

December 2022

Invest NI benchmarking and best practice review

Final report



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Executive summary

This study

This study was commissioned by the panel of the Independent Review of Invest Northern Ireland. The work feeds into broader consultation and analysis undertaken for the review. The remit for this work is to provide an independent assessment of Invest NI's efficiency and effectiveness, and its capacity to strategically align with and operationally deliver the 10X Economic Vision. This study is a two-part piece of work, featuring two separate but related research scopes:

- To inform an understanding of the efficiency and effectiveness with which Invest NI carries out its role
- To examine ways to compare Invest NI across a range of metrics to similar types of agencies and bodies in other parts of the UK, Ireland, and elsewhere internationally. This will contextualise Invest NI's work and performance, and also provide a sense of what represents 'best practice' in terms of government interventions to support business development and economic growth in regions

A third standalone piece identifies and discusses features and learning from studies of effective ecosystems.

This report relates to the second bullet point above, the development of benchmarking and best practice. This report is supplementary to the previously-submitted Invest NI performance review, and aims to contextualise the findings of that work among comparator economic development agencies.

This report was undertaken as a predominantly desk-based exercise, drawing on published sources of information such as agencies' websites, documents (e.g. business plans, annual reports), and evaluative material where available. Where possible, the study team conducted interviews with representatives of management and leadership from target agencies.

Case studies are selected in order to maximise comparability with Invest NI while offering suitably varied models for learning. As such, we have selected regional economic development agencies, not located in the capital city, with oversight of business development in the European context. Each case study features an organisation with a similar remit to Invest NI. Even where organisations differ in size, their portfolios and mission statements are similar to Invest NI, as is the fact that they work in multi-level settings (just as Invest NI does). In addition, we sought to ensure that within their broadly comparable parameters, the case studies present enough variety in delivery models in order to provide potential learning points.

Main learning points

The study team has drawn together five key learning points from the benchmarking exercise. These are presented in turn below.

Key learning point 1: Economic development agencies focus on a subset of key areas, with Invest NI having the broadest remit

All comparator organisations respond to broadly similar mission statements, but Invest NI has the broadest remit, covering a larger number of mission areas than all other comparators (11 vs commonly 6-7), with overlaps across these remits, with the exception of 'skills development' which Invest NI being the only agency with this remit. This reinforces the finding of the Invest NI performance review of a large and complex portfolio.

In addition to this, when normalised for the size of the business population, Invest NI is among the most well-resourced agency among the comparators. It has approximately £3.3m per staff (in comparison with the other agencies, where this ratio range between 0.8 and 2.7). It also has available circa 123 staff per million business population, higher than any other comparator with the exemption of Scottish Enterprise (where the ratio is 1:118). Again, this resourcing is likely larger due to Invest NI's broader remit but also due to its larger involvement in the direct delivery of its portfolio, in comparison with the comparators.

Key learning point 2: Monitoring is predetermined by funding requirements but can also serve core objectives

Most monitoring of KPIs is determined by funding requirements, though many agencies go a little further than Invest NI in terms and measure outputs and outcomes more closely linked to different activities of their portfolios. A well-designed strategic framework that links objectives, key stakeholders, and activities, is underpinned by measurable indicators and aligned to government priorities is a driver of success of an agency's programme. In addition, by enshrining objectives that target their own performance in their strategy, development agencies commit to continuous improvement, which strengthens their credibility.

Key learning point 3: Hybrid delivery is common, with partnerships often used to facilitate programmes, whereas INI are more focused on direct delivery

Partnerships are seen across all comparators to delivery of various policy objectives. Though Invest NI works with a broad range of partners, looking across the portfolio of each comparator agency shows a greater degree of direct delivery. Other agencies more often co-lead, facilitate, or are not involved in delivery areas (i.e., they are the responsibility of other organisations).

Development agencies that act as a complementary body in some areas (rather than leading all areas directly) allows other specialist organisations to operate in a shared space (e.g. in certain policy areas or types of business). This can free resource to design and run a smaller number of more precisely differentiated programmes, and can also bolster the delineation between policy and delivery while remaining collaborative.

Key learning point 4: Alignment with national priorities can be reached by establishing procedures that are acknowledged by all stakeholders

To be able to contribute to national priorities and deliver on their own objectives, the strategic work of development agencies has to be coordinated with the national level. Across all agencies, there are formal and informal methods of coordinating. For Scottish Enterprise, developing a strategy follows a relatively established procedure that is acknowledged by all stakeholders and therefore supports an independent strategy that is still in line with national priorities. After informal discussions, SE receives a Ministerial Guidance Letter that sets out what the government expects from the agency regarding overarching policy goals. The detailed strategy with its priorities and key indicators is then developed by SE and its Independent Board and later confirmed with the Government.

Key learning point 5: Digital tools can support businesses in finding the right support for them

Funding opportunities are often tied to specific requirements such as the location of the business, the stage it is at or specific sector affiliations. This creates a challenge for businesses and development agency advisors in finding the right support that matches a business' circumstances. Digital tools can support agencies as well as businesses in finding the right support by displaying different funding requirements in a drop-down menu. A good example of such a tool is the innovation funding database provided by Scottish Enterprise or Business



Wales' [finance locator](#), a tool that supports the search for the right funding and creates alerts on finance and business support.

Key learning point 6: The decision of whether to continue existing support and services should be taken after considering different aspects such as results of evaluations or the wider business support environment

Services and support to businesses are often established on a temporary need in the business community, yet often continue for years, even if the economic landscape and ecosystem have evolved. Periodic assessments can help to guarantee that services respond to the current needs of the business community and to increase their efficiency. For Business Wales, for instance, the decision of whether to re-procure their existing services for another period is based on a complex set of considerations. In this process, Business Wales reflects on the results of the evaluations undertaken, the services provided by the wider business support environment, Government priorities, and the available resources. The outcomes of this assessment form the advice submitted to the Minister of the Economy, who decides whether it is worth continuing the programmes.

1 Introduction

1.1 This study

This study was commissioned by the panel of the Independent Review of Invest Northern Ireland. The work feeds into broader consultation and analysis undertaken for the review. The remit for this work is to provide an independent assessment of Invest NI's efficiency and effectiveness, and its capacity to strategically align with and operationally deliver the 10X Economic Vision. This study is a two-part piece of work, featuring two separate but related research scopes:

- To inform an understanding of the efficiency and effectiveness with which Invest NI carries out its role
- To examine ways to compare Invest NI across a range of metrics to similar types of agencies and bodies in other parts of the UK, Ireland, and elsewhere internationally. This will contextualise Invest NI's work and performance, and also provide a sense of what represents 'best practice' in terms of government interventions to support business development and economic growth in regions

A third standalone piece identifies and discusses features and learning from studies of effective ecosystems.

1.2 This report

This report relates to the second bullet point above, the development of benchmarking and best practice. This report is supplementary to the previously-submitted Invest NI performance review, and aims to contextualise the findings of that work among comparator economic development agencies.

This report was undertaken as a predominantly desk-based exercise, drawing on published sources of information such as agencies' websites, documents (e.g. business plans, annual reports), and evaluative material where available. Where possible, the study team conducted interviews with representatives of management and leadership from target agencies. The selection of case studies was informed by both context (i.e. organisations in small states, devolved administrations, or regions that navigate multi-level systems) and remit (i.e. organisations with a similar orientation to Invest NI).

The focus of the comparative review was, therefore, on regional economic development agencies, located outside the capital city, with oversight of business development in the European context, and includes: Scottish Enterprise, Business Wales, the North East Growth Hub (England), and the Brabant Development Agency in the Netherlands. In addition, the review also includes the two Irish development agencies, Enterprise Ireland and IDA Ireland. Each case study features an organisation with a similar remit to Invest NI, i.e. organisations that work as economic development agencies for their region with a focus on business support.

Even where organisations differ in size (as it later emerged once the case studies were developed), their portfolios and mission statements are similar and they work in multi-level settings just as Invest NI does. In addition, we sought to ensure that within their broadly comparable parameters, the case studies present enough variety in delivery models to able

to extract potential learning points. Note that all Euro values are converted to sterling using current rates via InforEuro.¹

The remainder of this report is structured as follows:

- **Chapter 2** presents a cross-cutting view of the six comparator case studies, offering generalised learning within which the findings of the Invest NI performance review can be contextualised
- **Chapter 3 to chapter 8** present the individual comparator cases studies for Scottish Enterprise, Business Wales, the North East Local Enterprise Partnership and its linked Growth Hub (England), the Brabant Development Agency in the Netherlands, Enterprise Ireland, and IDA Ireland
- **Appendix A** presents brief methodological notes

¹ See: https://ec.europa.eu/info/funding-tenders/procedures-guidelines-tenders/information-contractors-and-beneficiaries/exchange-rate-inforeuro_en

2 Overarching findings of the benchmarking review

2.1 Overview

This chapter presents a cross-cutting view of the case studies of comparator organisations to Invest NI. The chapter presents core findings from each comparator, grouped around the core research questions of this study. In presenting this cross-cutting view of our series of comparators, we aim to highlight the ways in which the comparator organisations work, in order to provide contrast to the examination of Invest NI, and thus cross referencing to the performance review report. The chapter concludes with a series of main learning points derived from the analysis.

Full details for each comparator economic development agency are presented in individual case studies for further exploration by the reader.

2.2 Objectives, resourcing, and portfolio

In this first subsection, we examine the overarching missions and remits of the six comparator case studies, their resourcing, and how this then translates into portfolios of actions. We aim to develop a view of how organisations with the same 'purpose' as Invest NI are oriented and how they are structured.

2.2.1 Surrounding context and organisational resourcing

It is important to understand the context in which each economic development agency, as their prevailing context can influence their objectives, approach, and scope, and it can help to understand the scale of resourcing.

We first examine contextual factors, such as population, gross domestic product (GDP) per head, and broad geographical size. These help to give a sense of scale for the regions that we are examining. Doing so, as per the table below, shows that Northern Ireland is smaller than the other comparators in terms of total population, and lags behind the other regions in terms of GDP per head. Northern Ireland is also third smallest in terms of its geographical area.

Table 1 Comparative contextual factors (latest data available)

Area	Population	GDP per head	Geographical area
Northern Ireland	1.9 million	£ 23,109	14,130 km ²
Scotland	5.5 million	£30,560	77,933 km ²
Wales	3.2 million	£23,882	20,782 km ²
North East of England	2.6 million	£24,154	11,004 km ²
Noord-Brabant (NL)	2.5 million	£39,291	5,082 km ²
Ireland	5.1 million	£68,172	70,274 km ²

Source: Technopolis, based on desk research. NB: Northern Ireland statistics drawn from NISRA and ONS. Other comparator data as cited within individual comparator case studies

Examining the level of resourcing across the six case studies (normalised for the size of the business population) reveals that Invest NI is among the most well-resourced of the agencies in terms of both budget and personnel. This is summarised in the table below. It has approximately £3.3m per staff (in comparison with the other agencies, where this ratio range between 0.8 and 2.7. It also has available circa 123 staff per million business population, higher than any other comparator with the exemption of Scottish Enterprise (where the ratio is 1:118).

It should be noted however that this comparison is imperfect, due to how some agencies report their financing and staffing (e.g. some agencies report FTE rather than headcount). These differences in resourcing could be attributed largely to the greater extent to which Invest NI engage in direct delivery of their broad portfolio of programmes and activities (see section 2.4.2 for more on this).

Table 2 Comparative normalised resources (annual budget, latest year available)

Development agency	Annual budget	Staff (headcount)	Business population in the region/ area	Business population (per million population)	Ratio (£ per business)	Ratio (staff:business)
Invest NI	£195.7m ² (2021)	642 ³ (2022)	78,885 ⁴ (2022)	41,518	£2,481	1:123
Scottish Enterprise	£551m ⁵ (2021)	1,474 ⁶ (2021)	173,655 ⁷ (2022)	31,574	£3,173	1:118
Business Wales	£66.14m ^{8*} (2021)	50	108,055 ⁹ (2022)	33,767	£612	1:2,161
North East Growth Hub	£390k ¹⁰ (2022)	10	73,270 ¹¹ (2022)	28,181	£53	1:7,327
Brabant Development Agency	Unknown	90 ¹² (2022)	330,000	132,000		1:3,667
Enterprise Ireland	£585m ¹³ (2021)**	768 ¹⁴ (2021)	278,862 ¹⁵	54,679	£2,098	1:363

² <https://www.investni.com/sites/default/files/2021-10/invest-northern-ireland-business-plan-2021-22.pdf>

³ Data has been collated from the May 2022 headcount data, excluding chief executive

⁴ <https://www.economy-ni.gov.uk/news/northern-ireland-business-activity-size-location-and-ownership-2022>

⁵ <https://www.scottish-enterprise.com/media/4160/se-annual-report-and-accounts-2021.pdf>

⁶ <https://www.scottish-enterprise.com/media/4160/se-annual-report-and-accounts-2021.pdf>

⁷

<https://www.ons.gov.uk/businessindustryandtrade/business/activitysizeandlocation/datasets/ukbusinessactivitysizeandlocation>

⁸ <https://gov.wales/sites/default/files/publications/2022-01/ministers-written-evidence-to-senedd-scrutiny-committees-2022-2023.pdf>

⁹

<https://www.ons.gov.uk/businessindustryandtrade/business/activitysizeandlocation/datasets/ukbusinessactivitysizeandlocation>

¹⁰ <https://www.northeastlep.co.uk/wp-content/uploads/2022/05/LEP-Board-19-May-2022-public-versio-final.pdf>

¹¹

<https://www.ons.gov.uk/businessindustryandtrade/business/activitysizeandlocation/datasets/ukbusinessactivitysizeandlocation>

¹² <https://www.bom.nl/medewerkers>

¹³ <https://www.enterprise-ireland.com/en/Publications/Reports-Published-Strategies/Annual-Reports/2021-Annual-Report-and-Accounts.pdf>

¹⁴ <https://www.enterprise-ireland.com/en/Publications/Reports-Published-Strategies/Annual-Reports/2021-Annual-Report-and-Accounts.pdf>

¹⁵ <https://www.cso.ie/en/releasesandpublications/ep/p-bd/businessdemography2020/>

Development agency	Annual budget	Staff (headcount)	Business population in the region/ area	Business population (per million population)	Ratio (£ per business)	Ratio (staff:business)
IDA Ireland	£190m ¹⁶ (2021)**	328 ¹⁷ (2021)	Active enterprises, CSO, 2020)	54,679	£681	1:850

Source: Technopolis, based on desk research. Figures for Scotland, Wales, North East England correspond to VAT/PAYE registered companies. Figures for Ireland correspond to active companies. *The £66.14m budget for Business Wales extends over three years (2021-2024; £15.7m in 2021-22, £11.4m in 2022-23, £9.44m in 2023-24). **Using ONS exchange rates in 2021; URL: <https://www.ons.gov.uk/economy/nationalaccounts/balanceofpayments/timeseries/thap/mret>

While each development agency operates within its own context and framework of priorities, some trends are evident. The clearest example is regional disparities in economic development and productivity. Each comparator context demonstrates unequal concentrations of skills, productivity or business presence, particularly comparing typically in capital and urban areas to other, more peripheral parts of regional conurbations. Another contextual pattern related to the proportion of qualified working age adults. Scotland has a higher rate of adults with no qualifications compared to the UK average.¹⁸ Wales and the North East of England were reported to have lower levels of qualifications than the UK and England respectively as a whole.^{19, 20} In comparison, Northern Ireland is closer to Wales in the proportions of adults qualified to levels 2 and 3 and above but compares favourably to Wales in terms of level 4 and above qualifications.²¹ The grouping is loosely in line with the agreed-upon remits of the comparator agencies: Invest NI, Scottish Enterprise and North East Growth Hub have an explicit focus on skills-development as noted in Table 3. Related to this is the relative lack of R&D activities reported in Scotland, Wales and North East of England.

2.2.2 Organisational missions and remits

Looking across the remit and missions of the six comparator case studies reveals that each of the development agencies share similar high-level mission statements. Based on the latest documentation available, these mission statements generally focus on growth of the economy through the creation of jobs (both more and higher value).

A more granular overview of mission statements reveals a set of broadly-shared drivers that correspond to the remit of each organisation. Examining which areas occur most commonly across all comparators, we see business development is a core focus across all but one organisation. Overall, Invest NI has the broadest remit, incorporating 11 areas in its range of missions. Most other agencies in comparison cover six areas, though Business Wales covers three, and IDA Ireland one (the former being a broadly partnership-based organisation and the latter being a specialised inward investment agency). Enterprise Ireland is the only agency that puts improving its own performance as part of its ambitions and therefore enshrines it in its

¹⁶ <https://www.idaireland.com/getattachment/a1e0578f-74a6-429f-af7a-f0f5ded03ad2/IDA-Annual-Report-2021-English-Version.pdf?lang=en-IE&ext=.pdf>

¹⁷ <https://www.idaireland.com/getattachment/a1e0578f-74a6-429f-af7a-f0f5ded03ad2/IDA-Annual-Report-2021-English-Version.pdf?lang=en-IE&ext=.pdf>

¹⁸ The Productivity Institute, available at: <https://www.productivity.ac.uk/wp-content/uploads/2021/11/PIP006-Scotlands-Productivity-Challenge-FINAL-011221.pdf>

¹⁹ Welsh government, available at: <https://gov.wales/levels-highest-qualification-held-working-age-adults-2021-html>

²⁰ North East LEP, available at: <https://www.northeastlep.co.uk/wp-content/uploads/2021/05/NEL1080a-North-East-Skills-Advisory-Panel-Local-Skills-Report-v5.pdf>

²¹ See: <https://gov.wales/levels-highest-qualification-held-working-age-adults-2021-html>

strategy, though the North East Growth Hub uses monitoring and assessment of its referral activity as a proxy to its performance in improving the regional business support ecosystem.

This exercise shows that Invest NI's remit is broader than the other comparator agencies (see Table 3, below). This reinforces the finding of the Invest NI performance review of a large and complex portfolio. It also offers a sense of the extent to which Invest NI directly delivers a larger set of activities, some of which are delivered elsewhere by partners or other specialised organisations. A useful comparison in this sense is the Republic of Ireland, where three fairly large organisations cover a similar remit to Invest NI: Enterprise Ireland (Business, entrepreneurialism, innovation, exporting, access to economic opportunities), IDA Ireland (inward investment), and Science Foundation Ireland (earlier stage technology readiness levels linked to some innovation activity).

Table 3 Comparative organisational remits

Remit / mission area	INI	SE	BW	NEGH	BOM	EI	IDA
Business development	X	X	X	X	X	X	
Skills development	X						
Raise entrepreneurial aspiration	(X)		X	X		X	
Improve innovation capability	X	X	X		X	X	
Exporting	X	X			X	X	
Inward investment	X	(X)			X		X
Property development	X	X					
Access to economic opportunities for disadvantaged places	X	X	X	X	X	X	
Improve attitudes to businesses support				X			
Promote visibility and navigation of support	(X)	X	X	X			
Improve framework conditions	(X)			X	X	X	
Improving (own) performance				(X)		X	
Green economy	X	(X)	(X)	(X)	X	(X)	(X)
Number of areas covered	11	7	5	8	7	8	2

Source: Technopolis, based on desk research. NB: '(X)' denotes partial coverage, either interpreted from mission statements or delivered indirectly (e.g., steering)

2.3 Delivery processes: governance, decision-making, monitoring and evaluation

This section focuses on the structure and approaches of the comparator development agencies. In particular, the section examines the ways in which the comparators structure their governance and decision-making and attempts to make sense of how they measure and monitor success. To the fullest extent possible, the section also examines structures that maximise impact, including ways in which each organisation works in partnerships.

2.3.1 Governance and decision-making

A view across Invest NI and the six comparator case studies highlights that governance models (in terms of basic board and executive leadership team structures) are broadly similar, with most organisations having a board made up of external representatives from business, higher education, and other types of organisations.

In terms of the broader governance structures and relationships with oversight and funders, as with Invest NI, the performance of four of the comparators is overseen by boards appointed by national-level governmental bodies as well as a senior leadership team. One comparator, Scottish Enterprise, is a non-departmental public body similar to Invest NI, Enterprise Ireland and IDA Ireland are assigned to one 'parent department', and Business Wales in contrast is part of the government without much leeway for independent decision making. The other two – the North East Growth Hub (NEGH) and Noor-Brabant Development Agency (BOM) – are smaller and more local entities that are overseen by regional bodies. The North East Growth Hub is delivered by a Local Enterprise Partnership and Brabant Development Agency is a private holding. While these differences contribute to the ways in which decision-making responsibilities are distributed, it has been difficult to establish precise granular details on decision-making. Organisational structures are dictated by specific context and orientation, and may also be based on path dependencies, making direct comparison difficult.

In terms of funding, most of the comparators are assigned budgets by their immediate oversight bodies, similar to Invest NI. In the North East Growth Hub example, core funding is provided by the UK national government, but can be 'topped up' via other competitive funds brought in by the Local Enterprise Partnership or directly within the Growth Hub, such as the Local Growth Deals and/or European Funding.

2.3.2 Measuring and monitoring success

While it is challenging to establish a generalised view on monitoring and evaluation approaches, our comparator case studies suggest that each organisation conducts monitoring of their activities in a structured and organised manner to a defined timetable. In each case, approaches are largely driven by the agencies' need to justify their actions to their funders (e.g., the government) which often in turn establish the rules for monitoring and reporting. This also guarantees that all agencies in this set of comparators have a clear set of key performance indicators (KPIs) and structured monitoring processes in place.

