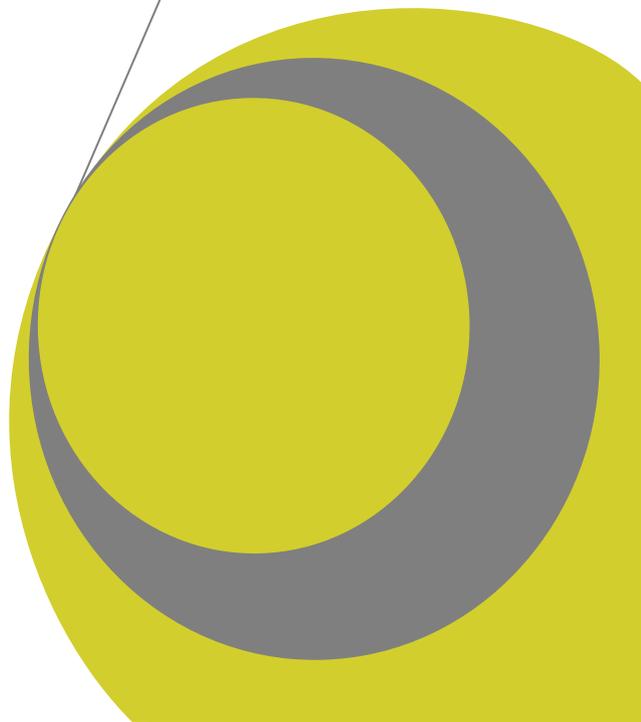
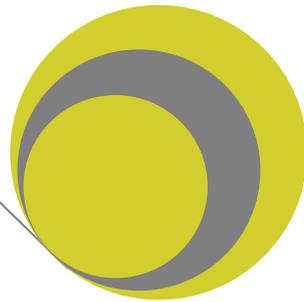
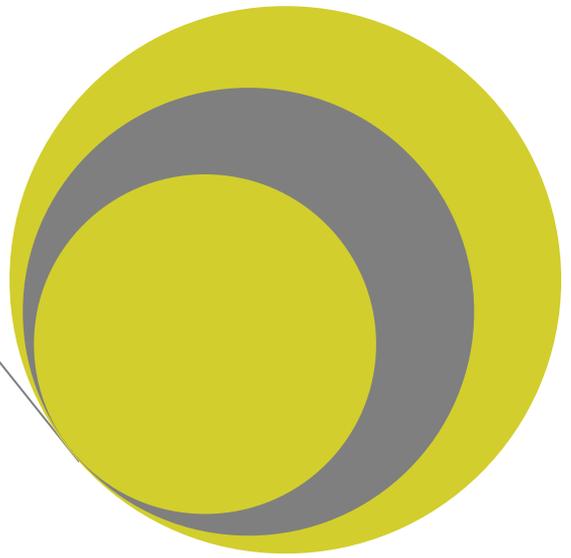


**HIGH STREET SCHEME
EVALUATION – FINAL**



17th November 2023



HIGH STREET SCHEME – EVALUATION

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Table of Abbreviations

Abbreviation	Definition
ABI	Annual Business Inquiry
aGVA	Approximate Gross Value Added
AML	Anti-Money Laundering
ASHE	Annual Survey of Hours and Earnings
BESES	Broad Economy Sales and Export Statistics
BRES	Business Register and Employment Survey
Cogent	Cogent Management Consulting LLP
CJRS	Coronavirus Job Retention Scheme
DfC	Department for Communities
DfE	Department for the Economy
DoF	Department of Finance
DVA	Driver Vehicle Agency
ERAP	Economic Recovery Action Plan
GDP	Gross Domestic Product
GDPR	General Data Protection Regulation
GEA	Gross Economic Activity
GVA	Gross Value Added
HSS	High Street Scheme
ICO	Information Commissioner's Office
IDBR	Inter-Departmental Business Register
LGD	Local Government District
MCC	Merchant Category Codes
NCSC	National Cyber Security Centre
NI	Northern Ireland
NIABI	Northern Ireland Annual Business Inquiry
NISRA	The Northern Ireland Statistics and Research Agency
NINO	National Insurance Number
PAYE	Pay As You Earn
PPCP	Pre-Paid Card Provider
PPE	Post Project Evaluation
RNIB Northern Ireland	Royal National Institute of Blind People in Northern Ireland
RSI	Retail Sales Index
SIB	Strategic Investment Board
SIC	Standard Industrial Classification
UK	United Kingdom
UUEPC	Ulster University Economic Policy Centre
VAT	Value Added Tax

1. INTRODUCTION AND BACKGROUND

1.1 Introduction

The Department for the Economy (DfE or the Department) has commissioned Cogent Management Consulting LLP (Cogent) to undertake an independent post-project evaluation of the High Street Scheme (HSS).

The evaluation has been carried out per the Department of Finance's (DoF) guidance on evaluation and has the broad intention of determining whether the Scheme was successfully implemented, achieved its original objectives and provided an economic stimulus for the local economy.

1.2 Background to the High Street Scheme

The first local case of the Coronavirus (COVID-19) pandemic was confirmed in February 2020, and over the following approximate two-year period, a range of restrictions was put in place that followed Public Health guidance.

The Pandemic and its associated restrictions resulted in a level of disruption to the economy beyond that experienced at any time during the last century. In terms of scale, the 20.4% contraction in the UK economy between April-June 2020 alone was the largest contraction on record and the decline in GDP in 2020 was the largest in the post-War era.

The impact of Covid-19 was felt across the whole economy, with disruption arising from both supply and demand shocks. Uniquely, due to human health concerns, businesses were forced to temporarily shut down and employees were made to stay at home. At the height of "lockdown", approximately one-third of local businesses had temporarily ceased trading.¹ The exogenous shock and the resulting infection control measures resulted in continuous and recurring lockdowns, further halting economic and business activity into 2021 and stalling any move towards recovery.²

It was widely reported that the UK economy experienced one of the most significant economic contractions relative to other advanced nations. This poor performance was attributed to a range of factors including greater reliance on services (in particular, consumer spending) which left the economy more vulnerable to lockdowns.

The economic shock was not felt evenly across all sectors. The drop in turnover was more severe for customer-facing and close contact services, such as recreational and personal services, tourism, accommodation, and non-essential retail. Many businesses in these sectors experienced a reduction in sales of between 50% and 80%. The "circuit breaker" restrictions which followed a subdued economic recovery, particularly for the hospitality, close personal services and retail sectors, further impacted the economic shock felt by these sectors.

¹ On 23 March 2020, Northern Ireland went into lockdown with the rest of the UK. All "non-essential" travel and contact with people outside one's home (including family and partners) was restricted for the whole population, and almost all schools, businesses, venues, facilities, amenities and places of worship were shut. Major events such as Saint Patrick's Day were cancelled.

² The lockdown was gradually eased in June-July 2020, as infection and death rates dropped to low levels over the summer. Schools remained closed for the summer break, but re-opened in September and remained open for the autumn term. However, infection rates rose that month (with the emergence of new and more transmissible variants of COVID-19) and restrictions were re-imposed. On 16 October 2020, Northern Ireland went into an eight-week lockdown, although schools remained open, and some restrictions were eased for one week. The lockdown was mostly lifted on 11 December. Following a brief easing of restrictions at Christmas, another lockdown was imposed on 26 December, including schools. A mass vaccination programme began shortly after. Serious cases and deaths fell sharply. On 27 May 2021 Northern Ireland became the first country in the United Kingdom to offer the vaccine to everyone above the age of 18.

The closure of non-essential retail outlets and hospitality venues necessitated a shift towards online retail for many consumers. Online sales accounted for 28% of total retail spending in 2020, increasing from 19% in the previous year. This step change in the proportion of online sales saw the channel experience five years of growth in just 12 months.³

The enforced closure of the high street combined with the wider prohibitions upon the population itself, therefore, accelerated the trend of retail from bricks and mortar premises to online outlets. Shifts in entertainment consumption also occurred, including, for example, there was an increase in demand for paid-for streaming content such as Netflix etc, further reducing market opportunities for NI businesses to trade domestically.

There was also a deterioration in the employment outlook, with the rate of redundancies having increased in June and July 2020, ahead of the start of mandatory employer contributions to the Coronavirus Job Retention Scheme (CJRS) in August 2020. In hard-hit sectors such as retail, hospitality and leisure, there had been a tightening of credit availability as expectations of business failures increased.

Nonetheless, by October 2020 the economy had started to recover, albeit this momentum was not considered to be sustainable in the long term. Households were considered to have a key role in a growing economy. Whilst the consumer had previously been relied on for this stimulation of the economy, it was considered that there were grounds to consider that this would not be the case due to lingering doubts amongst the population on visiting public spaces for fear of catching the virus. Consequently, with the likely reconfiguration of the economy, it was considered that substantial government policy action would be required to prevent even greater disruption in the economy and potentially greater job losses and business closures.⁴

Indeed, many high street businesses were suggested to be operating in survival mode and it was considered that they needed an injection of consumer spending when the restrictions were eased, the local high streets were once again able to open, and businesses were able to welcome customers back through their doors.⁵

At a national level, the Resolution Foundation suggested in early July 2020 that a High Street Voucher Scheme of £500 per adult should be introduced.⁶ Whilst locally, the Ulster University Economic Policy Centre (UUEPC) had advised (during July 2020) that *“policies and programmes aimed at boosting demand will be key to the economic recovery, especially for sectors such as retail and wholesale, as support schemes unwind and end in July and October.....Local policy makers could also consider a range of options to boost demand including... A NI-based voucher scheme to further encourage spending in the most impacted areas of the economy.”*⁷

The latest figures (at that time) had shown that there were 123,890 employee jobs in the wholesale and retail sector in Northern Ireland. This accounted for around 16% of total employee jobs.⁸ However, jobs in the sector had decreased by 5.6% over the year to June 2021 whilst there had been 990 confirmed redundancies in wholesale and retail trade between September 2020 to August 2021, which equated to around 26% of all confirmed redundancies.⁹

³ Research to inform the Northern Ireland High Street Scheme (economy-ni.gov.uk)

⁴ High Street Scheme: Document to Inform the Intention, Development and Economics of the Scheme (DfE)

⁵ High Street Scheme: Document to Inform the Intention, Development and Economics of the Scheme (DfE)

⁶ <https://www.resolutionfoundation.org/press-releases/30-billion-high-street-voucher-scheme-could-kickstart-britains-recovery/>

⁷ https://www.ulster.ac.uk/__data/assets/pdf_file/0020/603074/COVID-19-and-the-NI-Economy_Report.pdf

⁸ QES Statistical Bulletin Q2 2021 | Northern Ireland Statistics and Research Agency (nisra.gov.uk)

⁹ Redundancies | Northern Ireland Statistics and Research Agency (nisra.gov.uk)

Furthermore, following the return to restrictions at the start of 2021, the number of people visiting Belfast declined significantly before rising in tandem with their relaxation in April and May. However, following that, footfall plateaued and remained (at the time when the HSS was being developed) 27% lower when compared to the same week in 2019 (note that footfall does not relate solely to commercial activity).¹⁰

In response to the challenges faced, the NI Executive put in place a range of emergency measures to support affected businesses through the most challenging of times. One of those measures was the High Street Scheme (HSS), which was envisaged would introduce a financial stimulus to the local economy, particularly those sectors hardest hit such as retail, entertainment and hospitality, and would draw upon the experience of similar schemes in Jersey and Malta which had encouraged people to ‘spend local’ in those “*bricks and mortar*” businesses that had been severely impacted by the Pandemic.

1.3 Development of the High Street Scheme

On 23rd November 2020, the Finance Minister announced a £300 million Covid-19 support package. This allocation made provision for a “£95 million High Street Voucher Scheme [which] will give people a pre-paid card for use on the high street, which has been devastated by Covid”. The Minister originally announced the Scheme as providing £200 per household. However almost immediately after, this was clarified that payments would be per individual for a then undefined amount.¹¹

In addition to the injection of £95 million into the local economy, the Department for the Economy (DfE) stated that “*The multiplier effect of this innovative Scheme – from people spending more than the value of the card and the ripple effects from purchases – will deliver even greater economic benefit and make a significant step to kick-starting our economy.*”¹²

It is understood that the original assumption amongst officials was that there was political will to launch the Scheme in February 2021. Consequently, officials began the process of preparing the necessary tender process for the delivery of the Scheme. The Department commissioned the Strategic Investment Board (SIB) to develop a business case for the Scheme. However, even at that early stage in the development, it was recognised by officials that it had not been possible to analyse the implications of all (potential) policy decisions, on the prospective value for money of the Scheme. A submission to the Minister requesting a Ministerial Direction to proceed with the Scheme was sought on 3 December 2020.¹³

On 9 December 2020, SIB presented the Department with a paper summarising 3 options for the delivery of the Scheme:

1. The first was a **push model** along the lines of the Jersey Scheme. Under this option, all NI citizens aged 18+ would be sent a pre-paid card for use in ‘bricks and mortar’ premises. Non-NI online sales, gambling and cash withdrawal would be excluded. It was envisaged that a push approach would not require a verification stage. However, it would require an accurate and comprehensive dataset to enable the cards to be issued. It is understood that such a database was deemed to not be available then.
2. The second option was a **‘Pull Model’** which invited citizens to apply. It was anticipated that this option would require the use of a web portal to obtain information from citizens who elected to apply. Subsequently, once citizens had been registered, applications would then have to be validated before a card could be issued. SIB deemed that this option would not be deliverable in the 2020/21 financial year due to the additional resources required to deliver this approach. Furthermore, SIB advised that there could be significant additional costs in selecting this method due to the requirement for a web portal and anything associated with it e.g. validation process. Furthermore, it was considered that a widespread communications campaign would be required to inform citizens about this method’s requirements to register for a card.

¹⁰ DfE High Street Support Scheme Dashboard (September 2021)

¹¹ <https://www.bbc.co.uk/news/uk-northern-ireland-55064279>

¹² High Street Scheme: Document to Inform the Intention, Development and Economics of the Scheme (DfE)

¹³ High Street Scheme: Document to Inform the Intention, Development and Economics of the Scheme (DfE)

3. The third option was to reconsider the Scheme's announced objectives and **focus on the provision of fiscal incentives to high-street retailers**. Although it was envisaged that such a scheme would not generate direct benefit to citizens, it was acknowledged that the collection of data to implement a scheme from businesses in the retail and hospitality sectors rather than c.1.4m citizens would be a more streamlined process and could facilitate expenditure in the 20/21 financial year.

In considering options, it is understood that SIB believed that vouchers could potentially provide some time and cost savings in implementation compared to pre-paid cards. However, it was considered that this mechanism of delivery would not meet the (then) objective of facilitating potential future 'top-ups'. Furthermore, there was concern that the implementation of a voucher scheme could be criticised for increasing the risk of theft or fraud. Additionally, a voucher scheme would have moved away from the model that had been established in Jersey where the use of pre-paid cards was considered to have facilitated additional security protocols and accommodated existing merchant infrastructure and processes.

Subsequently, in January 2021, it was confirmed that the Scheme would operate a 'Pull Model' as an NI government database did not exist that could be used to facilitate a 'Push Model'. Vouchers and pre-paid cards were both considered and whilst similar in many respects, it was considered that pre-paid cards would be preferable due to the aforementioned security concerns whilst also offering the advantage of being able to be used both contactless (thus adhering to Public Health Agency guidance) and in conjunction with existing merchant infrastructure, unlike vouchers.

On the 25th of February 2021, the Department published its Economic Recovery Action Plan (ERAP). It advised that the Action Plan aimed to set out what was possible if the resources were made available, and that successful delivery of the action plan would require an additional £290m in 2021-22 (which included the anticipated cost of delivery of the High Street Scheme).

The rollout of the Scheme was also anticipated to form a key aspect of 'Moving Forward: The Executive's Pathway Out Of Restrictions', which was published on 2nd March 2021 had noted that the Executive was *"preparing to send vouchers to every home to help stimulate economic activity and protect local jobs"*.

£145m was subsequently allocated to the Department by an Executive announcement on 1 April 2021. It was anticipated that this would serve to increase consumer confidence and boost demand in businesses across struggling towns, city centres and the tourism sector.

It was envisaged that £140m (of the £145m) would be sufficient to provide £100 of monetary value to all eligible residents of Northern Ireland who had attained the age of 18 on or before the date that applications closed (later determined to be 25th October 2021), for whom robust datasets were considered to exist.¹⁴

Furthermore, it was considered that in adhering to the wider public health message and moving the delivery of the Scheme into the 2021/22 financial year, DfE could take measures to create an accurate dataset to be used to administer the Scheme and thereby reduce the risk of fraud and reputational risks associated with the use of a secondary data source. It was envisaged that a 'pull' model would require citizens to provide their data specifically to participate in the proposed Scheme, and data matching techniques would be needed to be designed to verify applications and reduce the risk of fraud.

¹⁴ In keeping with the Department of Finance's Managing Public Money NI (MPMNI) guidance, the accuracy and validity of any dataset used was considered to be of utmost importance. In addition, the operation of a 'Pull Model' was considered advantageous as a potential 'Push Model' created potential issues regarding consent and the use of personal data for a purpose other than that for which it was collected.

Following the Executive’s agreement on 1 April 2021 to allocate £145m funding to deliver the High Street Scheme the then Minister sought the agreement of the Executive to issue a Ministerial Direction to further develop the Scheme and proceed with implementation with the intention to launch the Scheme at a time when it was safe and appropriate to stimulate demand and encourage the public to shop on their local high street. Following the Executive’s agreement, the then Minister issued the Ministerial Direction on 29 April 2021. The Ministerial Direction was required due to the absence of evidence on which to base a value-for-money assessment, coupled with the level of risk attached to the Scheme under consideration.

Of note, before this point, a further fundamental issue that prevented the Scheme from being implemented in 2020/21 was one of public health. The lockdown restrictions that were in operation in NI meant that non-essential retail outlets were only allowed to reopen on 30th April 2021, whilst many other indoor activities were only allowed to reopen during late May 2021. As such, until June 2021, at the earliest, the use of Spend Local cards would likely not have been able to directly benefit many of the high street businesses that it was envisaged the Scheme would help.

DfE commissioned Retail Economics to undertake a study to assess the impact of a high street scheme if it were to be introduced in Northern Ireland with a key question to be answered: “*When is the best time to launch a high street scheme in Northern Ireland?*”. Based on an analysis of retail spending the Report recommended that the Scheme should start in August and run to the beginning of October. However, the report also stated that due to the complexity of the Scheme, the requirement for a frictionless distribution of cards and the importance of a high take-up rate prioritising the effective launch of the scheme should take precedence over the report’s recommendations of timing to maximise its effectiveness.

However, delays influenced by legal procedures in respect of the procurement process for the provision of Spend Local cards meant that the Scheme could not be implemented as early as had been planned. A writ of summons was lodged in the courts by the unsuccessful pre-paid card bidder which prevented the Department from entering into the contract with the preferred bidder for over six weeks. This prevented the Department from progressing the policy and had a detrimental impact on the Department’s delivery timescales. Subsequently, the Scheme opened for online applications on 27 September 2021, and for telephone applications on 11 October 2021, both application processes closed on 25 October 2021.

It was however recognised that the Scheme’s timing might be advantageous as it coincided with the ending of the Coronavirus Job Retention Scheme (on 30 September 2021) and might therefore assist the local businesses to both navigate that transition alongside a traditional ‘leaner’ period ahead of Christmas.¹⁵

Ultimately, it is understood that the Department’s discussions with key stakeholders in the period from the Scheme had been announced to its launch had determined that its scope should be as follows:¹⁶

- The development of a citizen registration portal using appropriate data matching techniques to help minimise cases of fraud;
- Processing, handling and storage of all personal data in line with GDPR and DfE’s Data Protection Impact Assessment;
- Procurement of a provider of pre-paid cards or vouchers using a payment mechanism that could be easily implemented by retailers.
- Use of appropriate card verification processes to help minimise theft and fraud.
- Delivery of pre-paid cards or vouchers to all NI citizens who had attained the age of 18 on or before 25 October 2021 (the date on which applications closed);
- Delivery of advisory panels as a means of engagement with industry representatives.
- Delivery of an effective communications strategy to ensure citizens and retailers were well informed regarding how pre-paid cards or vouchers could be used.

¹⁵ High Street Scheme: Document to Inform the Intention, Development and Economics of the Scheme (DfE)

¹⁶ High Street Scheme: Document to Inform the Intention, Development and Economics of the Scheme (DfE)

- Delivery of measures to ensure all NI citizens aged 18+ are engaged, including those in categories detailed under Section 75 of the Northern Ireland Act.
- Use of appropriate measures to ensure that unspent funds could be reclaimed by DfE without delay.

Of note, several potential risks and delivery obstacles that might be associated with the Scheme were identified, including:¹⁷

- The timing of its delivery and the potential impact on community transmission of Covid-19. Consequently, it was agreed that DfE would consult with the Department of Health concerning its phasing to ensure that the public health risk was mitigated as best as possible.
- Implementation of the Scheme was anticipated to be enabled through an amendment to the Financial Assistance Act (Northern Ireland) 2009. Consequently, there was a risk that any regulatory delay would impact the delivery timeline.
- It was acknowledged that there was a risk of deadweight/displacement i.e. citizens might choose to use their pre-paid card or voucher to pay for goods or services that they would have purchased anyway.
- It was further noted that there might also be a timing effect in that people would bring forward purchases that they would have made later in the year and consequently, their total spend over a period of time would remain largely unchanged. Related to this, it was noted that similar issues had been present in the UK Government's Eat Out to Help Out Scheme (which was operational every Monday, Tuesday and Wednesday between the 3rd and 31st of August 2020), whereby some restaurant operators had reported, for example, that Thursday 'became the new Monday'.
- The Scheme was also considered to carry a risk of fraud and theft of pre-paid cards or vouchers. Concerning this, it was noted that DfE would be dependent on the appointment of a trusted provider to ensure that appropriate mitigation steps were put in place to address this risk, e.g. through appropriate verification steps and phased distribution.

1.4 The High Street Scheme

The HSS opened on 27 September 2021 for online applications, and 11 October 2021 for telephone applications (for those without internet access or unable to apply online) for all eligible NI residents aged 18 and over to apply for a £100 pre-paid card to spend in local businesses.

The Scheme was created to support the following four broad objectives:¹⁸

1. To inject funding into the high street economy that will lead to an increase (through multipliers) in the overall economy by December 2021.
2. To provide an economic stimulus to the NI economy by encouraging spending in local businesses that have been adversely impacted by the pandemic.
3. To increase consumer confidence and encourage consumers to physically return to local businesses to purchase goods and services.
4. To protect jobs in the high street economy by December 2021.

¹⁷ High Street Scheme: Document to Inform the Intention, Development and Economics of the Scheme (DfE)

¹⁸ Specification / Terms of Reference for High Street Scheme Evaluation

A Compendium of Evidence that captured information pertaining to the Scheme noted that it had been anticipated that several benefits might be derived as an outworking of the Scheme, including:¹⁹

- A principal benefit of up to £140 million injection into the NI economy, alongside a small benefit to NI citizens aged 18+, each of whom would be eligible to apply to receive a Spend Local card.
- Improved levels of consumer confidence and increased levels of public spending when it was safe to do so;
- A possible multiplier (undefined) of the value of any Spend Local card that would be used to part-fund the transaction (albeit it was cautioned that it might be difficult to accurately measure the exact size of this benefit);
- An increase in footfall would likely benefit other establishments in proximity to those where Spend Local cards were being used.

It was the view of the Department that the overall impact of the Scheme would be greatest when:²⁰

- The number of eligible people who applied for the Scheme was maximised;
- The spending of those eligible people was maximised;
- The spend triggered directly or indirectly by HSS was “additional” and above what would otherwise have been spent;
- The business sector within the scope of the Scheme, and the wider economy, was in a stronger position than it would otherwise have been, particularly businesses that were particularly adversely affected by Covid lockdowns/restrictions; and
- The intervention had an impact on changing people’s attitudes so they felt more inclined to shop in local businesses than would otherwise have been the case and consumer confidence was positively impacted.

1.5 The Evaluation Requirements

The Evaluation will be carried out per DoF guidance on Evaluations. In particular, it will focus on the extent to which the Scheme achieved its original objectives and include an assessment of:

1. The roll-out, implementation and management of the Scheme. This will include an analysis of any lessons learned with respect to the technical administration of the Scheme, including the online application process.
2. An assessment of the economic impacts, including multiplier analysis and deadweight/additionality.
3. An assessment of the wider non-monetary/societal benefits of the Scheme for both consumers and businesses within a Covid-19 context.

¹⁹ High Street Scheme: Document to Inform the Intention, Development and Economics of the Scheme (DfE)

²⁰ Specification / Terms of Reference for High Street Scheme Evaluation

1.6 Methodology

The Terms of Reference for the Evaluation advised that the Department would make a considerable amount of analytical material available to assist with the completion of this review. This included detailed analytical outputs related to card payment data as well as infographic data that had been published on DfE's website. Results from surveys undertaken by NISRA (the Northern Ireland Statistics and Research Agency) to gauge consumer sentiment were also made available.

The Terms of Reference further advised that it was the view of the Department that no new additional sources of information e.g. surveys, would be required to complete the evaluation.

Per DfE's requirements, the methodology utilised to evaluate the HSS has predominantly relied upon a review and analysis of:

- Background documentation that informed the development of the HSS;
- Information relating to card payment data;
- Research commissioned by DfE to ascertain businesses' perception of the effectiveness of the HSS.²¹
- Periodic results from surveys commissioned by DfE and undertaken by NISRA to gauge consumer sentiment and behaviours before, during and after the implementation of the HSS.

