

DESIGN SERVICE

EVALUATION - FINAL REPORT MARCH 15



March 2015

MC/Invest NI/Design Service

**INVEST NI
DESIGN SERVICE
EVALUATION - FINAL REPORT
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**INVEST NI
DESIGN SERVICE
EVALUATION
GLOSSARY OF TERMS**

BERR	Business, Enterprise and Regulatory Reform
CNP	Collaborative Network Programme
DDP	Design Development Programme
DAS	Design Advice Service
DMR	Design Manager Resource
DETI	Department of Enterprise, Trade & Investment
EDII	European Design Innovation Initiative
EDIP	European Design Innovation Platform
ESIC	European Service Innovation Centre
IAS	Internal Audit Service
KTP	Knowledge Transfer Partnerships
LOO	Letter of Offer
PfG	Programme for Government
PoC	Proof of Concept
QUB	Queens University Belfast
VFM	Value for Money

EXECUTIVE SUMMARY

1. Introduction

Invest NI commissioned BDO¹ to undertake an independent evaluation of the Invest NI Design Service covering the period from September 2008 to April 2014. The study comprises five elements, as per the Terms of Reference:

- a) Assess the performance of the Design Service;
- b) Determine the extent to which the principle objectives and targets of the intervention have been met;
- c) Determine the extent to which the intervention represents good Value For Money (VFM) and appropriate use of public funds;
- d) Identify aspects of good practice and lessons learned from similar schemes across Europe; and
- e) Provide recommendations where appropriate in terms of the components/structure/scale of the Design Service initiative.

The Design Service has been delivered since 2008 via the provision of four service elements:

- **Design Awareness** - Events/conferences/road shows promoting the strategic importance of Design
- **Design Advice** - Design Advice Service (DAS) and Design Clinics
- **Design Capability** - Main & Mini Design Development Programs (DDPs) and Design Manager Resource (DMR)
- **Design Support** - Policy and strategic advice/input provided to Invest NI, wider NI Government its partners and stakeholders
- **Innovation led policy work** - at a regional, national and international level

The Design Service's activities range from general awareness events, short free-of-charge advisory sessions to more in depth design projects that aim to deliver tangible results, serve to demonstrate to businesses the importance of integrating design strategically and as a business tool. The Service embraces relatively simple measures such as revamping a sales brochure or updating packaging, through to a full-scale brand redesign and developing completely new design products or processes.

Design Awareness events are free of charge and open to all NI businesses.

The Design Clinics are also open to all Northern Ireland businesses, with one hour of free design consultancy advice. Design Clinics were a new initiative for the Design Service and were introduced from April 2009 as an additional service in order to provide support to the Northern Ireland (NI) wider business base.

The Design Advice Service is a half day free design consultancy service.

The Design Capability support is delivered through the Main and Mini Design Development Programmes, these being a combination of workshops based learning and specific one on one design consultancy. The Mini DDPs were introduced in 2008 as a complement to the Main DDP programme, being shorter in scale and intensity. The costs range from £250 for the Mini DDP to £500 for the Main DDP.

The Design Manager Resource was a new Design Service initiative identified through the 2011 economic appraisal for the current funding period 2012-15. Despite a DMR budget and operating infrastructure being finalised from June 2013, there has been no take-up of this element of the Design Service.

¹ BDO is supported by partners Capaxo Ltd and Morrow Gilchrist Associates

Unlike the Design Clinics which are open to the wider business base, the DAS and Design Capability support is available to Invest NI client companies.

The delivery of the Design Service is through the Invest NI Design Team, the Design Group (being a consortium of design experts and mentors contracted through CPD public tendering exercises since 2008 to deliver parts of the Design Service) and design consultants (who deliver one-to-one design Consultancy assignments to businesses participating on the Mini and Main DDP Programmes).

The methodology followed for this Evaluation is summarised as follows:

- Consultations with key stakeholders as per Appendix I, this including Invest NI, DETI, MATRIX, the Design Group, external consultants, other NI stakeholders and benchmark organisations;
- Telephone consultations with 100 participants on the Main and Mini DDP (from September 2008 to April 2014);
- Electronic survey of all participants of the Design Clinics and DAS only, with 122 respondents; and
- Desk top review of strategic context and also benchmarking.

2. Activity Levels

A summary of the Design Service activity from September 2008 to mid 2012 and from July 2012 to April 2014 is included in Table 1:

	Design Clinics	DAS	Mini DDP	Main DDP	DMR	Total
Operating Period Sept '08 -mid 2012	359	538	118	252	n/a	1,267
Operating Period July '12 - April 2014	471	187	13	132	0	803
Total per INI	830	725	131	384	0	2,070

In total, there have been 2,070 completed Design Service interventions, although a number of businesses have had more than one intervention, with 1,522 businesses having participated in the Design Service during the evaluation period. For various reasons, there have been no DMR interventions. In particular, a key barrier identified was the inability of the design expert to assist with the implementation of a design project, with this seen as being a requisite by companies, whilst the proposed "strategic role" envisaged by Invest NI for the DMR programme not considered to be appropriate for the majority of SMEs.

3. The Need for the Design Service Intervention

The Evaluation Team has concluded that the need for a new phase of the Design Service can be identified on the basis that:

- Evidence of market and system failures and other barriers exist that prevent businesses engaging fully in design;
- High levels of satisfaction reported by participants on the Design Service and evidence of demand for the Design Service going forward;
- Alignment with research that supports the economic importance of Design, for example, the contribution of design as a driver for innovation;
- The Design Service, had, up to the 2011 Economic Appraisal, largely been associated with aesthetics and the 'looks' of products only. The Economic Appraisal set out an

aspiration to proactively support companies to move up the 'Design Ladder'. This progression has not been achieved but is still valid;

- There is a reasonable degree of complementarity with other Invest NI initiatives although more could be done to integrate the Design Service into the mainstream Invest NI programmes; and
- Benchmarking, which has identified that most leading innovation nations have included user-driven or user-centred innovation as cornerstones of their national innovation strategies. It is seen as a way of providing innovative products, services and systems that correspond better to user needs and hence are more competitive. This fits well with the proposal to focus more, in the future, on Service Innovation.

Based on the above, there continues to be a need for Invest NI to support NI businesses to engage in design activities in order to build their capacity and capability to develop new products, processes and/or services, compete on the global stage and create economic value.

4. Value for Money Assessment

Table 2 below sets out the views of the Evaluation Team against each of the prescribed VFM indicators

Table 2: Summary of Value to Money	
VFM Indicator	
Strategic Fit	The focus for the NI Executive is on strengthening the economy, with investment in innovation key to driving productivity and economic growth. Allied to this, the Design Service is clearly aligned to the focus of the NI Economic Strategy and recent NI Innovation Strategy.
Need & Market Failure	The Design Service programme continues to address a failure in the market. The argument is - and remains - that too few businesses are aware of the transformational effect a strategic approach to design can have on the development and growth of their businesses. Therefore Invest NI is seeking to target those businesses where design is not part of their strategy and through working with them on the Design Service, aim to both raise their awareness and increase their capability to manage design as a core asset in their business
Additionality	Based on the responses to the telephone survey of participant companies, the additionality of the programme has been 59% which is higher than the 2011 Board Casework and EA estimates. This level of additionality is also higher than other interventions within Invest NI such as the latest evaluation of Innovation Vouchers for example (47% additionality).
Displacement and complementarity	Displacement is difficult to quantify in the case of Design Service. However, in terms of the potential for displacement at a NI level, within the telephone survey of participants, 17% of respondents indicated that less than 10% of competitors were outside NI. It is this group where the most potential for displacement (at a NI level) exists e.g. a local SME availing of Design Service support displacing another local SME in the same sector. Given the uncertainty associated with estimating displacement and to be prudent in assessing the risk of displacement, sensitivity analysis has been undertaken to illustrate the impact of varying levels of displacement on the overall GVA impact. Displacement has been modelled for 3 scenarios from 5% up to 17% displacement (a worst case scenario if there is 100% displacement amongst the 17% of participants for whom most of their competitors are locally based). The 2011 EA of Design Service (2012-2015) assessed that there was limited scope for displacement and so displacement towards the lower end of the range is most likely e.g. 5%.
Economy Efficiency and Effectiveness	Invest NI has implemented a robust Economic appraisal process to assess, amongst other things, the reasonableness of cost components. As such, it is the Evaluation Team's view that Invest NI has made appropriate efforts to ensure that the Design Service programme was delivered at least cost to NI. However, looking forward, the Evaluation Team are of the view that in respect of any future potential phase of Design Service that consideration should be given to increased targeting and prioritisation in relation to the allocation of Design Service support to companies with the greatest commercial export growth

Table 2: Summary of Value to Money	
VFM Indicator	
	<p>potential. The evaluation research has found that a relatively small proportion of companies have delivered significant commercial return linked to Design Service support: whilst 49% of DDP survey respondents (n=100) reporting additional sales, there was a concentration of high impacts among 5 companies. Better targeting/ prioritisation of Design Service support in the future can help improve the Value for Money of the Design Service programme.</p> <p>In terms of efficiency, individual projects funded through the various phases of Design Service have been subject to a robust application and appraisal process. The GVA return on investment has been positive and approximately 5% better than estimates within the 2011 Board Case Paper.</p> <p>With regard to effectiveness in 2008-2011, of the 6 targets set for 2008-2011, 5 have been achieved in full and 1 was not achieved (with a decision made not to proceed with the trends publications due to budgetary reallocations). Of the 12 targets set for 2012-2015 to April 2014²:</p> <ul style="list-style-type: none"> • 5 have been achieved in full; • 1 is on target to be achieved in full; • 3 have been partially achieved; • 1 has had no progress; and • 1 has not and will not be achieved • 1 (performance against a 2020 GVA target) cannot be reported on at this point for the reasons cited at Section 5.2. <p>Reasons for the main divergences in 2012-2015 are:</p> <ul style="list-style-type: none"> • Whilst demand for the Main DDP has been high, there has been no consideration of where participating companies are on the Design Ladder; • The demand for the DMR intervention was miscalculated, particularly the need for this strategic support and the inability of companies to appoint their own design managers, together with the fact that such appointees could not have an implementation role; • Given the high level of demand for the DDP, there has been a reduction in the marketing of the Design Service. <p>Overall, the Design Service Programme is considered to have been reasonably effective in terms of achieving its objectives and targets, although the full impact will not be evident until 2020.</p>
Cost effectiveness	<p>The current GVA return on investment is £1.66 per £1 economic cost. Therefore the 2008 to 2014 period of Design Service has delivered a positive return on investment. This return on investment is also 5% higher than the estimated return on investment within the 2011 Board Casework report which estimated a return on investment of £1.58 per £1 economic cost. Hence, the 2008-2014 Design Service programme can be viewed as cost-effective.</p> <p>It is acknowledged that the landscape has changed since the 2008 programme commenced, with new Invest NI segmentation, Action Development Plans being prepared, additional resources to support the Invest NI Design Manager, whilst also noting that budgetary controls are now in place.</p> <p>As noted above, there is an opportunity to improve the cost effectiveness of the programme further through better targeting/prioritisation of Design Service support on companies with the best prospects of generating a commercial return linked to the Design Service support.</p>
EET	<p>The Evaluation Team's analysis suggests that the Design Service programme between 2008 to 2014 has delivered a net additional GVA of approximately £6.0m³</p>

² It is noted that the current funding period will continue to July 2015

³ Assuming 5% displacement.

Table 2: Summary of Value to Money	
VFM Indicator	
	<p>In addition to this, Design Service has delivered a range of other wider (e.g. skills development, entrepreneurship, knowledge transfers) and regional benefits (e.g. degree of higher management being injected, regional credibility and improved product innovation) to the NI economy.</p> <p>Whilst there is still some way to go on the 'journey' to assess the complete picture of economic benefits and VFM, for any future phase of Design Service (potentially up to 2020), greater targeting/ prioritisation of the Design Service support can further improve results.</p> <p>It is not possible to robustly project future economic impacts from Design Service supported projects and therefore at this point to give a definitive view as to whether in 2020 (the end of the trajectory for assessing commercialisation impacts arising from the overall portfolio of Design Service projects), that VFM will be achieved. The analysis within this evaluation has indicated that the material positive returns from participant companies is concentrated in a relatively small proportion of overall participants, and clearly a strong performance by only one or two of these participants could skew the headline results into a more positive return on investment (i.e. a better NPV). Therefore a straightforward 'linear' projection of headline GVA now to a 2020 position is not appropriate. However if there is the requisite focus on targeting/ prioritising Design Service support on participants with good commercialisation prospects, as above there remains reasonable prospects that VFM will be achieved.</p>

5. Recommendations

Strategic

Recommendation 1: Strategic Objectives: Subject to budgets and in line with the NE Executive's Innovation Strategy, Invest NI should continue with the Design Service programme, at a scale based upon the findings of an Economic Appraisal.

Recommendation 2: Objectives of the Design Service: Any future Design Service programme should acknowledge that there are three distinct objectives linked to the design awareness, design implementation and design policy elements of the programme. Targets and output and impact indicators should be set accordingly against each of these objectives.

Recommendation 3: Eligibility: Design Clinics should continue to be offered to all Northern Ireland businesses, with DAS and the DDP programmes available solely for Invest NI account managed clients (or with potential to be account managed clients within five years), and with target participation levels against each category.

Recommendation 4: Fees: The private sector contribution for the Main and Mini DDPs should be increased, by a factor to be determined during any future Economic Appraisal process. The Mini DDP should continue to be part of the Design Service offering, but focused solely on projects where participants share common interests. For collaborative networks, the design resource allocated should be based upon the needs of the project rather than the number of network participants. The Design Service and DAS should continue to be free of charge.

Recommendation 5: Strategic fit within Invest NI as a mainstreamed programme: The Design Service should operate (where appropriate) as a centralised enabling hub to Invest NI's other support interventions, (including R&D and Trade interventions). Invest NI should seek to identify how the Design Service can best be mainstreamed into the Invest NI portfolio of programmes, including its fits within the Action Development Plans being prepared for account managed clients. This should include consideration of the communication mechanisms to engage more fully with the Invest NI Client Executives,

including in Head Office, to ensure that the value of design is widely marketed; ensuring that each DDP project has an Action Plan prepared on completion of the DDP and signed off by the Client executive; that each Grant for R&D and GAP application seeks to identify the extent to which the business has considered design with signposting to the Design Service as appropriate.

Recommendation 6: Scale of the Design Service programme: Any future Economic Appraisal of the Design Service should consider the merits of supporting a smaller number of participants on the Main DDP, but with potentially higher levels of support prioritising those companies with the greatest prospect of delivering an economic return depending on the sector focus, fit with Smart Specialisation Strategy, export focus and with support dependent upon the project's need and the business's position on the Design Ladder. The potential for generating a positive economic return can be considered within an application process (See Recommendation 9 below). Consideration should also be given to an additional follow on competition, based upon economic impact, for those companies seeking to continue to invest in design.

Recommendation 7: Tailored approach to the DDP: Any future Main DDPs should be redefined to recognise that "one size fits all" approach may not be appropriate and that the needs of companies (in terms of workshops, consultant resource, initial engagement at client's premises) may vary depending on their level of design capability whether or not they are managed account clients, or have the potential to become account managed within 5 years and where they sit on the Design Ladder. A Phase 1 and Phase 2 approach could be considered, with a competitive process for Stage 2.

Operational

Recommendation 8: Marketing: A marketing plan should be prepared for the Design Service, to include communication channels with both the Invest NI Client Executives and targeted clients, with greater visibility of case studies on the Design Service, drawn from regional and sectoral teams; greater visibility of the outputs from the Design Service Workshop Six; and with consideration to be given to the introduction of Design Service awards. Invest NI should consider introducing an additional resource to help promote the Design Service to account managed clients, with options for the delivery of this resource (i.e. through an extended DAS service, the Innovation Advisers or a new role) to be determined during the Economic Appraisal process.

Recommendation 9: Application process: An application process should be introduced for the Main and Mini DDPs, to include a defined scoring mechanism, this to include the applicants' self-certification of their ability to finance both the design project and identified follow on commercialisation projects, as well as the potential for economic impact.

Recommendation 10: Procurement of Design Consultants for Main and Mini DDP Invest NI should continue to operate a Framework for design consultants, similar to the current arrangements.

Recommendation 11: Management Information Systems: Invest NI should review its management information system for the Design Service, including mechanisms for recording costs by objectives/interventions and for regular reporting by sector, if account managed, Step on the Design Ladder etc. Invest NI should ensure that the processes for selecting companies for the Design Service programmes are open and transparent, with clarity also on the outputs achievable against each of the Design Service Interventions.

1 INTRODUCTION AND BACKGROUND

1.1 Introduction

Invest NI commissioned BDO and its partners to undertake an independent evaluation of the Invest NI Design Service covering the period September 2008 to April 2014⁴. The Design Service was set up in 1994. Since 2008 there have been two significant phases of funding. In 2008, the Invest NI board approved a package of funding totalling approximately £2.5m to cover the three year period 2008-11. This funding was extended onto mid 2012⁵. Following an independent interim evaluation of this funding period and subsequent economic appraisal, the Invest NI Board in 2011 approved an additional £3.5m of programme support, covering the period 2012-15.

The Design Service has been delivered since 2008 via the provision of four service elements:

- **Design Awareness** - Events/conferences/road shows promoting the strategic importance of Design
- **Design Advice** - Design Advice Service (DAS) and Design Clinics
- **Design Capability** - Main & Mini Design Development Programs (DDPs) and Design Manager Resource (DMR)
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The Design Service's activities range from general awareness events, short free-of-charge advisory sessions to more in depth design projects that aim to deliver tangible results, serve to demonstrate to businesses the importance of integrating design strategically and as a business tool. The Service embraces relatively simple measures such as revamping a sales brochure or updating packaging, through to a full-scale brand redesign and developing completely new design products or processes.

Design Awareness events are free of charge and open to all NI businesses.

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Unlike the Design Clinics which are open to the wider business base, the DAS and Design Capability support is available to Invest NI client companies⁶.

The Design Manager Resource was a new Design Service initiative identified through the 2011 economic appraisal for the current funding period 2012-15. Despite a DMR budget and operating infrastructure being finalised from June 2013, there has been no take-up of this element of the Design Service.

⁴ This to comprise a Final Evaluation for the period 2008-2011 and an Interim Evaluation for the period 2012-2015

⁵ The pre-determined operating period Sept 2008 - Sept 2011 continued to operate through to mid 2012 in an effort to manage the delay in the follow on service commencing (2012-15). Capacity within the 2008-11 budget facilitated this.

⁶ Invest NI clients are discussed in more detail in section 3.2.1

The ultimate deliverable of the Design Service is to encourage businesses to consider design in their business operations and to facilitate time limited design related initiatives that offer the potential to stimulate economic development within NI. More specifically, the objective of the Design Service is to:

“Advocate design as a key tool for business competitiveness and, as such, assist businesses to respond to new market opportunities and generate new product ideas, as well as create design management tools appropriate to their business.”

Invest NI’s Design Service is therefore a one stop shop service supporting companies to access design expertise, with the ultimate aim of creating more competitive businesses, contributing to export development and improving business level productivity. The Design Service aims to provide businesses with an understanding of the importance of using design strategically as a business tool capable of delivering top and bottom line benefits.