In terms of what each organisation specifically measures via their KPIs in their strategy documents, many tend to be outcome-based (number of jobs created, R&D investment generated) as shown in Table 4. This is similar to Invest NI's approach, however, the main difference is that the KPIs set by each organisation correspond more closely to the overall mission of each organisation, while in the case of Invest NI, they are mostly focus on employment, sales and business expenditure which do not capture the variety of expected outcomes / impacts expected from its extensive portfolio,

In addition, it is notable that compared to Invest NI, there is more clear tracking of client firms engaged (and those referred out of the organisation) via use of customer relationship management (CRM) systems. This is especially seen in the North East Growth Hub example, and is a foundational purpose of the organisation. This could be of strong relevance to Invest NI, who refer a large number of businesses out of the organisation to other areas of the Northern Ireland ecosystem, but do not record or measure this activity. The North East Growth Hub also uses this information as a measure for assessing their own performance as an ecosystem actor,

and Enterprise Ireland similarly sets self-performance as one of the five ambitions in its 2022-2024 strategy.²²

For evaluations, it seems that processes evident in comparator organisations are often less structured than their monitoring processes, even though all agencies evaluate some of their services or programmes. It has not been possible to verify the exact rationales for which programmes or activities are formally and independently evaluated, though this usually tied to funding requirements and is considered good practice that further feeds into design and delivery of policy and programmes.

Table 4 Number and types of indicators mentioned in the strategy documents of the comparator agencies

Development agency	Number of indicators	Types of indicators
Invest NI	5 (core)	Mostly output and outcome indicators
Scottish Enterprise	6	Mostly outcome indicators
Business Wales	N/A	N/A
North East Growth Hub	8	Mostly output and outcome indicators
Brabant Development Agency	12	Mostly output indicators
Enterprise Ireland	6	Mostly outcome and impact indicators
IDA Ireland	8	Mostly outcome indicators

Source: Technopolis, based on desk research

2.3.3 Structures to maximise impact and working in partnership(s)

To assess how comparator agencies seek to maximise the impact on and contributions towards government objectives, the study team examined two main factors. These are: i) the structure of each organisation, and ii) and how each comparator positions itself in its ecosystem and among partners.

Organisational structures are heterogeneous across the comparator agencies. They do tend to have similar teams/sub-departments/units in comparison with Invest NI, but also a multitude of approaches to delivery of programmes. This is due to the nature of programmes themselves, and their alignment with multiple policy objectives, and may also be influenced by historical ways of working.

Next, the study team examined how comparators position themselves within their local ecosystems. We have chosen to address this via a newer emergent question which examines how organisations work in partnership with others, i.e. the role of the organisation relevant to partners in terms of delivering programmes. In structuring this examination, the study team created a master list of functions / mission areas and examined which areas each agency

²² In the strategy are no indications of how success for this ambition will be measured.

delivered directly, co-led, facilitated or had no involvement in. This examination revealed that Invest NI is the agency with most direct involvement (or lead roles) across functions. This is summarised in the table below, and may explain the relatively higher resourcing highlighted in section 2.1, above.

Table 5 Comparative overview of delivery modes by area

Development agency	Delivery type by area
Invest NI	Predominantly direct delivery – lead on most areas, with partner support/involvement
Scottish Enterprise	Hybrid. Lead on: business development and advice, broadening access to support, inward investment, exports and trade, sector support, innovation and R&D. Co-lead on: finance, start-up support, and regional support. Facilitator of: skills development
Business Wales	Hybrid. Lead on: business development and advice, broadening access to support, start-up support, innovation and R&D. Facilitator of: finance, sector support. Not directly involved in inward investment, property/real estate
North East Growth Hub	Predominantly facilitation (business development and advice, finance, sector support, start-up support, innovation and R&D, regional support). Lead on broadening access to support. Not directly involved in inward investment, exports and trade, skills development, or real estate/property)
Brabant Development Agency	Hybrid: Lead (local level) on business development and advice, broadening access to support, inward investment, exports and trade, innovation and R&D. Co-lead on these at national level, plus on more general regional support
Enterprise Ireland	Hybrid: lead on business development and advice, broadening access to support, exports and trade, start-up support, access to finance (partial). Co-lead or facilitator on: innovation and R&D, sector support, and place-based offer and regional development. No direct involvement in inward investment/FDI, skills development, property / real estate
IDA Ireland	Direct delivery on main focus (inward investment/FDI), and collaboration on a wide range of other policy areas

Source: Technopolis, based on desk research

2.4 Client base and the support offer

This sub-section focuses on the ways in which comparator agencies work towards specific target groups (which clients, and how), and the types of support areas offered within the portfolio.

2.4.1 Target groups of support

Examining the 'target groups' of each comparator agency reveals generally wide-ranging audiences. Most agencies appear to aim support at the full business population of their area, even where this is segmented (e.g. start-ups, SMEs, large companies). In general, comparator agencies target all types of businesses and sectors, with some specifically-targeted programmes for sectors or business types. This is similar in principle to Invest NI, whose client base includes companies from most sectors and locations across Northern Ireland. This places Invest NI in line with international practice for client engagement and management. However, the performance review of Invest NI found relatively less representation among the Invest NI client base of start-ups and younger firms, and high repeat access among clients. This may be different across comparators, though this is difficult to ascertain fully. In an effort to gain further insight into business uptake, the study team located published estimates of businesses reached

via annual reports (with the exception of BOM).²³ While data regarding the uptake of each form of support in each case was not publicly available, most comparators listed the total number of company clients, businesses engaged or figures describing outreach efforts. As mentioned in the performance review of Invest NI, the study team estimated that Invest NI has had 4,796 unique beneficiary companies between 2017 and 2021. This compares to 2,000 businesses in direct relationship management at SE; 3,000 businesses who were offered direct support by BW,²⁴ 1,613 medium-to-high-intensity interventions overseen by the NEGH,²⁵ and 1,901 and 1,691 companies supported by EI and IDA respectively in 2021 (See Table 6).^{26,27} These figures exclude light-touch support, such as early-stage enquiries or initial diagnostics (30,000 reported by Business Wales and around 20,000 by NEGH).

Table 6 Comparative overview of the client base

Development agency	Definition client base	Size of client base ²⁸
Invest NI	All types of companies (SMEs mostly)	4,796 unique beneficiary companies between 2017 and 2021
Scottish Enterprise	High-growth start-ups, SMEs and large enterprises from all sectors	2,000 businesses in direct relationship management in 2021
Business Wales	All types of businesses	3,000 businesses received direct support between 2020/21-2023/24
North East Growth Hub	All types of businesses	613 medium-to-high-intensity interventions overseen by the NEGH in 2021
Brabant Development Agency	High-growth potential businesses, international and internationalising, those with green energy ambitions	N/A
Enterprise Ireland	Manufacturing enterprises or eligible internationally traded services businesses employing 10 or more full-time employees or High Potential Start Ups (HPSUs)	1,901 client companies
IDA Ireland	Foreign companies with actual or potential capability to employ and who aim to establish themselves in Europe	1,691 companies supported in 2021

Source: Technopolis, based on desk research

Where more specific access criteria or thresholds exist, client management is tiered, with a local presence assuming responsibility for the wider businesses base (e.g., Enterprise Ireland). This is similar to the Invest NI model. Invest NI and the comparators can be roughly divided into two groups based on their long-term relationships with their engaged businesses or clients. In

²³ Annual reports published by BOM could not be found, unlikely to have been published in English

²⁴ Business Wales; available at: <https://gov.wales/sites/default/files/publications/2022-01/ministers-written-evidence-to-senedd-scrutiny-committees-2022-2023.pdf>

²⁵ North East Growth Hub End of Year review 2021, available at: https://www.northeastlep.co.uk/wp-content/uploads/2022/05/NEL1256-End-of-Year-Review-202122_FINAL-1.pdf

²⁶ Source: <https://www.enterprise-ireland.com/en/Publications/Reports-Published-Strategies/Annual-Reports/2021-Annual-Report-and-Accounts.pdf>

²⁷ Source: IDA Ireland Annual Report 2021, available at: <https://www.idaireland.com/annual-reports>

²⁸ Data not directly comparable due different ways of measuring client base and interactions.

this, Invest NI aligns with the tiered approaches of Enterprise Ireland (EI) and IDA Ireland (IDA) in maintaining close relationships with a subset of client businesses via dedicated advisors or relationship managers for each client that meets certain threshold criteria. Discussions with representatives of these agencies found that a 'portfolio approach' is often adopted (e.g., focussing on a subset of firms) which meant either deciding on a stronger emphasis on the quality or the quantity of support. The most selective approach comes from Enterprise Ireland, which offers its tailored services only to a subset of businesses (mainly those that are exporting and growing).

By contrast, Scottish Enterprise (SE), Business Wales (BW), NEGH, and BOM do not specifically aim to manage engaged businesses as closely. Each of Scottish Enterprise, Business Wales, and NEGH have adopted a rationale based on equal access to serve more businesses, rather than focussing on a smaller subset, and BW and NEGH are specifically advertised as a low threshold single point of contact for business support and advice. This suggests that there is no standard approach in terms of selecting the specific target group but rather a variety of priorities or preferences for structuring services. However, these decisions could and should be based on which policy outcomes are desired. If, for example, policy objectives required broadening access to business support (such as may be the case under the 10x Economic Vision), delivery should be instrumented that enables and incentivises more businesses to access support. In reality, the best approach may be somewhere in the middle, as both models provide different results.

2.4.2 Organisational portfolios

The portfolios of activities and programmes for each development agency are broad, and for this reason it has been difficult to encapsulate individual organisations' portfolios exhaustively. Furthermore, agency representatives consulted had difficulty systematically representing their agency's portfolio (and it is unclear the extent to which information published via the agency websites would be out of date or incomplete). Each case study sets out the comparator agency's profiles in as much detail as possible, albeit with the caveat that information may be incomplete.

Looking across Invest NI and the six comparators, a breakdown of financial assistance offered by Invest NI shows that 72% has been offered in the form of subventions (e.g., funds). A further 11% of the support has been offered as capital and 10% as shares.²⁹ By contrast, the range of financial support offered by comparators tends to be more focused on one or two types. SE, EI and IDA advertise grant products or funding calls, while BOM offers investment in either equity or loans depending on company size. BW and NEGH do only offer minimal funding in their own right, but offer support in locating and applying for external financing. All comparators are also focused on internationalisation to some degree, in the shape of export support or market access. The intensity of this thematic area ranges from basic support (such as market intelligence and training at SE) to the sole focus of the agency (attracting FDI at IDA).

Examining the content of programmes within portfolios reveals broadly comparable areas of focus with Invest NI, albeit the others have a generally clearer focus on start-ups and comparatively less focus on inward investment (apart from those agencies specialised in this area, such as IDA Ireland). For example, business innovation is a common theme in portfolios of activities and programmes, including support for knowledge transfer, R&D collaboration, and stimulation of in-company R&D. Most comparators list support for early-stage business planning, accelerating high-potential start-ups (HPSUs), and enabling investments (investor

²⁹ Source: Invest NI data

readiness and funding access). This is also supported by general advice services and thematic areas (e.g., marketing). Portfolios commonly include provision for internationalisation, including in-market services, and some feature skills development, focusing specifically on training and recruitment, and some also focus on resource efficiency and energy transition for businesses. There is often a broader set of advisory services and coaching, including development support for smaller SMEs, sometimes facilitated one-to-one and sometimes via more general seminars and webinars. Some sectoral focus is found in programmes specifically tailored to space and defence, among others. While it is difficult to draw distinct conclusions and comparisons from the high-level information in scope for this review, it is clear that programmes should correspond clearly to policy objectives, and should be well-defined in terms of their purpose (i.e., the portfolio should remain focused on delivering core aspects of the organisation's remit).

It has not been possible in the scope of this research to identify specific support that maximises value and impact of portfolio delivery or evidence on programme review and reset as this would require available evaluative material on individual programmes. To address this, we have examined the efficacy of different types of support programmes in the aggregate via the separate ecosystems report.

2.5 Main learning points

Based on the information gathered on each of the comparators, and on good practice examples, the study team has drawn together five key learning points from the benchmarking exercise. These are presented in turn below.

Key learning point 1: Economic development agencies focus on a subset of key areas, with Invest NI having the broadest remit

All comparator organisations respond to broadly similar mission statements, but Invest NI has the broadest remit, covering a larger number of mission areas than all other comparators (11 vs commonly 6-7), with overlaps across these remits, with the exception of 'skills development' which Invest NI being the only agency with this remit. This reinforces the finding of the Invest NI performance review of a large and complex portfolio.

In addition to this, when normalised for the size of the business population, Invest NI is among the most well-resourced agency among the comparators. It has approximately £3.3m per staff (in comparison with the other agencies, where this ratio range between 0.8 and 2.7. It also has available circa 123 staff per million business population, higher than any other comparator with the exemption of Scottish Enterprise (where the ratio is 1:118). Again, this resourcing is likely larger due to Invest NI's broader remit but also due to its larger involvement in the direct delivery of its portfolio, in comparison with the comparators.

Key learning point 2: Monitoring is predetermined by funding requirements but can also serve core objectives

Most monitoring of KPIs is determined by funding requirements, though many agencies go a little further than Invest NI in terms and measure outputs and outcomes more closely linked to different activities of their portfolios. A well-designed strategic framework that links objectives, key stakeholders, and activities, is underpinned by measurable indicators and aligned to government priorities is a driver of success of an agency's programme. In addition, by enshrining objectives that target their own performance in their strategy, development agencies commit to continuous improvement, which strengthens their credibility.

Key learning point 3: Hybrid delivery is common, with partnerships often used to facilitate programmes, whereas INI are more focused on direct delivery

Partnerships are seen across all comparators to delivery of various policy objectives. Though Invest NI works with a broad range of partners, looking across the portfolio of each comparator agency shows a greater degree of direct delivery. Other agencies more often co-lead, facilitate, or are not involved in delivery areas (i.e., they are the responsibility of other organisations).

Development agencies that act as a complementary body in some areas (rather than leading all areas directly) allows other specialist organisations to operate in a shared space (e.g. in certain policy areas or types of business). This can free resource to design and run a smaller number of more precisely differentiated programmes, and can also bolster the delineation between policy and delivery while remaining collaborative.

Key learning point 4: Alignment with national priorities can be reached by establishing procedures that are acknowledged by all stakeholders

To be able to contribute to national priorities and deliver on their own objectives, the strategic work of development agencies has to be coordinated with the national level. Across all agencies, there are formal and informal methods of coordinating. For Scottish Enterprise, developing a strategy follows a relatively established procedure that is acknowledged by all stakeholders and therefore supports an independent strategy that is still in line with national priorities. After informal discussions, SE receives a Ministerial Guidance Letter that sets out what the government expects from the agency regarding overarching policy goals. The detailed strategy with its priorities and key indicators is then developed by SE and its Independent Board and later confirmed with the Government.

Key learning point 5: Digital tools can support businesses in finding the right support for them

Funding opportunities are often tied to specific requirements such as the location of the business, the stage it is at or specific sector affiliations. This creates a challenge for businesses and development agency advisors in finding the right support that matches a business' circumstances. Digital tools can support agencies as well as businesses in finding the right support by displaying different funding requirements in a drop-down menu. A good example of such a tool is the innovation funding database provided by Scottish Enterprise or Business Wales' [finance locator](#), a tool that supports the search for the right funding and creates alerts on finance and business support.

Key learning point 6: The decision of whether to continue existing support and services should be taken after considering different aspects such as results of evaluations or the wider business support environment

Services and support to businesses are often established on a temporary need in the business community, yet often continue for years, even if the economic landscape and ecosystem have evolved. Periodic assessments can help to guarantee that services respond to the current needs of the business community and to increase their efficiency. For Business Wales, for instance, the decision of whether to re-procure their existing services for another period is based on a complex set of considerations. In this process, Business Wales reflects on the results of the evaluations undertaken, the services provided by the wider business support environment, Government priorities, and the available resources. The outcomes of this assessment form the advice submitted to the Minister of the Economy, who decides whether it is worth continuing the programmes.

3 Comparator case study: Scottish Enterprise

3.1 Introduction

3.1.1 Overview of the surrounding ecosystem

SE's offers many of its services across the whole of Scotland although it is significantly less involved in the Highlands and South of Scotland which have their own development agencies (see below).

Scotland's strengths lie in its strong knowledge base. It has several world-leading universities, high shares of adults with tertiary education and some cities that have successfully attracted high productivity sectors such as oil and gas, and knowledge-intensive business services (KIBS).

However, there are also many areas Scotland is struggling with. Knowledge Intensive Business Services (KIBS) jobs are only concentrated in a few places and the entire business ecosystem lacks a critical mass of large scale-ups. This affects business dynamics, innovation and export performance – all areas Scotland is underperforming. Additionally, despite the highest percentage of working age population with a Higher Education Certificate or above in the UK, Scotland has a higher share of adults without any qualifications at all compared to the UK average. All these factors contribute to a rather moderate productivity performance.^{30 31}

Scotland's economic fortunes are not equally distributed across the country. Quite the opposite - the nation is dealing with significant regional disparities, particularly when it comes to productivity. A recent report from the Productivity Institute identifies four quite distinctive regional dimensions of the Scottish Economy:

- The North-East, including Aberdeen, with the dominance of its high-value oil-and-gas sector
- Edinburgh and its surrounding areas (Eastern Scotland), with its strong finance, public sector and professional services sector
- Glasgow and the Central Belt (Western Central Scotland), with a mix of sectors and areas recovering from post-industrial decline
- The rural and island areas (Highlands and Island and Southern Scotland).³²

The different economic structures at play shape the economic outcomes of each region. North-Eastern Scotland with its high concentration of productive firms in the oil and gas sectors, and Edinburgh with strong finance and professional services have much higher productivity than rural areas. This goes a long way towards explaining why the areas covering Edinburgh and Aberdeen are among the 10 regions with the highest productivity in the UK while Scotland's other economic regions rank much lower.³³ Whilst the average output per hour for workers in Edinburgh is £41.90 for example, in Na h-Eileanan Siar in the Western Isles, it is only £28.30. Of particular concern is the underperformance of Glasgow; lagging behind in skills and productivity, its sheer size means more people are affected, and it has a disproportionate impact on the national economy.³⁴

The opportunities and challenges Scotland faces are largely reflected in the short economic analysis featured in SE's Strategic Framework 2019-2022. SE identifies low productivity and

³⁰ Tsoukalas J (2021), [Scotland's productivity challenge: exploring the issues](#), The Productivity Institute.

³¹ CBI (2021), [The CBI/KPMG Scottish productivity index: 2021 update](#).

³² Tsoukalas J (2021), [Scotland's productivity challenge: exploring the issues](#), The Productivity Institute.

³³ ONS (2020), [Sub-regional productivity in the UK](#).

³⁴ Swinney P & Enenkel K (2020), [Why big cities are crucial to 'levelling up'](#), Centre for Cities.

dismal export and innovation performance as some of the core challenges. The strategic framework states that less than half of Scottish businesses (discounting micro-businesses) invest in innovation. Additionally, SE has estimated that there is a need for 70,000 additional businesses, 7,000 new exporters and 100 new high-growth businesses for Scotland to match the best-performing regions in the UK.³⁵ Other issues that need to be addressed based on SE's analysis are low pay, overqualification of large parts of the workforce, risk of automation and an ageing society. Challenges related to productivity and innovation were similarly deemed to affect the economic performance in Northern Ireland, with 38% of all businesses and 46% of large businesses in Northern Ireland considered innovation active, behind the UK (45% and 58% respectively) between 2018 and 2020.³⁶

3.1.2 Contextual indicators for the comparator

Table 7 Contextual indicators for the comparator

Area	Population	Number of private businesses	GDP per head	Geographical area
Scotland	5.5 million	173,655 ³⁷ (2022)	£30,560 ³⁸	77,933 km ²
Northern Ireland	1.9 million	78,885 ³⁹ (2022)	£25,575 ⁴⁰	14,130 km ²

Source: desk research

3.2 Objectives, resourcing, and portfolio

3.2.1 The organisation and its mission

Scottish Enterprise (SE) is Scotland's principal national economic development agency and a non-departmental public body of the Scottish Government, with its headquarters in Glasgow and twelve additional offices across Scotland.⁴¹

SE was created in 1991 as a successor to the dissolved Scottish Development Agency (SDA) that had existed since 1975. The Enterprise and New Towns Act (Scotland) 1990 set out this new approach, where Scottish Enterprise and its sister agency, Highlands & Islands Enterprise (HIE), were given much broader legal powers. SE and HIE merged the powers and staff of the former SDA and Training Agency in Scotland to deliver an integrated economic development approach involving business development, skills development, exporting, inward investment, property development promoting access to economic opportunities for disadvantaged places/groups.

SE's current overarching mission, as stated in its 2021/22 Business Plan, is to 'Create more, better jobs that nurture shared wealth and collective wellbeing', focussing on jobs, net-zero and

³⁵ Scottish Enterprise's strategic framework 2019 – 2022, URL: <https://www.scottish-enterprise.com/media/3109/scottish-enterprise-building-scotlands-future-today.pdf>

³⁶ NISRA: Business innovation Activity in Northern Ireland, URL: <https://www.nisra.gov.uk/sites/nisra.gov.uk/files/publications/Innovation%20Report%202021.pdf>

³⁷ <https://www.ons.gov.uk/businessindustryandtrade/business/activitysizeandlocation/datasets/ukbusinessactivitysizeandlocation>

³⁸ ONS (2021), [Regional activity by gross domestic product, UK: 1998 to 2019](#).

³⁹ <https://www.economy-ni.gov.uk/news/northern-ireland-business-activity-size-location-and-ownership-2022>

⁴⁰ NISRA(2022), URL: <https://www.nisra.gov.uk/statistics/economic-output-statistics/gross-value-added-and-gross-domestic-product>

⁴¹ The Scottish Affairs Committee (2015), [Scottish Affairs - Sixth Report Our Borderlands - Our Future : Final Report](#).

place. This is underpinned by a set of smaller goals such as 'Building Scotland's reputation and reach' and 'Building future economic opportunities'.

