



Northern Ireland  
Assembly

Committee for Enterprise, Trade and  
Investment

# OFFICIAL REPORT (Hansard)

Invest NI: End of Year Out-turn

15 May 2014

# NORTHERN IRELAND ASSEMBLY

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**Members present for all or part of the proceedings:**

Mr Patsy McGlone (Chairperson)  
Mr Phil Flanagan (Deputy Chairperson)  
Mr Steven Agnew  
Mr Sydney Anderson  
Mr Sammy Douglas  
Mr Gordon Dunne  
Ms Megan Fearon  
Mr Fearghal McKinney  
Mr Mitchel McLaughlin  
Mrs Sandra Overend

**Witnesses:**

Mr Mark Ennis	Invest NI
Mr Alastair Hamilton	Invest NI

**The Chairperson:** Briefing the Committee today are Mr Alastair Hamilton, the chief executive, and Mr Mark Ennis. You are both very welcome indeed. Thank you for being with us. We need to seek clarity on one item. It is a very busy time for elected representatives. The papers for this meeting and the last three have been late. Normally, we expect efficiency in the delivery of papers to us at least five working days before the meeting, so that Committee members can have time to peruse them. It is not an efficient way of operating by any standard for a scrutiny Committee to be presented with details, particularly at the height of an election, when members are out and about and are very busy, more so than ever. Is there any particular reason why that inefficiency has now become practice?

**Mr Mark Ennis (Invest NI):** I was not aware of that, Chair. We pass the papers to the Department, and they obviously go from us to the Department to you. I will certainly take that back and investigate it. The paper was certainly passed on by us in good time.

**The Chairperson:** Right, OK. It is just that it may well lead to our having to call you back for another session because members may not have had time to peruse the papers fully.

**Mr Ennis:** I fully understand. I apologise for that, and I will look into it. They were certainly produced by us in a timely manner, Chairman.

**The Chairperson:** That is good to hear. We will do the wash over today and look at stuff. However, there may well be another session with you, possibly on 12 June, I think.

**Mr Ennis:** Given that circumstance — again, I apologise for it — if any members want to call me at any time to answer a query or whatever, I am more than happy to do that.

**The Chairperson:** That is grand. Thank you for that.

The normal format for the meeting is just for you to give us an overview of the documentation and your presentation, and then we will take the question-and-answer session.

**Mr Ennis:** Thank you, Chairman. If I may, what I will do is take you through the first couple of slides, and then Alastair will take over and go through the detail. At any time, if you want to ask questions or whatever, that is up to you.

In the foreword, we talk about our corporate plan. I suppose that what I am delighted to say as an overview — I will not talk through exactly what is written — is that this is a record year for Invest. In fact, it is the best year in the history of either Invest or its predecessor in terms of job creation and investment, with almost 11,000 jobs and over £1 billion in investment in a single year. From our standpoint, we are actually delighted with the results. When you go into those results and start to look at them, you see that there is good geographic and industry spread and there is good take-up of the jobs funds by people off the unemployment register. For me, those are some of the key highlights that show that we are making a difference.

I see that difference — I can say this, but Alastair probably cannot — from the standpoint of what we have done internally with Invest to make it a much more customer-focused organisation. You are starting to see a bit of traction. We have some really good management development programmes in place now that are really starting to pay dividends. It is not just me pontificating about it: we get that feedback from customers. That is the first thing to say.

The second thing that I would bring to the Committee's attention is that we face changes in the regional aid programme. You will notice a lot of job announcements coming up in the next couple of months, even though we have had our record year. That is because, on 30 June, the rules for selective financial assistance change for large companies. There is a change for companies that involve over 250 employees. Basically, that change, without going into all of the detail of it, means that if a business wants to invest in Northern Ireland, it will be supported once. So, think about how our FDI programme tends to work. Large corporations come in and do a smaller project in the first instance to see whether it works, whether they like it and everything else, and then they do a big follow-on project. That is going to have some difficulty. We are working with the European Union under those rules — and it is an EU rule. It is a directive. The directive is targeted against car companies who have been abusing the grant system. This is the fallout from that particular action. We are working with Europe to try to make that as palatable to us as possible.

What it has meant, though, is that, as you would imagine, we have advised those companies that we think will invest that this change may be coming. That has brought forward the decision process for a number of companies. We have an awful lot of activity between now and 30 June, all of which is very positive for Northern Ireland. However, by way of setting an expectation for the period after 30 June, we will see a little lull in FDI. We will just have to work very hard.

The good news, which Alastair will also tell you, of course, is that a lot of our activity has been with our own indigenous companies. That has been fantastic for us, and that will be maintained. As most of our companies are well below the 250 mark, that will not impact on them at all.

Moving on to our corporate headline results, we are quite tough on ourselves internally that we have a balanced scorecard. We met 26 of our 30 objectives, which is fantastic. We will touch on the ones that we did not meet as Alastair goes through his presentation. Almost 11,000 jobs — that is 24,000 jobs since 2011.

We had our staff conference the day before. I was trying to give people a feel for what 24,000 jobs looks like. We were in the Spires Centre, and effectively it would have filled the centre 50 times over. I told our team to think of the families whom they have impacted and to whom they have given that opportunity. It is a great achievement. Over £1 billion of investment; almost £250 million in R&D investment. Again, a lot of that is local. Exports is one of the targets that we have not hit. Despite that, we have seen a 10% growth in exports in the last four quarters. Those are the big headlines. I will hand over to Alastair.

**Mr Alastair Hamilton (Invest NI):** Turn to slide 3 in your pack. As I look around the room, I see that I will probably have to apologise to some people about the colour situation, although some of the members who complained in the past have tablets in front of them and should be able to see the difference between the red and the green. I would say, Chairman, that in all the years that I have been in front of the Committee, there is probably more green on my scorecard this year than there has ever been for performance.

**Mr Mitchel McLaughlin:** What do you think of that, Gordon?

**Mr Dunne:** Not good. *[Laughter.]*

**Mr A Hamilton:** I will say no more; I will only get myself into trouble.

The first point to make is that 25 out of the 30 corporate scorecard balance targets were achieved. The chairman has already said that we will cover the five that were not. You already have an indication about the exports target, which, at this point, was 13% with a 20% ultimate target for next year. I suppose that the bad news is that that is running at just under 7%. However, bear in mind that it was under 2% at this point last year. It has made a significant recovery in the past 12 months. As a matter of fact, at the start of last year, it was below the point at which we started the corporate plan. So, it had gone down below the original starting point, but it has now recovered. We have seen 10% growth in the past four quarters. If we can maintain that, that will allow us to get to 20%, maybe not at the end of the four-year period but maybe inside five years, which is what I expect we could do with a good tailwind.

There were two targets on the growth loan fund. One was on the volume of loans given, and the other was on the value of loans given. The volume has not met its target, but the value has exceeded its target by almost 20%. I will be very frank with you: I am much more focused on the value than the volume. The reason why there is a difference between the two is that the business case, which was always a business case and which makes some assumptions, did not get the balance between volume and value right. The value of loans going out is significantly greater than the business plan predicted, but I am not at all concerned. We are well ahead on the value of loans going out to small businesses through the growth loan fund.

Having achieved significant steps forward in our casework handling and in reducing that from well over 30 days to 14 days, this year, we put a particular focus on our claims handling. We set ourselves a target to get that down to 35 days on average across all our projects, large and small. To give you a benchmark, in August we were at 55 days. We managed to get to 35.8 days at year end. I know that, internally, my staff probably think that I am very hard for not giving them 35 on 35.8. Nevertheless, we did not hit the target, so that one is red on the scorecard. To give you an indication, that is a rolling average. On a spot month, for March we delivered in 22 days. I am very confident that we will be able to get well below 35 days on a rolling average for the rest of the year.

I will now step into the headline results. The thing that we are particularly pleased with this year is that, in jobs, assistance, investment, salaries, offers and the number of businesses assisted across all those metrics, we have delivered the highest results that we, as an organisation, have ever delivered since the inception of Invest NI in 2001. Mark has given you a little bit of the flavour of some of the reasons why that might be the case this year, because of the flow-through of projects before we hit that deadline. Nevertheless, it has been an exceptional year. There has been £243 million in R&D investment. You will see that that is £409 million over the three-year period. I have often spoken to the Committee about the progress on R&D, and that continues. That is significantly up on last year. I have already mentioned exports.

Slide 4 shows a breakdown of the almost 11,000 jobs. Again, it is good to see that the number of local jobs is continuing to go up. Again, it is worth repeating that more local jobs than foreign direct investment jobs were promoted last year — 6,000 local; almost 4,800 external. However, the external number is up significantly on the previous year at 75%. A lot of that has come through some of the projects announced over the past few months and from some of the projects to come where we have managed to attract significant large-scale projects from inward investors.

We have a sub-target that I do not often report on, but I just want to give you visibility. On the back of the independent review, we were asked to focus on brand new projects — new names to Northern Ireland. Last year, we brought 23 new projects — brand new international names — to Northern Ireland. In the previous year, it was 17. So, again, the figure for last year was up. Given what Mark

said about the changes that are coming forward, you should expect to see more and more brand new names coming in, because the selective financial assistance and support mechanisms are non-discriminatory towards brand new names. We can support any size or scale of operation for the first time in Northern Ireland, and we are driving that.

Again, I have given you a bit of visibility on the start-up programme and the jobs fund. The start-up target is another one of those five — I have given you three so far — on the balanced scorecard that we missed. Again, that has been well heralded over the past couple of years. As you all well know, we lost a year on the start-up business programme. However, we kept the target where it was, still with the ambition of delivering 6,500 jobs at the end of the four-year period. We did 1,765 last year, which is up 135% on the year before. So I can report to you today that we are now on a trajectory that, had we been on it for the three-year period, we would be on target. Nevertheless, we are back on it again. That is important, because this is one of the areas that will transfer to the new councils under the transfer of functions in local government reform. It is important to get that programme stabilised again before it transfers.

The jobs fund has been a real highlight for us this year. You know some of the projects, such as Concentrix and Convergys, that we have brought forward this year. Again, that is well up. It is interesting that we continue to maintain above 70% on job quality. Of those non-jobs fund projects, 73% have salaries above the private sector median. It is a long-term strategic objective of the organisation to continue to do that. Fifty-six per cent of all the jobs promoted have been promoted by local businesses; that is important for us.

Volume is up significantly again. As I go through the rest of my presentation, I will refer to a couple of projects. Three years ago, I was showing you slides with and without the Bombardier C Series project so that you could see a trend that gave you a little bit of visibility of how we had moved without what was a very large project at that stage. I have done the same again this year. There are two large investments that distort the numbers a little bit: one is the Northern Ireland Screen project and the other is Bombardier. We have just signed off our funding for Northern Ireland Screen. The second Bombardier project is the nacelles project that we have approved funding for and is, therefore, in our numbers. It is now going through EU approval to get the final approvals to allow Bombardier to proceed with it. Both of those are major investments. Forty-seven per cent of local R&D investment is by SMEs. I know that another area that the Committee is particularly focused on is making sure that R&D is driven and supported in the SME community across Northern Ireland.