1.2 Overview of the Design Service Structure and Content

An overview of the components of the Design Service is as set out overleaf:

Table 1.1: Design Service Structure and Content							
	Design Awareness	Design Advice		Design Capability - Design Development Programme (DPP)		DMR	Design Support
		Design Advice Clinics	DAS	Mini DDP	Main DDP		
Description	Series of awareness events.	Provides one hour design advice appointments with design experts to discuss the businesses' design queries.	Provides up to one half day's free design advice with design experts to discuss the business's design queries/needs.	Introductory insight into value of design; offers the business participants an opportunity to work with experienced mentors and design consultants on their own small scale and group projects.	Introductory insight into value of design, opportunity to work with experienced mentors and design consultants on the business's own design project.	Support to companies to introduce a Design Manager into the business for a strategic project.	Policy advice from the Invest NI Design Team.
Aim	To promote the strategic importance of design.	To provide one hour of design advice to NI businesses on a range of areas, including specific project related issues and high-level strategic assistance.	To provide half a day of design advice on a range of areas, including specific project related issues and high-level strategic assistance.	To inspire and create understanding within businesses of the importance of design in developing commercial success.	To develop understanding within businesses of the importance of design in developing commercial success.	To encourage fresh thinking to stimulate innovation activity throughout the business	Policy advice to NI Executive, DETI, Invest NI, Client Executives.
Support Available	Design experts discuss what companies need to keep in mind to achieve design success, and share success cases about other NI companies.	Advice support ranges from specific project related issues to high-level strategic assistance and can encompass many areas, including: <ul style="list-style-type: none"> • Design management; • Material selection or testing; • Branding and graphic design; • Packaging and brand design; • Textile and fashion design; • Interior and furniture design; and • Engineering and product design. 		Comprises of two key elements: <ul style="list-style-type: none"> • Series of group workshops and networking opportunities to promote better understanding of design in terms of applied knowledge. • Pairing with an experienced design consultant on a one-to-one basis (for a period of 3 days) to develop the business' own concepts to meet the specific design need. 	Comprises of two key elements: <ul style="list-style-type: none"> • Series of group workshops and networking opportunities to promote better understanding of design in terms of strategy and applied knowledge. • Pairing with an experienced design consultant on a one to one basis (for a period of 7 days) to develop their own concepts to meet their specific design need. 	Intensive support up to £50k of grant (50% of costs) of financial assistance for businesses to appoint a Design Manager to provide specialist advice to support the business to undertake a strategic design project to enable greater innovation activity. DMA does not directly support project	Policy advice to NI Executive, DETI, Invest NI, Client Executives. Coordinating and engaging in specific European Design Programmes

Table 1.1: Design Service Structure and Content							
	Design Awareness	Design Advice		Design Capability - Design Development Programme (DPP)		DMR	Design Support
		Design Advice Clinics	DAS	Mini DDP	Main DDP		
Format	Through events that include design conferences and workshops and Design Advice appointments.	Monthly Design Clinics held in Invest NI's 5 Regional Offices Appointments booked in advance, including through on-line mechanism.	Booked through Design Team/Client Executive and usually held at the businesses premises. Available throughout the year.	Delivered over 8 weeks and on a demand needs basis often tailored for groups or businesses with common design needs (e.g., Sectoral groups, Operate in same geographic areas, Collaborative groups, Supply chain groups, Trade bodies, Consortiums, Propel, Proof of Concept recipients).	Delivered over 4 to 5 months.	Variable but can be 6-24 month period	Provided by the Design Manager to Invest NI and delivered of specific business advice.
Delivery	As commissioned by Invest NI, generally through the Design Group ⁷ , as contracted design experts	Delivered by the Design Group as contracted design experts	Delivered by the Design Group as contracted design experts	Delivered by the Design Group as contracted design experts and by independently appointed design consultants	Delivered by the Design Group as contracted design experts and by independently appointed design consultants	Business appoints DMR from call off list with Invest NI providing financial support	Invest NI Design Team
Fee	Free of charge.	Free of charge.	Free of charge.	£250 + VAT	£500 + VAT	50% of costs	Free of charge.
Target	Business community.	Business community.	Invest NI Client Companies.	Invest NI Client Companies	Invest NI Client Companies	Invest NI Client Companies	NI Executive, DETI. Invest NI, CEs re client issues.

⁷ The " Design Group" is a consortium of design experts and mentors and has, following a successful competitive tendering process, been delivering the programme since 2008

1.3 Delivery of the Design Service

The delivery of the Design Service is through the following:

Invest NI Design Team	The Invest NI Design Team comprises a full time Design Manager within Invest NI with responsibility for managing all aspects of Design Service, as well as networking with the design industry and European design policymakers/stakeholders to keep abreast of policy developments. The Design Manager has been in place since December 2008 and has been supported by administrative and other support staff. The Design Manager currently oversees NI's participation in 3 European design projects.
Design Group	The "Design Group" is a consortium of design experts and mentors and has been contracted through two CPD public tendering exercises since 2008 to deliver parts of the Design Service including the Mini and Main DDP group workshops, expert design advice (Design Clinics and Design Advice Service) and provision of mentoring to participants of the DDPs. (The Design Group is not involved in the delivery of one to one consultancy assignments).
Design Consultants	A select list of Design Consultants has been appointed through 2 CPD Framework call off lists. Framework 1, comprising 35 providers, delivers one-to-one design Consultancy assignments to businesses participating on the Mini and Main DDP Programmes. Framework 2, comprises 10 providers available to deliver one to one DMR projects. The design consultants are responsible for the implementation of a specific design brief/project within the business, as agreed with the company participant, the latter being supported by the Design Group mentors.

1.4 Summary of the Design Service Activity

A summary of the Design Service activity from September 2008 to mid 2012 and from July 2012 to April 2014 is:

Table 1.2: Summary of Design Service Activity September 2008 to April 2014						
	Design Clinics	DAS	Mini DDP	Main DDP	DMR	Total
Operating Period Sept '08 -mid 2012	359	538	118	252	n/a	1,267
Operating Period July '12 - April 2014	471	187	13	132	0	803
Total per INI	830	725	131	384	0	2,070⁸

In total, there have been 2,070 completed Design Service interventions, although a number of businesses have had more than one intervention, with 1,522 businesses having participated in the Design Service during the evaluation period. Further details are in section 2. There have been no DMR interventions (see para 3.3.6).

1.5 The scope, purpose and objective of the Evaluation of the Invest NI Design Service

The scope of the evaluation of the Invest NI Design Service was to⁹:

- review the operational performance of the Design Service covering the July 2012 - April 2014 period (taking on board any changes that were introduced post the 2011/2 evaluation and economic appraisal); and
- review the inputs, activities, outputs and impacts of the Design Service covering the period Sept 2008 - April 2014.

⁸ Note - Table 1.2 includes all Design Clinics and DAS interventions included in the Invest NI database of DS activities to April 2014, and **completed** Mini and Main DDP interventions. Hence, the total of 2,070 interventions differs from the 2,116 interventions included in Table 3.8.

⁹ As noted, this is to comprise a Final Evaluation for the period 2008-2011 and an Interim Evaluation for the period 2012-2015

The purpose of the Evaluation is to provide qualitative and quantitative information on current and projected performance that will help inform decisions on improvements to the current Design Service programme and the future of the programme. The Evaluation also focuses on assessing the outcomes, value for money and wider economic benefits gained from the delivery of the Design Service programme.

The Invest NI Design Service is funded by Regional Government funding and European Regional Development Fund (ERDF) funding (50:50). ERDF funding is provided under Priority 1 Sustainable Competitiveness & Innovation, Sub Priority Invest NI, Design Development Programme. £700,000 has been allocated to the Design Service from the ERDF in 2014.

Subject to the outcome of the current Evaluation and subsequent Economic Appraisal and appropriate Invest NI approvals, the Design Service will form an element of the 2014 - 2020 EU Investment for Growth and Jobs Programme in Northern Ireland. The potential rate of ERDF support would be 60%.

The overall objectives of the Evaluation are as follows:

- Determine the extent to which the principle objectives and targets of the intervention have been met;
- Determine the extent to which the intervention represents good Value For Money (VFM) and appropriate use of public funds;
- Assess the performance of the Design Service;
- Provide recommendations where appropriate in terms of the components/structure/scale of the Design Service initiative; and
- Identify aspects of good practice and lessons learned from similar schemes across Europe which can inform the future strategic direction of the programme.

The rest of this report is set out as follows:

Table 1.3:	
Section	
2	Strategic Context and Rationale
3	Operation and Delivery
4	Performance and Impact
5	Return on Investment and Value for Money
6	Conclusions, Looking Forward and Recommendations

1.6 Overview of Evaluation Methodology

The methodology followed is summarised as follows:

- Consultations with key stakeholders as per Appendix I, this including Invest NI, DETI, MATRIX, the Design Group, external consultants, other NI stakeholders and benchmark organisations;
- Telephone consultations with 100 participants on the Main and Mini DDP (from September 2008 to April 2014);
- Electronic survey of all participants of the Design Clinics and DAS only, with 122 respondents; and
- Desk top review of strategic context and also benchmarking.

2 STRATEGIC CONTEXT AND RATIONALE

2.1 Introduction

Section 2 is concerned with an assessment of the strategic context in which the Design Service operates, the level of demand and participation, and the need for the programme. Section 2 includes the following:

Para	Details
2.2	Strategic context within which the intervention operates
2.3	Original rationale for the intervention, demand and market failure
2.4	Operational fit of the intervention and complementarity with other Invest NI interventions
2.5	Conclude on the need for the intervention

2.2 Strategic Context

The policy and economic context for the Design Service is summarised below.

2.2.1 European and UK context

Design is a key component of innovation, and as such the Evaluation Team has considered the strategic context for the Design Service in light of the contribution to innovation-driven activities such as R&D.

At a European level, "Europe 2020" (A European strategy for smart, sustainable and inclusive growth (2010)) is the EU's growth strategy for the coming decade. It sets out an integrated and strategic approach to exploit and leverage Europe's strengths in new and productive ways, and thereby maintain the economic foundation that supports our quality of life and our social model as our population ages. One of five key targets set out in the strategy is that 3% of the EU's GDP (public and private combined) to be invested in R&D/innovation. Europe 2020 puts forward three mutually reinforcing priorities, one of which is Smart growth: developing an economy based on knowledge and innovation.

In relation to this, the Strategy states that Europe must pursue a broad concept of innovation, **both research-driven innovation and innovation in business models, design, branding and services that add value for users.** The report states that design is of particular importance and is recognised as a key discipline and activity to bring ideas to market. It transforms them into user-friendly and appealing products and strengthens every link in the innovation chain, from 'blue sky' research to commercialisation.

In 2011, in line with the commitment taken in the Innovation Union, the European Commission launched the European Design Innovation Initiative (EDII) to exploit the full potential of design for innovation. The goal of the initiative is to:

- Raise the awareness of design as a driver of innovation in Europe; and
- Enhance its role as a key discipline to bring ideas to market transforming them into user-friendly and appealing products, processes or services by enterprises and public services in the EU.

The European Commission has also launched the European Design Innovation Platform (EDIP) in March 2014 - a project to increase the use of design for innovation and growth across Europe. The project is being led by the UK Design Council and has been co-financed by the European Commission.

Invest NI is a key formal partner in each of these initiatives achieved through the successful participation in EU Commission competitive calls.

Within the UK context, NESTA¹⁰, BIS¹¹ and Innovate (UK)¹² (formerly the Technology Strategy Board) are beginning to reposition themselves in the innovation landscape by making the business and policy argument that design is an essential tool to drive and enable innovation in addition to traditional recognised drivers such as technology and R&D. Mechanisms are beginning to be put in place to encourage uptake of all innovation in this context.

2.2.2 Northern Ireland context for Design Service

The NI Executive Economic Strategy 2012 notes the significant structural weaknesses in the NI economy. In particular, this strategy document noted:

Table 2.1: Weaknesses in the NI economy
Skills profile remains weak vis-à-vis leading economies
Low living standards, productivity and wages
Lack of large firms
Under-represented in high value sectors
Small private sector with over-reliance on public sector / fiscal subvention
Much of the job growth has been in low wage services
Large amount of FDI in low value sectors
Low export-intensity internationally
Historically low BERD
Over-reliance on a small number of firms for R&D
Relatively low levels of innovation, patents and absorptive capacity
Low levels of entrepreneurship
High proportion of workforce with no qualifications
'Brain drain' of skilled people who leave to work elsewhere
Low labour market participation rates

The overarching goal of the Economic Strategy is to improve the economic competitiveness of the Northern Ireland economy, identifying that the key drivers in rebalancing the NI economy will be **innovation, R&D** and a skilled workforce. This will lead then to increased labour productivity and employment rates.

Following on from this, the NI Executive launched its **Innovation Strategy in 2014**. The vision set out in the Innovation Strategy is that Northern Ireland, by 2025, will be recognised as an innovation hub and will be one of the UK's leading high-growth, knowledge-based regions which embraces creativity and innovation at all levels of society.

The Innovation Strategy notes that innovation is much more than R&D. It includes changes to products and processes, introduction of new business models, organisational changes and entering new markets. It acknowledges research by NESTA that suggests that less than 20% of investment in innovation by UK firms is in the form of R&D. Whilst NI has traditionally been focused on R&D, if businesses invest in skills, leadership, *design*, branding, training or marketing, they are also investing in innovation.

The Innovation Strategy also sets the status of NI with regards to Innovation and its Innovation Strategy Goals and Targets:

Table 2.2: Long Term Goals of Innovation Strategy			
	Current	Milestone (2020)	Goal (2025)
European innovation scoreboard ranking	Innovation follower	Innovation follower	Innovation Leader
UK regional innovation ranking	12th (of 12)	Top 6	Top 4
Total R&D spending	£624m	£950m	£1.2b
Employment in the knowledge economy	33,750	45,000	54,000

¹⁰ <http://www.nesta.org.uk/publications/design-public-and-social-innovation>

¹¹ <https://www.gov.uk/government/news/government-pledges-commitment-to-design-at-landmark-summit>

¹² <https://connect.innovateuk.org/web/design-sig>

Table 2.3: Medium Term Targets of Innovation Strategy		
	Current	Target (2020)
Business Start up	7%	14%
Collaboration amongst innovative firms	45%	60%
Private sector turnover from innovation	£11 billion	£22 billion
Business R&D expenditure	1.6% of GVA	1.8% of GVA

A key target is to “Encourage more companies to incorporate design into their business planning processes.”

The Strategy concludes that, by using a strategic approach, Invest NI will continue to promote design as a driver to support businesses increase their potential in existing and new markets through creating compelling customer experiences via products, services and systems. Moreover, the NI government will look to increase its efforts in this area to drive behavioural change and encourage more companies to incorporate design led innovation.

These Economic and Innovation strategies support the Programme for Government (PfG) 2011-2015 aims and objectives, where a key priority includes ‘Growing a sustainable economy and investing in the future’. Overall, innovation and creativity, by their juxtapositioning, are acknowledged as key drivers to achieve long term economic growth, improve competitiveness and build a larger and more export-driven private sector. This, in turn, sits with DETI’s policy drivers in terms of Open Innovation and Smart Specialisation¹³ (representing an opportunity for Northern Ireland to focus research and innovation on many of its regional strengths to ultimately boost exports and economic growth).

The DETI and Invest NI’s Corporate Plans for the period 2011-2015 have a strong focus on a number of underlying sources of competitiveness, including R&D, innovation and creativity, which aim to increase, amongst other things, labour productivity. These, in turn, offer the potential to increase GVA and drive up the standard of living in NI.

If the NI Government is to realise its vision of creating a ‘dynamic, innovative economy’ it is accepted that appropriate measures of support need to be provided to NI’s business base to:

- Increase the proportion and quality of R&D activity in high growth areas;
- Help it introduce high quality investment;
- Achieve higher value added activity through innovation and the commercial exploitation of R&D&I;
- Develop and enhance a culture of innovation; and
- Enable it to realise the commercial potential of its innovations and know-how.

Given that the aims of the Design Service include developing the capability of businesses by integrating design and innovation into business management systems and strategies, this is seen to fit with Government strategies.

In particular, in working to rebalance the NI economy during the current budget period, and to stimulate Innovation, R&D and Creativity, DETI (in its Corporate Plan 2011-2015) has undertaken to:

- Support £300 million investment by businesses in R&D, with at least 20% coming from Small and Medium sized Enterprises;
- Increase the value of manufacturing exports by 20%; and
- Support 25,000 new jobs.

¹³ http://www.detini.gov.uk/framework_for_smart_specialisation_-_final_draft_september_2014.pdf

In its **Corporate Plan 2011-2015**, Invest NI notes that it will put Innovation at the core of enterprise in Northern Ireland. The Design Service is specifically referred to in the Invest NI Corporate Plan with Invest NI further noting that “We will support businesses to embed design as a strategic tool to drive competitiveness”.

Key targets, relevant to the Design Service, are to support:

- 1,200 businesses to engage with the Design Service Programme and 200 to undertake strategic design interventions (the Main and Mini DDPs and DMRs).

The European Service Innovation Centre (ESIC) has noted that whilst Northern Ireland’s economy has remained dependent on traditional industries, in the last 10-15 years, new sectors such as software, business services and financial services have begun to play a significant role. However, when it comes to innovation resources and research policies, the main focus of the region has been on technological R&D¹⁴.

The view of ESIC is that the region needs to recognise that traditional concepts such as differentiating between manufacturing and services have been superseded by ‘joined-up’ strategies. The benefits achieved from both combining technical and non-technical innovations and from spill-overs from emerging industries must be exploited.

The importance of innovation and the role of design is therefore recognised as a means to increasing competitiveness, employment and business growth.

In short, there is recognition by ESIC that there is potential to generate significant economic benefits through NI businesses engaging in Design Service activities.

2.3 Original rationale for the intervention, market failure and demand

2.3.1 The Rationale for the Design Service Intervention in NI

It is increasingly recognised that design, as a corporate activity, is part of the innovation process, as part of new product development. Furthermore, research shows that design-driven businesses are more innovative than others.

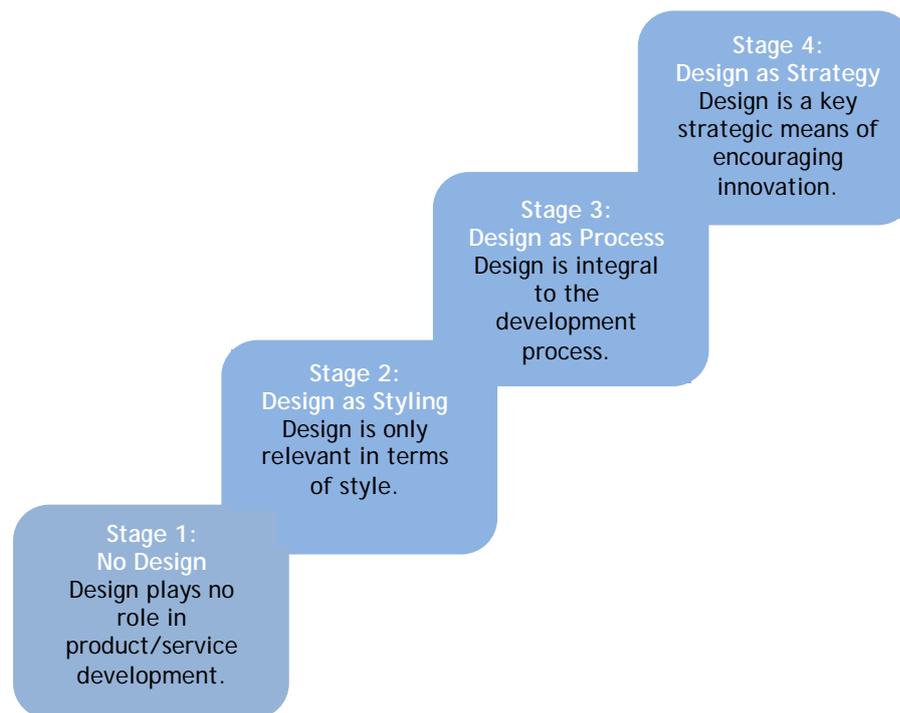
- The findings from the benchmark regions (para 5.4) are that:
 - Companies that invest in design tend to be more innovative, more profitable and grow faster than those who do not.
 - At a macro-economic level, there is a strong positive correlation between the use of design and national competitiveness.
 - The most leading innovation nations have included user-driven or user-centred innovation as cornerstones of their national innovation strategies.
- The report by the Commission of the European Communities’ document, ‘Design as a driver of user-centred innovation’ (2009) suggests that design-led innovation complements more traditional innovation activities such as research. It further notes that in the current economic climate, where resources for innovation are scarce, design and other non-technological innovation drivers, such as organisational development, employee-involvement and branding, become particularly relevant. They often are less capital intensive and have shorter pay-back periods than for example technological research, but still have the potential to drive competitiveness. The report notes:
 - The potential of design lies partly in its broad nature, allowing a wide range of considerations to be taken into account in the development of products, services

¹⁴ http://ec.europa.eu/enterprise/initiatives/esic/large-scale-demonstrator/ireland/index_en.htm

and systems, and in its **bridging capacity**, connecting technology with the user, engineering with the commercial, and transforming creativity into innovation;

- However, the report recognises that potential barriers exist to better use of design for innovation. Companies that lack experience of design - particularly SMEs, low-tech companies and companies not located in big cities, where design businesses tend to concentrate, often do not know what to expect from design, nor how to find professional help or integrate design into their innovation processes;
 - Design is also a tool for innovation in mature markets where technological developments bring only marginal improvements to the end-user, and in low tech markets. Good design can increase sales revenues and profit margins by differentiating products and services, making them more attractive to customers;
 - Additionally, design has the potential to lower costs, such as production, assembly, packaging, storing, transportation and disposal costs, and - as such - strengthens profitability and competitiveness;
- Furthermore, the extent to which design improves the competitiveness and innovation performance of a business depends on the business's use of design. In this context, the Danish 'Design Ladder' is often used to illustrate the level of use of design in businesses (see diagram below); and

The Design Ladder^(R)¹⁵



- The Design Ladder is a useful 4-step model for grouping businesses' design maturity on the basis of their attitudes towards design. The higher a business is up the ladder, the greater strategic importance design has for the business.