Importantly, the assessment of the Scheme's impact and the extent to which it acted as an 'economic stimulus' within businesses adversely affected by the pandemic has largely been informed by analysis of the consumer survey conducted after the Scheme's implementation.²² In the Evaluation Team's view, this survey provided the most reliable source of information concerning consumers' actual spending behaviours after receiving their HSS Spend Local card and the extent of additionality and deadweight associated with that expenditure. Additional context has been drawn, where appropriate, to support any conclusions made from the earlier consumer surveys commissioned by DfE.

Whilst the Evaluation Team considers that the surveys commissioned by DfE provide a strong basis (and best available evidence) for understanding and assessing the impact of the HSS, it should nonetheless be recognised that the surveys required consumers to have a nuanced understanding of not only how they spent the £100 available to them on the Spend Local card, but also how they might have spent monies that the £100 had 'freed up' in their finances.

Given that the respondents will have been surveyed sometime after they received and spent the monies available on the card, the validity of the feedback will be dependent upon the strength of individuals' understanding and memory of such matters, and may also be influenced by a self-reporting bias. Self-reporting bias is often reported as being a risk when the assessment of behavioural additionality is dependent on respondent feedback, with it having been found in several studies that respondents may tend to overemphasise or underemphasise the merits of support received, as they seek to provide 'socially desirable answers'. Whilst it cannot be known with certainty, such bias in the context of the HSS could relate to respondents wishing to demonstrate that they had contributed to the economy through the 'stimulus effect' of the Spend Local card, but equally, respondents may have wished to mirror aspects of negative commentary that had been portrayed in the media and social media channels concerning the Scheme's operation and thereby downplay the significance of the card. However, it should be noted that there is no evidence to suggest that such bias existed to any extent that it will have influenced the results of this evaluation to a material extent.

²¹ Business Impact of the Northern Ireland High Street Scheme (Retail Economics, on behalf of the Department for the Economy, March 2022)

²² Northern Ireland High Street Scheme Survey October 2021 to March 2022 Report - Findings from the NISRA Coronavirus (COVID-19) Opinion Survey (DfE, 17 August 2022)

2. SCHEME MANAGEMENT & IMPLEMENTATION

2.1 Introduction

This section considers the rollout and management of the High Street Scheme.

2.2 Implementation & Management

The NI High Street Scheme offered every eligible person resident in Northern Ireland, aged 18 and over by 25 October 2021 the opportunity to apply for a Spend Local card worth £100. As part of the verification process, personal data was collected directly from applicants, or an individual applying on their behalf. Individuals were required to register their details either directly (using an online application form) or via a digital proxy service (a dedicated telephone service) whereby applicants could make their application by providing the same information to an agent to enter on their behalf.

It is noted that given the novelty of the Scheme, considerable work was undertaken by DfE to fully scope the Scheme's requirements and subsequently to identify and procure appropriate organisations to support the implementation of the Scheme. Such key underpinning services included the following:

<p>The Citizen Registration Portal Suppliers (front end and back end)</p>	<p>This required, amongst other tasks:</p> <ul style="list-style-type: none"> • The development of a web-based portal for the secure collection of personal data. • Engagement with the National Cyber Security Centre (NCSC) and Information Commissioner's Office (ICO) as required. • Development of techniques (e.g. the digital proxy telephone service) to enable access for those eligible applicants who were unable/could not access the online portal; • Use of appropriate data matching techniques to confirm data validity and reduce the risk of fraud. • Completion of all necessary IT Health checks/penetration testing and receipt of all necessary sign-offs before 'going live'. • Batching, encryption and secure transfer of citizen data to the pre-paid card provider in line with the requirements of DfE's Data Protection Impact Assessment and Privacy Notice.
<p>The Pre-Paid Card Provider</p>	<p>This required, amongst the provision of an end-to-end service to DfE from the point of receipt of citizen data to refund of unspent funds to DfE, including the following:</p> <ul style="list-style-type: none"> • Putting in place all required regulatory compliance measures and taking all reasonable steps to reduce the risk of theft and fraud. • Managing the use of citizen data in line with the requirements of DfE's Data Protection Impact Assessment and Privacy Notice; • Production of Spend Local cards, including citizen personalisation and DfE branding. • Use of biodegradable/sustainable materials for a percentage of Spend Local cards. • Restriction of retail and transaction types as required by DfE. As noted, use was limited to expenditure in NI and excluded cash withdrawals, online purchases, gambling and some financial and legal services; • Customer processes design including card activation/verification, use of a PIN, balance enquiry, replacement, loss and payment enquiries. • Customer service team implementation and training including Anti-Money Laundering (AML) and fraud elements. • Mailing of cards to customers in a phased process as agreed by DfE and the issue of bespoke communication. • Spend Local card usage monitoring and reporting as specified by DfE. • Implementation of agreed accounting protocols to facilitate the management of funds, and appointment of a dedicated Relationship Manager to act as the main point of contact in respect of all day-to-day matters relating to the contract.

	<ul style="list-style-type: none"> • Spend Local cards' expiration on the date provided by DfE, at which point the provider had to reclaim unspent card balances and reimburse DfE.
<p>Advertising, Marketing and PR Agencies</p>	<p>This required, amongst other tasks:</p> <ul style="list-style-type: none"> • The development and implementation of an extensive communications strategy to ensure that citizens were aware of the need to provide their data to apply for their Spend Local cards within the appropriate timescale to help ensure that the outcomes of the Scheme were met. • Assure citizens that the Spend Local cards would be administered over several weeks, and that receipt of their card may not be immediate. • Provision of marketing materials (e.g. signage) and information to local retailers concerning processing the Spend Local cards. • Promotion of the objective of the Scheme as a catalyst for recovery for local businesses and encourage citizen support thereof. • Engagement with representative bodies through several stakeholder engagement forums. • Engagement with charities and other groups including RNIB Northern Ireland, to understand measures that could be taken to facilitate access to the Scheme by all eligible applicants and reduce the impact of digital exclusion.

The Scheme was brought into operation by The High Street (Coronavirus, Financial Assistance) Scheme Regulations (Northern Ireland) 2021 on 24 September 2021, with the online portal subsequently opening for applications on 27 September and closing on 25 October 2021. The telephone application service which opened on 11 October 2021 for those applicants that had been unable to apply online also closed on 25 October 2021.

Regardless of the method of application, online portal or telephone application, the same personal data was collected for each applicant:²³

- Full name including any middle name(s) if applicable;
- Address and Postcode;
- e-mail address;
- Date of birth;
- Sex;
- National Insurance Number (NINO);
- Driving License Number (full or provisional), if applicable;
- Disability status including whether the individual had a visual impairment;
- Telephone number (mobile or land line).

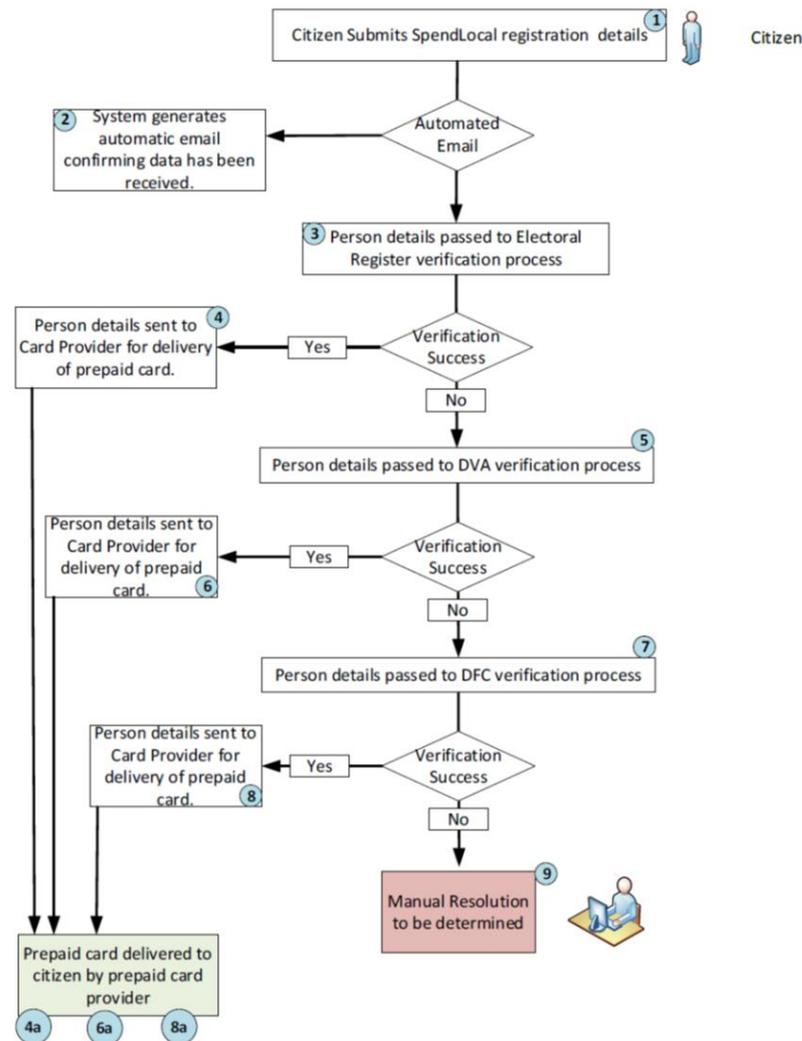
It was anticipated that the application process would typically take about five (if the application was made online) to ten minutes (if the application was made by telephone) to complete.

Once an application had been made, the personal data provided was required to be verified to determine eligibility for a Spend Local card. Three automated verification checks were put in place, along with a manual process for those applicants whose personal details could not be verified via the automated checks and a review process for applicants whose application for a Spend Local card was rejected.

²³ All fields, with the exception of the driving license number, were mandatory. Albeit, applicants with a driving license (full or provisional) were encouraged to enter their driving license number on their application as it was suggested that it could potentially reduce the time it would take for an application to be processed and approved.

The diagram below provides a high-level overview of the application/verification process followed:

Figure 2.1: HSS High-Level Process Flow



Key stages in the verification process included:

- Stage 1 (automated) – personal data was checked against the details held on the Electoral Register. If the details matched they were sent to the pre-paid card provider (PPCP).
- Stage 2 (automated) – If the personal data could not be matched against the data held on the Electoral Register it was passed to the Driver Vehicle Agency (DVA) and matched against its dataset. If the details matched they were sent to the PPCP.
- Stage 3 (automated) – If the personal data could not be matched against the DVA data it was passed to the Department for Communities (DfC) and matched against its benefits dataset. If the details matched they were sent to the PPCP.
- Stage 4 (manual) – Should the three automated checks fail to verify an applicant; the applicant was contacted with a request to provide documentary evidence to verify their eligibility. The process of manually verifying an applicant’s identity was mainly carried out by Invest NI aided by Department officials manually processing some applicants whose identities were verified through trusted partners or MLAs.

The list of acceptable documentary evidence was included in the request sent to applicants which included one piece of evidence to prove they resided in Northern Ireland and one piece of evidence to prove their date of birth (a copy of a valid driver's licence could also be used for proof of residency and date of birth as both are recorded on the licence).

The evidence, when provided, was allocated to and checked by a member of the Invest NI processing team who had limited permissions to amend an applicant's status on the system. Invest NI's staff also had the flexibility to apply small data fixes. This applied if someone had made an error that would result in the card not getting to them even if approved, e.g. they put 2 Massey Avenue on their application, but their evidence showed that their address was 20 Massey Avenue.

Once an individual's identity was verified, the necessary valid application data was encrypted, collated, batched and uploaded to the PPCP. The PPCP then used the data provided to print and mail pre-loaded named payment cards to applicants.

For those individuals whose application/information was passed for manual verification and the subsequent evidence continued not to be satisfactory (for example, the documentation was unreadable) the applicant was contacted again with a request to submit further evidence to verify their application.

If further evidence was provided it was checked and if sufficient was marked as 'verified' on the system and their details were passed to the PPCP for card distribution. However, if the evidence was not satisfactory the applicant was informed that their application had been rejected and they could request a review of the decision.

- Stage 5 (Review Stage), the review stage was also managed by Invest NI on behalf of DfE. For a review to take place, the applicant had to specify the reason for the review and provide documentary evidence to verify their application.

If the review was successful, the application was marked as 'verified' on the system and their details were passed to the PPCP for card distribution. If the review was not upheld the applicant was notified of the decision and the reason provided.

It was anticipated that each applicant would receive their Spend Local card within 7-10 days of making their application and that it would take up to five weeks for all the cards to be delivered, giving everyone a minimum of four weeks to spend the £100.

Upon receipt of their 'Spend Local card', each applicant had to activate the card via an automated telephone service. Applicants were asked to enter the 16-digit card number on the front of their card, the last four digits of the phone number they had provided on registration, and their date of birth. Applicants could also activate their card via SMS by sending the word PIN plus the last eight digits of their card number. A dedicated helpline was also available for any applicant who was experiencing any difficulties in activating their card.

Once the applicant had provided this information, their card was activated, and their PIN was provided. If the individual was unable to confirm these details, they were not able to activate their card, the card was cancelled, and they had to reapply before the closing date for applications.

Following successful verification and card activation, each individual's 'Spend Local card' could then be used in local businesses throughout Northern Ireland that accepted card payments. It could not be used online or to withdraw cash. It also could not be used for gambling or for paying for some legal and financial services such as mortgages, credit card payments, fines, insurance, and vehicle tax.

2.3 Key Dates

As noted above, the online portal opened for applications on 27 September 2021, with a telephone application service opening on 11 October 2021 for those applicants who had been unable to apply online.²⁴ The closing date for applications was 25 October 2021, which was also the last qualifying date for those turning 18 to apply for their Spend Local cards.

The Spend Local cards began to be delivered from the week commencing 4 October 2021, with the Scheme closing on 19 December 2021. It was anticipated that no transactions would be made using the Spend Local cards after that date. However, the Scheme re-opened on 24 December 2021 for two weeks for a limited number of individuals, who had yet to receive their Spend Local card due to postal issues, had received a reissued card if the original card had been lost or faulty and also those who applied late, made errors in their applications or did not respond to requests for information within the Scheme's application and verification period.

In February 2022, DfE contacted a small proportion of individuals who were deemed eligible for a remedy payment concerning the HSS (see Section 2.4).

2.4 Remedy Measures Taken

The Evaluation Team understands that a small proportion of applicants encountered issues. Consequently, in March 2022, the Economy Minister agreed to issue a remedy payment to the following individuals:²⁵

- Verified applicants who had not received their Spend Local card before the Scheme closed;
- Applicants who faced problems activating/using their card and as a result had a balance of £10 or more at Scheme closure.
- Eligible applicants who did not receive a spend Local Card as a result of service failure by the Department.

To that end, the Department for the Economy emailed individuals to inform them that they, or a person they applied on behalf of, may be eligible for a remedy payment under the HSS. A further email providing a link to the remedy payment application portal was subsequently issued - the bulk of emails were sent on Friday 18 March with the remainder issued in the following two-week period. Applications had to be submitted before 5 pm on Thursday 31 March 2022. The Department also wrote to applicants who did not provide an email address using the address provided on the application.

Subsequently, those who met the eligibility criteria received a remedy payment paid into their nominated bank/building society account before the end of April 2022. The remedy payment made was equal to the balance remaining on the applicant's Spend Local card at the Scheme closure, providing the balance of the Spend Local card was £10 or more.

²⁴ The telephone service opened later than the online portal as the Department wanted to encourage as many people as possible to apply via the online portal as it was considered that this would be the quickest and most efficient way to make an application. Within its promotional activity, the Department encouraged those who could not use the online portal themselves to ask others to assist them with their application or to make an application on their behalf. The telephone service was intended to assist those who did not have access to/could not use the internet or did not have others that could assist them with an online application.

²⁵ Update on remedy measures for High Street Scheme (published: 18 March 2022). <https://www.economy-ni.gov.uk/news/update-remedy-measures-high-street-scheme-0>

3. SCHEME ACTIVITY & COSTS

3.1 Introduction

This section considers key aspects of HSS activity, and the actual costs associated with the implementation of the Scheme.

3.2 Headline Card Activity & Expenditure

Information drawn directly from the NISRA's Official statistics and the HSS Spend database indicates that as of 27 January 2022:²⁶

- 1,399,051 NI residents had been issued a Spend Local card. The population of Northern Ireland aged 18 years or over on census day 21 March 2021, was 1,468,081, indicating that circa 95% of the eligible population had applied for, and been issued a card.²⁷²⁸
- The 'take-up' rate within each of NI's eleven Local Government Districts (LGD) was similarly high:

LGD	Take-Up Rate
Antrim and Newtownabbey	97%
Ards and North Down	97%
Armagh City, Banbridge and Craigavon	95%
Belfast	91%
Causeway Coast and Glens	93%
Derry City and Strabane	99%
Fermanagh and Omagh	95%
Lisburn and Castlereagh	96%
Mid and East Antrim	96%
Mid Ulster	93%
Newry, Mourne and Down	95%

- Of the cards issued, 1,393,043 (99.6%) had been activated;
- The total spend on the activated cards was £136.5 million (from 27 September 2021, the beginning of the Scheme, up to 7 January 2022) compared with the £139.3 million that was available to spend on them, representing 98% of available balances;

²⁶ Analysis of the Northern Ireland High Street Scheme (Department for the Economy, 13 April 2022). It is noted that the administrative source of data relating to the HSS' Spend Local cards and related spend was the pre-paid card provider, PFS. The reports used to extract figures presented in this release were agreed between DfE and PFS. The datasets used to inform these reports were collaboratively documented by DfE and PFS. While DfE had final authority on generating these reports with the associated figures, certain key decisions were reached through a collaborative effort by DfE and PFS to ensure data quality. The methodologies implemented to calculate certain key figures were decided after discussions and agreements with PFS and, similarly, certain key figures were calculated by both sides to ensure their validity.

²⁷ <https://www.nisra.gov.uk/publications/census-2021-main-statistics-demography-tables-age-and-sex>

²⁸ The Evaluation Team recognises that there will be a small discrepancy between the two population sizes as the Census measured the number of NI resident persons aged 18 and over on 21 March 2021, whereas persons resident in NI and aged 18 or over on or before 25 October 2021 were eligible to apply for a Spend Local card, a circa 7-month difference.

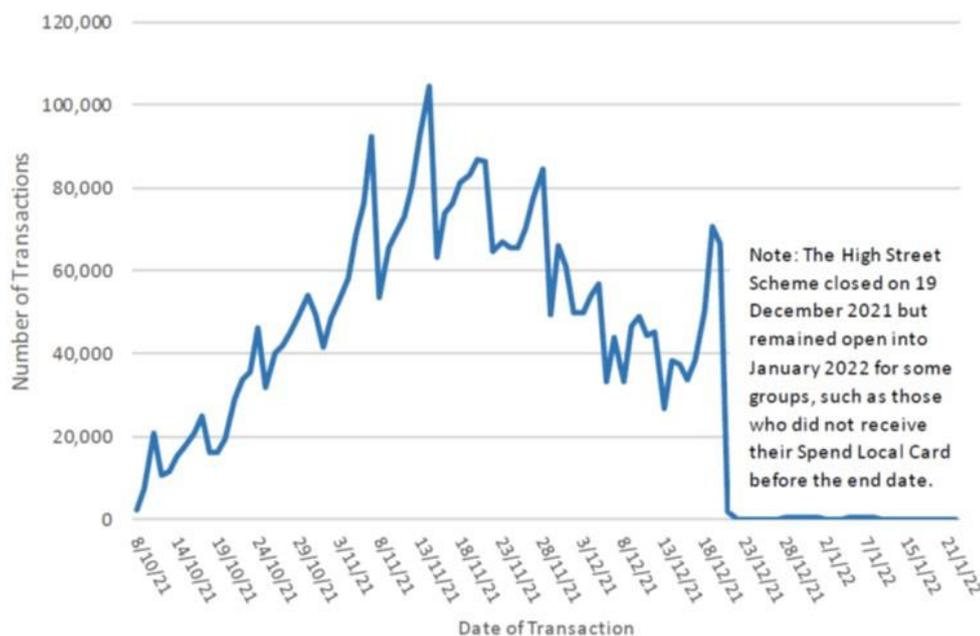
²⁹ Source: Infographic - take up rate for High Street Spend Local Scheme to close of applications (DfE, 16th December 2021)

- The Evaluation Team has summarised the information presented above as follows:

Table 3.2: HSS Key Activity Metrics		
Metric	No.	Estimated Conversion Rate
The population of Northern Ireland aged 18 years or over on census day 21 March 2021	1,468,081	
Number of NI residents aged 18 years or over issued with a Spend Local card	1,399,051	c.95%
No. of Cards Activated	1,393,043	99.6%
Total Monies available to spend on Activated Cards	£139,304,300	
Total spend on the activated cards	£136,502,155	98%

- The number of cards with zero balance remaining was 779,461, representing c.56% of the cards activated;
- However, the average amount spent on the activated cards was £97.94, indicating that almost all individuals who received and activated their cards spent almost all of the available credit that was available on the cards;
- The total number of transactions was 3,713,609 indicating that on average, recipients who activated their cards spent the available monies over 2.67 transactions;
- It is estimated that a minimum of 10,000 businesses (but in all likelihood, many more) in Northern Ireland were required by Regulations to close during 2020 (see Appendix I for further details). Of the 3.7m individual transactions, over half (52% or 1.9m transactions) were with businesses that were required by Regulations to close;
- The busiest day for (both) transactions and spending was Sunday 14th November 2021 with 104,477 transactions and £4.0 million spent.
- The average spend by transaction was £54 for both all expenditure and for expenditure in businesses required to close by Regulations in 2020 (see Appendix II for further detail).

Figure 3.1: Number of Card Transactions per Day of the Scheme 8/10/21 to 26/01/22



Of note concerning Spend Local card expenditure, the Department for the Economy commissioned the accountancy firm EY to undertake an independent audit and review of the validity and accuracy of the HSS Spend Local cards and payment information which has been provided by the Pre-Paid Card Provider (PPCP).³⁰ The scope of tests was as follows:

- Verified applicant to correct card recipient checks;
- Comparison of applicant and card holder numbers;
- Reconciliation of any errors or adjustments using analytics to examine the population of payments and the identification of outliers;
- Calculate and compare the total number of replacement cards, activated cards and cards created for the Scheme;
- Calculate the total spend on cards using industry-recognised financial processes as well as calculating the total remaining balance left on cards;
- Identification of any duplicate records, including possible causation factors;
- Total value of chargebacks and refunds to cards;
- Identify and calculate all cards with remaining negative balances;
- Verify that all original cards were loaded with £100 only;
- Spend per card holder did not exceed £100.
- Identification of any payments made against MCC Codes in line with MCC Codes in parameter document;
- Identification of any fees or charges that have been applied in line with the parameter document.

The audit (completed on 27/01/2022) found that the analysis completed by the PPCP on 13/01/2022, was both valid and to a large part accurate, only differing from the independent analysis conducted by 0.0004% on the card and 0.7% on the E-Wallet available balance. The source of the variances was determined to be due to the timing difference between when the two parties had run reports, with the independent auditor noting that the card balance is a snapshot in time and will change slightly due to charge backs and transactions moving from pending to approved.

The audit concluded that the analysis conducted by the PPCP was largely valid and accurate. However, whilst 100% of the cards that were created and activated were loaded with £100 only, the audit found that 223 individuals were able to exceed the £100 spending limit. It was revealed that in total these applicants were responsible for a total overspend of £10,705. Further investigations surrounding this figure demonstrated that individuals who were issued with more than one card, due to processing errors, were responsible for contributing £9,333 (86%) toward this total. While the remaining £1,372 (14%) was from applicants that had received a single card, but still exceeded the £100 threshold, through instances where a merchant had forced through a transaction.

Further analysis was conducted to review the total value of transactions that were made against blocked MCC codes. The result of this investigation revealed that a total of £1,168,838 were declined, the majority (96%) of which were sourced from automated fuel dispensers. The only successful purchase to a blocked MCC was £100 to a political organisation. It is understood that this occurred at the outset of the Scheme. This was identified quickly, the PPCP was notified and the MCC block was successfully reapplied. This represents a success rate greater than 99.9% at preventing transactions at blocked MCC codes.

Additionally, it was found that £780 worth of transactions were accepted outside of Northern Ireland, representing 0.00057% of total net spend. It was identified that these were further cases of merchants forcing payments. A total of £2,333,448 of prospective transactions outside of NI were successfully declined. This represents a success rate of greater than 99.9% at preventing transactions from occurring outside of NI.

³⁰ High Street Scheme Review Report (EY, June 2022)

3.3 Card Transactions & Expenditure by LGD

Table 3.3 provides a comparison of the percentage of Transactions and Spend on Spend Local cards with the usual resident population aged 18 years or over on census day 21 March 2021 by Local Government District (LGD). Although the transaction locations of £10,464,248 (7.7%) of spending did not have a corresponding postcode in the postcode directory, the Evaluation Team considers that the data indicates that Spend Local spend was undertaken on a reasonably representative basis by LGD head of population that received a card (i.e. the available monies tended to be spent ‘locally’).