You are familiar with the next three slides, so I will not linger on them. The volume of offers continues to rise. We are now at over 5,000, which is 7% up on last year. I will highlight that, by volume, 94% of our support — it was 93% last year — is for local companies. That is driven by the strategic changes that we have made, which you have been aware of and involved in, over the last four years, getting us out into the Boosting Business environment and supporting small business through our customer support function.

Value of assistance is a factor of that. The value of the assistance that we have given to Northern Ireland Screen is £43 million. This is an important point that you may get back a little bit. We all know how important the creative industry sector is and how it has grown over the last three or four years. Northern Ireland Screen's plea to us was to give it some assurance over a longer period than one year — we used to give it just a one-year budget — because it needs to make commitments to companies that are longer than one year. The plea was to give it visibility of what its budget would be over a longer period of time. We have now done that, but you will be aware that that number represents a sizeable slice of our overall budget. Thankfully, we have not been in the situation of having budget discussions at this Committee for a while; no doubt those will come as things move in the future. That represents a sizeable slice of our budget. Bombardier is £20 million as well. Even if you net those two pieces out — I am sure that you have already done the sums — without those two, our support to local companies has gone up by 30% and our support to external companies has gone up by 14%.

Planned investment is what is leveraged on the back of that by way of support from those firms. You can see the numbers there: £1 billion of planned investment. This is the first year that we have ever gone above £1 billion of leveraged investment within the year; that is a very positive place for us to be. Nevertheless, 57% of our planned investment is by locally owned businesses. Local businesses account for 94% of our support by volume and 57% of our support by value.

Customer satisfaction and staff satisfaction are two things that we drive very consistently. I am very pleased to report that both have moved again this year. Our customer satisfaction has gone up by another 1% to 80%. For those who benchmark some of these things with external organisations,

including private sector organisations, that is in the upper quartile of performance for customer satisfaction. As I go around and speak to many of you, I hear very positive messages from you about how businesses out there see a change in the organisation and find us much more proactive as opposed to reactive. It is still only 80%. There is 20% that is not there, so there is still room to move. The dissatisfaction is the key one for us. In 2008, it was 21%, so it has gone down from 21% to 5% over the six-year period. That is something that the board is very focused on, and I am very pleased that we have got there. Staff satisfaction has gone up from about 58% to almost 63%. We have gone through a period of change in the organisation. That change always creates a little bit of uncertainty for the organisation and staff. We have bottomed that out. Mark has already talked about some of the programmes. The business development academy for all customer-facing staff and the leadership development programme for the leaders in the organisation are starting to bear fruit in that regard.

As Mark said, slide 10 gives you visibility on volume, geographic location and sector. As far as we are concerned, it is a very pleasing set of results from manufacturing to service centres into IT and software development and right across the board. Some of those projects came as a result of support from a ministerial level, particularly the Japanese investments with Ryobi and Fujitsu. Also, some of them came out of the investment conference, which I will speak about as I close.

Slide 11 gives you an up-to-date picture of where we are against the Programme for Government, with 23,782 jobs now promoted. We have delivered 5,700 in year one, 7,200 in year 2 and 10,800 in year 3, a massive uplift in jobs promoted: almost 24,000 against the 25,000 target. I already hear people talking about soft targets, and I am sure that we will have some of that discussion here as well. We have set ourselves a target for next year of 8,000 jobs. While it will come down a little bit from 10,800, we are still targeting a bigger number than we did in either year 1 or year 2. If we deliver that 8,000 — you can do the sums as quickly as I can — you are looking at 30,000 to 32,000 jobs over the four-year Programme for Government period.

The £1 billion of investment has already been exceeded at £1.5 billion. The £266 million wages and salaries target has already been exceeded at £306 million. The R&D on slide 12 — again, the Bombardier project is in the middle of that. It is still a significant project, and I do not want to give the impression that I am always removing it from our numbers. I do it only so that you can track year on year with some consistency. R&D spend is at £402 million against a target of £300 million. Strategically, that is a superb place for us to be. Lastly, on the skills side, we are at £87 million, ahead of the three-year target and well on target to deliver the £110 million at year end.

The jobs fund is a programme with split targets. The promoted end was targeted at 6,300, and we are now at just over 9,000. Critically, on the created jobs side, the target was 4,000. That was always the challenging one. I remember that, way back two years ago when we started the jobs fund, there were some difficult questions at this Committee about the slow start and whether we were going to get to the created position. Therefore, you can understand why I am so pleased that the organisation has delivered over the 4,000 target on jobs created

Mark noted, and I think that it is important, that we have done the analysis now and are able to report today that, across those job fund projects, 55% of those 4,679 jobs have been taken up by people who were on the unemployment register at the point that they were recruited. There were two objectives with the jobs fund. One was to create jobs quickly, and the other was to try to offer an opportunity to people who were on the unemployment register and do something about that. It has delivered really well against that.

I am delighted to be in a position to present to you the jobs created position today, as I forecast. I will give a little bit of a recap. We were able to measure it accurately for the jobs fund for the last year and a half. We were not able to do it for all the other programmes, for the reasons that are well-rehearsed. There are 4,500 live letters of offer now in the system that we need to analyse. You need to do it at the press of a button. I cannot afford to do it manually, because if you came back in a month's time and asked the same question, I would have to go through the whole manual process again. We have invested in the system. It is up and running. All the live letters of offer that were live at the start of the Programme for Government period in 2011 are now on that system. That is why I am able to accurately tell what jobs have been created out of letters of offer that were live at that point or have been added subsequent to that point.

Again, I will put a health warning on this, and this is new territory for all of us. The health warning is that, while I have no difficulty with the numbers, please let us try to be careful about trying to compare jobs created during a year with jobs promoted during a year. Those two categories and those two groups of numbers have only a very small overlap. There are very few jobs that we promote during

the year that people get round to actually creating in that year. There is usually a five-year timeline. So my word of warning is this: do not take our 10,800 and the number that is on this page — 6,100 — and say that 6,100 of the 10,800 have been created. They are different subsets of projects, and I am sure that there may be questions on that. In 2011-12, 5,667 jobs were actually created. That is not jobs that were promoted that year; that is jobs that had a letter of offer and were live during that year. Similarly, it was 5,900 jobs for 2012-13 and 6,100 jobs for 2013-14. The headline is that almost 18,000 jobs have been created over the past three years as a result of the work and support that Invest NI has given to firms.

I hope that I have been clear on the overlap between those two groups. I will give you a few percentages, just so that you can —

**The Chairperson:** We are just running on time. Could we move on, please, Alastair?

**Mr A Hamilton:** That is OK. I will step on and leave that until questions.

I will skip over slide 15, which is on the investment conference; you are well covered on that.

There are three issues as we move forward. One is regional aid, which Mark has already covered a bit. The key piece affected, which he has covered, is large company follow-on investment. We have been strategically moving our support into areas that are not affected by that. You see us much more active in supporting R&D to bring investors in, and around skills and assured skills to support companies. Therefore, our dependence on selective financial assistance has diminished over the past few years.

Local government reform represents a major challenge for all of us. It is a major change, in that business start, social economy and some other programmes like that will transfer to councils inside the next 12 months. We are trying to build plans with those new councils, embedding ourselves into the middle of those community plans to make sure that we get as smooth a transfer as we can.

My last comment is on corporation tax. We sit here, a few months away from a decision on corporation tax. While we have challenges on regional aid and some other areas, if corporation tax is granted, and if the Assembly decides to exercise the option to take that to a number south of where we are at the minute, it represents a major opportunity for our organisation. We have publicly committed that we would double the amount of FDI with a lever such as corporation tax at a 10% or 12% level. We still stand by that position. We are at a threshold. With the tremendous results that we have had this year — the forecast is that it will not be as good next year, but still well ahead of the average of the first two years — if the decision is taken positively and the Assembly decides to move it forward, we will have a tremendously strategic tool that will allow us to continue the trajectory that we are on of continuing to provide jobs into Northern Ireland through foreign direct investment and supporting local companies.

**The Chairperson:** Thanks very much for that. I have a number of comments to make, which I reflected to you last Thursday evening at the Giro event. Yes, there is a perceptible change for the better in how Invest NI is performing. It is right and proper that we should reflect that to you. Indeed, I have, on numerous occasions, been involved with some businesses, and the outcome has been very productive and good and efficiently delivered. It is important to reflect on that. It is good to see your staff outreaching more with elected representatives, too, which is happening on the ground.

I have a few wee questions around jobs promoted versus jobs created, or jobs promoted along with jobs created. For me, the only jobs that are relevant are actual jobs where somebody is stepping in and drawing their pay at the end of the month. Do you correlate the two? You have actual figures, but what I am trying to get at is whether the jobs promoted thing is just a hypothetical thing.

**Mr A Hamilton:** No, not at all. Jobs promoted are contracts that we sign with companies —

**The Chairperson:** I appreciate that.

**Mr A Hamilton:** It is the lead indicator for you —

**Mr Ennis:** It is what is coming down the pipeline. Ultimately, we go to jobs created. If you do not have the pipeline, you are not going to have created jobs in the future.

**The Chairperson:** I appreciate that. However, the real one for delivery of disposable income to the local economy in a given year, week, month or whatever it is is jobs created. That is the one that is immediately of concern to me. I appreciate the strategic overview of where you are going, which is crucially important as well.

That brings me to my next question. I see that 94% of the letters of offer were to local businesses. What is the percentage uptake of those letters of offer and how does that relate to previous years, say last year or the year before, when we were in recessionary times? I ask that because I had been anticipating a much better uptake.

**Mr A Hamilton:** The volume, which is there, indicates the uptake. If you go back —

**The Chairperson:** I am sorry; I am asking about the letters of offer that go out and the percentage of those that become realisable and actually happen in comparison with previous years when they may not have happened because of lack of resources or finance — or banks, perhaps, not buying in or whatever. Are you noticing a perceptible improvement in that?

**Mr A Hamilton:** I do not have the numbers with me relating to letters of offer that have gone out. I can get those for you and I am happy to write to you with them. Let us remember, however, that the vast majority of this is not large-scale job projects. The large volume of this is single letters of offer that go to small businesses.

**The Chairperson:** I appreciate that.

**Mr A Hamilton:** Some of them are around marketing support, the finance voucher or the innovation voucher. I would not say that those are at 100% but there is very little drop-off on those. The vast majority of people who get a gap letter of offer or a marketing or innovation voucher or finance voucher draw those down. I would not want to characterise those with comments you may have picked up, which I have made in the past, that we have made offers to firms to create 200 jobs and, because the economic downturn came along, we have either parked it, suspended it or not put it through fully. The vast majority of those letters of offer have already been taken up or will be taken up. There is not a big concern for me on the slowdown of letters of offer being enacted.

**The Chairperson:** I meant quite the opposite.

**Mr Ennis:** I would like to make just two points. I am delighted because we are the first agency in the United Kingdom or Ireland to record properly jobs created. Nobody else has done that; it is a first for all agencies. I commend the team on doing that. You are right; that is where the tyres hit the road.

