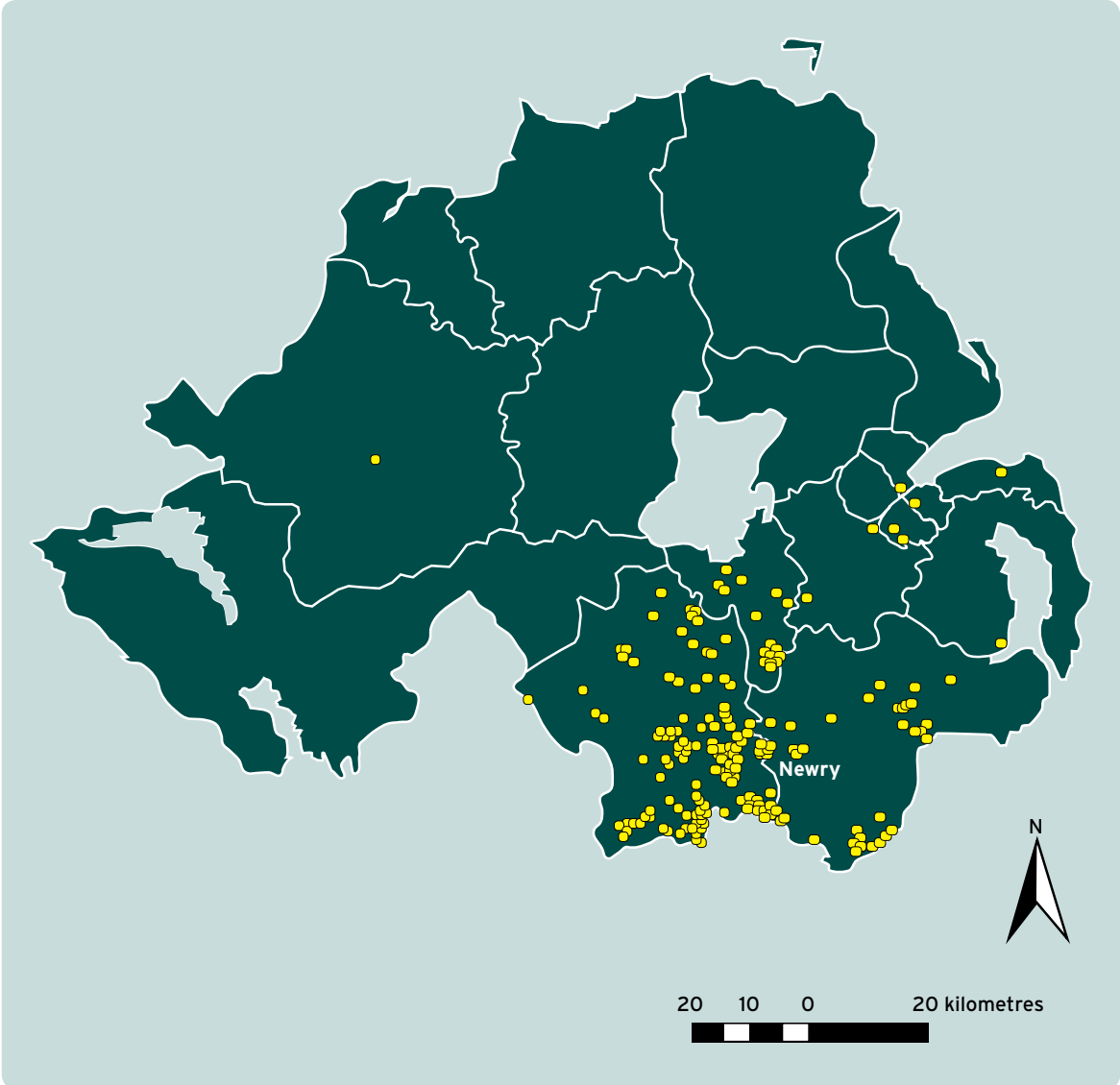
### **The Sub-regional Geography of Inward Investment**

As stated earlier in the report, Invest NI has limited scope for 'directing' investment to specific geographic areas. Internationally mobile businesses, particularly those supported by Invest NI, will first choose to invest in Northern Ireland, and secondly to invest in specific sub-regional locations, only for sound economic and financial reasons. They will only invest if they perceive the commercial risk to be acceptable, and, after that, they will then consider whether they can generate a sufficient return on their investment. The level of commercial risk is determined after consideration of all location decision-making factors, such as political and economic stability, labour and skills availability, transportation infrastructure, accommodation and grant assistance. Another important consideration is the overall quality of life, for example, is the location an attractive place both physically and culturally.

In addition, the benefits associated with business development are not constrained by local boundaries such as DCAs or PCAs, which are not self-contained labour markets. The map contained in Fig. 4.12 illustrates the labour mobility with respect to an assisted business located in Newry, which employs over 700 people. It shows where employees of the business reside and how this is dispersed across a wide area.

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**Fig. 4.12 Travel to work pattern for employees of Teleperformance, Newry**



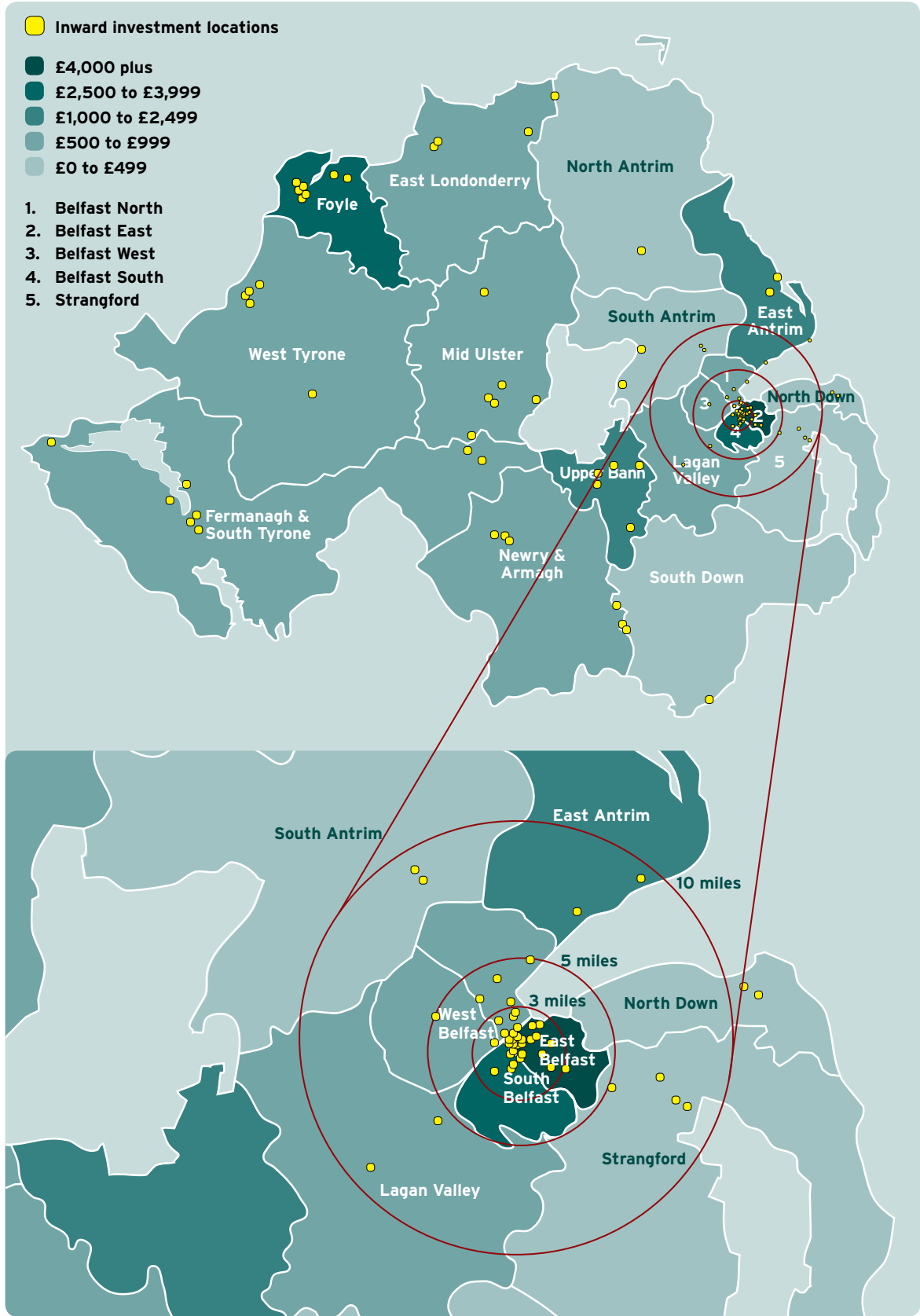
In spite of the interpretation difficulties associated with the comparison of our activity across sub-regional geographic areas, there is ongoing local interest in this information. In response we present an analysis of the amount of inward investment by PCA. However, any form of meaningful comparison needs to consider the relative size of these areas, and to do this we have divided the amount of investment by the adult population of the areas, to produce an investment rate per head.

Not surprisingly, taking into account differences in industrial structure across Northern Ireland, there was considerable variation in the rate of inward investment, which for NI as a whole was £1,199 per head and ranged from £141 per head in South Down to £3,708 in Foyle (Fig. 4.13). The map also clearly demonstrates that inward investment in Belfast is concentrated within a three mile radius of the city centre, and because of this accessible central location, it provides employment opportunities for those who live in Belfast, and further afield. Evidence for the mobility of labour is provided by the NI Census, which shows that 55.3 per cent of those who work in Belfast DCA reside in other areas; and specifically, in relation to South Belfast PCA, 74 per cent of workers travel to it from locations throughout Northern Ireland.

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**Fig. 4.13 Invest NI inward investment per head by Parliamentary Constituency Areas**

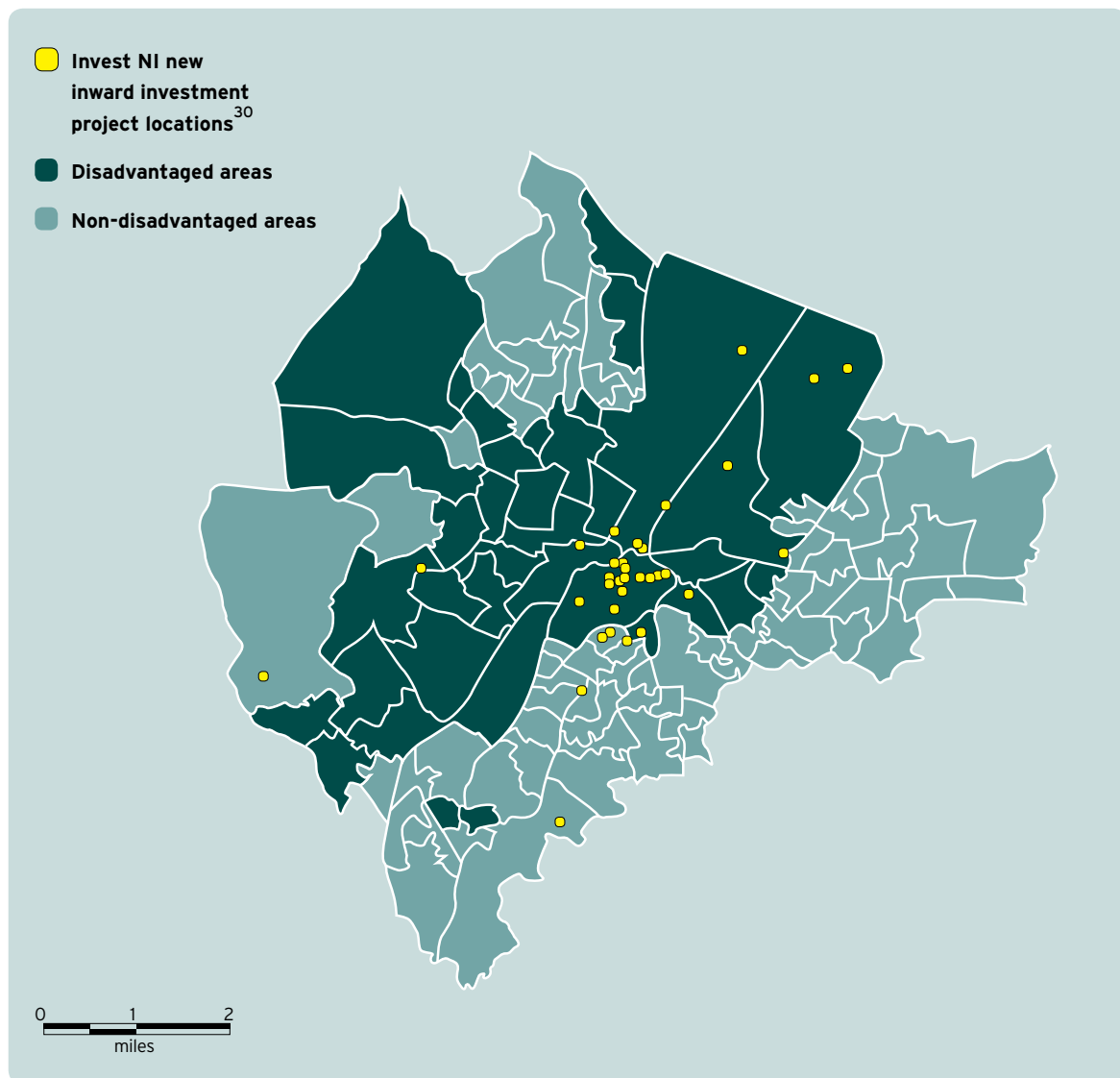


### Lifetime Opportunities - Anti-Poverty and Social Inclusion Strategy

'Lifetime Opportunities' was launched in November 2006 as the Anti-Poverty and Social Inclusion Strategy for Northern Ireland. This identified areas across Northern Ireland as 'disadvantaged' on the basis of levels of deprivation<sup>29</sup>. Of the 89 first time (new) inward investment projects offered assistance during the six years, 71 per cent were located within disadvantaged areas, representing 74 per cent of assistance offered to all new inward investment projects.

Fig. 4.14 highlights the location of those projects located within Belfast DCA. This shows that 91 per cent (representing 98 per cent of total investment) planned to locate within disadvantaged areas; and that all projects were accessible to those living throughout Belfast and many other areas across Northern Ireland.

**Fig. 4.14 Belfast DCA - highlighting the location of new inward investment projects and disadvantaged areas**



29. The Northern Ireland Multiple Deprivation Measure (NIMDM) identifies small area concentrations of multiple deprivation across Northern Ireland. It recognises the multi-faceted nature of deprivation and covers themes such as income, employment, health, disability, education, skills and training, proximity to services, the living environment and crime and disorder.

30. More than one project may have the same postcode and therefore be represented by the same point.

## Input-Output Analysis

Earlier in this section we examined the number of projects offered assistance by Invest NI, and the number of new jobs promoted and existing jobs safeguarded by this activity. It is also important that we attempt to link these inputs, through to what actually happened, recognising that there will always be a level of attrition between those projects offered assistance and those which actually come to fruition. A range of performance indicators can then be presented, including measures such as job creation, additional annual sales and exports, and wages and salaries generated. These are represented as intermediate outcomes (as opposed to 'final' outcomes) since assisted projects can take up to five years to reach maturity, which is beyond the timeframe of the analysis.

To explore the connections between assisted businesses and their subsequent performance we used a group of projects assisted within a specific timeframe, the three years 2002-03 to 2004-05. The amount of assistance paid to these businesses during the five years 2002-03 and 2006-07 was captured, along with the performance outcomes achieved by 2006-07. Two groups of externally owned businesses were examined:

- 1. New inward investment projects; and**
- 2. Expansion and reinvestment projects by existing externally owned businesses.**

The projects included in the analysis were identified on the basis that they received an offer during the three years 2002-03 to 2004-05 containing Selective Financial Assistance (SFA), one of the objectives of which is to help businesses create new jobs and/or safeguard existing employment. A summary table relating our activity with outputs, in terms of the projects which actually received grant payments, and their intermediate outcomes is presented in Fig. 4.15.

However, the relationship between offers made during the activity period, 2002-03 to 2004-05, and the payments received by clients is complicated by the fact an existing business may have received an offer made during a previous time period, and/or additional offers during the five year period 2002-03 to 2006-07. Any payments relating to these offers have been included since they will clearly influence the outcomes achieved. This also explains why the value of the payments in Fig. 4.15 is often greater than the amount offered, since the latter is restricted to the SFA project identified during the three year activity period.

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A number of leverage ratios have been calculated based on the outcomes achieved by 2006-07, and relating these to the amount of grant paid. For example the cost per job figure is produced by dividing the amount of SFA by the change in employment<sup>31</sup>. The other ratios presented relate to the leverage achieved per £1 of grant expenditure (including non-SFA support).

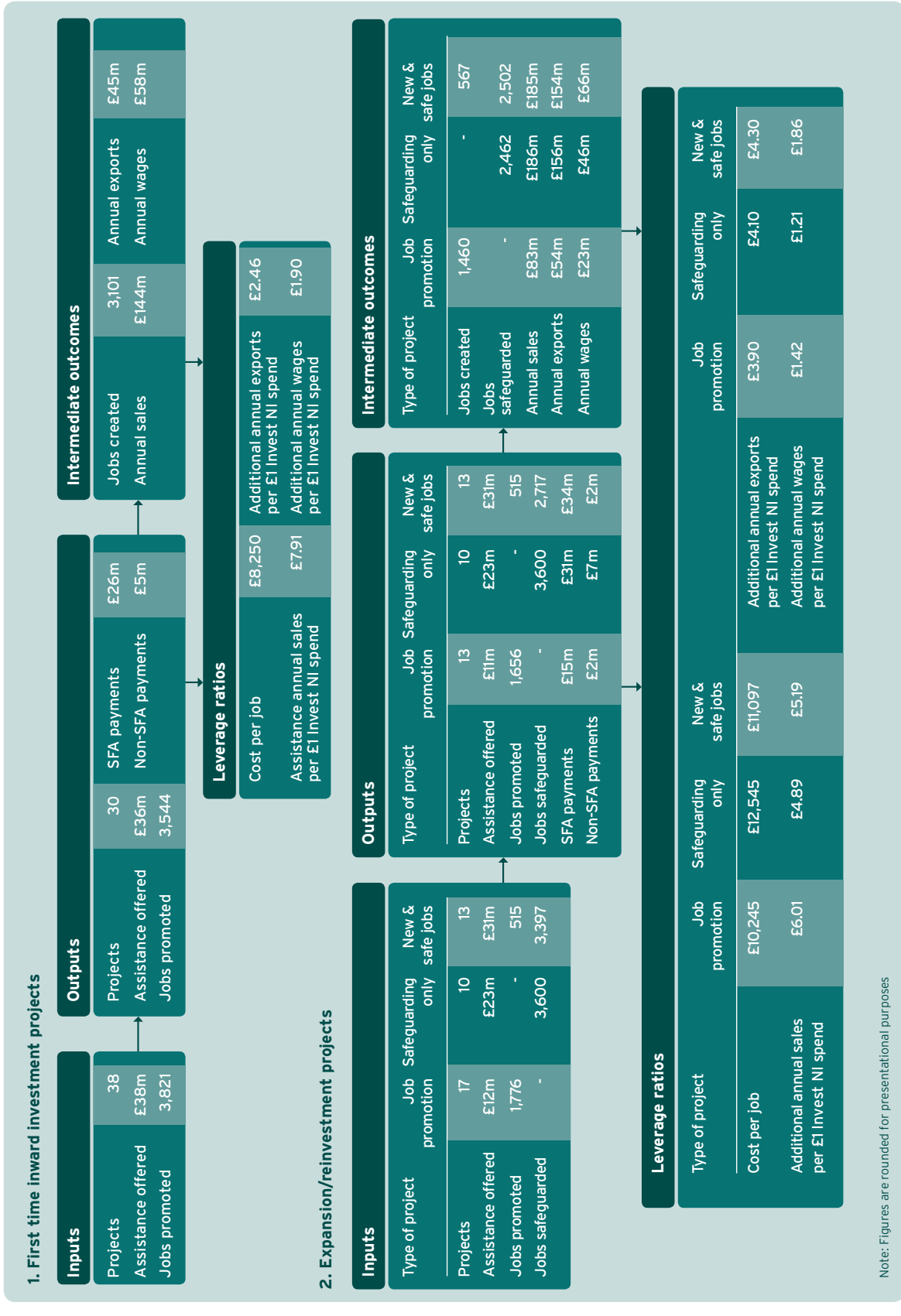
This analysis is not intended as a full economic evaluation, but to present a range of intermediate outcomes set against the actual programme costs involved. In doing so it provides a range of metrics, which can be considered as efficiency indicators. It does not consider the counter-factual position, that is what would have happened without our intervention. However, all projects are assessed for additionality to ensure they would not proceed at the scale, location and timeline without Invest NI support. With regard to new internationally mobile inward investment it is highly unlikely that a project would have located in Northern Ireland without Invest NI assistance.