Table 3.3: Comparison of Residents Aged 18+ with Percentage of Transactions and Spend on Spend Local cards by Local Government District³¹							
Local Government District	All usual residents Aged 18 and over³²		Spend Local Transactions		Spend Local Spend		% Difference Spend v Population
	No.	%	No.	%	£	%³³	%
Antrim and Newtownabbey	112,735	7.7%	302,346	8.1%	10,374,516	7.6%	-0.1%
Ards and North Down	130,173	8.9%	296,202	8.0%	10,261,342	7.5%	-1.4%
Armagh City, Banbridge and Craigavon	164,804	11.2%	325,537	8.8%	12,736,406	9.3%	-1.9%
Belfast	271,709	18.5%	869,934	23.4%	27,623,647	20.2%	1.7%
Causeway Coast and Glens	110,667	7.5%	224,388	6.0%	8,938,166	6.5%	-1.0%
Derry City and Strabane	114,938	7.8%	272,249	7.3%	10,238,031	7.5%	-0.3%
Fermanagh and Omagh	89,021	6.1%	179,243	4.8%	7,524,086	5.5%	-0.6%
Lisburn and Castlereagh	115,599	7.9%	278,393	7.5%	10,301,486	7.5%	-0.4%
Mid and East Antrim	109,759	7.5%	241,206	6.5%	9,312,169	6.8%	-0.7%
Mid Ulster	111,610	7.6%	190,975	5.1%	8,120,166	5.9%	-1.7%
Newry, Mourne and Down	137,066	9.3%	261,868	7.1%	10,607,892	7.8%	-1.5%
Unknown ³⁴			271,268	7.3%	10,464,248	7.7%	7.7%
Northern Ireland	1,468,081	100.00%	3,713,609	100%	136,502,155	100.0%	0.0%

³¹ Spend Local data drawn from Analysis of the Northern Ireland High Street Scheme (Department for the Economy, 13 April 2022)

³² <https://www.nisra.gov.uk/publications/census-2021-main-statistics-demography-tables-age-and-sex>

³³ Percentages have been rounded to one decimal place and, as a consequence, some percentages may not sum to 100.

³⁴ 271,268 (7.3%) transaction locations and the transaction locations of £10,464,248 (7.7%) spend did not have a corresponding postcode in the postcode directory. Analysis by LGD required an exact match of the merchant’s registered postcode with a postcode in the postcode directory (which maps exact postcodes to one of eleven LGDs). If the exact postcode was not found in the postcode directory, the LGD was marked as ‘Unknown’.

3.4 Card Transactions & Expenditure by Type of Business

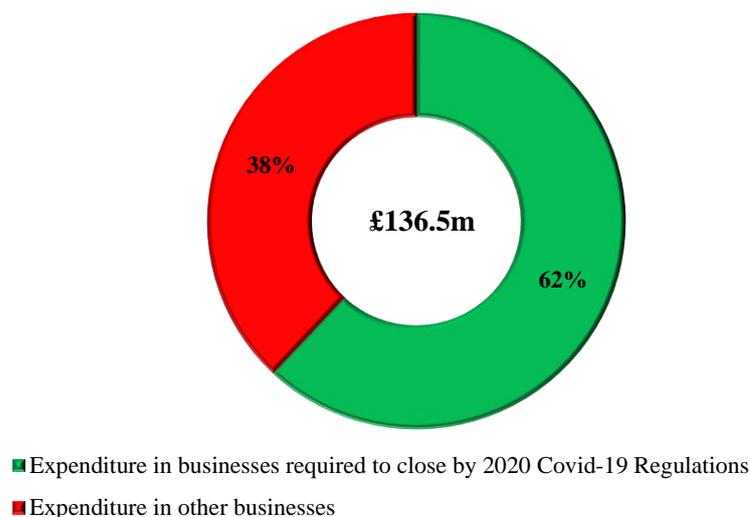
Spending via the Spend Local card was categorised in terms of the business/organisation at which the expenditure was made utilising Merchant Category Codes (MCC). Merchant Category Codes are a classification system used by debit/credit card providers.

Work was undertaken by statisticians in the Analytical Services Division of the Department for the Economy to map the MCC data to Standard Industrial Classification (SIC) codes which are widely used by the Government and Academia to describe the characteristics and performance of the economy. Mapping the MCCs to SIC codes enabled a profile of spend on Spend Local card in the economy as a whole to be produced in a manner consistent with official statistics sources of economic data. That work also enabled an assessment of the extent to which the Spend Local card expenditure was directed to those businesses which had been closed, and therefore most directly impacted by the Covid-related lockdown requirements during 2020, as specified by Regulations made during 2020.

Key points pertaining to the analysis undertaken by the Department for the Economy include:

- In total, £136.5m was spent through the Spend Local cards, of which, £84.9m (62%) was spent in businesses required by regulations to close during 2020, and therefore most directly impacted by the Covid-related lockdown requirements.

Figure 3.2: HSS Expenditure by Type of Business (1)

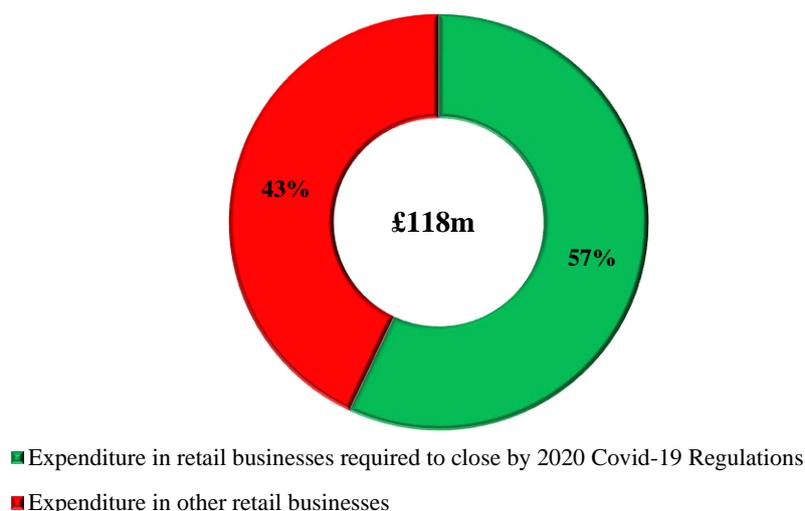


- As reflected in Table 3.4, the majority (c.98%) of total spend was accounted for by businesses in four industrial sectors with 87% (£118m) spent in retail businesses with a further £10m (8%) spent in accommodation and food service businesses, £4m (3%) spent on other service activities, and £1m (1%) in professional, scientific and technical businesses. Further detail is provided in Appendix II.

Table 3.4: Spend Local card expenditure by Standard Industrial Classification in all businesses and in businesses required to close by 2020 Covid-19 Regulations					
Industry category	All Spend		Spend in businesses required to close by 2020 Regulations		Proportion of category spend in businesses required to close by 2020 Regulations
	£	%	£	%	
G. Wholesale and retail trade, repair of motor vehicles and motorcycles	118,045,603	86.5%	67,748,020	79.8%	57%
I. Accommodation and food service activities	10,201,406	7.5%	10,201,406	12.0%	100%
S. Other service activities	3,920,064	2.9%	3,903,110	4.6%	100%
M. Professional, scientific and technical activities	1,414,180	1.0%	1,095,044	1.3%	77%
Sub-total	133,581,253	97.9%	82,947,580	97.7%	62%
Other	2,920,901	2.1%	1,962,924	2.3%	
Total	136,502,155	100%	84,910,504	100%	62%

- Nearly all (c96%) of the £84.9m spent in businesses required by Regulations to close during 2020 was accounted for by businesses in retail (£68m), accommodation and food services (£10m), and other service activities (£4m).
- Over half (£68m or 57%) of the £118m spent in retail businesses was spent in businesses required by Regulations to close during 2020.

Figure 3.3: HSS Expenditure in Retail Businesses



3.5 Actual v Anticipated Costs

3.5.1 Anticipated Costs

At the outset of the Scheme's development, it was allocated £145m under DfE's Economic Recovery Action Plan (ERAP), of which £5m was allocated to the development and administration of the Scheme whilst £140m was set aside to load each of the Spend Local cards with £100.³⁵

The initial funding of £140m for the Spend Local cards was based upon an initial estimate (of c1.4m) of the NI population that would be aged 18 or over at the closing date of applications (i.e. 25 October 2021). However, as the Scheme's development progressed, NISRA provided an updated population estimate of closer to 1.5m. Nonetheless, DfE's benchmarking which included an assessment of application rates, based on findings of similar schemes such as the one in Jersey led the Department to consider that the £140m would continue to be sufficient to fund the loading onto the Spend Local cards for all verified applicants.

Indeed, a variety of results from Jersey's Spend Local Scheme were analysed by DfE and fed into the assumptions around uptake and unspent balances utilised in the Scheme's development. Under the Jersey Scheme, every eligible adult and child in Jersey received a £100 Spend Local card during September/October 2020 which they could spend in shops; cafes and businesses; and on services and experiences. The pre-paid cards were sent to Islanders' home addresses and were part of a £150m Fiscal Stimulus package, which aimed to support the local economy after the outbreak of COVID-19.³⁶ It is understood that cards were not automatically sent to people where there was low confidence in their current residency in Jersey. If a person was not sent a card or did not receive a card at their current address, they could apply online or via phone.

By the end of October 2020:

- 105,964 Jersey residents had been issued with a card (provided a maximum total; expenditure of c.£10.6m).
- 103,364 Islanders had activated their cards, spending a total of £10.12m (against total available balances of £10.34m).

Therefore 97.5% of islanders activated a card and spent 95.5% of the possible total potential monies available. Of total activated balances, 2% of funds were unspent. Data from Jersey's Spend Local Scheme suggested that the average voucher was spent across 3.6 transactions and likely encouraged additional footfall to high streets.³⁷

Consequently, based upon the Jersey scheme's performance, the Department estimated that circa 95% of the eligible NI population would apply for a 'Spend Local' card and 2% of total activated card balances would remain unspent, as summarised in the Department's scenario analysis below:

Table 3.5: Total Estimated Project Funding Requirements for pre-paid card balances		
Estimate Uptake	No unspent balances	2% unspent balances
100%	£150,000,000	£147,000,000
97.5%	£146,250,000	£143,325,000
95%	£142,500,000	£139,650,000

To manage the risk that uptake and/or the level of spend on each card might be greater than that anticipated, a Ministerial Direction was in place to fund any overspend from the funding that had been allocated to DfE for the ERAP.

³⁵ High Street Scheme: Document to Inform the Intention, Development and Economics of the Scheme (DfE)

³⁶ R Spend Local Scheme report.pdf (gov.je)

³⁷ Research to inform the Northern Ireland High Street Scheme (Retail Economics on behalf of DfE)

As the Scheme developed, it was recognised by DfE that costs associated with developing, operating and delivering the Scheme would likely exceed the £5m that had been budgeted at the outset. Indeed, in September 2021 (in advance of the Scheme’s launch), projected costs stood at approximately £6m (see Table 3.6) and were expected to exceed this figure. Nonetheless, it was considered that even if the ‘administration’ costs were to reach £10m, they would be proportionate in terms of the overall scale of the Scheme (at 7% of Card Expenditure costs).³⁸

Table 3.6: Projected Scheme administration costs (September 2021)	
Item	Projected costs
Card development/production/delivery	£2,425,000
Development of citizen application portal	£200,000
PR/advertising/marketing costs	£1,000,000
Additional business/citizen helpdesk support	£1,010,000
Project management and procurement support	£260,000
Salaries/Cost to date	£999,000
Other Government	£80,000
Total	£5,974,000

Taking both key cost categories (Card Balances and Scheme Administration), the revised (as the Scheme’s development progressed) anticipated costs of the HSS were therefore c£146m.

3.5.2 Actual Costs

Information provided by DfE indicates that the final costs associated with the implementation of the HSS were £142.6m, as summarised below:

Table 3.7: HSS Costs (up to August 2022)	
Category	£
High Street Scheme - Spend Local card Funding	136,502,155
Remedy Payments	630,228
Sub-Total – Payments to Eligible NI Citizens	137,132,383
Salary Costs	1,008,355
Other running costs	4,470,230
Grand Total	142,610,968

Other running costs include costs associated with the card provider (£2.26m), software development (c£450k), application processing (582k), SIB’s role in project delivery, various marketing/promotional costs, legal fees, costs of an audit nature etc.

The costs of implementing the HSS were c2% (£3.4m) below those anticipated, with Scheme administration costs (salary and other running costs) representing 4% of Card Expenditure costs (i.e. card balances and remedy payments).

³⁸ High Street Scheme: Document to Inform the Intention, Development and Economics of the Scheme (DfE)

4. SCHEME IMPACT

4.1 Introduction

This section considers the impact of the HSS from several perspectives, including NI businesses and citizens, before the Evaluation Team considers the economic impact of the Scheme. In addition, it considers general trends and behaviours that have influenced the performance of the High Street both before and during the pandemic.

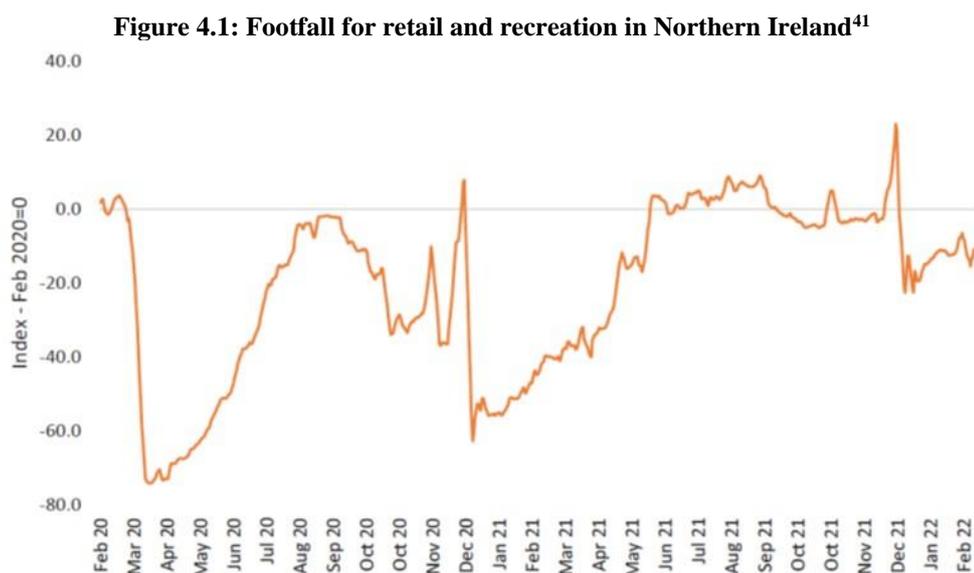
4.2 Addressing Behavioural Change

As reflected in Section 1, the closure of non-essential retail outlets and hospitality venues during the pandemic necessitated a shift towards online retail for many consumers. Across the UK, online sales accounted for 28% of total retail spending in 2020 and 29% in 2021, increasing from 19% in 2019.³⁹ This step change in the proportion of online sales saw the channel experience five years of growth in just 12 months.⁴⁰

The enforced closure of the high street combined with the wider prohibitions upon the population itself, therefore, accelerated the trend of retail from bricks and mortar premises to online outlets. Shifts in entertainment consumption also occurred, including, for example, there was an increase in demand for paid-for streaming content such as Netflix etc, further reducing market opportunities for NI businesses to trade domestically.

Many businesses therefore had to adapt to survive. But even after economies reopened, including non-essential retailers and hospitality, many behaviours formed during the pandemic stuck.

Resultantly, at the time immediately before the introduction of the HSS and indeed even during the first quarter of 2022, footfall across retail and recreation in Northern Ireland remained significantly below pre-pandemic levels. A combination of factors is considered to have contributed to this. These include a greater proportion of shopping conducted online, more people working from home, ongoing fears around the pandemic, and lower levels of consumer confidence.



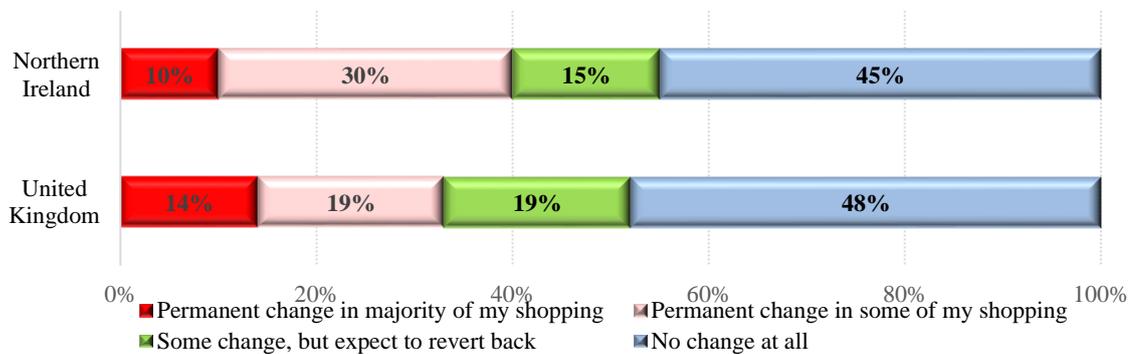
³⁹ ONS Retail Sales Index, featured in Business Impact of the Northern Ireland High Street Scheme (Retail Economics, on behalf of the Department for the Economy, March 2022)

⁴⁰ Research to inform the Northern Ireland High Street Scheme (economy-ni.gov.uk)

⁴¹ Business Impact of the Northern Ireland High Street Scheme (Retail Economics, on behalf of the Department for the Economy, March 2022)

Research also indicates that the behaviour change may be more pronounced in Northern Ireland than the whole of the UK, with 30% of NI shoppers citing the pandemic as having led to a permanent change across *some* of their shopping, with 10% suggesting a permanent change across the *majority* of their shopping, higher than the UK average.

Figure 4.2: Do you feel your shopping habits have changed permanently because of the impact of the pandemic?⁴²



4.3 Businesses' Perceptions of the High Street Scheme

During Early 2022, DfE commissioned research to ascertain businesses' perception of the effectiveness of the HSS.⁴³ The research considered the Scheme's impact on local independent businesses; its impact on footfall and consumer confidence; safeguarding jobs; additional spending; and macroeconomic impact.

As part of this study, during the period 17 January 2022 to 5 March 2022:

- A telephone survey of 300 small independent retail, hospitality and leisure businesses, located across each of NI's eleven council areas, was undertaken.
- An online survey was undertaken with 15 large retail businesses. These represented large multiple retailers covering food, apparel, health and beauty and DIY and gardening. In aggregate, these retailers represented over 1,000 stores operating throughout Northern Ireland.

Key findings presented in that research report are detailed overleaf:

⁴² Source: Retail Economics, consumer survey conducted December 2021, n=2,000, featured in Business Impact of the Northern Ireland High Street Scheme (Retail Economics, on behalf of the Department for the Economy, March 2022)

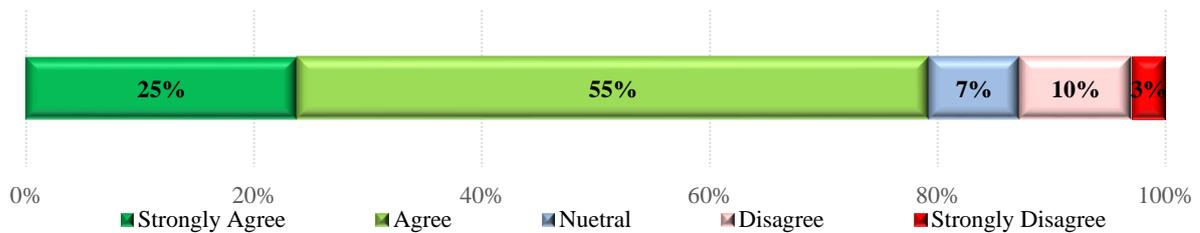
⁴³ Business Impact of the Northern Ireland High Street Scheme (Retail Economics, on behalf of the Department for the Economy, March 2022)

4.3.1 Impact on Local Independent Businesses

The report found that:

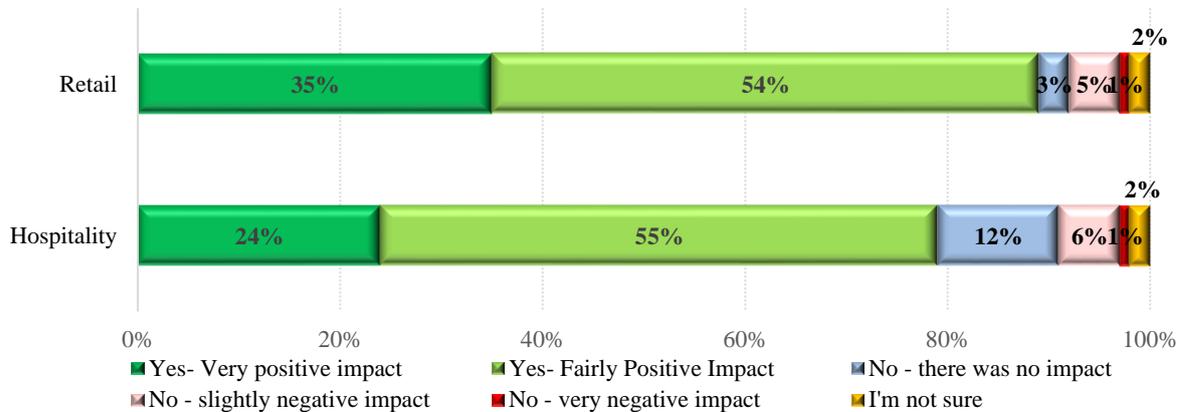
- 80% of retail and hospitality businesses were in agreement that the HSS had helped support small independent businesses.

Figure 4.3: To what extent do you agree that the HSS helped support small independent businesses



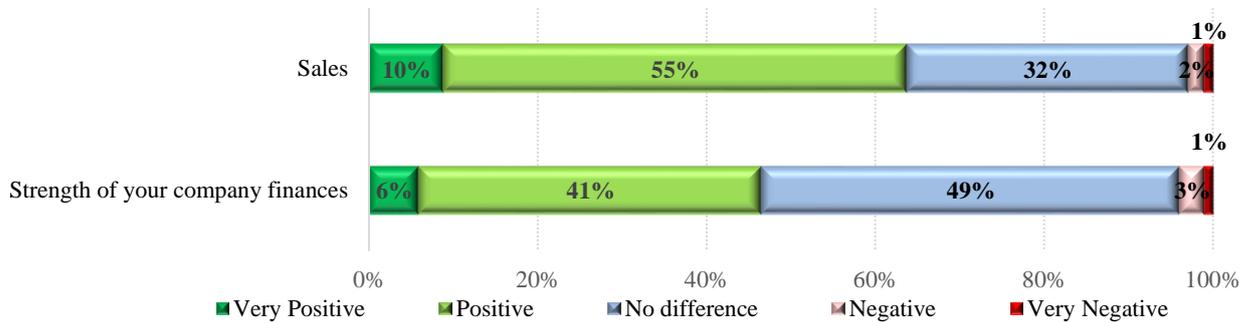
- The vast majority (85%) of the 300 small independent retail, hospitality and leisure businesses and each of the 15 large retail businesses were of the view that the Scheme had encouraged people to visit local high streets and businesses. The report noted that “*independent businesses located in city centres were particularly encouraged by the Scheme, reflecting this hard-hit physical channel, as many office workers continue to work remotely*”.

Figure 4.4: In your opinion, do you think that the HSS encouraged people to visit local high streets and businesses?



- Businesses were also in agreement that the positive impact of the Scheme manifested in *better-than-expected* sales for the trading period. Indeed, 65% of retail/hospitality businesses thought that there was a positive impact on sales – above and beyond their expectations for the time of year. Just 3% of independent firms surveyed thought that the Scheme harmed sales.

Figure 4.5: How do you think the HSS impacted the following areas of your business against your expectations for the time of year given the current trading environment?



- Almost half (47%) of small businesses also reported that the Scheme had helped strengthen their business finances compared with their expectations. Just 4% of businesses suggested that it harmed their finances.
- The large businesses surveyed also reported a boost in sales with two-thirds (67%) suggesting sales had been positively impacted.

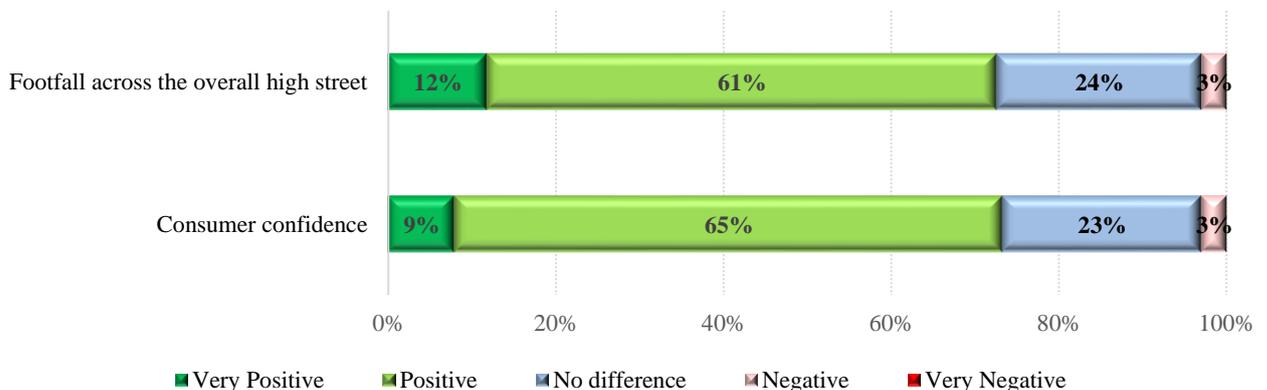
The report noted that the choice of timing within which to launch the HSS to likely to be a key factor in determining its effectiveness, and suggested that the Scheme was launched during a crucial transitional seasonal period (Autumn/Winter) which typically sees sales fall to lower levels before spending ramps up again for Christmas trading.

4.3.2 Impact on Footfall and Consumer Confidence

The survey of businesses found that:

- Despite the end of lockdown restrictions, footfall had remained under pressure for many towns and cities across NI, with levels remaining significantly lower than in pre-pandemic times, albeit it is noted that in many locations footfall levels had been under pressure over the last decade, with the impact of the pandemic simply accelerating a marked decline. Notwithstanding that longer-term trend, the research found that three-quarters (74%) of small independent businesses were of the view that the Scheme had helped boost consumer confidence and footfall over the mid-November to mid-January period.

