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Assembly

Committee for Enterprise, Trade and
Investment

OFFICIAL REPORT (Hansard)

Regional Start Initiative: Briefing from
Enterprise NI

20 June 2013

NORTHERN IRELAND ASSEMBLY

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Members present for all or part of the proceedings:

Mr Patsy McGlone (Chairperson)
Mr Steven Agnew
Mr Paul Frew
Mr Alban Maginness
Ms Maeve McLaughlin
Mr Robin Newton
Mrs Sandra Overend

Witnesses:

Ms Melanie Christie-Boyle	Enterprise NI
Mr Gordon Gough	Enterprise NI
Mr Alexander Smith	Enterprise NI
Mr Seamus O'Prey	Enterprise NI

The Chairperson: Briefing us today are Mr Alexander Smith, the chairperson; Mr Gordon Gough, the chief executive; Ms Melanie Christie-Boyle, board member and chief executive officer (CEO) of Ballymena Business Centre; and Mr Seamus O'Prey, board member and CEO of ORTUS. You are all very welcome. Thank you for being here today. I am sure that you have been here before, so you know the form. Are you taking the lead, Mr Smith?

Mr Alexander Smith (Enterprise NI): Yes, I will take the chair on our side.

The Chairperson: Good. Please make your presentation, and then we will have the normal questions from members. The floor is now yours.

Mr Smith: Thank you very much for the opportunity to meet you, ladies and gentlemen, and for fitting us into your schedule.

It is about 18 months since we were here before. Committee membership has changed, and the Chairperson has changed slightly, but there will be enough memories around the table to recall that, on the last occasion, we raised a particular issue. All that is behind us, and the papers presented to you are to do mainly with the functioning of the regional start initiative (RSI).

This morning, we have come with a good news story. The programme is not easy to run, but it is running well, and we are happy to invite your questions. We have presented the papers to you. Again, we thank members for the interest that they have shown in the work of Enterprise NI (ENI) over the years and recently. Accompanying me are two of our board members. Melanie Christie-Boyle, who has already been introduced to you, is chief executive of the Ballymena local enterprise agency

(LEA); Seamus O'Prey is from ORTUS, and Gordon Gough is our chief executive. I invite Gordon to comment on the papers that have been presented to you.

Mr Gordon Gough (Enterprise NI): Thank you for the invitation. In your papers, you will note the role of ENI and the local enterprise agency network. I do not want to spend much time on that because the RSI is the focus of today's meeting, but you will see a summary of the work of the LEA network across Northern Ireland. You will see some of the key outputs over the past 12 years since ENI was formed as the representative body for the network, and you will see the range of programmes that we have delivered over the past 12 years. Regional Start is the most recent one, which we are going to talk about today. You will see that, over a seven-year period from 2002 to 2009, we handled almost 60,000 inquiries on the Start a Business programme. Other highlights of the work of the enterprise agency network include the ENI loan fund. Over the past 12 years, there have been almost 1,600 applications and almost 1,000 loans awarded. The value of loans that we have lent to small businesses in Northern Ireland over that period amounts to almost £5.5 million.

Our Tradelinks cross-border programme has been running for the past eight years. We have had 1,200 small businesses supported in that programme, and it has been a terrific cross-border initiative to develop sales on both sides of the border.

Regional Start is the programme of most interest to members today. I will give you some of the highlights of that programme across Northern Ireland. As Sandy said, the programme has challenges, but, as things stand, we are very happy with the outputs of Regional Start, which, as members will know, is part of the Invest Northern Ireland range of Go for It group branded programmes.

The key figures to report, which we are very pleased with, are that, to 31 May, there have been 1,544 business plans, which is 96% of the target that we have achieved on that programme. Of particular interest to members might be the neighbourhood renewal and the not in education, employment or training (NEET) outputs. There have been 374 business plans into neighbourhood renewal areas (NRAs), against a seven-month target of 360, and 178 business plans for young people who are NEET, against a seven-month target of 78. So, we are looking forward to continuing to market the programme with Invest Northern Ireland, and we are involved in a number of outreach activities at the moment to continue to consolidate on the outputs to date. We believe that we are well on course to achieve the national target of 3,200 by October 2013.

The Chairperson: Thanks very much for that. I want to place on record that most of us in the room, if not all, know our LEA. We are in and out of them and refer people to them, so I want to place on record that the experience that I have had has been a good one, and that they have been invaluable to local communities. I would like to ask a question and then we will open up the meeting to members. Last week, we heard the whole announcement, or re-announcement, of the economic package. Have you come to any clear thoughts about the use of enterprise zones and what benefit could be derived from them, or what pitfalls there may be, based on the experience in GB?