I will pick up on the confidence level that we see coming through. Since the middle of last year, we have definitely seen an increase in confidence levels in the feedback that we are getting across most sectors. We are seeing the uptake. I will answer your question in a slightly different way: the speed of uptake of some of the letters of offer has increased, which reflects people's confidence and belief that the economy is improving.

**The Chairperson:** It would be helpful if there is some type of an analysis — I presume that you have done that — of the uptake of the offers that have gone out. I would hope and anticipate, based on your general comment, Mr Ennis, that you would see a marked increase in the percentage uptake.

I want to draw you to the area of corporation tax. Clearly, you are doing a wee bit of work on how that might pan out. I believe that a report was to be available on grade-A office accommodation, which would clearly be pivotal. I already know that there have been instances of firms here that were looking for that grade-A office accommodation but, unfortunately, it was not available for them in the likes of Belfast. Are you aware of the contents or conclusions of that report? When might it be available for wider perusal?

**Mr A Hamilton:** I know that some people have reported difficulty with grade-A property, but we have had no office accommodation issues with any of the companies that are in our work-in-progress pipeline at the moment.

**The Chairperson:** I was not thinking of those companies.

**Mr A Hamilton:** I know that. I just want to state —

**The Chairperson:** They did not have a problem with it if they are already here. If they had a problem with it, they would not be in your pipeline; that is my point.

**Mr A Hamilton:** Generally, office accommodation is discussed after we get a company engaged. There are no companies in our work-in-progress pipeline that have said that they are not going to be able to invest here or that their project is jeopardised because of the lack of grade-A property.

**The Chairperson:** I would expect that anyway. If they had a problem with it, they would not be here.

**Mr A Hamilton:** Well, our projects take an 18- to 24-month cycle. It is feasible that if grade-A property were an issue, having got to this point, a company that we engaged 12 or 18 months ago might have a challenge, but that is not the case. Grade-A property is not a short-term issue for us; it is medium- to long-term issue.

I will answer the question about the report in a few moments. A bit of development has started; property is beginning to be developed around the harbour and planning permission has been applied for in relation to property in the Titanic Quarter — I am talking about Belfast — and there is property development under way by way of refurbishment in the city centre. We have just heard the news about the potential for another of our investors to redevelop the former Maysfield leisure centre. Therefore, a bit of movement is starting to happen. I agree that there are challenges if that does not move particularly quickly in the future — we could get into a situation where we start to run out of suitable property.

We expect the report to be available within the next few weeks. As soon as that is available, we will publish it.

**The Chairperson:** That is grand. Thanks for that.

**Mrs Overend:** Welcome to the Committee and thanks for your presentation. I want to touch on exports and measurement against your targets. That is one of the targets that you are not currently meeting. I know that the Department is looking at how exports are measured and that there are difficulties in that. Can you provide us with some information on how much focus you are putting on exports? What work are you doing to improve that? My husband has been to other countries on export missions and, when he is out there, he hears that there needs to be more focus on networking and promoting Northern Ireland in other countries, rather than the FDI aspect. What is the balance of your work in regard to FDI and promoting Northern Ireland when you are out there finding new markets?

**Mr Ennis:** I will talk about some of those issues and then let Alastair come in on the solutions and what we are doing about it. I will give him the good stuff. One of the issues we face that has impacted our numbers is the fact that, when we have exports coming from Northern Ireland, they are usually consolidated somewhere before they are shipped on to somewhere else. A number of years ago, a lot of that consolidation took place in the Republic. The only thing that we measure is manufacturing exports. Effectively, HMRC gives us the numbers. There was a fairly significant switch with the downturn in the economy in the South to that consolidation taking place in the UK. As a consequence, we do not get any recognition for it. Therefore, it was not that we stopped exporting but that the exports were rerouted and, as a consequence, we do not pick it up in our results. For me, that is a very frustrating situation. Also, we have no measurement on our export services, which have been a phenomenal success story. From a Northern Ireland perspective, it is something that we would love to shout about, and we really have to get to a stage where we have some ability to measure sales from Northern Ireland as opposed to exports. It really is one of the most frustrating issues for me. Having expressed my frustrations, I will hand over to Alastair because there is a huge amount that we are doing.

**Mr A Hamilton:** The key question is on the organisation's focus and its balance between trade and investment. That has moved significantly over the past two years, so much so that, at the beginning of this year, I took the decision to integrate the two teams. You may have heard me talk a bit here previously about trying to connect trade and investment to get up-sell and cross-sell opportunities. From January this year, we have physically merged the two teams together, so we now have a combined trade and investment organisation.

The overseas country managers, who previously were targeted only on inward investment, are now targeting trade and inward investment. We have built multidisciplinary teams in the four geographic patches that we manage across the world. We have also recruited additional trade advisors because, until two years ago, all our trade activity was pushed out from here. There was a trade team here that went to exhibitions or on trade missions along with companies and came back home again, with no one left there to continue that connection. Over the past two years, we have recruited somewhere in the region of about 20 people between our own people and consultants in geography, the latest one being in South America. We returned from a very profitable trade mission to Colombia just a few weeks ago with that individual leading that up. Therefore, we are doing a lot of work on having trade advisers in geography.

The second thing that we have done is to recruit some sector-specialist people, and I suppose that the prime example is the construction sector, where we recruited a guy named Nick in London, who previously worked for the Olympics authority. He was involved in all the procurement around the Olympics projects. His full-time job is to make sure that we connect Northern Ireland construction companies with the large construction projects, including the likes of Crossrail and other projects that are currently under way, primarily in London but beyond that into the rest of Britain is now much more in tune with the other things, and we are taking a much more proactive approach to making sure that companies know what contracts are coming up. We will go quite far down the line in supporting firms when they put their tenders together and making sure that they have the best advice from us about the things that will set them apart and profile them in the best possible way when they bid for those projects. That is starting to bear fruit.

Our international team are all home at the moment. Actually, although they are home, they are heading to Fermanagh for the much-promised visit to Fermanagh for three days. However, I met for two and a half hours yesterday with the country heads, and the only thing we talked about was trade. We did not even get on to foreign direct investment. I hope that that gives you a flavour of the focus from the senior level right down through the organisation of our desire to be able to deliver on this. As Mark said, I had the opportunity to present to all the staff at the conference on Tuesday. I made a specific point of saying that, having delivered such a wonderful set of results in terms of our scorecard, the one thing that I want to do on behalf of the organisation is to close the gap on that trade target, because that is success for us in terms of a suite of R&D, inward investment, local company support, and trade and exports. That is our focus.

**Mr Ennis:** It would be fair to say that we have improved and met our targets on the emerging countries. Where we have been hit — it is probably a reflection of the economic circumstances — is in our main export markets, which were Europe and the Republic. They have taken a bit of a hammering. However, the point you make is absolutely right: we need to focus on exports. That is why I wanted Alastair to tell you about that. We are making a huge effort in that area. It is one of my personal goals for the organisation to increase that export market.

**Mrs Overend:** I am really glad to hear that you are ahead of the question and have the right answers. I am a bit concerned that you have combined the role of the person who is looking at FDI with trade. It is important that they have good links with Northern Ireland and know what is happening here. The link needs to be between what we have to sell and promoting it out there.

**Mr A Hamilton:** Absolutely. The people we have recruited overseas are dedicated trade specialists. The only person who carries a joint target is the country head. The four people I met yesterday have the joint target for trade and investment. Once you get below their level, you are into specialisms: business development for FDI, and dedicated specialisms for trade.

**Mrs Overend:** That is great. Northern Ireland has so much that is good to sell, so it is good to get it out there. I want to ask a totally separate question related to local government. A pilot office was set up in Fermanagh, a subregional — I cannot remember the particular phraseology. How is that pilot progressing and you are talking about opening other offices, in mid-Ulster, for example?

**Mr A Hamilton:** Our intention is to have an office presence in each of the 11 new council areas. As a pilot, we set one up in Coleraine a few years ago, and we had the one in Enniskillen. Yes, our intention is to have a regional office network such that we have a presence in each of the 11 new council areas.

**Mrs Overend:** Can you give an example of any success stories from the pilot?

**Mr A Hamilton:** There are two things to say about that. One relates to the office that you mentioned but the other is the pop-up office element, which you may be aware that we trialled over the past 12 months. It may not be enough to maintain a full-time presence in some areas. The pop-up office worked particularly well for us. From memory, we set that up in Limavady, Belfast, and I cannot remember where the third one was. Those worked well because we signalled well in advance to people that we were going to be there for a week. Whether we took a shopping centre location, an office or a shopfront somewhere on a main street, we had the right people in a focused area for a full week. That was very successful. People knew that, if they turned up, they would get access and be able to talk to people. There was no need for appointments to be made.

I expect that we will run more of that pop-up office feature in the next 12 to 18 months. The benefit of that approach is that you do not have to pick a particular place, whether it is Magherafelt or wherever. You can move it about and try to catch people as you move around.

**Mr Flanagan:** Gentlemen, thanks for your presentation. The last time I was here, I asked you what was the bad news and what did you not tell us. I will not bother asking that again. On the state of the economy, we are seeing report after report indicating that growth is happening. Speaking to some people in the business community, it is certain that that is the case, but from speaking to citizens and people on the ground, I know they are not seeing the benefits reaching them yet.

We have seen statistics indicating that unemployment figures have gone down for the fifteenth month in a row, and that is very welcome. However, behind those statistics, the situation has been masked by emigration, underemployment, the growing use of zero-hours contracts, self-employment and low pay. I am keen to hear what consideration you have given to the introduction of a stipulation that all the jobs created through Invest NI grant funding will include a requirement for employees to be paid at least a living wage.

**Mr A Hamilton:** I am aware of those concerns. There needs to be a bit of further discussion on the living wage. For example, I looked a few days ago to see whether there is a living wage analysis for Northern Ireland. I have not seen it; maybe there is one. I would be keen to see it. The benchmarks that I have are from the UK. There is a London living wage position and, outside London, a UK position. If I have done my sums correctly, private sector median (PSM) is running at about £19,000, the national minimum wage is running at somewhere around £13,000, and the living wage outside London is probably about £16,000. There is a pretty clear step between the three. I stand to be corrected if there are other analyses on that.

From a legislative point of view, in the initiatives that we drive, we focus on two key numbers, the first of which is the national minimum wage. In fact, we do not really focus on it, but it is the legislative position that people need to pay the national minimum wage. The second one is PSM, which is set as a target in the Programme for Government. We have driven very successfully and aggressively on trying to secure as many jobs as we can above that level, and you can see the reported number in our papers. If we were to introduce a third level to that and there were either a change from national minimum wage to living wage, or restrictions were placed on that, it would need to be driven from a policy point of view as opposed to us just going off and trying to implement it. We need to be careful about setting too many levels of wage-quality positions into our letters of offer. I am happy to get involved in a discussion on that, but, as part of it, we need to understand the impact it will have on the various suppliers and companies that we support.