¹⁵ The Design Ladder (Source: J. Rostedt in Thenint 2008)

First step: Non-design	The business uses design but not in a systematic manner. Design is an inconspicuous part of, for instance, product development and performed by members of staff, who are not design professionals. Design solutions are based on the perception of functionality and aesthetics shared by the people involved. The points of view of end-users play very little or no part at all.
Second step: Design as styling	The business uses design for the final finish, shaping or styling when something new is developed. Design is seen solely as relating to the final physical form of a product i.e. aesthetic considerations such as style, appearance and ergonomics. This can be the work of a professional designer, but is usually created by other employees.
Third step: Design as process	The business uses design as an integrated, although not decisive, element in the business's processes when something new is developed. Design is not a result but a method that is integrated early on in the development process. The design solution is adapted to the task and focused on the end-user and requires a multidisciplinary approach, e.g. involving process technicians, material technologists, marketing and organisational people.
Fourth step: Design as strategy/innovation	Design is a central and decisive element in the business foundation of the business. The designer works closely alongside the business's owners/management on a complete or major renewal of its business concept. The design process is fused with the business's key objectives and plays a role at every stage of development.

The above sets out the EU support for design as a mechanism for business growth.

The original rationale supporting public expenditure on the Design Service was that there was a requirement in NI to both get businesses onto the Design Ladder but also to encourage these to move along the Design Ladder. With its potential to make products and services user-friendly and appealing, the Evaluation Team would concur with the views of industry experts that design 'closes the innovation loop' from initial research to commercially viable innovations and, as such, has the potential to increase efficiency of overall innovation spending in areas such as Branding, R&D, Organisational Design, Systems Integration and Marketing. This would support Invest NI in its promotion of design as a business tool and would suggest that the Design Service should operate (where appropriate) as a centralised enabling hub to Invest NI's other support interventions, (including R&D and Trade interventions).

Furthermore, in considering the role of design in Open Innovation, it is recognised by the Evaluation Team that design is a core capability for open innovation practices. As noted in para 2.4, there has been engagement between the Design Service and Invest NI's Collaborative Network Programme (CNP), as well as with a number of European Programmes (para 3.3.7).

Accordingly, the Design Service is an important tool to meet the strategic goals set by NI Government.

2.3.2 Demand for the Design Service in Northern Ireland

In assessing the scale of need and demand for the Design Service programme of support, the survey of 100 Main and Mini DDP participants highlighted a lack of engagement in design before the Design Service:

	Main and Mini Participants	Main and Mini %	Design Clinic and DAS	Design and DAS %	Total	%
Yes	40	40%	37	32%	77	36%
No	60	60%	78	68%	138	64%
	100	100%	115	100%	215	100%

The survey indicated that 60% of DDP survey respondents (n=100) had not engaged in design prior to participating in the Design Service. The level of demand is further evidenced by the most recent participation levels in the Design Service, from July 2012¹⁶ to April 2014, as per Table 1.2. There have been 803 interventions completed by the Design Service in the 21 month period from commencement in July 2012 to April 2014¹⁷. This compares to the target of 1,044 for the 36 month period 2012-2015:

Table 2.5: Design Advice Service Strands - Target and Actual Interventions			
	Total 3 year target 2012-2015 36 months	Actual July 2012 to April 2014 - 21 months	Variance
Design Advice Service	168	187	19
Design Advice Clinics	654	471	(183)
Sub Total	822	658	(164)
Main DDP	150	132	(18)
Mini DDP	72	13	(59)
Total	1,044	803	(241)

This can be shown on a monthly basis:

Table 2.6: Design Advice Service Strands - Participation Targets and Actuals			
	Total 3 year target Monthly Target	Actual July 2012 to April 2014 Monthly Actual average	Variance
Design Advice Service	5	9	4
Design Advice Clinics	18	22	4
Sub Total	23	31	9
Main DDP	4	6	2
Mini DDP	2	1	-1
Total	29	38	9

Table 2.6 indicates that demand for the Design Service has generally exceeded targets across all of the initiatives, with there being a shortfall in the number of Mini DDP Programme participants. Note: participant targets for the DAS were reduced in the current 2012 - 2015 operating period relative to the 2008 - 2012 period, reflecting an increased emphasis on supporting businesses through the Design Clinics.

It is of note that there has been a low level of repeat business participation in the DS, with 51 businesses having participated in the Design Service in both periods under evaluation (2008-2011 and 2012 to 2014)¹⁸.

High levels of satisfaction have been reported by participants on the Design Service (see para 3.4.1).

Proposed Progression along the Design Ladder

The Economic Appraisal projected that businesses would progress to move up the Design Ladder and that support would be more strategically focused to facilitate such progression. A key objective was for the 2012 - 2015 Design Service to:

¹⁶The Design Group was appointed as design contractors in July 2012, the DDPs were formally launched from August 2012

¹⁷ There are is no data collected on the number of applications to the Design Service. The Invest NI Design Team maintain a real time lead list of those expressing on current interest and those businesses that may be appropriate to be considered for the Design Service.

¹⁸ Note that there were multiple engagements by businesses within each of the periods but 51 businesses had engagements within the two periods

- Place a greater focus on the number of projects that sit on Steps 3 and 4 of the Design Ladder;
- Provide more intensive support to projects that demonstrate that they could benefit with additional support (focused on Steps 3 and 4 of the Design Ladder) beyond the DDP programmes; and
- Target previous participants on the Design Service to participate on the enhanced Main DDP support and the strategic elements of support proposed.

Hence, targets were set for the 3 year period as follows:

	Target Year 1	Target Year 2	Target Year 3	Total Target	Actual to April 14
No. DDP Projects	45	60	45	150	155
Of which relate to:					
• Design Ladder Step 3 Projects	27	36	27	90	0
• Design Ladder Step 2 Projects	18	24	18	60	155
Strategic Design Manager project (DMR Level 1)	10	10	10	30	0
Strategic Design Manager project (DMR Level 2)	3	3	3	9	0
Strategic Design Manager project (DMR Level 3)	1	1	1	3	0

Where the above levels of support are more explicitly defined as follows, as per the Economic Appraisal:

	Definition
No. DDP Projects ¹⁹	
• Design Ladder Step 3 Projects	Number of consultancy days - Step 3 design projects to be 12 days per business
• Design Ladder Step 2 Projects	Number of consultancy days - Step 2 design projects to be 7 days per business
Strategic Design Manager project (Level 1)	To provide 10 businesses per annum with strategic support (Level 1) through Strategic Design Manager project which provides intensive design consultancy to implement a strategic design project ²⁰ over a period of 6 months at a cost to Invest NI of £15,000 (49% of the daily rate of the design consultant);
Strategic Design Manager project (Level 2)	3 Level 2 businesses per annum would receive more intensive support beyond that offered by the Main DDP and the Strategic Design Manager element. This would be in the form of financial support of up to £30k (up to a maximum of 49% of a design consultants' daily rate) to deliver a strategic project over a 12-18 month period. This could be used to recruit a design consultant, or a number/team of multi-disciplinary consultants if required, to implement a strategic design project.
Strategic Design Manager project (Level 3)	1 business (Level 3) per annum is provided with up to £50k per annum (up to a maximum of 49% of a design consultants' daily rate) to deliver a larger scale strategic project that is focussed on Step 4 of the Design Ladder over a 12-18 month period.

¹⁹ The EA stated that Step 3 businesses could be allocated 12 days of a design consultant and Step 2 businesses would be allocated 7 days. Feedback from the Invest NI Design Manager was that the Economic Appraisal should not have referred to Step 2 and Step 3 projects but rather to standard and complex projects. This mainly reflected the fact that there was no definition of what was a Step 2 or Step 3 project, hence it was difficult to identify where projects set on the Design Ladder.

²⁰ A project where design is a central and decisive element in the business foundation of the business. The designer works closely alongside the business's owners/management on a complete or major renewal of its business concept. The design process is fused with the business's key objectives and plays a role at every stage of development. There is no implementation/practitioner role.

Demand for these more strategic projects (under DMR) have not materialised. Despite budget and operating infrastructure being finalised from June 2013, there has been no take-up of this element of the Design Service. This is further considered in para 3.3.6.

Whilst there were a number of “product development” projects supported by the DS during the period, where 12 days consultancy support may have been warranted, no distinction was made between the resource needs of projects, rather all projects were given 7 days support.

Consideration is given to whether or not there continues to be a need to support companies as they continue to invest in design and indeed move along the Design Ladder. In the consultations with Mini and Main DDP participants, 55% (55 businesses) stated that they have been involved in further Design-led innovation activity (not related to the Design Service project) since participating in the Design Service, with only 8 stating that they had received Invest NI support. 50 of these 55 had commissioned the services of external consultants, although many companies included graphic designers within this category. Feedback generally was that Invest NI support would have been welcomed at this stage, but companies were not aware that this was forthcoming. The feedback was that design could have been further embedded within the business had there been further grant support available and signposting to such support:

Signposting to follow on support could be better

There should be a follow on programme - it stops yet there is ongoing design work and financial support from Invest NI is needed

Main DDP participants

Moreover, whilst the rationale in 2012 was that there was a requirement in NI to both get businesses onto the Design Ladder but also to encourage these businesses to move along the Design Ladder (including from Design Step 2 to Step 3, and also from Step 3 to 4), in reality, the majority of businesses supported in 2012-2015 in the Main and Mini DDP programmes are stated by the Design Manager to have been at Step 2. Whilst it is possible for a start up company to be at Step 3, these are more typically at Step 2, with only the more developed businesses being at Step 3. Feedback from the Invest NI Design Manager was that the high level of start up company participants (which are invariably at Step 2), and lack of targeting of developed companies are the main reasons why this aspiration has not been achieved. Moreover, the emphasis has been on meeting PFG targets rather than targeting Step 3 clients and encouraging them to participate in the DDP programme.

It is the Evaluation Team’s view, however, that this aspiration, to continue to encourage businesses to move along the Design Ladder, with resultant benefits in terms of economic growth, is still valid.

Notably, only 14% of DDP survey respondents were aware of the DMR, although this would have been marketed mainly to medium sized/larger companies. This is further considered in para 3.3.6.

Overall, demand for the Design Service has been high, it being noted that there was a reserve list of 70 businesses for the current Main DDP. There is considered to be demand for the Design Service in NI.

2.3.3 Market Failure in the Context of the Design Service

A ‘market failure’ describes a situation where the market alone would not efficiently organise allocation of goods and services.

Recognising that NI businesses must do more in order to become more competitive, including adopting design within their business processes, in assessing whether or not market failure exists to justify the need for government intervention, it is noted that

market failure in relation to the Design Service is defined as follows in the 2011 Economic Appraisal:

- **Asymmetric Information Failure** - Lack of information as to the benefits of design are a key barrier to engagement;
- **Network and coordination failures** - Lack of information in relation to the role of design consultants and how to engage with them are further barriers to investment in design; and
- **Capability and Learning Failures** - The Design Service has the potential to improve a business' knowledge, capabilities and skills, and therefore give it the ability to learn and be innovative.

Evidence supporting the existence of market failures is the Mini and Main DDP survey findings, which identified the reasons for participation in the DDPs as follows:

Table 2.9: Why Firms engaged in the DDP element of the Design Service		
	Main and Mini %	DC and DAS %
To increase the level of awareness of the benefits of utilizing design	41	25
To increase the level of design capability within the business	41	28
To increase confidence in engaging with design consultants	64	13
	N=100	N=101

The surveys undertaken for this Evaluation also indicate that for many participants (41% of Main and Mini DDP and 25% of DAS and Design Clinic survey respondents), a lack of understanding of the benefits of design was cited as a barrier to engaging in design. This in turn has the potential to reduce businesses' willingness to invest in such activities. In addition, a lack of knowledge in design and product development was noted as a barrier, as was a lack of staff experienced in design.. These barriers indicate that asymmetric information failure, network and coordination failure and capability and learning failure have the potential to impact upon engagement of design by NI companies.

The EU report - Barriers to use of Design as a Tool for Innovation (2009), highlighted a range of barriers that prevent businesses from engaging in design and wider innovation activities. These include:

- Understanding of Design: It noted that the broad range of design is difficult to understand and therefore many do not understand its link to innovation and competitiveness;
- SMEs face a number of specific barriers including:
 - Lack of ambition or appetite for risk;
 - Lack of resource to deliver the design solutions;
 - Lack of confidence in what design will deliver;
 - Lack of awareness of what the benefits of using design; and
 - Lack of knowledge of where to go to get proper support

In terms of the level of innovation within NI, NI continues to be one of the poorest performing regions in NI, ranked 11th out of the 12 regions in terms of overall innovation:

Table 2.10: Innovation in NI				
Metrics on R&D (per KEI)	2011 KEI	2012 KEI	2013 KEI	Ranking
% of firms stating that they are innovation active	31%	27%	27.0%	11

- Twenty-seven per cent of enterprises in NI were innovation active in the three-year period 2008-10 (31% in 2006-08). This is slightly lower than the equivalent UK figure of 31 per cent (38 per cent in 2006-08).
- Northern Ireland had the equal second lowest (along with London) business innovation activity rate of the UK regions and countries. The region with the lowest rate was North West England (26%) and the highest was the East of England region (35%).²¹

Para 2.2.2 sets out the targets in the Innovation Strategy and the need to “Encourage more companies to incorporate design into their business planning processes.”

It is the Evaluation Team’s view that the Market Failure, Need and Demand still exists for the Design Service:

- The Design Service fills a recognisable gap. A number of market failures (e.g. asymmetric information, network and coordination etc) combine to deliver a proposition which fails to attract private sector investment in design, particularly amongst SMEs;
- In view of the analysis on deadweight/ additionality (included in para 4.4.2) the Evaluation Team is content that the Design Service continues to address a failure in the market as to understanding the benefits of introducing or investing in design led innovation;
- With additionality calculated at 59%, (see para 5.4.2), a significant proportion of businesses would not have undertaken the design activities in the absence of the programme (i.e. a high level of additionality exists for the Design Service);
- The introduction and investment in the design projects supported via the Design Service has enhanced the skill-sets and knowledge of businesses in a range of areas including through knowledge transfer from the design consultants (para 5.3.1);
- Key findings from the consultations with Mini and Main DDP participants supports many of the aforementioned factors preventing businesses from effectively engaging in design. For example, the respondents highlighted the range of barriers (including lack of time, funding, knowledge and experienced staff to undertake the activities) which prevented their business from progressing design activities;
- The NI Executive’s 2014 Innovation Strategy, which notes that innovation is wider than just R&D, underpins the economic impact that can be achieved through design and notes the support for the Design Service;
- The continued investment in similar initiatives in benchmark regions including Denmark, Sweden, Norway and throughout the UK (see para 6.3); and
- The assessment of NI’s economic performance against other UK regions, (as per the Economic Strategy (2012)), which notes that NI continues to lag behind, at 80% of the UK’s GDP.

On the basis of these points, it is the view of the Evaluation Team that there continues to be a strategic need for Invest NI to support design awareness and capability within NI’s businesses.

At this stage, it is appropriate to conclude that there is sufficient evidence of market failure to support the strategic rationale for a future Design Service programme.

²¹ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/200078/12-P106A-UKIS_2011First_findings_Apr13.pdf

2.4 Operational Fit of the Intervention and Complimentarity with other Invest NI programmes

In the first instance, the Design Service, as it is currently being delivered, has the potential to dovetail with other mainstream “Innovation-focused” Invest NI programmes, including the following:

Table 2.11: Relevant programmes and Initiatives to the Design Service									
Innovation Vouchers (IV)	Operational fit with the Design Service								
<p>The Innovation Voucher Scheme provides support to procure specialist knowledge to develop a product or process. SMES can access £4,000 of expertise from public sector Knowledge Providers to solve a business issue.</p> <p>The Innovation Voucher costs £5,200 per project (as there is 30% overheads added). It is open to all SMEs (INI and non INI clients under 50 employees) with the exception of primary agriculture and transport. Businesses who have engaged in Grant for R&D and KTP are excluded. All sectoral areas are represented. Businesses can avail of up to 3 vouchers. The number of Innovation Vouchers awarded in the last 3 years are:</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Awards</th> </tr> </thead> <tbody> <tr> <td>12/13</td> <td>345</td> </tr> <tr> <td>13/14</td> <td>328</td> </tr> <tr> <td>14/15</td> <td>210 - completed 200</td> </tr> </tbody> </table>	Year	Awards	12/13	345	13/14	328	14/15	210 - completed 200	<p>Of the 100 Main and Mini survey respondents, 21 had secured an Innovation Voucher before participation in the Design Service, with 16 awards after businesses had participated in the Design Service. This would indicate that businesses are both being innovative in terms of new products and/or processes before participation, and using the Design Service to assist in the commercialisation process and continuing to be innovative after participating in the Design Service.</p>
Year	Awards								
12/13	345								
13/14	328								
14/15	210 - completed 200								
<p>Growth Accelerator Programme (GAP)</p> <p>GAP is available for INI clients where the business can demonstrate that it has, or has the potential to, achieve total sales of over £150,000 per year; and sales outside Northern Ireland greater than 25% of turnover, or greater than £250,000 a year. Support can be through management salary support (key workers), sales and marketing support and consultancy support. INI support is typically at 40% of costs, with a maximum grant of £150,000.</p>	<p>Of the 100 Main and Mini survey respondents, 17 had secured GAP support before participation in the Design Service, with 21 GAP awards after businesses had participated in the Design Service. This would indicate that circa 1 in 5 businesses are receiving support for their growth plans post programme participation.</p>								
<p>Grant for R&D</p> <p>Grant for R&D is awarded to Invest NI clients, ranging from Project Definition (capped at 50% grant to £50k), to full Grant for R&D at up to 70% of eligible costs for businesses that are new to R&D, plus further support for collaboration. Activities supported include</p> <ul style="list-style-type: none"> • Scoping, defining and planning an R&D project. • Research or critical investigation aimed at producing new scientific or technical knowledge. • Product or process development or improvements. • Exceptional development of leading-edge technology. • Contracted research. • Linking to a college or university to carry out specific projects. 	<p>Of the 100 Main and Mini survey respondents, 18 had secured Grant for R&D support before participation in the Design Service, with 17 Grant for R&D awards after businesses had participated in the Design Service. Similar to the Innovation Vouchers, this would indicate that businesses are both being innovative in terms of new products and/or processes before participation, and using the Design Service to assist in the commercialisation process and also continuing to be innovative after participating in the Design Service.</p>								
<p>Technology Development Initiative (TDI)</p> <p>Invest NI provides support for third party costs on technology development. Assistance is up to £5,000, at 50% of expenditure of £10,000</p>	<p>Of the 100 Main and Mini survey respondents, 4 had secured TDI support before participation in the Design Service, with 8 TDI awards after businesses had participated in the Design Service.</p>								
<p>Other R&D supports</p> <p>Other R&D supports includes the INI Knowledge Transfer Programme (KTP), the InterTradeIreland Fusion programme and the NISPO POC programme. As part of the Access to Finance Initiative, Invest NI has established a Proof of Concept fund open to SMEs where grant</p>	<p>Of the 100 Main and Mini survey respondents, 10 had secured support from KTP, Fusion and PoC before participation in the Design Service, with 12 awards after businesses had</p>								

Table 2.11: Relevant programmes and Initiatives to the Design Service	
funding can be awarded up to £10k and up to £40k for bringing a product closer to the market.	participated in the Design Service.
Propel	
The Propel Programme aims to commercialise new and innovative businesses that can be exported successfully to markets around the world. 88 start ups have participated on the full programme from its inception in 2009. Propel is a ten month long programme that offers further training workshops, business mentoring and dedicated shared work space, along with access to £20,000 of support.	The Design Service has run 2 Mini programmes for Propel participants (in 2013 and 2014), with 21 participants.
Collaborative Networks	
The INI Collaborative Network Programme (CNP) supports the development of business-led collaborative networks which undertake time limited collaborative initiatives offering the potential to stimulate economic development within NI. 21 networks have had LOOs issued in the period 2011-2015.	Of the 100 Main and Mini survey respondents, 6 were Collaborative Networks. This includes a participant on the Kilkeel Mini DDP in 2014 (in which 11 Kilkeel businesses participated)
Invest NI Research Organisation Proof of Concept	
The PoC programme was established by Invest NI to support the pre-commercialisation of leading edge technologies emerging from Northern Ireland's Research Organisations. There are two elements to the Phase II support, namely the technical strand and the commercialisation strand, with the latter having maximum funding of £26,000.	The Design Service has run 1 Mini programmes for POC participants (in 2014), with 17 participants
Invest NI Access to Capital Initiative	
Invest NI has put in place a £100m Access to Finance Initiative to ensure that businesses with high growth potential are not held back because they cannot access finance. Through the suite of funds, Invest NI offers a continuum of funding for businesses seeking between £1k and £2m. These include two loan funds (the Small Business Loan fund provided finance up to £50k) and the NISPO fund for small equity investments.	Of the 100 Main and Mini survey respondents, 13 had already secured funding and 24 stated that they would require funding in order to realise the commercial benefits associated with the design project. This may suggest a role for the Invest NI Access to Capital initiatives.