At the same time, Scottish Enterprise plays an important role in delivering of the National Strategy for Economic Transformation (NSET) launched by the Scottish Government on 1 March 2022.

3.2.2 Funding of the organisation

Scottish Enterprise is largely funded by the Scottish Government. In 2021-22 for instance, it covers around 77 per cent of the £405m of planned expenditure. The remaining money is to be sourced from other business income related to property and investment funds.⁴² SE agrees on an income target with the Scottish Government and usually returns any surplus. Depending on the overall budget position of the Scottish government, they may allow keeping all or part of the over target amount. The funding of the Scottish Government is the only secure income although the level of funding beyond the baseline will vary.

Figure 1 Scottish Enterprise: 2021/22 Financial summary

Planned income	2021/22 (£m)	Planned income	2021/22 (£m)
Scottish Government Funding		Other Business Income	
Grant in Aid - Resource allocation (baseline)	135.1	EU Funds	8.9
Anticipated in-year transfers (net)	9.5	Property Disposals	14.5
Total anticipated Grant in Aid - Resource Allocation	144.6	Property Income	5.1
Grant in Aid - Capital allocation (baseline)	58.3	Other Business Income (excluding Growth Investments)	6.9
Grant in Aid - Capital allocation (Green Jobs Fund)	8.4	Growth Investments Income	56.8
Grant in Aid - Capital allocation (Glasgow Science Centre)	5.5	<i>of which:</i>	
Anticipated in-year transfers - Capital (net)	41.8	Scottish Loan Fund	3.0
Grant in Aid - Financial Transactions (Core)	48.8	Epidarex	4.0
Anticipated in-year transfers - Financial Transactions - Energy Investment Fund (EIF)	5.0	Other Funds, including Scottish Co-investment and Venture Fund (Exits and Other Income)	49.0
Total anticipated Grant in Aid - Capital and FT Allocation	167.8	Energy Investment Fund (EIF) Income	0.8
Total anticipated Scottish Government Funding	312.4	Total Other Business Income	92.2
		Total income:	404.6

⁴² O'Connor A & Wakefield S (2021), [Economic development in Scotland](#), SPICe Briefing.

Planned investment	2021/22 (£m)
Building Future Opportunities that Drive Advantage	90.5
Reputation & Reach	58.0
Resilience & Growth	60.6
Enabling Services	118.4
Vibrant Communities	77.1
Total cash investment	404.6

Source: Scottish Enterprise (2021), 2021/21 Business Plan

In the previous year, SE delivered £569m of economic development support, including almost £220m of COVID-19 related support to around 4,000 businesses employing more than 70,000 people.⁴³

3.2.3 Staff and resourcing

As found in Table 8, In 2021, Scottish Enterprise had 1,474 permanent staff based in twelve offices across Scotland, and in a further 34 international offices. Table 9 shows the distribution of SE's employees across different roles and business areas.

Table 8 Comparator number of staff and offices

Agency	Number of staff	Number of regional units	Number of international units
Scottish Enterprise	1,474 (990 ft)	12	34
Invest NI	642 (610 ft)	5	28

Source: desk research

Table 9 Distribution of employees working for Scottish Enterprise (2022)

Overall resourcing	
Number of employees	1,474 (990ft, 183 pt)
Share working within customer facing roles	78%
Share working overseas	9%
Distribution of employees across the four business areas	
Entrepreneurial People & Culture	10%
New Market opportunities	24%
Productive Businesses & Regions	40%
A Fairer and More Equal Scotland	1%

⁴³ Scottish Enterprise (2020), Scottish Enterprise Annual Report and Accounts. For the year ended 31 March 2021.

Source: Scottish Enterprise (2022). Note: The figures for the four business areas are for illustration purposes.

3.2.4 Target areas of support

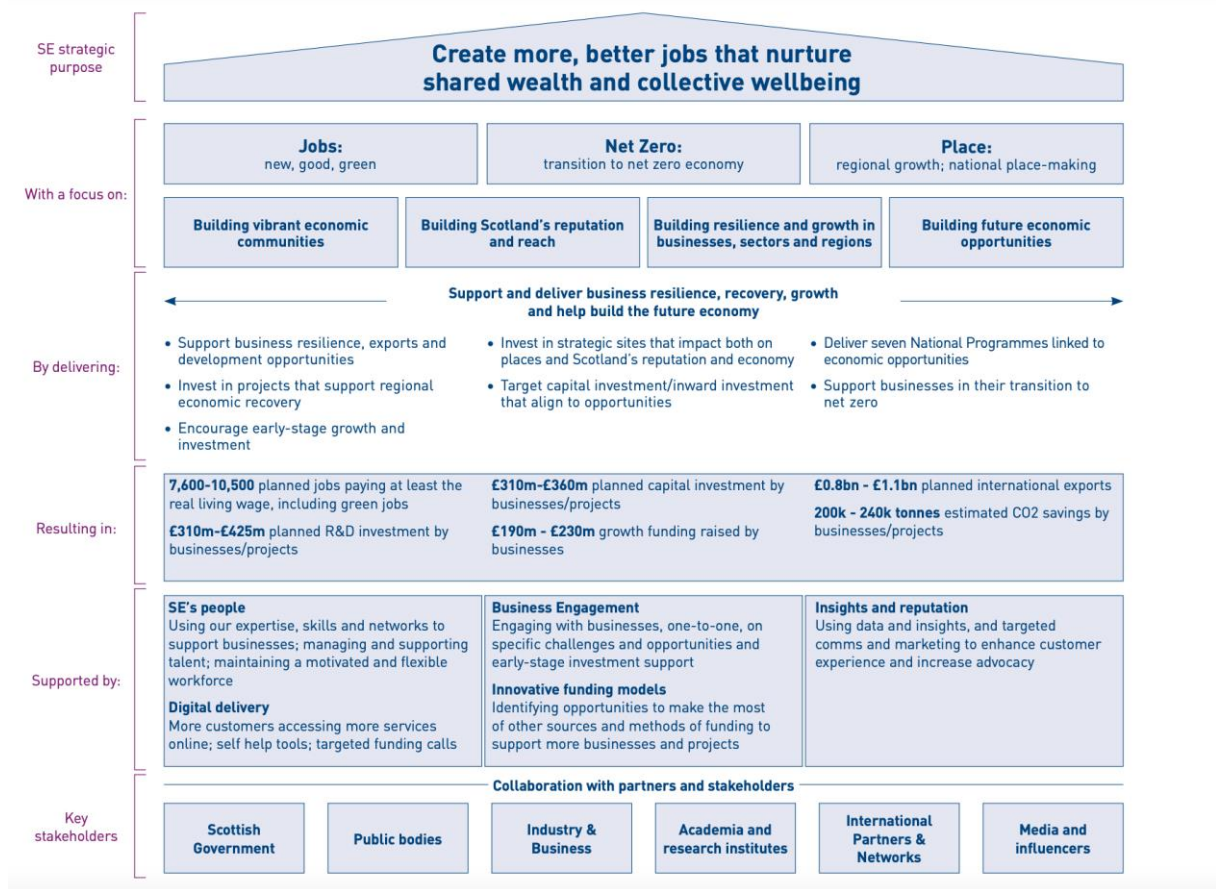
The thematic focus of Scottish Enterprise's operations is relatively broad, as SE's work aims to generally strengthen the economy without overly focusing on specific sectors or types of support. This is different from its strategy during the 1990s and 2000s when SE had a strong focus on cluster development related to sectors of comparative economic advantage.

The most comprehensive overview of different thematic areas can be found in the 2020/21 Business Plan that 'sets out the purpose, focus, and delivery activities for the period.' SE's business plan builds on various strategy documents by the Scottish Government and is published each financial year.⁴⁴ It sets out four focus areas that operate under the more general themes (new, good, green) jobs, transition to a NetZero Economy and Place (Figure 2):

1. Building vibrant economic communities
2. Building Scotland's reputation and reach
3. Building resilience and growth in business, sectors and region
4. Building future economic opportunities

⁴⁴ The yearly business plan is completed with a three-year corporate plan ('Strategic Framework') that includes key targets and milestones aligned to the National Performance Framework and is agreed upon with Scottish Ministers before being published.

Figure 2 Objectives, activities and key stakeholders of Scottish Enterprise



Source: Scottish Enterprise 2021/22 Business Plan

The only time specific sectors are explicitly mentioned is in the portfolio of seven National Programmes SE developed. The National Programmes are aligned with the inward investment priorities of the Scottish Government, aiming to accelerate digital and data-driven opportunities, improve health and wellbeing, advance modern manufacturing and support the low carbon economy.

The national programmes are integrated within SE's strategic approach and are 'national' in the sense that SE is working to reorient Scotland's economy as a whole to become more competitive, innovative and resilient to future change.

Figure 3 SE's National Programmes are aligned with national challenges

Build Future Economic Opportunities Through Scottish Enterprise's National Programmes		
Opportunity	SE National Programme	Inward Investment Priority
Digital: Accelerating digital and data driven economy opportunities	Digital Scale Up Level Up	Software & IT Digital Financial Services Digital Business Services
Health and wellbeing: Leveraging health and wellbeing economy opportunities	Health for Wealth	Healthtech
Manufacturing: Advancing modern manufacturing economy opportunities	Scotland in Space	Space
	Future Healthcare Manufacturing	Food & Drink Innovation Transformation of Chemical Industries
Net zero: Developing sustainable low carbon economy opportunities	Zero Emissions Heavy Duty Vehicles	Energy Transition Decarbonisation of Transport
	Decarbonising Heat	
	Hydrogen Economy	

We will work in partnership with national and regional partners, including enterprise and skills agencies and local authorities, to deliver these seven National Programmes and ensure all of Scotland can contribute to and benefit from their success.

Source: Scottish Enterprise Business Plan 2021/22

3.3 Delivery processes: governance, decision-making, monitoring and evaluation

3.3.1 Structure and governance

The operations of Scottish Enterprise are delivered under the guidance of a Chief Executive and an Executive Leadership team encompassing the directorates Innovation and Investment, International, Business Growth, CFO Group and CPO Group. The associated Scottish Enterprise Board consists of 10 members that are - with the exception of the Chief Executive - appointed by the Scottish Ministers.

Each year, after informal discussions, SE receives a Ministerial Guidance Letter that sets out what Government expects from Scottish Enterprise in terms of overarching policy goals. The detailed strategy with its priorities and key indicators however is developed by SE together with its Independent Board and later coordinated with the Government. The Independent Board plays an important role in setting strategic direction, identifying priorities and approving activity.

3.3.2 Monitoring and evaluation

To measure its performance, SE has a performance framework that is very much aligned with the national performance network. They collect the data from the businesses they support and have regular updates with the board and monitor its contribution towards reaching the longer-term goals of Scotland's Economic Strategy and the National Performance Framework.

With an evaluation programme that looks at the efficiency and effectiveness of their programmes, SE intends to investigate failures and learning sessions. SE's proposed outcome measure range for 2022/23 is as follows:

- Planned new/safeguarded jobs paying at least the real living wage - 12,000-14,000
- Planned R&D investment businesses/projects £m - £250m - £300m
- Planned capital investment by businesses/projects £m - £320m - £380m
- Growth funding raised by businesses £m- £310m-£370m
- Planned international export sales £bn - £0.9bn-£1.5bn

- Estimated CO2 savings businesses/project tonnes (000s) - 325K-425K

According to an internal paper, the Appraisal and Evaluation Team is responsible for appraising SE's projects and programmes, delivering and managing evaluations and undertaking a large number of ad hoc tasks both for colleagues and external partners. There is however no evidence on resourcing for these tasks nor how programme managers are involved in the process.

All appraisals (roughly 100 a year) are undertaken by the team, while evaluations (about five a year) are conducted by a mix of external consultants (mainly the larger evaluations) and team members.

In terms of monitoring, the Appraisal and Evaluation Team produces monitoring guidance and a series of Monitoring and Evaluation Framework (MEF) templates that are used to link the activities, outputs, outcomes and impacts of interventions to the Performance Framework.

SE has a rolling programme of evaluations which aligns with the budget cycle. In the beginning of every year, the SEER Plan (Strategic, Economics, Evaluation & Research) is produced which involves assessing the evidence base and impacts of interventions. During the exercise, the team determines:

- Those areas of intervention where the evidence is dated and therefore is felt worthwhile updating
- Those areas where the evidence is limited and therefore needs to be researched. This may be areas of intervention that are new or relatively recent
- Areas where the Board, senior management, or funders (Scottish Government) feel that evaluation evidence would be useful

The paper further states that these demands are then assessed, prioritised, roughly costed and included in the SEER Plan which is sent to the Executive Leadership Team (ELT) for approval. Once approved, the evaluation workplan for the next year is set up. Generally, each year there tends to be one major evaluation or group of evaluations and several smaller ones.

3.4 Client base and support offer

3.4.1 Target groups

While SE offers its services generally to all kinds of businesses, it typically works with three segments of companies:

- High growth spinouts, high growth start-ups and early-stage scale ups: Typically <£10m turnover - <5 years old with high levels of ambition and potential to scale internationally - Seeking to raise growth funding/ raise external investment
- SMEs: Supporting innovation, investment and internationalisation - 10-250 employees - National/regional priority - High Impact
- Large companies: For indigenous & existing investors creating quality jobs and new investment - Large, strategically important companies (250+ employees in Scotland or existing investors with significant global operations)

Business Gateway takes care of the rest of the businesses mainly micro-enterprises, those in the early stages of running a business or those thinking about starting a business.

Within one year, SE provides events, masterclasses, one-to-one advice, funding and account management to around 13,000 businesses while around 2,000 businesses benefit from direct relationship management (account management and specialist projects).

Just recently SE, adopted their model of how they work with companies, by moving away from a more targeted portfolio approach that is focussing on specific sectors and businesses to a more inclusive model that allows the support of more businesses. They are now looking at a wider range of businesses across high-growth start-ups and spinouts, SMEs and large enterprises that deliver quality jobs. The change in strategy was mainly motivated by the intention to serve more companies to increase inclusion instead of focussing on only a few businesses.

Since they've moved away from the portfolio approach, SE also doesn't follow the 'road model' anymore in which a selection of companies would be accompanied through their growth journeys.

3.4.2 Programmes and support instruments

Scottish Enterprise generally provides three types of support. First, it supports businesses in finding and accessing the right funding. Second, it occasionally offers a very small selection of targeted funds of its own and offers investment funding. Finally, it gives advice on specific business-relevant topics. Based on Table 5 – the only available source in terms of how funding is split - it is difficult to say how many programmes are currently offered by SE and where the exact focus lies, but from its website, it looks like its focus is strongly on advisory services and less on grants ('Featured Business Grants'). The latter is currently largely funded and operated by other organisations. Overall, SE specifies that its customer support model is providing four grant products:

- Enabling
- Revenue to support recovery, innovation & growth,
- Capital support 'to make things happen'
- Capital for timebound opportunities (discretionary funding to deliver exceptional economic opportunities drive jobs, economic & place priorities)

Figure 4 gives an overview on how much money SE spent on different programmes and activities.

Figure 4 Segmental reporting for the year that ended 31 March 2021

	GROUP		SCOTTISH ENTERPRISE	
	2021	Restated 2020	2021	Restated 2020
	£000	£000	£000	£000
Operating Expenditure				
Quality Jobs and Talent				
Entrepreneurship and Companies of Scale				
Early Stage Support (i), (ii)	1,938	-	1,938	-
Other Entrepreneurship and Companies of Scale	2,556	2,905	2,384	2,788
Growth Funding including Inward Investment	14,308	16,341	14,308	16,341
Workplace Development	6,769	6,151	6,794	6,176
Research and Innovation				
Innovation Support	6,092	11,939	6,092	12,089
R&D Support				
Early Stage Support (i), (ii)	1,016	-	1,016	-
Other R&D Support	56,154	38,996	56,154	38,996
Investment in R&D and Innovation Assets	22,968	8,090	22,968	8,090
Capital Investment				
Placemaking Investment	14,321	25,496	9,704	24,994
Property Portfolio Management	7,059	4,793	7,041	4,765
Sectoral Development	6,775	7,635	6,775	7,635
Business Growth and Resilience				
Access to Finance				
Early Stage Growth Challenge Fund (i), (ii)	4,858	-	4,858	-
Other Access to Finance	9,452	75,708	9,436	75,697
Business Growth Services	7,250	10,992	6,492	9,875
Economic Resilience Support				
Pivotal Enterprise Resilience Fund/Hardship Fund (i)	145,423	-	145,423	-
Hotel Support Programme (i)	8,854	-	8,854	-
Wedding & Civil Partnership Industries Fund (i)	21,855	-	21,855	-
Ski Centre & Ski School Fund (i)	3,168	-	3,168	-
Other Economic Resilience Support	8,500	2,108	8,500	2,108
Export Growth				
Export Support	3,416	8,022	3,416	8,022
International Networking and Marketing	6,311	4,439	8,395	6,088
Overseas Premises and Facilities Management Costs	1,876	2,870	1,876	2,870
Service Development and Transformation				
Business Technology Support and Development	3,583	4,201	3,583	4,201
Marketing Research and Stakeholder Engagement	668	1,807	668	1,807
Total Segmental Expenditure	365,170	232,493	361,698	232,542

Source: Annual Report and accounts

Featured Business Grants

Currently, SE advertises six funding calls in the framework of its 2022-23 programme:

- Zero Emission Mobility Innovation Fund (funded by the Scottish Government, operated by Scottish Enterprise and Transport Scotland): Dedicated to projects that could drive the manufacture and deployment of zero-emission Heavy Duty Vehicle (HDV) components, systems and vehicles
- Low Carbon Manufacturing Challenge Fund (funded by the Scottish Government, operated by Scottish Enterprise): Supporting projects that will speed up the transition to a low carbon economy in the manufacturing industry. Grants with a minimum value of £150,000
- CO2 Utilisation Challenge (funded by the Scottish Government, operated by Scottish Enterprise): for developing technology projects that will lead to new commercial uses for CO2, and the creation of jobs
- European Space Agency Proposals (operated and funded by ESA): The objective of this support is for businesses to develop new commercial services that uses one or more space assets
- Knowledge Transfer Partnership (funded by KTP, operated by UKRI): Supports innovation projects between businesses and an academic partner

- Defence & Security Accelerator (funded and operated by DASA): Funds innovative ideas that improve the defence and/or security of the UK

The featured grants are not permanent grants but vary from funding period to funding period. Past grants for instance were less linked to specific sectors but addressed overarching challenges such as employment and capital expenditure ('Regional Selective Assistance'), R&D ('Research and Development Grants'), Spin-outs ('Proof of concept grants') or training ('Training Plus').⁴⁵

Business innovation - product and service development support

SE doesn't offer or operate specific innovation programmes on its own but it helps with a comprehensive product and service development support. Focus areas are intellectual property, digital transformation, workplace innovation support and data-driven innovation. SE also offers support to find the right funding scheme, provides feedback on proposals and help with preparing pitches for "Innovation support". In addition, SE have compiled a [comprehensive funding database](#) that contains information on innovation funding available for Scottish businesses.

Investment funding

SE's growth investments team invests and supports early-stage companies and helps access a range of funding.

- Scottish Co-Investment Fund: Through this fund, young growing businesses are matched with accredited investment partners, and SE invests on equal terms. Some sectors such as financial services and hospitality are excluded.
- Scottish Venture Fund: The Scottish Venture Fund invests in companies from start-ups, early-stage and expanding businesses seeking funding to develop products and/or markets.
- Loan funding: SE provides loans for a variety of purposes such as working capital, marketing investment or international expansion.
- Investment advice: SE helps businesses in finding investors or the right finance option, prepares them to pitch to investors and more generally to secure funding, and helps advise on Scotland's risk finance market

Internationalisation

Internationalisation, and in particular, stimulating exports are important topics for Scottish Enterprise because of Scotland's deficits in these areas. Scottish Enterprise offers basic support for new and existing exporters, such as free market intelligence, competitor insights, and customer demographics to help explore exporting opportunities. It also provides trade missions, webinars, and training. Specific advice on exports is delivered by the Institute of Export, and international businesses that intend to operate in Scotland are assisted by the services of Scottish Development International.

Business development and advice

In addition to the more specific advisory services, SE also offers a large set of more general advisory services to enhance business practices and explore new markets. Some areas of advice include:

⁴⁵ Fraser of Allander Institute (2019), [An econometric evaluation of Scottish Enterprise grant support to businesses](#), University of Strathclyde.

- Improving productivity and employee engagement. SE provides practical tools and advice on topics like how to optimise team performance, preparing and adapting workplaces and how create efficient ways of working. This is delivered through a series of online workshops.
- Improving business processes. Practical guidance on how to enhance business productivity.
- E-commerce. Guidance documents and events on how to sell effectively online
- Research services. SE offers a range of research services such as domestic market research, supply chain mapping and international market research. In addition, SE undertakes and commissions a large number of project and programme appraisals and evaluations each year that are published on a [dedicated website](#)
- Succession planning support. Accompanying business owners on their first steps towards finding a successor for their business
- A tool on SE's website helps start-ups and established businesses find the right service for them

3.4.3 *Other activities*

SE are leading the Business Support Partnership (a partnership of all Government agencies and LAs) to join up the business support ecosystem and do a lot of direct ecosystem development through their Early Stage Entrepreneurship Teams with programmes such as Unlocking Ambition, and Entrepreneurial Scotland.

3.4.4 *Working in partnership*

Scottish Enterprise's primary aim is 'to focus its activities on the achievement of the Scottish Government's purpose of creating a more successful country with opportunities for all of Scotland to flourish through increasing sustainable economic growth.'⁴⁶ It has four core functions:

- to further the development of Scotland's economy and in that connection provide, maintain and safeguard employment
- to maintain and enhance skills and capacities relevant to employment in Scotland and assist persons to establish themselves as self-employed persons
- to promote Scotland's industrial efficiency and international competitiveness
- to further improvement of the environment of Scotland⁴⁷

In the current 2020/21 Business Plan, the core functions of SE are further specified (see Figure 5):

- Support business resilience, exports and development opportunities
- Invest in projects that support regional economic recovery
- Encourage early-stage growth and investment
- Invest in strategic sites that impact both on places and Scotland's reputation and economy
- Target capital investment/inward investment that align to opportunities
- Deliver seven National Programmes linked to economic opportunities
- Support businesses in their transition to net zero

⁴⁶ Source: Scottish Enterprise (2020), Scottish Enterprise Annual Report and Accounts. For the year ended 31 March 2021.