Mr Smith: I will call on two members here to address that. We have not addressed it specifically as an item agenda for ENI, but it is one that we are following with interest to see whether there is an opportunity to contribute to it. Seamus will be able to reply to your question, and maybe Gordon and Melanie can come in on it.

Mr Gough: As Sandy said, it is not a specific area that ENI has been involved in to any great degree. Clearly, the devil will be in the detail of enterprise zones. From a small-business perspective, I think that enterprise zones could well be an attractive proposition for Northern Ireland, if various tax breaks for small businesses and perhaps a co-ordinated package of support for small and medium-sized enterprises (SMEs) were part of any such approach. However, it is not something that we have been involved in to any great degree to date. We have not formed any strong opinion either way.

The Chairperson: That is grand.

Mr Seamus O'Prey (Enterprise NI): From my perspective, I have been watching things quite closely from where we are based, which is on the Falls/Shankill interface. We work across communities that suffer social and economic deprivation. One thing that a lot of our businesses struggle with is paying rates. When you look at some examples in GB, you see that there are rate exemptions and special tax incentives. So, that becomes particularly attractive in trying to kick-start enterprise and entrepreneurship in the communities that are traditionally harder to reach. We have been watching what could potentially happen. The difficulty is that we still do not have information as to whether

there will be one enterprise zone across Northern Ireland or several regional enterprise zones. Will they specifically target areas of deprivation? Will they specifically target geographical areas? We will be watching as the debate continues. Looking at some examples that we have seen across the water, I certainly think that they could be of benefit to us, as we are at a lower starting point when it comes to kick-starting entrepreneurship.

The Chairperson: Thanks for that.

I have another question. This year, the Committee has placed a lot of emphasis on research, innovation and development in our companies. You know better than anyone that the person stepping through your door might have a superb idea, which is where you kick in to support and help them, and maybe with Invest NI coming in as well. One of the major challenges facing the North — the island, in fact — is taking us up the scale in research, good product development and all those things. Have you done any work through, or with, Invest NI with a view to preparing for the upcoming new funding streams from Europe, such as Horizon 2020, which often tends to be associated with bigger projects but which is not necessarily so, or the competitiveness of enterprises and small and medium-sized enterprises (COSME) funding stream? Again, there are opportunities for matchmaking with other firms and other parts of the EU and for drawing down beneficial funding that could help develop the product or the firm itself.

Mr Smith: The research end is not something that we have gone into to any great extent.

Mr Gough: I will say something and then maybe Seamus can come in.

ENI has done some research in Finland, with an organisation called Technopolis, looking at high-tech business incubation. We would share a lot of the work we do with Invest Northern Ireland as part of our collaborative approach. Some of our local enterprise agencies would have high-spec business incubation facilities. The programme you specifically referred to, COSME, is not one in which we are involved. However, in its response to future European funding streams and looking at more high-tech, high-spec businesses, ENI, through its local enterprise agencies, is looking at different models of high-tech business incubation to try to, if you like, provide small businesses with a launch pad and give them greater flexibility around exporting, and so on.

The Chairperson: Through your networks, has the Department or Invest NI been actively encouraging the possibilities of fishing for possible new schemes that could be put in place to draw down that sort of funding?

Mr Gough: Yes.

The Chairperson: What mechanism exists? What sort of scoping exercise exists to trawl through your various local enterprise agencies to determine what schemes are good and could be taken further, and whether funding could be drawn down here, there or somewhere else?

Mr Gough: Invest Northern Ireland uses its regional office network to co-ordinate ideas and exchange of information with the local enterprise agencies. Seamus or Melanie could maybe pick up on that.

Mr O'Prey: First, we have to recognise that we in Northern Ireland have become better at this, although we are still a way off. When you look at comparative figures for drawing down money from Europe, you see that there is five or six times more going directly into the Republic than is going here. I think we have to become a wee bit more savvy.

Communication regarding businesses going into the R&D funds within Invest NI has improved massively, and there are more and better ones there. We have to be careful that we do not get caught up in a situation in which local councils or Departments tender for smaller amounts of money. When I talk about smaller amounts of money, I am talking about £10 million or £20 million. We should be looking at a more collaborative regional approach to try to attract £100 million or £200 million, because there is still a bit of a competitive thing going on. We have seen situations in which a local council has tendered for some of this money, when it might have been better for a pool of LEAs to tender for it. The money comes into the council and is filtered down, and shrinks slightly before it gets to the ground. I think we need to become a bit more savvy in this, especially around the 2020 stuff.