**Mr Ennis:** The number that we have taken off the unemployment register is a big success. People talk about making difference in an area. Nothing makes more difference than giving people a job who did not have a job, and that, to me personally, was one of the success factors this year.

**Mr Flanagan:** How do you measure that? Is a survey done when jobs are created? How do you figure out how many people have come off the dole and are now working because of an Invest NI intervention?

**Mr A Hamilton:** Firms are asked to provide that information so that we can analyse it.

**Mr Flanagan:** Is that on jobs promoted or jobs created?

**Mr A Hamilton:** Jobs created.

**Mr Flanagan:** You can tell me the number and percentage of jobs that are paid above the private sector median. Have you any idea how many jobs have been created between whatever you determine a living wage to be — whatever rough calculation you have done — and the minimum wage?

**Mr A Hamilton:** Those levels are not built into our systems. That would all need to flow through. If that were a policy direction for the Assembly, a debate would need to take place to stipulate that in the rules and regulations of our interventions.

**Mr Flanagan:** Can you look at that information from the historical jobs created figures?

**Mr A Hamilton:** No, we ask for it in bands. We ask for the information based on our targets, which are based on the private sector median. We ask for the salaries that are above or below the private sector median.

**Mr Flanagan:** It is as simple as that?

**Mr A Hamilton:** Yes.

**Mr Flanagan:** Addressing regional imbalance is one of the commitments of the Programme for Government, but you have not included it in your presentation and I do not hear enough about it. Unfortunately, some people scoff at the idea that there is regional imbalance, but their party signed up to the Programme for Government so it must exist. There is a commitment in the Programme for Government to tackle regional imbalance. Can you give us a breakdown of where you have supported jobs created and promoted?

**Mr A Hamilton:** There are two elements to that. We have provided a slide on the key projects that we have announced, and you will know where those projects are. There has been a good balance in the foreign direct investment projects this year. There have been some in Belfast and outside Belfast. There have been some in the north-west and in County Tyrone, and there were some just last week in Carrickfergus and Antrim. There has been a really good balance of projects across Northern Ireland this year. The vast majority of local company support is driven in the communities in which those companies are based. There is a really good balance of local company support, and there is a regional spread across Northern Ireland, proportionate to population areas.

As I said, these are, as always, the headline numbers. Within the next two or three weeks, the regional breakdowns and subregional numbers will be available, and we are happy to provide you with those.

**Mr Flanagan:** How are you coping with the huge demand of companies seeking to invest in Fermanagh because the G8 took place there?

**Mr A Hamilton:** Well, we are going down to hear all about that —

**Mr Flanagan:** You might have detected a wee bit of sarcasm there.

**Mr A Hamilton:** Yes. We are probably going to hear today from the council and the stakeholders in Fermanagh about the proposition and the commitment that we made last year on that. A couple of companies are interested in the area and we will continue to pursue those opportunities. More positively, I hope that, from the engagement over the next couple of days, our international team, all of whom are there, will leave not just with a nice positive headline message about Fermanagh, what it looks like and the G8, but with substantive information about the key unique selling points of that region that they can project to potential inward investors.

**Mr Flanagan:** Is your sales team engaging with the likes of South West College and members of the business community in Fermanagh?

**Mr A Hamilton:** Absolutely. Two parts of the programme over the next two days are around South West College and the connections there.

**Mr Flanagan:** Do you have in place any particular policies or incentives to encourage potential investors to locate in areas of disadvantage or neglect?

**Mr A Hamilton:** There are subsectors of the overall programmes. A particular part of the business start-up programme is focused on neighbourhood renewal areas. Businesses will get financial support if they are located in a neighbourhood renewal area, which those not located there will not. They get the rest of the advisory support, but they will not get the financial support. In some programmes, there are incentives dedicated to those areas.

**Mr Flanagan:** That is for start-ups. What about existing businesses that want to expand or for foreign direct investors? Do you have any specific incentives to try to target them into areas of greatest need?

**Mr A Hamilton:** I would not want to target existing investors to move from one part of Northern Ireland to another. Usually, existing indigenous businesses decide where they are going to set up. I would not want to move to a position where we were incentivising them to go from one part of Northern Ireland to another.

Over the past three years, there has been a financial incentive for foreign direct investors. A higher threshold of selective financial assistance was available outside Belfast. That helped us to locate some of the projects that have been announced over the past three months in those areas.

**Mr Flanagan:** Finally, on a different topic, how big a problem is the high price of energy for large energy users posing for Invest NI in attracting people to come here?

**Mr A Hamilton:** It is an issue. There are two parts to the answer. It is more of a challenge for our existing manufacturers. Although you can look at the list and see some manufacturing expansions, such as Ryobi, Wrightbus a few days ago, and Terex towards the tail end of last year, we have not been specifically targeting manufacturers for a whole host of reasons, such as tax and, now perhaps rising energy costs. You will know that our strategy over the past five years has been to target financial services, IT and business services.

I do not want to duck the question completely. I will register a concern that has been discussed at the board with the chairman. The differential for a lot of our international firms between energy costs in Northern Ireland and those elsewhere in these islands or in their home countries is causing them a challenge. Many of those manufacturing plants — you have heard this directly from them — are benchmarked on their costs versus the rest of their similar sister plants around the world. Increasingly, although they are driving greater efficiencies and they have better outputs and higher quality, the energy cost is becoming a bigger part of the debate as they discuss their future with a parent organisation.

**Mr Flanagan:** Have you lost out on any projects because of the price of energy, or have you just not been targeting them as hard as you could?

**Mr A Hamilton:** No. However, I will register a little bit of concern with you, which is not on the cost of the energy. On your agenda, issues are starting to crop up on the cost of connection to the grid, particularly as you move further from Belfast across the grid infrastructure. We are discussing projects with people. They are mainly existing manufacturers who are expanding and whose choice of location is very much influenced by the grid infrastructure and how quick and cost-effective it will be for them to get access to that grid through a one-off connection. Some of the connection charges are quite substantial.

**Mr Agnew:** Chair, may I ask a follow-up question?

**The Chairperson:** Phil, were you —

**Mr Flanagan:** I will say one thing, and then I am finished. You know that we are doing a piece of work on the grid, so it might be appropriate for the Committee to contact you to get more information.

**Mr Ennis:** I have not commented, as I am obviously conflicted by being the chair of one of the energy companies.

**The Chairperson:** I was going to ask about that. As part of our inquiry into costings and the difficulties that are being created through connection to the grid, it might be helpful if we received a written briefing from you.

**Mr A Hamilton:** I am happy to do that.

**The Chairperson:** Steven, I will bring you back in.

**Mr Agnew:** I have a very quick point; I will not say that all the energy companies are at fault. Grid connection is a big issue. Is it your understanding that some of the companies that may wish to invest would accept a rise in energy costs if the investment went into the grid?

**Mr A Hamilton:** I will be very frank: I do not think that they want either.

**Mr Agnew:** Of course not, but we have to make decisions —

**Mr A Hamilton:** We have a small subset of very high energy users, and, when you benchmark the unit cost of energy in Northern Ireland versus some of our near neighbours, east-west and North/South, any increase in that unit cost or energy cost will have a disproportionate impact on them. I would like to see neither, but that —

**Mr Agnew:** You would like us to invest in the grid but not —

**Mr Ennis:** I will make a comment that I do not think causes a conflict with my other interests. With regard to investing in the grid, which will obviously increase costs, you will not ultimately end up with a reduced cost. We still do not have an indigenous fuel that we can pump out and benefit from. The higher the percentage of renewables we have in the system, the lower the cost will ultimately be for the consumer. At the minute, when the wind blows, the wholesale price of energy in the Irish marketplace — remember we have an all-Ireland marketplace — drops by about 10%. The mechanisms need to be in place for that to go through to customers, but the wholesale —

**The Chairperson:** That is the problem.

**Mr Ennis:** Yes, there is an issue with that. The supply companies price their product based on a view of that. It ultimately gets through to customers, but maybe not as directly as saying that, if the wind blows today, your energy will be cheaper. The base problem is the fact that we depend on imported fuel.

**The Chairperson:** Thank you for that. I have one point on your paper on energy costs and connections to the grid. NIE is coming before the Committee on 29 May. It would be very helpful if you could make that document available to us before then.

**Mr A Hamilton:** Yes.

**The Chairperson:** Thank you.

**Mr Dunne:** Thanks very much, gentlemen. We should all pass on our congratulations to Invest NI on its performance over the past year. We all recognise the change in the organisation, and those congratulations should go right down through the structure.

**Mr A Hamilton:** Absolutely.

**Mr Dunne:** You have a big team of employees who are all playing a part in making a difference. It is important that we recognise that.

You have secured almost 1,100 jobs in Northern Ireland over the past year. Your presentation uses the word "promoted" —

**Mr Ennis:** It is 11,000 jobs.

**Mr Dunne:** Sorry, almost 11,000 is right. You have promoted over 6,000 local jobs. Are the external jobs the new FDI type?

**Mr A Hamilton:** They are both new and existing companies that are expanding.

**Mr Dunne:** Are they all based here? Will they be?

**Mr A Hamilton:** Yes.

**Mr Dunne:** Some might say that the figures are challenging, and others that the figures are not as realistic as they should be. We all recognise that we are coming out of a recession, so do you feel that the figures are as challenging as they could be? What do you think about next year?

**Mr Ennis:** I will answer that initially. Just before I took the position of chairman, the target was 21,500 jobs. On the morning that I was interviewed, the interviewer asked me what I thought of the target of 25,000 jobs. So there was an immediate uplift of 4,000 jobs, which I was not anticipating. At that time, I thought that 21,000 jobs was a real stretch, so 25,000 was a very significant stretch. Given the success of Invest NI, I will not demean the target that was set. It was and is a very tough target in a very difficult climate. It is great that we have battled through it, because, remember, we do not actually create jobs or deliver them. The companies that we help to support do that real piece of work. It is a fantastic vote of confidence for the economy, and the Executive, in no small measure, have put the economy at the heart of policy. That has been terribly helpful. When you are dealing with outside companies coming to Northern Ireland, they hear all our politicians unite around the fact that the economy is such an important part of policy. They do not always get that message everywhere else, so I do not underestimate the role that the Executive have played.

**Mr A Hamilton:** It is also worth bearing in mind that, although the Programme for Government targets do not change, we change our targets every year. Our cumulative target for next year is 32,000 jobs, not 25,000. If there is any feeling that, because the climate has changed and we have been successful and, let us be clear, we have found projects that we could not have envisaged finding three and a half years ago when this Programme for Government was being developed, you will see that we are not taking our foot off the pedal just because we have managed to get very close to the target. Eight thousand jobs is on everyone's scorecard for next year, which, as I said, is a higher average than the first two years of the Programme for Government put together. Our desire has not abated to continue to drive on behalf of the Assembly and the population to deliver results.

**Mr Dunne:** Do you think that things can only get better next year?

**Mr A Hamilton:** We will not get better than 11,000 jobs unless something miraculous happens in the middle of the year. Even a reduction in corporation tax would make no difference, because that would not impact for another two or three years. If we can deliver 8,000 jobs next year, we will be doing a super job.