As we attempt to develop connections between our activity and the performance of our clients, the issues raised by this analysis demonstrate that there are a number of interpretation issues which should be considered; disentangling cause and effect relationships is not straightforward as previously discussed in the **Introduction** to this report.

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31. Cost per job calculations are based on SFA payments only (as this is the only form of assistance which is employment related).

**Fig. 4.15 Inward investment - input-output analysis**



### 1. New Inward Investment Projects

During the three years 2002-03 to 2004-05 Invest NI offered assistance to 38 projects which planned to bring new inward investment to Northern Ireland. However, eight of these (mostly smaller projects) did not proceed as planned and as a consequence £1.5 million of the initial value of assistance offered was not taken up, resulting in a conversion ratio of 96 per cent based on financial value.

This group of 30 investments which did proceed received £31 million of grant payments (including £26 million of SFA) during the five year period up to the end of 2006-07. It should be noted that some of these payments may relate to offers made subsequent to the initial package of assistance. The intermediate outcomes achieved by this group by March 2007 are summarised as follows:

- 3,101 new jobs were created;
- £144 million annual sales, including £123 million to markets outside Northern Ireland, and £45 million of exports; and
- annual wages totalling £58 million<sup>32</sup>.

Approximately 20 per cent of businesses accounted for 80 per cent of the total employment created by this group, reflecting the large contribution of a small number of software businesses and contact centres.

Relating the cost of the intervention to the subsequent performance of the group produces a range of leverage factors, reflecting the efficiency of the support provided, for example, a cost of £8,250 for each new job created<sup>33</sup>; almost £8 of annual sales for every £1 of grant support; and £2.50 of annual export sales for every £1 of grant support.

### 2. Expansion and Reinvestment Projects by Existing Externally Owned Clients

During the same time period 40 projects by existing externally owned clients were offered £66 million of SFA. Four of these (again, mostly smaller scale projects) did not proceed, resulting in a £1 million reduction in the amount of 'active' assistance. Since these were existing clients many were in receipt of previous offers, causing the total amount paid over the period 2002-03 to 2006-07 to be greater than the amount offered during 2002-03 to 2004-05. The 36 remaining projects received grant payments worth £91 million (including £80 million of SFA and over £11 million of business innovation support), up to the end of 2006-07. These businesses expected to create 2,171 new jobs, whilst safeguarding 6,317 existing jobs. Since these projects involved a combination of new and safeguarded jobs, some form of differentiation is required to present a meaningful analysis.

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32. Annual wages are based on wage estimates sourced from casework compiled at the outset of the project, which are then applied to current employment levels.

33. Cost per job figures include SFA payments only.

This has been achieved using three subgroups:

- (a) projects which planned to create new jobs only;
- (b) projects which planned to safeguard jobs only; and
- (c) projects with a combination of both new and safeguarded jobs.

The resultant analysis of performance for each of the three subgroups is summarised as follows:

**(a) Projects with new jobs only**

During the five year period up to end of 2006-07, 13 businesses had received grant payments of almost £17 million (including £15 million of SFA). The outcomes achieved by this group by March 2007 are summarised as follows:

- 1,460 jobs created;
- additional annual sales of £83 million;
- additional annual exports of £54 million; and
- additional annual wages of £23 million.

Relating the cost of the intervention (total grant payments during 2002-03 to 2006-07) to the subsequent performance of these businesses produces the leverage and efficiency ratios shown in Fig. 4.15. For example, a cost of £10,245 for each new job created, £6 of additional annual sales and almost £4 of additional annual exports for each £1 of grant support.

**(b) Projects with safeguarded jobs only**

Ten clients received grant payments of £38 million to safeguard 3,600 existing jobs. The employment figure of 2,462, presented in Fig. 4.15 as an intermediate outcome, represents an assessment of each project's success at maintaining these existing jobs by the end of 2006-07. It is assumed that these jobs would have been lost without Invest NI's assistance. The intermediate outcomes achieved by this group are summarised as follows:

- 2,462 jobs safeguarded;
- additional annual sales of £186 million;
- additional annual exports of £156 million; and
- additional annual wages of £46 million.

In terms of the leverage and efficiency ratios, these can be expressed as £12,545 as the cost per safeguarded job; almost £5 of additional annual sales for each £1 of grant paid; and over £4 of additional export sales for each £1 of grant paid.

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**(c) Projects with new and safeguarded jobs**

Thirteen businesses were offered assistance to safeguard over 2,700 jobs and create 515 new jobs. During the five years ended 2006-07 they received £36 million of grant payments, with their outcomes summarised as follows:

- 567 jobs created;
- 2,502 jobs safeguarded;
- additional annual sales of £185 million;
- additional annual exports of £154 million; and
- additional annual wages of £66 million.

This represents the following leverage and efficiency ratios: cost per job of £11,097; over £5 of additional annual sales for each £1 of grant paid; and £4.30 of additional export sales for each £1 of grant paid.

It should be noted that some of the assistance paid to clients was in the form of shares and loans and is therefore repayable. The analysis presented above does not account for this, nor does it account for assistance which has been reclaimed by Invest NI from businesses which did not meet the terms and conditions of the contractual agreement with Invest NI. If these factors could be addressed in the analysis, it would further improve upon the leverage information presented.

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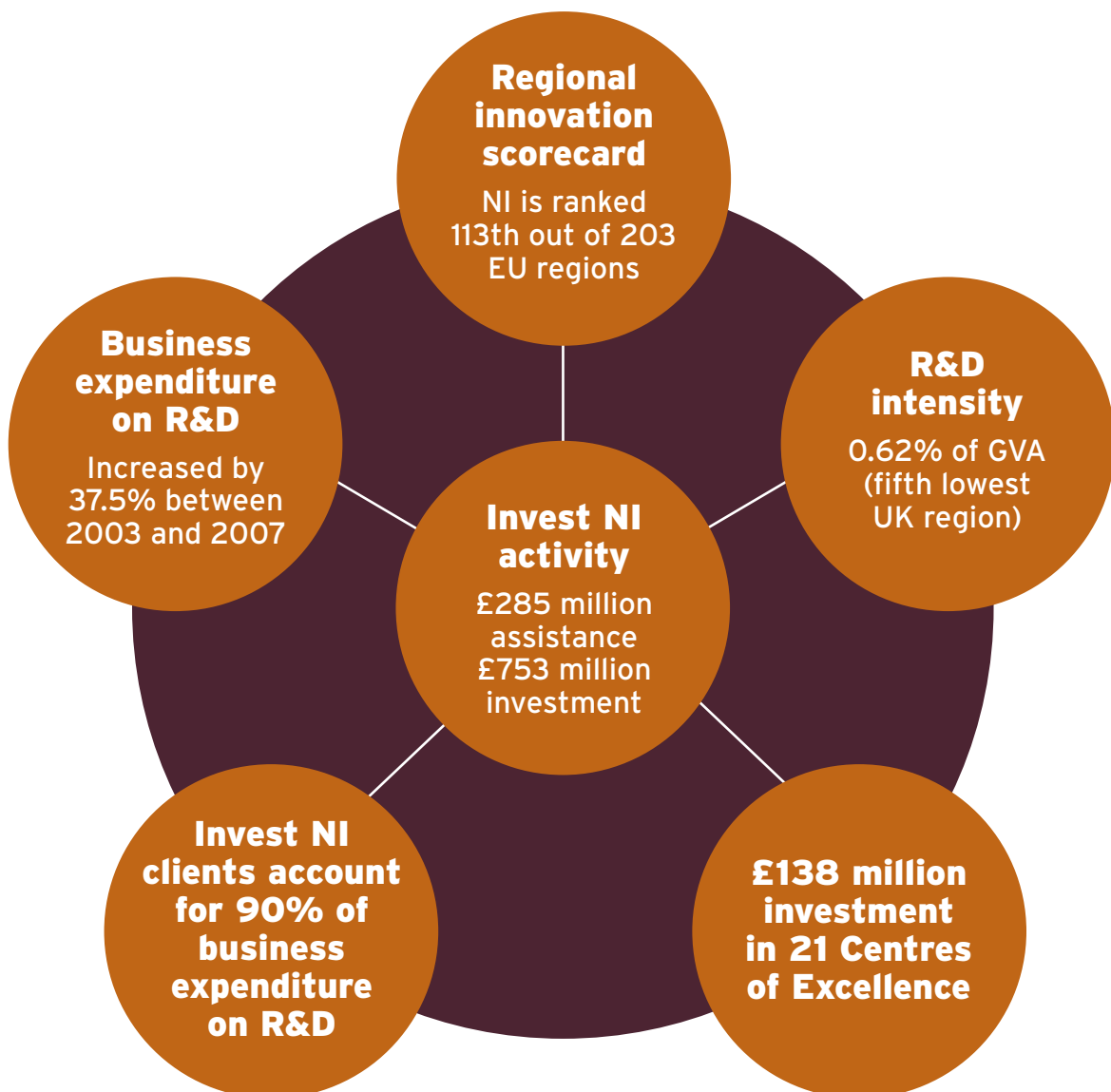


# **SECTION 5 INNOVATION**

# INNOVATION

“To compete more effectively as a modern knowledge and technology based economy, Northern Ireland must develop a more innovative culture of collaboration across industry, government and academia.”

First Report of Matrix: The Northern Ireland Science Industry Panel



## Introduction

Innovation plays a critical role in economic growth and competitiveness. It is seen by the European Commission as holding the key towards reducing the persistent 30 per cent gap in GDP per head between the EU and the US. Northern Ireland lags behind the rest of the UK and much of Western Europe in aspects of innovation activity, suggesting that it is a contributory factor to relatively low levels of productivity and wealth in Northern Ireland.

This section of the report presents a range of information indicating the extent of innovation activity in Northern Ireland, comparing this with other regions of the UK and analysing recent trend data. Whilst it is recognised that not all business innovation activity in Northern Ireland is confined to Invest NI client businesses, it is clear that this is an important constituent group, accounting for almost 90 per cent of business related expenditure on research and development.

## The Innovation Scoreboard

The European Innovation Scoreboard<sup>34</sup> shows that Europe lags behind the US in 11 out of 15 innovation indicators, including early stage venture capital, tertiary education, high tech exports, patenting and business expenditure on R&D.

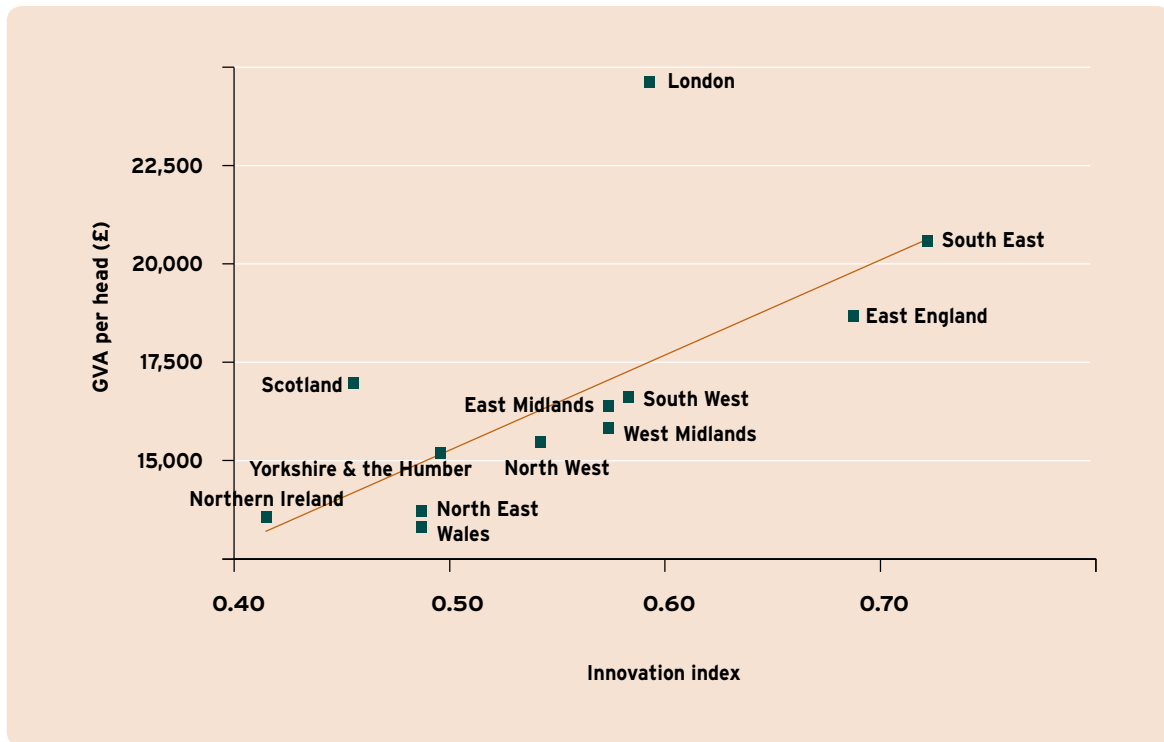
A regional innovation scoreboard ranks Northern Ireland in 113th place out of 203 regions in the EU25, the lowest placing of the 12 UK regions. The top 10 positions are dominated by Swedish and German regions. Northern Ireland's ranking reflects a range of factors including a lower proportion of employment in knowledge based manufacturing and services, a lower proportion of businesses reporting innovation activity, fewer patents and lower levels of research and development expenditure.

Fig. 5.1 presents the results of a regression analysis based on the relationship between the innovation index for each UK region and its level of productivity. This clearly demonstrates a strong association, except for London.

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34. European Innovation Scoreboard 2006, Comparative Analysis of Innovation Performance, PRO INNO Europe® Innometrics.

Fig. 5.1 Innovation index v GVA per head in UK regions (2005)

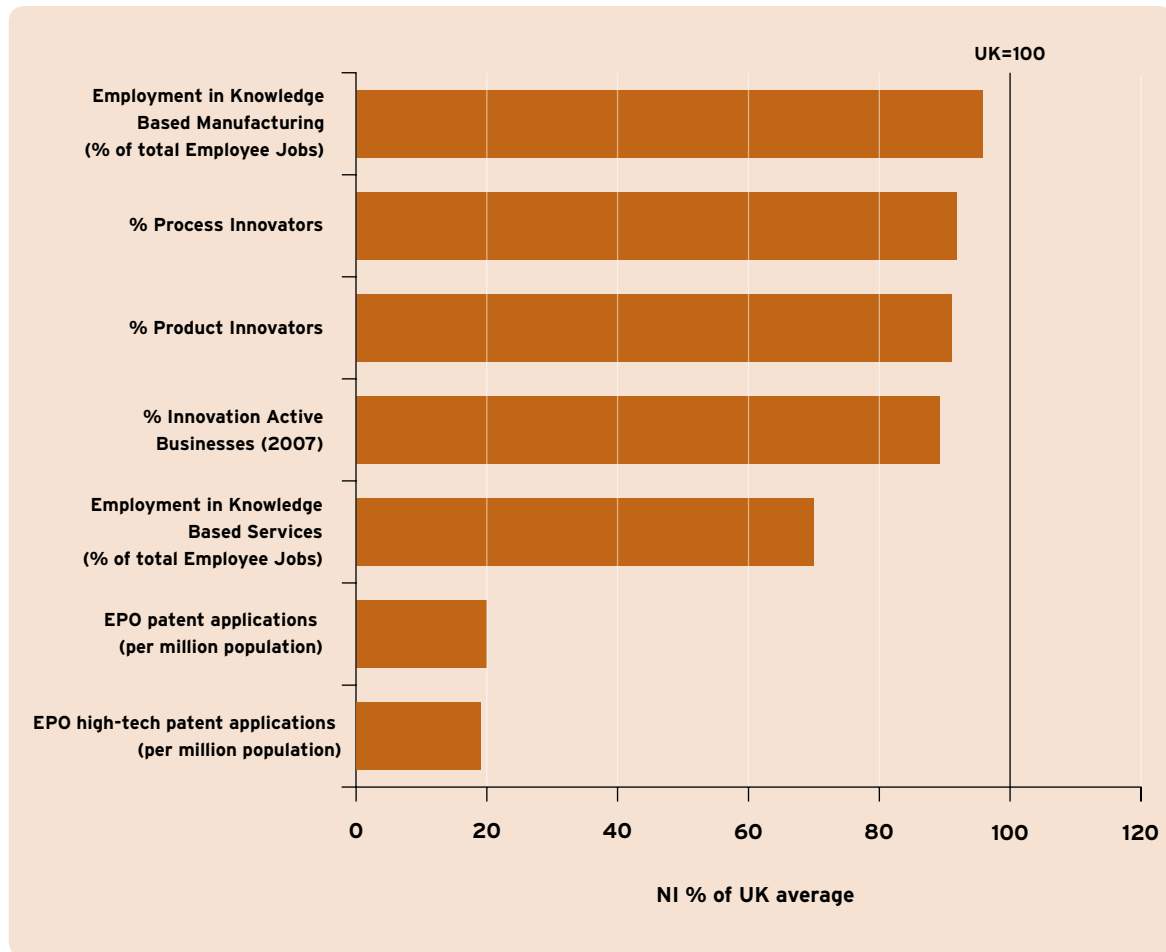


## Innovation - NI and the UK Compared

Northern Ireland's ranking position on the regional innovation scoreboard reflects its position across a range of innovation metrics. Some of these are summarised in Fig. 5.2, which presents a comparison of the NI position with that of the UK average. For example, the level of European Patent Office (EPO) applications expressed as a proportion of the working age population is the lowest of the UK regions, with 29.4 per million in NI compared to 146.8 for the UK as a whole. The level of EPO high tech patent applications in Northern Ireland is also considerably lower at 18.4 per million, compared to 97.7 for the UK as a whole.