Some thinking needs to be done about how we trigger more effective and bigger amounts of money coming in. We have a lot of people in Europe who are very savvy at that. We have a lot of consultants working there who are very savvy at that, and who are triggering it for other member states. Perhaps we need to be talking to those guys a bit more about how we can do it more effectively.

Ms Maeve McLaughlin: It is clear that you are on track to meet the targets. I want to talk about the business plans. My background is in community development, so I know a lot of the processes around Go For It and the Start a Business programme. Is there a translation for the 1,544 business plans into established businesses? Is there a sense of that by geographical area? That would tell us a tale or two.

Mr Smith: There has been some work done on the translation to the next stage. Gordon can share some figures on that with you.

Mr Gough: We are just seven months into the current programme. The previous programme of research suggested that around 67% of business plans converted into start-ups. It could be higher or lower in the current programme. We are just seven months into that programme, so that information is not yet to hand.

I can give you a regional breakdown of the 1,544 business plans. Almost 400 of them related to the eastern region, which is greater Belfast, Ards and north Down; 189 related to the north-east region, which is Ballymena, Larne and Carrickfergus; 310 related to the north-west, which is Derry, Strabane and Limavady; 282 related to the southern region, which is Craigavon, Armagh, Banbridge and Newry; and 364 related to the western region, which is Cookstown, Omagh and Fermanagh.

Ms Maeve McLaughlin: Is there an opportunity to target specific areas of need; for example, in relation to low take-up? As an organisation, can you do that?

Mr Gough: Yes. Melanie, do you want to take that?

Ms Melanie Christie-Boyle (Enterprise NI): Yes, certainly. I will explain how we in Ballymena have embraced the programme. The RSI is a core programme. It is a start-up programme, which, essentially, inspires people to think about their enterprise journey and starting up. We work very heavily in disadvantaged areas, particularly in neighbourhood renewal areas. Many young people are coming forward with excellent ideas and are looking to pursue opportunities to become economically independent.

This is one programme, but it is completely embedded in our entire community. It is an entry-point programme, and to measure performance in those who are starting up in business and in the hard-to-reach areas, we have connectedness in managing the enterprise agencies in disadvantaged areas. We run networking events and have women's initiatives for females starting up in business. On the enterprise journey, yes, they have their business plan at this point, but we encourage business development and look at raising finance, business networking and property opportunities. When you bring that together, as folks start up, we will be able to measure and monitor the success, conversions and sustainability of those individuals.

Ms Maeve McLaughlin: Have you managed to address the issue, particularly in areas of high social need and neighbourhood renewal areas, of the £1,000 start-up grant assistance and its challenge for people on benefits? That was seen as an obstacle in some areas.

Mr Gough: We need to check that with Invest Northern Ireland. If people in neighbourhood renewal areas are in receipt of benefits, I do not know how the £1,000 sits alongside that. Neighbourhood renewal targets and targets for those who are NEET are two key performance indicators in the contract, and I am happy to report that our performance to date in those two areas is well in excess of the targets — certainly the NEET targets — for the first seven months. Through RSI, we are absolutely reaching into neighbourhood renewal areas and to young people who are NEET. We are very pleased with the outputs of the programme to date. I am not sure about the specific question on benefits and how a £1,000 grant would be viewed.

Ms Maeve McLaughlin: The figures that you have kindly given us could maybe be circulated, as well as the geographical breakdown.

Finally, I have a question about the notion of social economy. We are increasingly developing an understanding of the potential there when you look at the number of people who are employed in that sector and at the turnover in that sector. There is sometimes a disparity in funding between North and South. Is there a focus on starting business in that sector or a focus on supporting or targeting increased business employment in that sector?

Mr Gough: Maybe Seamus could come in. There is a separate social entrepreneurship programme, and ENI holds that contract. It is an Invest Northern Ireland intervention. In the paper, you will see the outputs from that programme over the past six years. The social entrepreneurship programme is well on target to deliver the 55 new social economy start-ups per annum. That is a separate programme, but it links in with all the interventions that we deliver. It cuts across the Regional Start and Exploring Enterprise programmes.

Mr O'Prey: The social economy comes under our umbrella. It is very targeted. Our organisation runs the social franchising programme for the whole of Northern Ireland. That has been working quite well, and we work with social enterprises to grow their business and start franchising it, if they have a very good model. We also encourage social enterprises to think about buying either a social or commercial franchise to help with sustainability, profit figures and cash flow. That has been received quite well. I also chair the Ulster Community Investment Trust (UCIT). At the moment, a lot of organisations are coming through our doors seeking loan finance. Our figures for enquiries and loans drawn down are up this year. Interestingly, as you said, there is a disparity between North and South. We are seeing probably two for every one application coming through from the South at the minute. We have opened a Southern office and are running through a Southern Government programme, too. We are very involved in the start-up side of that and the growth programmes. There is definitely an element of how we get those social enterprises growing. We are at 5% economic activity, with 20,000 people in the sector. However, it is about how we now get them to grow.