⁴⁷ See: <https://www.legislation.gov.uk/ukpga/1990/35/section/1>

While Scottish Enterprise is involved in a range of different activities, at the core of its work is business development, advice and acting as a gateway for accessing wider business support and networks as well as offering finance to start-ups. As SDI and SMAS are part of Scottish Enterprise, it technically also leads in these areas.

Figure 5 SE's mandate in relation to other organisations

Mandate area	SE's role	Other relevant stakeholder(s)
Business development and advice	Lead Agency	
Gateway for wider business support	Lead Agency	
Inward investment	(Lead Agency) ⁴⁸	SDI
Finance	Co-Lead	SNIB
Exports and trade	Lead Agency	SDI
Skills development	Facilitator	SDS; SFC
Sector support	(Lead Agency)	SMAS
Start-up support	Co-Lead	Business Gateway
Innovation and R&D	Lead Agency	
Regional support	Co-Lead – regional offices	HIE; SOSE

Source: Technopolis

Scottish Enterprise works 'with a range of local, national and international organisations, across industry and the public sector' and it is the biggest of three economic development agencies in Scotland. While the other two - Highlands and Islands Enterprise (HIE) and South of Scotland Enterprise (SOSE) only operate within their distinct geographic boundaries, some SE activities operate across all of Scotland. This includes inward investment and overseas market development via Scottish Development International, major grants programmes, growth investment funding and the Scottish Manufacturing Advisory Service. Scottish Enterprise also plays a more important role in supporting the Scottish Government's Economic Strategy. That's why in the past, 'SE had focused their efforts on supporting a segmented group of businesses and favoured sectors.'⁴⁹

In addition to the two other development agencies and the Scottish Government, the following strategic partners are particularly important for the work of Scottish Enterprise⁵⁰:

- Skills Development Scotland (SDS): Since 2007, the responsibility for the delivery of careers, skills and training services in Scotland has largely been delivered by Skills Development Scotland, the national skills agency. For 2020-21 it had a budget of £264 million. SE works with SDS to identify and address gaps in skills and training

⁴⁸ SDI and SMAS is a part of SE.

⁴⁹ O'Connor A & Wakefield S (2021), [Economic development in Scotland](#), SPICe Briefing.

⁵⁰ Other economic development partners: VisitScotland, TransportScotland, Scottish Funding Council (SFC), Economic Development Association Scotland (EDAS), Improvement Service, SOLACE (Society of Local Authority Chief Executives), Scottish Chamber of Commerce, Federation of Small Businesses Scotland, Scottish Council for Development and Industry (SCDI).

- Scottish National Investment Bank (SNIB): The bank was founded in 2020 to provide financing for economic development and is capitalised by the Scottish Government with £2 billion over ten years. SE works with the bank to focus on early-stage growth capital and projects that foster innovation.
- Scottish Development International (SDI): SDI is a joint venture between the three development agencies (SE, SG and HIE) and has the objective to 'increase the contribution of international trade and investment into sustainable economic growth in Scotland.' It therefore backs SE's international trade services.
- Scottish Funding Council (SFC): SFC is the national strategic body responsible for funding teaching and learning provision. SE works with the SFC at the strategic level.
- Business Gateway: The Scottish business advice service 'Business Gateway' offers free advice and support to anyone in Scotland who is starting a new business. It is provided and funded by Scottish Local Authorities and focusses on solo-traders and very small companies.
- Scottish Manufacturing Advisory Service (SMAS): SE runs the SMAS that consists of a team of 22 practitioners and provides expert advice, one-to-one support, training and events for Scottish manufacturing businesses

The intensity of the cooperation between different stakeholders varies. While SE has large direct involvement in SMAS and SDI by running them, with other partners it collaboratively develops a strategy. For instance, together with SOSE, SFC, SDS and HIE, SE delivers a joint agency approach through the Enterprise and Skills Strategic Board's Strategic Plan to achieve a shared ambition for Scotland. Figure 3 SE's National Programmes are aligned with national challenges gives a concrete example of how the five enterprise and skills agencies are involved in different work streams and services.

Figure 6 Agency collaboration of Scottish Enterprise and other stakeholders

Existing areas of cross-agency collaboration and shared services

Collaboration in service delivery	HIE	SE	SDS	SFC	SOSE	Shared corporate services	HIE	SE	SDS	SFC	SOSE
Find Business Support	✓	✓	✓		✓	Enterprise Information Services (EIS)	✓	✓	✓		✓
Support for Inward Investors	✓	✓	✓		✓	Internal Audit		✓	✓	✓	✓
Skills Alignment			✓	✓		Services for SOSE (Business support, some HR and Finance functions)		✓	✓		✓
Data and Insights work (e.g. joint CRM, Brexit & Covid data sharing)	✓	✓	✓	✓	✓						
Strategic and Business Planning	✓	✓	✓	✓	✓						
Business Support Partnership	✓	✓	✓		✓						
Business Support Campaigns (e.g. Covid and Brexit responses)	✓	✓	✓	✓	✓						
Rapid Response Unit (support for companies at risk)	✓	✓	✓		✓						

Source: Scottish Enterprise 2021/22 Business Plan

3.4.5 Other networks

SE's most important partners are the Scottish & UK Government, partner agencies such as SDS HIE etc, business and sector bodies, regional bodies, industry influencers, universities and Scotland Europa.

They don't have fixed collaborations with selected countries or industrial clusters as they rather work on specific opportunities for instance, with Germany on the [hydrogen opportunity](#).

3.5 Identified areas of good practice

A number of high-level areas of good practice are evident from our investigation:

- Rather than operating as a 'one-stop-shop' agency, Scottish Enterprise acts in many areas as an intermediary that helps businesses find the right service, funding programme or institution to work with. Areas considered critical for Scotland's performance, such as skills have separate institutes, which helps to create a clear profile and focus.
- There is a precise alignment of Scottish Enterprise's strategies with the strategies of the Scottish Government.
- With the comprehensive research databank '[Evaluations Online](#)', Scottish Enterprise offers a publicly accessible collection of evaluation and research reports in a structured way
- SE's operations are based on a clear strategic framework that links objectives, key stakeholders and activities and is underpinned by measurable indicators.
- Support to micro-enterprises, those in the early stages of running a business, or thinking about starting a business, is delivered by a separate institution, Business Gateway.
- The Scottish local development system is characterised by a clear and very transparent set-up of cross-agency collaboration and shared services across policy areas.

4 Comparator case study: Business Wales

4.1 Introduction

4.1.1 Overview of the surrounding ecosystem

The Welsh ecosystem is characterised by a predominantly rural structure and a concentration of population and economic activity in the South along the M4 corridor.⁵¹ Manufacturing plays a vital role as 16.8 per cent of Wales's output is generated in this sector - the highest share across all UK regions.⁵² The most important sub-sectors are Transport Equipment, Food and Drink and Metal Products. Jobs in knowledge-intensive business services, in contrast, are underrepresented in the Welsh economy. Only Cardiff was able to cluster these industries, but it still lags behind cities in South East England.

Welsh regions are often at the bottom of national rankings regarding prosperity or productivity, which is reflected in its weak business base. The Productivity Institute identified several factors that influence or correlate with this dismal performance:

- A mismatch between the qualifications that employers need and the skills available in the workforce. While skill shortages exist in nearly all other regions in the UK, Wales has lower qualification levels than the rest of the UK as a whole, resulting in relatively higher proportions of its adult population having low skills and fewer with high skills.⁵³
- Lack of global players. Only a few large companies are headquartered in Wales, which negatively affects organisational capital and contributes to a lack of development and productivity
- Weak innovative capacity. The private sector, in particular has failed to attract research and development activity, making Wales the region in the UK with the lowest share of R&D employment in the private sector

While economic support used to be strongly focussed on rural areas, the tourism sector, manufacturing and the agricultural sector, there have also been many attempts to establish and market Wales as a high-tech location, leading to the creation of several industry clusters:

- [Seven cyber clusters](#) across Wales represent around 2,000 Welsh businesses operating in areas like Cyber Security or Critical infrastructure
- In Blaenau Gwent (South East Wales), the Welsh government invests £100m over ten years to create '[Tech Valleys](#)' a cluster specialised in the development of new technologies and advanced manufacturing with the National Digital Exploitation Centre (NDEC) in which SMEs can test and develop digital concepts
- [CS Connected](#) is a compound semiconductor cluster located in South East Wales that operates with the focus on the creation of an ecosystem that supports critical sectors such as communications, 5G, autonomous and electric vehicles or medical devices
- FinTech Wales is the Welsh Fintech cluster that connects Welsh FinTech firms

⁵¹ Henley A (2021), [Wales' productivity challenge: Exploring the issues](#), The Productivity Institute; <http://www.wales.nhs.uk/sitesplus/documents/888/part1%20wch%20rural%20profile%20e.pdf>

⁵² Make UK (2021), [Regional manufacturing outlook 2021](#).

⁵³ Welsh Government (2022), [Levels of highest qualification held by working age adults: 2021](#).

- Several food clusters in Wales support their members to accelerate growth in sales, profit and staff numbers⁵⁴

4.1.2 Contextual indicators for the comparator

Table 10 Contextual indicators for the comparator

Area	Population	Number of businesses	GDP per head	Geographical area
Wales	3.2 million	108,055 ⁵⁵ (2022)	£23,882 (2020) ⁵⁶	20,782 km ²
Northern Ireland	1.9 million	78,885 ⁵⁷ (2022)	£25,575 ⁵⁸	14,130 km ²

Source: desk research

4.2 Objectives, resourcing, and portfolio

4.2.1 The organisation and its mission

The Welsh Development Agency was established in 1976 and shut down in 2006 to be incorporated into the Welsh Government. And Business Wales is the Welsh Government Business Support programme launched in 2016.⁵⁹ Its work is delivered by four regional Business Wales Centres that help companies in developing business plans, securing finance and taking on additional staff.⁶⁰ Its main delivery team is located in the government office in Llandudno. Business Wales has the objective to:

- 'Raise entrepreneurial aspiration and activity in Wales leading to an increase in self-employment and the business birth rate.
- Improve the competitiveness, survivability and productivity of micro businesses and SMEs in Wales resulting in sustainable growth and good quality jobs.
- Ensure that support is easily visible, simple to use and well connected with the private sector and other policy instruments.'⁶¹

4.2.2 Funding of the organisation

Between 2020/21-2023/24 (three years), the Welsh government intends to spend £66.14m on funding Business Wales's activity. In the same period, its budget leverages around £27m ERDF funding.⁶²

⁵⁴ See:

<https://businesswales.gov.wales/foodanddrink/sites/foodanddrink/files/Cluster%20Network%20ENG%20Booklet.pdf>

⁵⁵

<https://www.ons.gov.uk/businessindustryandtrade/business/activitysizeandlocation/datasets/ukbusinessactivitysizeandlocation>

⁵⁶ ONS (2022), [Gross Domestic Product](#).

⁵⁷ <https://www.economy-ni.gov.uk/news/northern-ireland-business-activity-size-location-and-ownership-2022>

⁵⁸ NISRA (2022), URL: <https://www.nisra.gov.uk/statistics/economic-output-statistics/gross-value-added-and-gross-domestic-product>

⁵⁹ Henley A (2021), [Wales's productivity challenge: Exploring the issues](#), The Productivity Institute.

⁶⁰ The centres are located in St Asaph (North Wales), Newtown (Mid Wales), Carmarthen (West Wales), and Pencoed (South Wales).

⁶¹ Welsh Government (2021), [Draft Budget 2022-23: Ministers' written evidence to Senedd scrutiny committees on allocations within each MEG](#)

⁶² Welsh Government (2021), [Draft Budget 2022-23: Ministers' written evidence to Senedd scrutiny committees on allocations within each MEG](#).

As Business Wales was heavily reliant on European Funds, the UK's departure from the EU created particular challenges for the security of funding.⁶³ To compensate for the lack of EU funding, the Welsh government has increased its support and is now contributing an additional £20.9m per annum, up until March 2025. This coincides with a redefinition of key aims and the overall service offer, starting from 2023.⁶⁴

Through the loss of funding because of Brexit, Business Wales's financial situation became less secure. Instead of being subject to six to seven-year-long funding cycles, BW has now to bid in for core government delivery funding that is less secure and subject to shorter cycles.⁶⁵ Business Wales does not invest or reinvest monies.

4.2.3 Staff and resourcing

Table 11 Comparator number of staff and offices

Agency	Number of staff	Number of regional units	Number of international units
Business Wales	50 (+ 160)	3	NA
Invest NI	642 (610 ft)	5	28

Source: desk research

In the Welsh Government, around 50 people work on Business Wales's services and programmes, but most services are delivered by the Growth Partnership Wales - a partnership of Business in Focus, Antur Teifi and Serco Limited with around 160 employees. Around 140 of them work in client-facing roles, for instance as business advisors, client relationship officers or specialist advisors on topics like quality diversity or environmental advisors.

Within the civil service, direct government delivery has three regional teams (North Wales, Mid-West and South East Wales) who tend to support the larger and more strategic companies. In addition, there is the separate 'industrial transformation division' that is focusing on emerging markets (Fintech, Technology Agriculture, AI, Semi-conductor industry). This division works with businesses in that sector with the ambition to grow them, and also tries to create the conditions in the ecosystem to allow those types of businesses to further develop. Other sectoral teams exist in the areas of food and agriculture (such as Farming Connect), knowledge transfer and innovation as well as tourism. Most of the services in these areas are delivered by internal teams with some contracted delivery.

Business Wales is also a brand name for a range of different services that are all contracted but managed internally by a team of around 15 people. The services cover everything from supporting children in schools to growing entrepreneurs and giving business support to start-ups.

4.2.4 Target areas of support

Business Wales used to deliver support on a sectoral basis but moved away from this sectoral approach around five years ago. Now, it focuses on a regional approach where support is provided from a geographical angle along the three focus regions and on topics that matter

⁶³ Henley A (2021), [Wales's productivity challenge: Exploring the issues](#), The Productivity Institute.

⁶⁴ Gething V (2022), [Written Statement: Future of Business Wales from 2023](#), Welsh Government.

⁶⁵ Henley A (2021), [Wales's productivity challenge: Exploring the issues](#), The Productivity Institute.

to these areas. For example, the strategically important sector in North Wales is Renewable Energy and Nuclear.

The strategic framework Business Wales is currently operating in is the economic strategy 'A prosperity for all: Economic Action Plan', which the Welsh Government set up in 2019. While the strategy is not exclusively addressing Business Wales but delivers a broader vision for the economy, its policy objectives and strategic priorities are guidance for Business Wales's operations and delivery. There is no set cycle on how often strategic priorities are revisited or refreshed, but usually, it happens every four to five years, driven by the government.

4.3 Delivery processes: governance, decision-making, monitoring and evaluation

4.3.1 Structure and governance

All priorities and targets of Business Wales are set from within the Welsh government by a senior management team in the business division. It sets priorities and KPIs for the contract that are driven by the programme of the government. Outside of the government, an independent board oversees the delivery of the KPIs and challenges BW on how they achieve the value for money and outcomes.

As Business Wales operates within the structure of the Civil Service, any significant changes need the agreement of Ministers.

4.3.2 Monitoring and evaluation

To facilitate data collection and reporting, Business Wales operates with a single customer relationship management (CRM) system used by all internal and external advisory functions that deliver business services.

Success and failures are then measured with the reported data through different channels. First, progress is discussed in monthly contract meetings with providers that deliver the services. Second, during an informal process of reviewing KPIs every six months, failures can be addressed very quickly. If providers underperform/haven't hit the KPIs, there is capacity in the contract to withhold funding. In addition, the data are published in the End of Year report.

Business Wales has an internal team that manages Business Wales's evaluation services. According to consultations with a representative of Business Wales, the team is responsible for undertaking internal data analysis, and arranging ongoing surveys such as customer satisfaction reviews, but also engages with studies that are undertaken across the wider public sector. One example of the latter is the Wales Business Omnibus Survey which is conducted annually by a private company that gathers intelligence on business performance and attitudes of Welsh businesses. It also includes some specific questions in relation to Business Wales. In addition, Business Wales also commissions external studies to evaluate the impact of its services such as the economic impact study by Cardiff Business School.⁶⁶ There is no evidence or data available on (withhold) funding.

⁶⁶ Business Wales (2022)

4.4 Client base and support offer

4.4.1 Target groups

Generally, Business Wales offers its services to almost all types of businesses and sectors, but certain programmes, such as the accelerator programme, requires businesses to comply with specific rules such as being an exporting company and fast-growing.

Between 2020/21-2023/24, the service of Business Wales is expected to have engaged with over 60k businesses, dealt with over 30,000 direct enquires, provided information to over 12,000 entrepreneurs and businesses and delivered direct support to 3,000 companies and entrepreneurs to create start-ups and jobs.⁶⁷ In the accelerator programme, around 500 businesses have participated since 2016. There are no indications of how much resources are committed to specific areas.

In most cases, BW does not accompany businesses in their growth journey simply because most programmes do not have a long-term component and only offer one-off support.

4.4.2 Programmes and support instruments

Business Wales's service is advertised as a free 'single point of contact for business information, advice and support from the public, private and voluntary sectors, focusing on one-to-one relationship management and workshop activities.'⁶⁸

Most of Business Wales's programmes are delivered by third-party providers. For instance, the involvement of Business in Focus for start-up services and business advice or BIC Innovation for R&D projects (see below).

Programmes and initiatives are assessed, reviewed, and occasionally renewed at the end of every contracting period before re-procurement. A consultation with BW suggests that a variety of different factors lead to the decision of whether to continue with any specific area of support or not. For instance, before procuring their services for another five years, BW considered the results of the evaluations undertaken, looked at the wider business support environment to ensure that the service did not duplicate other provision, and considered Government priorities as well as the available resources. The outcomes of this assessment formed the advice which was submitted to the Minister of the Economy who takes the decision whether it is worth continuing the programmes or not.

Business Wales support services and programmes are split into three parts.

Start-ups and Entrepreneurship

Bespoke pre-start and start-up support service. Business Wales's advisory teams support young companies in developing an action plan and overcoming challenges by using business diagnostic tools. This service is delivered by Business in Focus, which delivers 'business support, training, strategy development, financial planning and a wide range of business advice'. Other instruments/activities to support start-ups:

- Accelerated Growth programme for high growth-potential start-ups.
- Big Ideas Wales supports entrepreneurs younger than 25 in starting a business. They offer grants up to 2000, workshops, online tools and competitions.

⁶⁷ Welsh Government (2021), [Draft Budget 2022-23: Ministers' written evidence to Senedd scrutiny committees on allocations within each MEG](#)

⁶⁸ Welsh Government (2021), [Draft Budget 2022-23: Ministers' written evidence to Senedd scrutiny committees on allocations within each MEG](#).

- Establishment of five [Enterprise Hubs](#) across Wales that serve as coworking/office space, interactive workshops, and offer mentorship and expert guidance.
- Business Online Support Service (BOSS) – is an online learning platform on how to start a business from the beginning to the end. Features are mobile learning, support on-demand and expert tutors

The Accelerated Growth Programme. Businesses that are planning or going through significant growth are supported by Relationship Managers that give one-to-one support and create contact with selected brokered partners and networks. In addition, the service encompasses coaching and consulting, professional advisory services, management development, facilitated access to government grants and membership in an entrepreneur community.

Core business development, itself made up of five elements:

- Recruit and Train – BW delivers some services on behalf of the skills team of the Welsh Government but mainly provides 'Skills Gateway' that supports Welsh businesses in identifying training and development opportunities to upskill staff and support growth within the Welsh Government services. Apart from advice on skills development, Business Wales offers a tool for businesses to create a skill profile of their company. The comprehensive recruit and train services encompass various services and programmes addressing skills and recruitment in three main areas: Recruiting and staffing, Workplace Skills and Leadership. Many of the programmes are funded by the European Social Fund. Selection of programmes on offer (that are in most cases not delivered by Business Wales):
 - ReAct+ offers up to £3,000 in quarterly instalments for the first 12 months to help cover the wages of a newly hired person that used to be unemployed.
 - The 'GO Wales – Achieve through work programme' supports students in gaining work experience.
 - The [Agile Nation 2 Business Programme](#) helps SMEs to attract, retain and develop the talent to grow a successful business by delivering expert advice.
 - 20Twenty Leading Business Growth is a programme dedicated to helping organisations in east Wales deliver sustainable growth by offering leadership qualifications.
 - [ION Leadership](#) is designed to help owners, directors, team leaders, and managers working in the private and third sectors improve their skills by offering leadership training.
- Finance: Business Wales does not offer its own funds, meaning that its financial services are rather basic and largely advisory. At the core of its financial services is its [finance locator](#), a tool that supports the search for the right funding and creates alerts on finance and business support. Business Wales links to a list of accountants and the Development Bank of Wales, which is the unique lender to businesses in Wales. A comprehensive [set of guides](#) explain different finance options in detail – from bank loans to venture capital in detail
- Business Ideas and Innovation: Business Wales's innovation support focuses on four areas: investing in R&D, introducing new techniques and technologies in design and manufacturing, protecting businesses' assets through intellectual property (IP) rights and accessing facilities and expertise in universities and colleges. Specific support is delivered via Expertise Wales, a Welsh Government initiative supported by the ERDF that is designed to identify opportunities for collaboration
- Marketing: The [Business Wales Marketing Zone](#) delivers resources on all topics dealing with marketing, such as how to develop a marketing strategy, and use direct marketing or media strategy. There are templates and insights on how to conduct market research

- ICT and Digital Marketing: Business Wales set up 'IT Zone'- a website that provides information, support and guidance on IT and allied subjects. It delivers advice on topics such as choosing the right computer equipment for your business or setting up the proper IT support

Apart from the core areas, there are other thematic areas. Business Wales provides advisory services and toolkit-style websites with links to external providers. Most of the services are delivered by external providers. These are detailed below:

- Export Hub is owned by Business Wales and is centred around a large database that aims to facilitate finding tradeshows, importers, marketplaces and tenders for various products and countries. To access this service, businesses must be Wales-based and already export or intend to export
- Business Wales launched a Mentoring Programme with independent volunteer business mentors that support business owners that want to 'market and grow their business, implement a change or need inspiration for a particular challenge'
- The website Business Crime is a partnership of Welsh organisations that work together to protect Welsh businesses from crime
- Resource Efficiency – Business Wales compiled a comprehensive set of information on how businesses can reduce energy, waste and water. This includes case studies and guides, for instance on how to set up a workplace recycling scheme
- Superfast Business Wales is a free digital support that includes webinars and tailored one-to-one business advice designed to show businesses how to employ digital tools to improve their business performance

4.4.3 Other activities

Business Wales supports ecosystem development by supporting the responsible institutions in developing their City & Growth Deals before they go to the government for approval. There is also significant engagement with the 22 Welsh local authorities on all levels. Currently, the collaboration is mainly focused on the Shared Prosperity Fund.