Figure 4.6: How do you think the HSS impacted the following areas of the economy over the last couple of months (mid-November to mid-January)?



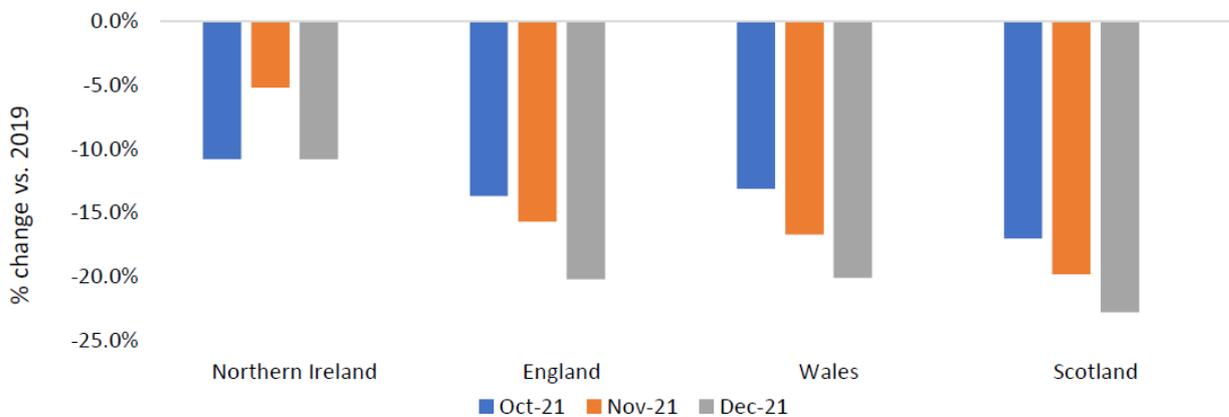
- Across all physical locations, the biggest impact on footfall was felt by small businesses located in city centres.

- The impact on footfall and consumer confidence was also echoed by large retailers with all of those surveyed reporting a positive impact due to the Scheme.

The research report advised that arguably, the HSS had provided a much-needed impetus for consumers to venture out of their homes and return to local high streets, shopping centres and city centres to spend in physical locations. The report noted that its finding was supported by data from the Northern Ireland Retail Consortium which suggested that footfall across NI had been stronger than any other part of the UK over this period.

In November 2021, footfall across NI fell by 5.2% compared with 2019 levels, considerably stronger than the UK's average decline of 15.7% over the same period. Belfast had an unprecedented growth of over 11.5 percentage points, bringing it into positive territory (+3.0%) for the first time in almost 2 years. This compares with a fall in London of more than 20%.⁴⁴

Figure 4.7: Footfall across England, Scotland, Wales and Northern Ireland in the final quarter of 2021, versus 2019⁴⁵



	Northern Ireland	England	Wales	Scotland
Oct-21	-10.8%	-13.7%	-13.1%	-17.0%
Nov-21	-5.2%	-15.7%	-16.7%	-19.8%
Dec-21	-10.8%	-20.2%	-20.1%	-22.8%
Average	-9.1%	-16.8%	-16.9%	-20.1%

4.3.3 Safeguarding jobs

In the immediate aftermath of the pandemic, businesses looked to quickly cut costs to preserve working capital and weather the storm as effectively as possible. Unprecedented government support was a lifeline to businesses, and the Job Retention Scheme helped them to manage their labour costs and preserve jobs. However, as furlough support was gradually removed (ending entirely on 30 September 2021), many businesses were forced to confront the commercial realities of trading with depressed demand across many parts of the sector. Many businesses also had to invest significant capital to implement mandated COVID-19 safety measures.

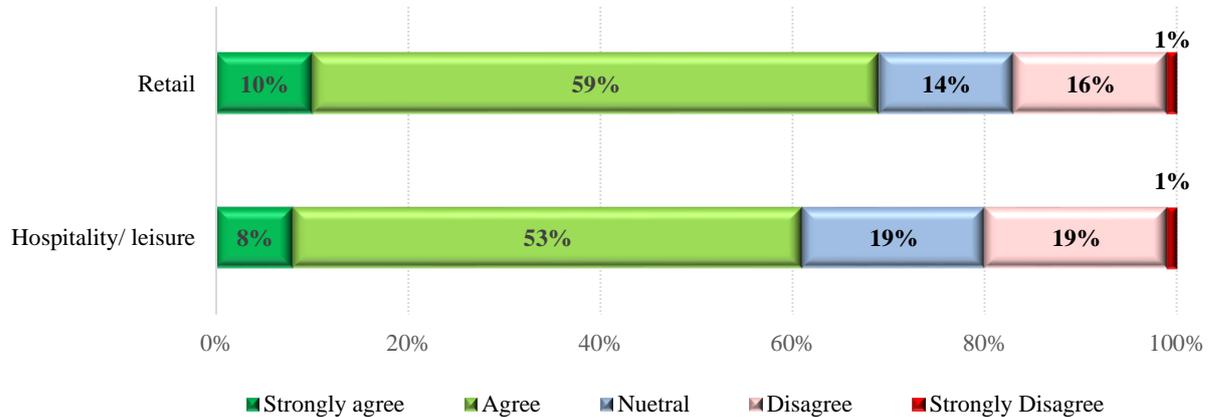
⁴⁴ Business Impact of the Northern Ireland High Street Scheme (Retail Economics, on behalf of the Department for the Economy, March 2022)

⁴⁵ Source: Northern Ireland Retail Consortium, press coverage

The survey of businesses research report found that:

- Both small retail and hospitality businesses were in broad agreement that the Scheme had helped to safeguard jobs. Indeed, 69% of independent retailers and 61% of independent hospitality businesses agreed that this was the case.

Figure 4.8: To what extent do you agree that the HSS helped safeguard jobs



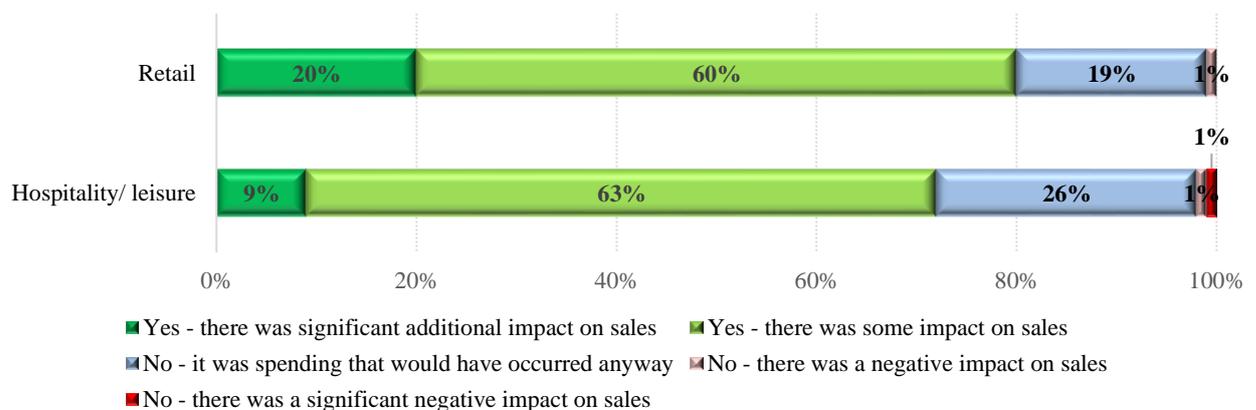
- 67% of large retailers said that the Scheme helped safeguard jobs.

4.3.4 Additional Spending

The survey of businesses research report advised that one of its most important findings was the strong business-backed evidence that the Spend Local card had contributed to *additional* spending, rather than displacing spending that was likely to have occurred anyway.

It found that over three-quarters (77%) of small retailers and hospitality businesses thought that the HSS encouraged spending that was ‘additional’ to what would otherwise have been spent, increasing to 80% for small retail companies alone. The research found that for small businesses, the additional spending was most concentrated across firms located in city centres, and on local parades and high streets.

Figure 4.9: Taking everything into account, do you think the HSS encouraged spending that otherwise was unlikely to have occurred?



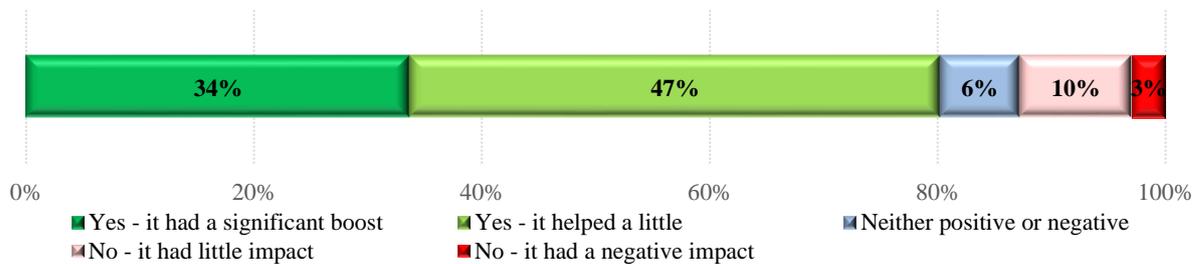
All large retailers surveyed reported that there was ‘some additional impact on sales’ that was otherwise unlikely to have occurred without the Scheme.

4.3.5 Macroeconomic Impact

The survey of businesses research found that there was also widespread support amongst independent retail and hospitality businesses who were asked whether the HSS was a good idea for the broader economy (outside the scope of just their businesses).

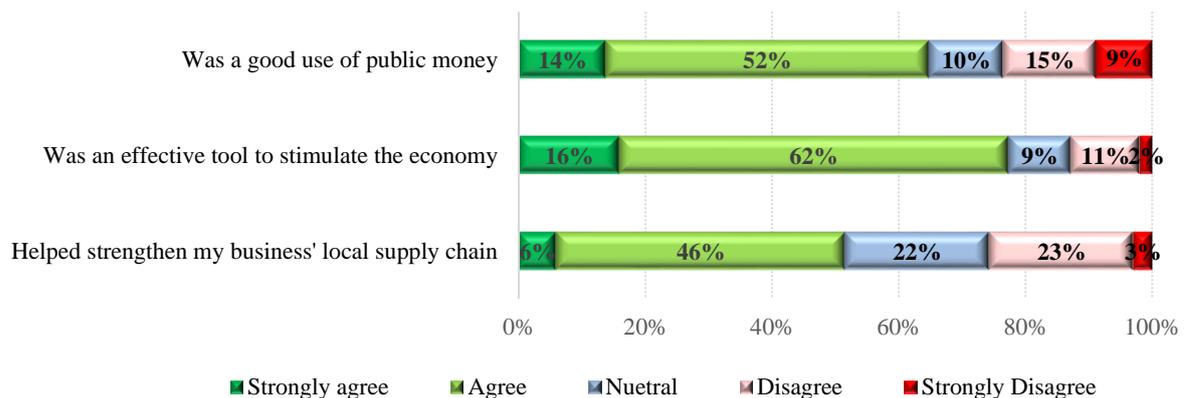
- Eight in ten (81%) independent retail and hospitality businesses considered the HSS to have been a good idea for the NI economy, with over a third (34%) of the view that it had provided a significant boost to the NI economy.

Figure 4.10: On balance, do you think the HSS was a good idea for the economy of Northern Ireland?



- The research found that this sentiment was replicated amongst the large retailers, where all of those that were surveyed were in agreement that the Scheme had been a good idea for the NI economy, and half were of the view that it had provided a significant boost.
- Over three-quarters (78%) of independent retail and hospitality businesses considered the Scheme to have been an effective way to stimulate the economy.
- Two-thirds (66%) of small businesses further considered that the Scheme was a good use of public money.
- There was less support for the idea that it helped further down the supply chain, with 52% supporting the idea.

Figure 4.11: To what extent do you agree that the HSS...



4.3.6 Other Evidence

Aside from the research commissioned by DfE, the Evaluation Team notes that other contemporaneous information suggested that the HSS had had an impact on the economy. For example, an Ulster Bank survey found that retail sales in Northern Ireland had increased in November 2021 for the first time in four months. The bank's monthly survey of private sector businesses is considered a reliable indicator of economic performance. Ulster Bank's chief economist pointed to the High Street Scheme as one reason for the rise in retail activity, "Northern Ireland saw the pace of business activity accelerate in November, but this uptick was solely down to a rebound in one sector, retail, with the High Street Scheme

*undoubtedly contributing to the pick-up in demand. Christmas shopping is also likely to be a factor for the rise in November trade”.*⁴⁶

Data from the NI Retail Consortium also suggests that in November 2021, the number of shoppers in the province reached its highest level since pre-pandemic, down 5.2% on 2019 compared to a 16%-20% decrease in England, Wales, and Scotland.⁴⁷ The NI Retail Consortium’s then director noted that *“Our continued footfall recovery is down in no small part to the High Street Scheme, something retailers in Scotland and Wales are keen to replicate given the scheme’s success here”*.⁴⁸

4.4 NI Citizens’ Perceptions of the High Street Scheme

To understand how the Coronavirus (COVID-19) pandemic was affecting life in Northern Ireland, the Northern Ireland Statistics and Research Agency (NISRA) collected weekly information from April 2020 to March 2022 on people’s experiences and opinions relating to the pandemic. These results provided an insight into how people’s personal, home and work lives had changed and what the impact was on their wellbeing and the communities in which they lived.

The Department for the Economy commissioned questions on the HSS in the survey during phases 15 to 20, with two key publications produced:

1. Northern Ireland High Street Scheme Survey August to November 2021 Report - Findings from the NISRA Coronavirus (COVID-19) Opinion Survey (DfE, 13 April 2022). The data summarised in this report were collected during phases 15 to 17 of the survey. The first report summarised responses from 2,358 individuals aged 18 or over interviewed from 2 August to 27 November 2021.
2. Northern Ireland High Street Scheme Survey October 2021 to March 2022 Report - Findings from the NISRA Coronavirus (COVID-19) Opinion Survey (DfE, 17 August 2022). The data summarised in this report were collected during phases 18 to 20 of the survey. The second report summarised responses from 2,207 individuals aged 18 or over interviewed from 25 October 2021 to 31 March 2022. The survey findings related to respondents’ experiences of the application process and using the Spend Local card, following the closure of the application process on 25 October 2021.⁴⁹

It is noted that not all questions were asked during this entire period and also that respondents who answered “Don’t Know” or persons who refused to answer were excluded from NISRA’s analysis, which influences the unweighted base (denoted as N=) of respondents to each question.

⁴⁶ <https://www.bbc.co.uk/news/uk-northern-ireland-59631460>

⁴⁷ <https://www.newsletter.co.uk/news/opinion/encouraging-signs-that-ps100-high-street-voucher-scheme-in-ni-has-worked-3482316>

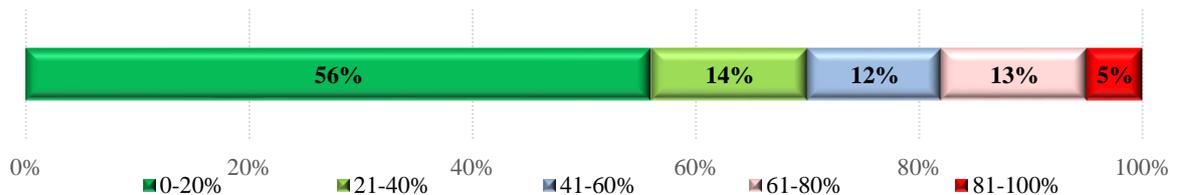
⁴⁸ <https://www.irishnews.com/business/2022/01/07/news/no-golden-quarter-for-high-street-retailers---despite-voucher-scheme-success-2553741/>

⁴⁹ The unweighted base (denoted as N=) is the number of respondents to each question. The base may vary from one question to another due to some respondents not answering certain questions. Also, only seven questions were asked during the entire period 25 October 2021 to 31 March 2022. Most of the questions (15) were asked during one phase of the survey and two questions were asked during two phases. Respondents who answered ‘Don’t know’ or persons who refused to answer were excluded. Responses were then ‘weighted’ to ensure the achieved sample became more representative of the population that the survey aimed to reflect. Significance tests were carried out to determine if there were differences in responses given by various respondent groups. The significance tests were carried out at the 95% confidence level and only differences which are statistically significant are included in this report.

4.4.1 The extent of Online Shopping before the Scheme

Of 1,486 respondents, over half (56%) advised that a fifth or less (0-20%) of their total shopping (inclusive of food shopping) before the introduction of the Scheme could be attributed to online shopping. A further seventh (14%) said 21-40%, an eighth (13%) said 61-80%, over a tenth (12%) said 41-60%, whilst only 5% said 81-100%.

Figure 4.12: Thinking about your typical shopping habits over the last few months before the introduction of the Spend Local Scheme, what percentage of your total shopping (inclusive of food shopping) could be attributed to online shopping? (N=1,486)



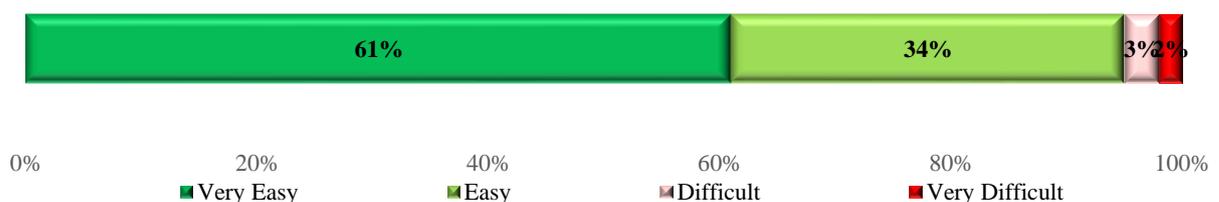
4.4.2 Method & Ease of Application

Of the 2,207 respondents, the majority (94%) applied for a Spend Local card via the online portal, 4% said using the telephone service, whilst 3% said they did not apply.

Respondents aged 65 or over, those with a limiting longstanding illness and those not in paid employment were less likely to say they applied via the online portal and more likely to say they applied using the telephone service. Male respondents and those not in paid employment were more likely to say they did not apply for a Spend Local card.

Respondents who said they had applied via the online portal themselves or with assistance were asked to comment on how easy or difficult they had found the application process. Of the 585 respondents, the majority (95%) said they had found the online application process very easy/easy, whilst 5% said they had found it difficult/very difficult (Figure 4.13).

Figure 4.13: How easy or difficult did you find the application process? (N=585)



Of the 31 respondents who said they had found the online application process difficult or very difficult, the main reasons given for finding the portal difficult to use were the system was slow or had crashed and the application portal was not user-friendly.

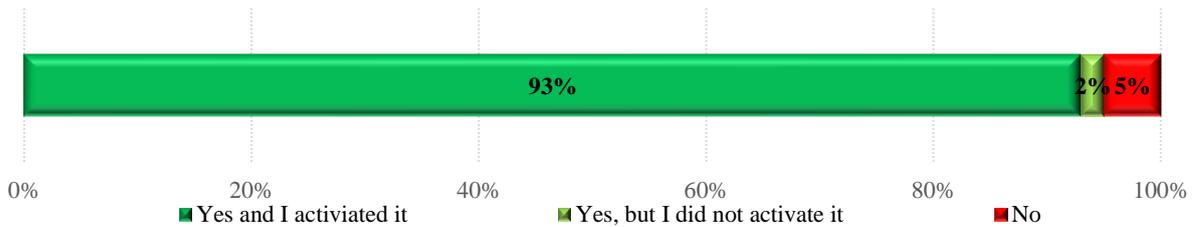
Of the 30 respondents who applied via the telephone service rather than online, the main reasons were that they preferred to apply via telephone, or they could not use the internet. The majority of respondents who had applied using the telephone service advised that they found the application process very easy/easy using the telephone service.

4.4.3 Receipt & Activation of Card

Of the 2,156 respondents, the majority (95%) advised that they had received their Spend Local card. However, 2% suggested that despite receiving the card, they did not activate it.

The remaining 5% stated that they had not received their Spend Local card. However, DfE's published official statistics showed that 99.6% of received Spend Local cards were activated. The Evaluation Team considers that these responses may be influenced by timing differences between the date of the survey and the date on which the card was received.

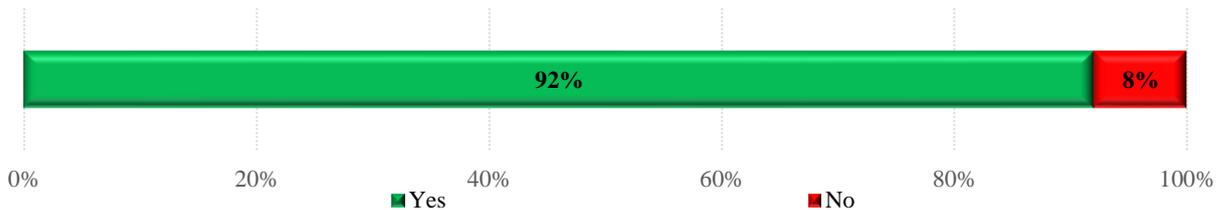
Figure 4.14: Did you receive your Spend Local card? (N=2,156)



4.4.4 Use of Card

Of 678 respondents who said they had used their Spend Local card to buy something, the majority (92%) said they had spent the full £100 that was on their Spend Local card, whilst 8% said they had not.

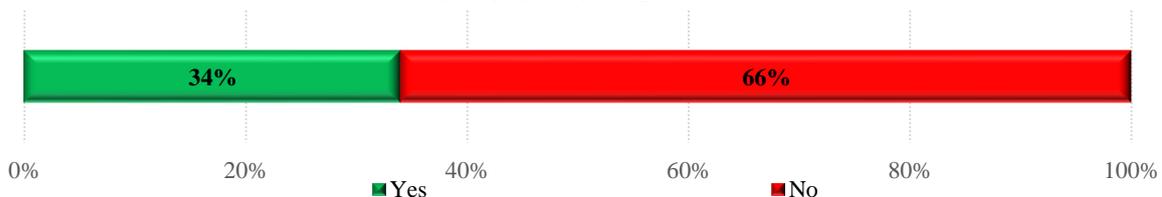
Figure 4.15: Did you spend the full £100, which was on your Spend Local card? (N=678)



Of 40 respondents who said they had not spent the full £100 that was on their Spend Local card, the main reasons given were the balance remaining was too small to go to the effort of spending it and they forgot to spend it.

Of 465 respondents who said they had used their card to buy something, two-thirds (66%) advised that there were no occasions when they needed to add money to pay for their purchase(s), whilst 34% said there were occasions.

Figure 4.16: When you used your Spend Local card, were there any occasions when you needed to add money to pay for your purchase(s)? (N=465)



Of the 154 respondents who said that there were occasions when they needed to add money to pay for their purchase(s) when they had used their Spend Local card, over half (52%) said they had to pay less than £50, just over a quarter (26%) said they had to pay more than £100 and over a fifth (22%) said they had to pay between £50 and £100 in total to complete their purchase(s).

Figure 4.17: On this/these occasion(s), in total, how much extra money did you have to pay to complete your purchase(s)? (N=154)

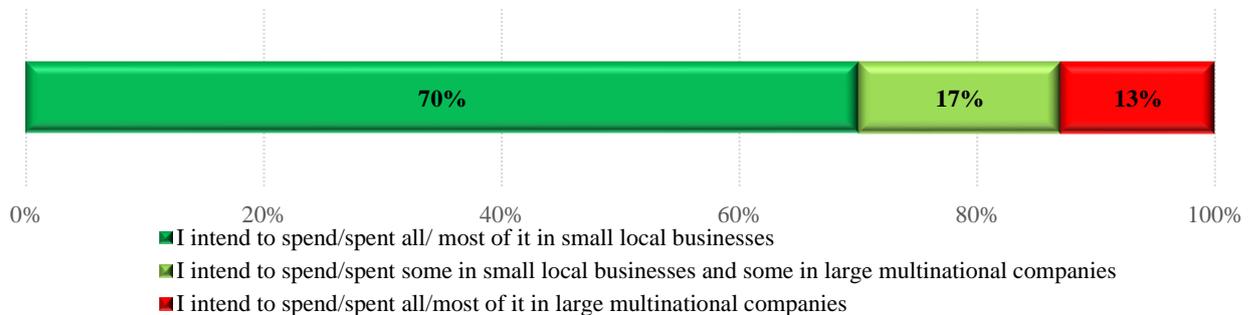


4.4.5 Location of Spend

Although the Spend Local card could be used to purchase goods and services in any business within Northern Ireland that had the facility to accept card payments (bar the exclusions noted in Section 2.2), people were encouraged to spend the money in small local businesses.⁵⁰

Of the 1,446 respondents who said they had applied for a Spend Local card and respondents who said they had used their Spend Local card to buy something, the majority (70%) said they intended to spend or had spent all or most of the £100 in small local businesses. A sixth (17%) said that they intended to spend or had spent some in small local businesses and some in large multinational companies, whilst an eighth (13%) said they intended to spend or had spent all or most of it in large multinational companies.