We often spoke about giving a platform and the financial backing to some of those organisations coming through to take that next step. It is always a problem to get a small business here to move from a £1 million to £10 million turnover. That also affects the social economy sector.

Mr Newton: I welcome the delegation. I am very pleased that the situation that you referred to was sorted out, and obviously in your favour. The previous speaker took up two points that I wanted to raise. That shows a common thought running through the Committee on economic development.

I hope that we will see the review of public administration (RPA) as an advantage, when the numbers of councils reduce and the economic activity in councils may become a greater priority and they have greater skills. It may, indeed, bring greater resources to that. What are your thoughts on the development of your relationship with the potentially larger councils? What are the discussions between your organisation, Invest NI and those councils in the future strategy for the 11-council model?

Mr Smith: Thank you for the question. We ran those programmes on a regional basis for quite a number of years. We felt that there was strength in a programme that ran regionally, and that the same sort of provision was being made in Newry and Mourne as was being made in Moyle. The programme that came to an end before the current one was a regional programme. We were confident that the same level and quality of provision was made across the region. That may be conceived as a strength of that sort of programme.

With the RPA in mind, at the end of the events in the legal procedure, the contract that we tendered for was divided into five parts, so this programme is regional. The Belfast region gave us an opportunity with individual LEAs to develop links with local councils. Maybe that is the direction that we are taking.

We organise ourselves regionally. Our individual members and groups are starting to look at developing those links, and many have started. Seamus and Melanie will be able to tell you what is going on in their regions as well as their perception of the future and how that may regionalise.

Mr Gough: It is a very good point, Mr Newton. Until now, other parts of Europe looked enviously at Northern Ireland. I was in Hungary a couple of weeks ago explaining the national Go For It, start-a-business-type programme that we have run here over the years. As Sandy said, it worked well in that we had a national programme for entrepreneurial, enterprising people to get into business.

When we look forward to the RPA and to 11 councils, it is now clear that Invest Northern Ireland will be handing the start-up and social economy product to councils — at least, that is what is being suggested. Our concern is that, for many years, we have seen the benefits of having a national programme for people who want to set up in business. If you are in Ballycastle, Newry, Fermanagh or Strabane, you get the same level of service. Eleven councils may take 11 approaches, and might be justified in doing so. However, there is a fear that we might see a disjointed level of service around business start-ups. We might not do so, but it is just a worry at this stage.

The previous and current chairs of ENI and I have been meeting organisations such as the Society of Local Authority Chief Executives and the Northern Ireland Local Government Association, and with individual directors of development and chief executives of councils to explain the space in which we operate around business start-up and the social economy, and some of the ideas that we have that may work going into an 11-council model.

Ms Christie-Boyle: I can pick up on behalf of the Ballymena, Carrickfergus and Larne scenario. The enterprise network is fantastic, and we have been very privileged over many years to work in partnership and to collaborate and draw on each individual enterprise agency's strengths. Around two years back, I and my two colleagues met the chief executives of each of the council areas, and a very productive meeting we did have. Since then, we have developed a concept paper and a positioning paper putting forward our strengths and setting out how those strengths can help to find a solution while moving forward in light of RPA. At that RPA level, we have also developed a steering group made up of representatives from the local enterprise agencies and our board of directors. The next step is to share what we can offer to our transition committees, and that is something that we look forward to doing.

I should note that, from a Ballymena point of view, the partnership approach is very evident. Our local council is developing an integrated economic development strategy, and that particular model has complete buy-in from the statutory, voluntary and community, education and private sectors. I believe that we are in a very strong position, and one that can offer fantastic solutions.

Mr Newton: I apologise, but I should have declared at the beginning that I have to go at 12 o'clock.

Mr A Maginness: You are very welcome to the Committee. I am slightly concerned about the start-up business plans. The figure, which I know is a seven-month figure, is 1,544. However, in the previous two years, from April 2009 to September 2011, there were 6,686 start-up business plans. Therefore, there seems to be a lesser number of business plans achieved. Do you agree that the figures seem to be down a bit? That may be because of the dislocation in the way in which this was dealt with, or is it indicative of people not dipping their toe in the water and starting up a business?