4.4.4 Working in partnership

As most of the advisory services are outsourced to contractors or other government institutions, Business Wales's core task is managing the contracting services and operating as a gateway for businesses to find the right support.

Table 12 Business Wales's mandate in relation to other organisations

Mandate area	BW's role	Other relevant stakeholder(s)
Business development and advice	Lead Agency – delivery through Business in Focus.	
Gateway for wider business support	Lead Agency	
Inward investment	Not directly involved	Trade and Invest Wales
Finance	Facilitator	Development Bank of Wales
Exports and trade	Gatekeeper through Export Hub	Exporting team of the Welsh government
Skills development	Gatekeeper through Skills Gateway	Skills team of the Welsh government

Sector support	Facilitator	Creative Wales; Wales Rural Support Unit; Industry Wales, Cwmpas
Start-up support	Lead Agency	BeTheSpark
Innovation and R&D	Lead Agency through Expertise Wales	BIC Innovation (delivery partner)
Real estate, urban realm and infrastructure development	Not directly involved	
Regional support	Stakeholder	North Wales Ambition Board, Mid-Wales Growth Deal, the South-West Growth Deal and Cardiff City Region Growth Deal

Source: Technopolis

Trade and Invest Wales is a service addressing businesses currently located outside of Wales that are interested in locating there. In contrast to Business Wales, it has a clear sectoral focus. The strategic focus is on attracting companies from 'key industries' such as compound semiconductors, renewables, or creative industries.⁶⁹ Invest NI (informed by the 10X Economic Vision) is more aligned with Trade and Invest Wales in prioritising key sectoral clusters identified with potential to drive the economy forward, and in prioritising creative industries and transitioning to net zero (in addition to advanced manufacturing, financial services and life and health sciences).⁷⁰ However, unlike Trade and Invest Wales, Invest NI is mainly aiming to build on the priority sectors from within through strategic investment in existing industry capability.⁷¹

Business in Focus is an external business delivery organisation; their biggest contract is delivering Business Wales's services. The Development Bank of Wales is a subsidiary of the Welsh government and provides flexible funding at all business stages. The funding available ranges from £1,000 to £5 million, over periods of up to ten years. North Wales Ambition Board, Mid-Wales Growth Deal, the South-West Growth Deal and Cardiff City Region Growth Deal is a collection of local authorities that delivers the Growth Deals. BeTheSpark is a movement that intends to create a more visible and connected entrepreneurial ecosystem in Wales. Creative Wales is a Welsh Government agency that supports the creative industries in Wales. Cwmpas is a co-operative development agency supporting social businesses. Expertise Wales is part of BW's internal innovation network. It promotes opportunities for collaboration and assists in finding available support for innovation projects.

4.4.5 Other networks

Business Wales doesn't have fixed partners because it is a contracted delivery mechanism. In terms of economic development, Industry Wales, that is funded by the Welsh Government, is its most crucial cooperation partner for specific industry sectors. Stakeholder organisations such as the FSB, CBI and IoD are relevant partners too.

⁶⁹ Further key industries mentioned are: cyber security, food and drink, fintech, tourism, high-value manufacturing and life sciences.

⁷⁰ 10X Economy Summary, URL: <https://www.economy-ni.gov.uk/sites/default/files/publications/economy/10x-economy-summary.pdf>

⁷¹ Invest NI Business Plan 2021-2022, URL: <https://www.investni.com/sites/default/files/2021-10/invest-northern-ireland-business-plan-2021-22.pdf>

4.5 Identified areas of good practice

A number of high-level areas of good practice are evident from our investigation:

- A single CRM system operated by Business Wales is used by all internal and external advisory functions that deliver business services to facilitate structured data collection and reporting
- Given that external agencies deliver almost all programmes and services, there is a strong divide between delivery and policy. Such a divide has been highlighted as a positive feature of a thriving local development system as it may avoid unhelpful conflicts of interest⁷² The distinction between policy and delivery is less pronounced in the case of Invest NI who carry out the associated programmes but with an added voice present at the policy level. The example set by Business Wales may be valuable in optimising targets to ensure delivery performance oriented in the interest of the 10x vision
- A mid-term evaluation of Business Support Services in Wales found that it 'complements other business support offered and fills a large gap in what is available for entrepreneurs and businesses'.⁷³ That means that the Business Wales service offer is not repetitive to other regional offers
- The decision of whether to re-procure their existing services for another period is based on a complex set of considerations. In this process, Business Wales reflects the results of the evaluations undertaken, the services provided by the wider business support environment, Government priorities, and the available resources. The outcomes of this assessment form the advice submitted to the Minister of the Economy, who decides whether it is worth continuing the programmes.
- Business Wales' finance locator increases the efficiency of the funding process by facilitating the search for funding and creating alerts on finance and business support.

⁷² Clark G, Huxley J, and Mountford D (2010), [Organising Local Economic Development: The role of development agencies and companies](#), OECD.

⁷³ Zaidi A, Shah P, and Beadle S (2018), [Evaluation of Business Support Services in Wales: a report for the Welsh Government](#), Cardiff: Welsh Government, GSR report number 67/2018.

5 Comparator case study: North East Growth Hub (England)

5.1 Introduction

5.1.1 Overview of the surrounding ecosystem

The economy of North East England grapples with many challenges and regularly underperforms the rest of the country on a range of economic and social indicators.⁷⁴ After the decline of traditional industries like mining and manufacturing, the economic base struggled to reinvent itself and largely failed to transition into more productive industries. The North East of England has now the lowest employment rate and highest unemployment rate among all regions in the UK,⁷⁵ driven mainly by structural deficits in the business sector and severe skill deficits in the population.

Economic activity in the North East is strongly concentrated around the coast and in urban areas, with Newcastle and Sunderland being the largest cities in the region.

Newcastle is one of England's six Science Cities, recognising its strengths in the life sciences and healthcare sectors. Other important sectors are tech and digital, offshore and marine, business and professional services as well as logistics.⁷⁶ While Newcastle, the cultural and commercial hub of the North East, experienced a boost in the years prior to the pandemic, and is going through a large city centre regeneration scheme, its economic performance is still significantly behind other large cities in the UK in terms of productivity and jobs.

And while Sunderland is home to a large Nissan factory, there have been very few spill overs in economic terms in recent years – most likely because the most productive divisions such as R&D are located elsewhere in the UK. The city has the lowest business stock among UK cities and also scores poorly when it comes to innovation and high skills. Sunderland hosts the software cluster 'Sunderland Software City' that aims to address the business needs of the tech sector and delivers the Digital Catapult North East Tees Valley and the North East Automotive Alliance (NEAA) cluster, which is focussing on the competitiveness of the automotive sector in the North East of England.

Durham is another notable location in the North East, being home to Durham University regularly ranking among the top 10 universities in the UK.

5.1.2 Contextual indicators for the comparator

⁷⁴ The geographic region North East England has slightly different boundaries than North East LEP but both have a very similar economic performance.

⁷⁵ Watson B (2021), [Labour markets in the regions of the UK: April 2022](#), ONS.

⁷⁶ See:

<https://investnewcastle.com/sectors/#:-:text=Home%20to%20some%20of%20the,contact%20centre%20and%20shared%20services>

Table 13 Contextual indicators for the comparator

Area	Population	Number of private businesses	GDP per head	Geographic area
North East of England	2.6 million	73,270 ⁷⁷ (2022)	£24,154 (2019) ⁷⁸	11,004 km ²
Northern Ireland	1.9 million	78,885 ⁷⁹ (2022)	£25,575 ⁸⁰	14,130 km ²

Source: desk research

5.2 Objectives, resourcing, and portfolio

5.2.1 The organisation and its mission

The North East Growth Hub (NEGH) was established in 2014/15, and is one of 39 growth Hubs in England. Their overall aim is to address the low uptake of business support by SMEs that is caused by barriers such as England's complex and fragmented business support system, or lack of clarity over the benefits of applying for such support on the part of SMEs. Growth Hubs aim to ensure that business support is simpler, more joined-up and easier to access.⁸¹

The NEGH seeks to address exactly these issues in its local area with a focus on stimulating demand for business start-up, growth, scaleup and productivity support, by helping businesses navigate through the range of support that's available.⁸²

5.2.2 Funding of the organisation

All services the NEGH is offering are for free. The NEGH is resourced via core funding from BEIS plus consortium financial contributions and in-kind support from a range of local partners.⁸³ Core Growth Hub funding totalled £3.3m between 2015/16 and 2020/21, plus £0.4m in additional uplift funding across 2019/20-2020/21.⁸⁴ In addition, the NEGH received £0.5m in Brexit readiness and transition grants between 2019/20-2020/21, and additional funding as the regional Growth Hub cluster lead. That makes the North East one of the ten highest-funded Growth Hubs over the period in terms of both core and total funding.⁸⁵

⁷⁷

<https://www.ons.gov.uk/businessindustryandtrade/business/activitysizeandlocation/datasets/ukbusinessactivitysizeandlocation>

⁷⁸ See:

<https://investnewcastle.com/sectors/#:-:text=Home%20to%20some%20of%20the,contact%20centre%20and%20shared%20services>

⁷⁹ <https://www.economy-ni.gov.uk/news/northern-ireland-business-activity-size-location-and-ownership-2022>

⁸⁰ NISRA(2022), URL: <https://www.nisra.gov.uk/statistics/economic-output-statistics/gross-value-added-and-gross-domestic-product>

⁸¹ Gov.uk (2016), [Full network of 39 growth hubs boost business support across the country.](#)

⁸² North East Local Enterprise Partnership (2021), [End of year review 2020/21.](#)

⁸³ Comprising facilities and input, to developing evaluative insight

⁸⁴ Core funding allocation tables provided by BEIS

⁸⁵ For the period, average core funding across the network is £2.4m, and average total funding is £3.1m

5.2.3 Staff and resourcing

Table 14 Comparator number of staff and offices

Agency	Number of staff	Number of regional units	Number of international units
North East Growth Hub	10	NA	NA
Invest NI	642 (610 ft)	5	28

Source: desk research

Currently, the team involved in the operations of the Growth Hub consists of roughly 10 people. This is broken down as follows:

- The two people working in the triage team are the first point of contact for many businesses that get in touch with the NEGH. They are tasked primarily with expanding the awareness of the NEGH and following up with businesses and secondly with collecting intelligence about the business environment and relevant topics, such as NetZero for example.
- The Comms team, consisting of 1.5 full-time employees, collaborates with the rest of the organisation, but its work is mostly focused on driving activity and engagement with the platform.
- While one of the two programme managers is focussing on operational outputs such as funding arrangements with BEIS or contractual questions, the other one heads up the business support side and manages the team of 'connectors'.
- The main client-facing work of the hub is delivered by 'Connectors' that have long-standing experience in supporting businesses in the private sector. The 'Connect' service is human-centred, one-to-one support, through which a representative of the Growth hub learns about the business and the challenges it intends to solve and helps in finding the right support.⁸⁶ Until recently, NEGH used to have seven Connectors, but since the Government reduced growth funding by 50 per cent, the number of Connectors was reduced to four. This also triggered a reconfiguration of responsibilities. While Connectors used to address all businesses more or less in an agnostic way, their work streams are now more targeted and mostly focus on four to five priority sectors (see below). Connectors have targets to meet based on the BEIS funding targets, and this varies each year.

5.2.4 Target areas of support

As the hub is a crucial part of the LEP's Business Growth Strategy, thematic and specific sectors are rooted in the programme of the SEP.

The most important theme for the NEGH is facilitating access for SMEs to the full range of funding support available. In the past, there was little emphasis on specific sectors, and the support addressed all sectors equally. But with reductions in funding triggering a restructuring of their services, NEGH started to streamline its activities and focus on sectors that were highlighted in a recent independent economic review. These are sectors in which the North East is considered to have a 'distinct opportunity to improve its economic competitiveness'.⁸⁷ The sectors are Advanced Manufacturing, Energy, Health and Life Sciences, and Knowledge-Intensive Business Services (KIBS). Despite the increased focus on these sectors, NEGH still works with all

⁸⁶ North East Growth Hub (2019), [A day in the life of a growth hub connector](#).

⁸⁷ See: <https://www.northeastlep.co.uk/key-sectors/>

businesses in the region, but a larger part of the outreach and intelligence activities will address companies in these focus areas. Given that the restructuring of NEGH's services occurred relatively recently, no specific data on sector activity is available.

5.3 Delivery processes: governance, decision-making, monitoring and evaluation

5.3.1 Structure and governance

The NEGH is delivered by the North East Local Enterprise Partnership (North East LEP) that covers County Durham, Gateshead, Newcastle, North Tyneside, Northumberland, South Tyneside and Sunderland. The NEGH has no independent structure but is governed instead by the North East LEP, with both institutions being structurally and functionally intertwined.

The NEGH shares the same Chief Executive and senior management team as the North East LEP, and it falls within the remit of the LEP director for Business & Sector Growth. While there are no plans to transform the Growth Hub into a more independent legal entity as is the case for other Growth Hubs, the business community already perceives it as having its own identity.

5.3.2 Monitoring and evaluation

The Strategic Economic Plan (SEP) sets the strategic framework for the LEP as well as for the NEGH. It contains targets and ambitions that are transformed into KPIs at a more granular level. These are considered and decided on in a planning session before entering the financial year. There is no evidence on who is involved in these planning sessions. Apart from reflecting on what worked and what didn't in the previous year, in this planning session decisions are also made regarding what must change in the next year in terms of activities and outputs. Over the year, KPIs are monitored regularly to capture activities and measure impact, with their progress outlined at an End of Year Review.

Targets and objectives are often set by the LEP within the SEP but many of the Growth Hub's funders like BEIS also define KPIs and targets conditionally linked to the funding.

Some example key deliverables for the NEGH in the 2020/21 End of Year Review include:

- Generate 17,000+ referrals to the Business Support Provider Network
- Double the capacity of the NEGH to deliver one-to-one diagnosis and impartial brokerage to 1,000+ businesses
- Provide account management to 440 businesses that demonstrate scaleup potential and increase GVA per employee by an average of £2.9k
- Each toolkit should look to attract over 1,000 visitors, 250 engagements and referrals to the Business Support Provider Network

According to consultations with NEGH, the Growth Hub recently moved to a Microsoft Dynamics CRM system to capture project and programme level KPIs, which is then outputted onto a Power BI dashboard for reporting purposes. They follow the Monitoring and Evaluation framework set out by BEIS which means that NEGH monitors their KPIs on a monthly basis for reporting into Government.

NEGH's evaluation activity varies by project or programme and is largely determined by the budget. They always commit to an external final evaluation of the project/programme to determine the effectiveness of delivery and impact. Often, the evaluation is set up already at the beginning of a project. They generally commission an external consultant to undertake these kinds of evaluations but sometimes they also engage with academic institutions or organisations like the What Work Centre for Local Economic Growth

5.4 Client base and support offer

5.4.1 Target groups

In the last year for which data are available (2020), 1,551 businesses were supported which is around 3 per cent of the total business population (53,530). Over the period between 2017 and 2021, around 42 per cent of the support activities were high intensity and 58 per cent were medium intensity interactions. Around 46 per cent of business support interactions were for signposting to funding and 36 per cent were for mentoring.⁸⁸

5.4.2 Programmes and support instruments

The focus of Growth Hub's work lies in strategy work, knowledge sharing, intelligence gathering and bringing together economic development stakeholders from across its region. They are less involved in delivering projects themselves and have no real leverage over the funding. As an example, the NEGH was involved in setting the strategic framework for ERDF funding but not in its commissioning. NEGH is also not directly involved in funding but is signposting to loans, equity, crowdfunding, and public grants. Specifically, NEGH is involved in the following activities for local businesses:

- Triage and signposting to funding – This is mostly conducted by the triage team that receives and prioritises enquiries and assigns businesses to a dedicated 'Connector'.
- Connector-service – The Connector effectively operates as an adviser, account, and relationship manager for businesses.
- Delivery of national programmes – The Growth Hub also directly delivers several nationally-funded business support mechanisms. The Peer Networks for instance provide businesses with facilitated group action learning sets and one-to-one coaching support. In a guided group environment, peer insights into specific business challenges are generated and discussed.
- Foster peer learning and mentoring between businesses⁸⁹ - With the Growth Through Mentoring programme' for instance, NEGH connects North East businesses in all sectors with mentors who have first-hand experience of scaling a business.' Once the businesses are matched, they will participate in three meetings with their mentor over three to six months.
- Events and workshops – Most of the events and workshops NEGH is offering on its website are provided by external stakeholders but NEGH occasionally also hosts its own events.
- Toolkits – Accompanying to its 1:1 support, NEGH offers a set of toolkits on its website that intend to support businesses to plan, adapt and enhance their operations. Most of the kits link to external sources such as the British Business Bank but feature regional businesses in case studies. Toolkits are available for the topics Leadership, Business Start-up, Finance and Funding, Innovation, Markets, Operations, People, Scaleup and employing an apprentice⁹⁰
- Publicity and awareness campaigns
- 1:1 Coaching

In addition to its advisory and consulting service, NEGH offers access to a selection of projects they've initiated themselves. The origins of these projects often stem from investigations into

⁸⁸ Source: NEGH Monitoring data.

⁸⁹ North East Growth Hub (2021), [The North East Growth Hub: Peer Networks Service Information Collection and Storage](#), Data Processing and Data Sharing.

⁹⁰ See: <https://www.northeastgrowthhub.co.uk/toolkits/>

local challenges, one example being an examination of why local business creation rate was so low.

For instance, after an investigative piece of research, created by gathering intelligence and speaking to potential entrepreneurs, NEGH came up with an 'hypothetical start-up programme' that would address the roots of the problem. Given that no other providers offered it, NEGH decided to bid for such a programme and deliver it themselves. This was the case with the High Potential Start-up programme and 'Made Smarter' (see below); in both cases, a recognised gap in delivery was addressed with a unique programme initiated by NEGH.

Given that NEGH has no expertise in delivering programmes, they usually outsource them to external contractors. In these scenarios, NEGH plays a strategic role, supporting with recruitment and intelligence, and is also involved in quality control and reaching out to businesses that may be interested in participating. The Comms team makes sure that all activities are aligned with their branding and messaging. Examples of recent programmes NEGH initiated:

- The High Potential Start Up programme was launched in 2019 with the aim to support aspiring entrepreneurs in developing their ideas. The background of the programmes was the comparatively low number of high-potential start-ups and business birth rate in the region compared to the national average. The programme addressed a direct policy objective outlined in the North East Strategic Economic Plan (SEP), to improve the pipelines of businesses with scale up potential, as well as to increase the rate of start-ups with scale up potential.⁹¹ The delivery of the programme was undertaken by Redkite Innovation.⁹²
- The Made Smarter Adoption North East programme was launched in April and May 2021 to address low levels of adoption of digital technology, and to improve leadership and management to increase the productivity of the UK manufacturing sectors.⁹³ The programme offered 'business support that was focused on growing interest in digital technology, and encouraging adoption through support to the creation and implementation of a digital road map.'⁴

5.4.3 Other activities

The Growth Hub plays a significant role in the development of the local ecosystem. That includes the participation in and coordination of the regional Growth Hub cluster, and broader practice sharing and development at the Northern Powerhouse level. Some connectors are also involved in conducting broader policy-facing activities, such as the development (or refresh) of sectoral strategies.

Another important part of NEGHs work is network support. As an example, NEGH is curating and managing the North East Provider Network, which connects all economic development providers in the North East. This includes monthly activity updates on policy issues or new funding calls. The aim of this network is that local providers have sense of how their support fits in the broader ecosystem.

The NEGH does also offer data intelligence to the government departments/IPO, and participates in working Groups (e.g. EU Exit).