Innovation activity measured through the European Community Innovation Survey also confirms that Northern Ireland lags behind the UK average in terms of both product and process innovation. Lower levels of innovation activity and patents may in part be explained by differences in industry structure. Northern Ireland service businesses tend to be skewed toward lower value activities reflected in a smaller proportion of employees in knowledge based services, 29.7 per cent compared to 42.5 per cent in the UK overall.

Fig. 5.2 Key innovation metrics: NI performance against UK average

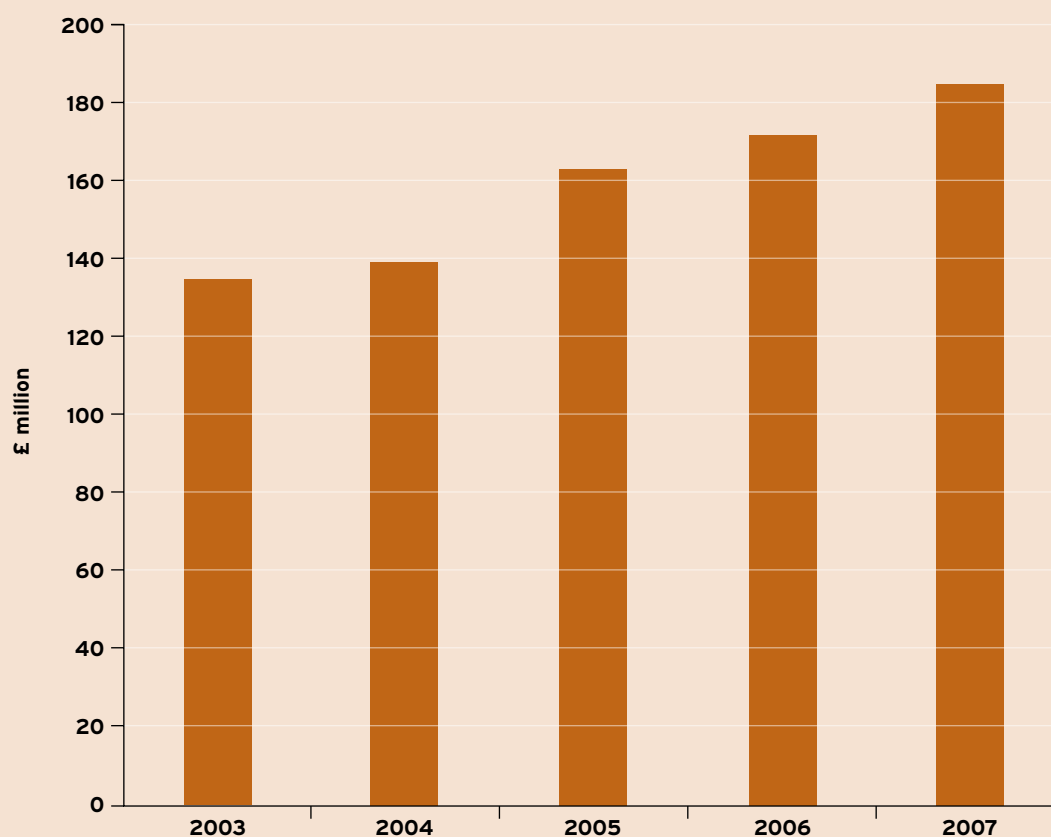


## Business Expenditure on Research and Development

A more restrictive indicator of innovation activity is the amount which businesses spend on research and development. It is included as one of the components of the European Innovation Scoreboard Index discussed above. However, more detailed information relating to it is available through the annual R&D Survey, permitting an in-depth analysis of the NI position.

Results from the 2007 Northern Ireland Research and Development Survey show that total expenditure on R&D in Northern Ireland was £351.1 million in 2007; £185.1 million (52.7 per cent) was spent by businesses; £150.1 million (47 per cent) by the higher education sector; and the remainder (£13.7 million) was government expenditure. In real terms, business expenditure on R&D increased by £13.3 million (7.7 per cent) on the previous year, and by 37.5 per cent since 2003 - see Fig. 5.3.

**Fig. 5.3 NI business expenditure on R&D (real terms) 2003 to 2007**



Source: NI R&D Survey

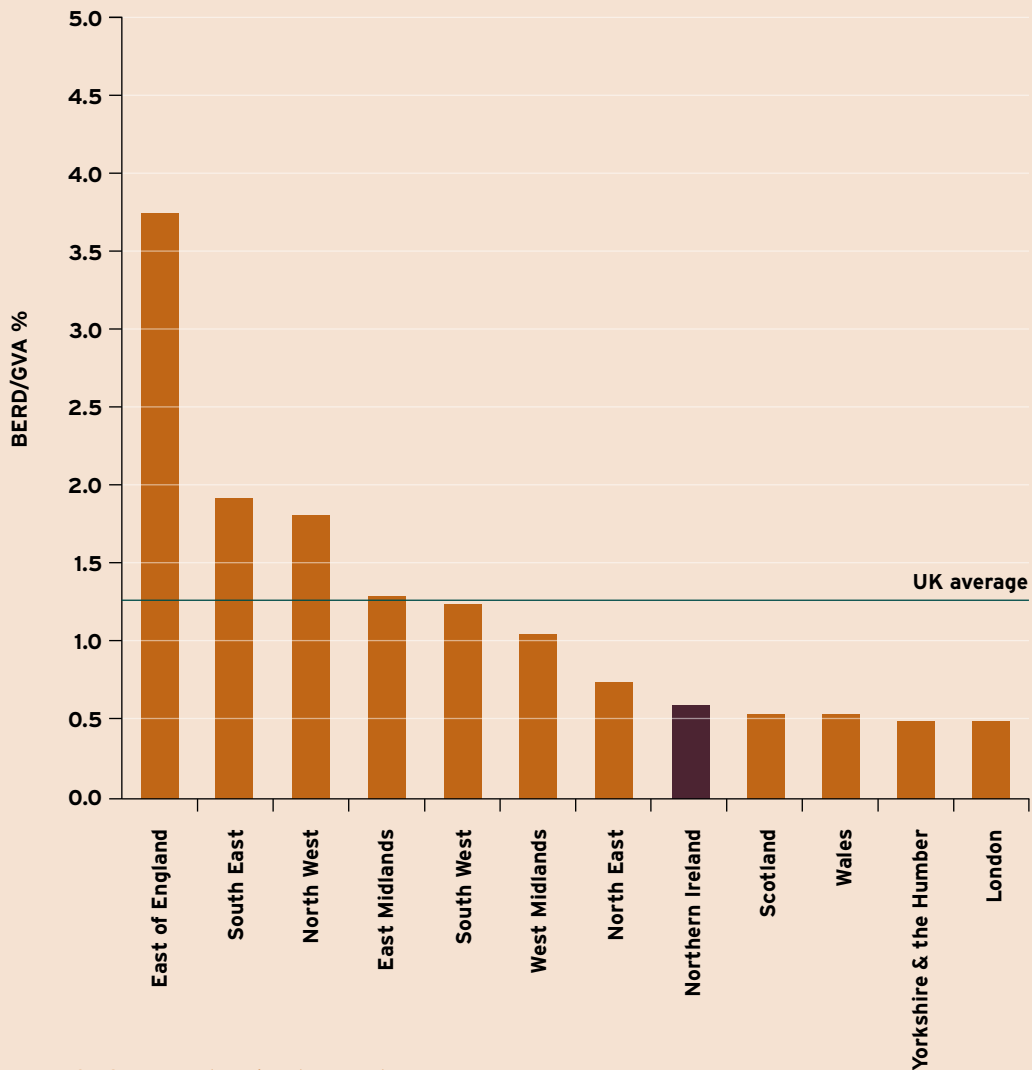
In 2007 Northern Ireland Business Expenditure on R&D (BERD) was 0.62 per cent of GVA, compared to 1.29 per cent for the UK as a whole. However, the UK average is skewed by the high levels of R&D intensity in the East of England. On this basis Northern Ireland is placed fifth lowest of the UK regions, higher than Scotland, Wales, London and Yorkshire and Humberside - see Fig. 5.4.

Detailed regional comparisons between Northern Ireland and the UK as a whole are available for 2006. Total intramural<sup>36</sup> BERD for the UK in 2006 was £14,306 million (76 per cent related to manufacturing and 23 per cent to services). The industry sector split was 57 per cent and 42 per cent respectively in Northern Ireland<sup>37</sup>. Almost one third of UK BERD was in the chemicals sector, compared to just 7.6 per cent in Northern Ireland. Analysis of BERD per 10,000 employees shows much higher levels of R&D spend in the UK chemicals sector (£246.4 million), compared to that in NI (£32.6 million). NI has a greater concentration of R&D spend in sectors such as mechanical engineering (NI=15 per cent, UK=6 per cent) and electrical machinery (NI=15 per cent, UK=9 per cent).

36. Intramural R&D spend is R&D spend carried out within a company within the region.

37. Comparisons between R&D in Northern Ireland and the UK are based on intramural R&D spend, which is £176.9 million in NI (compared to the total BERD figure for NI which is £185.1 million).

Fig. 5.4 R&amp;D intensity (BERD as a proportion of GVA by UK region, 2007)



Source: NI R&D Survey and Regional Accounts

There is much evidence to suggest that the gap in R&D expenditure is directly related to scale, that is business size. Over 60 per cent of UK BERD is by businesses employing 1,000 or more, and only 19 per cent of expenditure is by businesses with fewer than 250 employees. This reduces to less than 2.5 per cent if multinational corporations are excluded.

As discussed in Section 3, an analysis of Northern Ireland industry structure shows that employment is concentrated in smaller firms, and the proportion of businesses with more than 500 employees in Northern Ireland is less than one third of that in the UK. This evidence clearly demonstrates that a lack of scale within the NI business base is a major influencing factor on lower levels of R&D activity.

## Invest NI Activity

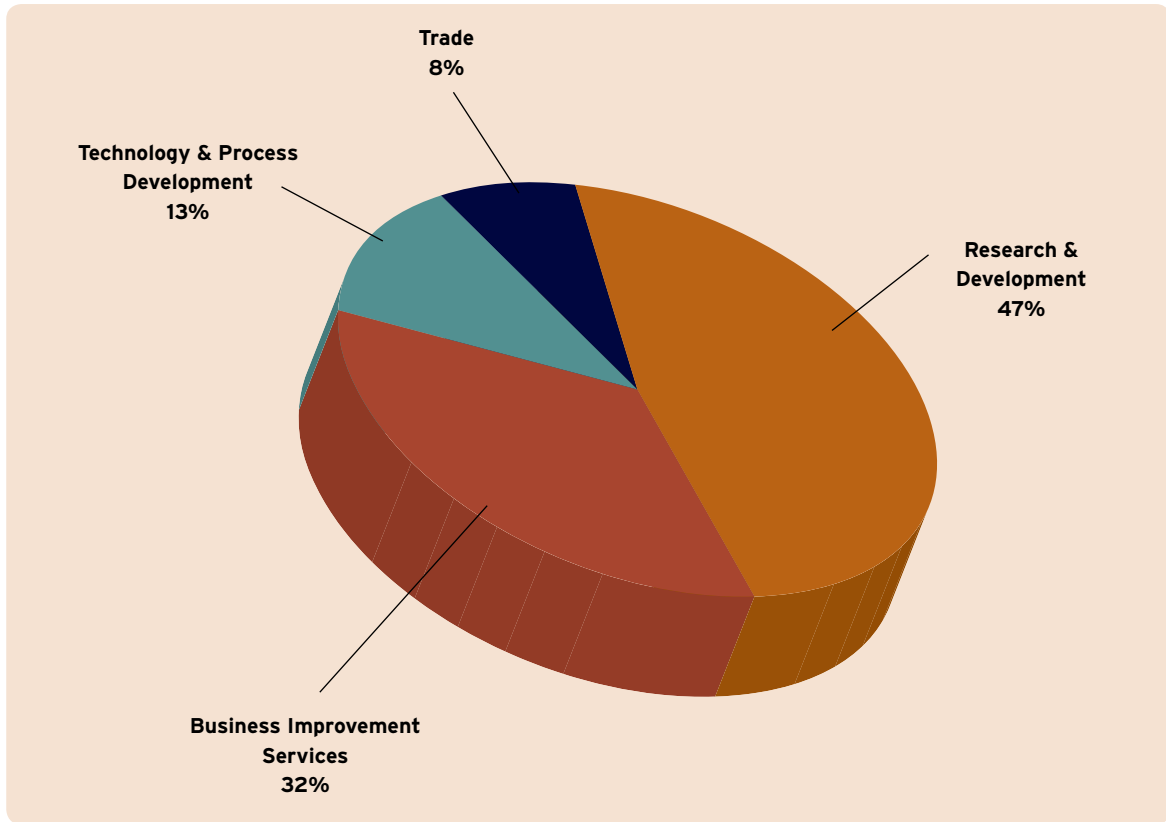
Invest NI resources are directed at embedding market-driven innovation within businesses, developing new products and services, transferring technology and developing the commercial potential of the existing research base. Invest NI's approach to innovation is closely aligned with 'think/create/innovate - the Regional Innovation Strategy (RIS) for Northern Ireland', which was published in June 2003 by an Inter-Departmental Working Group comprising all Northern Ireland government departments and Invest NI. The RIS aims to "create a culture and environment within which Northern Ireland will prosper by using its knowledge, skills and capacity to innovate". Invest NI also played a central role in the implementation of the second Northern Ireland Innovation Action Plan, which was developed for the period September 2004 to August 2006.

During the six years since the inception of Invest NI over £285 million (contributing towards nearly £753 million planned investment) was offered through a range of innovation programmes to support almost 10,000 business related research and development, trade development, business improvement, and technology and process development projects - see Fig. 5.5.

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**Fig. 5.5 Invest NI innovation assistance offered (2002-03 to 2007-08)**



Whilst this activity has been included in previous sections of the report, further details of Invest NI supported innovation activity are presented as follows:

### **Research and Development**

During the six years 2002-03 to 2007-08 Invest NI offered over £134 million towards R&D projects valued at over £364 million. This assistance supported a range of programmes to encourage business related research and development, and launch new technology transfer initiatives within the two universities.

A key component was £44 million of support towards a £138 million investment in 21 Centres of Excellence, which are making a significant contribution towards enhancing the innovation infrastructure in Northern Ireland. A further £62 million was offered through our main programmes (Compete and Start), which assisted businesses to develop innovative products and services. Invest NI also helped businesses strengthen their competitive position through the transfer of knowledge, technology and skills. One hundred and sixty-five knowledge partnerships were offered assistance during the six years, and a Proof of Concept programme was launched in 2003 to fund the commercial development of research outputs from the two universities, with £5.1 million allocated to 40 projects.

### **Business Improvement**

Business Improvement Services (BIS) helps companies to utilise their resources effectively, in terms of both people and equipment Assistance totalling almost £92 million was offered in support of projects which were expected to generate associated investment of over £297 million within the economy. Programmes of support include Business Health Checks, People Excellence, Process Excellence, Strategic Excellence, Supply Chain Support, Collaborative Networks and Business Networking Support.

### **Technology and Process Development**

A range of programmes, including Broadband implementation, Energy Efficiency loans, Technology Development Initiative, CE Marking Programme and Management Information Scheme (MIS), provide assistance to companies to achieve efficiencies using new processes and technologies. This assistance of over £37 million, with a planned investment of over £74 million, will help businesses reduce their costs and increase profitability.

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### **Trade Development**

Invest NI's Passport to Export programme facilitates the capability development of both new and inexperienced exporters, assists experienced exporters to explore new markets and offers in-market support services in key overseas markets. In the six year period 1 April 2002 to 31 March 2008:

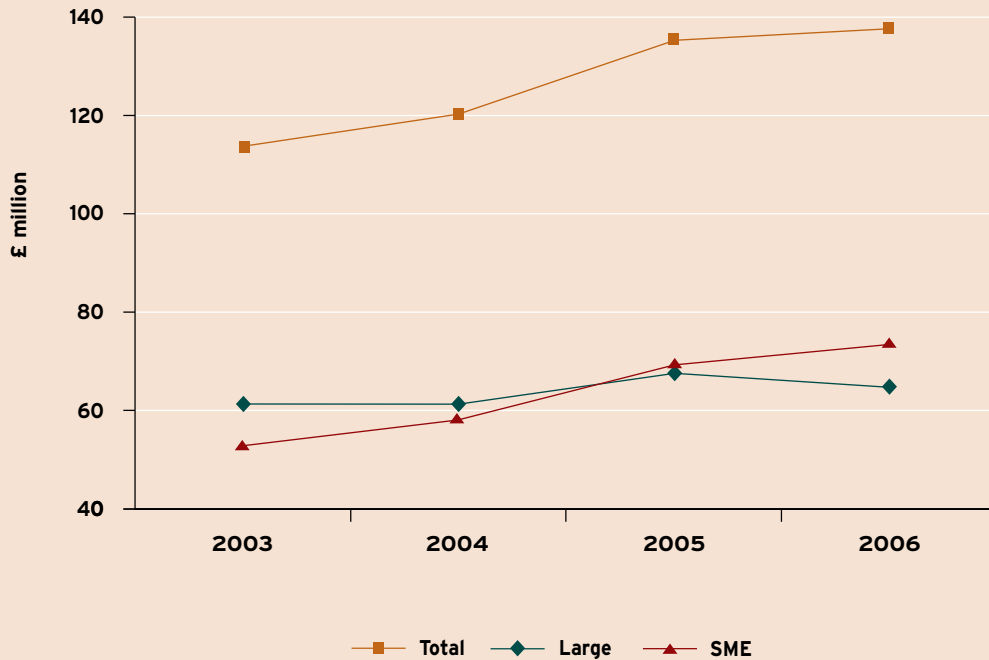
- approximately 2,500 company representatives participated in 229 export skills and knowledge workshops;
- almost 1,200 companies participated in 74 multi-sector trade missions to overseas markets;
- over 1,800 companies participated in 239 Northern Ireland stands and sectoral trade missions to international trade fairs;
- almost 1,000 companies were assisted to explore export markets for the first time; and
- some 2,000 existing exporters were helped to enter new markets.

### **R&D Expenditure by Invest NI Clients**

Statistics from the NI Research and Development Survey allow us to analyse R&D expenditure and employment in Invest NI client companies. Although overall BERD information, as presented earlier in this section, is available for 2007, the analysis for Invest NI clients is restricted to 2006. This shows that the number recording such expenditure increased from 239 in 2003 to 281 in 2006. The associated value of this expenditure increased, in real terms, by 21.4 per cent from £113.6 million to £138.0 million - see Fig. 5.6 - representing almost 90 per cent of the NI total.