Mr Smith: We share your observation on the statistics. We are pleased that, roughly halfway through the programme, we are roughly halfway to the target. Yes, the programme changed, and although we are measuring from October, you mentioned the discontinuity. There was an element of discontinuity, so, by the following November, there was no possibility of our being on track for that first November, because we had exactly one twelfth of the quota in on that month. Of course, it takes time for the programme to work through from folk who start their business plan to finishing it, so there were some difficulties in the early months. There were staff discontinuities as well. We are confident that staff have now been put in place, and we are delighted that we are halfway to the target by the halfway stage.

Mr A Maginness: Sorry for interrupting, but what do you think the annual figure would be in normal circumstances? What would you be satisfied with?

Mr Smith: Our aim is very much to deliver the target for the programme, and we think that 3,500 start-ups is what we will deliver.

Mr Gough: If you look at the figure of 6,686 start-ups that you referred to, which covers 1 April 2009 to 30 September 2011, the annual target on the regional start initiative is 3,200. After seven months, we are well on target to achieve that. If you were to go into a second year, the figure would be 6,400. The 6,686 figure is a two-and-a-half-year picture, so the run rate currently is the same as it had been, and I think that the outputs will be very similar to, if not more than, the 6,686 over those two and a half years. The annual target is 3,200, and I believe that, after seven months, we are right on cue to land at 3,200.

Mr A Maginness: That is reassuring. On the business plans for NEETs, it is very difficult to engage young people who have not been in employment and do not have the skills. Can you see any progress being made in engaging with those young people?

Mr Smith: It is a very difficult area. Where Seamus works would have a proportion of those young people. At the very beginning of the programme when we were devising and setting a sub-programme target to meet the needs of those particular folk, that was a difficulty, and we perceived it as such. We are delighted that we are doing as much. It is a very difficult group to meet, and Seamus's organisation probably deals with it more severely than others. You might want to say something about how it is going, Seamus.

Mr O'Prey: We have a suite of programmes in ENI. The Exploring Enterprise programme is getting people to think about enterprise for the first time. That is the first rung on the ladder and is a feeder programme for the RSI. We are seeing more of the Steps to Work clients, the NRA targets and the NEET targets coming through. The Enterprise Agency is going into local schools and trying to get school leavers at age 16 to think about enterprise. We have to be honest and say that the likes of 'The Apprentice' and those kinds of shows give enterprise a visibility. Such shows may not be exactly the example that you want to show young people at the moment, but there is a bit of an interest in it. Therefore, you are getting more of them coming through. This year, we are very close to meeting the NRA and NEET targets.

The other interesting thing is that those types of targets are usually labelled as potential taxi drivers, window cleaners or small service businesses. However, we are seeing better, stronger and more profitable businesses coming through from areas. We are not only addressing NRA and NEETs targets but are making more of an economic and personal impact on those communities. That programme is starting to move. There is no doubt about it that it is a harder process. You know where we are based, Alban. It is a tough community, as the statistics show. However, we are getting there, and the situation has massively improved over the past number of years.

Mr Gough: Would you like to contribute to that?

Ms Christie-Boyle: Absolutely. It is a group of people that is difficult to reach, and that is true of the neighbourhood renewal group and the young people who are NEET. They have fantastic ideas, and we want to nurture and develop those. We obviously realise that life experience, confidence levels and the availability of role models may have been lacking for those younger individuals in the past. At our local level, we have been adding value to the programme. We have been providing incubation packages and investing £2,000 in kind for people to start up, especially young people. That is one of the key areas in our local strategy.

I have also brought along some copies of our 'Into Business' magazine. There are several fantastic examples in them of young people who have been unemployed and have then started up a business. There are some wonderful stories. We have a young gentleman from one of our disadvantaged areas who was nominated, a couple of years back, to be an ambassador for the Prince's Trust. He is now going to meet Prince Charles this week.

This is all about working in partnership with our local council, Invest NI, local colleges and the Prince's Trust to drive that message forward and create role models that those young people can aspire to be and work towards.

Mr O'Prey: May I make a final point? We have just done the statistics for 2012 for our organisation. We own two business parks, both of which are in interface areas in west Belfast. We calculated that £9.5 million of salaries was generated on those sites in this year alone. There is an annual turnover of £44 million. When you look at that kind of figure in those communities, the vast majority of the money is salaries going into local communities to local people employed in those areas.

We are now in our 25th year as an organisation. We have some actuaries working on extrapolating the figures across 25 years. They say that we should take out five years for good and bad years, and whatever else. Remember that we are into the sixth year of the worst recession that we have seen, and we have £44 million of annual turnover in those businesses. If you extrapolate that across 20 years, never mind 25 years, you find that £850 million worth of economic activity has happened through our business parks and through the businesses that we have helped and assisted. When you think about it, we are just one agency among 32 or 33 of us out there that is generating income,

turnover, employment and salaries, and we are putting that back into the economy. That is quite interesting. If we can do it where we are, I am absolutely positive that other organisations right across Northern Ireland are doing the same thing.