⁹¹ High Growth Start-Ups in the North East LEP Area – Evidence base and recommendations. Urban Foresight. Feb 2019

⁹² <https://www.northeastlep.co.uk/tag/high-potential-startups/>

⁹³ Made Smarter adoption roadmap (internal documents)

5.4.4 Working in partnership

The area NEGH operates within a tight network of local development institutions and stakeholders, including the local authorities that form the LE, local business support agencies and other cluster organisations. In this setting, NEGH operates as a gateway for local businesses in the area by bringing together all possible support avenues and information into one place via its website and the tailored support services they deliver. A selection of other important institutions in the local ecosystem:

- Local development agencies such as Business Durham, Business Gateshead, Business Northumberland etc.
- Umi helps businesses find and use the best information, expertise and finance they needed to get them to where they want to be.
- North East Fund is a £120m investment programme available to SMEs across Durham, Northumberland and Tyne and Wear.
- North East Enterprise Agency is a community of enterprise experts and specialists with expertise in different areas that offer business support.
- Northern Accelerator is a collaboration between Durham, Newcastle, Northumbria, Sunderland and Teesside Universities
- Business & IP Centre North East is a free source of information and advice for inventors, start-up businesses, and existing businesses based in the North East of England.
- North East Chamber of Commerce

Table 15 NEGH's mandate in relation to other organisations

Mandate area	NEGH's role	Other relevant stakeholder(s)
Business development and advice	Facilitator	Umi; North East Enterprise Agency
Gateway for wider business support	Lead	
Inward investment	Not directly involved	
Finance	Facilitator	North East Fund
Exports and trade	Not directly involved	North East Chamber of Commerce
Skills development	Not directly involved	
Sector support	Facilitator	
Start-up support	Facilitator	Northern Accelerator
Innovation and R&D	Facilitator	Business & IP Centre North East
Real estate, urban realm and infrastructure development	Not directly involved	
Regional support	Facilitator	Local development agencies

Source Technopolis

5.4.5 Other networks

Given that the NEGH rarely provide loans or grants themselves, instead operating as mediators that link businesses to the right funding or support, a high degree of cooperation with external

organisations is needed, and the NEGH naturally works with many different local and national, public and private sector partners.⁹⁴

For the NEGH, the LEP, the seven local and combined authorities and local development agencies play a vital role mostly because they are cooperation partners at the strategic level.

5.5 Identified areas of good practice

A number of high-level areas of good practice are evident from our investigation:

- An evaluation of NEGHs services revealed that the person-oriented support via connectors was beneficial for the participating businesses
- The activities of the Growth Hub are very streamlined and part of a transparent model and clear vision. The strategic orientation is backed by the Connectors assigned to specific strategic sectors
- Instead of directly offering many programmes, NEGH curates only a few programmes that are specifically tailored to local needs
- The funders of Growth Hub are involved in defining KPIs and targets conditionally linked to the funding.

⁹⁴ Gov.uk (2016), [Full network of 39 growth hubs boost business support across the country.](#)

6 Comparator case study: Brabant Development Agency

6.1 Introduction⁹⁵

6.1.1 Overview of the surrounding ecosystem

The North-Brabant ecosystem has one of the highest R&D intensities and concentration of start-ups in the Netherlands. This is mainly due to the subregion around the municipality of Eindhoven, also called the Brainport region, where, around businesses such as ASML and Phillips, a mature high-tech ecosystem is built throughout the years. This ecosystem especially thrives because of high knowledge generation capacities (with TU Eindhoven and several Universities of applied science) and the strong high-tech sector, which is home to a number of leading Original Equipment Manufacturers such as Phillips, ASML, NXP, FEI, Océ and Daf Trucks. These are mainly firms with high R&D- and knowledge intensities and strong export focus.⁹⁶ Additionally, there is strong level of connectedness of businesses as most firms in the ecosystem operate in similar value chains and often have supplier-buyer relations and/or work together in public/private research projects. This is combined with a high level of triple helix collaboration and open innovation.

Within the province there are three more subregions with significantly less mature ecosystems and significantly entrepreneurial activity. These respectively centre around the largest city of the province: Breda, Tilburg and 'S Hertogenbosch.⁹⁷

6.1.2 Contextual indicators for the comparator

Table 16 Contextual indicators for the comparator

Areas	Population	Number of private businesses	GDP per head	Geographical area
Noor-Brabant (NL)	2.5 million	330,000 (2020)	£39,291	5,082 km ²
Northern Ireland	1.9 million	78,885 ⁹⁸ (2022)	£25,575 ⁹⁹	14,130 km ²

Source: desk research

6.2 Objectives, resourcing, and portfolio

6.2.1 The organisation and its mission

De Brabantse Ontwikkelingsmaatschappij (BOM) is the development agency of the Province of Noord-Brabant in The Netherlands. The organisation was founded in 1983, partly at the insistence of the trade union movement, to stimulate the somewhat economically backward region of Noord-Brabant. Through the years the goal has shifted towards further developing the regional economy in more broad sense. The headquarters of the BOM are located in

⁹⁵ Please note that representatives from BOM were not available for an interview, and as such, this case study is based mostly on desk research and documentation review.

⁹⁶ OECD (2013). Innovation-driven Growth in Regions: The Role of Smart Specialisation.

⁹⁷ Stam, E., Cloosterman, E. & van der Starre, B. (2020). The Brabant Ecosystem: Analysis of the entrepreneurial ecosystem. Retrieved from: <https://www.braventure.nl/app/themes/enfold-child/assets/uploads/2021/04/The-Brabant-Ecosystem-UU-and-Birch.pdf>

⁹⁸ <https://www.economy-ni.gov.uk/news/northern-ireland-business-activity-size-location-and-ownership-2022>

⁹⁹ NISRA(2022), URL: <https://www.nisra.gov.uk/statistics/economic-output-statistics/gross-value-added-and-gross-domestic-product>

Tilburg. The BOM is one of nine development agencies in the Netherlands each operating in a different region.

6.2.2 Funding of the organisation

The BOM is funded in two different ways: it receives a yearly budget form the Province of Noord-Brabant and the Ministry of Economic Affairs to cover general operating costs. In addition, the stakeholders have provided capital in the form of a funds that the BOM manages. These funds are historically the result of the privatisation of an energy company of which the Province of Noord-Brabant was a large shareholder. This fund is a so called 'revolving fund', meaning that the funds remain available to the BOM without any limitations and the organisation is expected to cover all costs of managing these funds from the fund itself or from the return of this fund. In practice this means that the loans the BOM gives out to firms and/or the equity the BOM buys in start-ups or scaleups should have a net positive return.

6.2.3 Staff and resourcing

Table 17 Comparator number of staff and offices

Agency	Number of staff	Number of regional units	Number of international units
BOM	90 (75 ft)	1	NA
Invest NI	642 (610 ft)	5	28

Source: desk research

As mentioned in Table 17, approximately 90 employees work at the BOM (~75 FTE), with the core being mainly investments managers, programme managers and venture developers.¹⁰⁰ In total, the portfolio of the BOM consists of ~160 firms and a total of £1.17m (€1.4m) was invested between 2017 and 2020. In 2021 an additional €100m (€118m) was invested in 65 different firms.¹⁰¹

Figure 7 Distribution of employees working for BOM (2022)

Overall allocation of resource	
Number of employees	90 (75FTE)
Share working within customer facing roles	67%
Share working overseas	0%
Distribution of employees across competences	
Development	30%
Investing	30%
Internationalisation	10%
Management, support, back office	30%

Source: BOM (2022). Note: The figures for the four competences are approximations for illustration purposes.

¹⁰⁰ BOM jaarverslag (2020). Retrieved from: https://prestaties.bom.nl/FbContent.ashx/pub_1008/downloads/v210603122423/BOM_Jaarverslag_2020.pdf

¹⁰¹ BOM jaarverslag (2021). Retrieved from: https://prestaties.bom.nl/FbContent.ashx/pub_1015/downloads/v220617104300/BOM_Jaarverslag_2021.pdf

6.2.4 Target areas of support

The main mission of the BOM is 'the sustainable strengthening of the Brabant economy.' This is done in line with four main themes.¹⁰² These are:

Energy & Sustainability. 'Working towards the transition to a climate resilient and sustainable economy and society', by:

- The acceleration and clustering of initiatives in Brabant for the generation of sustainable electricity and sustainable heat.
- Making the built environment more sustainable, such as care institutions, schools, workplaces, heritage sites and homes.
- CO2 reduction in energy-intensive industry by redesigning production processes, using green chemistry and CO2-neutral procurement.
- The development and application of emerging enabling technologies for sustainable energy production, storage, transport and energy conservation.

Health & Healthcare. 'A society in which people can age vitally and the health care system remains effective and affordable', by:

- The application of (key enabling) technologies such as photonics, nanotechnology and robotics.
- A shift from a "one-size-fits-all" to personalized medicine and treatment methods.
- Digitisation of healthcare with artificial intelligence, data science and data communication.

Agriculture, nature & food. 'A sustainable, fair and safe system for the production and consumption of food', by:

- The production, deployment and consumption of (more) alternatives to animal proteins (protein transition).
- Deployment of technologies such as robotization and biorefinery that contribute to the sustainability of the food system.
- Counteracting waste throughout the chain through efficient use of raw materials.

Sustainable economy. 'Keeping Brabant a leading knowledge- and innovation region within Europe', by:

- Accelerated and broad digitalization of the high-tech manufacturing industry: smart Industry and (aerospace) maintenance & services, smart & sustainable automotive
- Making the manufacturing industry circular; by making less use of raw materials and retaining raw materials in the chain.
- Smart and green mobility through digitization, automation and sustainability.
- The further development, upscaling and marketing of new (key) technologies that are essential for Brabant, such as integrated photonics, artificial intelligence and nanotechnology.

These themes are addressed by the core competences of The BOM: development, investing, and internationalisation (see section 6.4.2).

¹⁰² BOM Meerjarenplan 2021 – 2024. Retrieved from: <https://prestaties.bom.nl/meerjarenplan-2021-2024/>

6.3 Delivery processes: governance, decision-making, monitoring and evaluation

6.3.1 Structure and governance

BOM Holding B.V. is the private holding of which the Province of Noord-Brabant holds 100% of the shares. Within this financial structure there are two subsidiaries (BOM Business Development & Foreign Investments B.V. and BOM Capital B.V.) of which the Ministry of Economic Affairs has a non-controlling interest of 49.9% of the shares. Within these subsidiaries there are several operating companies in which the activities of the BOM are accommodated of which BOM Holding B.V. holds administrative responsibility.¹⁰³

6.3.2 Monitoring and evaluation

Little concrete information was available about monitoring and evaluation practice. (Note that representatives from this agency did not reply to our request for an interview).

6.4 Client base and support offer

6.4.1 Target groups

The organisation indicates four main target groups for succeeding in the mission of strengthening the Brabant economy. These are:

- Innovative firms in Brabant with growth ambitions and -potential. There is a particular focus on firms that have strong ties to the Province of Noord-Brabant and have the potential for sustainable growth, bringing employment to the region, and will have a positive societal impact.
- Organizations that develop and realise sustainable energy projects
- Firms in Brabant that have the ambition and potential to internationalise
- Foreign located firms that want to settle in Brabant

Hence, the client base of the BOM is relatively broad and does specifically focus on certain sectors. To this base the BOM provides business development activities, advice and funding.

6.4.2 Programmes and support instruments

The BOM has 3 main 'core competences': Development, Investing and Internationalisation,¹⁰⁴ each with several instruments and programmes.

Development¹⁰⁵

Role of the BOM is to build strong ecosystems in where research institutes, private firms and public entities collaborate so that innovations can take place and can be picked up by the market. The BOM facilitates innovation projects and contributes to resources that innovative SME firms need to grow and innovate. The programmes under this competence are:

- Investor Readiness Program: helps entrepreneurs (in either the Agrofood, Life Sciences & Medtech, HTSM or Softtech sector) to prepare for their first or second investment round through workshops and coaching

¹⁰³ BOM jaarverslag (2020). Retrieved from:

https://prestaties.bom.nl/FbContent.ashx/pub_1008/downloads/v210603122423/BOM_Jaarverslag_2020.pdf

¹⁰⁴ BOM jaarverslag (2020). Retrieved from:

https://prestaties.bom.nl/FbContent.ashx/pub_1008/downloads/v210603122423/BOM_Jaarverslag_2020.pdf

¹⁰⁵ See: <https://www.bom.nl/ontwikkelen>

- Market Readiness Program: helps entrepreneurs to do market research and connect with launching customers through workshops and coaching
- Business Innovation Program Food: program specifically aimed at entrepreneurs in the agri-food sector who want to contribute to the transition to sustainable food systems. Helps them to validate their business ideas and to align those with market demand through workshops
- Support for the energy transition in the built environment: helps project developers, owners of (public) real estate and housing associations to set up projects to increase sustainability of their properties
- Support for the energy transition for industry: helps industrial firms with a relatively large carbon footprint in setting up project to make their businesses more sustainable
- Support for the realisation of citizen participation: program to help energy cooperation to effectively set up citizen participation efforts

Investing¹⁰⁶

BOM Brabant Ventures focusses on starting and growing firms that have the potential to realise economic and societal impact for Brabant. The BOM provides venture capital and business coaching for these firms so that they have a higher chance to thrive. In addition, there is a specific investment funds for projects related to the energy transition. As of 2020 all the Dutch Development agencies were given the task to provide the so-called Corona-Overbruggingslening (COL, translation: *corona bridging funds*) aimed at innovative firms to mitigate the effects of the COVID-19 crisis. During the COVID-19 crisis, start-ups and scaleups were eligible for a loan to mitigate for instance, supply chain problems and/or sudden changes in the market.

In terms of programme activity, the BOM invests in scalable start-ups and scale ups with growth potential that have strong linkages with Noord-Brabant and the economic profile of Noord-Brabant (although it is unclear how this growth potential established). Sustainable growth, potential employment and societal impact are the main drivers for investing in these firms. The BOM invests in firms in either the customer discovery stage, customer validation stage, customer creation stage or the company building stage. An investing-committee decides whether the BOM will invest in the firms that have applied an investment. There are several criteria for the BOM before investing:

- The investment (either in equity and/or a loan) is between £125,379 (€150,000) and £4.18m (€5m). For early-stage investments the BOM mostly works with convertible loans, in later stage investments the BOM mostly works with equity shares.
- The BOM is always a minority shareholder
- Time horizon of investments is 3-7 years
- Expected returns on investments is in line with market practice

In addition, the BOM has a separate fund in which it invests in solar- and wind parks, and thermal energy storages. There is no available information on the value of the fund.

Internationalisation¹⁰⁷

¹⁰⁶ See: <https://www.bom.nl/investeren>

¹⁰⁷ See: <https://www.bom.nl/internationaliseren>

The internationalisation activities of the BOM are two sided: attract foreign based companies and help companies located in Noord-Brabant to access international markets. Programmes in this area are as follows:

- Export Accelerator Program: workshop program for SME's who want to capture market share in foreign markets
- Trade mission and network events: the BOM organises several trade missions to other countries and network events with foreign firms
- Market research: The BOM publishes market research on several countries or regions such as South Germany, China, the US and Israel
- Enterprise Europe Network: the BOM is, together with several other parties, part Enterprise Europe Network which supports entrepreneurs with their internationalization issues. For example in the form of advice on European law, standards and practices, available European funds and other types of investments, etc.

6.4.3 Other activities

All of the BOM's activities are captured above.

6.4.4 Working in partnership

De BOM is active in a tightly knit regional network of organisations in Noord-Brabant that stand in close contact with both firms, research organisations and public organisations. Each sub-region in Noord-Brabant has its own network organisation. Logical partners for the BOM are the Province of Noord-Brabant and the municipalities in Noord-Brabant. On regional scale there are several other relevant organisations:

- REWIN: triple helix network organisation of West-Noord-Brabant (Breda region)
- Midpoint Brabant: triple helix network organisation of Middle-Noord-Brabant (Tilburg region)
- Agri-food Capital: triple helix network organisation of North-East-Noord-Brabant (Den Bosch region)
- Brainport Development: triple helix network organisation of South-East-Noord-Brabant (Eindhoven region)
- Braventure: network organisation of Noord-Brabant that focusses strengthening the start-up ecosystem in Noord-Brabant
- Universities (of applied sciences): TU Eindhoven, Tilburg University, Avans, Fontys, HAS

Figure 3 BOM's mandate in relation to other organisations

Mandate area	BOM's role	Other relevant stakeholder(s)
Business development and advice	Lead (province level), co-lead (regional level)	Braventure, REWIN, Brainport Development, Midpoint Brabant, Agri-food Capital
Gateway for wider business support	Lead (province level), co-lead (regional level)	Braventure, REWIN, Brainport Development, Midpoint Brabant, Agri-food Capital
Inward investment	Lead	-
Finance	Lead	-
Exports and trade	Lead (province level), co-lead (national level)	Rijksdienst voor ondernemed Nederland (national)
Skills development	-	-

Sector support	-	-
Start-up support	-	-
Innovation and R&D	Lead (province level), co-owner (regional level)	Braventure, REWIN, Brainport Development, Midpoint Brabant, Agri-food Capital
Regional support	Co-lead	Braventure, REWIN, Brainport Development, Midpoint Brabant, Agri-food Capital

6.4.5 Other networks

On a more national scale the BOM works closely with the Ministry of Economic Affairs, Techleap (nationally oriented network organisation which focusses on strengthening the start-up ecosystem in The Netherlands), other development agencies and Invest-NL (publicly funded investment firm). Internationally the BOM collaborates with Dutch embassies and consulates and has special relations to the Chinese province of Jiangsu and the automotive cluster in Baden-Wurttemberg, given the relative concentration of (suppliers for) the automotive industry in Noord-Brabant.

6.5 Identified areas of good practice

- The BOM is part of a network of development agencies in The Netherlands that have full coverage over the country. In addition, it is part of a network on a more sub-regional level of network organisations. This ensures relatively 'short lines' to firms and other relevant organisations in the region
- The BOM has defined the different development stages firms should be in when applying for an investment (customer discovery stage, customer validation stage, customer creation stage or the company building stage). Besides investing, they also provide workshops and business development support for firms that have not received an investment
- Investments of the BOM come from a revolving fund, meaning that (in theory) the investment activities should be self-supportive: return on existing investments can be used to cover costs and/or can be used for new investments

7 Comparator case study: Enterprise Ireland

7.1 Introduction

7.1.1 Overview of the surrounding ecosystem

Prior to the pandemic, the Irish economy performed strongly with wages above the OECD average, relatively low-income inequality, and strong services exports. Ireland is highly globalised and ranks amongst the highest in terms of openness. FDI plays a particularly important role as Multinational Enterprises account for around 60% of the value-added.¹⁰⁸ Key success factors are manifold but largely driven by a highly skilled workforce, low corporate tax levels and Ireland's status as an English-speaking EU-country, making it an attractive location for international and particularly American corporations.¹⁰⁹

But the Irish economy also has to deal with challenges that will become particularly visible over the next few decades. Between 2016 and 2040, the size of the 65-plus cohort is expected to nearly double, which is much more than in other OECD countries.¹¹⁰ ¹¹¹ Skill shortages in Ireland are also more severe than in other OECD countries, particularly in basic process skills and complex problem-solving skills.¹¹²

Ireland's economic activity is strongly clustered in the Southern and Eastern regions that drove the productivity growth of recent years. The metropolitan area around Dublin played a particularly important role as it is home to 41 per cent of Ireland's population and contributed 65 per cent to national GDP growth in the period covering 2000-16.¹¹³ This is mainly down to its ability to cluster key sectors and multinational corporations such as Google, Microsoft or Pfizer.¹¹⁴

7.1.2 Contextual indicators for the comparator

Table 18 Contextual indicators for the comparator

Area	Population	Number of private businesses	GDP per head	Geographical area
Ireland	5.1 million	278,862 ¹¹⁵ (2020)	£68,172 (2020)	70,274 km ²
Northern Ireland	1.9 million	78,885 ¹¹⁶ (2022)	£25,575 ¹¹⁷	14,130 km ²

Source: desk research

¹⁰⁸ See: [https://www.idaireland.com/newsroom/publications/fdi-qualities-assessment-of-ireland-\(1\)](https://www.idaireland.com/newsroom/publications/fdi-qualities-assessment-of-ireland-(1))

¹⁰⁹ Martin S M (2021), Ireland's 'Thriving' Economy: A lesson in deceiving GDP.

¹¹⁰ Quinn T & Conefrey T (2019), [The Irish Economy: Performance, Risks and Challenges](#), Civil Society Roundtable, 29 November 2019.

¹¹¹ OECD (2020), [OECD Economic Surveys: Ireland 2020](#).

¹¹² OECD (2020), [OECD Economic Surveys: Ireland 2020](#).

¹¹³ OECD (2018), [Regions and Cities at a glance 2018 – Ireland](#).

¹¹⁴ Timsit A (2018), [This European country is bucking 2018's downward trend](#), Quartz.

¹¹⁵ <https://www.cso.ie/en/releasesandpublications/ep/p-bd/businessdemography2020/>

¹¹⁶ <https://www.economy-ni.gov.uk/news/northern-ireland-business-activity-size-location-and-ownership-2022>

¹¹⁷ NISRA(2022), URL: <https://www.nisra.gov.uk/statistics/economic-output-statistics/gross-value-added-and-gross-domestic-product>

7.2 Objectives, resourcing, and portfolio

7.2.1 The organisation and its mission

Enterprise Ireland, headquartered in Dublin, has existed in its current form since 1998, when several local development bodies were merged. Its predecessor was formed in the 1980s and served a broader spectrum of policy needs, at one point incorporating some of the functions currently carried out by the Industrial Development Agency (IDA).

Today Enterprise Ireland operates with the mission to 'Accelerate the development of world-class Irish companies to achieve leading positions in global markets.' The strong international focus of the organisation is reflected in its strategy, selection of businesses it supports, and the forms of company support it offers. The 2022-24 strategy lays out the organisational goals in more detail:

- Ambition 1: 'Export-focused Irish enterprises delivering growth across all regions'
- Ambition 2: 'Ireland is a world-leading location to start and scale a business.'
- Ambition 3: 'Irish enterprises achieving competitive advantage through customer-led innovation and digitalisation'
- Ambition 4: 'Irish enterprises leading globally on sustainability and achieving climate action targets'
- Ambition 5: 'The world's most successful enterprise development team'

7.2.2 Funding of the organisation

More than 90% of EI's income comes from the Irish Government, primarily from the Department of Enterprise, Trade and Employment. A small part comes from the result of its own investment activities; however, this profit is not retained and is returned to the Exchequer. While EI is conscious that they are competing against other government priorities, such as Net zero or alleviating the impact of the pandemic, its funding has been proven to be relatively secure over the last decades. Invest NI, by comparison, has been funded by government funding via the Department for the Economy and the European Structural Investment Funds. This dynamic may shift, however, after the end of European funding in 2023. The share may be compensated for by the UK Shared Prosperity Fund.