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Fig. 5.6 Invest NI client R&amp;D expenditure by business size



Source: NI R&D Survey

### Business Size

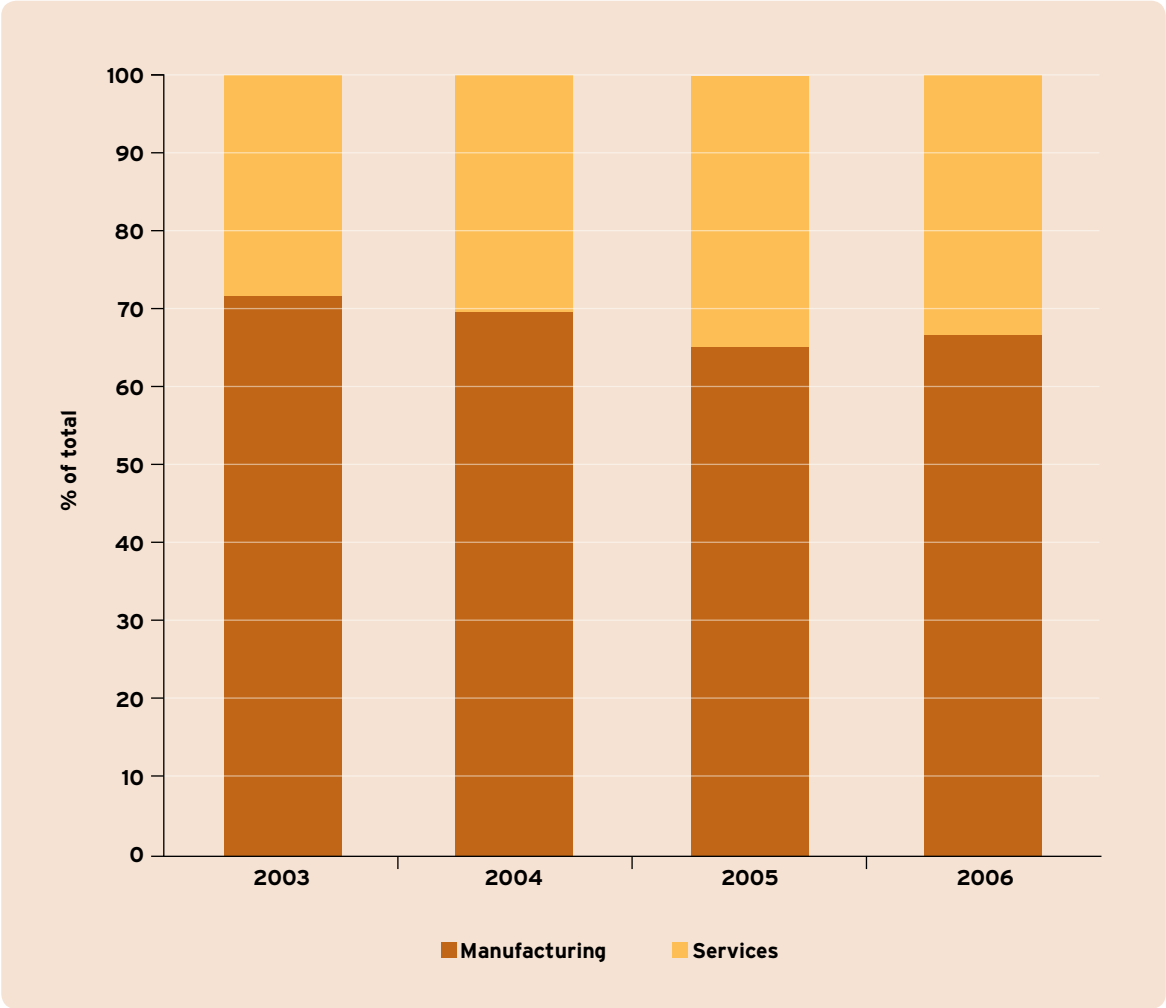
Thirty-two large businesses account for 47 per cent of client-related BERD and approximately 250 small and medium size enterprises (SMEs) comprise the remainder. These SMEs have made a significant contribution to the growth in R&D activity, with their expenditure increasing by almost 39 per cent from £53 million in 2003 to £73 million in 2006 (an average growth rate of 11.5 per cent per annum). In contrast R&D spend by large businesses (250 plus) increased by just seven per cent, from £60.8 million in 2003 to £65 million in 2006. This trend is reflected in an analysis excluding the 'Top 25' R&D spending clients; their expenditure increased by 20 per cent, compared to 25 per cent by other businesses. Consequently, the 'Top 25' accounted for a reduced share of R&D expenditure in 2006 than in 2003.

Given the current economic difficulties, this baseline performance demonstrates the challenging nature of the Invest NI Corporate Plan targets to increase R&D by an average of eight per cent for SMEs, and five per cent for large businesses from 2008-11.

**Industry Sector**

Service sector BERD has grown at an average rate of 13 per cent per annum, resulting in its contribution to total expenditure increasing from 28 per cent in 2002 to 34 per cent in 2006. BERD by manufacturing clients has increased at a rate of four per cent per annum, and although its share of total BERD has declined by six percentage points, the manufacturing sector still accounts for 66 per cent of total BERD - see Fig. 5.7.

**Fig. 5.7 Invest NI client R&D expenditure by sector (2003 to 2006)**





# CONCLUSION

# CONCLUSION

This conclusion is written in the midst of the worst global economic crisis since World War II. As governments across the world continue to support the liquidity of the banking system, the latest predictions are for more business closures and greater numbers of job losses. In Northern Ireland unemployment increased by over 12,000 during 2008 and the expectation is for an additional 1,000 to 1,500 people per month to be made redundant during 2009. These uncharted waters bear no resemblance to the generally favourable economic conditions experienced during the timeframe represented by this report.

It is all too apparent from the difficulties facing the global economy that statistics can only tell us what has happened - not what will. That is not to diminish the value of historical performance information, but to set a context for its interpretation and its application. Irrespective of the lack of foresight provided by the past, it remains important that we capture and communicate those performance measures which provide the feedback signals required to evaluate the effectiveness of our strategies and actions.

The report is produced as a vehicle to communicate information about the performance of Invest NI and that of its clients and has been presented in an open and transparent manner. Drawing upon an extensive evidence base it presents a range of detailed analysis, reflecting the complexity of Invest NI's role and the diversity of its engagement with the NI business base. We have explored the connections between our activity and the performance of our client businesses; and whilst accepting that cause and effect relationships are extremely difficult to disentangle, the information presented affords greater insight into the effectiveness of Invest NI support and the value of the leverage achieved.

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One of the key points arising from the analysis is that of balance and diversity in the amount of assistance offered to locally owned clients compared to those which are externally owned; in the amount offered (on a per capita basis) to the 'West' and 'East' of Northern Ireland; and in the types of industry and projects supported. Whilst some new inward investment projects expect to create higher quality jobs, others, in keeping with the Programme for Government and the new Corporate Plan, are providing opportunities to those with lower levels of skills and experience, and the mechanism for the region to develop its service sector capability. With 74 per cent of new inward investment projects located in economically disadvantaged areas, they are also providing accessible employment opportunities for those residing in them.

Other encouraging aspects to the analysis include evidence to show higher levels of R&D activity by locally owned small and medium sized enterprises, (proportionally more high growth businesses in Northern Ireland) and higher levels of export sales. In addition, we demonstrated improving trends in our processing times and client satisfaction ratings.

We accept that there are many influences which will affect the performance of our clients. We cannot take credit for all the positive consequences associated with our activities, just as we cannot take full responsibility for addressing all of the economic difficulties faced by Northern Ireland. Aside from the current difficulties facing Northern Ireland, the economy continues to suffer from long term structural weaknesses including: an under-representation of larger businesses, which is a major influence on the low rate of R&D intensity; relatively fewer businesses in high-value added sectors; and as a result wages and salaries which are on average 20 per cent less than the UK as a whole. This picture is not significantly different to many other regional economies.

These structural weaknesses which have resulted in low economic productivity, low levels of entrepreneurship and innovation, will take many years to address and cannot be resolved by Invest NI alone. They will require the co-ordinated and concerted efforts of all government departments, working in partnership with the private sector. This is clearly recognised in the Northern Ireland Programme for Government which has positioned economic development as its central priority.

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Whilst there is clearly a lack of business confidence and evidence that investment will be reduced during 2009, Invest NI has already demonstrated its determination to do what it can to help its clients in these especially difficult times. Invest NI is committed to helping the economy navigate through this recessionary environment, to provide the support needed to enable businesses to exploit new opportunities as they emerge, and to put the Northern Ireland economy in a position to take advantage of the upturn when this occurs. We will continue to focus on our strategic objective of improving the productivity of the private sector business base, enabling it to become more competitive and thereby create employment opportunities for all the people of Northern Ireland.

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# GLOSSARY

# GLOSSARY

**Business Base** Businesses that make up the local economy.

**Centres of Excellence** A programme funded by the EU Programme for Peace and Reconciliation in Northern Ireland and the Border Region of Ireland (PEACE II). The centres aim at adding to the weight of R&D activity in Northern Ireland through their direct expenditure and other various means. There are currently 12 centres in the private sector and nine in the two universities (Queen's University Belfast and University of Ulster).

**East/West Split** East of NI District Council Areas (DCAs): Armagh, Antrim, Ards, Ballymena, Ballymoney, Banbridge, Belfast, Carrickfergus, Castlereagh, Craigavon, Down, Larne, Lisburn, Moyle, Newry & Mourne, Newtownabbey, North Down. West of NI DCAs: Coleraine, Cookstown, Derry, Dungannon, Fermanagh, Limavady, Magherafelt, Omagh, Strabane.

**Export Sales** Sales to markets outside of the UK.

**External Start-ups** New businesses with the growth potential to develop markets outside of Northern Ireland.

**Externally owned** A business which is over 50 per cent owned by individuals or companies located outside NI.

**External Sales** Sales to markets outside of NI.

**Foreign Direct Investment (FDI)** Investment in one country by individuals or companies located in another country.

**Global Start-ups** New businesses with the immediate prospect of competing in international markets.

**Gross Domestic Product (GDP)** Total annual value of goods and services produced by a country.

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**Greater Belfast Area** Defined using NUTS 3 (Nomenclature of Units for Territorial Statistics) methodology, and includes the following District Council Areas: Belfast, Ards, Carrickfergus, Castlereagh, Lisburn and Newtownabbey.

**Gross Value Added (GVA)** The difference between output and intermediate consumption for any given sector or industry. That is the difference between the value of goods and services produced and the cost of raw materials and other inputs, which are used up in production.

**Innovation** 'The successful exploitation of new ideas'.<sup>37</sup>

**Invest NI Client Portfolio** Locally and externally owned businesses in receipt of assistance from Invest NI, who have demonstrated growth potential, primarily through the development of markets outside of Northern Ireland.

**Inward Investment** Investment in Northern Ireland by individuals or companies located in other countries or other UK regions.

**Jobs Promoted** See New Jobs.

**Local Start-ups** New businesses whose market focus is primarily within Northern Ireland.

**Locally Owned** A business with majority ownership residing in Northern Ireland.

**New Jobs** Jobs expected to be created by the project.

**Organisation for Economic Co-operation and Development (OECD) Definition of Knowledge Based Industries** - Based on UK Standard Industrial Classifications (SIC) 2003 and includes: High Technology Manufacturing Industries (SIC codes 24.4, 30, 32, 33, 35.3); Medium-High Technology Manufacturing Industries (SIC codes 24, [excl. 24.4], 29 31, 34, 35.2); and Knowledge Based Market Services (SIC codes 64 to 67 and 71 to 74).

**Research and Development (R&D)** R&D performed by enterprises is generally investigative work, which is of actual or potential use in the development of new or enhanced materials, products, devices, processes or services.

**Safeguarded Jobs** Jobs that would have been lost if the project was not supported.

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37. Taken from the Department of Business Enterprise and Regulatory Reform (BERR) [www.berr.gov.uk/dius/innovation](http://www.berr.gov.uk/dius/innovation)

**Selective Financial Assistance (SFA)** Discretionary assistance given to viable projects in Northern Ireland in order to achieve higher levels of growth leading to long term stable jobs. (Eligibility for assistance is dependent on compliance with the strict criteria laid out by the SFA Scheme). The SFA is administered by Invest NI, as given under the powers set out in Section 7 of the Industrial Development (Northern Ireland) Order 1982.

**Total Early Stage Entrepreneurial Activity (TEA)** An index that identifies the proportion of adults of working age who are setting up or have been running a business. As used in the Global Entrepreneurship Monitoring Survey (GEM).

**Tradable Services** Businesses whose predominant activity is service based and can be sold outside Northern Ireland.

**Value Added Tax (VAT)** A tax levied on goods and services as a percentage of their value added. Customers pay VAT on top of the price of goods.

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## APPENDIX 1 Performance against Corporate Targets

TABLE 1 : Performance against Corporate Targets 2002-03 to 2004-05

2002-05 Corporate plan targets	Outcome 31 March 2005
<b>Innovation</b>	
Increase private sector investment in R&D by <b>25%</b>	NI private sector R&D decreased by <b>13%</b> from 2002 to 2005 primarily due to reduced spend in one large business
Establish <b>20</b> new or enhanced centres of research excellence	<b>18</b> centres established
<b>Existing business</b>	
For manufacturing companies achieve export sales growth of <b>10%</b> per year	Growth rate = <b>6.7%</b> per annum (2002-03 to 2004-05)
Increase in net employment of larger companies (50 plus employees) of <b>0.5%</b> over the three year period	Decrease of <b>4.4%</b> (2002-03 to 2004-05)
For faster growing companies (top 25% (346 clients) defined by sales growth 2002-03 to 2004-05) achieve:	
• external sales growth of <b>8%</b> per annum;	Growth rate = <b>22.4%</b> per annum
• increase in sales of <b>7%</b> per annum; and	Growth rate = <b>24.6%</b> per annum
• increase in employment of <b>6%</b> per annum.	Growth rate = <b>10.6%</b> per annum
<b>330</b> companies to undertake skills improvement programmes	<b>321</b> companies
Increase number of recognised e-businesses from 10% in 2000-01 to <b>15%</b> by March 2004	At 31 March 2005 the number had risen to <b>28%</b>
<b>Entrepreneurship</b>	
Achieve <b>4,500</b> new locally focused businesses	<b>8,532</b>
Assist in the establishment of <b>420</b> high growth potential businesses ( <b>120</b> will come from the research base)	<b>302</b> ( <b>61</b> from the research base)
<b>International</b>	
Attract <b>60</b> externally owned knowledge based businesses	<b>71</b> externally owned knowledge based investments
<b>75%</b> of all new inward investments to be located in New Targeting Social Need (nTSN) areas	<b>74%</b> of 38 new inward investments located in nTSN areas

TABLE 2 : Performance against Corporate Targets 2005-06 to 2007-08

2005-08 Corporate plan targets	Outcome 31 March 2008
<b>Innovation</b>	
Business expenditure to have increased at a rate <b>faster</b> than that of comparable UK regions, so as to reduce the current gap in R&D expenditure as a percentage of GVA	Information available for 2006 shows that gap in R&D expenditure as a percentage of GVA has increased by two percentage points
<b>100</b> client companies to participate in R&D for the first time	<b>246</b> new companies undertook R&D for the first time
<b>1,500</b> businesses to improve their use of information technology	<b>2,189</b> companies have improved their use of ICT
<b>Entrepreneurship</b>	
<b>10,000</b> new businesses of which <b>40%</b> will be located in nTSN areas	<b>9,991</b> locally owned start-ups  <b>32%</b> in nTSN areas (excludes the start-ups in special status areas which were withdrawn during the period)
Improved attitudes of people perceiving themselves as having the skills to start a business	<b>41.2%</b> perceive themselves as having the skills to start a business <b>A decrease of 1.2</b> percentage points on 2005 (this change is not statistically significant)
<b>1,500</b> people, process and innovation improvement interventions in companies of which at least <b>300</b> will be skills related	<b>3,658</b> improvement interventions <b>2,185</b> major skills related
<b>International</b>	
The level of exports as a percentage of total sales by Invest NI client companies (excluding the top 25 exporting clients in 2003) to increase to <b>30%</b>	Exports as a percentage of total sales: <b>30.5%</b> in 2005-06
<b>1,000</b> companies to enter new export markets	<b>1,095</b> companies have entered new markets
<b>500</b> new exporters	<b>611</b> companies have begun to export
<b>500</b> key sales personnel to improve sales and marketing skills	<b>719</b> personnel have improved their sales and marketing skills
<b>40</b> new inward investment projects  (maintaining at least <b>75%</b> in nTSN areas)	<b>51</b> new inward investment projects  <b>69%</b> in nTSN areas

**APPENDIX 2** Client Performance (2002-03 to 2006-07)

**TABLE 3 : Employment and sales by Invest NI sector**

Invest NI sector	No. of companies			Employment					Sales (£ million)					Sales per employee (£)				
	2002-03	2005-06	2006-07	2002-03	2005-06	2006-07	% Change over period	% Change from last year	% Change over period (CAGR)	2002-03	2005-06	2006-07	% Change over period	% Change from last year	% Change over period (CAGR)	2002-03	2005-06	2006-07
Clothing & Textiles	65	55	40	8,384	3,237	2,334	-72.2	-27.9	-27.4	770	408	356	-53.8	-12.8	-17.6	91,824	126,102	152,423
Construction Products & Services	189	191	158	10,303	11,372	10,561	2.5	-7.1	0.6	1,000	1,374	1,247	24.6	-9.3	5.7	97,088	120,809	118,050
Contact Centres	22	27	29	6,120	10,558	12,579	105.5	19.1	19.7	62	204	246	296.5	20.8	41.1	31,495	38,816	33,430
Electrical & Electronics	61	56	49	8,776	8,547	8,151	-7.1	-4.6	-1.8	905	1,150	1,300	43.6	13.1	9.5	103,147	134,511	159,517
General Engineering	76	82	80	2,888	2,839	2,631	-8.9	-7.3	-2.3	256	305	378	47.8	23.9	10.3	88,573	107,431	143,678
Food & Drink	144	137	129	15,292	17,273	16,612	8.6	-3.8	2.1	2,858	3,094	3,242	13.4	4.8	3.2	186,885	179,108	195,141
General Manufacturing	139	133	121	5,099	5,005	4,846	-5.0	-3.2	-1.3	436	508	533	22.3	5.0	5.2	85,554	101,496	110,086
ICT	152	174	159	5,149	4,449	4,972	-3.4	11.8	-0.9	558	510	691	23.8	35.6	5.5	108,432	114,566	138,977
Life Sciences	38	42	39	2,823	3,089	3,362	19.1	8.8	4.5	213	276	287	35.1	4.0	7.8	75,308	89,452	85,445
Materials Handling & Quarry Plant	47	41	33	2,309	2,407	2,542	10.1	5.6	2.4	322	457	550	70.7	20.3	14.3	139,477	189,767	216,248
Other Business Services	87	91	77	2,274	1,968	2,077	-8.7	5.5	-2.2	203	150	153	-24.8	2.1	-6.9	89,467	76,179	73,671
Printing & Packaging	35	40	32	2,714	3,126	3,288	21.1	5.2	4.9	292	364	338	15.8	-6.9	3.7	107,729	116,351	102,932
Renewables & Environmental Services	35	41	35	1,479	1,564	1,535	3.8	-1.9	0.9	146	192	204	39.5	6.5	8.7	99,019	122,573	133,056
Transport	47	49	47	12,712	11,295	11,160	-12.2	-1.2	-3.2	1,119	1,166	1,201	7.4	3.0	1.8	87,995	103,266	107,658
<b>Total</b>	<b>1,137</b>	<b>1,159</b>	<b>1,028</b>	<b>86,322</b>	<b>86,729</b>	<b>86,650</b>	<b>0.4</b>	<b>-0.1</b>	<b>0.1</b>	<b>9,141</b>	<b>10,157</b>	<b>10,727</b>	<b>17.3</b>	<b>5.6</b>	<b>4.1</b>	<b>111,244</b>	<b>124,748</b>	<b>131,734</b>