The Chairperson: Good plug. Well done. *[Laughter.]* I hope that it does last for the 25 years.

Mrs Overend: Thanks for your time today. Your briefing has been informative. On the targets issue; as the questions were being asked, it would have been useful to have had those targets written down so that we could see them clearly. They have generated a lot of questions. Perhaps, you can provide that information. It would be useful.

Mr Smith: We would be very happy to.

Mrs Overend: I have a couple of questions. Something that has been bandied about here and there before is the idea of an enterprise loan scheme that would work in a similar way to the student loan. People who want to start up a business would get finance for it. That is quite a good idea. I want to know what your take on it is.

Mr Smith: We have quite a big contribution to make on that through a loan scheme that we operate. Of course, there is a partnership between us and Ulster Community Investment Trust, which Seamus chairs. Gordon might want to say a little bit about our loan scheme.

Mr Gough: Yes. Two loan schemes are currently in place in which Enterprise Northern Ireland has an interest. One is our own loan scheme, the Enterprise Northern Ireland loan fund. It was established around 10 years ago as an amalgamation of individual local enterprise agencies' funds. It was brought together into a super-fund, known as the Enterprise Northern Ireland loan fund. In your papers, you will see its outputs over the past 11 years. Almost £5.5 million has been lent in the form of almost 1,000 loans right up until today. The fund, which lends small amounts of £5,000, £10,000 or £15,000, has never been busier. We are receiving two or three enquiries a day for that particular fund.

The other fund in which we have an interest is one for which the contract is held and managed by UCIT. Perhaps Seamus will say a word on that. Enterprise Northern Ireland is the delivery vehicle on the ground for the Northern Ireland small business loan fund, which is part of Invest Northern Ireland's fund of funds. There are five or six funds. Within six weeks of the launch of that fund by the Minister, we had something like 250 enquiries. We are starting right now — the fund is relatively new — to work our way through those enquiries.

Those two funds are available to people of all ages for business start-ups and business-growth activity.

Mr O'Prey: We have to very cognisant of the fact that, despite some positive PR from the banks, they are not lending money, even to established businesses. Our clients tell us that regularly. To use my own example, we are looking for some money at present. The bank is saying automatically that it needs a 25% cash input in order for it to look at the loan. Therefore, if you are looking for a £2 million expansion loan, half a million pounds in cash is a lot of money to come up with.

Something needed to happen. Enterprise Northern Ireland and UCIT, with the Northern Ireland small business fund, are filling that gap. However, again, it is with relatively small amounts of money. I think that there is a £50,000 maximum ceiling. We need to think about whether there is an opportunity for the likes of an underwritten loan scheme in some shape or form. We have seen it elsewhere. We have also seen some very good examples in the likes of the Republic through its social finance foundation money. It triggered €110 million into a loan fund for small business and social finance in particular. The banks have been absolutely connected into that.

Then, of course, you had the old enterprise guarantee scheme. I am not sure what it is called now because its name has changed a number of times over the past while. It is underwritten by government in some shape or form.

We have a very good example in GB at the moment, where £400 million has been made available through big society capital in the form of Project Merlin. We have been actively lobbying to ask where the £50 million from that is that is supposed to come to Northern Ireland. It has not been triggered and has not been wholesaled into organisations such as ours so that we can lend on money. We need to be lobbying politically to ensure that some of that money comes here. We have had its

representatives to Northern Ireland and had those discussions. At Hillsborough Castle, they pledged that they would get involved, but they have been very slow in coming in. If we could use that money as underwritten or guaranteed money, you could get bigger sums to those businesses that want to borrow £50,000 to £500,000-plus.

Mrs Overend: In a similar vein to the issue of NEETs, but also looking at economically inactive people and our high unemployment figures, Minister Farry announced the Steps 2 Success programme earlier this week. Do you see yourselves being able to feed into that?

Ms Christie-Boyle: We deliver the Steps to Work programme. It is a fantastic programme, and, during that process last year, we consulted extensively. It goes without saying that it is extremely valuable for people who are long-term unemployed to be given the opportunity to test out their business idea out for a period.

Mr Gough: During the consultation process, we lobbied strongly that self-employment should be recognised as a definite output as part of what we now know will be called Steps 2 Success. It is my understanding that the Minister is announcing more on that programme tomorrow and on Monday, so we will keep an eye on developments.

In answer to your question, some of our individual members have been key delivery agents for Steps to Work, and we see that continuing under Steps 2 Success to provide a joined-up approach to people who are looking to set up in business.