Figure 8 Income and Expenditure of Enterprise Ireland for the year ended 31 December 2021

	Notes	2021 €'000
Income		
Oireachtas Grants – Department of Enterprise, Trade & Employment	2	581,777
Funding from Other Government Departments	3	3,500
Own Resources	4	18,461
Net Deferred Retirement Benefits Funding	8(d)	15,722
Profit on disposal/transfer of Fixed Assets (net)	11	61,434
TOTAL INCOME		680,894
Expenditure		
Financial Support to Industry	5	404,929
Disbursements to Other State Agencies re Financial Support to Industry	6	1,825
Administration, Operation and Promotion	7	86,869
Retirement Benefits Costs	8(c)	20,213
Movement in Value of Fixed Assets	9	(7,036)
Movement in Value of Public Benefit Entity Concessionary Loans	10	4,945
TOTAL EXPENDITURE		511,745

Source Annual Report & Accounts 2021

Figure 9 looks at the financial support to industry in more detail and shows how expenditure is distributed across different programmes. Company development particularly the Sustaining Enterprise Fund accounts for the largest share of expenditure followed by Science & Technology Development.

Figure 9 Financial support to industry for the year ended 31 December 2021

	Notes	2021 €'000
(i) Company Development		
Employment		20,659
Fixed Asset Support		16,664
Technology Infrastructure		143
Marketing & Knowledge Transfer Support		14,185
Feasibility		2,638
Management Development & Training		12,811
Consultancy Grants		15,984
Sustaining Enterprise Fund – Business Plan Grants	5(d)	46,465
Accelerated Recovery Fund	5(e)	5,131
Enterprise Centre Scheme		1,992
Regional Development Funds		26,036
SME Regional Innovation & Tech Clusters		512
		163,220
(ii) Third Parties		
Business Innovation Centres		2,200
Design and Crafts Council of Ireland		4,594
Local Enterprise Offices	5(a)	60,081
Restart Grant Scheme	5(b)	298
SBASC Scheme	5(c)	21,181
		88,354
(iii) Science & Technology Development		
Transforming R,D&I Activity in Enterprise	5(f)	38,113
Industry Collaboration with 3rd Level Sector	5(g)	64,342
Realising the Commercial Potential of Ireland's Research Community	5(h)	26,161
Disruptive Technologies Innovation Fund	5(i)	24,739
		153,355
Charged to the Statement of Income and Expenditure and Retained Revenue Reserves		
		404,929
Financial Support to Industry capitalised on the Statement of Financial Position		
Investments in Shares	5(j)/17(c)	27,774
Investments in Convertible Loan Notes	17(d)	8,388
Seed & Venture Capital Funds	17(a)	68,985
Public Benefit Entity Concessionary Loans	18	47,183
		152,330
Total Financial Support to Industry		557,259

Source Annual Report & Accounts 2021

7.2.3 Staff and resourcing

Table 19 Comparator number of staff and offices

Agency	Number of staff	Number of regional units	Number of international units
Enterprise Ireland	768	11	30
Invest NI	642 (610 ft)	5	28

Source: desk research

As per Table 19, in 2020, there were 775 staff employed (whole-time equivalents). While the majority of employees, around 64 per cent, work in its headquarters in Dublin, 14 per cent work in the 10 regional offices across the country. The remaining 22 per cent work in over 30 international locations, facilitating access to more than 60 countries.

There is no stringent rule on how staff are distributed across the head office and regional offices. While most of the core departments are in Dublin, parts of their teams are also embedded in the regional offices.

Staff in international offices are largely involved in EI's export support. Their market advisor teams conduct local market research and are involved in trade missions while also collaborating with embassies and consulates.

Approximately 140 market advisors make up a part of the most important client-facing roles as they are the direct contact persons for businesses and support them on their growth journey (see below).¹¹⁸¹¹⁹

7.2.4 Target areas of support

Enterprise Ireland's core work focuses on fostering indigenous start-ups and entrepreneurship, scaling up existing companies and increasing their export activity. It builds on Ireland's strengths, given that it is a small open economy in which exports play a particularly important role. The strong international and exporting focus of Enterprise Ireland is particularly visible when looking at the five ambitions enshrined in its 2022-24 strategy, as all of them feature aspects of international competitiveness.

While digital health, green energy and hydrogen, smart mobility, blockchain technology and smart robotics are referenced as growth areas in the 2022-2024 strategy, no specific support programmes have been allocated towards them.

7.3 Delivery processes: governance, decision-making, monitoring and evaluation

7.3.1 Structure and governance

Enterprise Ireland is led by a chief executive, three executive directors and 9 senior managers. Within each directorate, there are a number of divisions:

- Client Services, Business and Operations, People & Corporate Services.
- Research & Innovation, Regions & Local Enterprise, Industrial & Life Sciences, Food & Sustainability
- Investment Services and Entrepreneurship and Global Markets.

A board consisting of 10 members and a chairman has 'the key role in setting the ethical tone of Enterprise Ireland, not only by its own actions but also by overseeing senior management and staff.'¹²⁰

While EI's parent department - Enterprise, Trade and Employment (DETE) - leads on overall strategy development, EI is involved in shaping national policies and aims to be a 'bridge' between their clients and the national policy ecosystem. This is driven by close cooperation with the parent department and also through the work of EI's strategic policy team, that seeks to shape national policy through insights derived from EI's operations. Given EI's close relationship with its client companies, they are able to provide good insights for national policy

¹¹⁸ EI Annual Report and Accounts 2021; URL: <https://www.enterprise-ireland.com/en/Publications/Reports-Published-Strategies/Annual-Reports/2021-Annual-Report-and-Accounts.pdf>

¹¹⁹ Development Advisers consists of Market Advisers, Technology Development Advisers, Human Resource Development Advisers, Investment Advisers, Technology Licensing Specialists and Information/Market Research Specialists; source: <https://www.enterprise-ireland.com/en/management/access-strategic-advice-and-expertise/specialist-advisers.html> (only the number of Market Advisers was found in annual reports and accounts)

¹²⁰ Enterprise Ireland (2020), [Code of Conduct for the Board of Enterprise Ireland 2020](#).

to issues their clients are facing and are often able to make suggestions as to how they may be addressed.¹²¹

7.3.2 Monitoring and evaluation

While its internal strategy and priorities are mainly developed by Enterprise Ireland, members of the parent department's board and a range of non-executive board members are heavily consulted. In order to be aligned with government priorities and enterprise policy developments, the 2022-24 strategy is based on a variety of influential documents such as the Programme of Government, the Climate Action Plan and the National Development Plan.¹²² Further input is derived from consultation with client companies and other elements of the public and private system.

For each of its ambitions, Enterprise Ireland has set up at least three performance indicators together with a target year by which they must be reached. In addition, EI links its ambitions to specific initiatives and programmes it runs. Key performance indicators are monitored at the senior management and board level, and in the 2022-24 Strategy they include:

- 45,000 jobs created by 2024, two-thirds outside of Dublin
- £25.1bn (€30bn) exports by 2024. Over 70% of exports outside of the UK
- 10% increase in the number of companies achieving sales over £8.36m (€10m)
- £1.17bn (€1.4bn) Enterprise expenditure in R&D by 2024.
- 2.5% annual average increase in productivity
- 29–41% Enterprise sector on track to achieving target of 29–41% reduction in emissions by 2030

According to a representative of EI, it depends on the specific nature of the programme if and how evaluations are conducted. Typically, programmes are evaluated towards the end of an approved funding cycle (3-5 years) as part of the decision-making process for any potential future funding cycle. EI also undertakes external evaluations with their parent department.

7.4 Client base and support offer

7.4.1 Client base

Enterprise Ireland is serving approximately 3,500 clients every year. Among the key achievements in EI's End of Year Statement are the following numbers¹²³:

- 125 new start-up companies supported
- 1,375 overseas contracts secured with Enterprise Ireland assistance and the resumption in September 2021 of physical trade missions.
- £51.5m (€61.6m) in funding approved for 341 Covid-impacted companies in 2021
- 218 companies received funding of more than £83,586 (€100,000) to support other projects in 2021.
- £12.2m (€14.6m) was approved for 1,048 projects under the Ready for Customs Grant.

¹²¹ There is a lack of evidence on how exactly the close relationship is maintained.

¹²² Enterprise Ireland (2022), [Leading in a changing world: Strategy 2022-2024](#).

¹²³ See: <https://enterprise.gov.ie/en/news-and-events/department-news/2022/january/20220111.html>

Adding up all of these business contacts (excluding the ones with Covid-impacted companies), the rough size of the client base is 2,766.

7.4.2 Target groups

To become eligible for Enterprise Ireland's support, businesses either have to be manufacturing enterprises or eligible internationally traded services businesses (Figure 10) employing 10 or more full-time employees or High Potential Start Ups (HPSUs).¹²⁴

Local enterprise offices (LEOs) are responsible for the remaining businesses such as locally trading businesses (see below).

Figure 10 Enterprise Ireland eligible internationally traded services

Eligible Internationally Traded Services	
The Industrial Development (Services Industries) Order 2010 sets out the services that qualify for support from the enterprise development agencies.	
> Data processing and electronic commerce	> Technical and consulting services
> Commercial laboratory services	> Administrative/service centres, co-ordination and headquarters services
> Research and development services	> Media, multimedia and recording services
> Entertainment and leisure services	> Training services
> Publishing services	> International Financial services
> Healthcare services	> Construction related services
> Environmental services	> Supply Chain Management and Logistics Management services
> Commercial international standards bodies	> Technology test centres
> Prototype laboratory services	> Intellectual property services
> Group Procurement	> Shipping services
> Education Services	

Source: Enterprise Ireland website

The concept of being assigned to one specific development advisor/team (see below) forms the base for support that goes beyond one-off support. Usually, Enterprise Ireland's support touches different stages of the business as it evolves, reflecting the different needs the business has as it develops on its journey. Companies rarely exit the support of EI, but occasionally if a start-up does not progress as intended, or develops into a micro-business, they are referred to the LEOs.¹²⁵

7.4.3 Programmes and support instruments

Enterprise Ireland is very clear about what the ultimate goal of their support programme is and states that all its services are 'geared toward helping Irish companies win international sales.' Figure 12 gives an overview of the distribution of funding to specific programmes.

Roughly, Enterprise Ireland operate in six areas of support:

- Funding support
- Export assistance - including the provision of in-market services, local market information and the facilities of the international office network.

¹²⁴ See: <https://www.enterprise-ireland.com/en/about-us/our-clients/eligibility-criteria.html>

¹²⁵ Data on the attrition rate is not available.

- Supports to develop competitiveness - helping companies to become leaner to make them more competitive in international markets.
- Incentives to stimulate in-company R&D – new product, service and process development to ensure sustainability, and growth through the evolution of products and services.
- Assistance with R&D collaboration - with research institutions, to develop and bring to market new technologies, products, or processes.
- Connections and introductions to customers overseas – EI provide access to a global network of contacts - from heads of government to end customers.'

Based on these support areas, Enterprise Ireland offers an extensive portfolio of funding support that spans all stages of development. It differentiates between:

- Individuals that have a start-up idea
- High Potential Start-ups - businesses with the potential to create 10 jobs and £0.84m (€1m) in export sales within 3 years of starting up
- Established SME companies that employ between 10 and 250 people and has either an annual turnover of less than £41.8m (€50m) or an annual balance sheet of less than £35.9m (€43m)
- Large companies – businesses that employ more than 250 employees, has either an annual turnover of greater than £41.8m (€50m) or an annual balance sheet of greater than £35.9m (€43m)

If operating in eligible sectors (see above), companies falling into the latter three definitions have the possibility to become clients of Enterprise Ireland and are assigned to a team from Enterprise Ireland's Development Advisers (DAs) that have expertise in the sector and stage the business is in. Overall, they have the following roles:

- 'Discuss business development needs
- Provide impartial confidential advice on business plans
- Provide information range of financial and business development supports available from Enterprise Ireland
- Guide through the application process for relevant supports
- Create awareness of relevant sectoral events and network¹²⁶

Companies that become clients of Enterprise Ireland can access a range of different support programmes that address specific objectives and stages that businesses are in Figure 11. In addition, Enterprise Ireland offers a range of advisory or educational workshops in the areas of entrepreneurship, export selling capability, leadership, and management development.

Figure 11 Enterprise Ireland's core support by company size¹²⁷

Name and description of EI's support	Start-up idea	HPSUs	SMEs	Large comp.
Local Enterprise Offices ¹²⁸ - first-stop shop for entrepreneurs	X			

¹²⁶ See: <https://www.enterprise-ireland.com/en/About-Us/Our-People/DA%20Finder/>

¹²⁷ The table shows the support programmes that are particularly highlighted by Enterprise Ireland but does not depict the complete support portfolio offered by Enterprise Ireland.

¹²⁸ External providers

New Frontiers Entrepreneur Development Programme - run in partnership with the Institutes of Technology. It supports entrepreneurs to establish and run their own company with support like mentoring, incubation space or a £12,538 (€15,000) scholarship payment.	X	X		
HSPU Feasibility Grant – covers costs to develop an innovation/start-up such as salaries, foreign travel or accelerator fees.		X		
Competitive Start Fund (CSF) - is a £41,793 (€50,000) equity investment designed to accelerate the development of HSPUs by financing items like international market evaluations or the construction of prototypes.		X		
Innovative HPSU Fund (Equity) – for equity investments to support the implementation of business plans.		X		
Market Research and Internationalisation Support				
Evolve Strategic Planning Grant - supports businesses with challenges and opportunities arising through Brexit. The grant offers up to £4,179 (€5,000) in support that can be used for consultancy or international travel.			X	X
Strategic Marketing Review - 5 Day/10Day transformative programme for the senior management team, focusing on how to develop a market-driven business strategy.			X	
Market Discovery Fund - finances costs that occur 'when researching new markets for products and services'.		X	X	X
Digital Marketing Capability - management development support facilitated by a digital marketing consultant.			X	
Acumen Programme - Business Development Programme designed to stimulate cross-border trade.			X	
Enter the Eurozone Programme – workshop for exporting companies without any presence on the European market. Delivered by the European School of Management and Technology (Berlin),			X	
Excel at Export Selling - workshop series with international selling practice at its core. EI is financing 70% of the programme costs.		X	X	X
International Selling Programme – supports companies in optimising their sales strategy, sales management and skills to increase sales.			X	X
Graduates for International Growth G4IG Programme – support to create one or more entry level graduate market researcher position(s) for an 18 month period.				X
Supports for Product, Processes or Services Development including RD&I Funding				
Exploring Innovation Grant			X	X
Agile Innovation Fund			X	X
Research, Development and Innovation (RD&I) Fund			X	X
Digital Process Innovation			X	
IP Strategy Support			X	
Innovation Voucher		X	X	
Innovation Partnership Grant Programme			X	X
Horizon Europe and other EU Research Funding Programmes			X	X
Innovation 4 Growth Programme			X	X

Business Innovation				X
Supports to Enhance and Develop your Management Team				
Mentor Grant - support costs of a mentor matched to by EI			X	X
Strategic Consultancy Grant				X
Key Manager/Part Time Key Manager Grant				X
Go Global 4 Growth				X
Leadership 4 Growth Programme				X
Productivity and Business Improvement Supports				
Green Offer				X
LeanStart	This three-level-support aims to encourage companies to adopt Lean business principles to increase performance and competitiveness. Grants between 50% and 80% support costs for training and advisory services.			X
LeanPlus				X
LeanTransform				X
Capital Investment Initiative Fund				X
Digital Process Innovation				X
Operational Excellence Offer				X
Building Information Modelling (BIM)				X
GradStart				X
Business Process Improvement Grant				X
Operational Excellence offer				X
Company Expansion Packages				
Job Expansion Fund				X
Tailored Company Expansion Package				X

Source Technopolis based on Enterprise Ireland website

7.4.4 Other activities

In addition, Enterprise Ireland offers support to researchers in third-level institutions and Public Research Institutes to facilitate collaboration between businesses and the research community. In the framework of this area, they focus on three streams of support:

- Commercialisation of research - The programmes Commercialisation Fund Feasibility Grant and Commercialisation Fund Award support researchers to validate the commercial opportunity of their technology
- Collaboration with industry - SME's can apply for Innovation Vouchers of £4,179 (€5,000) to finance research in higher education institutes. Another programme - 'Innovation Partnerships' - supports collaborative 'research projects between Irish higher education institutes and companies'
- Funding for international research projects – The money comes from the European Union's Horizon Europe Programme

Further to the support that specifically targets the stage the business is at, Enterprise Ireland offers broader thematic support in roughly three priority areas:

- Export development. Enterprise Ireland's Exporter Development Department supports prospective and emerging exporters with advice and workshop series. They also offer a self-assessment tool in which businesses can assess their export capability. Further tools include:
 - Enterprise Ireland Market Research Centre offers access to market intelligence (company, sector, market and country information).¹²⁹
 - International Office Network
 - Trade Missions and International Events
 - A range of programmes and activities that assist companies to develop international selling skills: Enter the Eurozone Programme, Access Silicon Valley Programme, International Selling Programme, Exporter Development Workshop, Digital Marketing Unit, and In-Market Business Accelerators
- The Research and Innovation Support is offered to companies as well as researchers in higher education institutes. It encompasses: R&D and innovation funding, support to for source/licence new technologies (external), support to access EU and ESA research supports, and support for collaboration between companies/research institutes
- Management Development, Strategy and Advice. Most of the support of EI goes via internal advisers, but they also establish contact to external mentors from the private sector (1-2-1) or business-specific mentor panels that give feedback at the early stage of a business. The Digital Marketing Unit (DMU) assists export-focused businesses in developing a strategy that shapes how they do business only. The Strategic Marketing Review is a programme for senior management teams, focusing on a market-driven business strategy that intends to impact a business' rate of scaling and international growth

As the remit for financing SMEs lies with the Strategic Banking Corporation of Ireland (SBCI), EI's investment activity is relatively limited. The only area EI offers relatively significant financial support is for seed-stage start-ups (for instance through the 'Seed & Venture Capital Scheme'). The reasoning behind EI's involvement here lies in attracting other investors.

Enterprise Ireland hardly uses third parties to deliver their core programmes. Most of the funds in this area go to LEOs that are run by EI. Local Authorities and institutions like the Design & Crafts Council are among other stakeholders that receive funding from EI (Figure 12).

Figure 12 Funds provided to Third-Party Agencies

Funds provided to Third-Party Agencies	
1. Local Enterprise Offices	€60.1m
2. Local Authorities (Small Business Aid Scheme for COVID / Restart Grant)	€21.5m
3. Design & Crafts Council Ireland	€4.6m
4. Business Innovation Centres	€2.2m
5. Údarás na Gaeltachta (Sustaining Enterprise Fund)	€1.8m
Total	€90.2m

Source: Annual Report & Accounts 2021

¹²⁹ See: <https://www.enterprise-ireland.com/en/Export-Assistance/Market-Research-Centre/What-is-the-Market-Research-Centre/What-is-the-Market-Research-Centre.html>

7.4.5 Working in partnership

Ireland has a relatively streamlined support system, in which Enterprise Ireland is focussing only on a subset of firms, while IDA targets foreign companies and LEOs businesses with a domestic market. From a thematic point of view, EI has large stakes in business development and advice, exports and trade as well as start-up support. Its financing activities are limited to the seed-stage.

Table 20 Enterprise Ireland's mandate in relation to other organisations

Mandate area	EI's role	Other relevant stakeholder(s)
Business development and advice	Lead	InterTradelreland
Gateway for wider business support	Lead	
Inward investment	Not directly involved	IDA
Finance	Lead seed funding	SBCI
Exports and trade	Lead	InterTradelreland
Skills development	Not directly involved	Skillnet.Ireland
Sector support	Facilitator	IBEC
Start-up support	Lead	LEOs
Innovation and R&D support	Facilitator	KIT
Real estate, urban realm and infrastructure development	Not directly involved	
Regional support	Co-lead – regional offices	LEOs

Source: Technopolis

Overall, the status of these other organisations can be summarised as follows

- The network of 31 Local enterprise offices (LEOs) was established in 2014 'with the objective of creating an enhanced national enterprise support model' that is delivered by Local Authorities, and financed by Enterprise Ireland.¹³⁰ The LEOs addresses companies that are not eligible for the support of EI such as micro-businesses or businesses that only operate on domestic markets
- The Industrial Development Agency (IDA) is Ireland's inward investment promotion agency
- Knowledge Transfer Ireland (KTI) supports businesses and the research base to maximise innovation from State-funded research
- Strategic Banking Corporation of Ireland (SBCI) is the main institution for financing Irish SMEs.
- Skillnet.Ireland is the business support agency of the Government of Ireland focussing on enterprise-led workforce development
- Irish Business and Employers Confederation (IBEC) is Ireland's biggest business confederation

¹³⁰ Enterprise Ireland (2021), [Leading in a changing world. Strategy 2022-24](#).