TABLE 4 : External sales and exports by Invest NI sector

Invest NI sector	External sales (£ million)						Exports (£ million)						External sales % of all sales			Exports % of all sales		
	2002-03	2005-06	2006-07	Change over period	% Change from last year	% Change over period (CAGR)	2002-03	2005-06	2006-07	Change over period	% Change from last year	% Change over period (CAGR)	2002-03	2005-06	2006-07	2002-03	2005-06	2006-07
Clothing & Textiles	721	382	325	-55.0	-15.0	-18.1	322	209	230	-28.6	10.1	-8.1	94	93	91	42	51	65
Construction Products & services	568	860	788	38.7	-8.4	8.5	377	567	492	30.4	-13.2	6.9	57	63	63	38	41	39
Contact Centres	58	196	211	261.8	7.7	37.9	50	55	72	43.8	32.7	9.5	94	96	86	81	27	29
Electrical & Electronics	832	1,055	1,210	45.5	14.8	9.8	681	872	1,065	56.4	22.1	11.8	92	92	93	75	76	82
General Engineering	188	236	310	65.2	31.0	13.4	110	178	225	105.0	26.5	19.7	73	78	82	43	58	60
Food & Drink	1,910	2,008	2,173	13.8	8.2	3.3	581	659	648	11.6	-1.6	2.8	67	65	67	20	21	20
General Manufacturing	355	413	425	19.9	3.0	4.6	156	195	212	35.6	8.9	7.9	81	81	80	36	38	40
ICT	466	432	552	18.3	27.7	4.3	261	290	357	36.9	23.1	8.2	84	85	80	47	57	52
Life Sciences	202	254	264	30.8	4.1	7.0	142	196	205	44.5	4.7	9.6	95	92	92	67	71	71
Materials Handling & Quarry Plant	282	416	506	79.6	21.6	15.8	218	329	397	82.2	20.7	16.2	88	91	92	68	72	72
Other Business Services	83	64	70	-15.9	9.4	-4.2	25	47	51	102.2	7.5	19.2	41	43	46	12	32	33
Printing & Packaging	221	268	230	4.3	-13.9	1.1	110	150	128	16.4	-14.7	3.9	76	74	68	38	41	38
Renewables & Environmental Services	61	91	95	54.7	4.7	11.5	38	57	60	57.7	5.9	12.1	42	47	47	26	30	29
Transport	1,070	1,036	1,081	1.0	4.3	0.2	669	693	740	10.7	6.8	2.6	96	89	90	60	59	62
<b>Total</b>	<b>7,018</b>	<b>7,710</b>	<b>8,240</b>	<b>17.4</b>	<b>6.9</b>	<b>4.1</b>	<b>3,741</b>	<b>4,496</b>	<b>4,884</b>	<b>30.5</b>	<b>8.6</b>	<b>6.9</b>	<b>77</b>	<b>76</b>	<b>77</b>	<b>41</b>	<b>44</b>	<b>46</b>

TABLE 5 : Employment and sales by sector (standard industrial classification)

Sector (standard industrial classification)	No. of companies			Employment						Sales (£ million)						Sales per employee (£)		
	2002- 03	2005- 06	2006- 07	2002- 03	2005- 06	2006- 07	% Change over period	% Change from last year	% Change over period (CAGR)	2002- 03	2005- 06	2006- 07	% Change over period	% Change from last year	% Change over period (CAGR)	2002- 03	2005- 06	2006- 07
Food, Drink & Tobacco	111	110	98	13,781	15,473	15,147	9.9	-2.1	2.4	2,565	2,829	2,977	16.1	5.2	3.8	186,113	182,864	196,549
Clothing & Textiles	67	57	44	8,487	3,311	2,426	-71.4	-26.7	-26.9	497	290	238	-52.2	-18.1	-16.9	58,582	87,598	97,929
Wood Products	39	41	35	1,494	1,683	1,762	17.9	4.7	4.2	138	195	212	53.8	9.1	11.4	92,347	115,603	120,461
Paper Products, Printing & Publishing	23	29	23	1,534	1,910	2,178	42.0	14.0	9.2	139	177	174	25.1	-1.5	5.8	90,830	92,628	80,052
Chemicals & Pharmaceuticals	25	25	24	2,708	2,239	2,377	-12.2	6.2	-3.2	385	338	380	-1.3	12.4	-0.3	142,125	151,003	159,867
Rubber & Plastic Products	46	46	43	4,347	4,786	4,823	11.0	0.8	2.6	425	625	577	35.8	-7.7	8.0	97,723	130,643	119,628
Glass, Ceramic & Concrete Products	36	42	34	2,680	2,990	3,155	17.7	5.5	4.2	231	308	326	41.5	5.9	9.1	86,041	103,044	103,410
Fabricated Metal Products & Metal Finishing	107	90	77	3,996	4,164	4,010	0.4	-3.7	0.1	321	405	385	20.2	-4.8	4.7	80,227	97,173	96,111
Non-Electrical Machinery	84	88	75	5,239	5,426	5,429	3.6	0.1	0.9	638	786	909	42.6	15.7	9.3	121,713	144,791	167,462
Electrical, Electronic & Optical Equipment	63	62	53	9,086	8,598	8,295	-8.7	-3.5	-2.3	1,155	1,235	1,399	21.1	13.2	4.9	127,085	143,681	168,604
Transport Equipment	37	31	32	11,215	9,021	8,344	-25.6	-7.5	-7.1	906	856	861	-5.0	0.7	-1.3	80,800	94,844	103,216
Other Manufacturing	64	62	49	1,998	2,108	2,128	6.5	0.9	1.6	172	247	286	66.3	15.6	13.6	86,028	117,296	134,354
Total Manufacturing	702	683	587	66,565	61,709	60,074	-9.8	-2.6	-2.5	7,571	8,291	8,725	15.2	5.2	3.6	113,732	134,355	145,234
Construction Services	60	59	51	2,580	2,730	2,200	-14.7	-19.4	-3.9	216	323	321	48.9	-0.6	10.5	83,657	118,440	146,080
Business & Financial Services	107	134	137	7,640	11,514	14,076	84.2	22.3	16.5	437	471	462	5.7	-1.8	1.4	118,062	73,962	52,052
Software & Computer Services	118	133	117	4,037	5,165	5,722	41.7	10.8	9.1	230	281	364	58.2	29.7	12.2	57,628	55,055	63,931
Other Services	150	150	136	5,500	5,611	4,578	-16.8	-18.4	-4.5	687	791	854	24.3	8.1	5.6	128,992	143,508	186,615
Total Services	435	476	441	19,757	25,020	26,576	34.5	6.2	7.7	1,571	1,866	2,002	27.5	7.3	6.3	100,632	94,667	93,757
Grand Total	1,137	1,159	1,028	86,322	86,729	86,650	0.4	-0.1	0.1	9,141	10,157	10,727	17.3	5.6	4.1	111,244	124,748	131,734

TABLE 6 : External sales and exports by sector (standard industrial classification)

Sector (standard industrial classification)	External sales (£ million)				Exports (£ million)				External sales % of all sales			Exports % of all sales		
	2002-03	2005-06	2006-07	% Change over period	% Change from last year	% Change over period	% Change from last year	% Change over period (CAGR)	2002-03	2005-06	2006-07	2002-03	2005-06	2006-07
Food, Drink & Tobacco	1,809	1,901	2,063	14.0	8.5	3.3	3.3	2.9	71	67	69	20	21	19
Clothing & Textiles	450	254	200	-55.6	-21.4	-18.4	-14.3	-14.3	91	88	84	31	32	35
Wood Products	80	117	138	73.5	17.9	14.8	18.1	18.1	58	60	65	33	38	42
Paper Products, Printing & Publishing	85	109	88	3.1	-19.4	0.8	1.3	1.3	61	62	50	33	32	27
Chemicals & Pharmaceuticals	360	320	361	0.2	12.8	0.1	1.4	1.4	94	95	95	80	87	85
Rubber & Plastic Products	369	561	509	37.9	-9.3	8.4	-17.0	9.5	87	90	88	56	66	59
Glass, Ceramic & Concrete Products	136	193	194	42.5	0.7	9.3	13.2	13.2	59	63	59	25	25	29
Fabricated Metal Products & Metal Finishing	205	243	217	5.7	-10.7	1.4	-0.8	-0.8	64	60	56	46	43	37
Non-Electrical Machinery	580	711	835	44.1	17.5	9.6	13.2	13.2	91	91	92	55	62	64
Electrical, Electronic & Optical Equipment	1,110	1,184	1,346	21.2	13.7	4.9	7.3	7.3	96	96	96	76	80	83
Transport Equipment	877	823	833	-5.0	1.2	-1.3	1.4	1.4	97	96	97	61	65	68
Other Manufacturing	127	197	240	88.6	21.6	17.2	22.6	22.6	74	80	84	48	62	65
<b>Total Manufacturing</b>	<b>6,189</b>	<b>6,615</b>	<b>7,025</b>	<b>13.5</b>	<b>6.2</b>	<b>3.2</b>	<b>5.7</b>	<b>5.7</b>	<b>82</b>	<b>80</b>	<b>81</b>	<b>45</b>	<b>48</b>	<b>48</b>
Construction Services	95	192	201	110.6	4.9	20.5	27.8	27.8	44	59	62	21	38	39
Business & Financial Services	294	366	343	16.6	-6.3	3.9	13.2	13.2	67	78	74	21	26	33
Software & Computer Services	140	181	200	42.6	10.4	9.3	9.9	9.9	61	64	55	36	38	33
Other Services	299	357	472	57.9	32.3	12.1	17.5	17.5	44	45	55	21	25	32
<b>Total Services</b>	<b>829</b>	<b>1,095</b>	<b>1,216</b>	<b>46.7</b>	<b>11.0</b>	<b>10.1</b>	<b>16.4</b>	<b>16.4</b>	<b>53</b>	<b>59</b>	<b>61</b>	<b>23</b>	<b>29</b>	<b>34</b>
<b>Grand Total</b>	<b>7,018</b>	<b>7,710</b>	<b>8,240</b>	<b>17.4</b>	<b>6.9</b>	<b>4.1</b>	<b>6.9</b>	<b>6.9</b>	<b>77</b>	<b>76</b>	<b>77</b>	<b>41</b>	<b>44</b>	<b>46</b>

TABLE 7 : Employment and sales by employment size-band

Employment size-band	No. of companies			Employment				Sales (£ million)				Sales per employee (£)						
	2002-03	2005-06	2006-07	2002-03	2005-06	2006-07	% Change over period	% Change from last year	% Change over period (CAGR)	2002-03	2005-06	2006-07	% Change over period	% Change from last year	% Change over period (CAGR)	2002-03	2005-06	2006-07
0-9	331	368	329	1,694	2,379	2,237	32.1	-6.0	7.2	135	197	198	46.8	0.9	10.1	80,124	83,055	89,209
10-49	479	479	414	10,903	13,524	12,656	16.1	-6.4	3.8	943	1,364	1,304	38.3	-4.4	8.5	86,948	101,189	103,132
50-99	153	140	123	10,569	10,174	9,647	-8.7	-5.2	-2.3	985	1,140	1,181	19.9	3.5	4.6	93,675	112,944	123,677
100-249	100	96	89	15,311	15,279	15,776	3.0	3.3	0.8	1,923	1,965	2,105	9.4	7.1	2.3	127,573	135,408	142,462
250+	74	76	73	47,845	45,373	46,334	-3.2	2.1	-0.8	5,155	5,491	5,939	15.2	8.1	3.6	117,020	134,041	140,606
<b>Total</b>	<b>1,137</b>	<b>1,159</b>	<b>1,028</b>	<b>86,322</b>	<b>86,729</b>	<b>86,650</b>	<b>0.4</b>	<b>-0.1</b>	<b>0.1</b>	<b>9,141</b>	<b>10,157</b>	<b>10,727</b>	<b>17.3</b>	<b>5.6</b>	<b>4.1</b>	<b>111,244</b>	<b>124,748</b>	<b>131,734</b>

TABLE 8 : External sales and exports by employment size-band

Employment size-band	External sales (£ million)				Exports (£ million)				External sales % of all sales			Exports % of all sales						
	2002-03	2005-06	2006-07	% Change over period	% Change from last year	% Change over period (CAGR)	2002-03	2005-06	2006-07	2002-03	2005-06	2006-07	2002-03	2005-06	2006-07			
0-9	65	108	106	64.2	-1.1	13.2	42	64	64	53.3	0.1	11.3	48	55	54	31	33	32
10-49	516	826	769	49.1	-6.8	10.5	292	448	380	30.1	-15.2	6.8	55	61	59	31	33	29
50-99	584	746	815	39.6	9.3	8.7	275	431	453	64.6	5.2	13.3	59	65	69	28	38	38
100-249	1,395	1,393	1,498	7.4	7.6	1.8	645	747	856	32.6	14.5	7.3	73	71	71	34	38	41
250+	4,459	4,638	5,051	13.3	8.9	3.2	2,486	2,805	3,130	25.9	11.6	5.9	86	84	85	48	51	53
<b>Total</b>	<b>7,018</b>	<b>7,710</b>	<b>8,240</b>	<b>17.4</b>	<b>6.9</b>	<b>4.1</b>	<b>3,741</b>	<b>4,496</b>	<b>4,884</b>	<b>30.5</b>	<b>8.6</b>	<b>6.9</b>	<b>77</b>	<b>76</b>	<b>77</b>	<b>41</b>	<b>44</b>	<b>46</b>



TABLE 9 : Employment and sales by ownership status

Ownership	No. of companies			Employment						Sales (£ million)						Sales per employee (£)		
	2002-03	2005-06	2006-07	2002-03	2005-06	2006-07	% Change over period	% Change from last year	% Change over period (CAGR)	2002-03	2005-06	2006-07	% Change over period	% Change from last year	% Change over period (CAGR)	2002-03	2005-06	2006-07
External	180	184	172	44,743	44,890	46,168	3.2	2.8	0.8	5,386	5,549	6,117	13.6	10.2	3.2	132,673	140,139	149,354
Local	957	975	856	41,579	41,839	40,482	-2.6	-3.2	-0.7	3,756	4,608	4,610	22.7	0.0	5.3	90,322	110,178	113,903
Total	1,137	1,159	1,028	86,322	86,729	86,650	0.4	-0.1	0.1	9,141	10,157	10,727	17.3	5.6	4.1	111,244	124,748	131,734

TABLE 10 : External sales and exports by ownership status

Ownership	External sales (£ million)						Exports (£ million)						External sales % of all sales			Exports % of all sales		
	2002-03	2005-06	2006-07	% Change over period	% Change from last year	% Change over period (CAGR)	2002-03	2005-06	2006-07	% Change over period	% Change from last year	% Change over period (CAGR)	2002-03	2005-06	2006-07	2002-03	2005-06	2006-07
External	4,867	5,015	5,467	12.3	9.0	2.9	2,775	3,162	3,573	28.8	13.0	6.5	90	90	89	52	57	58
Local	2,151	2,695	2,773	28.9	2.9	6.6	966	1,334	1,310	35.6	-1.8	7.9	57	58	60	26	29	28
Total	7,018	7,710	8,240	17.4	6.9	4.1	3,741	4,496	4,884	30.5	8.6	6.9	77	76	77	41	44	46

TABLE 11 : Employment and sales by knowledge based status (OECD SIC based definition)

Knowledge based status	No. of companies			Employment				Sales (£ million)				Sales per employee (£)			
	2002-03	2005-06	2006-07	2002-03	2005-06	2006-07	% Change over period	% Change from last year	% Change over period (CAGR)	2002-03	2005-06	2006-07	2002-03	2005-06	2006-07
Knowledge based	378	389	351	34,881	35,893	37,678	8.0	5.0	1.9	3,304	3,584	3,976	107,325	116,904	121,056
Non-knowledge based	759	770	677	51,441	50,836	48,972	-4.8	-3.7	-1.2	5,837	6,572	6,751	113,591	129,486	138,953
<b>Total</b>	<b>1,137</b>	<b>1,159</b>	<b>1,028</b>	<b>86,322</b>	<b>86,729</b>	<b>86,650</b>	<b>0.4</b>	<b>-0.1</b>	<b>0.1</b>	<b>9,141</b>	<b>10,157</b>	<b>10,727</b>	<b>111,244</b>	<b>124,748</b>	<b>131,734</b>

TABLE 12 : External sales and exports by knowledge based status (OECD SIC based definition)

Knowledge based status	External sales (£ million)				Exports (£ million)				External sales % of all sales			Exports % of all sales		
	2002-03	2005-06	2006-07	% Change over period	2002-03	2005-06	2006-07	% Change over period (CAGR)	2002-03	2005-06	2006-07	2002-03	2005-06	2006-07
Knowledge based	2,949	3,252	3,557	20.6	1,998	2,364	2,732	36.7	36.7	36.7	8.1	89	91	89
Non-knowledge based	4,069	4,458	4,683	15.1	1,743	2,132	2,152	23.4	23.4	23.4	5.4	70	68	69
<b>Total</b>	<b>7,018</b>	<b>7,710</b>	<b>8,240</b>	<b>17.4</b>	<b>3,741</b>	<b>4,496</b>	<b>4,884</b>	<b>30.5</b>	<b>30.5</b>	<b>30.5</b>	<b>6.9</b>	<b>77</b>	<b>76</b>	<b>77</b>

## Notes to Tables 3 to 12

- The data contained in these tables is mainly sourced from the Sales and Export Survey undertaken annually by the Statistics Research Branch at DETI and from Invest NI client monitoring records. All sales figures have been inflated to 2006-07 prices.