**Mr Dunne:** We will hold you to that.

**Mr A Hamilton:** That is OK.

**Mr Dunne:** Of the total planned investment of £1.09 billion, will you clarify what the NI Screen money is for and where it is located?

**Mr A Hamilton:** I do not think that anyone knows where it is located. That money is an offer of financial support that has gone to Northern Ireland Screen. I mentioned this earlier, and I will give you a bit more detail. The background is that we used to give Northern Ireland Screen only a one-year budget, so it had challenges making commitments in the longer term to companies such as HBO, Universal and the BBC. It has now asked us for a four-year budget, which we have given. All that commitment, therefore, is wrapped up in one year. That is a four-year programme of funding for Northern Ireland Screen, allowing it to go out and secure more creative industry projects for Northern Ireland.

**Mr Dunne:** That money may not necessarily be drawn down.

**Mr A Hamilton:** Northern Ireland Screen will draw it down. It has a track record of delivering against that budget.

**Mr Dunne:** Bombardier is a great story, and we all appreciate your efforts. Is that money coming out of the European regional development fund?

**Mr A Hamilton:** Yes, the majority of that is European funding.

**Mr Dunne:** Will that alter, thereby affecting projects such as this?

**Mr A Hamilton:** No. This is an R&D project, so, under the rules changes in June that we talked about, that will not change. The R&D programme will be reviewed. I cannot remember the date when it is reviewed, but it is not June of this year. If I understand the tone in the European Union correctly, it will continue the plan that it is on, which is to give less job-related support and more innovation-related support to drive that piece. I expect that that will continue.

**Mr Dunne:** You mentioned managing your letters of offer. It is a big task to manage 4,500 letters of offer. How do you do that? Obviously, a lot of those projects will never come forward.

**Mr A Hamilton:** The 4,500 letters of offer that I mentioned are the ones that have started to deliver. That is the population that we mined through the system. In the system, all those are now managed in such a way that we know the original employment level when that letter of offer was taken out. Every time that a claim is made, vouched and the employment baseline is assessed and approved, we can then do a sum between the original baseline and the employment at that point. People make claims, perhaps every quarter or six months, so it is a continually moving feast. Through the system, we can now do that sum very quickly across 4,500 letters of offer, probably across a seven-year timeline. That is what we are talking about. As I said, we never could agree to do that manually. It always has to be a system, and it has taken us two years to put that system in place and get it populated. We are now able to do that, and it is a major success for us.

**Mr Dunne:** Good. Well done, and keep up the good work.

**Mr Ennis:** Thank you.

**The Chairperson:** As you know, the Committee has concentrated a lot on R&D with FP7 and, more recently, its successor scheme, Horizon 2020. To be honest, the evidence that we have received has been a mixed bag as to how we perceive motivation and movement in the North in comparison with the rest of the island. What is Invest NI doing to avail itself of that? You said that, on the European level, we are moving more into the innovation field, and billions are available for that. What is Invest NI doing specifically, in conjunction with, for example, universities and your client base, to encourage and nurture the drawdown of those funds with a view to future innovation, products and, indeed, tie-ins with the sort of companies that we hope to attract through a reduction in corporation tax?

**Mr A Hamilton:** To consider R&D, particularly EU funding, I will break the subject into three areas. First, there are those structural funds, so how do we maximise their use to support our work? Every £1 that we draw out of those funds is £1 less that has to come from the block grant onto our baseline. Over the past seven, eight or 10 years, we have sought to maximise access to those funds. Companies will not bid for such funds on a case-by-case basis; they are programmes that we run, and we fund them through European funding. The major pieces have been for R&D. The majority of that R&D programme, including the Bombardier project, is funded out of European funding.

The second area is support for finance products such as venture capital (VC) and the growth loan fund. We have managed to leverage in the region of 20% — I cannot remember the exact percentage — of our funds in that suite of funding, which comes out of our baseline; the rest comes out of European funding. So there is a very high leverage of European funding into VC and debt-based funding through the access to finance suite.

The third area is smaller innovation programmes such as innovation vouchers, which I mentioned, and collaborative programmes between Invest NI and the universities on a company-specific basis. Those are the knowledge transfer programmes (KTPs), which are also European-funded. So there is a very healthy suite of European funding across our base.

In the balance of our budget, as we reduce our support on selective financial assistance around jobs, we increase our support in R&D. If you were to compare our budget profile today with that of seven years ago, you would find that much more of our budget is spent on R&D and much less on job creation.

The last element are the European funding mechanisms for local companies to collaborate with companies across the European Union, and then to bid directly to get access to that funding. I agree with you and acknowledge that that is an area in which we can all do more collectively to try to help firms. The Executive took a decision to put points of contact into Departments around Northern Ireland to try to support firms to access that funding, and that has started to work fairly well. However, we probably need to get more heavily engaged in trying to support firms and, in the same way that we did with construction projects in London, matchmake for them. The Enterprise Europe Network is embedded within us, but it probably needs to move a bit further.

**The Chairperson:** I appreciate that, and I expected to hear what is being done to do more on that front.

**Mr Ennis:** Let me comment on that. I can give you some insight. SSE Ireland has just submitted a Horizon 2020 project, along with Glen Dimplex and Intel. Those are three huge companies. Horizon 2020 is a competition, so you enter it and compete for a particular fund. Even with the resources behind those companies, it was a very significant piece of work. I know that the attraction of billions always gets people's attention. People are always saying that Europe is giving out billions, but that is very difficult to access. We had to put a very significant team together from an SSE, Glen Dimplex and Intel perspective to work flat out on this for three months to prepare a presentation and put in something that we may or may not win.

We had to visit Europe on a number of occasions to lobby. When you get to Europe, the door is open, and people are very helpful in saying that they think that our offer is good on certain points. The initial feedback — I do not think that I am giving anything away — was that it was all too Irish. They understood that we were North and South with a bit of UK thrown in, but they told us that we needed a wider geographic. We sought and ended up with other corporations involved with that bid on a European level. That is the scale of it. My point is that, from a Northern Ireland perspective, we do not have a lot of companies of that scale that are in a position to take advantage of even going for a submission to something like Horizon 2020. It is a significant piece of work.

**The Chairperson:** I hear what you are saying. We have been to Dublin and learned what Enterprise Ireland is doing. Granted, there is the nature of the economy there and the types of companies, one of which you are collaborating with. However, were I a person in a business with an innovative project, there are key officials down South in Enterprise Ireland who are dealing with the thematic areas.

**Mr Ennis:** We have that —

**The Chairperson:** I am not sure that that is widely known. Certainly, what we are hearing is limited. I know that we are going down to see you and that you have a conference coming up very shortly, which I also hope to attend. It is about having that capacity to make the information known to those who can avail themselves of projects and opportunities. That is the key issue, and I do not get the impression that that has quite kicked in yet.

**Mr A Hamilton:** I would not lose sight of the fact that Northern Ireland is the most attractive part of the UK. Forget about funding streams and come back to what people are trying to do. People are trying to drive innovation and R&D. Northern Ireland is the most attractive part of the UK in which to conduct R&D because, first, it is the only part of the UK in which you will get financial assistance from us through that European funding because of our regional aid or European status and, secondly, because of the UK tax credit regime. You can top it up even further if you go down the line of the patent box.

Every pound of R&D spend in Northern Ireland — it varies depending on the size of a company — costs less than 40p if you maximise those positions. You have to balance out the scale of companies in Northern Ireland and their ability to engage in the sorts of programmes that Mark Ennis has just spoken about versus the return that they will get for that. In many cases, people will get better financial support through the existing R&D mechanisms than they will out of Horizon 2020.

**The Chairperson:** Is it an either/or?

**Mr A Hamilton:** It is an either/or. You cannot double up on European funding.

**The Chairperson:** No, I do not mean double up; I mean add extra capacity to a project.

**Mr A Hamilton:** No, you cannot draw two elements of European funding into the same programme. You need to decide which —

**The Chairperson:** I am sorry; I was thinking of tax credits, and so on. Perhaps I got a wee bit mixed up in the telling.

**Mr A Hamilton:** We have tried to look at the size of the companies in Northern Ireland and their ability to comply and complete. I am sure that you have heard that, because of European funding, there are still hoops to jump through for the R&D programmes, even though they do not have to find another partner elsewhere in the European Union. We try to balance their ability to deal with those programmes and the funding that they could get on the various streams. Some streams are facilitated and driven by us through European funding and our R&D programme, and others are through FP7 and Horizon 2020. I think that we have a fairly good balance between those two. Horizon 2020 is not for all our companies.

**The Chairperson:** No, I never suggested that.

**Mr A Hamilton:** I know that.

**The Chairperson:** We have learned that much. We were out in Europe last year and learned a fair bit.

**Mr A Hamilton:** I will close my comments with the point about this benchmark for R&D spend. Seven years ago, the R&D spend in Northern Ireland as a percentage of our gross value added (GVA) was 0.6%. The UK average at that point was 1.1%. Today, we are at 1.2%. So in a period of seven —

**The Chairperson:** What is the UK average now?

**Mr A Hamilton:** It is still 1.1%.

**The Chairperson:** Right.

**Mr A Hamilton:** In those seven years, we have doubled the R&D spend as a percentage of our productivity — our GVA — across Northern Ireland businesses. Regardless of where the funding comes from or what programmes are used to support it, the big picture is that we have moved significantly. I do not mean that Invest NI has moved but that companies have moved significantly in their uptake of innovation and R&D, and there are funding streams to support them to do that.

**The Chairperson:** Gentlemen, you are going to have to excuse me. I am on call for the Balmoral show, and I will ask the Deputy Chairman to take over. Thanks very much indeed for your presentation, and, hopefully, we will see you again.

*(The Deputy Chairperson [Mr Flanagan] in the Chair)*

**Mr Mitchel McLaughlin:** I join Gordon in congratulating you. I see evidence of cultural change as well as success. Increasing evidence of economic recovery here certainly helps, but, in the recent adverse years, it was clear that significant change was happening in Invest NI. That bodes well for a more cooperative working relationship than we have had previously. Invest NI was being asked to defend circumstances and outcomes in the economy and in employment that really were beyond its ability, as we saw internationally.

You will know from earlier conversations that I am interested in closing the gap between people's perception of jobs that are promoted and outcomes. You are as good as your word and are moving in that direction. You are talking about a seven-year span to establish the benchmarks against which we can then compare the performance of the economy and, indeed, Invest NI as our main agency that we

rely on to track those changes and change those circumstances. Does that mean that you are now in a position to produce reports that are updated and refreshed quarterly if necessary?

**Mr Ennis:** Yes.

**Mr Mitchel McLaughlin:** It is difficult to tie down the circumstances. One factor is location, which was mentioned, but that is not the only one. Another is grid connection charges. There are other issues such as infrastructure, access, communications, skills and, I suppose, the metropolitan pull. In so far as we have a metropolitan centre in this economy, Belfast is clearly it. Does the data set on which we will be going forward reflect the ability to measure, for instance, PSM? In this economy, is PSM going downwards?