Other supports include the Invest NI Finance Voucher scheme, the Invest NI Export Start programme and the InterTradelreland Acumen and Innova programmes.

In summary, in respect of the Main and Mini DDP survey respondents, the support provided under the above initiatives, before and after participating in the Design Service programme is:

Table 2.12: Support to DDP respondents before and after the Design Service				
Businesses receiving support	Before Design Service	% before Design Service	After Design Service	% after Design Service
Invest NI Innovation Vouchers scheme	21	21	16	16
Invest NI Grant for R&D Programme/previous R&D schemes	18	18	17	17
Invest NI Technology Development Initiative	4	4	8	8
Invest NI GAP - Growth Acceleration Programme	17	17	21	21
Invest NI Knowledge Transfer Partnership (KTP)	2	2	1	1
Invest NI Collaborative Networks ²²	5	5	0	0
Invest NI Propel	6	6	?	?
InterTradelreland Fusion Programme	7	7	7	7
NISPO Proof of Concept programme	1	1	4	4
Other	6	6	6	6
Any support	52	52	40	40
Total	n=100		n=100	

²² There were 5 Collaborative networks before and after the Design Service participation

Innovation Vouchers, Grant for R&D and GAP were extensively used, as well as Propel (2 mini DDPs since 2012), and Collaborative Networks. More recently, there has been a mini DDP programme for Research Organisations' Proof of Concept participants. A review of the Invest NI database would indicate that a small number of the survey respondents had benefitted from support from Invest NI under Selective Financial Assistance.

As the above table illustrates, the Design Service can be accessed before, after and whilst participating in other Invest NI initiatives and used alongside other INI initiatives supporting the Invest NI strategy of providing a holistic business development approach to NI businesses

Just over 50% accessed other supports before the Design Service.

Feedback from stakeholder consultations would indicate that whilst there is a reasonable level of complementarity with other Invest NI programmes, more could be done to integrate the Design Service into the mainstream Invest NI programmes. This is further considered in para 3.3.4.

As noted in para 3.3.6., there have been no DMR interventions since this component was launched. In hindsight, businesses were unlikely to have been ready to invest strategically in design, where the design resource was restricted from any implementation role.

Overall, the above would indicate that for the key Design Service activities being delivered (Design Clinics, DAS, Main and Mini DDPs), there is an operational fit and complementarity with other Invest NI programmes, which could be further enhanced under any future programme.

The Design Service also fits operationally with other DETI priorities, including the need for Open Innovation, the Innovation and Smart Specialisation strategies, and the best practice transition to Service Innovation, rather than solely product innovation (see para 3.2 and Invest NI's involvement in the European Service Innovation Centre).

2.5 Conclusion on the Need for the Design Service Intervention

Having considered market failure, demand and complementarity with other initiatives, the Evaluation Team has concluded that the need for a new phase of the Design Service can be identified on the basis that:

- Evidence of market and system failures and other barriers exist that prevent businesses engaging fully in design;
- High levels of satisfaction reported by participants on the Design Service and evidence of demand for the Design Service going forward;
- Alignment with research to support the economic importance of Design, for example, the contribution of design as a driver for innovation;
- The Design Service, had, up to the 2011 Economic Appraisal, largely been associated with aesthetics and the 'looks' of products only. The Economic Appraisal set out an aspiration to proactively support companies to move up the 'Design Ladder'. This progression has not been achieved but is still valid;
- There is a reasonable degree of complementarity with other Invest NI initiatives although more could be done to integrate the Design Service into the mainstream Invest NI programmes; and
- Benchmarking, which has identified that most leading innovation nations have included user-driven or user-centred innovation as cornerstones of their national innovation strategies. It is seen as a way of providing innovative products, services and systems that correspond better to user needs and hence are more competitive. This fits well with the proposal to focus more, in the future, on Service Innovation.

Based on the above, there continues to be a need for Invest NI to support NI businesses to engage in design activities in order to build their capacity and capability to develop new products, processes and/or services, compete on the global stage and create economic value.

Furthermore, Invest NI should seek to identify how the Design Service can best be mainstreamed into the Invest NI portfolio of programmes.

3 OPERATION AND DELIVERY

3.1 Introduction

Section 3 is concerned with an assessment of the operation and delivery of the Design Service. Section 3 includes the following:

Para	Details
3.2	The delivery model for the Design Service
3.3	Details of the Design Service Interventions
3.4	Effectiveness in managing and delivering the Design Service
3.5	Risks and action to reduce risks
3.6	Key Changes introduced and progress against Action Plan

3.2 Appropriateness of the Delivery Model for the Design Service

3.2.1 Overview of activity delivered as part of the Design Service from 2008 to 2014

With the economic recession continuing to impact upon NI businesses' export sales and employment, Invest NI has responded with the introduction of a number of specific initiatives, such as Boosting Business, and it's Access to Finance Strategy.

The Design Service in this evaluation period was focused on increasing the number of companies becoming aware of the benefits of design or engaging in design for the first time. Projects selected for support within the main DDP programme, in particular, were generally tactical rather than strategic projects, exposing Invest NI clients to design consultants and the benefits of integrating design into the business strategy. Whilst this requirement to introduce design to businesses was acknowledged, so to was the potential economic impacts that investing in strategic design could bring, with net GVA targets set for the 2012-2015 DS intervention period as per para 5.2.

Overall, the number and range of projects supported over the period increased significantly with the move by Invest NI in 2009 to supporting the NI wider business base through the introduction of the Design Clinics. The Design Service was therefore considered to be a key service to be delivered across all of NI businesses, including micro businesses. The subsequent period, from 2012, saw a reduction in the Design Advisory Service (DAS) in favour of the Design Clinics (there will be 40 DAS interventions in 2014).

Following on from the 2011 Economic Appraisal, targets were set for the Design Service 2012-2015 as follows:

	Year 0	Year 1	Year 2	Total
Design Awareness Service				
No. promotional/awareness events	33	33	33	99
Businesses attending trade exhibitions (2 visits per annum with 8 businesses)	16	16	16	48
Design Advisory Service				
Design Advice Clinics	218	218	218	654
Design Advice Service	56	56	56	168
Design Capability Service				
<i>Main DDP</i>				
No. DDP waves	3	4	3	10
No. DDP Projects ²³	45	60	45	150
Of which relate to:				
• Design Ladder Step 3 Projects	27	36	27	90
• Design Ladder Step 2 Projects	18	24	18	60
No. DDP workshops (i.e. 5 workshops per wave)	15	20	15	50

²³ Based on historical average of 14 businesses per Main DDP

Table 3.1: Targets for the Design Service 2012-2015				
	Year 0	Year 1	Year 2	Total
No. mentoring sessions (i.e. 3 sessions per business per wave)	135	180	135	450
No. consultancy days - Step 3 design projects (i.e. 12 days per business)	324	432	324	1,080
No. consultancy days - Step 2 design projects (i.e. 7 days per business)	126	168	126	420
Mini DDP				
No. DDP waves	3	3	3	9
No. DDP Projects	24	24	24	72
Of which relate to:				
• Design Ladder Step 3 Projects	-	-	-	-
• Design Ladder Step 2 Projects	24	24	24	72
No. DDP workshops (i.e. 2 half-day workshop per wave)	6	6	6	18
No. mentoring sessions (i.e. 1 session per business per wave)	24	24	24	72
No. consultancy days (i.e. 3.5 days per business per wave)	84	84	84	252
Strategic Design Manager project (Level 1)	10	10	10	30
Strategic Design Manager project (Level 2)	3	3	3	9
Strategic Design Manager project (Level 3)	1	1	1	3

Delivery against these targets is considered below.

Overall assessment of Design Service activity

It terms of reviewing the Design Service activities covering the period Sept 2008 - April 2014, there were 2,070 interventions as per Table 1.2 across 1,522 businesses. A number of businesses participated in more than one intervention.

3.2.2 Uptake by Business Size

A review of the businesses participating in the Design Service indicates that uptake has been highest at non Invest NI client and micro business level (due to the increase in participation in the Design Clinics where 80% of participants are not Invest NI clients)²⁴:

Table 3.2: Design Service Interventions by Business Size				
Business Size	2008-2011	2012-2015	Both Periods	Total
Invest NI client - Large	22	7	1	30
Invest NI client - Medium	41	21	8	70
Invest NI client - Small	177	79	16	272
Invest NI client - Micro	339	222	36	597
Unknown	6	4	0	10
Non Invest NI client	126	362	0	488
No info on CCMS	39	16	0	55
Sub-total	750	711	61	1,522

²⁴ Note in the analysis shown, column 2008-2011 refers to businesses where the intervention(s) were solely in this period, column 2012-2015 refers to businesses where the intervention(s) were solely in this period, and the column classified as "both periods" comprises businesses where there have been at least 2 interventions, one in 2008-2011 and one in 2012 -2015

This is shown as a percentage:

Company Size	2008-2011	2012-2015	Both Periods	Total
Large	3%	1%	2%	2%
Medium	5%	3%	13%	5%
Small	24%	11%	26%	18%
Micro	45%	31%	59%	39%
Unknown	1%	1%	0%	1%
Non Invest NI client	17%	51%	0%	32%
No info on CCMS	5%	2%	0%	4%
Sub-total	100%	100%	100%	100%

There has been greater participation by non Invest NI clients in the period 2012-2015 (51% versus 17% in 2008-2011 and 32% overall), whilst small, medium and large Invest NI clients represented 15% in the period 2012-2015 (32% in 2008-2011 and 41% in both periods and 25% overall). The above highlights the increased support to NI businesses through the Design Clinics, whereby the benefits of design have been communicated to a wider business base in the 2012-2015 period. This reflects the Design Service's commitment to work with all businesses in NI, with the Design Service being one of Invest NI's most proactive initiatives in this regards.

3.2.3 Uptake by Client Base

As a design intervention, all NI businesses, including non Invest NI clients, are eligible to participate in the Design Clinics and the increased uptake of Design Clinics since it was introduced in 2009 is therefore reflected in the analysis by business size above.

Gaps in the Invest NI database are also noted in Table 3.2 and Table 3.3, (with client analysis unknown or not recorded).

Table 3.4 sets out participation levels in the Design Service by Invest NI account managed clients, (those clients that Invest NI works more closely with), those businesses with potential to be account managed clients within 5 years, and non-account managed (i.e. other) businesses.

The Invest NI approach to identifying account managed clients has changed recently; as such the data presented is a best-effort retrospective picture, and should be interpreted with this caveat foremost in mind.

	2008-2011	2012-2015 21 months	Both Periods	Total
Account Managed	164	78	17	259
(%)	(21.9)	(11.0)	(27.9)	(17.0)
Potential to reach account managed status within 5 years	75	158	23	256
(%)	(11.3)	(22.2)	(37.7)	(16.8)
Other	511	475	21	1007
(%)	(68.1)	(66.8)	(34.4)	(66.2)
Total	750	711	61	1,522
Account managed/potential %	32%	33%	66%	34%

As noted from the above Table 3.4, the account managed clients fell from 21.9% to 11% between the two reporting periods, with this being compensated for by the increase in participation by Invest NI clients with the potential to reach account managed status within five years (cumulatively averaging 32/33% in both accounting periods). The latter will include businesses participating in Propel and PoFC. Of the Design Service participants who

participated in both periods, 66% were account managed/potential account managed clients.

The analysis by client type is shown for DDP clients only, namely for Mini and Main DDPs²⁵:

	2008-2011	2012-2015 21 months	Both Periods	Total
Account Managed	125	35	17	177
(%)	37%	22%	28%	32%
Potential to reach account managed status within 5 years	39	76	23	138
(%)	11%	48%	38%	25%
Other	177	49	20	246
(%)	52%	31%	33%	44%
Total	341	160	60	561
Account managed/potential % of overall interventions	48%	69%	67%	56%

Of the 1,522 businesses participating in the Design Service, 561 participated in the DDP Main and Mini programmes.

The clients that Invest NI work most closely with (i.e. account managed clients and those with potential) represent 69% of total participants in the Design Service DDP programmes in the period 2012 to 2015, as compared to 48% over the 2008-2011 period (and 67% in both periods).

The above would illustrate that of the 561 DDP interventions, 315 or 56% were for Invest NI clients (32% existing account managed clients and 25% who have potential to become account managed clients within 5 years). 44% of DDPs were therefore to non Invest NI clients²⁶, although these fell from 52% to 31% of total DDP participants between the two evaluation periods (excluding the participants with interventions in both periods). This would indicate increasing emphasis on supporting clients with high growth potential.

The Invest NI account managed/potential for account managed client base can be split further between the Main and Mini DDPs:

	2008-2011	2012-2015 21 months	Both Periods	Total
Main	80	32	9	121
Mini	45	3	8	56
Total Account managed	125	35	17	177
Main	28	58	20	106
Mini	11	18	3	32
Total Potential to reach account managed status within 5 years	39	76	23	138
Main DDP	108	90	29	227
Mini DDP	56	21	11	88
Total DDP	164	111	40	315

²⁵ Note that this analysis is taken from the Invest NI database and the 561 DDPs will include businesses that have started but not completed the DDP programme in the period to April 2014. Hence the 561 above differs from the 515 DDPs in Table 1.2

²⁶ Only Invest NI clients are eligible for the DDPs. The Invest NI approach to identifying account managed clients has changed recently; as such the data includes businesses that may have previously been Invest NI clients

The above is shown as a percentage of total DDPs:

Table 3.7: Design Service Intervention by Client Type - DDPs only %				
	2008-2011	2012-2015 21 months	Both Periods	Total
Main	49%	29%	23%	38%
Mini	27%	3%	20%	18%
Total Account managed	76%	32%	43%	56%
Main	17%	52%	50%	34%
Mini	7%	16%	8%	10%
Total Potential to reach account managed status within 5 years	24%	68%	58%	44%
Main DDP	66%	81%	73%	72%
Mini DDP	34%	19%	28%	28%
Total DDP	100%	100%	100%	100%

Of the 315 projects, 72% related to the Main DDP and 28% relates to the Mini DDP. There was a higher percentage of Main DDPs in 2012-2015 (66% in 2008-2011 versus 81% in 2012-2015 and 73% in both periods)..

3.2.4 Uptake by Intervention

Table 3.8 provides details on the range of interventions types, identifying where there have been multiple engagement types. Details are split between each of the evaluation period, with details of participants in both periods also highlighted:

Table 3.8: Design Service Interventions by categories of interventions (showing multiple interventions)					
	No of interventions				Total %
	2008-2011	2012-2015	Both periods	Total	
Design Advice only	239	81	15	335	16%
Design Clinic only	156	490	4	650	31%
Design Awareness Event + Design Clinic	0	0	0	0	0%
Design Awareness Event + Design Advice	0	0	0	0	0%
Design Clinic + Design Advice	89	28	22	139	7%
Design Awareness Event + Design Clinic + Design Advice	0	0	0	0	0%
Subtotal - only awareness events, advice or clinics	484	599	41	1,124	53%
Design Clinic + Mini DDP	4	0	2	6	0%
Design Clinic + Main DDP	8	71	8	87	4%
Design Advice + Mini DDP	43	2	8	53	3%
Design Advice + Main DDP	243	114	27	384	18%
Design Clinic + Design Advice + 2 Main DDP	0	0	0	0	0%
Design Clinic + Design Advice + Mini DDP	7	3	9	19	1%
Design Clinic + Design Advice + Main DDP	77	40	49	166	8%
Design Clinic + Design Advice + Mini DDP + Main DDP	4	0	0	4	0%
Design Clinic + Mini DDP	0	3	0	3	0%

Table 3.8: Design Service Interventions by categories of interventions (showing multiple interventions)					
	No of interventions				Total %
	2008-2011	2012-2015	Both periods	Total	
+ Main DDP					
Design Advice + Mini DDP + Main DDP	19	3	36	58	3%
Subtotal - combination of awareness events, advice or clinics and DDPs	405	236	139	780	37%
Mini DDP only	62	25	0	87	4%
Main DDP only	82	19	0	101	5%
Mini DDP + Main DDP	14	6	4	24	1%
Subtotal - DDPs only	158	50	4	212	10%
Total	1,047	885	184	2,116	100%

The above can be summarised:

Table 3.9: Design Service Interventions by categories of interventions - (multiple interventions)					
	No of interventions				Total %
	2008-2011	2012-2015	Both periods	Total	
Awareness events, advice or clinics only	484	599	41	1,124	
	46%	68%	22%	780	53%
DDPs plus any combination of awareness events, advice or clinics	405	236	139	780	
	39%	27%	76%	212	37%
DDPs only	158	50	4	212	
	15%	6%	2%	184	10%
Total	1,047	885	184	2,116	

Table 3.10 sets out details on interventions by unique businesses only:

Table 3.10: Design Service Interventions by categories of interventions - by unique business					
Combinations of activity undertaken	Frequency				Percentage
	No of businesses				
	2008-2011	2012-2015	Both periods	Total	Total
Design Advice only	231	78	7	316	21%
Design Clinic only	154	466	2	622	41%
Design Awareness Event + Design Clinic	0	0	0	0	0%
Design Awareness Event + Design Advice	0	0	0	0	0%
Design Clinic + Design Advice	41	13	8	62	4%
Design Awareness Event + Design Clinic + Design Advice	0	0	0	0	0%
Subtotal - only awareness events, advice or clinics	426	557	17	1000	66%
Design Clinic + Mini DDP	2	0	1	3	0%
Design Clinic + Main DDP	4	35	3	42	3%
Design Advice + Mini DDP	20	1	4	25	2%
Design Advice + Main DDP	117	54	9	180	12%

Table 3.10: Design Service Interventions by categories of interventions - by unique business					
Combinations of activity undertaken	Frequency				Percentage
	No of businesses				
	2008-2011	2012-2015	Both periods	Total	Total
Design Clinic + Design Advice + 2 Main DDP					0%
Design Clinic + Design Advice + Mini DDP	2	1	3	6	0%
Design Clinic + Design Advice + Main DDP	24	12	13	49	3%
Design Clinic + Design Advice + Mini DDP + Main DDP	1	0	0	1	0%
Design Clinic + Mini DDP + Main DDP	0	1	0	1	0%
Design Advice + Mini DDP + Main DDP	6	1	9	16	1%
Subtotal - combination of awareness events, advice or clinics and DDPs	176	105	42	323	21%
Mini DDP only	61	25	0	86	6%
Main DDP only	82	19	0	101	7%
Mini DDP + Main DDP	7	3	2	12	1%
Subtotal - DDPs only	150	47	2	199	13%
Total	752	709	61	1522	100%

The above can be summarised:

Table 3.11: Design Service Interventions by categories of interventions - by unique business				
	No of businesses			
	2008-2011	2012-2015	Both periods	Total
Only awareness events, advice or clinics	426	557	17	1000
	57%	79%	28%	66%
Combination of awareness events, advice or clinics and DDPs	176	105	42	323
	23%	15%	69%	21%
DDPs only	150	47	2	199
	20%	7%	3%	13%
Total	752	709	61	1,522

There has been a greater emphasis on the Design Clinics since 2012, with a corresponding reduction in the DAS service.

Salient points to note include:

- 66% of unique businesses availed of DAS and/or Design Clinics only, with these accounting for 53% of interventions. The number of unique businesses availing of the DAS and/or the Design Clinics only increased from 57% in 2008-2011 to 79% in 2012-2015. This is illustrative of the greater emphasis on the Design Clinics and the provision of design services to the wider business base;
- 21% of unique businesses who were introduced to the Design Service through DAS and/or the Design Clinics proceeded onto one of the main design capability programmes i.e. the Main or Mini DDPs (accounting for 37% of interventions).;
- There are eight businesses who have participated twice in the Main DDP; and

- 13% of unique businesses proceeded directly on to one of the design capability (DDP) programmes without being signposted through the Advisory elements of the service, although this accounted for only 7% in 2012-2015 as compared to 20% in 2008-2011. Discussions with Invest NI would however indicate that all businesses have had some contact with the DS team, even through a telephone advice call, to assess their eligibility, although not all details might have been recorded on the database.

3.2.5 Uptake by Sectoral Teams²⁷

A sectoral analysis of businesses participating in the Design Service is set out in Table 3.12.