TABLE 13 : Assistance offered by District Council Area (DCA)

District Council Area	No. of offers	Assistance offered (£ million)	Planned investment (£ million)	Assistance per head (£ million)	Investment per head (£ million)
Antrim	530	32.58	190.72	807	4,723
Ards	289	8.60	40.94	139	661
Armagh	546	13.84	62.26	313	1,410
Ballymena	601	18.61	100.14	378	2,033
Ballymoney	212	3.32	13.29	143	572
Banbridge	269	5.42	24.58	150	680
Belfast	2,244	232.34	933.23	1,082	4,345
Carrickfergus	222	4.16	15.71	131	495
Castlereagh	418	12.13	48.87	230	929
Coleraine	445	12.22	44.44	271	984
Cookstown	557	13.78	83.05	506	3,049
Craigavon	733	59.07	262.11	855	3,795
Derry	1,012	74.58	367.84	902	4,447
Down	390	6.51	20.81	121	387
Dungannon	842	22.88	119.63	547	2,861
Fermanagh	485	19.09	137.71	396	2,856
Larne	265	22.61	101.91	899	4,050
Limavady	157	18.38	54.29	692	2,045
Lisburn	749	24.82	151.34	283	1,728
Magherafelt	683	9.93	48.32	301	1,463
Moyle	109	3.08	11.98	232	903
Newry & Mourne	720	24.60	186.36	341	2,580
Newtownabbey	535	30.27	89.48	466	1,376
North Down	387	12.29	54.37	192	848
Omagh	540	9.83	58.79	248	1,483
Strabane	217	13.51	65.06	447	2,151
<b>Total</b>	<b>14,157</b>	<b>708.45</b>	<b>3,287.24</b>	<b>514</b>	<b>2,384</b>

**TABLE 14 : Assistance offered by Parliamentary Constituency Area (PCA)**

Parliamentary Constituency Area (PCA)	No. of offers	Assistance offered (£ million)	Planned investment (£ million)	Assistance per head (£ million)	Investment per head (£ million)
Belfast East	648	86.48	327.56	1,354	5,127
Belfast North	463	23.07	117.52	356	1,814
Belfast South	1,098	107.95	436.92	1,406	5,692
Belfast West	361	27.22	99.93	426	1,564
East Antrim	678	46.05	167.34	666	2,421
East Londonderry	595	30.43	97.68	424	1,362
Fermanagh & South Tyrone	1,047	34.47	214.30	439	2,731
Foyle	1,012	74.53	367.84	901	4,447
Lagan Valley	765	22.57	140.60	266	1,655
Mid Ulster	1,531	31.91	176.67	444	2,459
Newry & Armagh	897	30.03	216.77	364	2,628
North Antrim	921	24.87	125.97	290	1,469
North Down	415	14.60	62.23	201	858
South Antrim	832	42.97	227.53	518	2,745
South Down	724	15.94	60.40	181	685
Strangford	525	10.74	51.53	132	633
Upper Bann	886	61.23	272.46	697	3,102
West Tyrone	759	23.39	124.01	335	1,774
<b>Total</b>	<b>14,157</b>	<b>708.45</b>	<b>3,287.24</b>	<b>514</b>	<b>2,384</b>

**Notes to Tables 13 to 16**

1. Total offer locations exceed total number of offers as some projects are located in more than one area.
2. Table totals may not add due to rounding.
3. Figures include inward investment projects.

**TABLE 15 : Assistance offered in disadvantaged areas**

Assistance	No. of offers	Assistance offered (£ million)	Planned investment (£ million)
Total	14,157	708.45	3,287.24
% in disadvantaged areas	36	51	52

**TABLE 16 : Assistance offered by East/West split**

Area	No. of offers	Assistance offered (£ million)	Planned investment (£ million)	Assistance per head (£ million)	Investment per head (£ million)
East NI	9,219	514.26	2,308.11	512	2,298
West NI	4,938	194.19	979.13	518	2,614
Total	14,157	708.45	3,287.24	514	2,384

**Notes to Tables 13 to 16**

4. An additional £38.2 million of assistance was offered, for which this level of detail is not available.
5. Per head figures are based on adult population from 2007 mid-year population estimates.
6. Planned Investment includes assistance offered.

**TABLE 17 : Assistance offered by sector**

Sector	No. of offers	Assistance offered (£ million)	Planned investment (£ million)
Clothing & Textiles	349	19.20	108.67
Construction Products & Services	1,832	29.74	143.23
Contact Centres	436	95.47	379.84
Electrical & Electronics	555	71.39	338.25
General Engineering	1,074	23.23	93.36
Food & Drink	1,234	51.28	371.92
General Manufacturing	1,575	36.93	175.04
ICT	1,446	75.80	334.06
Life Sciences	411	66.39	391.20
Materials Handling & Quarry Plant	478	23.92	136.80
Other Business Services	2,918	17.81	78.53
Printing & Packaging	426	22.35	157.81
Renewables & Environmental Services	315	6.69	35.07
Tourism	159	13.02	62.49
Transport	501	56.74	267.54
<b>Total</b>	<b>13,709</b>	<b>609.96</b>	<b>3,073.81</b>

**Notes to Table 17**

1. Table totals may not add due to rounding.
2. Figures include inward investment projects.
3. An additional £136.7 million of assistance was offered, for which this level of detail is not available.
4. Sectors are based on Invest NI's internal reporting structures.
5. Planned investment includes assistance offered.

**TABLE 18 : Assistance offered by knowledge based status**

Knowledge based status	No. of offers	Assistance offered (£ million)	Planned investment (£ million)
Knowledge based	4,684	382.25	1,853.94
Non-knowledge based	8,757	218.68	1,195.41
TSO's and universities	442	98.49	213.42
<b>Total</b>	<b>13,883</b>	<b>699.42</b>	<b>3,262.77</b>

**Notes to Tables 18 and 19**

1. Table totals may not add due to rounding.
2. Knowledge based groupings are based on the UK Standard Industrial Classifications (SIC) 2003.
3. The OECD definition of knowledge based industries has been used. This includes: High Technology Manufacturing Industries (SIC codes 24.4, 30, 32, 33, 35.3), Medium-High Technology Manufacturing Industries (SIC codes 24 [excl.24.4], 29, 31, 34, 35.2) and Knowledge Based Marketed

**TABLE 19 : Assistance offered by size-band**

Offer size-band	No. of offers	Assistance offered (£ million)	Planned investment (£ million)
<£10,000	9,524	15.87	42.49
£10,000 - £49,999	2,825	65.94	265.94
£50,000 - £99,999	764	53.60	330.80
£100,000 - £249,999	420	66.10	318.79
£250,000 - £499,999	139	49.20	218.85
£500,000 - £999,999	83	61.15	316.57
>£1 million	128	387.55	1,769.33
<b>Total</b>	<b>13,883</b>	<b>699.42</b>	<b>3,262.77</b>

**Notes to Tables 18 and 19**

- Services (SIC codes 64 to 67 and 71 to 74).
4. Figures include inward investment projects.
  5. An additional £47.26 million of assistance was offered, for which this level of detail is not available.
  6. Planned investment includes assistance offered.



**TABLE 20 : List of clients with offers of assistance totalling £250,000 or more**

Company/organisation	Assistance offered (£'000)	Planned investment (£'000)
Seagate Technology (Ireland)	37,602	197,596
Almac Group Limited	31,374	110,647
Bombardier Aerospace - Short Brothers Plc	30,234	160,413
Queen's University Belfast	24,808	64,178
Citibank International Plc	20,404	54,643
Radox Laboratories Limited	19,168	133,889
University of Ulster	17,915	32,714
FG Wilson (Engineering) Limited	15,283	63,328
Firstsource Solutions UK Limited	15,195	54,761
Allstate Northern Ireland Limited	12,593	75,452
Northern Ireland Screen Commission	11,417	31,025
The Carbon Trust in Northern Ireland	11,316	11,316
Nacco Materials Handling Limited	8,710	40,091
Coca-Cola Bottlers (Ulster) Limited	7,835	69,499
Fujitsu Telecommunications Ireland	7,707	34,658
LBM Holdings (UK Limited)	7,204	25,834
Enterprise Northern Ireland Limited	6,812	15,950
Moy Park Limited	6,476	37,080
Teleperformance Limited	6,109	22,744
Schrader Electronics Limited	5,759	20,845
Perfecseal Limited	5,635	18,966
HCL BPO Services (NI) Limited	5,612	16,222
Michelin Tyre Plc	5,590	29,236
Linergy Power Limited	5,284	18,635
The Sean Quinn Group Limited	4,801	59,043
Thales Air Defence Limited	4,722	15,720
Copeland Limited	4,576	24,965
Wrightbus Limited	4,225	16,136
Icemos Technology Limited	3,838	10,314
Homeloan Management Limited	3,674	11,555
Independent News & Media Plc	3,660	45,178
B/E Aerospace (UK) Limited	3,573	11,690
Castle Hume Leisure Limited	3,500	23,532
The Princes Trust	3,265	3,433
Answercall Direct Limited	3,240	8,768
Norbrook Laboratories Limited	3,239	85,653
Delta Print & Packaging Limited	3,080	11,098
Finlay Hydrascreens (Omagh) Limited	3,051	28,916
Hastings Hotels Group Limited	2,952	4,699
Du Pont (UK) Limited	2,927	38,598
North West Business Complex Limited	2,803	3,460
Glanbia Cheese Limited	2,600	12,372
Quantum Hosiery Limited	2,523	9,837
Allen Systems Group Inc	2,515	5,015
CaridianBCT Northern Ireland Limited	2,494	22,788
Liberty Information Technology Limited	2,478	11,789
Imagine Telecommunications NI Limited	2,442	8,521
Young Enterprise Northern Ireland	2,372	4,064
Tech Mahindra Limited	2,238	14,080
United Dairy Farmers Limited	2,136	8,652

**TABLE 20 : List of clients with offers of assistance totalling £250,000 or more** (continued)

Company/organisation	Assistance offered (£'000)	Planned investment (£'000)
Premier Foods Group Limited	2,095	8,674
Nortel Networks UK Limited	2,025	5,779
Andor Technology Plc	2,024	11,033
The Old Bushmills Distillery Co Limited	2,003	6,500
Donaghadee Carpets	2,000	6,950
AP Galgorm Limited	2,000	15,370
Smart Light Devices Ireland Limited	1,973	6,534
Reed Managed Services Plc	1,948	11,386
Canyon Europe Limited	1,906	10,152
Herdmans Holdings Limited	1,900	7,035
Mformation Technologies (DMS) Limited	1,873	15,700
Ulster Weavers Apparel Limited	1,859	7,676
Controlled Electronic Management Systems Limited	1,819	18,534
Bank of Ireland Securities Services Limited	1,788	10,735
Axa Insurance Limited	1,775	11,839
Galgorm Manor Hotel Limited	1,677	6,583
Evron Foods Limited	1,610	8,396
John Huddleston Engineering Limited	1,580	6,906
Kiel Pharma Limited	1,563	5,387
Polaris Software Lab Limited	1,548	9,820
Fintec Crushing and Screening Limited	1,507	11,674
Moyola Precision Engineering Limited	1,486	9,145
British Telecommunications Plc	1,467	8,683
McCloskey International Limited	1,466	15,641
Aepona Limited	1,464	13,182
Latens Systems Limited	1,387	4,253
Wombat Financial Software Europe Limited	1,378	8,143
ICS Computing Limited	1,346	4,189
Hughes Christensen	1,306	5,533
Balcas Timber Limited	1,264	9,047
Openwave Systems (NI) Limited	1,255	5,012
Chieftain Trailers Limited	1,224	4,688
Powerscreen International Distribution Limited	1,207	4,286
3PAR Inc	1,200	16,241
The Belleek Pottery Limited	1,153	4,101
Abbey National Plc	1,127	7,118
LE Pritchitt & Company Limited	1,084	7,135
Omagh Renewable Energy Limited	1,077	3,589
The McAvoy Group Limited	1,074	4,652
O'Neills Irish International Sports Company Limited	1,071	4,219
Mc Colgan's Quality Foods Limited	1,056	6,456
Lagan Technologies Limited	1,031	5,095
Boran-Mopack Limited	1,025	3,042
CDE Ireland Limited	1,024	8,892
MSO Cleland Limited	1,015	8,359
Tyrone Brick Limited	1,015	4,875
North Down and Ards Institute	983	2,208
Meteor Controls (International) Limited	981	11,561

**TABLE 20 : List of clients with offers of assistance totalling £250,000 or more** (continued)

Company/organisation	Assistance offered (£'000)	Planned investment (£'000)
Northern Ireland Technology Centre	955	1,314
Fusion Antibodies Limited	934	4,257
Decora Blind Systems Limited	929	8,798
SAP Corporate Research	919	1,838
Colorite Europe Limited	911	4,061
Creative Composites Limited	870	4,138
Asidua Limited	870	2,443
The Global Email Company Limited	862	4,166
Global Armour Limited	839	6,426
Yell Limited	834	7,654
Killyhevlin Hotel Limited	833	4,186
Reflex Mouldings Limited	808	2,829
Kelman Limited	808	3,532
The British Textile Manufacturing Company Limited	802	1,559
Sensor Technology & Devices Limited	800	3,118
Amphion Semiconductor Limited	786	3,439
Digestors Silos & Tanks Limited	768	2,498
Singularity Limited	764	2,721
McMullen Architectural Systems Limited	761	2,488
Argyle Business Centre Limited	758	1,445
Advantage Northern Ireland Limited	756	1,018
IBM Holdings (UK) Limited	755	4,484
Steria Services Limited	750	6,293
The Flax Trust	745	3,203
WD Irwin & Sons Limited	731	7,557
Axis Three Limited	728	2,834
Borland Software Corporation	725	1,975
Kainos Software Limited	701	4,146
SMTEK Europe Limited	700	1,000
Mobile Cohesion Limited	687	3,525
Traceassured Limited	683	2,312
Intelliden Limited	683	2,675
Webtech (NI) Limited	678	3,799
Omagh Enterprise Co Limited	671	2,438
Anderson Manning Associates Limited	651	2,849
Business in the Community	651	1,284
Fighting Bull Broadcast Technologies Limited	640	2,552
Radius Plastics Limited	638	3,300
Telestack Limited	634	3,294
Dairy Produce Packers Limited	634	3,459
Clarehill Plastics Limited	634	1,560
Dunbia (Northern Ireland)	610	6,452
Eurostock Foods Newry Limited	607	5,951
Heartsine Technologies Inc	600	1,335
Norbev	589	6,627
O'Kane Poultry Limited	565	7,373
Schlumberger Oilfield UK Plc	564	4,215
Glen Electric Limited	554	2,670

**TABLE 20 : List of clients with offers of assistance totalling £250,000 or more (continued)**

Company/organisation	Assistance offered (£'000)	Planned investment (£'000)
Belfast Health and Social Care Trust	550	1,600
Boomer Industries Limited	547	4,057
Regency Carpet Manufacturing Limited	545	3,849
Roll Formed Fabrications Limited	531	2,493
Foyle Food Group Limited	528	1,656
Armagh City and District Council	517	838
Daewoo Electronics UK Limited	516	1,510
CAM Benchmarking Limited	516	800
Cunningham Stone Limited	515	3,956
Core Systems (NI) Limited	514	1,410
Consilium Technologies Limited	510	1,718
Western Brand Poultry Products (NI) Limited	507	6,065
AJ Power Limited	506	2,504
Glenaden Shirts Limited	500	1,320
Huhtamaki (UK) Limited (Portadown)	499	1,236
First Derivatives Plc	497	1,344
Greater Shankill Business Forum Limited	496	1,046
MJM Marine Limited	495	1,959
F5 Networks Northern Ireland Limited	494	1,824
Dream Ireland Limited	490	665
Southern Regional College	490	633
NC Engineering (Hamiltonsbawn) Limited	489	1,479
Finrone Limited	484	3,518
Humax Electronics Co Limited	480	2,922
Pat Hanna	475	5,403
Aurora SX3 Limited	475	1,868
Dale Farm Limited	473	15,462
Langford Lodge Engineering Co Limited	470	2,890
Keystone Lintels Limited	468	1,303
Biobusiness NI Limited	467	492
Meridio Limited	466	1,430
The Nerve Centre	464	987
The Savile Row Holding Company Limited	459	2,681
Wilson's Country Limited	453	6,222
Linden Foods Limited	452	2,711
SAP (UK) Limited	450	900
South West College	450	450
Gallaher Limited	448	2,192
Best Western Magherabuoy Hotel	444	2,259
3M United Kingdom Plc	441	1,452
Mallaghan Engineering Limited	437	3,800
Northern Ireland Council for Voluntary Action	436	871
Workspace (Draperstown) Limited	434	1,113
Datza Limited	429	954
Extec Screens and Crushers (NI) Limited	427	966
Valpar Industrial Limited	427	3,244
Macrete Ireland Limited	426	1,036
Nu Print Technologies Limited	421	1,298

**TABLE 20 : List of clients with offers of assistance totalling £250,000 or more** (continued)

Company/organisation	Assistance offered (£'000)	Planned investment (£'000)
Andronics Limited	417	804
Moore Concrete Products Limited	416	2,169
W&G Baird Limited	415	1,343
James Leckey Design Limited	415	1,554
Carrickfergus Enterprise	411	1,461
AVX Limited	410	1,429
Digital Theater Systems (UK) Limited	410	1,025
Fleming Agri-products Limited	409	1,485
Punjana Limited	405	2,520
Heat Energy & Associated Technology Limited	405	1,418
Tyrone Crystal Giftware Limited	392	1,316
Audio Processing Technology Limited	390	1,580
Crossgar Poultry Limited	389	2,126
Northern Ireland Food and Drink Association Limited	386	809
RYOBI Aluminium Casting (UK) Limited	384	2,070
Whiterock Creche Association Limited	380	562
Chesapeake Belfast Limited	376	1,167
Willowbrook Foods	376	6,154
Synergy Centres Limited	374	571
RFD Beaufort Limited	373	1,320
Relay Software Limited	372	1,277
Wade Training Limited	372	496
Virtual Enterprise for Rapid Advancement Limited	372	496
SDC Trailers Limited	371	1,574
E & I Engineering Limited	368	994
Coulter Windows Limited	367	376
Grampian Country Pork Limited	366	5,908
Lisnaskea Community Enterprises Limited	366	784
The Internet Business Limited	365	1,208
Xflam Limited	364	1,928
Hill Engineering Limited	364	1,100
John Thompson & Sons Limited	363	1,134
Oakwood Door Designs Limited	363	3,179
Amtec Medical Limited	362	639
Ramyn Limited	361	2,133
Activity Breaks Limited	359	1,424
John Mackle (Moy) Limited	356	4,831
Opt 2 Vote Limited	350	1,032
Pumps & Fuel Installations Limited	349	2,505
Toughglass Limited	344	1,327
McQuaid Engineering Limited	343	1,475
Unicorn Self Serve Limited	341	2,024
Level Seven Creative Limited	335	1,613
Powershield Doors Limited	329	2,267
Kerry Foods Enniskillen	324	1,017
ABF Grain Products Limited	322	1,501
BA Kitchen Components Limited	318	4,430
McErlains Bakery (Magherafelt) Limited	318	4,265

**TABLE 20 : List of clients with offers of assistance totalling £250,000 or more** (continued)

Company/organisation	Assistance offered (£'000)	Planned investment (£'000)
Thermomax Limited	316	843
Nitronica Limited	315	2,222
Giltspur Scientific Limited	314	756
Hostelling International Northern Ireland	313	1,310
ATG (Northern Ireland) Limited	313	1,693
Smiley Monroe Limited	312	709
Magenta Video Conferencing Limited	307	749
Tyrone Fabrication Limited	307	1,376
Norman Emerson Group Limited	307	2,565
S&B Production Limited	306	1,038
Alpha Environmental Systems Limited	305	805
Joseph Hughes Painting Contractors Limited	304	2,493
Warmflow Engineering Co Limited	303	1,205
Diamond Corrugated Cases Limited	302	1,435
LB Meat Products Limited	302	302
The Social Economy Agency Northern Ireland	300	600
Millers Traditional Bakery Limited	297	1,358
Bite Snack Foods Limited	295	1,593
Glenronics Limited	292	782
Hilton Meats (Cookstown) Limited	290	786
Flextronics (UK) Design Services Limited	290	905
Philips Healthcare Informatics Limited	289	924
Red Sky Group Limited	288	750
Kosmos Glass Recycling Limited	288	3,629
Hunter Apparel Solutions Limited	287	807
West Belfast and Greater Shankill Enterprise Council	286	750
Bridgedale Outdoor Limited	285	815
Banjax Studios Limited	282	871
Francis Dinsmore Limited	280	1,092
Datactics Limited	280	1,476
Rapid International Limited	276	482
EG Information Consulting Limited	275	754
Pollock Lifts Limited	272	600
Fortress Diagnostics Limited	272	872
EPS Environmental Limited	271	727
Marlborough Engineering Limited	270	1,524
Maghera Joinery Works Limited	270	1,545
J Thompson Solutions Limited	269	919
Composite Design Ireland LLP	267	3,429
Glens of Antrim Potatoes Limited	266	2,398
Biznet Solutions Limited	265	353
New World Developments Limited	265	399
TFR Facilities Limited	264	4,020
Sycadex Limited	262	950
JMF Limited	260	1,216
Seagoe Technologies Limited	260	740
Tobermore Concrete Products Limited	256	329
Investment Belfast Limited	256	1,061

**Notes to Table 20**

1. This table represents offers of assistance approved to businesses over the six year period and includes SFA, innovation and capability support.
2. Companies and organisations may have received more than one offer of assistance over the period.