**Mr A Hamilton:** No, it is going up marginally. It is now about £19,000.

**Mr Mitchel McLaughlin:** How does that compare with similar benchmarks in the Southern economy and the wider UK economy?

**Mr A Hamilton:** It is a fair bit behind the UK average, which is in the region of £25,000 or £26,000.

**Mr Mitchel McLaughlin:** However, people should understand that the figures are relative.

**Mr Ennis:** You have to be careful, however, because that takes in London.

**Mr Mitchel McLaughlin:** Is it a distortion?

**Mr Ennis:** Yes. If we exclude London, the figure — I cannot remember what it is — is much different.

**Mr A Hamilton:** It is still the benchmark by which a lot of our targets and goals are set for quality. However, we can analyse that data set by the segments and sectors in our environment here, so we will be able to break it down by the 11 council areas, and external and local jobs, to give visibility to that.

**Mr Mitchel McLaughlin:** Exactly. With the metropolitan effect, the costs are higher in Belfast than in other locations. Whether that is a factor in location choice has to be set against other things such as connection charges. People will have expectations that perhaps are not rooted in clear, verifiable, evidence-based factors. There is a good word in slide 14 — "meaningless" — and we can think about that in the context of how long it typically takes from early contact to signing a contract and then delivering.

**Mr A Hamilton:** The two data sets are meaningful in their own way. However, comparing the same data from two years creates a meaningless —

**Mr Mitchel McLaughlin:** I absolutely accept what you say, and that is why I am so positive about the fact that you are bringing us to this point. Once we have an acceptable benchmark, we can go into and come out of mandates on the basis that we have a target that was based on clear and coherent targets that reflected the available data: it does not change, that is the starting point, and this is what we have done over the period of the mandate. I welcome that. However, when we set targets for redressing regional disparity, which goes back a long way and involves a lot of history, there are factors that will impact on your ability, as one agency among other agencies and Departments, to address that. We need to know what factors would get in the way of you making your contribution to addressing regional disparity or, in fact, result in your inability to make progress on that target because there might be factors that some other Department has to address.

**Mr A Hamilton:** We had the conversation this time last year, at a slightly different level, on what we can do to be more proactive in engaging with councils, particularly around Northern Ireland. I can report today that the engagement has moved on considerably, in that we have now met all the chief executives of the new councils and had a very positive discussion about our engagement, as a partner around the table, in the development of their community plans. We regard the community plans and their development as a critical part of our all working together to build a plan in the same way that the One Plan for Derry and the Belfast investment plan were built. Those are the forerunners of what

stakeholders around the table can do to develop a subregional economic development plan, which, as I have said before and will repeat today, I am absolutely committed to being part of.

**Mr Mitchel McLaughlin:** I do not find slide 4 particularly meaningful. It does not give a benchmark for the overall number of jobs that spilled out of the economy during the recession, which clearly had impacts. We need to know how many jobs are coming out of the pipeline — jobs that were not here this time last year but are here now — and you are now in a position to tell us. You could also tell us how many jobs that were here last year are not here now. People need to be able to track that to get their head around this conundrum.

**Mr A Hamilton:** We are now in a good position and can do both. I will recap a little. We have now committed to giving you, at this point every year, the data for jobs promoted from previous years, and you can request that information at any time. I do not want the Committee to get too far away from the jobs promoted number. With a sales operation, you still need to know what has been committed to during the year. People are always concerned that not all of the jobs committed to will turn into jobs created — time will tell. We now have the analysis to tell how many of the 10,800 committed to this year will have been delivered in four, five or six years' time. We will measure that and analyse it. I have no difficulty with that, but we still need that lead indicator to know whether the number in the pipeline is going up or down.

You made a point about the net change. Last year, we also committed to present to you the net change of employment in our account-managed base of 1,100 companies. We will do that at the half-year point, and it will give you a very good indicator of the net position. We now have those two systems up and running: jobs created analysis on a case-by-case basis and net employment change for the 1,100 account-managed customers. That is done by survey and analysis, and that information will be presented to you at the half-year point.

**Mr Mitchel McLaughlin:** I have some frustration about this. My sense is that people can work with that data and see the common sense in it. It takes a while to promote and develop a potential investment, and it takes time to negotiate your way through the various funding mechanisms and structures to get to a decision point. Then, there is set-up time, including recruitment etc, before the full level of the expected development of an investment is reached.

**Mr Ennis:** If it is helpful, I can give you some figures: 76% of the offers we made in 2011-12 have now been taken up, and we expect that number to increase. The bulk of an investment is probably in the first three years, and, ultimately, seven years is the complete length of time from a letter of offer —

**Mr Mitchel McLaughlin:** Looking at slide 4, Mark, I would have to research what information we were given last year. What does the graph tell us about the performance of the economy so that 76% becomes meaningful? It means that the benchmark was low, so 76% was an improvement, but that might be because of a dip in the previous year. That information is, I think, in your possession, but we are not being given the opportunity to judge the consistency of performance. I am convinced that it is a consistent performance, but you are not serving your cause well because you do not give people the relevant comparative information.

**Mr A Hamilton:** It is difficult to know what to bring because time is limited. However, slide 11 shows three years of performance: in year 1, the number of jobs promoted was 5,758; in year 2, it was 7,226; and, this year, it is 10,800. You can set those three years of performance against the jobs created, although that does not factor in your point about how the economy has changed across that period.

**Mr Mitchel McLaughlin:** I am sure that your statisticians have their head round this. If you establish an agreed benchmark, and it is just the starting point, that becomes very meaningful when you report regularly, whether quarterly or whatever. All you are interested in is the change from the previous quarter because you are familiar with what the position was and what the benchmark is. Therefore, either the economy is creating more well-paid jobs or the salary levels and number of jobs being created are going down. We could work out the relationship between jobs promoted and jobs delivered. People understand that.

Unemployed young people apply for every job going. They do not expect to get every job; they understand that it is a competition in a very tough world. If we were given the opportunity, we could handle all that information, and I think that the wider community would understand better. Does a regional disparity target mean anything to them? In Derry, I discovered that people think that

everything goes to Belfast. When I step outside Derry, people think that everything goes to Belfast and Derry. It is all relative, so you need to give people robust and evidence-based information so that they can use that, rather than their perception or prejudice, to make up their mind. What you do now can get to the heart of that fairly quickly by having informed and realistic Programme for Government targets, and we will know whether you deserve to get back the bonuses that we have taken away from you — or not, as the case may be.

**Mr Ennis:** Let us not get into that.

**Mr Mitchel McLaughlin:** No, we will not. You need not have bothered producing slide 4. It does not help or inform me at all because I do not know what your benchmark was. I do not know what the comparison is with this time last year unless I do the work to recreate information that you already have.

**The Deputy Chairperson:** Was that a rhetorical question?

**Mr Mitchel McLaughlin:** That was not a question; it was a rant. *[Laughter.]*

**Mr Douglas:** Thanks very much for the presentation. I agree with my colleague Gordon and commend you for your success so far. For me, this is a good news story. Even in the past number of weeks, something like 3,000 jobs have been announced. God knows we need good news stories in Northern Ireland.

Mark, I think that you mentioned the £1 billion of investment. Maybe I am wrong, but my frustration is that this is the first time I have heard this. Why are we not shouting it from the rooftops? I understand that there are problems with getting good news stories into the media, but this is a milestone and we should be celebrating it.

**Mr Ennis:** At 2.00 pm, after this meeting, we hope to be shouting that from the rooftops. We are not allowed to do so before we have explained everything to you, but you are right that, sometimes, it is frustrating. One of the most frustrating things for me is that the success of our local companies does not get the same carry in the press. For whatever reason, FDI always attracts more attention, and I will make that point this afternoon. It is important that those in the media are responsible and strike a balance so that people understand how successful our local businesses have been. The R&D of local companies has been fantastic, and they were a large part of the landmark investment that you referred to.

**Mr Douglas:** Even this week, there was the Wrightbus investment. It was great to see its buses up here during the Giro d'Italia. They are in Japan, London and all over the place.

I have a major interest in social enterprises. Let me give you an example: the East Belfast Partnership has made contact with a company in San Diego called Karl Strauss, which has the potential to invest — I looked it up on the Internet to get some figures. What can it expect from Invest Northern Ireland in trying to bring investment to the Holywood Arches, for example? It is great news for us.

**Mr A Hamilton:** It can expect all the support that we give to inward investors, whether that is support in San Diego from the sizeable international team based in San Francisco or other support. If the company is going to invest and create jobs, it will be able to get access to funding and support

**Mr Douglas:** Would it be treated just like any other business?

**Mr Ennis:** Absolutely.

**Mr A Hamilton:** Yes. The full range of support that we can offer is available, everything from job to property solutions and R&D, irrespective of whether it is a social enterprise or a limited company.

**Mr Douglas:** The Chair mentioned improved access for MLAs and commended you for that, and I agree. My interaction with your staff has been excellent. It is good that you were given that

commendation by the Chair this morning. Your staff have been excellent any time that I contacted them. I just want to put that on record.

**Mr A Hamilton:** I appreciate that. You can rest assured that we delivered that message — about the work that they have done this year — to staff on Tuesday.

**The Deputy Chairperson:** Alastair, you mentioned that everybody is treated the same. I am interested in social enterprises, given that their support will move to the local authorities. Will they be one step removed from the support that is on offer? How will that work?

**Mr A Hamilton:** A potential partner of the social economy will get the same access to support as any other inward investor. Will they be one step removed? Yes, because the delivery for start-up businesses and social enterprises will transfer to the councils. However, our ambition is to continue to build that very strong relationship with the councils so that we are there to help and support the local enterprise development (LED) funding, which has been a big part of funding for programmes at council level over the past couple of years. So, even though we are transferring the responsibility, we have committed to continuing to part-fund council activities through that LED funding.

**Mr McKinney:** The top two priorities in the Programme for Government are growing the economy; and tackling disadvantage and promoting health and well-being. For me, jobs are the main instrument in all of that: getting people acquainted with work, boosting wages, lifting people's spirits and so improving health etc. I heard what you said earlier about enhancements for inward investment in specific areas. What is being done strategically to ensure that the most disadvantaged areas will be targeted for jobs promotion? I appreciate that you operate from a strategic, Northern Ireland-wide perspective and that you are grateful for the jobs that come in. However, is there a strategic targeting system whereby the most disadvantaged areas will get at least attention if not priority?

**Mr A Hamilton:** There are three aspects to that. The first, which I hope that you can see from the delivery, is that, whether strategic or operational, our absolute focus is to deliver the targets set by the Assembly in the Programme for Government and then, at a secondary level, to deliver the targets that sit below that in the Executive strategy, which is also supported and endorsed by the Assembly. That is our primary focus. We spend our time focusing our efforts and driving to make sure that we deliver against the scorecard and all the Executive strategy and Programme for Government targets.