Table 3.12: Design Service Intervention by Sectoral Team 2008-2015 - By Company				
	2008-2011 3.5 years	2012-2015 21 months	Both Periods	Total
Advanced Engineering and Construction	71	15	7	93
Engineering and Construction	1	0	0	1
Food and Tourism	67	40	12	119
Growth and Scaling	37	28	6	71
Life Sciences and Consumer Products	25	14	4	43
Life Sciences Electronics and Cons Product	13	2	2	17
Sector and Cluster Development	2	0	0	2
Skills and Strategy	6	4	0	10
Technology and Services	27	14	1	42
Sub total	249	117	32	398
Regional Office Network	183	176	22	381
No info on CCMS	184	49	7	240
Non-client	127	362	0	489
Unknown	7	7	0	14
Sub-total	750	711	61	1,522

The above is shown for DDP clients only (including multiple interventions) in Table 3.13:

Table 3.13: Design Service Intervention by Sectoral Team 2008-2015 - DDP only - By intervention				
	2008-2011 3.5 years	2012-2015 21 months	Both Periods	Total
Advanced Engineering and Construction	60	8	8	76
Engineering and Construction	1	0	0	1
Food and Tourism	46	21	15	82
Growth and Scaling	20	9	7	36
Life Sciences and Consumer Products	14	3	5	22
Life Sciences Electronics and Cons Product	11	1	3	15
Research and Development	1	0	0	1
Sector and Cluster Development	1	0	0	1
Skills and Strategy	4	3	0	7
Technology and Services	19	5	1	25
Sub total	177	50	39	266
Regional Office Network	85	86	17	188
No info on CCMS	75	18	4	97
Non-client - N/A	0	0	0	0
Unknown	6	4	0	10
Sub-total	343	158	60	561

²⁷ Sectoral analysis as per Invest NI teams`

Salient points to note are:

- Note that the Invest NI client base can be based in the sectoral teams or the regional teams, although some anomalies exist i.e. clients reported as “Skills and Strategy”²⁸;
- Table 3.12 and 3.13 compares the Invest NI teams’ sectoral analysis in the period 2008-2011 (effectively 3.5 years) to 2012-2015 which is for a period of 21 months;
- There is a perception amongst Invest NI sectoral team staff²⁹ that the Design Service is predominantly a programme for the Invest NI Regional Offices (which typically have smaller clients) and as an introduction to Invest NI and its programmes. This is not borne out by the analysis of uptake, with the Regional Offices accounting for circa 25% of participants in both reporting periods;
- Moreover, a more in-depth review by the Design Service manager would indicate that circa 57% of clients supported from within the Food and Tourism sector are from the sectoral teams, with the remaining 43% from the regional offices. This would again suggest that the perception amongst the sectoral teams that the uptake of the Design Service is higher in the Regional Offices is incorrect. There continues to be a significant proportion of non account managed clients participating in the programme (66.8% in 2012-2015 and compared to 68.1% in 2008-2011). As previously noted, this is attributed to the increase in the Design Clinic provision in the period, it being noted that 80% of those availing of Design Clinics had limited access to other Invest NI programmes (as they do not fit the eligibility criteria);
- Of the Invest NI sectoral teams, uptake in the period 2012 - 2015 is highest amongst the Food and Tourism team (see Table 3.12) at 40 businesses or 6% in 2012-2015, down from 67 businesses or 9% in 2008-2011, with a further 12 companies participating in both periods). As noted below, Invest NI ran one specific food Mini programme in 2008-2011, linked to a Trade event, with there being insufficient demand for a further Mini Food programme in 2012-2015;
- Participation amongst the Advanced Engineering and Construction sectoral team has also seen a fall off in 2012-2015, (at 15 businesses or 2% in 2012-2015, down from 71 businesses or 9% in 2008-2011, with a further 7 companies participating in both periods). Feedback from this Invest NI sectoral team would indicate that design is however considered to be integral to their success of their client companies, but that the focus is often on a technical design engineer which can be supported through GAP etc. This is discussed further in para 3.3.6;
- Proportionately, Growth and Scaling clients have averaged 5% in both periods, with 28 companies participating from this category in 2012-2015, this including Propel clients; and
- Life Science and consumables and Technology and Services each account for 2% of Design Service participants in 2012-2015, (14 clients each).

3.2.6 Participation on the Main and Mini DDP Programme

An analysis of levels of participation on the capability element of the service (i.e. the Main and Mini DDPs), as presented in Tables 3.14 and 3.15 below.

²⁸ There are now three sectoral teams - any future Economic Appraisal should explore the requirement for more appropriate reporting by sectors

²⁹ Invest NI operates with a number of sector teams, focused on its account managed clients. The Invest NI Regional Offices would primarily manage entry and clients with the potential to reach account managed within 5 years.

Overview of Main DDP

This is shown inclusive of current programmes and those completed after April 2014:

Table 3.14: Participation levels on the Main DDPs Sept 2008 to April 2014		
Main DDPs	No. Main DDPs	No. Business Interventions
Sept 08 - Mar 09 DDP21-24	4	52
Apr 09 - Mar 10 DDP25-30	6	79
Apr 10 - Mar 11 DDP31-35	5	75
Apr 11- Mar 12 DDP36-38	3	46
Apr 12 - Mar 13 DDP39-43	5	72
Apr 13 - Mar 14 DDP44-46	3	43
April 14 to Oct 2014 DDP47	1	17
Total	27	384
2008-2011	18	252
2012-2015 - to April 2014	9	132
Total to April 2014	27	384
From April 2014 including current	4	64
Total	33	448

It is forecast that there will be 196 Main DDP participants in the period 2012-2015.

Overview of Mini DDP

Table 3.15: Participation levels on the Mini DDPs		
Mini DDPs	No. Main Mini? DDPs	No. Business Interventions
Sept 08 - Mar 09 Mini 1&2	2	18
Apr 09 - Mar 10 Mini 3-6	4	29
Apr 10 - Mar 11 Mini 7-13	7	56
Apr 11- Mar 12 Mini 14	1	15
Apr 12 - Mar 13		
Apr 13 - Mar 14 Mini 15	1	13
April 14 to Oct 2014 Mini 16 &17	2	19
Total	17	131
2008-2011	16	118
2012-2015 - to April 2014	1	13
Total to April 2014	17	131
From April 2014 including current	3	36
Total	20	167

It is forecast that there will be 49 Mini DDPs participants in the period 2012-2015.

Prior to April 2013, Invest NI counted DDP participants when they started the programme so there was always a change in numbers as people dropped out or late additions were made to programmes. Since April 2013, Invest NI only counts interactions when the business/participant has completed the programme.

Between September 2008 and April 2014, a total of 27 Main and 17 Mini DDP programmes were delivered, with 515 business/organisation interventions (384 on the Main DDP and 131 on the Mini DDP programme).

In the 2012 to April 2014 period, there have been 9 Main and 1 Mini DDP programmes delivered with 145 business/organisation interventions (132 on the Main DDP and 13 on the Mini DDP programme). By the end of the current programmes, these will have increased to a total of 13 Main and 4 Mini DDP programmes delivered with 245 business/organisation interventions (196 on the Main DDP and 49 on the Mini DDP programme).

Salient points to note are:

- There has been an average of 14 participants on the Main DDP programme (the range being from 13 to 16);
- There has been an average of 9 participants on the Mini DDP programme (the range being from 7 to 15);
- As noted previously, 12 companies (2%) have participated in both the Mini and Main programme in the period 2008-2015;
- The Mini programmes since 2012 have included two programmes specifically for Propel participants, with the current Mini DDP programme being for participants from the Invest NI funded Proof of Concept programme (for Research Organisations). Previous companies in the period 2008 to 2011 have included Collaborative Networks, and a food specific Mini programme; and
- Invest NI did run one DDP for product development projects, although with only 8/9 companies registering with a product development project, this was augmented by companies with branding/packaging briefs etc. This was despite the fact that two product development workshops were run in Derry-Londonderry (with 4 attendees) and in Belfast (with 30 attendees) some six weeks prior to the Programme launch. Moreover, of the workshop attendees, only one came on the programme. A further DDP was held in the regions to attract participations amongst companies West of the Bann and Derry-Londonderry.

3.2.7 Age, size and target markets of companies participating in the Main and Mini Programme

As part of the Evaluation, the 100 Main and Mini participants surveyed were asked to provide information about the period over which they had been trading, with this showing a range of business maturity levels, ranging from start ups to businesses trading 21 years plus:

	Number
Less than one year	5
1-3 years	24
4- 5 years	18
6-10 years	15
11- 20 years	18
21 plus years	20
Total	100

Given that the Programme evaluation period is from 2008, there are a number of companies now trading 4 to 5 years (one business for 6 to 10 years) that were start ups at commencement.

A number of businesses were not trading prior to the commencement of the Programme. A number were also collaborative networks. Mini and Main consultees can be classified:

	Number
Pre Trading - no turnover	25
Trading	69
Collaborative Networks	6
Total	100

Notwithstanding this, there has been significant growth amongst companies participating on the programme. This growth in turnover is shown below with the exclusion of the Collaborative Networks³⁰:

³⁰ A number of Collaborative networks included the combined turnover of their members, a number included the networks fees and 1 did not disclose any information

Table 3.18: Actual annual turnover (£000) - Excluding Collaborative Networks			
	Turnover Prior to participation (£000)	Turnover Current (£000)	Net Growth (£000)
Annual turnover £	78,653	131,015	52,362
Export turnover - outside NI	32,250	68,690	36,440
Export turnover - outside UK	18,788	35,584	16,796
No of companies showing growth			63

The nature of the competition faced by participating companies is also relevant in reflecting their global reach or aspirations:

Table 3.19: Proportion of Competitors located Outside of NI	
	%
Less than 10%	17
11 to 25 %	2
26 to 50%	9
51 to 75%	5
76% plus	67
Total	100

The Main and Mini DDP programme (as with the DAS) is now targeted at companies that Invest NI works most closely with (i.e. account managed companies and those that will reach account managed status within 5 years). Notwithstanding this, the analysis of Main and Mini DDP survey respondents indicates participation by account managed clients is as follows:³¹:

Table 3.20: Main and Mini DDP Survey Respondent Client Analysis				
	2008-2011	2012-2015	Both	Total
Account managed	18	6	2	26
Potential to reach account managed status within 5 years	9	18	6	33
Other	30	9	2	41
Total	57	33	10	100

Overall, salient points to note are:

- There has been a high level of start ups participating in the programme;
- 62% of businesses reported a growth in turnover in the period (excluding the collaborative networks)
- Total aggregate growth in annual turnover amongst the businesses surveyed, and excluding the collaborative networks, was £52.3m³², with 12 businesses showing growth in excess of £1 million.³³The largest growth is a food distribution business (total growth of £16.5m across the overall food distribution business and where the Design Service intervention was in respect of a new product (with sales of £300k attributable to the Design Service before deadweight), with the Evaluation Team informed by a third party (although not substantiated) that manufacturing is subcontracted to Eastern Europe³⁴;
- Total employment among the businesses surveyed is stated at 2,531 full time and 208 part time jobs;

³¹ Note that these consultees are drawn from the database from September 2008 to April 2014, and thus before the segmentation exercise

³² 7 businesses declined to share their turnover data

³³ Collaborative Networks are excluded as the aggregate turnovers are not reported on a consistent basis. Note that, inclusive of the Collaborative Networks, the growth attributable to the Design Service is estimated at between £28.4m and £34.3m

³⁴ The location of manufacture was not asked as part of the survey. As noted, this claim, of manufacturing in Eastern Europe has not been substantial, hence results are included in the GVA calculation.

- Of the 6 Collaborative Networks, one business had sales growth of £3m, but overall sales of £12m attributed to the outworkings of the Collaborative Network, of which a significant element (£900k) was attributed to the Design Service. Further details are in para 5.4;
- Of the participants classified as “Collaborative Networks”, only 5 were formally established networks, with a further consultee being a large business that participated in workshops where the objective (ultimately unsuccessful) was to lobby government on an energy issue. The feedback from this business indicated that they were unaware that they were participating in the Design Service; and
- 67% of companies considered themselves to be mainly globally focused (with 76% plus of competitors located outside of NI), while 17% were concentrated on the local market (with less than 10% of competitors located outside of NI).

3.2.8 Nature of projects undertaken

As part of the Evaluation, the 100 Main and Mini businesses surveyed were asked to provide information about the nature of the design projects that they intended to undertake within their business and nature of design advice they sought from the Design Service. The results of this feedback are presented in the tables below.

Nature of the Design project	Number
Branding	60
Website development	1
Packaging	1
Product development	9
Branding/Product development	2
Branding /packaging	13
Branding/website	10
Branding/website/packaging	2
Branding/packaging/product development	2
Total	100

Feedback from the Invest NI programme manager would indicate that the above is indicative of the full complement of Main and Mini programmes, with the majority of companies focused on branding and visual communication (89%³⁵), followed by packaging (18%). 13% had a design project that involved product development. In the event of a future Design Service Programme, the intention is to attempt to focus more on strategic areas of design such as service design or innovation, and with less of an emphasis on more tactical projects as usually presented in the visual communications projects.

3.3 Details of the Design Service Programmes³⁶

3.3.1 Design Awareness

The Design Awareness Service was to raise awareness of the strategic importance of design within the NI business community through the provision of a series of awareness raising/promotional events that would seek to inspire innovation in design, improve design in businesses and increase demand for the Design Service.

This free of charge element was to be delivered through the provision of annual large-scale conferences, regional road shows/workshops, exhibitions, events targeted at specific sectors of the business and design community, presentations to other public sector organisations, as well as the production and dissemination of e-zines and case studies. Key targets in the 2011 Economic Appraisal were:

³⁵ Note that a number of companies had more than one focus, hence the totals exceed 100%.

³⁶ Details on the Programme activity supported are set out in Appendix III and summarised above

- To deliver 1 large scale high profile promotional/awareness raising event per annum to promote the benefits of design to the NI business base with a minimum of 150 participants;
- To support 8 businesses attend 2 trade exhibitions per annum i.e. 16 businesses per annum, for three years;
- To deliver 12 small scale regional roadshow events per annum with an average of 20 participants at each to further promote the importance of, and potential benefits of design to NI businesses, driving demand for participation on the Design Advice Service, the Mini and Main DDPs and strategic design support interventions; and
- To deliver 12 case studies over 3 years to raise awareness of the programme and the benefits it has delivered.

With demand for the Design Service exceeding the targets set, there has been less in design awareness events over the Evaluation period. Actual progress is as per para 4.2.

3.3.2 Design Clinics

The Design Clinics, which are held on a monthly basis in Invest NI's five Regional Offices³⁷, provide pre-booked one-hour design advice appointments with design experts from the Design Group to discuss business design queries. Advice ranges from specific project-related issues to high-level strategic assistance and can encompass a range of design-related areas including:

- Design management;
- Material selection or testing;
- Branding and graphic design;
- Packaging and brand design;
- Textile and fashion design;
- Interior and furniture design; and
- Engineering & product design.

The Design Clinics are open to all businesses (Invest NI and non Invest NI clients) and are free of charge. The feedback from the Design Group would be that 80% of participants are non Invest NI clients.

The Design Clinics are a new feature and were introduced in 2009 at the same time as the Boosting Business initiative. Design advice is now delivered as 75% Design Clinics and 25% as DAS. The focus is on providing an understanding as to the benefits of design, providing advice in relation to a specific query and signposting to other programmes or external resources.

For Design Clinics:

- There is a booking system, which started in 2010 with online booking from 2012. This is generally considered to be effective and ensures easy access to the Design Service;
- Bookings can also be made through the online calendar at NIbusinessinfo.co.uk and the Invest NI events page or by telephoning the Invest NI Business Support Team;
- Appointments can generally be booked 4-6 weeks in advance, although the Belfast sessions tend to be oversubscribed. The regional clinics are reasonably/fully booked. A reserve list is kept;
- There is an electronic reminder issued to registered businesses 3 to 4 days before the meeting;
- Attendance rates at the Design Clinics Service are circa 75%, having fallen from 80%. This often means that the design expert's services are underutilised although charged to Invest NI. This would suggest that a sizeable number of businesses do not place sufficient value on this free service;

³⁷ The five Invest NI regional offices are located in Belfast, Ballymena, Derry-Londonderry, Newry and Omagh. There are two clinics monthly in Belfast

- Design Clinics are open to multiple uses by businesses. In the period September 2008 to April 2014, 622 businesses availed solely of the Design Clinics on 650 occasions;
- Whilst largely focused on SMEs, the Design Clinics have been used by large companies;
- Invest NI clients attending can be signposted to other Design Services, subject to sign off by their Client Executive;
- When practical, there is a preference for all businesses seeking to participate in the Main or Mini DDP programme to register and attend a Design Clinic (or DAS) session or, at a minimum, to participate in a telephone design advice call³⁸;
- The Design Clinics are manned by design experts from the QUB Design Group, who are, in the main, considered by Invest NI to have knowledge across all strategic design areas. Challenges are stated to arise where a participating business has a specific technical query, and where the expertise may reside within one individual who is not delivering the Clinic. The feedback from the Design Group is that participants can have unrealistic expectations as to what can be delivered at the one hour clinic, especially where there is a unique design solution being sought. This is further supported by the feedback from the survey of Design Clinic and DAS users, with 20% of respondents stating that they were unhappy with the expertise of the Design experts. In order to more fully prepare the Design Group for the sessions, Invest NI now requires businesses to provide an overview of their design requirements on the online booking form, with this being a mandatory requirement from summer 2014. Overall, however, the design expert will be chosen on the basis of the majority of expertise sought. Hence, any particular specialisms are unlikely to be catered for, although the businesses should be signposted to other relevant expertise or a direct referral made to such expertise. It is understood that the design experts have also commenced to prepare Fact Sheets and may also, where information is supplied in advance, seek expert advice before meeting the business. Moreover, feedback from the Invest NI Design Manager is that “Q&A sheets” are being prepared on each discipline/topical area for posting onto Nibusinessinfo.co.uk;
- Following the one hour session, the design expert prepares a one page report which is sent to Invest NI’s Design Team. This is generally not supplied to the businesses, although it may be requested and provided as deemed appropriate by Invest NI. Feedback from the electronic survey was that 10% of businesses were dissatisfied with the lack of communication about follow up, referrals to other Design Service programmes, as well as the lack of clarity as to when future DDP programmes might be scheduled (although only 20% are likely to be eligible to proceed on to other Design Service programmes and for some, the expectation of additional support might have been unrealistic). Moreover, these respondents voiced concern over the timescale from engaging with the Design Clinics to an invitation to participate on a DDP, with timescales typically of 3 to 5 months;
- For Invest NI account managed clients/those with potential to be account managed clients, the one page report will include the design expert’s recommendation on signposting to other Design Services, ie DAS, Mini or Main DDP programme. The ultimate decision on further support is made by the Invest NI Design Manager in conjunction with the relevant Client Executive;
- For other clients, signposting may be provided at the session to other Further Education or Higher Education support (ie through the Invest NI Innovation Voucher programme etc);
- Feedback from the respondents to the electronic survey and the Design Group is that a one hour session is insufficient in many instances where there is a complex design requirement. Moreover, a lack of clarity as to what can be achieved in the timescale (1 hour) can impact upon clients’ expectations. It is noted that the Design Clinics are about raising awareness of the benefits of design rather than on implementing a design project. Again, Invest NI would note that businesses might be facilitated through a follow up meeting and Invest NI account managed clients can be signposted on to the DAS etc for follow up; and

³⁸ Feedback from Invest NI would indicate that all businesses would have had some contact, even through a telephone call, to assess their eligibility, although not all details might have been recorded on the database

- Whilst managing client expectations as to deliverables is one of the challenges stated to be faced by the design experts, so too is the challenge that comes from businesses attending the Design Clinic sessions based upon encouragement from their Client Executives, and without any concept as to what they are seeking to achieve. This corresponds to the view (from the Design Group and the focus group with Client Executives³⁹) that the Design Clinics may be used as an inexpensive programme to direct clients and enquiries to, regardless of whether or not it is the most appropriate to their needs.

Given the stated generic nature of many of the queries arising at the Design Clinics, the high expectations yet low levels of satisfaction (see para 3.17), the high levels of non attendees, consideration has been given by the Evaluation Team to the rationale of introducing a “one to many” service to address common design areas within a regional workshop environment. This may be more appropriate for certain areas, such as introduction, to branding, packaging and digital communication. Invest NI did host a packaging workshop at Loughry College which was successful. For Invest NI, this presents additional challenges in securing sufficient levels of attendees at workshops, particularly given the high levels of “no shows” at the individual sessions. Two design workshops were arranged in 2013, and whilst the Design Team emailed the full Invest NI client list, and had a target of 50 companies as attendees, actual numbers were closer to 30 attendees. The Evaluation Team would recommend that a “one to many” service is considered as part of a future Economic Appraisal.

Moreover, such an approach is likely to require up to three design experts at each workshop, allowing for opportunities for follow up individual sessions.