Figure 4.18: Where do you intend to spend/did you spend the £100? (N=1,446)

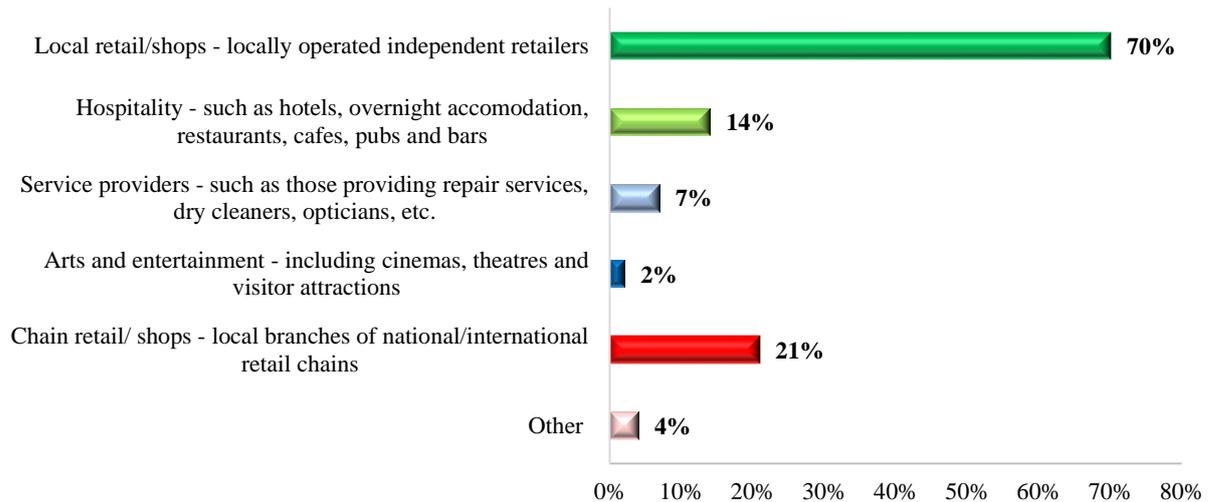


⁵⁰ The card could not be used online or to withdraw cash. It also could not be used for gambling or for paying for some legal and financial services such as mortgages, credit card payments, fines, insurance, and vehicle tax.

Concerning the types of establishments/businesses that respondents used their Spend Local cards in, of 678 respondents:

- The majority (70%) said they had used their Spend Local card in local retail or shops;
- Just over a fifth (21%) said in chain retail or shops;
- A seventh (14%) said in hospitality.

Figure 4.19: What types of establishments/businesses did you use your Spend Local card in? (N=678)⁵¹

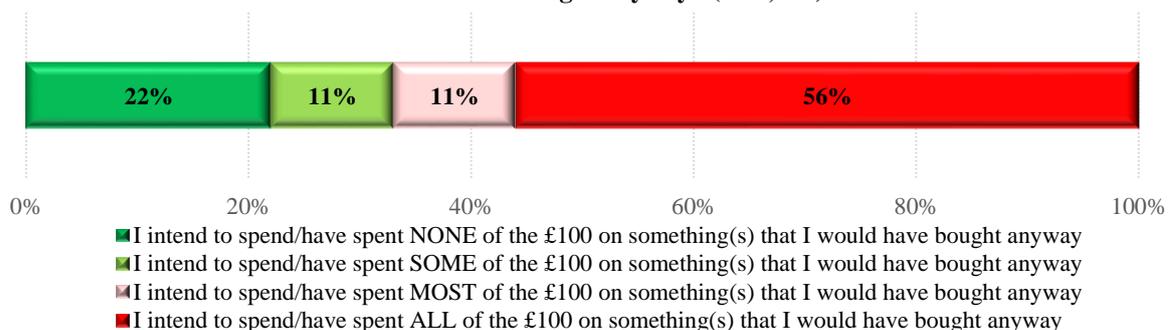


4.4.6 Additionality Associated with Card Expenditure

Respondents who said they had applied for a Spend Local card and respondents who said they had used their Spend Local card to buy something were asked whether they intended to spend or had spent the £100 Spend Local card on something(s) that they would have bought anyway. Of the 2,123 respondents:

- Over half (56%) said they intended to spend or had spent all of the £100 on something they would have bought anyway;
- Over a fifth (22%) said they intended to spend/ or had spent none of the £100 on something that they would have bought anyway;
- Whilst similar proportions (11%) said they intended to spend or had spent most or some of the £100 on something they would have bought anyway.

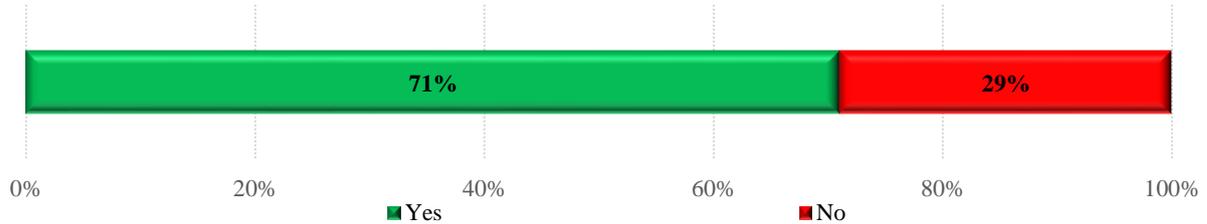
Figure 4.20: Do you intend to spend/have you spent the £100 Spend Local card on something(s) that you would have bought anyway? (N=2,123)



⁵¹ Percentages sum to more than 100% due to multiple responses

Those respondents who said that they intended to spend or had spent all or most of the £100 on something they would have bought anyway were asked whether this had “freed up” any money in their budget. Of the 1,406 respondents, the majority (71%) said this had “freed up” money in their budget, whilst 29% said it had not.

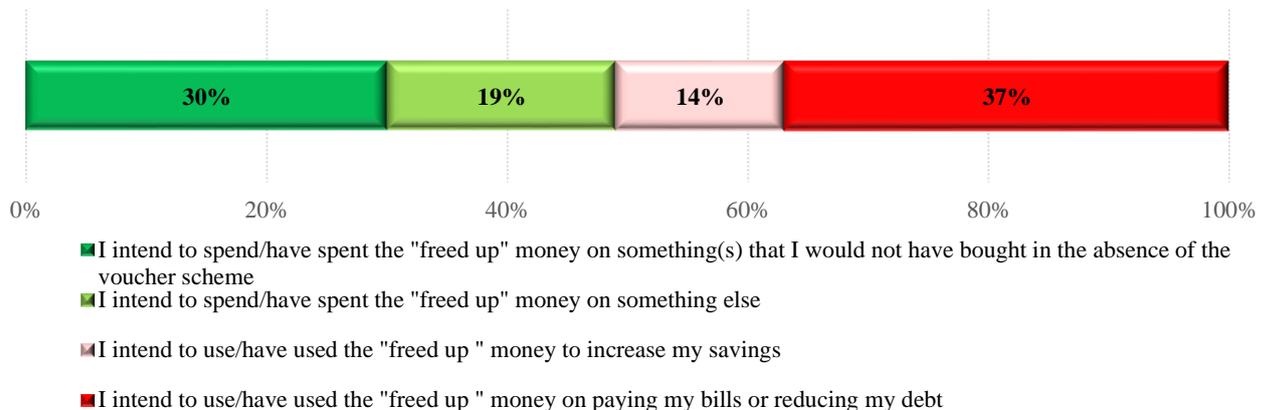
Figure 4.21: Given that you intend to spend/have spent all or most of your £100 Spend Local card on something that you would have bought anyway, has this “freed up” any money in your budget? (N=1,406)



Of the 963 respondents who advised that the £100 Spend Local card had “freed up” money in their budget:

- Over a third (37%) said they intended to spend or had spent the “freed up” money in their budget on paying bills or reducing debt;
- Under a third (30%) said on something they would not have bought in the absence of the Scheme;
- Just under a fifth (19%) said on something else;
- Whilst an eighth (14%) said to increase their savings.

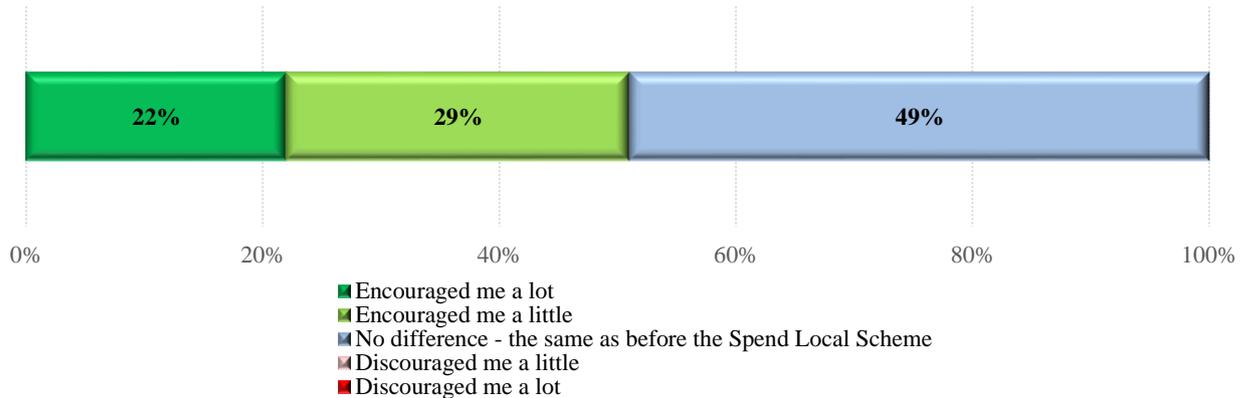
Figure 4.22: How do you intend to use/have you used the “freed up” money in your budget? (N=963)



4.4.7 Impact on Behaviours

Respondents who had applied for a Spend Local card were asked whether (and to what extent) their participation in the Spend Local Scheme had encouraged them to consider spending more with local/independent retailers in future. Of the 2,152 respondents, just over half (51%) said their participation in the Scheme had encouraged them a little or a lot to consider spending more with local or independent retailers in future, whilst under half (49%) said their participation in the Scheme had made no difference to their willingness to spend with local or independent retailers. No respondents were discouraged by their participation in the Scheme to consider spending more with local or independent retailers in future.

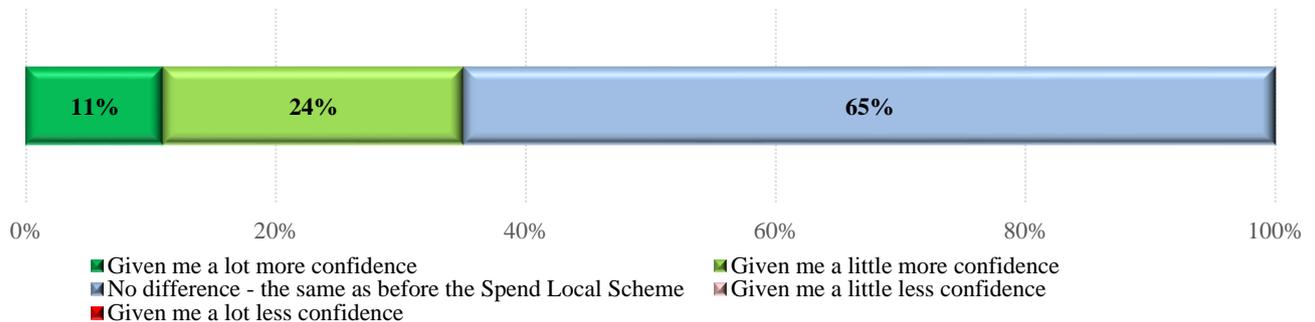
Figure 4.23: To what extent has your participation in the Spend Local Scheme encouraged you to consider spending more with local/independent retailers in future? (N=2,152)



Respondents who said they had applied for a Spend Local card were also asked whether (and to what extent) their participation in the HSS had given them more confidence to start shopping or to spend more with local/independent retailers despite the pandemic. Of the 693 respondents:

- Over a third (35%) said their participation in the Scheme has given them a little or a lot more confidence to start shopping or spend more with local or independent retailers despite the pandemic;
- Whilst under two-thirds (65%) said their participation in the Scheme has made no difference.

Figure 4.24: To what extent has your participation in the Spend Local Scheme given you more confidence to start shopping or spend more with local/independent retailers despite the pandemic? (N=693)



Of 711 respondents, two-thirds (67%) said their shopping habits have not changed since before the introduction of the Spend Local Scheme, whilst just under a fifth (19%) said they are doing less shopping online and going out to the shops more. However, a seventh (14%) said they were doing more shopping online and going out to the shops less.

Figure 4.25: Thinking about your typical shopping habits now compared to before the introduction of the Spend Local Scheme, have they changed? (N=711)



4.5 The Economic Impact of the High Street Scheme

4.5.1 Introduction

Economic impact assessments generally show how organisations, events, sectors, or publicly funded policies and projects have contributed to the economy at either a local, regional or national level.

The aim is to measure additional economic value in the economy – i.e. “net economic impact.” Assessments can measure a variety of economic benefits of interventions, including, for example, changes in economic growth (Gross Value Added (GVA)) or the number of jobs created.

Of note, a range of techniques, such as input-output modelling⁵², capture direct, indirect (relates to supply-chain effects resulting from the direct effect), and induced (pertains to the increases in wage and salary spending by both the direct and indirectly affected) effects – these are often referred to as “multiplier effects”. As reflected in Section 1, the potential for the HSS to provide a ‘multiplier effect’ was a consideration in its development.

The best economic impact calculations follow HM Treasury Green Book standards. The Green Book provides guidance for public sector bodies on how to appraise proposals before committing funds to a policy, programme or project. It is advised by HM Treasury that all new policies, programmes and projects, whether revenue, capital or regulatory, should be subject to comprehensive and proportionate assessment. This is recognised by both the NI Executive and the UK Government and their associated public bodies.

Drawing upon the information presented earlier in the report, the Evaluation Team has sought to assess the economic impact of the NI High Street Scheme on the NI economy. In doing so, the Evaluation Team has:

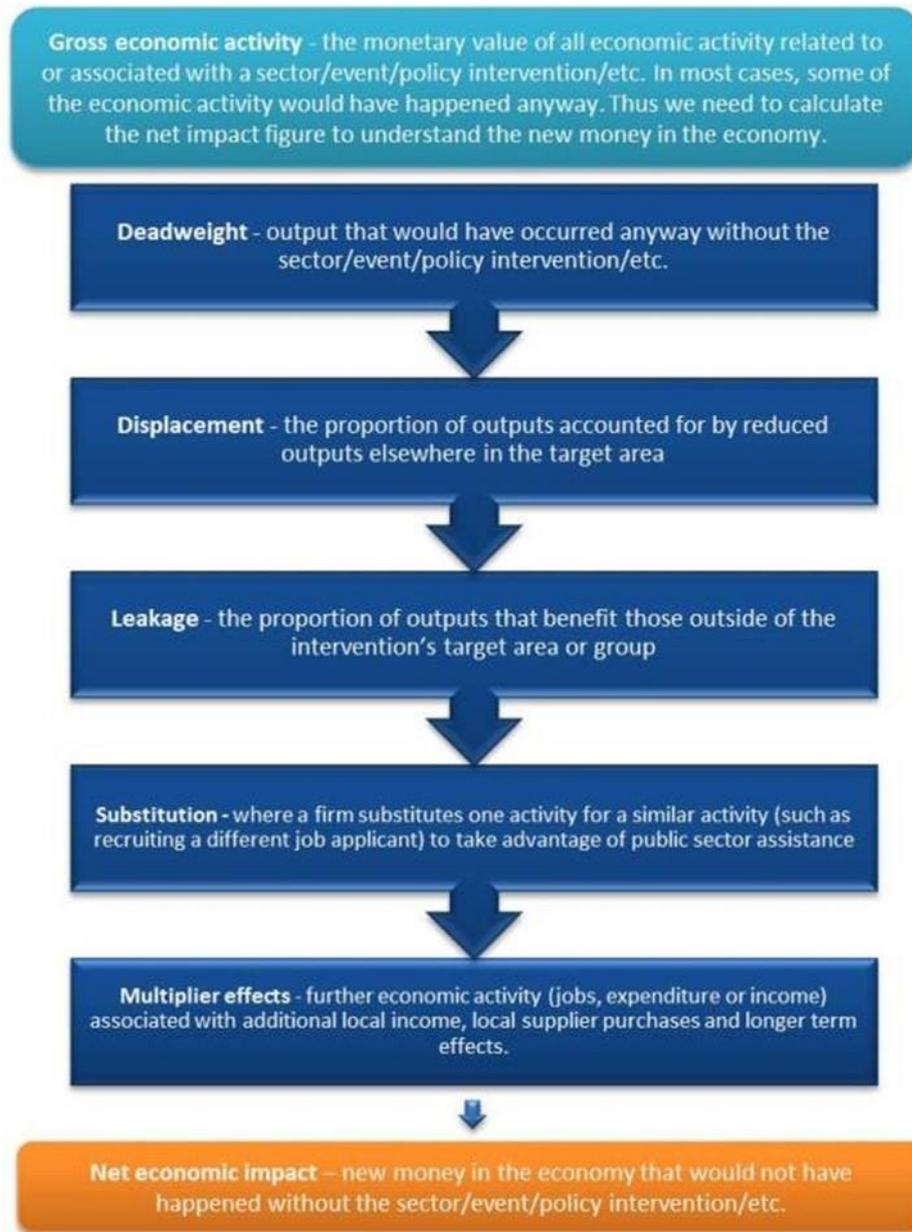
1. Considered the Department for the Economy’s initial projections (and associated methodology) concerning the Scheme’s potential impact before it launched (please see Appendix III for the Evaluation Team’s summary of the work undertaken by the Department). The Evaluation Team notes that it is of the view, that Department’s methodology was robust (given the context of available information and the novelty of the Scheme) and in line with relevant HM Treasury guidance such as that featured in ‘The Green Book’;
2. Sought to mirror the Department’s approach using information relating to the actual outworkings of the Scheme (as presented in Section 3 and earlier in Section 4) and more recent economic statistics (for example, relating to NI-level multiplier effects), where they have become available since the Department undertook its analysis.

Figure 4.26 (overleaf) illustrates the key steps that the Evaluation Team has sought to apply (given available information) to the HSS when considering its economic impact. This approach has allowed the Evaluation Team to consider its impact from several perspectives including its:

- ‘Gross additional’ impact (i.e. the total additional monetary value of all economic activity associated with the Scheme’; and its
- ‘Net additional’ impact (i.e. the new money that was introduced to the NI economy because of the Scheme’).

⁵² Such analysis seeks to provide a complete picture of the flows of goods and services (products) in an economy, for example, over a given year. It considers the relationship between producers and consumers and the interdependencies of industries.

Figure 4.26: Gross to net adjustment steps⁵³



The following sub-sections consider the application of this model, where possible, to the HSS.

⁵³ Source: Scottish Parliament Information Centre (SPICe)

4.5.2 Calculating the HSS' Gross & Net Economic Impacts

Gross Economic Activity

As reflected in Section 3.2, circa 95% of the eligible NI population applied for, and were issued a 'Spend Local' card. By 7 January 2022, the total spend on the activated cards was £136,502,155 (representing 98% of the maximum available monies on the activated cards).

However, as reflected in Sections 2.4 and 3.5, it is understood that a small proportion of applicants encountered issues with their cards. Consequently, in March 2022, the Economy Minister agreed to issue remedy payments, totalling £630,228 to those individuals.

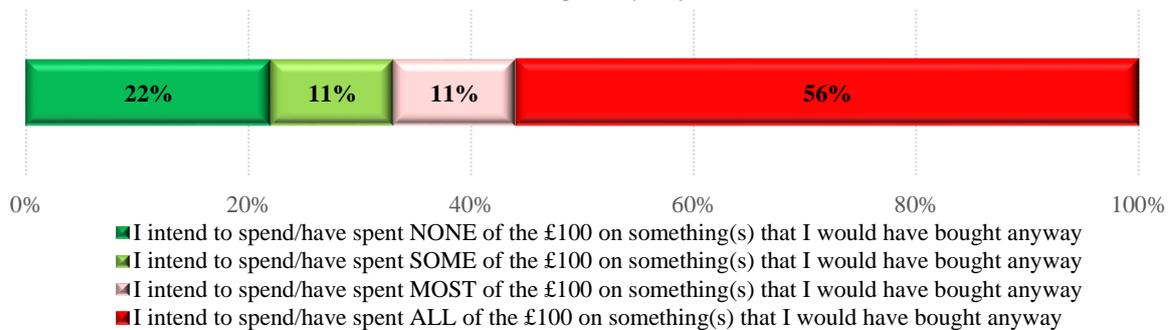
On that basis, the Evaluation Team estimates that 'Gross Economic Activity' (before consideration of deadweight or additionality) associated with card expenditure was £137,132,383.

Consideration of levels of Deadweight associated with Card Expenditure

As reflected in Section 4.46, 2,123 NI citizens who said they had applied for a Spend Local £100 card or said they had used their Spend Local card to buy something were asked whether they intended to spend or had spent the £100 Spend Local card on something(s) that they would have bought anyway. The Evaluation Team considers that responses to this question provide the best indicator of levels of 'Deadweight' (in this case, given a lack of further information, encompassing the concepts of deadweight, displacement and substitution featured in Figure 4.26) associated with the Scheme.⁵⁴

However, to use the profile of responses featured in Figure 4.27, the Evaluation Team has had to assume 'deadweight' weightings associated with each.

Figure 4.27: Do you intend to spend/have you spent the £100 Spend Local card on something(s) that you would have bought anyway? (N=2,123)



The following has been assumed:

- There is full deadweight (i.e. 100%) associated with those respondents/responses that indicated that they intended to spend or had spent all of the £100 on something they would have bought anyway;
- There is no deadweight (i.e. 0%) associated with those respondents/responses that indicated that they intended to spend/ or had spent none of the £100 on something that they would have bought anyway.

⁵⁴ The Evaluation Team considers that the concept of 'direct' leakage is not relevant to the HSS as all card expenditure had to occur within NI, and as such gross expenditure associated with card balances could not occur outside the NI economy.

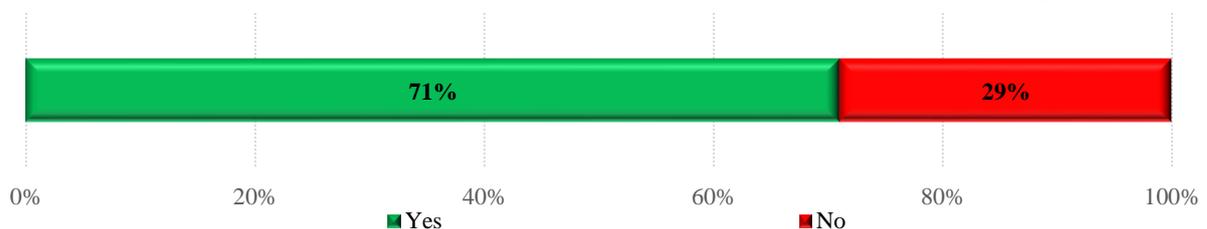
- For the remaining two responses/group of respondents, it is assumed that levels of deadweight lie equidistant between the two extremes (full and zero deadweight) outlined, wherein:
 - Those responses/respondents who advised that they intended to spend or had spent most of the £100 on something they would have bought anyway have been allocated a deadweight score of 66.7%; and
 - Those responses/respondents who advised that they intended to spend or had spent some of the £100 on something they would have bought anyway have been allocated a deadweight score of 33.3%.

Following the suggested deadweight allocations and weightings outlined above, it can be estimated that on an overall basis, there was deadweight of c67% associated with the direct expenditure associated with HSS. For this report, the Evaluation Team has called this Level 1 Deadweight, as illustrated below:

	% of total Respondents	Assumed Level of Deadweight associated with Response	Level 1 Deadweight
Those who intended to spend or had spent <u>all</u> of the £100 on something they would have bought anyway;	56%	100%	56.00%
Those who intended to spend or had spent <u>most</u> of the £100 on something they would have bought anyway.	11%	66.7%	7.33%
Those who intended to spend or had spent <u>some</u> of the £100 on something they would have bought anyway.	11%	33.3%	3.67%
Those who intended to spend/ or had spent <u>none</u> of the £100 on something that they would have bought anyway;	22%	0%	0.00%
Scheme Average			67.00%

However, as reflected in Section 4.4.6, those respondents who said that they intended to spend or had spent all or most of the £100 on something they would have bought anyway were asked whether this had “freed up” any money in their budget. The majority (71%) of those respondents said that the £100 received had served to “free up” money in their budget, whilst 29% said it had not.

Figure 4.28: Given that you intend to spend/have spent all or most of your £100 Spend Local card on something that you would have bought anyway, has this “freed up” any money in your budget? (N=1,406)



Of the 963 respondents who advised that the £100 Spend Local card had “freed up” money in their budget:

- Over a third (37%) said they intended to spend or had spent the “freed up” money in their budget on paying bills or reducing debt;
- Under a third (30%) said on something they would not have bought in the absence of the Scheme;
- Just under a fifth (19%) said on something else;
- Whilst an eighth (13%) said to increase their savings.

The Evaluation Team notes that the responses outlined above indicate that, in some cases, even where the £100 card balances were spent on items that citizens would have bought anyway, the receipt of the £100 card balance had led to additional spend associated with monies that had become ‘freed up’.

To allow for the fact that there is likely to be some aspect of additionality associated with the expenditure of monies that were ‘freed up’ as a result of citizens receiving the £100 Spend Local Card, the Evaluation Team has taken, in our view, a prudent position wherein it is assumed that such additionality only pertains to the 30% of respondents who advised that they spent the ‘freed up’ monies on something they would not have bought in the absence of the Scheme. Therefore, for the remaining 70%, it is considered that there was no additionality associated with the monies ‘freed up’ by the receipt of the £100 Spend Local Card.