We have had the debate about subregional targets, and I do not want to reopen that unnecessarily. However, at a secondary level, for all the reasons that I have explained before, I still take the position that splitting all the very fine high-level targets into subregional areas — dividing them 26, 18 or 11 ways, depending on your outlook on life — would take us into the realm of the law of diminishing returns.

My third point, which is often repeated, is about the use of the word "target". On some occasions, we have a challenging enough job to do in trying to fight our corner among 200 other economic development agencies across the world and attract firms to a population area of 1.8 million. We will not get into a situation of saying to potential investors that they must go to a certain area. In a commercial world, we cannot force companies to go somewhere that they do not want to go. What we can do is encourage and incentivise them. The Deputy Chair has touched on the incentive factor, whereby we offer a higher level of support outside Belfast than within it, and we have used that to its maximum.

Knowing the proposition for each subregion is what we have tried to do in three or four areas, and we now commit to doing that in all 11 council areas through the community plans. It is a case of, "Work with us, tell us what your USPs are, and we will build that into a proposition and promote it." Some council areas have been really good. Derry City Council, for example, has been very proactive in maximising the Clipper event that it runs around the world. It made sure that, in each of the ports of call where we have an office or a presence, we held combined events and promoted the area from which the attraction comes. In the case of the Clipper event, it was the north-west. It is much more about driving those areas to try to engage in the subregional agenda.

**Mr McKinney:** I hear what you are saying, and I am not promoting you to First Minister level or anything like it. However, these are targets in the Programme for Government, and you can help with them. In this case, a rising tide will not float all boats. It will be left up to councils that may or may not have the necessary capacity, ability, or ambition. In other words, without a strategic approach, in five or 10 years' time, another generation in particular areas will find itself lagging behind.

**Mr A Hamilton:** Let me be very clear about this. First, I have given to all councils a commitment, which was delivered to all chief executives, that we will not walk away from those responsibilities in 12 months' time. It is our absolute priority to ensure that the complete transfer of functions happens as smoothly as it can. However, I have made it clear to councils that, if they cannot ramp up quickly enough or get the right people to take on these functions, we will continue to do a job on the ground on their behalf for whatever period it takes. It is incumbent on us, on behalf of the whole Executive, to make sure that that happens. We will not wait until one fine day, hand over a set of books over and say, "That is us. We are out of here."

The second point is that we have shown through our commitment to continue to fund local economic development programmes — we did not need to — that we are trying to build a partnership with the councils.

The third point is that this is important for all of us because these are not two distinct, unconnected parts: the small businesses of today will be the big businesses of tomorrow. In the new model, in which councils will take on the local economic development function, I want to find the Wrightbus or Almac of tomorrow. I want a company that starts off as a small family business to work its way up to being in our account-managed base so that we can provide the full suite of programme support. It is incumbent on us all to make sure that we continue to do that.

**Mr McKinney:** There is another issue. I sit on the Health Committee, and we see an ever-expanding health budget and ever-increasing pressure. The Health Department cannot fund the creation of jobs, but your function and DETI can. That is where, in my view, the focus — a strengthened focus — should be.

**Mr Ennis:** I sit on the task and finish group, the Transforming Your Care team and another group. Health can, in fact, deliver jobs, and that is what we were trying to show. Spend on healthcare is £4.5 billion, and we can use that. If we combine resources, as you said, we can both benefit from that budget to promote businesses in Northern Ireland.

The social enterprise case is a very good example, but the Executive will need to make changes to make that work. For instance, in an effort to save money, all the gardening maintenance estates of the hospital groups etc in Northern Ireland were combined. That effectively ruled out a large number of social enterprise companies because combining all of that brought it to the level of a European contract, which means balance sheets and everything else. So, because of the way that the Northern Ireland procurement process works, we took the work away from people who have a stake in Northern Ireland and gave it to other companies. It takes everything to work in order to deliver what you are talking about. The strategy is right, but everybody has to input into that.

I saw a very stark example of that when I went to the Colin community. A local company had been pushed aside in favour of a larger corporate because of the way in which that procurement policy works. Something might sound right initially, but we all need to keep in mind the consequences for businesses in Northern Ireland of going down a particular route.

**Mr Anderson:** Thank you, Alastair and Mark, for coming along today. I concur with my colleagues and offer my congratulations on the report. It certainly augurs well for the future, and I wish you and Invest NI well.

I detect from what Alastair said that the next few months may not be just as good. We have had tremendous results, job creation and announcements over the past few weeks, so I suppose that it would be expecting too much for it to keep going at that rate. However, we can still keep our foot on the pedal and try to get as many jobs as possible.

I want to touch on slide 9, which is on driving satisfaction. Maybe you could expand a bit on that. The slide shows 80% customer satisfaction, leaving 20%. What percentage of the 20% are dissatisfied and why?

**Mr A Hamilton:** The numbers are, in fact, that 80% are satisfied and 5% dissatisfied. The balance of 15% sit in the middle and categorise themselves as "neither". If you add the percentages for "neither" and "dissatisfied", you get 20%.

It will be no surprise to you that what has driven that level of satisfaction is the point of contact in the organisation. Time and time again, we have heard that the relationship and success that firms have

with Invest Northern Ireland is dependent on the client executive/client manager and his or her support proactivity. I will tell you a little about what we do with that knowledge. We have just introduced the business development academy, which is a major investment for us, to support and further train staff — we all need to continuously improve our performance. To date, all 300 of our client-facing staff have gone through an assessment. We built competencies for each role and assessed staff against those. Where there were gaps in competency, we built a business development framework, and staff will have online or face-to-face training and coaching to continue to move forward in that area. That is the way in which we will continue to drive up satisfaction.

On the dissatisfaction side, the key message that comes back to us is that there is too much bureaucracy and paperwork. There is a certain amount that we can do on that, and we are trying to move that forward. However, much of the bureaucracy — this is not in any way an excuse — is inherited. We had a really good debate earlier about European funding. The pain that comes with European funding is the higher level of paperwork and process required to go back through the European mechanisms to make that work. To be frank, we have had to take some of our programmes out of European funding, particularly on the training side, because firms got to the point of saying that the paperwork that they had to put in to get the support was not worth what they got out of it. So we have taken that out of European funding and put it into baseline funding, where we can move the processes much more quickly.

We are doing another big piece and have invested heavily in putting a much more automated system in place. On the back of the investment that we made for the jobs created, we are trying to develop an online system through which firms can submit their letters of offer online — there will be templates — and will be supported the whole way through the process. They will also be able to make and track their claims online so that they know where those claims are in the process. Much of the paperwork will come out.

As you would expect in some of the best online systems, they will not have to rekey data. So if they applied to us six months ago for marketing support and come forward for support on innovation — the system will be based on the intranet — all their data will populate to the new application process and they will not have to rekey it. We are trying to do that to minimise the pain and bureaucracy, as they see it, that comes with that. We will not be able to remove some elements, but we are running a programme to do as much as we can.

**Mr Anderson:** You will probably find that the people who run the small firms are the owners; they do not have time for all that bureaucracy and paperwork. You have touched on that, and I am pleased that you are trying to take it out of the system. People tell me that they do not have the time to do that or to pay staff to do that as they may be working in small margins to build their businesses. I am pleased that you are delving into that to help those businesses.

**Mr A Hamilton:** As always, we try to balance the paperwork that we need to do the job — make an assessment of the project and value for money — and what is needed to fuel the system of reporting.

We have talked about jobs created, and we try to find a balance in that. Sometimes, we will tell you that we cannot measure and analyse that. A prime example was that, some years ago, another Committee asked for tracking and analysis of where people lived and travelled to work. Quite apart from the data protection issues, there would be a great deal of bureaucracy involved in implementing that in firms and in asking them to tell us that. Indeed, if people moved house they would have to fill in the forms again. That was a clear example of when our view and advice was that implementing such a system would only compound the issue of data analysis. There is always a balance to be struck. Not all our data is for the assessment of projects; much of it is about tracking and visibility to give you the reporting that you need.

**Mr Anderson:** Earlier, we talked about local government reform and the work there. Is there a role for local government to help? During my time on council, I chaired the economic development department and talked to many businesses. Is there a role for the new councils to help the smaller businesses into which you could feed?

**Mr A Hamilton:** Absolutely. That is clearly what is envisaged and planned in the changes that will take place in the next 12 months and the functions for small business development, start-up businesses and social economy transferring to the councils.

**Mr Anderson:** You have spoken about having a presence in all council areas. Are you working at arm's-length or do you intend to get in there quickly? Things are moving quickly.

**Mr A Hamilton:** I know, and we have been welcomed with open arms by the new council chief executives. There is no resistance whatsoever in starting that piece work; we are absolutely in there at the minute.

**Mr Anderson:** There is a great need to get in early.

**Mr A Hamilton:** Absolutely. We have presented papers to them on the local economic development piece and on how the business start programme could work. We presented those papers to the chief executives and are starting to make progress on that.

**Mr Anderson:** As we move forward with the new council arrangements, it is crucial that Invest and others get in there and support them. There will be big changes; we all know that. However, we politicians think that the opportunities are there, and everyone working together augurs well for the future. I will not labour the point today. Thank you very much. Well done and thank for your report.

**Mr A Hamilton:** I appreciate that.

**Mr Agnew:** Thank you very much for the information so far. Sydney mentioned customer satisfaction. It is certainly to be welcomed that levels of satisfaction are up and those of dissatisfaction are down. How is that measured?

**Mr A Hamilton:** It is done in an annual survey. Our account-managed base is 1,100 customers. From memory, about 500 of them are in the analysis that is done at the end of the year. The questionnaire covers the full range of support: everything from point of contact, whether you have had support, made a claim or had to phone in. We measure familiarity, advocacy and the individual areas in the support that we offer.

Moreover, we have started a survey for the rest of the business population. We do not have a target for it yet, because we have just run it for this year to see what it looks like. It will be on our scorecard for next year, or rather the financial year that we are now in. So, besides the account-managed 1,100 customers, we now have a survey for the rest of the business community. Satisfaction in that is running at 80%-odd so, again, it is very healthy at the minute.

The third thing that we do is to take event-driven surveys. If somebody gets a quarterly letter of offer from us during the year, they are put into a pool that tests how satisfied they were with the process. It is around the engagement and the level of offer.

We have ways of measuring satisfaction.

**Mr Agnew:** How does that compare to what you did in 2008 when the satisfaction levels were at 21%?

**Mr A Hamilton:** How does what compare?

**Mr Agnew:** How does the process compare.

**Mr Ennis:** It is the same process; we are comparing apples with apples.

**Mr A Hamilton:** There is just one caveat, to be fair. The step between 2011 and 2013 included a change in the base. So when we came here and presented the reorganisation of Invest Northern Ireland — the re-segmentation — we took our account-managed base from about 2,000 customers down to 1,100. Therefore I acknowledge that, probably, a portion of that move, at that time, could be accounted for by the change of the base. For me, the encouraging point this year is that, with a static base between 2013 and 2014, we have continued to move up.