A further consideration was in relation to the use of an online diagnostic tool. It is noted (para 5.4.2) that the Design Council are proposing to introduce a diagnostic tool for design in 2015. Discussions with the Invest NI Design Team would note that diagnostic tools were introduced for the Invest NI Business Health checks but have had limited success to date. The Evaluation Team would therefore not recommend that an online diagnostic tool is considered as part of a future Economic Appraisal.

3.3.3 Design Advisory Service

The Design Advisory Service (DAS) provides up to one half day’s design advice, at the clients premises. This is delivered by the Design Group and focuses on discussing business’s design queries/needs. More specifically, the DAS seeks to provide advice on a range of design issues from packaging through to product design and specific project related issues (similar to the Design Clinics).

Following the provision of the one-to-one advice, the design expert will complete a short report which provides the following: client contact details; an overview of the nature of the query raised by the client; details of the nature of advice provided; details of the client’s previous experience of working with design consultants; levels of interest in availing of other elements of the Design Service; and any follow-up action that is required. The completed report is then sent to Invest NI who forwards it on to the Client Executive.

It is anticipated that the provision of the advice and subsequent reporting should take no longer than one day. The time-frame for completion of a design advice assignment is two weeks from the referral date.

A DAS appointment is booked through the Invest NI Design Manager/Client Executive and is available throughout the year. In practice, the DAS also acts as a gateway for clients on to the Main and Mini DDP. This service is free of charge and is only available to Invest NI

³⁹ There were two focus groups held with the Invest NI sectoral teams

account managed clients and those with potential to be account managed clients in the next 5 years.

For Design Advisory Service:

- This was the key intervention prior to the introduction of the Design Clinics. In line with the targets in the 2011 Economic Appraisal, there has been a significant reduction in the marketing and referrals to DAS, with participation in DAS falling from 538 interventions in 2008-2011 to 187 in the period from 2012 to April 2014;
- Requests are handled by Client Executives through the RDS (request for design service schedule);
- Where there is a recommendation to signpost the client to the DDP, the ultimate decision rests with the Client Executive;
- As with the Design Clinics, there can be multiple users of the DAS intervention; Feedback from the focus groups with Invest NI client executives was that the Design Service could be more effectively promoted to Invest NI account managed clients where there was an initial engagement at the client's premises (similar to the DAS and the Innovation Advisors), although there would be a cost implication. The general consensus was that all account managed clients should go straight to DAS rather than the Design Clinic (which is typically the first intervention);
- Equally, they considered there to be merit in having such design expert in-house (again, similar to the Sustainability Team and Lean Manufacturing team who have been brought in house, or the Innovation Advisers⁴⁰), or educating the latter to respond to design queries. This approach may warrant further consideration in the event of a roll out of the Design Service beyond 2015; and
- As with the Design Clinics, there may be a "start- stop" nature to the overall design engagement. The DAS may recommend a client for the Main or Mini DDP but the next DDP may be some time away, and there can be a gap of 3 to 5 months.

3.3.4 Main Design Development Programme

The Main DDP seeks to develop business' understanding of the importance of design in developing commercial success. In doing so, the programme aims to provide an introductory insight into the value of design and offers participants an opportunity to work with experienced design mentors and professionals on their own design project. The programme is typically delivered over a 4 to 5 month period and is delivered through the provision of:

- **Group workshops** - Each business attends group workshops/sessions, containing circa 15 NI businesses, which seek to promote better understanding of design in terms of strategy and applied knowledge. The workshops also seek to provide businesses with the opportunity to network with one-another to discuss design-related issues and share good practice. Workshops were typically facilitated by 2 trainers from the Design Group;
- **Mentoring support** - Each business is provided with 3 days mentoring from a design mentor, from within the Design Group, to develop a design brief/project which will ultimately be implemented by the business; and
- **Consultancy support** - Each business receives 7 days consultancy support, from a suitably experienced design consultant, to support the implementation of the design project. The consultancy support is distinct from the mentoring support and is delivered by a separate provider, drawn from an Invest NI design consultant framework.

⁴⁰ There are 3 Innovation Advisers (IA), who are generally technical engineers. The view of the consultees was that there could be a further IA with design experience.

Delivery of the aforementioned support typically takes the following format:

Session 1	Group session	This workshop seeks to provide an overview of the structure and content of the Main DDP Programme. Interactive presentations/sessions are held on subject areas including “Where does Design live?”, “Creativity and Innovation”, “Design for Competitive Advantage” and Programme coursework.
Session 2	Group session	Topics covered as part of the second workshop include: ‘Communicating your Business’, ‘Design for Competitive advantage’, and ‘Being Better’. An ideas generation workshop is held and coursework is discussed.
Session 3	Group session (residential)	A hotel based residential lasting 1.5 days. During the course of the residential, design trainers provide a re-cap on the information provided to date as well providing interactive sessions on ‘Patents and IPR’, ‘Managing the Development Process’ and ‘The Buyers’ Perspective’. These sessions also seek to provide an overview of the use of design mentors and consultants through the remainder of the Programme. Businesses are also introduced to their design mentor and commence the process of developing a design brief/project which will be implemented within the business.
Session 4	One to one session	One to one session with the mentor and introduction to the design consultant.
Session 5	Group session	1 day session facilitated by 2 trainers which provides businesses, and their supporting design consultants, with an opportunity to give a 20 minute presentation on the progress of their projects to the group.
Session 6	Group session	On completion of the project, companies are invited to share the best practice gained from their individual design projects including lessons learned and outcomes/impacts derived. The session is also attended by the companies’ design mentors and consultants.

As noted, each business is appointed a design consultant (appointed from an Invest NI select list) who will provide 7 days of consultancy support to embed the project within the business.

The 2011 EA allowed for additional support to be provided, up to 12 days, although this has not been used.

The Main DDP is available to Invest NI Clients at a cost of £500 (plus VAT).

The following is noted in respect of the Main DDP:

Uptake and Focus

The feedback from the majority of the stakeholders consulted with was that whilst DDP has the same focus on quality, it has become a quantity-driven programme where there is insufficient follow up and support for implementation, and subsequent lack of “buy in” across the full Invest NI Client Executive complement. Targets set for the Main DDP programme in the 2011 Economic Appraisal have been exceeded (196 versus 150 by July 2015), with demand high (there are 18 companies on the current programme as compared to the target of 15); this partially reflect the low price, set at £500 plus VAT since 2006. There is no application process and a limited vetting process. There is support generally amongst stakeholders for a smaller, targeted programme, focused on progression along the Design Ladder, and with additional design resource for deserving companies (based upon a competitive process) and with a measurement of impact.

Fit within the Invest NI portfolio of products

- Despite evidence to the contrary (para 3.2.1), DDP is perceived amongst the Invest NI sectoral teams as an offering more suitable to the Regional Offices and to micro companies, and often an entry programme for new Invest NI clients. Again, the perception is that the Design Service has not yet been adopted as a mainstream programme and is not integrated into other programmes (for example, Grant for R&D where there should be a natural progression); and

- It is understood that the majority of participants would have been Step 2 businesses on the Design Ladder. There does not appear to have been any direct targeting of businesses as potential Step 3 businesses. Conversely, there has been a reduction in the numbers of medium to large companies participating (44 companies in 2008-2011 as compared to 19 companies in 2012-2015), with a concern amongst the Client Executives that there has been an influx of younger companies and start ups and that this may discourage more established businesses. It is noted that pre start and start up companies are a priority for Invest NI. It is further noted that the Client Executives have a joint responsibility to promote the programme, although the Design Service may suffer from a cultural resistance from amongst some Client Executives, as well as competing against other Invest NI programmes for clients' input and commitment.

Eligibility

- Invest NI has stated that its focus for the Main DDP is on the clients that Invest NI work most closely with, namely account managed clients and those likely to meet account managed criteria within 5 years. Whilst the analysis in Table 3.3 highlights that companies not reaching these criteria are availing of the main DDP, it is recognised that the eligibility criteria has only been established since 2012. A number of previous participants may therefore no longer be eligible or directly targeted for the programme. The Evaluation Team would concur with the view that the account managed clients are likely to deliver the highest impact in terms of economic growth. It would recommend that there are targets set for account managed clients given their different stage of maturity. The rationale for participating should be clarified within an application process (see below). Moreover, during the Evaluation process, the Evaluation Team identified two design consultants who participated as clients on the programme. With its focus on embedding an understanding of the benefits of design, such participation would not appear to be appropriate;
- Businesses are allowed to have more than one engagement with the Main DDP programme. Invest NI has stated that the main criteria is that a defined period has lapsed (2 to 3 years), that there is a different project and that different staff attends the workshops etc. The criteria should be more formally defined (similar to the Innovation Voucher where there can be 3 projects in total, or the Finance Voucher, where a business can reapply after two years);
- As noted above, attendance at a Design Clinic or DAS is preferable before being selected for the Main DDP. Client Executives have queried if this is necessary, particularly for account managed companies, although the Design Group would note the benefit in terms of defining the design project. The Design Group would also note that businesses can be signposted to the Design Service by their Client Executive without having defined what their requirements are, with the Design Clinics currently being the only vetting tool. A more formalised application process could however deal with such concerns; and
- It is a condition of participating on the DDP that the owner/senior staff attends the key workshops, particularly given that DDP is viewed by Invest NI as a critical tool for embedding design capability within the business. This should continue to be the case. There were a number of instances identified during the Evaluation where companies were using the main DDP as a training tool for staff, and therefore with multiple engagements as staff left the business (and the skills lost to the business). The need to embed knowledge with the business is therefore critical, as well as strict criteria for multiple engagements. It is however noted that, for the relevant businesses, the skills and knowledge do remain within the NI economy to the extent that these employees remain in NI.

Application process

- Currently, there is no application process for the Main (or Mini) DDP. Businesses will have met with a design expert for a 1 hour session through the Design Clinics and this will have generated a one page document including a recommendation for the DDP. Businesses are also asked to complete a Pre Evaluation form once they are registered on the programme (before the first workshop), with this containing much of the

information that would be sought through an application process. The key benefit of an application form is that it creates openness and transparency in assessing requests for participation, particularly where there is unmet demand), and also critically, can test the ability of the applicant to fund the project implementation, post participation in the Design Service. Feedback from the consultations with the Main and Mini DDP participants as well as the design consultants was that lack of financial resources was a key barrier to implementation and/or follow on design work. This is particularly highlighted when, in a small number of instances, companies were late in paying their fee of £500k or sought to pay by instalments; and

- The Evaluation Team would recommend that an application process is introduced, with formal cut off dates. The current pre evaluation form, plus that application form used by the Design Council (see Appendix X), could be adopted for Invest NI's purposes. It is noted that this will have resource implications for the Invest NI Design Team.

Design Brief

- The development of the design brief is critical in setting the Terms of Reference for the design consultants. Ownership of the design brief rests with the business. The rationale is that they attend the workshops, guided by their mentor, prepare the design brief, with this then being issued by Invest NI as Terms of Reference to appoint a design consultant;
- The need to ensure clarity within the design brief is critical, in order to ensure that the client's expectations are realistic and can be met. Whilst the brief could be set out in an application form, it is recognised that this may change during the workshops and with the guidance of the mentors. Feedback from the design mentors is that the quality of the design briefs are variable, and that they can often, with the client's permission, volunteer to amend the brief in order to facilitate the design consultant appointment. (The mentoring days does not include time to write or rewrite the design brief). It is essential that the business's decision maker/senior staff attend this meeting. Feedback from the Client Executives who fully embrace the Design Service would indicate that an appropriate sign off by the Client Executive may ensure that it is appropriately focused;
- The design brief is discussed and verbally agreed at the initial meeting between the business and the design consultant (with the mentor in attendance). There is no formal sign off by client and design consultant of the agreed outcomes at the first meeting. This should be considered as a feature of any future programme;
- In terms of deliverables, demand is high for branding and visual communication projects. Some concerns have been expressed by stakeholders that for companies in the same sectors, that there is insufficient differential in the outputs to companies in the same sector, which is important where the focus is mainly on the local market. It is noted that this concern was not shared by the 100 respondents in the Main and Mini DDP survey;
- Feedback from one Invest NI Client Executive is that the design consultants need to do basic checks for all projects on trademarks, quoting one instance where at the completion of a branding project, it was discovered that the logo could not be used⁴¹;
- Under the current programme, all projects were awarded 7 days of input from the design consultant. There was no distinction made between businesses on Design Ladder Step 2 and Step 3 or more complex project (although Invest NI has indicated that there were few projects presenting themselves that warranted additional resources);
- Feedback from the design consultants was that the 7 days was generous in some instances for their competitors' outwork in branding in particular although the Invest NI Design Manager would note that the presentations do not give a fair indication of the level of work required to arrive at the final outworks. In one instance, for a product development project, the design consultant spent considerably more than 7 days on the project. The general feedback was that product development projects warrant

⁴¹ Note that there is an IP session at one of the workshops delivered by a patent attorney to the businesses. Also it has always been assumed by the Design Team that a core competency of all designers on the framework would be skills, awareness and resources regarding IP.

additional resources from the design consultants, although there is a responsibility on the design consultant also to ensure that his deliverables are realistically set and agreed with the business; and

- In the feedback from the Invest NI focus group and other Invest NI consultees, there were views expressed by some that there is a lack of clarity as to how the Design Service sits with other Invest NI interventions (i.e. overlap between website-development under the DDP and the E-Business service, and Grant for R&D/TDI for product development). Complementarity with other Invest NI products is discussed in para 2.4. There continues to be a rationale amongst those Client Executives who are consistently using the Design Service that there is a need for the programme where clients have no experience of choosing design consultant and require direction from the mentors etc. For them, the key issue is how the client is supported into follow on programmes, moving from the Design Service into Grant for R&D/TDI etc.

Delivery and Timetabling of programmes

- The length of the DDP programme (it having increased from 4 months to 5 months due to the timescales for appointing the design consultant in order to be procurement compliant) was noted as a potential deterrent by the Client Executives in recommending the programme. The Invest NI Design Team and the Design Group would counter this in stating that the timescale is required in order to provide companies with the requisite tools and capability to implement a design project, embedding knowledge and skills as well as providing a “taster” of working with a design consultant. This is particularly noted in the benchmarking exercise where there the focus is on workshops and not on project implementation. It is however likely that businesses will have differing needs as they move along the Design Ladder and capability will vary at each stage. For companies on Step 3 of the Design Ladder, their design capability would be expected to be at a higher level than those at Step 1 and 2;
- On a similar note, a small number of survey respondents questioned the rationale for the workshops. The Invest NI Design Manager and the Design Group would argue that the Design Service is principally about creating awareness of design and the workshops are critical in creating that awareness. Moreover, there have been examples provided of companies reluctantly attending the workshops and then providing feedback on the benefits they received from them. As noted, the benchmarking notes the emphasis on workshops for embedding knowledge. Notwithstanding this, it is unlikely that “one size fits all”, particularly for companies at different stages of the Design Ladder and those with existing design capability. The different requirements of companies should be considered in the design of any future Design Service, with a modular approach adopted;
- The Design Service continues to have a residential workshop, with advantages noted in terms of networking and better understanding of other companies’ briefs. These benefits are laudable but not linked to the programme’s objectives. The Evaluation Team’s view is that there is no rationale for continuing with the residential element;
- A further concern was voiced in relation to the timetabling of programmes, with there being no uniform dates for commencement and the Main DDP programme operating in irregular waves;
- In discussions with the design consultants, a number queried the rationale for Sessions 5 and 6 (the interim and final presentations), including the extent to which these utilise their 7 days with little benefit for the client business and where the focus is increasingly on ensuring that a professional product is presented in front of their design peers. The general consensus amongst the Invest NI Design Manager and the Design Group was that these sessions brought focus and ownership by the client business. However, it was acknowledged that whilst Session 6 is also intended to showcase the project to the Invest NI Client Executives, despite reminders, attendance levels are poor and more could be done to ensure that these become the focal point for launching the “follow on” to the Design Service with the support of the Client Executives;
- The feedback from two Invest NI Directors consulted with (Appendix I) is that the end of programme exhibitions are too low key and that Session 6 needs to be held in Invest NI Head Office, with encouragement of the Client Executives to attend. The Invest NI

regions also need to have rolling Design Exhibitions with promotion of NI successes in design; and

- The lack of funding for follow on design projects was noted as an issue for companies and a concern of the design consultants seeking further engagements, with this partly reflecting the high number of early stage companies participating in the DDP. For any future Design Service programme, consideration might be given to the application process (see above) and ensuring that only companies that are self-certifying as financially viable, can participate in the Main DDP. There also needs to be a more clearly defined process for companies to follow on into other relevant Invest NI supports (such as Grant for R&D/ GAP etc), with an Action Development Plan for the participating companies which the Client Executives would approve. This would ensure that projects are supported through the commercialisation stage and that the benefits from the Design Service are maximised. Invest NI might also give consideration to a competitive Stage 2 follow on to the Design Service (similar to Stage two in the Proof of Concept Pathfinder grant) for companies able to demonstrate a need for further design support.

Feedback and Monitoring

- Feedback sheets are presented for completion to each participant on the Main and Mini programme (for session 1, 2, 3 and 6 for the main programme). The return rate is stated to be 50% to 75%. Invest NI collates all feedback sheet, reviews and log the details for each client;
- Invest NI policy is not to prepare PPEs for projects under £10,000 with impact to be determined as part of the Interim and Final Evaluations;
- Companies and stakeholders would be in favour of a follow up 6-12 months after completion of the programme to determine impact and any additional support required; and
- Case studies are prepared for companies reporting positive benefits, with 16 having been prepared in the last 18 months.

Other Stakeholder Feedback

Other stakeholder feedback includes the following:

- There would be a concern over the number of participants who do not implement the design projects post programme completion and if they are too early in their business development to fully avail of the Design Service. There is also a concern that the objectives are focused purely on building on the participant's knowledge of design, when implementation of the project is also critical to Invest NI's overall targets (growth in employment, export sales etc) and moving companies closer to the market;
- There is a need to increase the sectoral involvement and quality of participating companies. There is a perception that the Design Service is not sufficiently used by medium size and large companies and that the Client Executives need to acknowledge their joint responsibility to promote the programme;
- The Design Service needs to be mainstreamed into the Invest NI portfolio of interventions. For example, for companies getting Grant for R&D support, an amount of money should be set aside for design and there should be a design checklist for the R&D staff to complete. There is a significant spend on R&D: and with the challenge being to commercialise this, design can play a role in getting products/services to market;
- The Evaluation Team would consider there to be merit considering a design voucher scheme for businesses progressing to Step 3 of the Design Ladder, perhaps as a substitute to the Flagship DMR support envisaged in the 2011 Economic appraisal; and
- Communication could be improved: the Client Executives have no visibility as to how the consultants are allocated, and are only really engaged at the end of the programme. They also have no visibility of how companies are accepted on the Design Service programme or if anyone they have referred have been refused.

3.3.5 Mini Design Development Programme

Similar to the Main DDP, the Mini DDP seeks to provide an introductory insight into the value of design and offers participants an opportunity to work with experienced design mentors and professionals on their own small scale and group projects. In doing so, the aim of the Mini Programme is to inspire and create an understanding within businesses of the importance of design in developing commercial success. The programme is delivered through three elements:

1. 2 half-day group workshops (typically consisting of up to 15 businesses) which seeks to highlight the importance of design and the potential benefits that it can bring;
2. 1 mentoring day per client business to support the development of a design brief/project to meet the businesses specific design needs; and
3. Provision of 3 days of one-to-one design consultancy support to support the implementation of the design brief/project.

The Programme is delivered over an 8 week period and on a demand needs basis often tailored for groups or businesses with common design needs (e.g. sectoral groups, groups operating in same geographic areas, collaborative groups, supply chain groups, trade bodies, consortiums, etc.).

The Mini DDP is available to Invest NI Clients at a cost of £250 (+VAT) (per business).

The Mini DDP can also be seen as a precursor to the Main DDP programme, with 30, or 7.5% of Main DDP participants having also participated in the Mini DDP programme.