For this report, the Evaluation Team has called this Level 2 Deadweight, with the calculations outlined below:

Table 4.2: Calculation of Level 2 Deadweight					
	% of total Respondents	% of Respondents associated with ‘freed up’ expenditure	% of Respondents where there was no additionality associated with the ‘freed up’ expenditure	Assumed Level of Deadweight associated with Response	Level 2 Deadweight
Those that intended to spend or had spent <u>all</u> of the £100 on something they would have bought anyway and no money has been 'freed up'	56%	29%		100%	16.24%
Those who intended to spend or had spent <u>all</u> of the £100 on something they would have bought anyway and money has been freed up to purchase something they would not have bought in the absence of the Scheme;		71%	70%	100%	27.83%
Those that intended to spend or had spent <u>most</u> of the £100 on something they would have bought anyway and no money has been 'freed up'	11%	29%		66.7%	2.13%
Those that intended to spend or had spent <u>most</u> of the £100 on something they would have bought anyway and money has been 'freed up'		71%	70%	66.7%	3.64%
Those who intended to spend or had spent <u>some</u> of the £100 on something they would have bought anyway.	11%			33.3%	3.67%
Those that intended to spend/ or had spent <u>none</u> of the £100 on something that they would have bought anyway.	22%			0%	0.00%
Scheme Average Expenditure Deadweight					53.51%
Non-Deadweight Expenditure					46.49%

Based upon the assumptions and calculations outlined above, the Evaluation Team estimates that the average level of deadweight associated with the expenditure of card balances and monies freed up was 53.51% (and non-deadweight was therefore 46.49%).

Based on the analysis outlined above, the Evaluation Team estimates that **£63,752,845 (46.49%) of the £137,132,383 expenditure associated with card balances and remedy payments was additional.**

Of note, before the Scheme's closure, a Queen's University Belfast (QUB) paper suggested that levels of additionality associated with the Scheme might have been greater than those achieved, noting that:⁵⁵

- The positive effects of the Northern Ireland scheme may not have been maximised due to its continuation through to mid-December, citing the research that had been commissioned by the Department for the Economy that had recommended that the Scheme should have ended before Black Friday events started in late November. QUB further noted that as the rollout of the Scheme had coincided with rising fuel and food prices, the substitution effect may also have been greater than if the Scheme had been launched earlier. That is, there may have been a greater likelihood that individuals would use their card to cover day-to-day expenditures on essentials;
- The Scheme could have been more targeted, citing the Jersey Public Accounts Committee's recommendation that any similar Scheme that it might introduce should explore more effective ways to target the sectors most affected by the lockdown-induced downturn, rather than, for example, grocery retailers and fast-food outlets, which had already benefitted from an increased flow of business during (and because of) lockdown. QUB noted that expenditure on groceries will have a larger substitution effect, as this is a regular and planned expenditure, which in turn will lower the fiscal multiplier.
- There is evidence that a transfer targeted at disadvantaged households provides a stronger boost to overall spending (Andreolli and Surico, 2021).⁵⁶ The QUB paper noted that in Jersey, islanders on income support and selected pensioners had received a further £100 paid directly into their bank account, to help stimulate the economy.
- Finally, the Queen's University paper noted that there is the question of what the opportunity cost of the Scheme is, suggesting, for example, that the money spent on the Scheme could instead have been used, amongst other activities, to maintain the £20 uplift in universal credit in Northern Ireland for one year.

A later QUB paper, published after the Scheme closed, noted that (as reflected in Table 3.4) circa £50.7 million or 43% of HSS spend on retail (or 37% of the Scheme's total spend) was in stores that had been open during the lockdown restrictions of 2020. The vast majority of these were supermarkets.⁵⁷ It further noted by way of comparison, that in its evaluation of Jersey's spend local scheme, the Jersey Public Accounts Committee had been critical that 22% of the spend went to food retailers.⁵⁸ Concerning the expenditure in supermarkets, the later QUB paper suggested that it was very likely that a substantial proportion of this expenditure would have leaked out of the local economy, as many supermarkets are a part of UK-wide chains.

The Evaluation Team considers that the QUB papers have merit and provide scope for further examination should a similar Scheme be required in future. However, in the specific context of the HSS, the following is also noted:

- Whilst research commissioned by DfE before the Scheme's launch had recommended that the Scheme should start in August and run to the beginning of October, it recognised that due to the complexity of the Scheme, the requirement for a frictionless distribution of cards and the importance of a high take-up rate that prioritising the effective launch of the scheme should take precedence over the report's recommendations of timing to maximise its effectiveness. It also recognised that the HSS was of a significantly larger scale than the Jersey Scheme, adding to its complexity.⁵⁹ Consequently, and notwithstanding unforeseen delays influenced by legal procedures in respect of the procurement process for the provision of Spend Local cards which meant that the Scheme could

⁵⁵ <https://www.economicsobservatory.com/what-effect-will-northern-irelands-spend-local-scheme-have-on-the-economy>

⁵⁶ <https://cepr.org/voxeu/columns/smaller-economic-stimulus-payments-could-boost-consumer-spending-more>

⁵⁷ <https://www.economicsobservatory.com/update-what-effect-did-northern-irelands-spend-local-scheme-have-on-the-economy>

⁵⁸ <https://statesassembly.gov.je/scrutinyreports/2021/report%20-%20covid-19%20response%20spend%20local%20scheme%20-%2011%20october%202021.pdf>

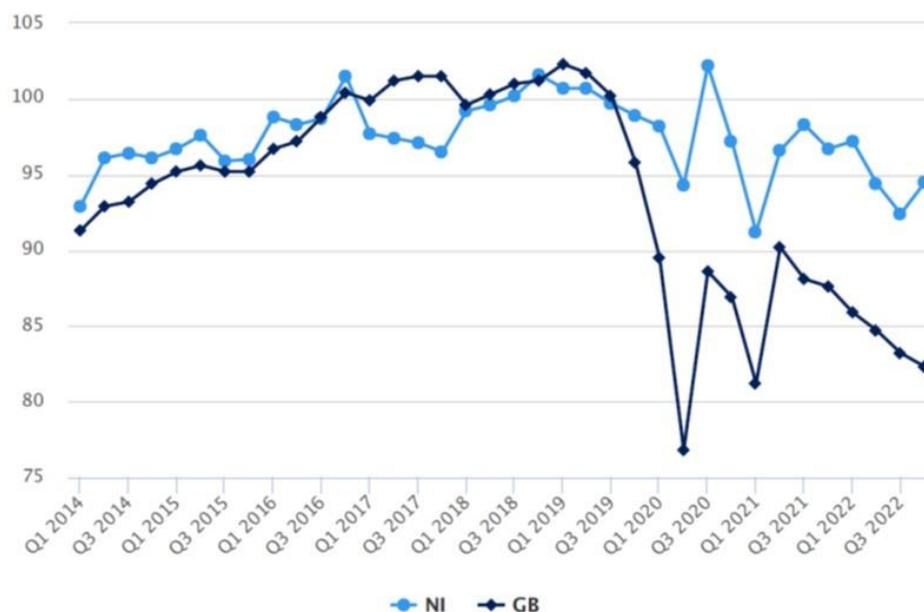
⁵⁹ Research to inform the Northern Ireland High Street Scheme (Retail Economics on behalf of DfE)

not be implemented as early as had been planned, it may be the case that had the HSS been launched earlier than was the case there may have been detrimental consequences upon its overall effectiveness;

- The QUB papers do not consider the Scheme’s wider objectives, which were not only to provide an economic stimulus to the NI economy by encouraging spending in local businesses that had been adversely impacted by the pandemic but also to increase consumer confidence and encourage consumers to physically return to local businesses to purchase goods and services. Notwithstanding the technical challenge (and likely further detrimental impact on the timing of the Scheme’s rollout, if technically possible⁶⁰) that would likely have been associated with targeting the HSS upon only those local businesses that had been forced to close due to pandemic-related restrictions or upon only disadvantaged households, such decisions, if enacted, may have considerably affected the Scheme’s seeming (compared with GB) wider societal impact in driving footfall in local towns and cities.

The Evaluation Team notes that whilst it cannot be known with certainty, and other factors will likely have influenced matters, the Scheme’s impact in encouraging people onto the high street and normalising such activity after the series of pandemic-related lockdowns may have had a medium-term impact on such activity within NI. For example, the quarterly NI Retail Sales Index provides information on the output of the private retail service industries in Northern Ireland. As illustrated in Figure 4.29, before the pandemic, NI’s retail sales output generally tracked closely that of Great Britain. However, since the pandemic, NI’s retail output has generally fared better compared with GB. For example, whilst retail output in NI saw a decrease of 2.3% in 2022, GB’s retail sales output saw a decrease of 6.1% over the year. Furthermore, whilst NI’s RSI output remains (at March 2023) 4.5% below the pre-Coronavirus pandemic level seen in Quarter 4 2019, GB’s RSI output is now 14.1% below the Quarter 4 2019 level.

Figure 4.29: NI Retail Sales Index⁶¹



⁶⁰ That is, for example, it is understood that it was not technically possible to prevent establishments from partaking in the Scheme if they fell into particular Merchant Category Codes (MCCs). Concerning such categorisation, supermarkets are included in the same MCC as independent food retailers.

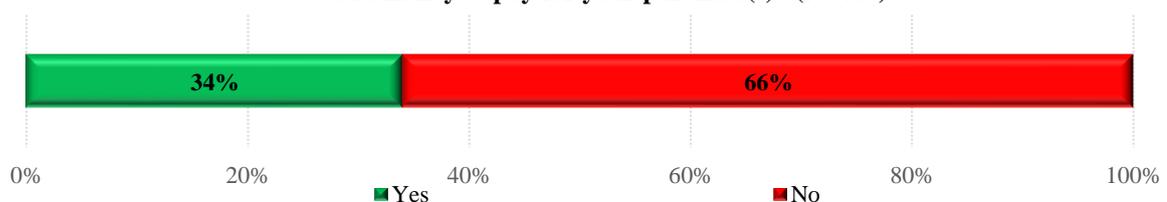
⁶¹ <https://www.nisra.gov.uk/statistics/economic-output-statistics/retail-sales-index>

Concerning both the concepts of additionality and opportunity cost, the Evaluation Team notes that a position could be argued that all £136.5m that was spent on Spend Local cards might be considered additional to the NI economy as it represented additional monies introduced by the UK Government as a consequence of the pandemic. However, the Evaluation Team considers that such a position does not adequately consider the opportunity cost represented by the HSS, whereby the monies allocated to it may have been spent on alternative activities within NI. Indeed, the fact that an opportunity cost likely existed is reflected by the fact that NI was the only jurisdiction of the UK to introduce a scheme similar to the HSS during the pandemic, suggesting that the other jurisdictions prioritised other activities with the equivalent monies provided by the UK Government. The Evaluation Team has no reliable source of evidence upon which to establish such opportunity cost and for that reason considers that the prudent approach is to consider the HSS' additionality from the perspective of recipients' usage of the monies.

Consideration of levels of Additionality associated with Card Expenditure

As reflected in Section 4.4.4, DfE also sought to ascertain whether there had been occasions when those who used their Spend Local cards needed to add money to pay for their purchase. The research undertaken by NISRA indicates that for 34% of individuals who used their card, there were occasions when they needed to add money to pay for their purchase(s).

Figure 4.30: When you used your Spend Local card, were there any occasions when you needed to add money to pay for your purchase(s)? (N=465)



For the respondents who said that there were occasions when they needed to add money to pay for their purchase(s) when they had used their Spend Local card:

- Over half (52%) said they had to pay less than £50;
- Just over a quarter (26%) said they had to pay more than £100; and
- Over a fifth (22%) said they had to pay between £50 and £100 in total to complete their purchase(s).

To allow for the fact that the receipt of the Spend Local cards appears to have influenced expenditure over and above the £100 card balance, the Evaluation Team has taken the following approach:

1. Assumed that for 34% of the 1,393,043 individuals that activated their Spend Local card, there had been occasions where they needed to add money to pay for their purchase;
2. For those individuals:
 - It is assumed that for the 52% that said they had to pay less than £50, the average money added to their purchase was £25 (the midpoint between £0.01 and £50);
 - For the 22% that said they had to pay between £50 and £100 extra in total to complete their purchase(s), the average money added to their purchase was £75 (again taking the midpoint between the two points); and
 - To ensure that a prudent position is adopted, for the 26% that said they had to pay more than £100, it is assumed that the average money added to their purchase was £100 (the lowest value possible for this grouping).
3. Similar to the direct card balance expenditure, it is assumed that 53.51% of the monies that were suggested to be added to card purchases can be considered to be deadweight, and consequently the balance (46.49%) is additional.

These steps are illustrated in the table below:

Metric	No.	Additional Amount Added per Individual	Total
No. of individuals that Activated a Spend Local card	1,393,043		
% of individuals for whom there were occasions when they needed to add money to pay for their purchase(s) when they had used their Spend Local card	34%		
No. of individuals for whom there were occasions when they needed to add money to pay for their purchase(s) when they had used their Spend Local card	473,635		
No. of individuals that had to pay less than £50 (52%) and associated additional spend	246,290	£25	£6,157,250
No. of individuals that had to pay between £50 and £100 in total to complete their purchases (22%) and associated additional spend	104,200	£75	£7,815,000
No. of individuals that had to pay more than £100 (26%) and associated additional spend	123,145	£100	£12,314,500
Total (before application of deadweight)			£26,286,750
% that is not Deadweight			46.49%
Total that is not Deadweight			£12,220,710

Based on the analysis outlined above, the Evaluation Team estimates that a further £12,220,710 of additional expenditure was levered by expenditure associated with card balances and remedy payments.

In total, **this means that the HSS levered circa £75,973,555 of additional expenditure (before the application of multipliers) in the NI economy.**

Identification & Application of Multiplier Effects

If there is an increase in **final use** for a particular industry output, we can assume that there will be an increase in the output of that industry, as producers react to meet the increased use; this is the **direct effect**. As these producers increase their output, there will also be an increase in use on their suppliers and so on down the supply chain; this is the **indirect effect**. As a result of the direct and indirect effects, the level of household income throughout the economy will increase as a result of increased employment. A proportion of this increased income will be re-spent on final products, this is the **induced effect**.

Type I multipliers sum together direct and indirect effects while Type II multipliers **also** include induced effects. Within both categories (Type I and II categories), different multipliers can be employed to measure the effect on different policy targets. Two of the more common are Output multipliers and GVA multipliers. Each sector of the economy has a unique multiplier because each has a different pattern of purchases from firms in and outside the region.

Examples of both types of multipliers are outlined below:⁶²

Output Multiplier	<p>The output multiplier for an industry is expressed as the ratio of direct and indirect (and induced if Type II multipliers are used) output changes to the direct output change due to a unit increase in final use. So multiplying a change in final use (direct impact) for an individual industry's output by that industry's Type I output multiplier will generate an estimate of direct + indirect impacts upon output throughout the NI economy.</p> <p>Using 2018 figures, in a hypothetical example, where there is an increase in final demand of £5m for the 'Motion Picture, Video & TV Programme Production, Sound Recording & Music Publishing Activities & Programming And Broadcasting Activities' industry sector, the direct impact on this industry will be a requirement to increase its total output by £5m, to meet the additional final demand. A change in final demand will always equal the change in direct output as goods and services must be produced to be sold.</p> <p>To estimate the subsequent indirect effects on the industry's suppliers, the direct impact (£5m) is multiplied by the Type I industry output multiplier for this industry grouping (1.49) giving a total of direct plus indirect impact on output of £7.43m.</p> <p>Using the Type II industry output multiplier for this industry grouping (2.07), the total of the direct, indirect and induced impacts on output can be estimated by multiplying it by the direct impact (£5m) to give £10.33m. The induced impact on output can be identified by subtracting the direct plus indirect impact worked out using the Type I multiplier above (£7.43m) from the total of the direct, indirect and induced impacts using the Type II multiplier (£10.33m), resulting in an induced impact on output of £2.90m.</p> <p>The output effect is the direct plus indirect (and induced if Type II effects are used) output impact for every £1m change in final demand for that sector. For output, these two definitions (multipliers and effects) produce the same numbers, because a £1m increase in final demand always leads to a £1m increase in output.</p>
GVA Multiplier	<p>The GVA multiplier is expressed as the ratio of the direct and indirect (and induced if Type II multipliers are used) GVA changes to the direct GVA change. In other words, if you have the change in GVA for the industry the GVA multiplier can be used to calculate the change in GVA for the economy as a whole. This multiplier should therefore be multiplied by the £ change in GVA.</p> <p>A hypothetical change in demand for the "Food Products" industry group that leads to a £10m increase in GVA for that industry, therefore, has a direct impact of £10m. Using 2018 figures, the subsequent indirect effect on this industry's suppliers given the increase in GVA can be estimated by multiplying the direct GVA impact (£10m) by the Type I GVA multiplier for this industry grouping (2.45) giving a total of direct plus indirect impact on GVA of £24.51m.</p> <p>Using the Type II industry GVA multiplier for this industry grouping (3.84), the total of the direct, indirect and induced impacts on GVA can be estimated by multiplying it by the direct impact (£10m) to give £38.41m. The induced impact on GVA can be calculated by subtracting the direct plus indirect impact worked out using the Type I multiplier above (£24.51m) from the total of the direct, indirect and induced impacts using the Type II multiplier (£38.41m), resulting in an induced impact on GVA of £13.90m.</p> <p>The GVA effects describe the amount of GVA directly and indirectly (and induced if Type II effects are used) supported in Northern Ireland due to a £1m increase in final demand. This multiplier should therefore be multiplied by the £ change in final demand. For the HSS, the Evaluation Team's estimate of circa £75,973,542 of additional expenditure (before the application of multipliers) levered by the HSS in the NI economy has been considered to equate to 'final demand'.</p> <p>This means that an increase in £1m of final demand for the "Food Products" Industry is estimated to support £0.58m of GVA using Type I effects (Direct & Indirect), and £0.92m of GVA using Type II effects (Direct, Indirect & Induced).</p>

⁶² Input-Output Analytical Tables and Multipliers 2018 (NISRA, 6th December 2022)

As reflected in Section 1 of this report, the High Street Scheme’s prospective potential to have a multiplier effect was an important consideration in its development. The ability to quantify such multiplier effects is important as it allows economic impact analyses to be carried out on the NI economy.

The Evaluation Team has utilised NISRA’s experimental data concerning Type I and II Output and GVA multipliers in NI for 2018.⁶³ Please note these published results are designated as “experimental” statistics to reflect their status as new official statistics undergoing evaluation. Indeed, the December 2022 publication of Type II multipliers for Northern Ireland (for reference years 2017 and 2018) represents the first time such statistics have been produced for NI. As a result, NISRA urges a degree of caution in their use and interpretation. Nonetheless, they remain the ‘best available evidence’ for this evaluation.

The Evaluation Team has considered both the output and GVA multiplier effect of the HSS. Other information that has informed this analysis includes:

- The profile of Spend Local card expenditure by Standard Industrial Classification (as reflected in full in Appendix II);
- The Evaluation Team’s estimate of circa £75,973,555 of additional expenditure (before the application of multipliers) levered by the HSS in the NI economy.

The outworkings of the Evaluation Team’s Output and GVA multiplier analysis are featured in Tables 4.4 and 4.5 respectively:

⁶³ <https://www.nisra.gov.uk/publications/ni-economic-accounts-project-2017-and-2018-experimental-results> (published on 6th December 2022)

Output Multiplier Effect of the HSS

Table 4.4: Output Multiplier Effect of the HSS						
Industry category	% of Expenditure	Value of Additional Expenditure	Type I Output Multiplier (NI)	Additional Expenditure + Type 1 Multiplier Effect	Type II Output Multiplier (Additional over Type I)	Additional Expenditure + Type I & II Multiplier Effect
G. Wholesale and retail trade, repair of motor vehicles and motorcycles	86.48%	£65,701,171	1.31	£86,073,438	0.71	£132,783,631
I. Accommodation and food service activities	7.47%	£5,677,504	1.39	£7,913,697	0.78	£12,361,512
S. Other service activities	2.87%	£2,181,960	1.22	£2,655,277	0.55	£3,864,537
M. Professional, scientific and technical activities	1.04%	£787,086	1.28	£1,009,076	0.75	£1,599,190
Q. Human health and social work activities	0.52%	£392,024	1.49	£583,704	0.90	£935,268
R. Arts, entertainment and recreation	0.41%	£313,771	1.51	£472,786	0.81	£725,658
N. Administrative and support service activities	0.30%	£228,680	1.30	£298,034	0.95	£514,580
F. Construction	0.19%	£146,629	1.87	£274,327	0.51	£349,508
H. Transportation and storage	0.19%	£140,551	1.32	£185,298	0.60	£270,036
D. Electricity, gas, steam and air conditioning supply	0.13%	£101,805	1.64	£166,535	0.37	£203,936
C. Manufacturing	0.12%	£90,409	1.45	£130,929	0.60	£185,028
A. Agriculture, Forestry and Fishing	0.12%	£88,129	1.60	£140,840	0.48	£183,179
J. Information and communication	0.09%	£66,857	1.33	£88,743	0.88	£147,267
P. Education	0.07%	£55,461	1.23	£68,350	1.21	£135,351
K. Financial and insurance activities	0.00%	£1,519	1.52	£2,317	0.62	£3,258
Total	100%	£75,973,555		£100,063,349		£154,261,940

GVA Multiplier Effect of the HSS

Table 4.5: GVA Multiplier Effect of the HSS							
Industry category	% of Expenditure	Value of Additional Expenditure	NI Type I GVA direct effect	NI Type I GVA indirect effect	Additional Expenditure + Type 1 Effect	NI Type II GVA induced effect (Additional Over NI Type I)	Additional Expenditure + Type I & II Effect
G. Wholesale and retail trade, repair of motor vehicles and motorcycles	86.48%	£65,701,171	0.70	0.16	£57,098,712	0.43	£85,215,963
I. Accommodation and food service activities	7.47%	£5,677,504	0.63	0.19	£4,630,136	0.47	£7,307,504
S. Other service activities	2.87%	£2,181,960	0.77	0.11	£1,931,125	0.33	£2,659,041
M. Professional, scientific and technical activities	1.04%	£787,086	0.68	0.16	£659,720	0.45	£1,014,939
Q. Human health and social work activities	0.52%	£392,024	0.54	0.25	£309,636	0.54	£521,260
R. Arts, entertainment and recreation	0.41%	£313,771	0.51	0.27	£246,438	0.49	£398,655
N. Administrative and support service activities	0.30%	£228,680	0.67	0.18	£194,487	0.57	£324,837
F. Construction	0.19%	£146,629	0.37	0.36	£107,025	0.31	£152,280
H. Transportation and storage	0.19%	£140,551	0.56	0.17	£102,919	0.36	£153,927
D. Electricity, gas, steam and air conditioning supply	0.13%	£101,805	0.44	0.32	£76,604	0.22	£99,118
C. Manufacturing	0.12%	£90,409	0.37	0.21	£52,165	0.36	£84,730
A. Agriculture, Forestry and Fishing	0.12%	£88,129	0.42	0.28	£60,903	0.29	£86,389
J. Information and communication	0.09%	£66,857	0.52	0.19	£47,543	0.53	£82,772
P. Education	0.07%	£55,461	0.79	0.14	£51,577	0.73	£91,908
K. Financial and insurance activities	0.00%	£1,519	0.48	0.29	£1,171	0.37	£1,737
Total	100%	£75,973,555			£65,570,159		£98,195,061

Net Economic Impact

Taking each of the steps noted above into account, the Evaluation Team notes the following:

- Before the consideration of deadweight or additionality, ‘Gross Economic Activity’ associated with card expenditure has been determined to be £137,132,383. This represents the totality of expenditure on activated Spend Local cards (of £136,502,155) plus £630,228 of remedy payments that were made to verified applicants who did not receive their cards in time, verified applicants who had technical difficulties activating their cards and cases where there was evidence of service failure on the part of the Department;
- The Evaluation Team estimates that the average level of deadweight associated with the HSS to have been 53.51% (with non-deadweight therefore 46.49%).
- On that basis, the Evaluation Team estimates that £63,752,845 (46.49%) of the £137,132,383 expenditure associated with card balances and remedy payments was additional.
- However, the Evaluation Team has estimated that card recipients spent, in total, a further £26,286,721 to pay for the purchase(s) that they had made using their cards. This increases the ‘Gross Economic Activity’ associated with card expenditure to £163,419,104;
- Allowing for deadweight, the Evaluation Team estimates that a further £12,220,710 of additional expenditure was levered by expenditure associated with card balances and remedy payments. In total, this means that the HSS levered circa £75,973,555 of additional expenditure (before the application of multipliers) in the NI economy.
- The High Street Scheme’s prospective potential to have a multiplier effect was an important consideration in its development. The ability to quantify such multiplier effects is important as it allows economic impact analyses to be carried out on the NI economy. If there is an increase in final use for a particular industry output, it can be assumed that there will be an increase in the output of that industry, as producers react to meet the increased use; this is the direct effect. As these producers increase their output, there will also be an increase in use on their suppliers and so on down the supply chain; this is the indirect effect. As a result of the direct and indirect effects, the level of household income throughout the economy will increase as a result of increased employment. A proportion of this increased income will be re-spent on final products, this is the induced effect. Each sector of the economy has a unique multiplier because each has a different pattern of purchases from firms in and outside the region.
- Type I multipliers sum together direct and indirect effects while Type II multipliers also include induced effects. Within both categories (Type I and II categories), different multipliers can be employed to measure the effect on different policy targets. Two of the more common are Output multipliers and GVA multipliers.
- The Evaluation Team has utilised NISRA’s experimental data concerning Type I and II Output and GVA multipliers in NI for 2018 and applied these by sector to the additional expenditure levered by the HSS.

The outworkings of the Evaluation Team’s analysis (featured in Tables 4.4 and 4.5 respectively) indicate that the HSS’ net economic impact is reflected by it generating:

- £154,261,940 of additional ‘output’ in the NI economy; and
- £98,195,061 of additional ‘GVA’ in the NI economy.