**Mr Agnew:** OK. Yes. There was a step change. And if there is a change in process there —

**Mr A Hamilton:** I think that there is a point in that. We have done this analysis. The feedback from companies is that the more programmes they get involved in with us, the higher their satisfaction. The difference between the 2,000 customers and the 1,100 is that the 1,100 are the customers who engage with us most actively.

**Mr Agnew:** We have a year's gap. The series runs from 2011 to 2013. There is no column representing 2012. Is that because —

**Mr A Hamilton:** That is because there is a typo in that slide. *[Laughter.]*

**Mr Agnew:** OK. I will not delve too deeply into that.

**Mr A Hamilton:** Those are five years of consistent performance. I amend my earlier comment when I said 2008; I just went to the left of the slide and took one off. The figures for 2007 were 59 and 21. Well spotted.

**Mr Agnew:** OK. R&D and export are two separate areas. We had a presentation from the Northern Ireland Chamber of Commerce, which was critical in both areas of the duplication and overlap in public support. I accept that you are responsible only for your element of that. However, I asked this question of the representative from Solmatix: when you go to Invest NI, do they at least point out that all these other supports exist? His answer was that, in his experience, no you did not. I have two questions on that. First, what is your view of how we promote R&D and export in Northern Ireland? Do you believe that there is enough joined-up working and, if not, how do we get there? My second question is: do you accept the comment that Invest NI is not signposting?

**Mr A Hamilton:** On the latter point, I do not accept that comment. With the introduction of the Boosting Business programme, our business support team has taken 14,000 calls from companies over the past 12 months. The team's key objective is to signpost people, not only to our own programmes but to those of others. They now have more than 70 other programmes that they are trained on and know about, and to which they can signpost companies, across other Departments and other business support organisations, including, I must say, the Chamber of Commerce. I will not go too far with my criticism of some of the comments made that day. I watched and listened to the discussion afterwards.

A difference is emerging, because the chambers of commerce in GB and worldwide are taking a slightly different role from that taken by the Chamber of Commerce in Northern Ireland. It probably looks to that model to see whether commercially — because the Chamber of Commerce is a commercial organisation — there is a role for it to get involved in our work. We have discussed that with the Chamber of Commerce, but we have not moved to that point. That might flavour some of the comments made that day on behalf of the Chamber of Commerce. Having said that, we work very cooperatively with the Chamber of Commerce on developing the programmes that we are involved in. That is a general view of signposting.

The vast majority of R&D support is delivered by Invest Northern Ireland, so, apart from the Horizon 2020 stuff, which we have well covered, there is not a lot of other R&D support around. I do not know that there is that much of a challenge around that, although there are lots of players in the export support side. Do you go to the banks, which are raising their profile — they have a commercial interest in trying to promote their credit insurance and export insurance — and promoting it very heavily? Do you go to the Chamber of Commerce, which is promoting itself and does a real job on the export side on export licensing and the associated paperwork; or do you go to InterTradeIreland or the other bodies involved?

Earlier, we covered Mrs Overend's question about the export side and about what we are trying to do. There is work for us to make sure that on the export side we have all the dots joined up. I would not take all the points made that day, and I will not go into a blow-by-blow account. I know that particular mention was made of the difference between what we are doing North and South. I said this when we launched Boosting Business, but it is worth repeating: the level of support that we give to businesses in Northern Ireland is far higher than the level of support given to businesses in the Republic of Ireland —

**Mr Agnew:** Factually?

**Mr A Hamilton:** Factually, for exports. I will give you a few examples. Through Boosting Business, we introduced support for return visits after people went on a trade mission. The criticism was that we took people on a trade mission, but if the next trade mission did not come back for 12 months, they wanted to go back in three months and follow up and we did not fund that. We now fund that.

We also fund translation and legal services for firms. Many small businesses in the Republic of Ireland are not funded for that by Enterprise Ireland. The third area that we fund is Solex exhibitions, which I will explain. I should have said earlier that there are certain exhibitions during the year. Members of the Committee will see first-hand in a few weeks' time what one of those exhibitions — the Bio exhibition — is like. Four or five members are going. We take a stand at the exhibitions, and companies go to them, but there are other exhibitions during the year at which we do not have an Invest Northern Ireland presence. In the past, we would not have funded firms to go to those, but we will now.

My last point is that we used to take firms on trade missions to, for example, Bangalore in India. In the past, if a firm said that it wanted to go to Chennai and asked us to fund the trip even though we were not going there, we would have said no. Today, we will fund that visit. There is a range of support for exporters in Northern Ireland. As you can probably tell from my response, I take exception to people saying that we do not offer the same support in Northern Ireland.

**Mr Agnew:** OK. That is certainly a robust response. To be fair, my recollection was not that there was a huge criticism of Invest NI but about the structures for delivering exports across the Northern Ireland public sector. You are not responsible for that, although you are a key player in it. You said that there are more than 70 programmes, and therein, possibly, lies the problem. It is great that you can signpost it and that your staff are trained in it, but they should not have to know 70 different programmes. Perhaps there is a need for it, but their evidence was that there was not a need for that widespread number.

How do we pool those resources and make it easier for businesses to access them? The evidence from the representative of Solmatix Renewables was that he could not list all the supports that were available because he did not have the time, will or energy. I am paraphrasing him, of course; he said that when he looked for those things it was a minefield. That is a customer experience; it was not necessarily your customer, but it was a customer of Northern Ireland plc.

**Mr A Hamilton:** I will not get into a direct response to that individual company, but I am disappointed with the comments because Solmatix Renewables is a firm that has derived a great deal of support over the years.

**Mr Agnew:** I think that he acknowledged that —

**Mr A Hamilton:** Let us be clear: we are never going to be able to rationalise all those programmes from where they come from. Our responsibility is to get into firms and understand their challenges and opportunities, and that is what we are trying to do through the Business Development Academy. I do not want to give you the defence that we are perfect; we are not. There is much more that we can do —

**Mr Agnew:** I want to move it away from Invest NI and what you deliver —

**Mr A Hamilton:** The point is that people want a list. If I have been asked once, I have been asked a hundred times to give them a list of all the programmes so that they can fish through them and sort out the ones that they want. That is not the best way of delivering economic benefit, because we would end up spending all our time telling them that we do not think that this one or that one is right for you, because if you take those two and you add them together, you would get a better result with that one. Our challenge is to have the right people with the right knowledge who can take all those solutions and add them together to deliver the best benefits for the company. If we do it right, that is great. If, sometimes, we have not done it right, then we have room for improvement. However, it is not a shopping list; it is about the expertise that we can add.

**Mr Agnew:** You said that we cannot rationalise them all, and I do not believe that it is Invest NI's job to do so. However, most of those 70 programmes are publicly funded. In your work with DETI and other support organisations, should you not all be working together to see how you can consolidate the funds to make access easier for business, to make it more efficient and to get rid of some of the overlapping duplication, if it exists?

**Mr A Hamilton:** I will give you the flip side of that. I acknowledge that, over the past two years, we have contributed to the support of more programmes. That is the balance between local and central government. The local economic development measure was put together to allow the subregional council areas to build programmes that do one or two things: first, are they more attuned to their subregion as a customised programme; or, secondly, allow them to differentiate in the support that they give? Through the LED measure, quite a few of those 70 have been developed with our funding and our support.

If you were to go out today — I cannot remember how many LED programmes there are, probably 30 or 40 — and say that you wanted a one-size-fits-all for all councils, it would not be the most effective way of making that happen. The challenge is on us to know what those are, as I said earlier, and to ensure that when we talk to people we know what they are and we can pick from a toolkit of services and put together the best solution for them.

**Mr Agnew:** OK. I have a final question on this. I think that you acknowledged that there was some overlap and duplication in support for export —

**Mr A Hamilton:** There is, yes.

**Mr Agnew:** How do we put that —

**Mr A Hamilton:** If there is overlap and duplication, stick with the chamber — not out of any desire to get to that point, but there are services that the chamber will deliver to firms that we can deliver to firms. That is a waste of effort. To stick with that example, we need to decide whether there are elements of work that a third party could deliver on our behalf and we step out of that space and focus on another. However, then you are into a procurement piece —

**Mr Agnew:** Are there any legislative barriers? Say that you have a fund and they have a fund trying to do the same thing, can you say, "Let us work together?"

**Mr A Hamilton:** None at all, provided that there is no duplication of European funding. You cannot double-fund. There are no barriers to that.

**Mr Agnew:** Chair, I can ask a brief question on corporation tax? I will leave the export for now.

**The Deputy Chairperson:** Is that your question?

**Mr Agnew:** No, that is my question to you and whether you are content to give me that courtesy.

With regard to what Invest NI does, I do not doubt for a second that a reduction in corporation tax would help you. However, our job is to see whether it would help the overall Northern Ireland economy. If we got corporation tax devolved and reduced it, do you believe, and would you stand over the fact that, with regard to net jobs, Northern Ireland would be better off? Are we talking about a short-, medium- or long-term exit?

**Mr Ennis:** The benefit of corporation tax for us is that we can fish in another pool. Most jobs coming to Northern Ireland are done on skills and cost; that is the basis on which people come here. They see a great skills set and a low-cost opportunity to develop that. If you reduce the tax rate to 10% or 12%, you could bring profitable businesses in. I have no doubt that that will lead to a net increase of jobs in Northern Ireland. I am completely convinced of it.

**Mr Agnew:** Over what time period would that be? I think that the economic advisory group said that the payback would perhaps be over 20 years.

**Mr Ennis:** There are many economists with many different answers, and I would not like to be the one to pick between them. To be honest, somewhere between five years and 20 years is probably right. I do not know what it would be. The important thing is that, once there is a clear signal from the Assembly that we have the capability and that it is our intent to have it devolved, you will get corporations engaged. Whether it is introduced immediately or phased in is irrelevant. Companies that are looking at it want it for a longer term because they want to base themselves here to take advantage of it. If we say that, over a three-year period, we will take it down from 20-something per cent to 10%, they will work it on the basis of where it will be. Therefore, my personal view is that a

phased approach would be the correct one, as it would minimise the cost to the Northern Ireland purse and would also give us the maximum opportunity to exploit that potential. We will exploit it from day one; we will be out there selling it from day one.

**Mr Agnew:** Various figures, anywhere between £200 million and £400 million, have been bandied about on the money that would be taken out of our block grant. Do you have a concern that that would affect the good skills that you say people are coming here for? At the end of the day, those have to be funded.

**Mr Ennis:** It is a question of how you manage that funding. I think that there would be a net gain. How you manage the funding is up to us and how we negotiate with the Treasury. I completely disagree with some of the Treasury numbers, as they are done from a particular bias. Our numbers are done from the opposite side, if you like, of the argument. I think that ours are more realistic and based on fact, but, either way, it will be a very good call for Northern Ireland.

**The Deputy Chairperson:** Gentlemen, thanks very much. Have you anything to add?

**Mr Agnew:** We will let you out before the 2.00 pm press conference.

**Mr Mitchel McLaughlin:** You were in the pipeline for almost as long as some of the jobs that are coming.

**Mr Ennis:** Thanks very much.