The following is noted in respect of the Mini DDP:

Rationale for the Mini DDP

- Feedback would suggest that there are differences of opinion as to the target audiences for the Mini DDP. The Mini DDP has sought to develop design briefs relevant to a group of companies, to encourage businesses to work together and to share resources. In this regards, the Invest NI Design Team focused on Trade Groups, providing branding for a trade exhibition by food companies. It is understood that the Design Service has sought to work more strategically with the Invest NI Trade Team although no further “collaborative” projects, linked to Trade Fairs, have been identified. The Design Team have provided support to the Collaborative Networks. More recently, there have been Mini DDPs for companies participating in the Propel Programme and the Research Organisation’s Proof of Concept (PofC). The Invest NI Business Solutions programme teams (e.g. Propel and PofC) have indicated that it might be worthwhile considering the Design Development Programmes for all its participants going forward as part of a holistic business development approach. For the Propel programme, the Design Service provided for 3 days of Design Clinics, with 10 Propel companies progressing to the Mini programme. With regards to PofC clients, the objective is to introduce design early into the process for these research projects. It is understood that the £26,000 of marketing funding allocated to PofC projects is generally under-utilised. The Design Team is therefore currently delivering a Mini DDP for 17 PofC projects (of whom 3 have pooled design resources), with the feedback from the Invest NI PofC manager being also that DDP could be considered as a mandatory feature of the PofC programme.
- There is agreement that the Mini DDP works well for collaborative projects, and where resources can be pooled. There would be a concern amongst these consultees that some early stage projects, such as Propel projects, need more rather than less design resource. The feedback from Propel clients is however very positive:

“One of the best programmes I have ever been on”

Propel participant on the Mini DDP

- The Evaluation Team would also note that the timescale for economic impact will be longer amongst PofC participants.
- As noted, the Invest NI Collaborative Networks (CNs) have availed of the Design Service and particularly the Mini DDP. These have generally been branding exercises and communication of strategies, with the days allocated to design consultant dependent on number of members in the Collaborative Network (and prepared to each pay £250 plus VAT). Therefore, a CN with 10 members could get 20 to 30 design consultancy days allocated for branding⁴². The Economic Appraisal for any future Design Service programme might consider alternatives to how design resources are allocated to CNs.
- The CN's ability to attribute economic value to the Mini DDP varies. Six CNs were consulted with as part of this Evaluation. Only one (Glantek, with Williams Industrial Services Ltd as lead) was able to apportion economic value to the branding exercise. For one CN, the NI Polymers Association, it is understood that this focused on strategy and communication and facilitated a relaunch of the CN. None of the facilitators of the CNs consulted with had sought to collate the economic benefit to their members of participating in the Design Service.

3.3.6 Design Manager Resource

This was a new resource introduced in the 2011 Economic Appraisal.

The Design Manager Resource (DMR) was to be available to Invest NI customers considering ambitious design projects and who were looking to utilise design as a business tool across all their operations. The initiative sought to place expert design managers (from an Invest NI Framework) in businesses over the medium term (usually 6-24 months) to facilitate/coach/mentor senior management teams to shape new directions and encourage fresh thinking to stimulate innovation activity throughout the business. There were to be three levels of DMR. The appointed consultants would operate in a quasi non exec director role usually working 2-5 days per month on or in the businesses.

There has been no uptake of the DMR initiative. The Design Team had conversations with approximately 20 businesses in regard to consideration of DMR and several of these businesses had extended follow up discussions with the Design Team with a view to uptake of DMR. However for various reasons as set out below none of these prospects came to fruition.

The following is noted in respect of the DMR:

- The DMR programme was not launched at the official Design Service launch in 2012 as the design consultants for the DMR framework were not in place until May 2013, due to compliance procurement requirements and state aid notifications;
- The requirement for businesses to select design consultants solely from the Invest NI framework was not viewed positively by companies, who noted the flexibility that existed with other Invest NI initiatives, i.e. the Interim manager programme, Key workers under GAP, the Non Executive Director programme etc. Counter to this, other Invest NI initiatives such as the Business Improvement Agents are understood to have suffered from businesses having maximum flexibility and not always selecting resources with the appropriate skills to implement the projects;
- A key barrier identified was the inability of the design expert to assist with the implementation of a design project, with this seen as being a requisite by companies;
- The Design Group would report that the proposed "strategic role" envisaged by Invest NI is not appropriate for the majority of SMEs. Benchmarking (para 6.3) would suggest that the emphasis should be on an integrated business support rather than design specific role;

⁴² Less than 3 days per business can be allocated

- There is a lack of awareness by companies (85%) and Client Executives of the DMR project (with 37% of companies consulted with interested in finding out more about the service). It is noted that the DMR would only have been marketed to the larger Invest NI account managed companies;
- Invest NI Client Executives have reported the need for operational, rather than strategic design support and that the necessity to appoint a design engineer (within an implementation role) is being included as condition of LOO within GAP and Grant for R&D. This would suggest that the value of design (and its role in economic development as noted in the Innovation Strategy) is being acknowledged by the Invest NI client base to a larger extent that is being captured by the Invest NI Design Team; and
- The Evaluation's Team's view is that the DMR, as designed, is not an appropriate intervention for NI's predominantly SME business community, with no interest being apparent from the small number of larger companies engaging in the programme.

3.3.7 Invest NI Design Support

The Design Support aspect to the Service seeks to provide policy advice to Invest NI and delivery of specific business advice to Client Executives to raise awareness of the importance of design, the benefits that design can bring to business as well as address any emerging client issues in the area of design. Other activities include:

- Liaison with client and strategic teams within Invest NI to provide professional, general and specialist design advice and guidance and to identify specific design opportunities for joint action;
- Provision of information, briefings, reports and statistics as required by Invest NI Senior Management, the Invest NI Board, DETI Senior Officials and Ministers as required;
- Representation of Invest NI at relevant events/seminars/conferences and promotion of Invest NI's design role and activities as appropriate; and
- Liaison with government departments, universities, the Northern Ireland business community and appropriate organisations in Great Britain and the Republic of Ireland on design issues.

The following is noted in respect of the Design support:

- Invest NI's Design Service has a policy role in terms of Open Innovation and has advised DETI on the role of design as part of the development of the Innovation Strategy and Smart Specialisation Strategy;
- The Invest NI Design Manager has received requests to participate in the Action Development Plans for account managed clients (currently being prepared). This should be encouraged, whilst having regards to the limited resources available within the Design Team;
- Invest NI has engaged in a number of European programmes, primarily to raise the profile of NI within Europe as well as to determine best practice and how best to roll out design awareness and priorities within NI. These European projects include the European Service Innovation Centre (ESIC) and the European Design Innovation Platform (EDIP) initiatives. ESIC's work has suggested that it is necessary to increase the awareness of the possible impact of service innovation throughout Northern Ireland's policy circles. ESIC has identified three Invest NI programmes, namely the CN programme, the Knowledge Transfer Partnerships (KTPs) and the Competence Centres for consideration of how they could drive service innovation in NI, within the context of the Design Service. Further details are included in Appendix II;
- The Evaluation Team's view is that the European programmes have provided access to pan European knowledge and networks to support policy development, with insight into best practice, knowledge and established network opportunities in other regions focused on design; and
- Resource pressures on the Design Team are also noted. A new staff officer has been appointed since June 2014 to support the Design Manager on the European projects.

3.3.8 Marketing and Promotion of the Design Service

Marketing and promotion of the Design Service was to be through a number of mechanisms.

Design Awareness events included design conferences, regional roadshows, case studies, and on-line promotion of the Design Clinics; engaging with the Invest NI Client Executives; and input into government strategy (as per the Innovation Strategy).

With the demand for the Design Service exceeding the targets set (803 interventions in the 21 months to April 2014 against the target of 1,200 for 36 months and 245 Main and Mini DDP by 2015 against the target of 200), there has been a reduction in the marketing and promotional events undertaken.

Whilst this has had no impact upon the overall demand for the programme, it may have impacted upon the programme's ability to reach out to companies progressing beyond Step 2 of the Design Ladder and medium to large Invest NI clients. Moreover, the feedback from the consultations with stakeholders is that there is limited awareness and appreciation amongst some Client Executives as to the benefits and role of design in driving economic growth. Hence, the Evaluation Team's view would be that communication channels with the Client Executives need to be further strengthened, with joint responsibility to ensure that this happens. The fact that Action Development Plans for account managed clients are currently being prepared provides an opportunity for increased engagement.

3.4 Effectiveness in managing and delivering the Design Service

3.4.1 Managing and Operating structures adopted by Invest NI

Consideration is given to the intervention management and operating structures adopted by Invest NI and its delivery partners to determine how effective the organisations have been in managing/delivering the intervention.

The operating structures in place for the Design Service are set out in para 1.3, namely the Invest NI Design Team, the Design Group (including the design mentors) and the two Frameworks for the design consultants (although, as noted, the DMR Framework has not been utilised).

With regards to Invest NI, the Design Manager has been in post since December 2008. From April 2012, the team moved (under Transform Restructuring) from the Grant for R&D division to the Innovation & Technology Solutions division, both within Invest NI's Business Solutions Group.

The planned resource allocated to the Invest NI Design Team is set out in Appendix III, together with the actual resource allocated. The activities undertaken by the Invest NI Design Service Team are also set out in Appendix III. There has been a shortfall in planned resource for much of the period. This has meant prioritisation of tasks at times, creating pressures in regard to the operation of certain aspects of the service. The recent staff officer role brought in June 2014 and the G5 resource (moving from 5-15%) is mainly a reflection of the additional Design led Innovation work (with the greater emphasis on strategically linking design and innovation) in addition to the Design Service's support for the national and European policy work. The Design Service also benefits from advice from the Invest NI Procurement manager (who commenced in 2014).

Overall Satisfaction with the programme

Satisfaction levels with the Mini and Main Programme (as reported by 100 DDP survey respondents) would indicate that the Design Service is well regarded:

	% satisfied/ very satisfied n=100
Design Clinics	92%
Design advisory visits	96%
Mini and/or Main DDP	
Process to apply to the DDP	96%
Quality of the Workshops	96%
Quality of the mentoring support to design the design brief	89%
Time allocated by the mentor	89%
Quality of the support provided by the design consultant	90%
Time allocated by the design consultants	85%
The information and support provided by the Design Service Manager (QUB)	89%
Overall support to ensure conversion from design advice to project implementation	81%

Levels of satisfaction were lower for those solely participating in the DAS and Design Clinics:

	Very satisfied/satisfied n=100
Timing, location and quality of the Design Service Awareness events	53%
Design Advice Service - in general	48%
Design Advice Service - time allocated for visit	52%
Design Advice Service - quality of the advice/relevance of knowledge of consultant	47%
Design Clinics - in general	43%
Design Clinics - time allocated for visit	43%
Design Clinics - quality of advice/relevance of knowledge of consultant	47%

As noted above, the feedback given may reflect unrealistic expectations of those attending the one hour (free) Design Clinics, particularly given that for circa 80%, this may be their only interaction with Invest NI. As noted in para 5.3.1 however, 69% have stated that they have or would consider using design again in the future, which would indicate that as a design awareness tool, the Design Clinics and DAS can report success against this objective.

The key issues arising are in relation to managing/delivering the intervention is as follows:

3.4.2 The Procurement of consultants

The Design Group (external design contractor, design advisory experts and mentors) and the design consultants have been appointed by Invest NI through formal procurement processes (in collaboration with Central Procurement Department) to comply with European procurement legislation.

The Design Group was the sole bidder to the tender issued by Invest NI to manage the programme, with the cost structure (£475 per day exclusive of VAT⁴³) being more cost effective than that originally budgeted (£720 per day inclusive of VAT).

In following the guidance for ERDF, the design consultants are drawn from established framework groups established by Invest NI through these procurement processes. There are

⁴³ The contract holder is QUB which is a charity and does not charge VAT

two frameworks for design consultants, with one relating to the DMR. Both were advertised in the European Journal and while the majority of the consultants on the main and mini DDP list are NI based, there are also a number from GB. Invest NI has reported that the secondary tender process, required by legislation to select design agencies for individual design projects, has stood up to audit scrutiny.

Notwithstanding this, the need to undertake a secondary competition for design consultants has proved to be problematic:

- Participating companies on the main and mini DDP have had no decision making role in the appointment of consultants. 13% of the 100 telephone survey respondents stated that they were not satisfied with the design consultants appointed to them (for a variety of reasons including expertise, lack of “fit” and alignment of vision for the business, or indeed that they may have had some knowledge of other designers), with the design consultant being replaced on a small number of occasions, mid DDP programme, and a small number of companies going on to appoint a design consultant, post project, in order to achieve the original project’s objectives;
- With no mechanism to prevent design consultants from bidding for and securing large numbers of projects, in excess of their capacity to deliver, this has led to quality issues on a number of occasions. Invest NI has indicated that of the 40 companies on its main frameworks, 3 are under extensive review. It is noted however that under the current contracts, there is no obvious mechanism for Invest NI to remove repeat offenders from the framework;
- A number of improvements have been introduced on the advice of the Invest NI procurement manager, ie Invest NI provide feedback to unsuccessful applicants only in writing and in a much more structured and consistent format as per CPD advice. However, the procurement process has added one month to the timescale for the main DDP (from 4 months to 5 months). It has proved to be time-consuming for the Design Manager and the Design Group (both of whom are involved in the selection process and with 196 appointments in the period from July 2012 to November 2014 and 800/900 applications evaluated). The Invest NI Design Manager would note that the time allocated to procurement of consultants has diverted resources away from strategic to operational matters;
- Other issues relate to the tender process for design consultants. It is understood that this has improved more recently with the introduction of a revised scoring framework which is considered to be more fit for purpose; and
- However, the feedback from the Design Group was that the selection criteria on the primary competition were not strict enough, and that, at the secondary competition, price was a key criteria (at 40%). With no cap on the number of project briefs awarded to design consultants under each DDP programme, there was a concern voiced by the Design Group that a small number of design consultants are preparing good tenders and winning multiple briefs when they do not always have the capacity or capability to deliver to Invest NI or the clients’ satisfaction. Going forward, the Invest NI Design Team will be consulting with the INI Procurement Manager and CPD to find more efficient and timely procedures that enable best practice design service procurement whilst maintaining good governance and compliance in regard to procurement legislation; and
- With price being the key determinant, there is a further concern that good consultants are not tendering for Design Service work. Feedback from the Client Executives at the sectoral focus groups was that some of the best designers are not on the Invest NI frameworks (although the concerns were not previously relayed to the Design Manager). It is however likely that the design companies with more national reach are pursuing larger scale projects elsewhere.

The Evaluation Team has discussed the merits of the DDP participating companies choosing their own design consultants with Invest NI and the Design Group. Given the ERDF requirements around procurement and the lack of sophistication and awareness of design

consultants among many of the DDP participants, (who lack the skills to appoint a design consultant), the general consensus is that the processes should continue to apply.

3.4.3 Output Monitoring Arrangements

Invest NI maintains all details on companies participating in the Design Service on its database, including details on each participation with the Design Service, and company size and sector.

Details are maintained on performance against targets, it being noted that the Design Service's targets are for each of the three years to July 2015, whilst its PFG targets are for each of the financial years ending 31st March and ERDF targets are for the calendar year. This creates challenges for the Design Service in its monthly and annual reporting requirements.

There are monthly meetings between the Invest NI Design Manager and the Design Group, with minutes recording the discussion on performance and any actions agreed. The Design Group prepares a report on progress to accompany its quarterly claims schedule. Improvements to the monitoring of the Design Service were included in the Action Plan following the 2011 Evaluation. It is understood that Invest NI has now moved to a Cloud Service platform. In addition, an Invest NI project team is working on a revised CCMS2 reporting system, with a facility to share information with its managed service provider. The delivery of this is anticipated in 2015/16.

3.4.4 Consideration of the ability of Invest NI to provide the Design Service activities taking into account financial resources, experience and knowledge.

The resources available to the Invest NI Design Manager have improved over the programme period, ie with additional staffing now on board, support on procurement and in house legal support where required. The requirements around the secondary competitions for design consultants are time consuming. Introduction of applications for participating on the Main and Mini DDP and any additional resource to "champion" design, will bring further resource demands. This would need to be considered in any Economic Appraisal. Overall, the above indicates that the processes adopted for Design Service are largely appropriate.

3.5 Identification of Risks for the Design Service and actions taken to reduce risks

The following risks were identified in the Economic Appraisal for the Design Service and mitigating actions:

Table 3.24: Risks Identified and Action Taken		
Risk	Actions taken to Dec 2015 and commentary	Risk fully mitigated
Value for money not achieved	<p>Whilst targets for the Main DDP have been exceeded (196 against a target of 150 as per para 3.2.1); projects have not been assessed at the outset in terms of their ability to achieve projected sales and GVA targets. The Economic appraisal had recommended that projects are selected for inclusion on the programme that offer an appropriate fit with the objectives of the Design Service.</p> <p>Whilst there has been no targeting of companies at different stages of the Design Ladder, with demand exceeding supply, the Invest NI client manager has been selective in offering places to companies seeking to participate on the DDP. A more focused targeting of companies, including medium sized companies, plus buy-in from the relevant Client Executives, could have resulted in increased sales and GVA.</p> <p>There has been no uptake of the DMR resource and hence no GVA relevant to this initiative. Feedback from the INI Client Executives and the Design Group would indicate that demand for this service was overstated.</p>	Partially
Low	Whilst Invest NI sought to appoint a select list of design contractors,	Yes

Table 3.24: Risks Identified and Action Taken		
Risk	Actions taken to Dec 2015 and commentary	Risk fully mitigated
capacity/capability of design contractor	<p>there was only one tender for this service (from Queens University Belfast).</p> <p>QUB, with its associates, was appointed as the sole design contractor in July 2012.</p> <p>There would not appear to be an issues arising with the capacity/capability of the design contractors and all survey respondents and stakeholders reported positively on their performance.</p> <p>Invest NI appointed a Framework of design consultants (40 consultants) for the period September 2013 to August 2017. A DMR Framework (10 consultants) was also established for the period from December 2012 to December 2016 although this has not been utilised.</p>	
Lack of evidenced impact of Design Service support	<p>This Evaluation of the Design Service sets out the impact of Design support provided under the Main and Mini DDP, based on 100 consultations.</p> <p>The Invest NI Design Manager would claim that the focus is primarily on raising awareness and the capability of participating companies to engage in design. As such, and similar to other initiatives such as Innovation Vouchers, there is no follow up monitoring through PPEs etc.</p> <p>Invest NI uses case studies to spread awareness of the impact of good design on business growth.</p> <p>It also will use these evaluation findings as a marketing tool to inform NI companies as to the benefits of design.</p>	Partially
Projected benefits not realised to the expected levels	As per above comments on value for money	Partially
Lack of demand for the programme	In order to ensure demand, the contract with the Design Contractors had included time to follow up any "leads" or requests for design support that have been identified by Invest NI. Demand for the Main DDP and Design Clinics have been in excess/in line with targets.	Yes
Increase in Contractor and consultancy fees	Following a competitive tendering exercise, Contractor and consultancy costs have been less than budgeted.	Yes
Underspend of programme budget	Costs were budgeted based on a continuation of the Design Service programme and targeted activity levels. Costs have been less than budgeted due to no DMR, reduced Mini DDPs and daily rates for the Contractor and design consultants being lower than budgeted.	Partially

3.6 Key Changes Introduced in 2012 and Progress against Action Plan

3.6.1 Key Changes Introduced in the Design Service in 2012

The key changes introduced in the Design Service from being launched in 2012 are:

- There has been a reduction in the level of awareness events, this reflecting the already high demand for the DDP programmes;
- Since 2012, there has been a reduction in the marketing and referrals to DAS in favour of the Design Clinics with participation in DAS falling from 538 interventions in 2008-2011 to 187 in 2012-2015;
- There has been an increased emphasis on the Design Clinics as a mechanism, through regional and Belfast workshops, to reach to the wider NI business base, and ensure

greater participation by this wider business base. There have also been improvements as to how these are organised (online bookings were introduced in 2012, supported by nibusinessinfo.co.uk and the Invest NI Business Support Team, and, since mid 2014, mandatory fields to be completed on the type of advice being sought). Notwithstanding this, and despite continuing to be a free service, attendance rates have fallen from 80% to 75%;

- The Design Service is introducing a Fact Sheet on each discipline/topical area for posting onto Nibusinessinfo.co.uk;
- Reflecting the increase in Design Clinics, there has been greater participation by non Invest NI account managed clients in the period 2012-2015 (51% versus 17% in 2008-2011 and 32% overall), whilst 80% of those availing of Design Clinics had limited access to other Invest NI programmes;
- Conversely, there has been a reduction in the numbers of medium to large companies participating in the overall Design Service (44 companies in 2008-2011 as compared to 19 companies in 2012-2015), this reflecting the number of PoC and Propel participants in addition to the INI corporate strategy of INI working with the “wider business base”;
- There has been an increased focus of the Mini DDPs on themed and common group participants, including on Propel and PoC participants;
- There has been an increased focus of the Main DDPs on account managed clients and those with the potential to become account managed clients within 5 years;
- There have been changes in how participation is reported in the Main and Mini DDPs, with Invest NI now recording the number of DDP participants when the business has completed the programme;
- A new strategic element, the DMR, was introduced in 2012, but, with no uptake, demand is now considered to have been mis-calculated;
- There have been changes to the targets set for the Design Service since 2012, with increased emphasis on achieving monetary impacts including GVA targets;
- The Invest NI Design Service Team has contributed to the NI Executive’s Innovation Strategy where the benefits of design are highlighted;
- The Invest NI Design Service Team has further supported government policy through participation in European design programmes;
- Conversely, there has been little progress against the intention to encourage businesses to move along the Design Ladder (including from Design Steps 2 to Step 3 and from Steps 3 to 4) or to select those businesses for DDP participation with the greatest potential for economic impact.