7.4.6 Other networks

Enterprise Ireland's two top-tier partner organisations are the LEOs and their parent department DETE as they share a common vision and strategies. There are also cooperations with many other departments and institutions such as the Department of the Taoiseach, Department of Foreign Affairs, Department of Further and Higher Education, Research, Innovation and Science and the Department of Agriculture, Food and the Marine, or government agencies, including IDA Ireland, SFI, Bord Bia, and Tourism Ireland. The degree of cooperation and strategic overlaps however are significantly lower. Enterprise Ireland is involved in several networks:

- In partnership with the Local Enterprise Offices and the Chambers in Dublin and Cork, EI coordinates the Enterprise Europe Network (EEN) in Ireland. EEN is a source of information for internally available new technologies
- In partnership with the Technological Universities and Institutes of Technology, Enterprise Ireland has established a nationwide network of 16 Technology Gateways which deliver technology solutions for the Irish industry
- Together with IDS, EI launched the joint programme Technology Centres which fosters the collaboration between Irish companies and multinationals with research institutions to develop strategic R&D projects in collaboration

7.5 Identified areas of good practice

A number of high-level areas of good practice are evident from our investigation:

- Enterprise Ireland's support programme follows a holistic approach that accompanies companies at each development stage with a combination of grants, finance and advice. The dedicated Development Advisors assist in the entire growth journey
- EI's support is directly linked to a strategy and clear KPIs
- Improving its own performance is part of Enterprise Ireland's ambitions and therefore enshrined in its strategy
- EI's core functions are precise and focused on a sub-group of companies. Separate institutions deliver other areas such as skills, inward investment or support to micro-businesses
- Enterprise Ireland is following one overarching core goal - strengthening Ireland's international significance and increasing its exports. To support that, all five ambitions enshrined in its 2022-24 strategy, feature aspects of international competitiveness.

8 Comparator case study: IDA Ireland

8.1 Introduction¹³¹

8.1.1 Overview of the surrounding ecosystem

As this comparator case study also focuses on Ireland, the overview as set out in section 7.1.1 also applies.

8.1.2 Contextual indicators for the comparator

These are as above, see section 7.1.2.

8.2 Objectives, resourcing, and portfolio

8.2.1 The organisation and its mission

Industrial Development Agency (IDA) Ireland is a non-commercial, quasi-state body promoting Foreign Direct investment into Ireland through a range of services.¹³² Founded in 1949 as part of the Department of Industry & Commerce, the agency operates under the aegis of the Minister for Business, Enterprise and Innovation.¹³³

IDA was originally aimed to promote and develop export-led business in Ireland as a part of the contextual protectionist motivation to restrict imports. By 1958, however, the protectionist approach was scrapped as a part of a larger movement toward economic expansion in Ireland. Foreign Direct Investment (FDI) came into main focus along with exports. In 1994, the responsibilities at IDA were split among three separate agencies leaving IDA to focus on FDI.¹³⁴

Following the Driving Recovery and Sustainable Growth 2021-2024 strategy, IDA aims to seize opportunities to advice MNCs in Ireland. The strategy is framed through five intertwined pillars:

- Growth
- Transformation
- Regions
- Sustainability
- Impact¹³⁵

With its headquarters and three regional offices (similar to the domestic network of five Invest NI offices), IDA aims to address economic disparity, particularly between Dublin and non-urban areas. The 2021-2024 strategy notes that the remote form of work stemming from the COVID-19 pandemic has been successfully translated into placing further MNC productivity in the regions outside Dublin. This is evident in the 145,000 jobs created through IDA clients (56% of all IDA-enabled employment) outside Dublin.¹³⁶ A long-term ambition has been drafted for balanced regional development complementary to the Project Ireland 2040 of the National Planning Framework.¹³⁷ IDA is committed to the pursuit of a balanced regional development

¹³¹ Please note that representatives from IDA were not available for an interview, and as such, this case study is based mostly on desk research and documentation review.

¹³² See: <https://www.gov.ie/en/organisation/15301907-ida-ireland/>

¹³³ See: <https://www.idaireland.com/about-ida-ireland>

¹³⁴ See: <https://www.idaireland.com/our-history>

¹³⁵ See: <https://www.idaireland.com/driving-recovery-and-sustainable-growth-2021-2024>

¹³⁶ See: https://www.idaireland.com/getmedia/69a2499c-ac2b-45b7-a342-e57bfb42a2de/IDA_STRATEGY_Draft_15.pdf?ext=.pdf

¹³⁷ See: <https://npi.ie/wp-content/uploads/2017/10/Ireland-2040-Our-Plan-Draft-NPF.pdf>

to deliver complementary efficiency and equity gains with an overall impact on national development. As a part of it, IDA will target half of its investments in 2021-2024 to regional locations, and each of its five pillars of sustainable growth are directed to contribute towards this vision. It is a long-term spatial development framework with a ten-year public investment strategy to 2027, which envisions all regions in the country growing at comparable rates.¹³⁸

8.2.2 Funding of the organisation

A semi-state body, IDA operate under the guidance of its own Board and executive leadership team. The strategic objectives for IDA, however, are aligned with the Government's National Economic Plan.¹³⁹ IDA recognise the Oireachtas Grant on a cash receipts basis and rely on both Exchequer and non-Exchequer income streams. IDA receives a majority of its £209m (€250m) annual funding from the Irish Government, although five per cent of the amount is funded by European Union programmes.¹⁴⁰ No signs of precariousness to the funding were found during desk research. IDA's overall stated income grew between 2020 and 2021, with a rise occurring in the annual parliamentary grant (Oireachtas grant) as well.¹⁴¹ As a separate country from the United Kingdom, Ireland has not left the European Union and continues to enjoy its funding. The expenditure of the income (£155.5m or €186m in 2021) is mainly concerned with paid out grants and promotions, and operational and depreciation expenses. The reported surplus balance carried forward from 2021 was approximately £27,165 (€32,500).

8.2.3 Staff and resourcing

Table 21 Comparator number of staff and offices

Agency	Number of staff	Number of regional units	Number of international units
IDA Ireland	328	3	20
Invest NI	642 (610 ft)	5	28

Source: desk research

As listed in Table 21, in 2021, IDA employed 328 FTEs (Full Time Equivalent) employees, and the agency has 20 international offices across Africa, Asia Pacific, Europe, Middle East and North America and a network of three regional offices in Ireland.^{142 143}

8.2.4 Target areas of support

Since 1958, IDA Ireland has focused solely on the international promotion of Ireland as a destination for FDI and the relationship-keeping with the MNCs in the country. The objective to attract capital investment came as a part of the First Programme of Economic Expansion in 1958 and has remained a strong part of Ireland's strategy of economic development since.¹⁴⁴ With the FDI focus, IDA has shaped into a long-term guide actor for MNCs, highlighting Ireland's

¹³⁸ OECD – Regional Outlook 2019: Ireland: <https://www.oecd.org/cfe/Ireland.pdf>

¹³⁹ See: <https://enterprise.gov.ie/en/news-and-events/department-news/2021/january/20210108a.html>

¹⁴⁰ See: <https://www.encyclopedia.com/international/encyclopedias-almanacs-transcripts-and-maps/investment-and-development-agency-ida-ireland>

¹⁴¹ IDA Annual Report 2021: <https://www.idaireland.com/getattachment/a1e0578f-74a6-429f-af7a-f0f5ded03ad2/IDA-Annual-Report-2021-English-Version.pdf?lang=en-IE&ext=.pdf>

¹⁴² See: <https://www.idaireland.com/getattachment/a1e0578f-74a6-429f-af7a-f0f5ded03ad2/IDA-Annual-Report-2021-English-Version.pdf?lang=en-IE&ext=.pdf>

¹⁴³ See: <https://www.idaireland.com/global-teams#north-america-group>

¹⁴⁴ See: <https://www.irishtimes.com/business/economy/a-blast-from-the-past-lessons-from-the-1950s-1.1858402>

competitive elements (such as highly educated workforce), assisting with locating relevant services and supporting the handling of legal matters. Although the in-house services are mostly limited to financial support and property management, IDA maintains a directory of connected third-party services ranging from accounting to training and development.

As laid out in the 2021-2024 strategy, the thematic priorities in for IDA are the following:

- **Growth:** IDA aims to support existing clients to realise their growth agendas in Ireland, seek new first-time investors and create the next generation of FDI, diversify source markets for investment to strengthen the local FDI resilience, and seek investments which address national development goals
- **Transformation:** The transformation pillar in the 2021-2024 strategy is focused on transforming the Irish landscape through support administered to MNCs and the facilitation of collaborations between MNCs and local stakeholders. IDA aims to support its clients with increasing productivity, innovative capacity, and employee upskilling. In addition, the Transformation theme includes efforts to facilitate client capacity for RD&I in Ireland
- **Regions:** As with the national strategies in Ireland, regional development is at the centre of thematic priorities at IDA. The 2021-2024 strategy envisions a balanced state of regional development, and to this end, half of all investments between 2021 and 2024 are targeted to regional locations. Supporting objectives in the strategy include collaborations with MNCs and stakeholders to facilitate remote working opportunities, and an essential regional property programme
- **Sustainability:** IDA recognises sustainability (green and inclusive) as a necessity in all its growth goals. The strategy makes use of the UN SDGs as a central frame of reference. In practice, the theme is realised through promoting sustainable approaches (e.g., decarbonisation) among its existing client-base and specifically targeting sustainability investment opportunities
- **Impact:** All previous pillars are intrinsically linked with the Impact theme, but it is laid out separately to sharpen the focus across IDA's targets on creating positive impacts in Ireland and among IDA's MNCs. In its own right, the Impact pillar aims to increase client employment and expenditure in Ireland, support clients to thrive and channel the contribution of FDI to serve Ireland's sustainability ambitions¹⁴⁵

The Growth theme in the 2021-2024 strategy, in particular, places importance on the key sectors in Ireland:

- Technology
- Content
- Consumer and Business Services
- International Financial Services
- Biopharmaceuticals & Food
- Medical Technologies and Engineering
- Industrial Technologies

¹⁴⁵ Driving Recovery and Sustainable Growth 2021-2024, URL: https://www.idaireland.com/getmedia/69a2499c-ac2b-45b7-a342-e57bfb42a2de/IDA_STRATEGY_Draft_15.pdf?ext=.pdf

8.3 Delivery processes: governance, decision-making, monitoring and evaluation

8.3.1 Structure and governance

The day-to-day operations at IDA Ireland are managed and directed by the chief executive officer (CEO) and senior management team. The CEO and the senior management team conduct their responsibilities in accordance with the broad strategic direction set by the board.¹⁴⁶

The Board is appointed annually by the Minister for Enterprise, Trade & Employment. In 2022, it consists of ten individuals who represent Chartered Surveyors in Ireland, Chamber of Commerce, MNCs as well as the Chairman and the Chief Executive Officer of IDA.¹⁴⁷ In addition to setting the broad policies, the Board is responsible for overseeing the general operations and monitoring performance through Focused Board Committees. Each of the Board Committees focusses on a subject matter of their own which are as follows:

- Audit, Finance and Risk
- Regional Development and Property
- Innovation and Sustainable Development
- Organisational Development
- Management Investment¹⁴⁸

These priorities are informed by the Driving Recovery And Sustainable Growth 2021-2024 strategy developed in the context of the Department of Enterprise, Trade and Employment policy statement on Foreign Direct Investment. The strategy was formed with extensive input from clients, stakeholders, the IDA Board, management and team members and the strategy itself was developed by IDA and the Government of Ireland.¹⁴⁹

The performance and impact of IDA are set out in the 2021-2024 strategy, and monitored with indicators concerning the number of won investments, associated employment potential, regional placement of investments (i.e., placements outside Dublin).¹⁵⁰ For instance, between 2021 and 2024, IDA aims to win 800 investments, two of which are of high impact and support client job creation of 50,000. Results of these targets are released quarterly.

8.3.2 Monitoring and evaluation

Focused on FDI, the performance monitoring of IDA is predominantly occupied with the number of investments and MNCs brought to Ireland as well as its quantifiable impact. In 2021, IDA's performance was measured with the following indicators:

- The total direct employment in IDA client companies grew by 7% (reaching 275,384)
- 29,057 jobs were gained
- 12,231 jobs were lost
- 55% of total employment in the portfolio occurred outside Dublin
- Combined direct and indirect IDA client employment was over 495,000

¹⁴⁶ IDA Annual Report 2021: <https://www.idaireland.com/getattachment/a1e0578f-74a6-429f-af7a-f0f5ded03ad2/IDA-Annual-Report-2021-English-Version.pdf?lang=en-IE&ext=.pdf>

¹⁴⁷ IDA Board 2022: <https://www.idaireland.com/corporate-governance>

¹⁴⁸ See: <https://www.idaireland.com/getattachment/a1e0578f-74a6-429f-af7a-f0f5ded03ad2/IDA-Annual-Report-2021-English-Version.pdf?lang=en-IE&ext=.pdf>

¹⁴⁹ See: <https://www.idaireland.com/information-compliance>

¹⁵⁰ See: <https://www.idaireland.com/latest-news/press-release/ida-ireland-half-year-fdi-results-highest-ever>

- 249 investments won
- 53% of won projects went to regional locations
- Client spend in the economy increased by 9% in 2020 to €27.9 billion¹⁵¹

8.4 Client base and support offer

8.4.1 Target groups

While no comprehensive portfolio of IDA Ireland's client-base was found from publicly available sources, the Annual Report from 2021 listed a total of 1,691 international companies supported in 2021.¹⁵²

As an agency for promoting FDI and employment in Ireland, IDA targets foreign companies with actual or potential capability to employ and who aim to establish themselves in Europe. The strategy for 2021-2024 includes the aim to diversify their source markets for investment suggesting that there are no particular sector-based criteria for joining. This said, the 2021-2024 strategy indicates that IDA monitors the viability of sectors globally (e.g., the travel sector in the COVID-19 pandemic) and targets high-value or high-potential sectors specifically. Moreover, IDA has established a core set of key sectors (as outlined in 8.2.4) of strategic importance for Ireland's national interests.¹⁵³

In connecting with new MNCs, IDA aims to establish a strong relationship as a proactive guide for businesses to set up in Ireland. This support can come in the form of hosted site visits, strategic introductions to relevant actors in Ireland and advice on visas and employment permits. The agency also emphasises its role as a partner beyond the investment, aiming to act as an advisor and a mediator for all future needs.¹⁵⁴

Figure 13 IDA Ireland customer journey



Source: IDA Ireland website (see: <https://idaireland.getproven.com/about>)

¹⁵¹ See: IDA Annual Report 2021: <https://www.idaireland.com/getattachment/a1e0578f-74a6-429f-af7a-f0f5ded03ad2/IDA-Annual-Report-2021-English-Version.pdf?lang=en-IE&ext=.pdf>

¹⁵² See: IDA Annual Report 2021: <https://www.idaireland.com/getattachment/a1e0578f-74a6-429f-af7a-f0f5ded03ad2/IDA-Annual-Report-2021-English-Version.pdf?lang=en-IE&ext=.pdf>

¹⁵³ Driving Recovery and Sustainable Growth 2021-2024: https://www.idaireland.com/getmedia/69a2499c-ac2b-45b7-a342-e57bfb42a2de/IDA_STRATEGY_Draft_15.pdf?ext=.pdf

¹⁵⁴ See: <https://www.idaireland.com/scale-with-ida/people#our-support-group>

8.4.2 Programmes and support instruments

IDA Ireland has a diverse range of instruments to support their clients, ranging from investment grants to leased out properties. The agency has a budget of £83.6m (€100m) directed towards an annual grant programme for supporting investment projects. The scale of received grants depends on the size of the client and the estimated impact of investment. IDA also offers 25% tax credit on eligible RD&I activity claimable on revenue and capital expenditure in connection to qualifying R&D. Other monetary forms of support include a Training Grants Programme (covering a percentage of employee upskilling) and a percentage of costs covered towards sustainability programmes.¹⁵⁵

Clients may also access advice and support for renewable energy technologies and a portfolio of functional properties from strategic sites to landing spaces managed by IDA as a part of their Regional Property Programme.¹⁵⁶ IDA also functions as a roadmap to private corporate services in the country covering aspects like PR and tax services.¹⁵⁷

Each new client is assigned two Client Relationship Managers – one based in Ireland and another closest to the client's location overseas. They act as advisors on matters spanning from global markets to sectoral trends in Ireland. The Relationship Managers also arrange introductions with actors in the Irish landscape, connect clients to relevant services and act as mediators between client businesses and Government Departments to secure relevant permits and visas.¹⁵⁸

8.4.3 Other activities

In 2022, IDA announced a new partnership with Skillnet Ireland, another state enterprise agency, towards strategic talent development for companies aiming to 'future proof' their workforce.¹⁵⁹ Skillnet Ireland is a national specialist in talent development and maintains an extensive range of sector-specific business networks.¹⁶⁰ The partnership oversees the development of new programmes and engagement models geared for MNCs specifically.

8.4.4 Working in partnership

Aside from its overarching focus on inward investment, IDA works in partnership across a range of other policy areas, including with Enterprise Ireland (see section 7, above). This is summarised below.

Table 22 IDA's mandate in relation to other organisations

Mandate area	IDA's role	Other relevant stakeholder(s)
Business development and advice	Co-lead	Enterprise Ireland
Gateway for wider business support	Co-lead	Skillnet Ireland
Inward investment	Lead	--
Finance	Co-lead	E.g., Bank or Ireland
Exports and trade	Co-lead	Enterprise Ireland

¹⁵⁵ See: <https://www.cedefop.europa.eu/en/tools/financing-adult-learning-db/search/ida-training-grants-programme>

¹⁵⁶ See: <https://www.idaireland.com/scale-with-ida/funding-programmes-incentives#supporting-research-and-innovation-group>

¹⁵⁷ See: <https://idaireland.getproven.com/>

¹⁵⁸ See: <https://www.idaireland.com/scale-with-ida/here-to-help-you#connections-that-matter-group>

¹⁵⁹ See: <https://www.gov.ie/en/news/93d6d-ida-ireland-and-skillnet-ireland-announce-strategic-talent-development-partnership/#>

¹⁶⁰ See: <https://www.skillnetireland.ie/networks/space-industry-skillnet/>

Skills development	Co-lead	Skillnet Ireland; Enterprise Ireland
Sector support	Co-lead	Skillnet Ireland;
Start-up support	Co-lead	Enterprise Ireland
Innovation and R&D	Co-lead	Enterprise Ireland
Regional support	Co-lead	National Planning Framework

8.4.5 Partnerships and networks

Based on evidence found in desk research, IDA Ireland lies at the core of the process of facilitating expansion in Ireland for MNCs. To enable a cohesive range of support for MNCs arriving and thriving in the country, it is critical for IDA to remain connected with the public and private mechanisms which enable local commercial operations.¹⁶¹ In bringing together a network of businesses and services, inclusive of sectors and regions, the most influential entities in addition to IDA are Skillnet and Enterprise Ireland, both of which are state-established agencies. In addition, IDA maintains a database of private sector business services.

8.5 Identified areas of good practice

- IDA Ireland takes a holistic and personal approach to facilitating expansions to Europe for MNCs – Potential clients are taken on site-visits, assigned a local and an Ireland based relationship managers and granted funding and advice long after the establishment in Ireland
- A long-standing state-established agency, IDA's strategies are intertwined with and informed by national strategies, such as Project Ireland 2040
- Since the Programmes for Economic Expansions in 1950s, IDA Ireland's sole focus and target of investment has been the attraction of foreign direct investment, making their mission clear

¹⁶¹ See: https://www.idaireland.com/getmedia/69a2499c-ac2b-45b7-a342-e57bfb42a2de/IDA_STRATEGY_Draft_15.pdf?ext=.pdf

Appendix A Methodological notes

A.1 Evaluation question mapping

Addressing the aims of the benchmarking and best practice review has necessitated careful selection of comparators within appropriate operating contexts. As such, we have examined benchmarks with organisations of a similar remit and contextual orientation to Invest NI, drawing on (non-capital) regional economic development agencies with oversight of business development in the European context: Scottish Enterprise, Business Wales, the North East Growth Hub (England), Enterprise Ireland, and the Brabant Development Agency (Netherlands).¹⁶² IDA Ireland was added as a sixth comparator later in the process, in agreement with the panel of the independent review. We have taken a broadly qualitative approach that focused on document and literature review and an ongoing programme of consultation with programme and policy leads in comparator regions to uncover and codify best practice examples that can be of use to the Northern Irish context.

The table below sets out the main research questions for the benchmarking and best practice review, and methods/tasks we use to address them. Note that there are least two questions (marked as **, for which we did not find concrete evidence, information)

Research question	Scoping interviews	Document review	Mgmt. info. review	Literature review	Consultation w/ prog. leads
An outline of the mission of these bodies and the process for its development and implementation. In particular, what is the nature of the interaction between the funding and delivery bodies in terms of shaping strategic economic development policy?					
An outline of the target groups of support – business, others					
An outline of target areas of support including the range of policies and programmes delivered by these organisations, decomposed by Local Enterprise; Trade; FDI; R&D; Skills and Infrastructure (other areas to be agreed)					
A comparison with other economic development bodies in terms of size, structure, budget (programme & administration budgets) and funding arrangements					
An outline of the decision-making process for investment projects within these bodies. This should include an outline of timescales and the delegated limits set by their funding bodies (**)					
Research into international best practice among economic development agencies and their programmes or projects in comparison to Invest Northern Ireland. Informed by best practice: <ul style="list-style-type: none"> Structures that maximise impact and contribution to government objectives; and Supports that maximise value added and impact 					

¹⁶² Other considerations included the decentralised regional development agencies of Flanders or Wallonia in Belgium, and the regional development agency of Aragón (Spain), plus appraisal of further options via literature review and materials available via sources such as the OECD, or the European Association of Development Agencies (EURADA)

A.2 Consultation

In addition to desk research, the study team conducted a small programme of interviews with available leadership and management representatives of the comparator agencies. All agencies were approached, and those that were available for interview are listed below, with dates of consultation included.

Institution	Position	Date of interview
Scottish Enterprise	Strategy Partner / Strategy Services	24 June 2022
North East Growth Hub	Research, Evidence and Analysis	22 June 2022
Enterprise Ireland	Executive Director	23 June 2022
Business Wales	Senior Manager	31 June 2022

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