On that basis, and given the actual cost incurred (of £142,610,968, per Section 3.5) of implementing the Scheme, the Evaluation Team estimates that the NI High Street Scheme provided, in monetary terms, a return on DfE’s investment of:

- £1.08 of additional economic output for every £1 invested; and
- £0.69 of additional GVA for every £1 invested.

The Evaluation Team considers that the first monetary indicator (i.e. economic output/final demand) aligns more closely to the aims (concerning expenditure within local “*bricks and mortar*” businesses) than the GVA of that expenditure, and consequently represents the more appropriate monetary indicator for this Scheme.

5. CONCLUSIONS & RECOMMENDATIONS

This section of the report considers the Evaluation Team's key conclusions and recommendations relating to the implementation of the HSS and its achievements.

5.1 Conclusions

5.1.1 Overarching Conclusion

The first local case of the Coronavirus (COVID-19) pandemic was confirmed in February 2020, and over the following approximate two-year period, a range of restrictions was put in place that followed Public Health guidance. The Pandemic and its associated restrictions resulted in a level of disruption to the economy beyond that experienced at any time during the last century. In terms of scale, the 20.4% contraction in the UK economy between April-June 2020 alone was the largest contraction on record and the decline in GDP in 2020 was the largest in the post-War era.

However, the economic shock was not felt evenly across all sectors. The drop in turnover was more severe for customer-facing and close contact services, such as recreational and personal services, tourism, accommodation, and non-essential retail. Many businesses in these sectors experienced a reduction in sales of between 50% and 80%. The "circuit breaker" restrictions which followed a subdued economic recovery, particularly for the hospitality, close personal services and retail sectors, further impacted the economic shock felt by these sectors.

The enforced closure of the high street combined with the wider prohibitions upon the population itself, therefore, accelerated a pre-pandemic trend of retail from bricks and mortar premises to online outlets. Indeed, many high street businesses were suggested to be operating in survival mode, with considerable job losses reported in the wholesale and retail sector in Northern Ireland throughout the first half of 2021). Consequently, it was considered by many economic commentators (at national and local levels) that they needed an injection of consumer spending when the restrictions were eased, and the local high streets were once again able to open, and businesses were able to welcome customers back through their doors.

In this context, the Department for the Economy developed the High Street Scheme (HSS), which was anticipated to facilitate a financial stimulus to the local economy and encourage people to 'spend local' in those "*bricks and mortar*" businesses that had been severely impacted by the Pandemic (such as retail, entertainment and hospitality).

The results of this evaluation indicate that the HSS was successful in achieving that objective, and has proven to have been a value for money and effective means of addressing some of the immediate challenges that had faced sectors of the NI economy.

Nonetheless, as reflected further below, the Evaluation Team consider that notwithstanding that this was an innovative, one-off Scheme which had to be delivered at pace and one that faced very considerable challenges in design and implementation, coupled with the time lost (over six weeks) due to the writ of summons brought against the Department which prevented the Department from progressing the policy, should a similar Scheme be required again important lessons can be drawn from the HSS to inform such a development.

5.1.2 *The Scheme's Development & Implementation*

An important consideration in the HSS' development and implementation was its uniqueness in a UK context. Whilst similar schemes had been implemented in Jersey and Malta, they also were done so in response to the pandemic and full lessons could not be ascertained at the time that the HSS was being developed. Indeed, given considerable differences in legal systems, citizen database availability etc, many lessons that might have been garnered from those schemes would not have been transferable to the HSS.

On that basis, the HSS was a novel and ambitious development, and one that contained a myriad of challenges and risks that needed to be addressed and mitigated before it could be launched (and indeed during its rollout) to ensure its success. Such challenges and risks included the necessity for the Scheme:

- To be used only in 'bricks and mortar' businesses in NI, to maximise its potential to help those businesses that required it most;
- To have a robust application process to capture citizen data to both ensure applicants received their Spend Local card, but also to counter any potentially fraudulent activity;
- To be effectively promoted, with a clear and persuasive call to action for consumers;
- To distribute the Spend Local cards effectively to facilitate spending on a timely basis;
- To have sufficient flexibility to provide 'real-time' data and analysis.

Given the scale of activity involved and the scale of engagement that was ultimately achieved amongst the eligible population of NI, the Evaluation Team considers that the Department and its partners that were involved in the various aspects of the Scheme's development and implementation successfully navigated almost all challenges encountered on a timely and robust basis.

Indeed, the success of the Scheme's development and implementation is reflected by the fact that the vast majority (95%) of individuals who applied for a Spend Local card via the online portal themselves or with assistance reported that they had found the online application process to be easy or very easy.

Nonetheless, whilst recognising the considerable scope of work undertaken, and acknowledging that available information suggests that the work involved and legal procedures that had to be followed meant that the Scheme could not be launched earlier than was the case, should a similar Scheme be required, every endeavour should be made to ensure that its rollout coincides with what might be determined as the most impactful window in the retail calendar. In the case of the HSS, despite the impacts realised, research that had been commissioned by DfE in advance of the Scheme's launch indicates that the Scheme should ideally have started in August and finished in October. Given historic patterns of retail spend, this was considered to represent a typically slow period for retail businesses and consequently one where the Scheme's impact might be best realised.

Albeit, and as reflected further in the following sub-section, it should be recognised that the Scheme's timing might well have been advantageous as it coincided with the ending of the Coronavirus Job Retention Scheme (on 30 September 2021) and might therefore have assisted the high street to both navigate that transition alongside a traditional 'leaner' period ahead of Christmas.

5.1.3 The Scheme's Impact & Value for Money

The Evaluation Team considers that the HSS delivered a variety of monetary and wider non-monetary/societal benefits for both consumers and businesses within a Covid-19 context. These include:

- Before the consideration of deadweight, 'Gross Economic Activity' associated with card expenditure and additional expenditure incurred by card recipients to pay for the purchase(s) that they had made using their cards has been estimated to be £163,419,104;
- Allowing for Scheme deadweight (estimated to have been 53.51%), the Evaluation Team estimates that the HSS levered circa £75,973,555 of additional expenditure (before the application of multipliers) in the NI economy.
- The High Street Scheme's prospective potential to have a multiplier effect was an important consideration in its development. Two of the more commonly cited multipliers are Output multipliers and GVA multipliers. Using NISRA's experimental data concerning Type I and II Output and GVA multipliers in NI for 2018 and applying these by sector to the additional expenditure levered by the HSS, the Evaluation Team's analysis indicates that the HSS' net economic impact is reflected by it generating:
 - £154,261,940 of additional 'output' in the NI economy; and
 - £98,195,061 of additional 'GVA' in the NI economy.

On that basis, and given the actual cost incurred (of £142,610,968) of implementing the Scheme, the Evaluation Team estimates that the NI High Street Scheme provided, in monetary terms, a return on DfE's investment of:

- £1.08 of additional economic output for every £1 invested; and
- £0.69 of additional GVA for every £1 invested.

The Evaluation Team considers that the first monetary indicator (i.e. economic output/final demand) aligns more closely to the aims (concerning expenditure within local "bricks and mortar" businesses) than the GVA of that expenditure, and consequently represents the more appropriate monetary indicator for this Scheme.

Whilst the monetary impacts associated with the HSS provide a strong indication that the Scheme represented value for money, such a conclusion is further reinforced by a range of wider non-monetary/societal benefits for both consumers and businesses that are associated with the Scheme.

From a consumer perspective, these include:

- Over a third (35%) of NI Citizens were of the view that their participation in the Scheme had given them a little or a lot more confidence to start shopping or spend more with local or independent retailers despite the pandemic;
- Nonetheless, it is recognised that many behaviours formed during the pandemic have stuck; such as a greater proportion of shopping conducted online, more people working from home, and ongoing fears around the pandemic. As a result, footfall across retail and recreation in Northern Ireland remains significantly below pre-pandemic levels. Such behaviours have likely been exacerbated by lower levels of consumer confidence influenced by the cost of living crisis that has become more pronounced throughout 2022. However, within this context, the HSS arguably provided a strong impetus for consumers to venture out of their homes and return to local high streets, shopping centres and city centres to spend in physical locations. Indeed, during the period that the HSS was implemented, data from the Northern Ireland Retail Consortium indicates that footfall across NI was stronger than any other part of the UK, with footfall across Northern Ireland 5.2% less than November 2019 levels, which was considerably stronger than the UK's average decline of 15.7% over the same period.

- Furthermore, whilst the Evaluation Team recognises that it cannot be known with certainty, and other factors will likely have influenced matters, the Scheme’s impact in encouraging people onto the high street and normalising such activity after the series of pandemic-related lockdowns may have had a medium-term impact on such activity within NI. For example, before the pandemic, NI’s retail sales output generally tracked closely that of Great Britain. However, since the pandemic, NI’s retail output has generally fared better compared with GB, with retail output in NI seeing a decrease of 2.3% in 2022, compared to GB, where retail sales output saw a decrease of 6.1% over the year. In addition, whilst NI’s retail output remains (at March 2023) 4.5% below the pre-Coronavirus pandemic level seen in Quarter 4 2019, GB’s RSI output is now 14.1% below the Quarter 4 2019 level.
- Just over half (51%) of NI Citizens who had applied for a Spend Local reported that their participation in the Scheme had encouraged them to consider spending more with local or independent retailers in future.

Support for the HSS amongst independent retail and hospitality businesses has proven to have been almost uniformly positive, with businesses reporting a variety of impacts including:

- Eight in ten (81%) independent retail and hospitality businesses across NI were of the view that the HSS was a good idea for the NI economy with a similar proportion (80%) in agreement that the Scheme had helped support small independent businesses. The vast majority also agreed that the Scheme had encouraged people to visit local high streets and businesses (85%) and had helped boost consumer confidence (74%), reflecting the positive footfall statistics recorded during the period.
- Two-thirds (65%) of independent retail, hospitality and leisure businesses were also in agreement that the positive impact of the Scheme manifested in *better-than-expected* sales for the trading period; whilst almost half (47%) reported that the Scheme had helped strengthen their finances compared with their expectations. Such results suggest that the Scheme provided a boost for many small businesses across NI following a period of considerable hardship;
- Both small retail and hospitality businesses were in broad agreement that the Scheme had helped to safeguard jobs. Indeed, 69% of independent retailers and 61% of independent hospitality businesses agreed that this was the case.
- The additional expenditure levered by the Spend Local Cards was also recognised by businesses, with circa three quarters (77%) of small retailers and hospitality businesses of the view that the HSS had encouraged spending that was ‘additional’ to what would otherwise have been spent.
- Ultimately, over three-quarters (78%) of independent retail and hospitality businesses considered the Scheme to have been an effective way to stimulate the economy.

5.1.4 Achievement of Scheme Objectives

As reflected in Section 1, the Scheme was created to support the following four broad objectives. The Evaluation Team considers that the findings presented in this report indicate that the HSS successfully achieved each of those objectives, as reflected below:

Objective	Evaluation Team’s Commentary
1. To inject funding into the high street economy that will lead to an increase (through multipliers) in the overall economy by December 2021.	<p>As reflected above, the Evaluation Team estimates that the HSS injected £163.4m into NI’s high street economy.</p> <p>Allowing for deadweight and also additional expenditure that was levered by card expenditure and the subsequent application of sectoral level multipliers, the Evaluation Team’s analysis indicates that the HSS’ net economic impact is reflected by it generating:</p> <ul style="list-style-type: none"> ➤ £154,261,940 of additional ‘output’ in the NI economy; and ➤ £98,195,061 of additional ‘GVA’ in the NI economy. <p>Both results would not have occurred in the absence of the HSS.</p>
2. To provide an economic stimulus to the NI economy by	Analysis of card expenditure indicates that over three-fifths (62%) of expenditure associated with the HSS was spent in businesses that had

Objective	Evaluation Team's Commentary
encouraging spending in local businesses that have been adversely impacted by the pandemic	<p>been required by regulations to close during 2020, and therefore most directly impacted by the Covid-related lockdown requirements.</p> <p>Furthermore, two-thirds (65%) of independent retail, hospitality and leisure businesses reported that the Scheme had resulted in <i>better-than-expected</i> sales for the trading period; whilst almost half (47%) reported that the Scheme had helped strengthen their finances compared with their expectations. Such results suggest that the Scheme provided a boost for many small businesses across NI following a period of considerable hardship.</p>
3. To increase consumer confidence and encourage consumers to physically return to local businesses to purchase goods and services.	<p>Whilst most (65%) of NI citizens were of the view that the receipt of the Spend Local card had not impacted their confidence to start shopping or to spend more with local/independent retailers despite the pandemic, for more than a third (35%) of consumers, it had given them a little or a lot more confidence to start shopping despite the pandemic.</p> <p>Furthermore, most of the independent retail and hospitality businesses across NI were of the view that the HSS had encouraged people to visit local high streets and businesses (85%) and had helped boost consumer confidence (74%) to physically return to local businesses to purchase goods and services.</p>
4. To protect jobs in the high street economy by December 2021.	<p>Both small retail and hospitality businesses were in broad agreement that the Scheme had helped to safeguard jobs. Indeed, 69% of independent retailers and 61% of independent hospitality businesses agreed that this was the case.</p> <p>Whilst not the key focus of the HSS (given that many were able to continue to trade throughout the pandemic), two-thirds (67%) of large retailers also advised that the Scheme had helped safeguard jobs.</p>

5.1.5 The Requirement for Further Work/Research

The Evaluation's Terms of References has asked the Evaluation Team to consider whether any further work is required e.g. monitoring the longer-term impact of the intervention on the performance of the high street. Concerning this, the Evaluation Team considers that the HSS was an effective, but tactical, scheme that sought to address/alleviate the considerable hardship faced by many local businesses that had been forced to close, or been otherwise, adversely impacted by the pandemic.

In our view, however, there would be little merit in commissioning further work that focuses on the impact of the HSS. Where further impacts might be generated beyond those captured in this report, the Evaluation Team considers that with the passage of time and a large number of confounding variables (such as the current cost of living crisis, high levels of inflation, increasing interest rates, greater numbers of individuals working from home etc.), they would be disproportionately difficult to reliably measure.

5.2 Recommendations

From several perspectives, the HSS was a highly successful intervention, and all the more so given its degree of novelty in a UK context. Consequently, the Evaluation Team has only a small number of recommendations:

1. Should a similar Scheme be required, every endeavour should be made to ensure that its rollout coincides with what might be determined as the most impactful window in the retail calendar. In the case of the HSS, despite the impacts realised, research that had been commissioned by DfE in advance of the Scheme's launch indicates that the Scheme should ideally have started in August and finished in October. Given historic patterns of retail spend, this was considered to represent a typically slow period for retail businesses and consequently one where the Scheme's impact might be best realised.⁶⁴
2. Whilst the majority of expenditure associated with the Spend Local cards was with businesses that had been required by regulations to close during 2020, and therefore most directly impacted by the Covid-related lockdown requirements, some were not. Whilst perhaps overly simplistic from a technical perspective (i.e. associated with the functionality of the cards), if possible, should a similar Scheme be required, further consideration should be given to whether a greater degree of targeting on those most adversely affected by the crises is possible.

Albeit bar any technical constraints, the Evaluation Team notes that such restrictions might be more difficult to communicate effectively to consumers (and possibly create an overly prescriptive and inappropriate position whereby the Government would tell people what they can and cannot spend their vouchers on) and would limit the considerable flexibility that was a feature of the HSS and may well have been one of the Scheme's key strengths. Such risks could impact people's willingness or propensity to take up the voucher, and in turn, reduce overall spending.

⁶⁴ Albeit the Evaluation Team recognises that in the case of the HSS, the research commissioned by DfE also stated that due to the complexity of the Scheme, the requirement for a frictionless distribution of cards and the importance of a high take-up rate that prioritising the effective launch of the scheme should take precedence over the report's recommendations of timing to maximise its effectiveness.

Appendix I – Number of Businesses Closed by Covid-19 Regulations

In Northern Ireland, the immediate range and nature of the first wave of restrictions in terms of social and economic activities and the specification of individuals subject to specific measures were detailed in the Department of Health’s Coronavirus Restrictions Regulations that commenced operation on the 28th of March 2020. Amendments, adjustments and clarifications to these initial Regulations were made on a subsequent ongoing basis.

In addition to a suite of restrictions and guidance focused on the general movement and gatherings of the population, those Regulations listed a range of businesses and business activities subject to a range of measures, including closure, for the duration of the “emergency period”. For retail, in particular, outlets were classed as either essential or non-essential. Subsequently, with the easing of the pandemic during the Summer months and the rise of infection rates in the early Autumn of 2020, the second set of restrictions was made operational by Regulations from the 16th of October 2020 albeit ‘lighter in touch’ in comparison to those around Spring 2020.

Analytical work was taken forward by statisticians in the Analytical Services Division of the Department for the Economy to attempt to describe and quantify the scale and nature of those businesses and the associated employment impacted directly in terms of a requirement to close their premises. The Steps taken included:

Step 1.	Scrutinising the Regulations and Amendments made, manually mapping the business activities identified in the Spring and Autumn 2020 Regulations which were required to close, to Standard Industrial Classification (SIC) codes. SIC codes are a numerical classification system for business activity used extensively for analytical, statistical and research purposes within Government and Academia. On that basis, two separate lists of SIC codes for businesses required to close in the Spring and Autumn of 2020 respectively were derived. In practice, the Autumn Regulations were a smaller subset of the broader coverage of the Regulations of Spring 2020.
Step 2.	The mapping of the Regulations to SIC codes was cross-checked, queried and reviewed against official guidance issued in support of the Regulations. In the main, the mapping of the business activity covered by the Regulations to SIC codes was straightforward. There were a small number of instances which required discussion and an element of judgement in coming to a final decision.
Step 3.	<p>A range of business survey data relating to Pay As You Earn (PAYE) and/or VAT-registered businesses was accessed and analysed based on the list of businesses identified above, to assess the scale of impact. That data included:</p> <ul style="list-style-type: none"> • Inter-Departmental Business Register (IDBR) – for business counts • Annual Business Inquiry (ABI) and the Broad Economy Sales and Export Statistics (BESES) – for: <ul style="list-style-type: none"> ➤ Turnover ➤ Approximate Gross Value Added ➤ Number of Exporters/External sellers ➤ Number of Importers/External purchasers ➤ Value of Exports/External sales ➤ Value of sales ➤ Cost of Imports/External Purchases ➤ Cost of purchases ➤ Total employment costs • Business Register and Employment Survey (BRES) – for: <ul style="list-style-type: none"> ➤ Total employees ➤ Male Full Time ➤ Female Full Time ➤ Male Part Time ➤ Female Part Time • Annual Survey of Hours and Earnings (ASHE) – for: <ul style="list-style-type: none"> ➤ Gross pay (excluding overtime) ➤ Basic paid Hours (excluding overtime) (hourly, weekly, annual)

Appendix I – Number of Businesses Closed by Covid-19 Regulations

The outturn of this work was estimates of the scale and impact of the closure of businesses as required by the Spring and Autumn 2020 Covid Regulations.

The Table below illustrates the number of PAYE and/or VAT-registered businesses required to close under the Spring and Autumn 2020 Covid Regulations. For Spring 2020, a total of 9,558 businesses were estimated to be required to close by Regulations compared to 5,109 businesses in the Autumn of 2020. Given that the data related to businesses registered for PAYE/VAT purposes, the analyses did not cover any business activity that did not reach the VAT threshold for registration or operated a PAYE scheme. Coverage was therefore likely to underestimate the actual number and scale of business activity impacted.

Table 1: The number of PAYE and/or VAT registered businesses required to be closed by the Spring and Autumn 2020 Covid Regulations				
Standard Industrial Classification (3-digit level)	Spring Regulations		Autumn Regulations	
	No.	%	No.	%
Sale of motor vehicles	871	9%		
Retail sale of information and communication equipment in specialised stores	137	1%		
Retail sale of other household equipment in specialised stores	688	7%		
Retail sale of cultural and recreation goods in specialised stores	297	3%		
Retail sale of other goods in specialised stores	1,606	17%		
Retail sale via stalls and markets	6	0%		
Retail trade not in stores, stalls or markets	125	1%		
Hotels and similar accommodation	169	2%	169	3%
Holiday and other short-stay accommodation	117	1%	117	2%
Camping grounds, recreational vehicle parks and trailer parks	42	0%	42	1%
Other accommodation	22	0%	22	0%
Restaurants and mobile food service activities	1,412	15%	1,412	28%
Event catering and other food service activities	139	1%	139	3%
Beverage serving activities	962	10%	962	19%
Motion picture, video and television programme activities	13	0%	13	0%
Renting and operating of own or leased real estate	11	0%	11	0%
Other education			25	0%
Creative, arts and entertainment activities	138	1%	138	3%
Libraries, archives, museums and other cultural activities*	40	0%	34	1%
Gambling and betting activities	97	1%	97	2%
Sports activities	535	6%		
Amusement and recreation activities	117	1%	117	2%
Repair of computers and communication equipment	87	1%		
Repair of personal and household goods	116	1%		
Other personal service activities	1,811	19%	1,811	35%
Total Business Closed	9,558	100%	5,109	100%

Appendix II – Detailed High Street Scheme Spend & Transactions by Standard Industrial Classification

Appendix II – Detailed High Street Scheme Spend & Transactions by Standard Industrial Classification

Table 1: Spend Local card expenditure by Standard Industrial Classification in all businesses and in businesses required to close by 2020 Covid-19 Regulations					
Industry category	All Spend		Spend in businesses required to close by 2020 Regulations		Proportion of category spend in businesses required to close by 2020 Regulations
	£	%	£	%	%
A. Agriculture, Forestry and Fishing	157,751	0%			
B. Mining and quarrying					
C. Manufacturing	162,644	0%	63,925	0%	39%
D. Electricity, gas, steam and air conditioning supply	182,542	0%			
E. Water supply, sewerage, waste management and remediation activities	404	0%			
F. Construction	263,097	0%	69,618	0%	26%
G. Wholesale and retail trade, repair of motor vehicles and motorcycles	118,045,603	87%	67,748,020	80%	57%
H. Transportation and storage	252,913	0%	104,413	0%	41%
I. Accommodation and food service activities	10,201,406	8%	10,201,406	12%	100%
J. Information and communication	120,109	0%	89,087	0%	74%
K. Financial and insurance activities	3,872	0%	3,872	0%	100%
L. Real estate activities					
M. Professional, scientific and technical activities	1,414,180	1%	1,095,044	1%	77%
N. Administrative and support service activities	411,022	0%	405,668	1%	99%
O. Public administration and defence; compulsory social security					
P. Education	99,169	0%	38,266	0%	39%
Q. Human health and social work activities	703,725	1%	624,422	1%	89%
R. Arts, entertainment and recreation	563,653	0%	563,653	1%	100%
S. Other service activities	3,920,064	3%	3,903,110	5%	100%
T. Activities of households as employers, undifferentiated goods & services					
U. Activities of extraterritorial organisations and bodies					
Total	136,502,155	100%	84,910,504	100%	62%

Appendix II – Detailed High Street Scheme Spend & Transactions by Standard Industrial Classification

Table 2: Spend Local card transactions by Standard Industrial Classification in all businesses and in businesses required to close by 2020 Covid-19 Regulations.					
Industry category	All Transactions		Transactions in businesses required to close by 2020 Regulations		Proportion of all transactions in businesses required to close by 2020 Regulations
	N	%	N	%	%
A. Agriculture, Forestry and Fishing	1,921	0%			
B. Mining and quarrying					
C. Manufacturing	2,275	0%	833	0%	37%
D. Electricity, gas, steam and air conditioning supply	2,245	0%			
E. Water supply, sewerage, waste management and remediation activities	5	0%			
F. Construction	3,507	0%	848	0%	24%
G. Wholesale and retail trade, repair of motor vehicles and motorcycles	3,120,969	84%	1,363,297	71%	44%
H. Transportation and storage	16,088	0%	7,372	0%	46%
I. Accommodation and food service activities	434,246	12%	434,246	23%	100%
J. Information and communication	5,047	0%	4,470	0%	89%
K. Financial and insurance activities	250	0%	250	0%	100%
L. Real estate activities					
M. Professional, scientific and technical activities	18,650	1%	12,762	1%	68%
N. Administrative and support service activities	5,013	0%	4,937	0%	98%
O. Public administration and defence; compulsory social security					
P. Education	4,148	0%	1,487	0%	36%
Q. Human health and social work activities	18,873	1%	17,831	1%	94%
R. Arts, entertainment and recreation	12,444	0%	12,444	1%	100%
S. Other service activities	67,928	2%	67,697	4%	100%
T. Activities of households as employers, undifferentiated goods & services					
U. Activities of extraterritorial organisations and bodies					
Total	3,713,609	100%	1,928,474	100%	52%

Appendix II – Detailed High Street Scheme Spend & Transactions by Standard Industrial Classification

Table 3: Spend Local card average transaction spend by Standard Industrial Classification in all businesses and in businesses required to close by 2020 Covid-19 Regulations			
Industry category	All average transaction spend (£)	Average transaction spend businesses required to close by 2020 Regulations (£)	Percentage difference
A. Agriculture, Forestry and Fishing	82		
B. Mining and quarrying			
C. Manufacturing	70	77	10%
D. Electricity, gas, steam and air conditioning supply	81		
E. Water supply, sewerage, waste management and remediation activities	81		
F. Construction	81	82	1%
G. Wholesale and retail trade, repair of motor vehicles and motorcycles	54	56	4%
H. Transportation and storage	36	42	17%
I. Accommodation and food service activities	43	43	0%
J. Information and communication	43	20	-53%
K. Financial and insurance activities	15	15	0%
L. Real estate activities			
M. Professional, scientific and technical activities	64	70	9%
N. Administrative and support service activities	65	64	-2%
O. Public administration and defence; compulsory social security			
P. Education	47	31	-34%
Q. Human health and social work activities	60	57	-5%
R. Arts, entertainment and recreation	40	40	0%
S. Other service activities	63	61	-3%
T. Activities of households as employers, undifferentiated goods & services			
U. Activities of extraterritorial organisations and bodies			
Total	54	54	0%

Appendix III – DfE’s Assessment of Anticipated Scheme Impact

As reflected in Section 1, the preferred option for the delivery of the Scheme was to operate a ‘pull model’ where citizens could apply for a pre-paid card and upon their application being validated, be issued a card loaded with £100 of funding.