**TABLE 20 : List of clients with offers of assistance totalling £250,000 or more** (continued)

Company/organisation	Assistance offered (£'000)	Planned investment (£'000)
Replify Limited	255	737
Provita Eurotech Limited	255	829
Tools For Living (Ireland) Limited	253	737
Oakleaf Contracts (Europe) Limited	251	1,344
Biancamed Limited	250	857

**Notes to Table 20**

3. Not all assistance offered will be paid.
4. Some projects may not proceed therefore no assistance will be paid.
5. Planned investment includes assistance offered.

TABLE 21 : Invest NI primary evaluations

Year	Programme	Area/group	Outcome
2004-05	Export Start	Entrepreneurship	<p>The Export Start Scheme was launched in 1992 and aimed at businesses with the potential to trade outside Northern Ireland, generally exploiting near-market opportunities such as Great Britain, and the Republic of Ireland, but also with the potential to do business further afield. The scheme offered financial and advisory support. An independent evaluation of the scheme was undertaken for the period 1998 to 2003 and included the following findings:</p> <ol style="list-style-type: none"> <li>1. over 300 offers were made between 1998 and 2000 with total project costs leveraging £38.510 million;</li> <li>2. businesses accepting offers between 1998 and 2000 had promoted 1,790 jobs as at December 2003 (average cost per job was £2,736), and turnover in excess of £90 million based on scheme costs of £4,896 million; and</li> <li>3. the scheme was an appropriate intervention for new start-ups with export potential supporting market failure in the volume of NI exports.</li> </ol>
2004-05	Company Development Programme (CDP) (Known since 2005 as Business Improvement Training Programme)	Innovation	<p>The Company Development Programme was designed to assist companies improve their competitiveness and performance through the development of their workforce, both managers and employees. It supported companies to develop training programmes and infrastructures through advisory support and financial assistance. An independent evaluation was undertaken on the period 1996 to 2004 and the findings included:</p> <ol style="list-style-type: none"> <li>1. 73 per cent of companies surveyed identified cost savings as a key benefit of participating on the programme;</li> <li>2. 47 per cent of companies surveyed cited CDP as having had a positive impact on their market share</li> <li>3. there is a rationale for public sector intervention in the area of training and development at company level. Northern Ireland lagged behind the rest of the UK in terms of skills, and the productivity and competitiveness of Northern Ireland businesses had been adversely affected by low skills levels in the workforce; and</li> <li>4. the programme should align activities to the wider skills needs of the economy in terms of increasing Northern Ireland's business competitiveness.</li> </ol>
2004-05	Compete	Innovation	<p>Invest NI encourages and promotes near-market research and development through the Compete programme. An independent evaluation of the programme was undertaken to determine its success in achieving the objective of promoting research and development activity in Northern Ireland and its impact on Invest NI client performance. The evaluation examined the Compete programme over the period 1998 to 2004 and included the following key findings:</p> <ol style="list-style-type: none"> <li>1. investment as a result of Compete assisted R&amp;D projects contributed an additional £6 million to private sector R&amp;D (about five per cent of total business R&amp;D);</li> <li>2. it is estimated that over the period £7.30 of new sales was generated for every £1 of Compete assistance offered;</li> <li>3. Compete had a high impact on the level of R&amp;D and innovation in respondent firms. 57 per cent of companies rated the impact in this area as either 1 or 2 (where 1 is extensive impact and 5 is no impact);</li> <li>4. 80 per cent of all firms surveyed cited Compete as having had a positive impact on their profitability; and</li> <li>5. high levels of technical and commercial success rates were recorded by companies participating in the programme.</li> </ol>



TABLE 21 : Invest NI primary evaluations (continued)

Year	Programme	Area/group	Outcome
2005-06	Proof of Concept	Innovation	<p>The Proof of Concept (PoC) programme was launched by Invest NI in December 2003 as a three year pilot. It was designed to fund the commercial development of research outputs from the two Northern Ireland universities which were considered to be at too early a stage to attract private sector interest. An independent evaluation was undertaken covering the period up to March 2006 and assessed 40 projects representing public support of £5 million. The evaluation concluded that:</p> <ol style="list-style-type: none"> <li>1. there was a clear need for the programme, evidenced by survey results and consultations with the universities and venture capitalists; and</li> <li>2. 66 per cent of supported projects would not have gone ahead, or would have gone ahead on a smaller scale or at a slower rate, if PoC had not existed.</li> </ol>
2005-06	START	Innovation	<p>The START programme began in 1995 and aims to increase the amount of industrial applied research in Northern Ireland, driving capability improvements within the business community by enhancing the R&amp;D capability of companies and by knowledge transfer through linkages or partnerships established with universities and other companies. An independent evaluation of the programme was undertaken on the period January 2000 to March 2006, during which time 30 projects were supported. The findings of the evaluation included:</p> <ol style="list-style-type: none"> <li>1. Invest NI committed £23 million to the programme against total project costs of £64 million;</li> <li>2. the provision of support is in line with national and regional policy;</li> <li>3. the programme represents value for money. For every pound sterling of grant there is an anticipated return of £4.29; and</li> <li>4. overall, START has been successful in achieving positive outcomes, evidenced by the high levels of technical objectives achieved and commercial exploitation of projects. Northern Ireland benchmarks well against other areas such as Finland in these aspects.</li> </ol>
2005-06	Start a Business Programme	Entrepreneurship	<p>The Start a Business programme (SABp) is Invest NI's volume small business start-up intervention and an independent evaluation of the programme start-up intervention and an independent evaluation of the programme was undertaken covering the period September 2001 to November 2005. The key findings included:</p> <ol style="list-style-type: none"> <li>1. the programme's broad aims and objectives continue to be consistent in addressing market failure;</li> <li>2. there continues to be a rationale for most elements of the programme, however to increase their effectiveness and reduce levels of deadweight (estimated to be between 73 per cent and 84 per cent) it may be appropriate to offer a more flexible and targeted offering. There was strong evidence that participants would prefer to select those elements that meet individual needs;</li> <li>3. despite a complex range of grossing-up methods, the net economic impact attributable to the programme after four years of operation was: <ul style="list-style-type: none"> <li>1,385 - 2,194 new businesses;</li> <li>1,286 - 2,037 new jobs;</li> <li>£71 million - £113 million turnover; and</li> <li>£28 million - £44 million profit;</li> </ul> </li> <li>4. the impact of the programme could be increased by attracting a higher proportion of people who would have been less likely to have started a business anyway (for example women and young people), and focus support on businesses likely to achieve longer term growth; and</li> <li>5. programme does not offer value for money.</li> </ol>

TABLE 21 : Invest NI primary evaluations (continued)

Year	Programme	Area/group	Outcome
2006-07	Accelerating Entrepreneurship Strategy (AES)	Entrepreneurship	<p>The Accelerating Entrepreneurship Strategy (AES) was launched by Invest NI in June 2003 as Invest NI's response to a commitment made in the Programme for Government (PFG) to address the low level of entrepreneurial activity in Northern Ireland. The strategy covered a three year period to June 2006 and was co-ordinated and managed by Invest NI in partnership with DETI, other government departments, local authorities and organisations that provide support for entrepreneurs.</p> <p>It was independently evaluated towards the end of 2006 and was found to have been successful on a number of fronts. For the first time in Northern Ireland the AES provided a coherent framework to 'join-up' support mechanisms for entrepreneurs at all stages in their 'journey' to becoming a successful entrepreneur from awareness raising and entrepreneurship education with 'would-be' entrepreneurs, through to practical support for entrepreneurs already active in establishing their business venture, for example in terms of capability development, access to finance and infrastructure.</p> <p>The evaluation concluded that the AES had resulted in an enhanced level of entrepreneurial activity in Northern Ireland and had contributed to a net increase in the volume and value of business start-ups. However, it was recognised that much of the progress achieved had been in relation to 'volume', rather than 'value', with outputs heavily skewed in respect of the locally focused sector, where the economic impact is more limited and where issues of deadweight can prevail. A new phase of AES should extend the strategy focus to accelerate the growth of existing businesses in export markets to build the private sector - Start-up and Step-up. Focus should be placed on increasing the rate of innovation in NI as a pre-requisite for increasing entrepreneurial activity through greater integration of the initiatives that support innovation and entrepreneurship. There should also be a focus on increasing the number of spin outs and commercialisation of projects from the university and private sector research bases.</p> <p>A number of targeted initiatives were undertaken under the AES to increase awareness of entrepreneurship and encourage more people to take the first steps towards setting up a business. The evaluation report included the following findings and conclusions:</p> <ol style="list-style-type: none"> <li>1. education has a significant and positive impact on early stage entrepreneurial activity. Invest NI invested over £2.5 million to enable 230,000 young people in the post-primary and higher education (HE) sectors to participate on entrepreneurial programmes delivered by the Northern Ireland Centre for Entrepreneurship (NICENT) and Young Enterprise Northern Ireland;</li> <li>2. Invest NI provided sponsorship for a number of initiatives aimed at generating entrepreneurship awareness among the student population in Northern Ireland. These initiatives included the £25,000 awards, the Student Enterprise Awards and the Kauffman Fellowship;</li> <li>3. youth entrepreneurship programmes delivered for Invest NI through Advantage Northern Ireland's Young Entrepreneurs Programme had made contact with 67,000 young people in Northern Ireland, representing 19 per cent of the total population of that age group. All Advantage NI's targets were achieved or exceeded; and</li> <li>4. sustained measures to address cultural factors and embed entrepreneurship in education are needed, with the Department of Education and Department for Employment and Learning taking the lead.</li> </ol>

TABLE 21 : Invest NI primary evaluations (continued)

Year	Programme	Area/group	Outcome
2006-07	Go For It campaign	Entrepreneurship	<p>The Go For It (GFI) media campaign was originally piloted from October 2003 to February 2004, and then became a five year advertising and marketing campaign to support Invest NI's broader aims of developing a more entrepreneurial culture and boost levels of business start-up in Northern Ireland as outlined in the Accelerating Entrepreneurship Strategy (AES).</p> <p>An independent evaluation of the campaign was undertaken in 2006-07 and the main conclusions arising from the review were:</p> <ol style="list-style-type: none"> <li>1. in considering the rationale for the campaign there is clear evidence that Northern Ireland is lagging significantly behind the UK and most other developed economies in relation to almost all measures of entrepreneurial activity. Strategic stakeholders believe there is still a need for government to actively take steps to increase entrepreneurship levels in Northern Ireland;</li> <li>2. the campaign was effective in terms of raising awareness and building the GFI brand, however, in terms of assessing the impact on the enterprise culture in Northern Ireland, the Global Entrepreneurship Monitor (GEM) analysis would suggest very little change;</li> <li>3. the campaign was effective in achieving targets for enquiries to the GFI helpline and letters of offer approved under the Start a Business programme;</li> <li>4. 22 per cent of respondents indicated that they would not have started a business without the prompting of the campaign and 23 per cent of respondents claimed it had made them do it sooner or helped them do it better;</li> <li>5. any future campaign should be able to track those who contact the helpline to clarify if they progressed to starting a business; and</li> <li>6. the overall media approach has been comprehensive and well planned, covering all the major media available in the region, and is well suited to a mass market audience. However, the evaluation highlighted that there needed to be more targeting at sub groups and a monitoring framework put in place to measure this approach.</li> </ol>
2006-07	Higher Education Innovation Fund (HEIF)	Innovation	<p>Invest NI and the Department for Employment and Learning (DEL) support the two local universities in encouraging them to increase their capability to respond to the needs of business (including companies of all sizes) and the wider community, with a clear focus on the promotion of wealth creation. The emphasis is on Technology and Knowledge Transfer (TKT) with the private sector. The mechanism for this support is the Higher Education Innovation Fund (HEIF) which was initially established in England in 2001 as a third stream of funding complementing core funding to the universities for research and teaching. HEIF was introduced in Northern Ireland in 2004, with a £9.5 million budget. Under the funding arrangements Invest NI was to provide £2 million per year for three years, and DEL £1 million per year over the same period.</p> <p>An evaluation of this programme was undertaken and concluded that there is a continuing need for HEIF funding in Northern Ireland as knowledge transfer is a policy imperative in the knowledge economy, recognising that the region remains at the bottom of the 12 UK regions for productivity and is near the bottom of the league table in relation to business start-ups. The review also concluded that the programme is helping to fully embed third stream activities within the universities, is the vehicle by which to create and maintain significant activity in knowledge transfer, and provides a mechanism for the public sector to encourage the universities to drive innovation and productivity improvements in the local economy.</p>

TABLE 21 : Invest NI primary evaluations (continued)

Year	Programme	Area/group	Outcome
2006-07	Northern Ireland Technology Fund (NITECH)	Innovation	<p>Invest NI established the Northern Ireland Technology venture capital fund (NITECH) in 2003 as a four-year pilot with the aim of providing sufficient equity support to research discoveries in early-stage technologies to help them move through to become viable business ventures. The £3 million fund focused on the commercialisation of research and development within the universities and early-stage SMEs and was positioned early in the funding pipeline.</p> <p>An independent evaluation of the fund was undertaken and concluded that there is clear evidence of the need to provide assistance for early-stage investments and this is best provided through venture capital. However, changes are required to meet the gaps in the marketplace such as funding more Proof of Concept (PoC) type projects to prove the business viability of the project, not the technology within the project. This should be focused on non-university projects. The supply side for early-stage funding relies on NITECH and fills a gap in the market but the biggest drawback is the need to have matched private sector funding.</p>
2007-08	Centres of Excellence	Innovation	<p>The Northern Ireland innovation infrastructure was significantly enhanced through the funding of 18 Centres of Excellence. Funded by Invest NI and the EU Programme for Peace and Reconciliation in Northern Ireland and the Border Region of Ireland (PEACE II), the Centres of Excellence (CoE) programme was designed to stimulate leading edge and commercially focused research. This was to improve the competitiveness of Northern Ireland industry and enhance the market driven technological capability within the universities to further stimulate the restructuring of the economy. This represented a partnership between government, business and the science base to maximise the impact of investment in research and development.</p> <p>The total public sector investment offered to the 10 industry and eight university centres was £34.5 million. This was matched by additional investment of £79.42 million, representing a total investment of £113.9 million. An independent evaluation was undertaken covering the period 2002-07 and the findings concluded that the centres have had a positive impact on the Northern Ireland economy by:</p> <ol style="list-style-type: none"> <li>1. direct creation and retention of employment within each of the organisations. 309 high salaried and high skilled jobs created with average annual salaries of £30,000;</li> <li>2. £503 million generated in income by the 18 centres;</li> <li>3. supporting existing employers through job stability;</li> <li>4. establishing a very strong base in Northern Ireland for each of the respective industries, from which new products can be developed and global markets penetrated; and</li> <li>5. creating a positive image for Northern Ireland's universities and the business community, thus helping to attract foreign direct investment (FDI) interest and create further employment opportunities in a neutral environment.</li> </ol>
2007-08	Sustainable Development Environmental Programmes and Services	Innovation	<p>Invest NI's Technology and Process Development Division has responsibility for the delivery of energy and environmental programmes and services. These are administered by the Invest NI Sustainable Development Team, and an independent evaluation of the environmental programmes was undertaken covering the period April 2003 to March 2007. The evaluation was primarily historical in context as the programmes and services that were reviewed were launched prior to the launch of the Northern Ireland Sustainable Development (NISD) Strategy. This also preceded the new emphasis on resource efficiency by Invest NI as part of its contribution to the NISD Strategy and Invest NI Corporate Plan.</p>

TABLE 21 : Invest NI primary evaluations (continued)

Year	Programme	Area/group	Outcome
2007-08	Business Health Check	Innovation	<p>The evaluation findings indicated that although the expertise within the Sustainable Development Team is specialist, Invest NI needed to consider how to use the resource to achieve the maximum impact, given that Invest NI has a dual role to reduce the energy consumption and waste costs of companies and develop growth companies using leading edge technologies.</p> <p>The Business Health Check is Invest NI's primary intervention to identify the most appropriate form of support for our client companies. An independent evaluation was undertaken covering the period April 2004 to March 2007. The evaluation concluded that it is a uniquely packaged diagnostic and benchmarking tool that offers greater sophistication than similar offerings elsewhere in the UK, Republic of Ireland and EU. It recommended that the intervention should continue to be a central component of Invest NI's offer, and be further promoted as the way the organisation chooses to do business with its clients.</p>
2007-08	Young Enterprise Northern Ireland	Entrepreneurship	<p>Young Enterprise Northern Ireland (YENI) was established in 1986 to inspire young people to develop attitudes and skills for personal success, lifelong learning and employability through participation in practical business programmes. It is a major provider of programmes in the schools sector, giving students the opportunity to develop and plan a business and thereby acquire and practice entrepreneurial skills and a positive attitude to new venture creation. Invest NI has provided significant funding to YENI and during 2005-06 was successful in bidding for additional funds from DEL's Skills and Science Fund. This allowed funding to continue until 31 March 2008, delivering programmes to 45,000 young people per year in the primary and post primary sectors.</p> <p>An independent evaluation was undertaken covering the period March 2005 to September 2007 and the key findings and conclusions included:</p> <ol style="list-style-type: none"> <li>1. given the recognised importance of employability, enterprise and entrepreneurship education and the fact it had not been embedded within the curriculum, the public sector should continue to fund YENI;</li> <li>2. responsibility for all third party school leavers employability, enterprise and entrepreneurship education providers should transfer to the Department of Education;</li> <li>3. an overarching review of employability, enterprise and entrepreneurship education is required, led by the education authorities; and</li> <li>4. YENI had successfully met all its agreed targets with Invest NI.</li> </ol>