Mrs Overend: Very good. Finally, considering the briefing on agrifood that we have just had, do you see yourself having any active role to play in helping that sector?

Mr Gough: Some of our individual members have food-specific units in their business park. We have strategic linkages with the likes of Loughry college. Therefore, any of the collaboration that Enterprise Northern Ireland and its members have tends to be through programmes at Loughry college and food-specific business units.

The Chairperson: Thanks very much for that. Mr O'Prey, you mentioned funding streams that could be tapped into. This session is being recorded by Hansard, so if there are actions that need to be followed up on by way of lobbying or by pressing a few pressure points here and there to ensure that funding streams get accelerated or whatever, we will certainly do that.

Mr Frew: Sorry for missing some of your presentation and answers. We can all see the need for such programmes. Sometimes, however, we find it harder to estimate how beneficial they are or what we might do differently. I can see the range of programmes. Is there something that we are not doing that we should be doing?

Mr Gough: I will take this, and then perhaps Melanie and Seamus can come in. That is a good question. I suppose that any organisation that is involved in economic development and small business activity will always have a shopping list. An area that we have always talked to different stakeholders about and that we may need to look at specifically in Northern Ireland is bespoke incubation. What do I mean by that? Some of the models that we have looked at — Finland in particular — have specific incubation centres to incubate certain sectors, and the package of support around copyrighting and intellectual property is all provided under one roof. I know that we have the Northern Ireland Science Park and other organisations here, but it is my view that specific incubation programmes for certain sectors is something that we are perhaps not doing in Northern Ireland. Pursuing that a little bit further might be one idea.

Mr O'Prey: I think that we need to continue to invest. We sometimes get lost in the fact that we have a small business economy, yet we love the big hits. It is what attracts us; it is what is sexy. However, you have always to recognise that small businesses are the mainstay of our economy. To be honest, we need to continue to invest in that sector, and invest more in it to build it up.

I think that Gordon is right about the incubation centres. We have not cracked innovation here at all, and we are nowhere near cracking it. I spent quite a lot of time travelling and looking at innovation and how it works. We are trying to get the big guys — we have all these ambitions of getting the next Apple, Google or Microsoft — but we are nowhere near doing so. We do not have the systems set up. We do not have the universities working cohesively and collectively. If you go and talk to

Massachusetts Institute of Technology (MIT) or Stanford University, they will tell you about their systems and how they do it. The investment is normally made up of three thirds: the school owns a third; the inventor owns a third; and the faculty owns a third. Therefore, it is in everybody's interest to be involved and to make sure that innovation happens. The faculties and the universities invest heavily in that.

One of the most successful innovation centres in the world, the Plug and Play Tech Center in San Francisco, has a funding round every week. If someone has an invention or an idea, that person is put in front of 20 angel investors. When we talk about "angel investors", we are talking not about guys who are going to struggle to put £10,000 into a business but guys who can put £4 million or £5 million into a business. They get that pitch every week, but we are just not there yet. That might be because of the ideas or the technology structure, although that is obviously moving on now with the new super-connected status that Belfast will have, and all that sort of stuff. We also have evidence that investors are willing to travel from the US for the first time. In the past, investors usually travelled only 40 miles or for one hour — that used to be their thing. They are now being so soaked up in the US that they are willing to travel outside of there to invest. We need to tap into that mechanism in some shape or form. However, we need to get the innovation supported and working right, and we are not there yet.

The universities in Northern Ireland are producing a lot of patents and a lot of intellectual property, but that is not being commercialised. That is not really a criticism of the universities; it is just that we have not cracked that nut yet. We are not getting the patents to market, and that is our problem in getting the next big hit. We need to keep investing.

If 67% of the 3,200 start-ups are converted into jobs, that would be 2,500 jobs that the regional start initiative alone would create. Those are all sole traders, and if you extrapolate, it is usually 2.2 jobs for every start-up. That is kind of working, and we need to invest more in it. If we want to get the bigger guys, we need to think about how we work that system.

It is not rocket science, but we need to go and visit places and talk to the people who have done it. They are here. I have heard them explaining in Queen's that the model used in MIT or Stanford University is its model. It is about making sure that we support innovation, allow it to happen and give people freedom. Investors always say that, for every 10 punts that they make, they perhaps get one that works. We need to give people that freedom.

Mr Gough: I want to make another follow-up point to Mr Frew. This is another area in which we have been very keen to see some movement. We know what the macro picture is in Northern Ireland: we have a very big public sector, and the game plan is to shrink the public sector, grow the private sector and instil an enterprising, entrepreneurial mindset throughout Northern Ireland. How do we do that?