The economic assumptions underpinning the original rationale for the Scheme are understood to be as follows:⁶⁵

Table 1: Scheme Assumptions		
	Assumption	Source/Basis
1	An eligible population of c1.5mn	NISRA’s initial population estimates had suggested that 1.4m citizens would be in scope, giving a Gross Economic Activity (GEA) of £140mn if all citizens applied for and spent all of their balances (£100 each). However, during the summer of 2021, NISRA advised the Department that it should revise its eligible population estimate from 1.4m to 1.5m due to a potential underestimation in its initial figures. Under the proposed Scheme, citizens resident in NI and aged 18+ (including those whose birthday fell during the window when the application portal was live) were eligible for a card.
2	An uptake rate of 95%	Jersey’s Spend Local Scheme sent out £100 pre-paid cards to each eligible citizen. In the Scheme’s final report, 97.5% of eligible islanders activated their cards. However, this represented a major distinction between the HSS and the Jersey scheme in that the HSS intended to invite citizens to apply rather than sending the pre-paid cards directly to citizens. Consequently, the Department assumed a lower uptake rate (of 95%) compared to Jersey (i.e. 2.5% lower than the uptake rate observed in Jersey’s scheme).
3	2% of all activated balances would remain unspent.	The Jersey scheme had also observed that 2% of all activated balances remained unspent. Consequently, DfE considered that it would be reasonable to assume that a similar proportion (i.e. 2%) of the potentially activated balances would go unspent and incorporated this assumption into their models.
4	20%-to-30% of Scheme expenditure would be attributed to deadweight, displacement, leakages and substitution. Albeit, it was noted that Northern Ireland has never previously launched a scheme similar to the HSS and as such, there was no precedent for what a realistic estimate of deadweight etc. might be.	<ul style="list-style-type: none"> • Furthermore, it was anticipated that there would be a proportion of Scheme expenditure that should be attributed to deadweight, displacement, leakages and substitution. Concerning the HSS, DfE considered that this would be best interpreted as the proportion of expenditure (i.e. card funding) that would be used to purchase goods and services that would have been purchased anyway. DfE noted that this summary was perhaps best reflected in the definitions of: <ul style="list-style-type: none"> ➤ Deadweight (output that would have occurred anyway without the sector/event/policy intervention/etc.); and ➤ Displacement (the proportion of outputs accounted for by reduced outputs elsewhere in the target area.) respectively. <p>Of importance, given that Northern Ireland had no previous experience with schemes similar to the HSS there was no known precedent for what a realistic estimate of deadweight etc. might be.</p> <ul style="list-style-type: none"> • It is understood that the Departmental considered that a compound rate of between 20% and 30% of all card expenditure might be attributed to deadweight (for simplicity, this one term was used to encapsulate all aspects of deadweight, displacement, leakages and substitution). This was informed by two sources of information: <ul style="list-style-type: none"> ➤ A net balance of 31% of consumers had indicated that they would spend the voucher on something that they had intended to buy anyway. This finding had been drawn from the ‘Research to inform the Northern Ireland High Street Scheme’ report by Retail Economics which had been commissioned by the Department.⁶⁶ ‘As part of the research, Retail Economics conducted a consumer panel survey from a sample of 1,000 households in Northern Ireland reflecting a nationally representative balance

⁶⁵ High Street Scheme: Document to Inform the Intention, Development and Economics of the Scheme (DfE)

⁶⁶ Research to inform the Northern Ireland High Street Scheme (economy-ni.gov.uk)

Table 1: Scheme Assumptions		
Assumption	Source/Basis	
		<p>across age, gender, region and socio-economic groups. This enabled Retail Economics to gather unique insights about confidence, potential spending intentions, the impact of the pandemic on behaviours, and many other areas which supported their analysis of the prospective effectiveness of a high street scheme.</p> <p>➤ The then-current economic inactivity rate of 25.7% (May-July 2021)⁶⁷ The NI inactivity rate was drawn from the September 2021 Labour Force Survey report. DfE considered that it would be reasonable to assume that applicants with lower levels of disposable income would be more likely to use the pre-paid cards to purchase essential goods and services such as food and utility bills. Albeit, it was recognised that not all of those who are counted as being amongst the inactivity rate would be on the lower income scale (e.g. in 2019, 12% of NI’s total inactive population were retirees, of whom an undefined proportion would have considerable income through pensions etc.).⁶⁸ Nonetheless, the inactivity rate was considered to be a useful proxy for those who are not receiving a steady income through employment and who may well choose to use their cards to purchase essential goods and services (such as groceries) they would have purchased anyhow.</p> <p>In economic terms, both scenarios indicated the potential for a level of deadweight to be associated with the prospective expenditures incurred using the pre-paid cards.</p> <ul style="list-style-type: none"> • It is understood that other indicators were considered concerning estimating the proportion of citizens who may be more likely to purchase goods and services they would have purchased anyhow. For example, relative low-income or relative income poverty is defined as the proportion of the population group living in a household with income less than 60% of the UK median household income. In 2019-20, 17% of all NI individuals had been classified as such. For working-age adults and pensioners, it was estimated by DfE that approximately 15% of the total population for those two population groups combined could be considered relatively low-income. Although this proportion was lower than DfE’s estimated deadweight range of 20-30%, it was noted that this indicator did not allow for those “better-off” individuals who might use their pre-paid cards to purchase goods and services that they would have anyhow.⁶⁹ • DfE also considered that there would be external impacts that were important to consider, but difficult to quantify, some of which had influenced the timing of the Scheme and which it was considered might ultimately impact upon deadweight expenditure. For example, the (then) anticipated ending of the national furlough scheme on 30 September 2021 was considered (at that time) to have the potential to result in significant layoffs or reduced hours. Indeed, some 6,400 retail employees remained furloughed at the end of July 2021. The Universal Credit uplift of £20 had also been removed whilst gas suppliers across Northern Ireland had announced price increases of up to 35%.⁷⁰ Each of these factors was considered to have the potential to put additional pressure on less well-off citizens to use their pre-paid cards to purchase essential goods and services. <p>Taking each of the points into consideration, DfE considered that it would be reasonable to assume that between 20% and 30% of total card balance expenditure might be attributed to deadweight.</p>

⁶⁷ Labour Market Report (nisra.gov.uk)

⁶⁸ Economic Inactivity in NI: An Overview (nisra.gov.uk)

⁶⁹ Northern Ireland Poverty Bulletin 2019-20 | Department for Communities (communities-ni.gov.uk)

⁷⁰ Natural gas: SSE Airtricity to increase prices by 21.8% - BBC News

⁷¹ Firmus energy: Gas prices rising by 35% in towns across NI - BBC News

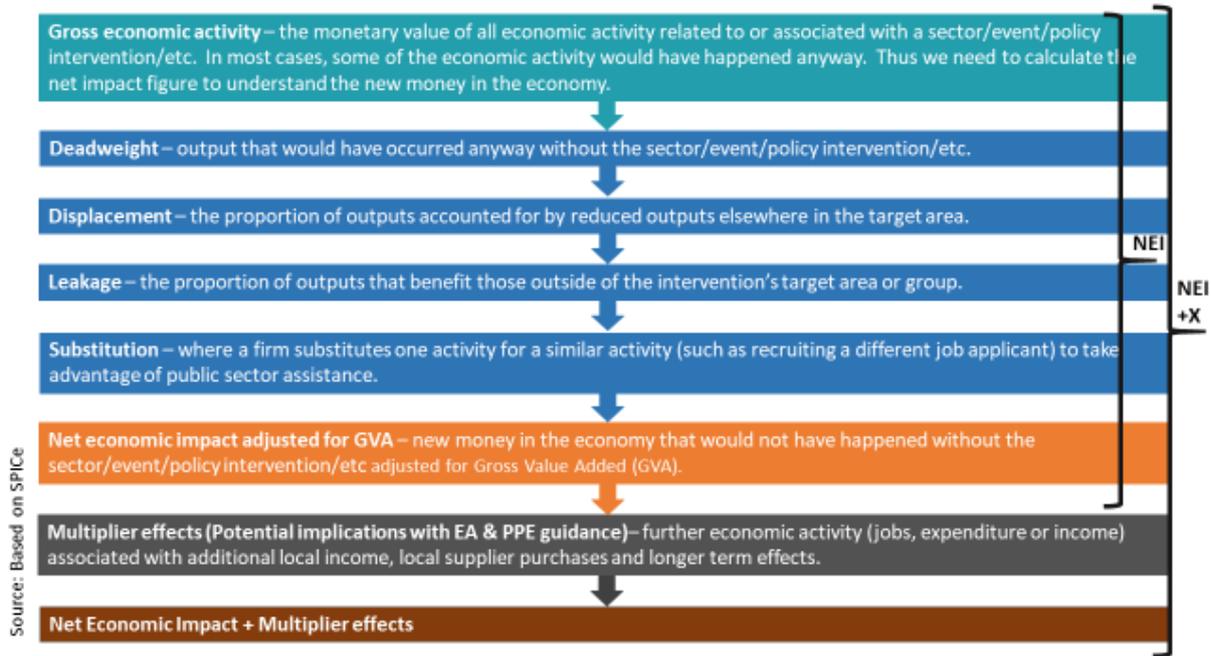
Table 1: Scheme Assumptions		
	Assumption	Source/Basis
	Further Deadweight Considerations	<p>DfE’s Economic Impact Assessment noted that the assumptions outlined above might not be entirely reflective of the wider picture concerning deadweight expenditure. It advised, for instance, that whilst a proportion of citizens would elect to use their Spend Local card to purchase items they would have bought anyway, those same citizens would in turn have, in theory, an additional £100 in spending power.⁷²</p> <p>DfE noted that a key element that it had not been able to model was what those citizens might do with that £100, advising that it would only be pure deadweight expenditure if they elected to save that £100.</p> <p>It was further noted that the picture was less clear when considering the cohort of citizens who might use their spare £100 to purchase items online as those online retailers may or not be NI-based and may/may not have an NI supply chain. It was recognised that there was potential for leakage to occur where the spare £100 was spent with online retailers based outside of NI and having no NI supply chain.</p>
	Additionality	<p>DfE’s Economic Impact Assessment acknowledged that there would be additional complexities regarding card expenditure that would likely prove difficult to measure. These included:</p> <p>The Department did not anticipate that it would receive information on what items and the total value of those items were purchased using the Spend Local card, albeit it anticipated that some citizens might be encouraged to purchase goods and services above the £100 balance of their individual Spend Local cards, thus generating a larger economic impact than just the use of the full balance of the card.</p> <p>The aforementioned consumer panel survey also asked which areas or sectors they were most likely to spend their pre-paid cards in.</p>
5	Anticipated Sectoral Profile of Expenditure/Net Economic Impact	<p>As noted, during the project’s development, DfE commissioned Retail Economics to undertake and develop a report entitled ‘Research to inform the Northern Ireland High Street Scheme’.⁷³ ‘As part of the research, Retail Economics conducted a consumer panel survey from a sample of 1,000 households in Northern Ireland. This enabled Retail Economics to gather unique insights about confidence, potential spending intentions, the impact of the pandemic on behavioural change, and many other areas which supported their analysis of the prospective effectiveness of a high street scheme.</p> <p>As part of this research, the aforementioned consumer panel survey was asked which areas or sectors they were most likely to spend their pre-paid cards on.</p> <p>The subsequent sectoral breakdown allowed DfE to align the anticipated spending with appropriate sectoral GVA/Turnover ratio and multiplier indicators. DfE then used these indicators to estimate the Net Economic Impact (Adjusting for GVA) and any subsequent multiplier effect that might be attributable to the Scheme.</p>

⁷² High Street Scheme: Economic Impact Assessment

⁷³ Research to inform the Northern Ireland High Street Scheme (economy-ni.gov.uk)

Economic Impact Analysis

Using the assumptions outlined above, DfE applied the following methodology to determine the HSS’ prospective Economic Impact Analysis.⁷⁴



Calculation of Gross Economic Activity

DfE defined Gross Economic Activity (GEA) as the monetary value of all economic activity related to or associated with a sector/event/policy intervention/etc. In the case of the HSS, DfE sought to calculate this by the following means:

The number of eligible citizens, less those who do not apply, multiplied by the value of each pre-paid card, less the proportion of activated card balances that remain unspent

This resulted in the following estimate:

Table 2: Key Scheme Assumptions and Criteria used in GEA calculation	
Number of eligible citizens = 1.5mn	1,500,000
Less Proportion of eligible citizens who do not apply = 5%	(75,000)
=	1,425,000
Multiplied by the Value of each pre-paid card = £100	£100
=	£142,500,000
Less % of activated card balances that remain unspent = 2%	(£2,850,000)
= GEA of	£139,650,000

⁷⁴ NB The methodology applied was adapted from one featured in the NICS Economist Profession Draft Economic Impact Assessment Training Slides, June 2021.

Net Economic Impact

Per the assumptions above, it was anticipated that some of the economic activity would have happened anyway without the HSS. Thus, DfE sought to calculate the net impact figure to understand the new (additional) money in the economy. Net economic impact refers to the new money in the economy that would not have happened without the HSS.⁷⁵

To adjust its Gross Economic Activity estimate to a Net GVA Economic Impact position, DfE applied the following steps:

1. It applied its lower limit 20% ‘deadweight’ level (which was assumed to encompass deadweight, displacement, leakage and substitution) to the prospective split of sectoral expenditure identified in the aforementioned consumer panel survey research.
2. Subsequently, in seeking to estimate the net additional benefit to NI (adjusted for GVA) as a result of the expenditure, DfE sought to estimate the Gross Value Added (GVA) using information from the (prevailing) NI Annual Business Inquiry (ABI).⁷⁶ Gross Value Added (GVA) measures the post-tax profit and wage contribution to the economy from an industry, business, or project in a country or region. It is a measure of the value generated in the economy and represents the difference between the value of goods and services sold and the goods and services used as an input to their production. Therefore, this approach sought to estimate the additional value in the economy as a result of the Scheme’s expenditure.
3. To convert the projected Net Economic Impact values to GVA, DfE used the approximate GVA (aGVA)/turnover ratio from the NI Annual Business Inquiry (ABI).⁷⁷ As the Consumer Panel Survey research had provided an indicative sectoral breakdown of expenditure intention, these sectors were aligned to their appropriate industry sections from the ABI, with DfE noting that some sector’s aGVA/turnover ratios are significantly higher than others: for example, the ratio for I - Accommodation and food service activities was 50.55% whilst the ratio for G - Wholesale and retail trade; repair of motor vehicles and motorcycles was 21%.⁷⁸
4. DfE applied a 5-year average for the aGVA/turnover ratio to account for any potential volatility in the data from year to year to arrive at the following Net Economic Impact adjusted for GVA for each sector:
5. DfE then sought to account for prospective multiplier effects that might be generated from any increased demand. It did this in two ways:
 - i. It utilised NISRA-published information relating to ‘Type 1’ (T1) multipliers (direct + indirect) for Northern Ireland, which are available at a 2-digit SIC level and which enabled the alignment of the multipliers with the anticipated sectoral profile of expenditure (drawn from the aforementioned consumer panel survey).⁷⁹ The GVA multiplier is expressed as the ratio of the direct and indirect GVA changes to the direct GVA change, generated by an increase in the final use of a sector. In other words, if you have the change in GVA for an industry sector, the GVA multiplier can be used to calculate the change in GVA for the economy as a whole.
 - ii. As Type 2 multipliers are not available at an NI level, Type 2 (T2) multipliers that were available for Scotland were used as a proxy to assess potential induced impacts that the Scheme might generate. However, it is noted that DfE cautioned that Scottish T2 multipliers are based on the interdependency between input and outputs calculated using the structure and composition of the Scottish economy and, as such, may not reflect the actual position. For each sector, any Scottish Type 2 multiplier effect over and above the level of the NI Type 1 was applied.

⁷⁵ High Street Scheme: Economic Impact Assessment (DfE, September 2021)

⁷⁶ Annual Business Inquiry - Reporting Unit Results 2019 | Northern Ireland Statistics and Research Agency (nisra.gov.uk)

⁷⁷ Annual Business Inquiry | Northern Ireland Statistics and Research Agency (nisra.gov.uk)

⁷⁸ The ABI does not breakdown aGVA or turnover beyond broad industry classifications. The implication is that within each classification, there could be subsectors which have a higher aGVA/turnover ratio compared to others but as the classification acts as a combined average figure for the “classification”, those differences are masked which leads to less accurate analysis than would otherwise be the case.

⁷⁹ The Analytical Input-Output tables | Northern Ireland Statistics and Research Agency (nisra.gov.uk)

The full outworkings of these calculations are illustrated in Table 4 (overleaf). However, in summary, each of the steps followed by DfE resulted in the following project Net Economic Impact:

Table 3: Net Economic Impact (GVA) with projected multiplier effects under a 20% deadweight scenario	
Metric	£
Gross Spend/Turnover	139,650,000
Less Deadweight @20	(27,930,000)
Net Additional Spend/Turnover (pre-GVA adjustment)	111,720,000
NEI adjusted for GVA (5 Year average)	35,706,081
NEI (5 Year) + Type 1 Multiplier (direct + indirect Effect)	47,608,942
NEI (Scottish T2 Multiplier: (direct + indirect+ induced effect)	53,197,639

As illustrated, under DfE’s analysis, the application of T1 multiplier effects (direct + indirect, NI) added just under £12m of net additional GVA benefit to the NI economy; whilst induced effects (using the Scottish Type II multipliers) added a further £5.6m. The overall GVA multiplier effect resulting from the above scenario analysis was therefore estimated to be around 1.49.

Consequently, DfE estimated that the Scheme would result in a net additional benefit of £53.2m (adjusted for GVA) to the NI economy.

DfE’s Economic Impact Assessment analysis also considered a range of scenarios, including those where levels of deadweight might be 30%, 40% or 50%. Under these scenarios, the net additional GVA benefit to the NI economy ranged from £32.8m to £45.9m.

Appendix III – DfE’s Assessment of Anticipated Scheme Impact

Table 4: Net Economic Impact by Sector under a 20% expenditure deadweight scenario												
Sector	% Split (per Consumer Panel Research)	Total Spend/Turnover	Deadweight @20%	Net Additional Impact (pre-GVA adjustment)	% GVA (5 Yr Average 2015-19)	NEI adjusted for GVA (5 Year)	Type 1 Multiplier Sector	NI T1 multiplier	NEI (5 Year) + Type 1 Multiplier Effect	SCO T2 Multiplier (additional to NI T1)	Estimated Type 2 Multiplier	NEI (5 Year) + Type 1 and 2 Multiplier Effects
Food and Groceries	25.5%	35,610,750	-7,122,150	28,488,600	21.15%	6,025,339	47	1.20010008	7,231,010	0.243645	1,468,044	8,699,054
Clothing & footwear	18.3%	25,555,950	-5,111,190	20,444,760	21.15%	4,324,067	47	1.20010008	5,189,313	0.243645	1,053,537	6,242,850
Restaurants & Hotels	15.7%	21,925,050	-4,385,010	17,540,040	50.55%	8,866,490	55,56	1.30266464	11,550,063	0.131353	1,164,640	12,714,703
Personal Care	7.7%	10,753,050	-2,150,610	8,602,440	45.17%	3,885,722	S	1.15310348	4,480,640	0.029880	116,105	4,596,745
Household goods	6.5%	9,077,250	-1,815,450	7,261,800	21.15%	1,535,871	47	1.20010008	1,843,199	0.243645	374,207	2,217,406
Utility Bills	6.2%	8,658,300	-1,731,660	6,926,640	21.39%	1,481,608	35	2.21000446	3,274,360		0	3,274,360
Recreation & culture	4.9%	6,842,850	-1,368,570	5,474,280	45.17%	2,472,732	90, 91, 93	1.6282272	4,026,170	0.050567	125,039	4,151,209
Transport	3.8%	5,306,700	-1,061,340	4,245,360	50.54%	2,145,605	49, 50, 51, 52, 53	1.42407549	3,055,503	0.323914	694,991	3,750,494
Alcohol & Tobacco	3.4%	4,748,100	-949,620	3,798,480	21.15%	803,379	47	1.20010008	964,135	0.243645	195,739	1,159,874
Health	2.7%	3,770,550	-754,110	3,016,440	45.17%	1,362,526	86	1.39782187	1,904,569	0.079600	108,457	2,013,026
Communications	2.3%	3,211,950	-642,390	2,569,560	60.84%	1,563,320	59, 60, 61, 62, 63	1.66907364	2,609,296		0	2,609,296
Other household Spend	2.1%	2,932,650	-586,530	2,346,120	33.47% ⁸⁰	785,246	47	1.20010008	942,374	0.243645	191,321	1,133,695
Education	0.9%	1,256,850	-251,370	1,005,480	45.17%	454,175	85	1.18524988	538,311	0.212727	96,615	634,926
Total	100.0%	139,650,000	-27,930,000	111,720,000		35,706,081			47,608,942		5,588,697	53,197,639

⁸⁰ The overall NI average (A-S) was assumed as the ‘other household spend’ category drawn from the Consumer Panel Research survey did not align neatly with a specific sectoral code.

Output Approach

In addition to the Net Economic Impact measurement outlined above (where the key metric was GVA), DfE also considered an ‘output approach’, which it advised sought to measure the Scheme’s impact on output without adjusting for GVA (i.e. a net economic impact basis). It noted that output can be defined as the amount of product an economy can produce over a period of time.

As summarised in the table below, applying the ‘output approach’ arrived at an estimated economic impact of c£169.0m.

Sector	% Split (per Consumer Panel Research)	Total Spend/Turnover	Deadweight @20%	Net Additional Impact (pre-GVA adjustment)	NI T1 multiplier	NEI (5 Year) + Type 1 Multiplier Effect	SCO T2 Multiplier (additional to NI T1)	Estimated Type 2 Multiplier	NEI (5 Year) + Type 1 and 2 Multiplier Effects
Food and Groceries	25.5%	35,610,750	-7,122,150	28,488,600	1.30	37,103,009	0.23	6,688,021	43,791,030
Clothing & footwear	18.3%	25,555,950	-5,111,190	20,444,760	1.30	26,626,865	0.23	4,799,639	31,426,504
Restaurants & Hotels	15.7%	21,925,050	-4,385,010	17,540,040	1.42	24,876,933	0.04	632,999	25,509,932
Personal Care	7.7%	10,753,050	-2,150,610	8,602,440	1.23	10,569,400	0.03	231,753	10,801,153
Household goods	6.5%	9,077,250	-1,815,450	7,261,800	1.30	9,457,630	0.23	1,704,790	11,162,419
Utility Bills	6.2%	8,658,300	-1,731,660	6,926,640	1.69	11,740,297	0.00	27,002	11,767,299
Recreation & culture	4.9%	6,842,850	-1,368,570	5,474,280	1.57	8,599,057	0.03	171,411	8,770,468
Transport	3.8%	5,306,700	-1,061,340	4,245,360	1.39	5,890,479	0.20	833,291	6,723,770
Alcohol & Tobacco	3.4%	4,748,100	-949,620	3,798,480	1.30	4,947,068	0.23	891,736	5,838,804
Health	2.7%	3,770,550	-754,110	3,016,440	1.45	4,369,202	0.05	162,332	4,531,534
Communications	2.3%	3,211,950	-642,390	2,569,560	1.29	3,317,236	0.12	306,212	3,623,447
Other household Spend	2.1%	2,932,650	-586,530	2,346,120	1.30	3,055,542	0.23	550,778	3,606,320
Education	0.9%	1,256,850	-251,370	1,005,480	1.25	1,252,800	0.26	265,233	1,518,033
Total	100.0%	139,650,000	-27,930,000	111,720,000	1.36	151,805,518	1.51	17,265,196	169,070,714

The estimated size of the multiplier effect was calculated overall as c.1.36 (T1 only) and c.1.51 (T2), with it noted that the latter figure represents a situation where it is estimated that there would be 1.51 units worth of equivalent impact via the change in direct, indirect and induced effects resulting from a 1 unit change in demand (via card expenditure). In other words, for every £1 spent via the Spend Local cards, that spend would generate £1.51 of output including multiplier effects to the overall NI Economy.

However, DfE advised caution when using such figures given the limitations associated with the multiplier values and the lack of a more granular breakdown on both the consumer panel survey concerning indicated sectoral expenditure and the ABI/Multiplier indicators. Therefore, both the Net Economic Impact and Output Approach methodologies were considered to represent only indicative estimates of the Scheme’s potential impact.

DfE noted that several factors could influence the actual impact including the potential for differences in the geographic compositions of local, independent businesses’ and multi-national corporations’ supply chains.

Additional Expenditure

DfE advised that Additional Expenditure might occur in scenarios where citizens elect to spend more than their £100 Spend Local card balance. For example, where the Spend Local card is used as part-payment towards a larger purchase or when citizens, encouraged to return to the high street as a result of the Scheme, spend their £100 and decide to purchase other goods and services whilst out and about e.g. Lunch. DfE noted that such purchases might potentially not occur if not for the Scheme.