TABLE 22 : Offers to indigenous business starts by District Council Area (DCA)

District Council Area (DCA)	Externally focused	Globally focused	Locally focused	Total	Starts-ups per 10,000 adult pop
Antrim	17	0	390	407	101
Ards	10	0	758	768	124
Armagh	26	0	637	663	150
Ballymena	17	1	464	482	98
Ballymoney	5	0	347	352	151
Banbridge	11	1	550	562	155
Belfast	72	18	1,982	2,072	96
Carrickfergus	5	1	312	318	100
Castlereagh	10	0	488	498	95
Coleraine	12	0	580	592	131
Cookstown	21	0	510	531	195
Craigavon	13	6	793	812	118
Derry	36	1	1,441	1,478	179
Down	12	0	948	960	179
Dungannon	20	0	720	740	177
Fermanagh	14	0	1,119	1,133	235
Larne	13	0	454	467	186
Limavady	5	0	509	514	194
Lisburn	18	4	879	901	103
Magherafelt	21	0	706	727	220
Moyle	4	0	241	245	185
Newry & Mourne	32	0	1,123	1,155	160
Newtownabbey	19	2	685	706	109
North Down	16	2	634	652	102
Omagh	16	0	627	643	162
Strabane	12	0	427	439	145
<b>Total</b>	<b>457</b>	<b>36</b>	<b>18,324</b>	<b>18,817</b>	<b>136</b>

**TABLE 23 : Offers to indigenous business starts by Parliamentary Constituency Area (PCA)**

Parliamentary Constituency Area (PCA)	Externally focused	Globally focused	Locally focused	Total	Start-ups per 10,000 adult pop
Belfast East	16	9	518	543	85
Belfast North	11	0	518	529	82
Belfast South	40	6	733	779	101
Belfast West	9	3	683	695	109
East Antrim	25	3	934	962	139
East Londonderry	17	0	1,089	1,106	154
Fermanagh & South Tyrone	27	0	1,623	1,650	210
Foyle	36	1	1,441	1,478	179
Lagan Valley	19	5	887	911	107
Mid Ulster	49	0	1,432	1,481	206
Newry & Armagh	43	0	1,253	1,296	157
North Antrim	26	1	1,052	1,079	126
North Down	16	2	749	767	106
South Antrim	29	0	831	860	104
South Down	26	0	1,436	1,462	166
Strangford	19	0	1,002	1,021	126
Upper Bann	21	6	1,089	1,116	127
West Tyrone	28	0	1,054	1,082	155
<b>Total</b>	<b>457</b>	<b>36</b>	<b>18,324</b>	<b>18,817</b>	<b>136</b>

**Notes to Tables 22 to 26**

1. Locally focused starts are those new businesses whose market focus is primarily within Northern Ireland and includes those assisted through the Start a Business Programme.
2. Externally focused starts are those new businesses with the growth potential to develop markets outside of Northern Ireland.

**TABLE 24 : Offers to indigenous business starts in disadvantaged areas**

Area	Externally focused	Globally focused	Locally focused	Total
Northern Ireland	457	36	18,324	18,817
% in disadvantaged areas	39	44	30	30

**TABLE 25 : Offers to indigenous business starts by East/West split**

Area	Externally focused	Globally focused	Locally focused	Total	Start-ups per 10,000 adult pop
East	300	35	11,685	12,020	120
West	157	1	6,639	6,797	181
Total	457	36	18,324	18,817	136

**TABLE 26 : Offers to indigenous business starts by rural/urban area**

Rural/urban	Externally focused	Globally focused	Locally focused	Total
Rural	191	5	8,022	8,218
Urban	266	31	10,302	10,599
Total	457	36	18,324	18,817

**Notes to Tables 22 to 26**

3. Globally focused starts are those that have the immediate prospect of competing in international markets.
4. Rural and urban have been assigned using postcode based on Super Output Area.
5. Per head figures are based on adult population from 2007 mid-year population estimates.



TABLE 27 : Inward investment by District Council Area (DCA)

District Council Area (DCA)	No. of offers	Assistance offered (£ million)	Planned investment (£ million)	New jobs	Safe jobs	Assistance per head (£)	Investment per head (£)
Antrim	65	6.99	26.68	344	48	173	661
Ards	23	1.67	10.31	95	16	27	166
Armagh	9	2.73	9.99	413	0	62	226
Ballymena	23	6.21	31.88	0	782	126	647
Ballymoney	18	0.25	0.81	0	0	11	35
Banbridge	10	0.66	3.34	13	66	18	92
Belfast	294	125.16	618.02	7,011	2,554	583	2,877
Carrickfergus	25	2.17	8.25	100	0	68	260
Castlereagh	83	5.72	19.17	76	89	109	364
Coleraine	25	4.82	18.05	561	30	107	400
Cookstown	46	5.36	32.68	223	118	197	1,200
Craigavon	108	19.40	95.65	180	2,042	281	1,385
Derry	59	56.81	306.71	2,599	2,475	687	3,708
Down	2	0.20	0.59	0	0	4	11
Dungannon	116	5.67	37.91	106	38	136	907
Fermanagh	30	11.04	59.65	1,116	279	229	1,237
Larne	52	19.44	90.44	527	358	773	3,594
Limavady	13	10.08	30.51	24	787	380	1,149
Lisburn	43	9.55	76.62	99	321	109	875
Magherafelt	12	0.16	0.59	1	0	5	18
Moyle	1	2.05	6.64	23	123	155	501
Newry & Mourne	32	12.02	58.12	1,154	392	166	805
Newtownabbey	72	7.16	28.63	124	96	110	440
North Down	22	6.10	29.76	677	159	95	464
Omagh	25	3.20	29.31	170	0	81	739
Strabane	21	5.82	22.53	306	1,184	192	745
<b>Total</b>	<b>1,229</b>	<b>330.46</b>	<b>1,652.85</b>	<b>15,942</b>	<b>11,957</b>	<b>240</b>	<b>1,199</b>

**Notes to Tables 27 to 32**

1. Total offer locations in geographic tables exceed total number of offers, as some projects are located in more than one area.
2. Table totals may not add due to rounding.

**TABLE 28 : Inward investment by Parliamentary Constituency Area (PCA)**

Parliamentary Constituency Area (PCA)	No. of offers	Assistance offered (£ million)	Planned investment (£ million)	New jobs	Safe jobs	Assistance per head (£)	Investment per head (£)
Belfast East	153	62.49	269.57	1,492	1,577	978	4,220
Belfast North	37	7.93	57.99	280	218	122	895
Belfast South	140	47.25	262.89	4,189	848	616	3,425
Belfast West	40	13.75	49.13	1,119	26	215	769
East Antrim	123	25.94	113.61	704	358	375	1,643
East Londonderry	36	14.78	48.20	585	817	206	672
Fermanagh & South Tyrone	82	13.98	77.42	1,124	317	178	987
Foyle	59	56.81	306.71	2,599	2,475	687	3,708
Lagan Valley	38	8.68	72.68	87	295	102	856
Mid Ulster	124	8.52	54.19	322	118	119	754
Newry & Armagh	28	10.84	55.04	1,440	30	131	667
North Antrim	42	8.46	39.19	23	905	99	457
North Down	22	6.15	29.93	677	159	85	412
South Antrim	92	9.98	40.87	391	144	120	493
South Down	11	3.69	12.40	127	362	42	141
Strangford	36	2.08	12.11	114	16	26	149
Upper Bann	118	20.09	99.02	193	2,108	229	1,127
West Tyrone	47	9.04	51.89	476	1,184	129	743
<b>Total</b>	<b>1,229</b>	<b>330.46</b>	<b>1,652.85</b>	<b>15,942</b>	<b>11,957</b>	<b>240</b>	<b>1,199</b>

**TABLE 29 : Inward investment in disadvantaged areas**

Inward investment	No. of offers	Assistance offered (£ million)	Planned investment (£ million)	New jobs	Safe jobs
Disadvantaged areas	487	209.31	1,074.31	11,447	6,839
% in disadvantaged areas	40	63	65	72	57

**Notes to Tables 27 to 32**

3. Sectors are based on Invest NI's internal reporting structures.
4. Manufacturing/services split is based on UK SIC 2007.
5. Per head figures are based on adult population from 2007 mid-year population estimates.

**TABLE 30 : Inward investment by East/West split**

Area	No. of offers	Assistance offered (£ million)	Planned investment (£ million)	New jobs	Safe jobs	Assistance per head (£)	Investment per head (£)
East	865	225.64	1,109.40	10,836	7,046	225	1,104
West	363	104.82	543.45	5,106	4,911	280	1,451
<b>Total</b>	<b>1,229</b>	<b>330.46</b>	<b>1,652.85</b>	<b>15,942</b>	<b>11,957</b>	<b>240</b>	<b>1,199</b>

**TABLE 31 : Inward investment by sector**

Sector	No. of offers	Assistance offered (£ million)	Planned investment (£ million)	New jobs	Safe jobs
Clothing & Textiles	25	6.91	54.39	146	1,277
Construction Products & Services	39	1.26	5.50	2	38
Contact Centres	94	89.76	359.65	9,565	444
Electrical & Electronics	172	60.55	289.21	779	3,289
General Engineering	84	3.02	17.28	157	34
Food & Drink	145	25.77	165.71	355	1,678
General Manufacturing	88	15.98	81.80	318	1,416
ICT	170	38.77	202.87	2,583	195
Life Sciences	36	6.87	36.50	456	0
Materials Handling & Quarry Plant	130	16.22	101.24	362	1,360
Other Business Services	25	2.76	15.72	276	0
Printing & Packaging	66	12.77	77.32	271	321
Renewables & Environmental Services	3	0.14	1.25	16	0
Tourism	1	3.50	23.53	122	0
Transport	146	46.18	220.87	534	1,905
<b>Total</b>	<b>1,223</b>	<b>330.46</b>	<b>1,652.85</b>	<b>15,942</b>	<b>11,957</b>

**TABLE 32 : Inward investment by industry type**

Industry type	No. of offers	Assistance offered (£ million)	Planned investment (£ million)	New jobs	Safe jobs
Manufacturing	946	198.23	1,052.57	3,261	11,366
Services	277	132.24	600.28	12,681	591
<b>Total</b>	<b>1,223</b>	<b>330.46</b>	<b>1,652.85</b>	<b>15,942</b>	<b>11,957</b>

**Notes to Tables 27 to 32**

6. Figures include formation, expansion and innovation projects by externally owned clients.
7. An additional £16.95 of assistance was offered, for which this level of detail is not available.
8. Planned investment includes assistance offered.

**TABLE 33 : Inward investment by knowledge based status**

Knowledge based status	No. of offers	Assistance offered (£ million)	Planned investment (£ million)	New jobs	Safe jobs
Knowledge based	776	255.97	1,249.36	14,314	7,072
Non- knowledge based	415	71.80	395.69	1,628	4,885
<b>Total</b>	<b>1,191</b>	<b>327.77</b>	<b>1,645.05</b>	<b>15,942</b>	<b>11,957</b>

**Notes to Tables 33 to 34**

1. Table totals may not add due to rounding.
2. Industry type and knowledge based groupings are based on the UK Standard Industrial Classifications (SIC) 2003.
3. The OECD definition of knowledge based industries has been used. This includes: High Technology Manufacturing Industries (SIC codes 24.4, 30, 32, 33, 35.3), Medium-High Technology Manufacturing Industries (SIC codes 24 [excl. 24.4], 29, 31, 34, 35.2) and Knowledge

**TABLE 34 : Inward investment by investment type**

Type	No. of offers	Assistance offered (£ million)	Planned investment (£ million)	New jobs	Safe jobs
Existing	1,096	225.00	1,118.34	5,887	11,468
Start	95	102.77	526.71	10,055	489
<b>Total</b>	<b>1,191</b>	<b>327.77</b>	<b>1645.05</b>	<b>15,942</b>	<b>11,957</b>

**Notes to Tables 33 to 34**

- Based Marketed Services (SIC codes 64 to 67 and 71 to 74).
4. Figures include formation, expansion and innovation projects by externally owned clients.
  5. An additional £19.64 of assistance was offered, for which this level of detail is not available.
  6. Planned investment includes assistance offered.

**TABLE 35 : Number of visits by potential inward investors by type of visit**

Potential inward investors	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	Total
First time visits	98	93	89	77	92	80	529
Repeat visits	38	55	69	61	51	42	316
<b>Total</b>	<b>136</b>	<b>148</b>	<b>158</b>	<b>138</b>	<b>143</b>	<b>122</b>	<b>845</b>

**TABLE 36 : Number of visits to District Council Areas (DCAs) by potential inward investors**

District Council Area (DCA)	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	Total
Antrim	8	6	5	2	1	1	23
Ards	3	1	0	2	0	0	6
Armagh	4	1	1	1	0	0	7
Ballymena	0	1	0	1	0	0	2
Ballymoney	1	0	0	0	0	0	1
Banbridge	0	0	0	0	0	0	0
Belfast	78	79	82	62	67	67	435
Carrickfergus	7	4	1	1	1	0	14
Castlereagh	0	1	3	1	1	0	6
Coleraine	8	2	1	1	0	3	15
Cookstown	0	0	0	0	4	0	4
Craigavon	3	6	3	1	6	4	23
Derry	22	18	6	8	15	4	73
Down	3	1	0	0	0	0	4
Dungannon	0	1	1	0	0	0	2
Fermanagh	2	0	0	1	0	0	3
Larne	1	0	3	2	0	1	7
Limavady	1	0	0	0	0	0	1
Lisburn	4	4	2	0	0	1	11
Magherafelt	1	1	0	0	0	0	2
Moyle	0	0	0	0	0	0	0
Newry & Mourne	7	4	5	9	6	3	34
Newtownabbey	20	6	4	8	17	10	65
North Down	4	2	2	5	1	0	14
Omagh	5	1	0	1	5	1	13
Strabane	1	3	2	0	0	0	6
<b>Total</b>	<b>183</b>	<b>142</b>	<b>121</b>	<b>106</b>	<b>124</b>	<b>95</b>	<b>771</b>

**Notes to Tables 35 to 36**

1. The figures represented in Table 36 only relate to the number of physical visits made by potential investors to District Councils over the period. This may differ from the total number of inward visits, as some did not result in an actual visit to a location.

TABLE 37 : Centres of Excellence by organisation

Organisation	Centre of Excellence	Assistance offered (£ million)	Planned investment (£ million)	Year approved
Alhow Laboratories Limited	Speciality Pharmaceuticals Centre	1.04	4.15	2002-03
Andor Technology Plc	Centre for Scientific Cameras	0.74	2.96	2002-03
Belfast Health and Social Care Trust	Centre of Excellence in Innovation and Intellectual Property Management	0.55	1.60	2007-08
FG Wilson Limited	Caterpillar Electric Power Engineering Centre of Excellence	1.56	6.23	2003-04
Openwave Systems (NI) Limited	Next Generation Mobile Infrastructure Platform Centre of Excellence	1.25	5.01	2002-03
Randox Laboratories Limited	Centre of Excellence in Proteomics	1.74	6.95	2002-03
Seagate Technology	Recording Media Substrate Centre of Excellence	1.29	6.45	2002-03
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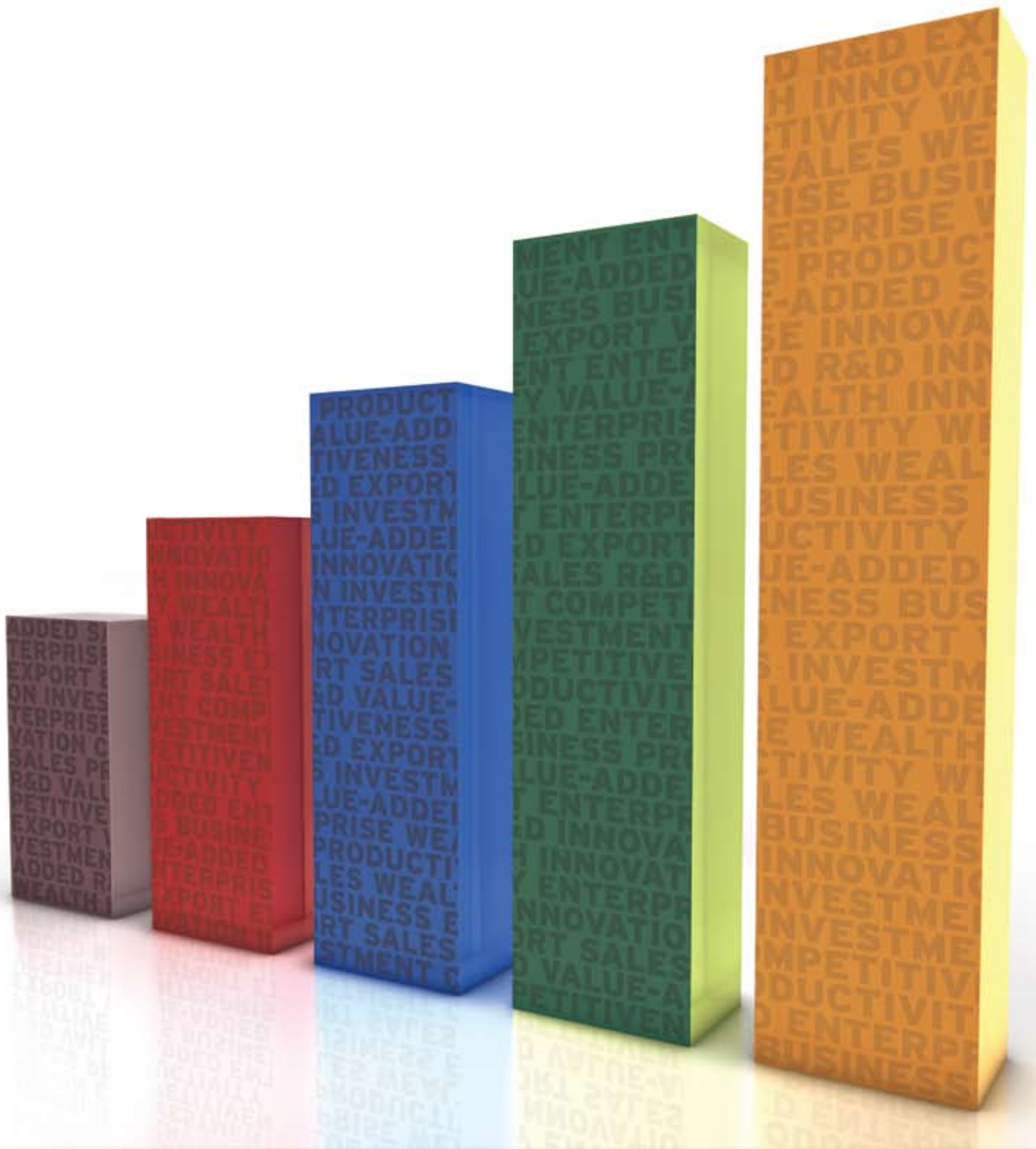
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