Some of the members will know about the all-party group on SMEs that we launched a few weeks ago at Stormont. Brad Sugars, an Australian-American, co-ordinated that event. I said to him that there was a scheme in GB — I do not know how official it was — called Entrepreneurs in Residence. That was about putting people who have run successful businesses into schools and college environments, where they work with governors, teachers and pupils to instil entrepreneurial mindsets and behaviours.

I do not think that we are doing that in Northern Ireland. There has to be something around that that we look at when we talk about developing a more entrepreneurial society. We have to put in place some stepping stones to do that. That is worth looking at.

Mr Frew: I know Melanie very well. I know about the work that she does in and around Ballymena. The gentleman whom she referred to when she talked about the Prince's Trust contacted me on Facebook to say that he was going. He is very excited. I hope that he gets a lot of promotion out of it. I do not want to name him.

The Chairperson: You may as well now.

Mr Frew: It is not fair on the other businesses.

I see your worth. I see the work that you do. What happens after 2013?

Mr Smith: With this programme?

Mr Frew: With all the programmes. Are there programmes slipping off the agenda? Do we keep moving on? How do you see the future playing out?

Mr Smith: The programme has another cycle. It probably has two and a half years more to run. Therefore, the programme will stay in place. Gordon attempted to answer the question about what happens after not just 2013 but 2014, and what happens whenever there is reorganisation of the councils and Invest NI hands over responsibility. We have perhaps partly answered that question.

Mr Gough: Organisations such as ours, which operate in the social economy/not-for-profit sector, bring ideas to government. We then get involved in procurement competitions. We respond to invitations to tender. We win some; we lose some. We then put in place a cycle of support for two years, and then we tender again. That tends to be the environment that we are in. We have customers through Invest Northern Ireland, the Department for Employment and Learning and the Special EU Programmes Body. We tend to be in a cycle of procurement competitions. With the experience that we have developed over the years, we like to think that, when we go to tender, we will win the ones that we believe that we are best placed to deliver. Those tend to be around building capacity, first-stage business start-up and early-stage business growth.

I come back to what I said earlier that the two core activities are around getting into business in the social economy. It looks as though Invest Northern Ireland will hand the ownership of those over to the 11-council model. That could be an interesting time. Obviously, we have an interest, in that we deliver very well those two interventions. There is a fear, however, that there could be a void or a non-co-ordinated approach to that delivery come 2015.

The Chairperson: You have answered the question that I was going to ask about how you ensure that continuity. At the end of the day, it is about delivering those jobs and supporting people into those jobs. That is crucial. I suppose that it is for us to take that back to our parties and make sure that there is continuity of delivery. On that very point, I think that you, Mr Gough, said earlier that 250 applications were received for various funding projects.

Mr Gough: It was on enquiries to the Northern Ireland small business loan fund.

The Chairperson: Those of you who cover rural areas will know that there is a major issue in getting money out from the rural development projects. I know that there is a resource issue, and there is the 20% of administrative costs and all that, but it cannot be forgotten that people signed up to those. That is causing a problem in getting money out the door. How long is it from when people come to you until you get them moving? Are those 250 just enquiries?

Mr Gough: Just enquiries. To give you some context, not all 250 enquiries will turn out to be hot enquiries. Let us say that 150 remain in the system. I am talking about the Northern Ireland small business loan fund in conjunction with the Ulster Community Investment Trust. That is part of Invest NI's fund of funds. All people who enquire will receive an application pack. Some of them, once they receive that pack, will decide against going any further. For those that do go further, we appoint a caseworker to the loan application. The caseworker will meet the applicant to work through any shortfalls in information. The time span for turning it around from receipt of application to getting the money out through the door depends on the complexity of the business and how quickly it responds with information shortfalls. I can get the Committee more information later that will give you a synopsis of —

The Chairperson: It would be very helpful to know how long it takes from application to decision and getting the loan out the door.

Mr Gough: I can certainly follow up with some figures to date.

The Chairperson: That would be grand. Thank you.

Mr O'Prey: I appreciate that there are issues with some of the rural funds and how long the process takes. Our aim is for the turnaround to be quite quick once we have the completed information. Once we have that, the decision-making can be done within a week. A committee can meet or the sign-offs can happen. We would be quite quick on that. However, it is about getting the client to the point at which they have supplied all the information, and that can cause a bit of a time lag. Making the decision and getting the cash out the door should not take too long.

The Chairperson: OK. I am pushed for time. Mr Maginness is under a bit of pressure for time, and his absence would leave us inquorate for making decisions. Therefore, thank you very much for your time. I appreciate the valuable work that all your centres do out in the community. It was good to hear from you today. Thank you for being with us.