3.6.2 Progress against Action Plan

Consideration has been given to the progress on the implementation of the agreed Action Plan relating to the recommendations arising from the 2011 evaluation. Invest NI has presented the progression made and verified that the Verification Unit⁴⁴ has signed off all actions as having been completed. Details are as per Appendix VIII.

The following Actions are taken from Action Plans, with comments from the Evaluation Team noted in italics:

Action 1 recommended that that Invest NI continues to support the Design Service but that there is a refocusing/redirecting of the programme of activity that Invest NI supports through the Design Service to the areas of greatest market failure. In particular, the Design Service should be targeted at smaller companies, (those who haven’t considered Design previously, or lack of capacity/financial resources) and future market awareness raising activity should be tailored/focused on those companies where market failure exists and where the greatest potential benefits could be derived.

⁴⁴ This is part of the Invest NI Evaluation team who monitor the progress of implementation of agreed action plans

BDO would agree that the Design Service has been directed at projects demonstrating market failure but would suggest that more could have been done to determine the profile of companies where the greatest potential benefits could have arisen. The dual responsibility of the Design Service is also noted - to be a key outreach service for all of NI businesses through the Design Clinics whilst maintaining a focus on value added and economic growth through the DDPs.

Action 2 recommends that Invest NI (and any EDO) continue to maintain a focus on “smart” objectives and targets, and these are developed at an outcome level as well as at an activity and output level. Therefore appropriate targets should be set to encompass impacts attributable to the design intervention such as increases in sales, jobs and new markets; increased skills and knowledge regarding design etc. Baseline data should be collected for the appropriate indicators and these should then be tracked.

BDO note that the outputs will be measured in the Interim and Final Evaluations but would note for that targets should be set in any future programme for sales, employment and an application and screening process adopted to determine those projects best able to deliver against these targets. These would need to be considered in any future Economic Appraisal.

Action 3 recommended that Invest NI and the Design Group agree a reporting template which includes the following proposed headings - for each service element:-

- Annual Target;
- Progress against target (this period);
- Variance between Progress in Period and Target for the Period (pro rate Annual Target);
- Progress against target (year to date);
- Variance between Progress YTD and Annual Target; and
- Commentary - to account for over/under-performance and subsequent action to be taken.

BDO would note the recording of progress on the monthly management meetings and on the Design Group’s claim forms but would suggest that the MIS could be further improved with formal reporting of the above on a monthly basis.

Action 5 recommended that any future Design Service programmes take on board feedback with regard to areas for improvement including setting expectations and involvement of previous users, wider content and more follow up.

BDO would note that there is still an issue in managing the expectation of businesses attending the Design Clinics. Improvements include that of the preparation of Fact sheets by the Design experts to address frequently asked questions, with online Fact Sheets to be posted by Invest NI on nibusinessinfo.co.uk. A further issue for the main and mini DDP programmes is the fact that there is no application process to define the design requirement, nor formal sign off of the design brief by the client and the consultant. These should be considered for any future programme.

4 COSTS AND PARTICIPANT CONTRIBUTION

4.1 Introduction

Section 4 is concerned with an assessment of the costs of the Design Service. Section 4 includes the following:

Para	Details
4.2	Costs and comparisons to budget
4.3	Effectiveness in managing and delivering the ERDF funding
4.4	The intervention rates adopted for the Design Service

4.2 Costs and Comparisons to Budget

Consideration is given to the comparison of the costs actually incurred on the Design Service with those estimated at the outset. Note that it was not possible to obtain a consistent breakdown of costs between the two evaluation periods, or consistently between budgeted and actual costs. The full economic cost is however noted below in each instance. VAT is included where applicable (although not separately identified). Note that the Design Group, as part of QUB, acts as a charity and does not charge VAT, although VAT would have been included in the budgets.

4.2.1 Forecast and Actual Design Service 2008-2011 Costs

The budgeted costs for the Design Service for the period from 2008 - 2011 are summarised:

Service Strand	Total annual £	Total for 3 years £
Awareness activities	100,000	300,000
300 Advisory visits	150,000	450,000
4 Mini DDPs with 15 participants	116,000	348,000
4 Main DDPs with 15 participants	469,000	1,407,000
Remove Trends	5,000	15,000
Additional Specialist Management support from Invest NI	45,000	135,000
Total: Full economic cost	885,000	2,655,000
Funded:		
Funded by Private sector	45,000	135,000
Funded By Invest NI/ERDF	840,000	2,520,000

The actual costs for the Design Service from 2008 - 2011 are included in Appendix VII and summarised:

	2008/09	2009/10	2010/11	2011/12	Total
Design Group Claims	£175,209	£266,257	£226,747	£358,952	£1,027,165
Consultants Framework Spend	£86,259	£465,141	£358,135	£545,004	£1,454,539
Marketing Design Team	£41,354	£65,424	£4,446	£0	£111,224
Marketing Cost CCMU	£0	£18,577	£29,153	£10,756	£58,486
Workshop\ Session Costs	£12,753	£40,657	£42,713	£34,340	£130,463
Miscell operating costs	£10,000	£10,000	£30,000	£10,000	£60,000
Fully loaded Invest NI costs				£291,254 ⁴⁵	£291,254
Total: Full economic cost	£325,575	£866,056	£691,194	£1,250,306	£3,133,131
Funded by:					
Funded by Private sector	6,376	43,591	61,085	28,798	139,850
Funded By Invest NI/ERDF	319,199	822,465	630,109	1,221,508	2,993,281

Source: Invest NI Design Team

⁴⁵ Invest NI costs total £291,254 - these have not been analysed by year

In terms of the Full Economic Cost, the actual FEC was £3.1m against a budgeted FEC of £2.655m. This largely reflects the different periods, with the budget being for 36 months and the actual being for 45 months.

£1.9m was eligible for 50% ERDF support, with the ERDF contribution being £950k for the period from September 2008 to June 2012.

The 2008-11 period which was originally to run for 36 months actually operated for 45 months. This meant that there was not a stop start scenario and momentum was maintained. Also this position ensured that PfG numbers were maintained.

4.2.2 Forecast and Actual Design Service Costs 2012-2015

The budgeted and actual costs (to October 2014) for the Design Service from 2012 - 2015 shows a significant underspend. Details are in Appendix VII and summarised below.

The budgeted costs are set out in the 2011 Economic Appraisal and are following assessment of the need for support and the reasonableness of support being requested:

Service Strand	Year 1	Year 2	Year 3	Year 4	Total
Costs to Invest NI					
Design Awareness Service	£110,720	£110,720	£110,720	-	£332,160
Design Advisory Service	£93,024	£93,024	£93,024	-	£279,072
Design Capability Service	£544,740	£696,620	£544,740	£0	£1,786,100
DMR	£595,919	£710,204	£710,204	£114,285	£2,130,612
Design Contractor Programme Management costs	£41,239	£48,237	£41,239	-	£130,715
Total Programme costs	£1,385,642	£1,658,805	£1,499,927	£114,285	£4,658,659
Fully Loaded Invest NI Salary costs	£136,297	£136,297	£136,297		£408,891
Evaluation Costs	0	£18,000	£18,000		£36,000
Total admin costs	£136,297	£154,297	£154,297	£0	£444,891
Total: Full Economic Cost	£1,521,939	£1,813,102	£1,654,224	£114,285	£5,103,550
Funded:					
Funded by the Private sector	£357,139	£428,204	£415,424	£58,285	£1,259,052
Funded by Invest NI/ERDF	£1,164,800	£1,384,898	£1,238,800	£56,000	£3,844,498

Source: Invest NI Casework papers

The actual costs from July 2012 to October 2014 (27 months) were:

	8 mths to March 2013	2013/14 12 months to March 2014	7 mths to Oct 2014	Total
Design Group Claims	£170,660	£173,578	£159,617	£503,855
Consultants Framework Spend	£220,234	£380,104	£187,534	£787,872
Marketing Design Team	£0	£2,487	£0	£2,487
Marketing Cost CCMU	£112,628	£18,662	£4,595	£135,885
Workshop\ Session Costs	£38,050	£54,063	£13,536	£105,649
Miscell operating costs	£10,000	£10,000	£10,000	£30,000
Total Programme costs	£551,572	£638,894	£375,282	£1,565,748
Fully Loaded Invest NI Salary costs			£329,943	£329,943
Evaluation costs			32810	32810
Total: Full Economic Cost	£551,572	£638,894	£738,035	£1,928,501
Funded by:				
Funded by the Private sector	£26,153	£45,183	£25,164	£96,500
Funded by Invest NI/ERDF	£525,419	£593,711	£712,871	£1,832,001

£1.4m was eligible for 50% ERDF support, with the ERDF contribution being £700k for the period from July 2012 to December 2014.

Total actual Full Economic Costs for 2012-2015 (to October 2014) are £1.928m for 27 months against a projected FEC of £5.1m for 36 months⁴⁶.

There is currently an under spend in the 2012-2015 period for a number of reasons including:

- DMR: Just over £1 million was projected to be spent by Invest NI on the DMR initiative, with the same amount to be matched by the private sector. Hence over £2 million of the £5.1 million was accounted for by the DMR. None of this has been utilised and it is unlikely that this will be used in the remaining funding period. The lack of uptake of the DMR also impacted upon actual private sector contributions;
- The Design Group and design consultants daily costs was below the estimates as set out in the Economic Appraisal, with VAT not being charged by the Design Group;
- The shift from fewer DASs and more Design Clinics meant that a more cost effective advice service was operated;
- After high marketing activity in the 2012/13 financial year to stimulate demand for the follow on service, the marketing spend was reduced from 2013/14 as demand was outstripping targets;
- Greater numbers participating in each DDP (up to 20 participants) means the workshops/sessions were able to be delivered more cost effectively; and
- Invest NI staffing costs have been £329k to April 2014 as compared to the projected £408k for the full period. The Invest NI staffing budget is likely to be exceeded by July 2015.

The Evaluation Team would note that a record of actual costs has not been maintained against the cost categories set out in the budget. With additional resources from June 2014 (a new staff officer), more resource has since been dedicated to budgets and reporting. This will be further augmented with Invest NI's introduction of its new Cloud based reporting (CCMS2) system. For monitoring purposes, it is recommended that costs are recorded on a similar basis to that budgeted and variances arising noted.

4.2.3 Full Economic Costs for the Design Service 2008-April 2014

The Full Economic Costs for the Design Service from 2008 to April 2014 are:

Table 4.5: Summary of Programme Costs - all Design Service Interventions		
Programme Costs 2008-2011 (£)	Programme Costs 2012-2014 (£)	Total Design Service Full Economic Cost 2008-2014 (£)
£3,133,131	£1,606,831	£4,739,962

Note: The YTD programme costs in 2014/15 are to October 2014 and the evaluation period end in April 2014. Hence the £350,118 cost for the 7 months to October 2014 have been pro rated to give one month's expenditure for April i.e. £375,282 / 7 = £53,612. Including the pro-rated Invest NI fully loaded costs and evaluation costs, this leaves a programme spend of £1,606,831.

The Design Service Full Economic Cost is £4,739,962.

The cumulative cost of INI staffing associated with the programme between 2008 to April 2014 is estimated to be £621,197 as set out in Table 4.7, split as £291,254 in 2008-2012 and £329,943 in 2012-2014.

The above includes Invest NI staff resources in this period, agreed with Invest NI as follows:

⁴⁶ The budget also allows for an element of DMR in year 4

	F.T. E02 Support Admin	P.T. E02 Support\ Admin	P.T. E02 Support\ Admin	F.T. SO	F.T. G7 Design & Comms Manager	G7 Innovation Manager (P.T.)	G5 Dir R&D (P.T)	G5 Dir ITS (P.T)
2008-09	April'08-Marc '08				Dec'2008-Mar'08	Full year (20%)	Full year (5%)	
2009-10	April '08- Oct'09	Oct'09 - Mar'10 (22 Hrs)			Full year	Full year (10%)	Full year (5%)	
2010-11		Full year (22 Hrs)			Full year	Full year (10%)	Full year (5%)	
2011-12		Full year (22 Hrs)			Full Year	Full year (10%)	Full year (5%)	
2012-13		Full year (22 Hrs)			Full year			Full year (10%)
2013-14		Full year (22 Hrs)	Sept 2013-Mar'14 (22 Hrs)		Full year			Full year (15%)
2014-15		Full year (22 Hrs)	Full year (22 Hrs)	June'14-March 2015	Full year			Full year (15%)

The above assumes the following resource cost:

	F.T. E02 Support Admin	P.T. E02 Support\ Admin	P.T. E02 Support\ Admin	F.T. SO	F.T. G7 Design & Comms Manager	G7 Innovation Manager (P.T.)	G5 Dir R&D (P.T)	G5 Dir ITS (P.T)	Calculated by BDO
2008-09	22,966				21,658	12,994.6	4991		62,610
2009-10	13,811	11,838			66,983	6,698.3	4991		104,322
2010-11		24,409			69,054	6,905.4	4991		105,360
2011-12		25,063			70,942	7,094.2	4991		108,090
2012-13		25,652.8			72,612			9982.6	108,247
2013-14		15,373.9	15373.9		74,787			14974	120,509
2014-15 - 1 month		2,196.3	2196.3		6,419			1248	12,060
Total	36,777	104,533	17,570	0	382,455	33,692	19,965	26,204	621,197

4.3 Effectiveness in managing and delivering the ERDF funding

The Invest NI Design Service is funded by Regional Government funding and European Regional Development Fund (ERDF) funding (50:50). ERDF funding is provided under Priority 1 Sustainable Competitiveness & Innovation, Sub Priority Invest NI, Design Development Programme. Grant support has been approved:

ERDP - DDP	Amount allocated £000	Amount paid £000	Variance £000
2007	1,500	793	707
2010	700	443	257
2011	896	692	204
2012	500	474	26
2013	500	402	98
2014	700	294	406

The ERDF funding brings specific rules and regulations particularly with regards to: eligibility of activity and expenditure, audit trails, procurement, and publicity, with extensive Management Verification requirements including Managing Authority Audits (by DETI).

The Evaluation Team notes that the Internal Audit Service (IAS) is currently completing a review of the Design Service Programme; this was a follow-up to audits undertaken in 2009 and 2011. The 2011 report considers that programme management had established generally satisfactory risk management, control and governance systems in relation to the areas reviewed. According to the 2011 report, IAS considers that management has fully implemented the recommendations accepted in the original 2009 IAS report.

Invest NI considers that whilst its internal resource for the Design Service is minimal, corporate governance and compliance requirements are demanding on such resources (ERDF compliance, IAS, CPD etc), particularly in managing the design consultancy framework.

Looking to the future, the Design Service is one of the initiatives included in the Next ERDF Structural Funds Programme 2014-2020. ERDF: Invest NI funding support is likely to be of the magnitude of 60:40.

4.4 The Contribution rates adopted for the Design Service

The Design Awareness and Design Advice interventions (design Clinics and DAS) are currently free of charge. For the Main and Mini programme, these are charged at £500 plus Vat for the Main DDP and £250 plus VAT for the Mini DDP.

This compares to the direct cost of the interventions (notionally calculated):

	Cost of each intervention (£)	Fee to Client (£)	Cost to Invest NI	% client contribution
Main	£7,632 ⁴⁷	£500 plus VAT	£7,132	7%
Mini	£2,928	£250 plus VAT	£2,678	9%

The above excludes the cost of the Invest NI Design Team.

There has been no increase in the fee paid by participants since 2006.

Feedback from the Design Group and the design consultants is that the Design Service is undervalued and that a higher charge may successfully deter those companies not fully committed to the process. Conversely, the low charge has meant that the Main and Mini

⁴⁷ Detailed workings are as per Appendix IV

programme is accessible to Pre Start and Start clients where there are limited financial resources.

The Evaluation Team would recommend that for any future programme, the charge for the Main and Mini programme is increased, with the level to be determined during the Economic Appraisal process.

In terms of the need to introduce a charge for the Design Advice services, the Evaluation Team’s view is that more needs to be done to promote awareness of design. The challenge in promoting design through these “light touch” interventions is seen in the feedback on value for money, with only 76% recommending the service from amongst the DAS and Design Clinic participants (n=88) as compared to 93% for the Main and Mini DDP survey respondents (n=100). The feedback given may reflect unrealistic expectations of those attending the one hour Design Clinics, particularly given that for circa 80%, this may be their only interaction with Invest NI:

	Mini and Main DDP %	DAS and Design Clinic %
Yes	96.0%	76.1%
No	3.0%	23.9%
Perhaps	1.0%	-
	N=100	N=88

Given the need for design to become a more integral part of the business process, as demonstrated in the inclusion of design in the Innovation Strategy, and a concern that a charge would act as a deterrent to those businesses engaging at the awareness level, the Evaluation Team are of the opinion that the DAS and Design Clinics should continue to be free of charge.

5 PERFORMANCE AND IMPACT

5.1 Introduction

Section 5 is concerned with an assessment of the performance and impact of the Design Service. Section 5 includes the following:

Para	Details
5.2	Review the outturn performance against the original SMART targets
5.3	Review the outturn performance against the original objectives
5.4	Economic impact and GVA
5.5	Wider and regional economic impacts

5.2 Review the outturn performance against the original SMART targets - 2008-2015

5.2.1 Review the outturn performance against the original SMART targets - 2008-2011

The Evaluation Team has reviewed the outturn performance of the intervention against the original SMART targets for the period 2008-2011. The SMART targets set out in the August 2011 Evaluation (for the relevant period) and progress against these is as follows:

	Output/Activity Targets	Progress against Target	Extent of Achievement
1	Promotional / Awareness Activities - 10 design promotional activities (incl 2 major events & 8 sectoral/ regional events) per annum = 30 5 Case Studies per annum = 15	78 design promotional activities and 27 case studies at the 2011 Evaluation	Achieved
2	Design Advisory Visits - 300 pa / 900 in total	892 at December 2010 as per 2011 Evaluation - (this includes DAS, Clinics, and awareness events. Not all of these (specifically Awareness events) will be captured through an RDS. Programme ran to July 2011.	Achieved
3	Mini & Main DDP PfG: Encourage companies to participate in Design Programme 300 companies- 4 Mini DDP pa each with 15 Participants, 4 Main DDP pa each with 15 participants	258 Main and 118 Mini Participants - 370 in total	Achieved
4	Trends Publication- Purchase of relevant design publications	Decision made not to proceed with this element - budget reallocated	Not Achieved
5	Design Manager- Contracted for 3 years	Design Manager in post since December 2008	Achieved
6	Income Generated ⁴⁸ - £135k	Actual receipts of £139k	Achieved

Overall, of the 6 targets set for 2008-2011, 5 have been achieved in full and 1 was not achieved (with a decision made not to proceed with the trends publications).

⁴⁸ Income is represented by charges to the DDP participants as per para 1.2, being £250 plus VAT for the Mini DDP and £500 plus VAT for the Main DDP

5.2.2 Review the outturn performance against the original SMART targets - 2012-2015

The Evaluation Team has reviewed the outturn performance of the intervention against the original SMART targets for the period 2012-2015. The SMART targets set out in the 2011 Economic Appraisal and progress against these is as follows:

	Output/Activity Targets	Progress against Target	Extent of Achievement																																			
1	To create a select list of design contractors to deliver the Design Service by April 2012	Letter of appointment was issued on 17 July 2012 to Queens and was accepted by them on 18 July 2012	Achieved over longer timescale due to procurement constraints																																			
2	To create a select list of design consultants to deliver consultancy support to participants on the Mini and Main DDPs by September 2013	Achieved	Achieved																																			
3	To create a select list of suitably experienced and capable design consultants to deliver strategic design support to businesses undertaking Strategic Design Manager/Management projects and Flagship design projects by April 2012;	Award letters issued on 12 Dec 2012	Achieved- longer timescale																																			
4	To deliver 1 large scale high profile promotional/awareness raising event per annum to promote the benefits of design to the NI business base with a minimum of 150 participants;	Design for Business Conference - Titanic Belfast - 27 Nov 2012 - 297 attendees None in 2013 and 2014	Partially achieved																																			
5	To support 8 businesses attend 2 trade exhibitions per annum i.e. 16 businesses per annum, for three years;	Trade Exhibitions not undertaken	Not achieved to end 2014 - discussions ongoing on trips in 2015																																			
6	To deliver 12 small scale regional roadshow events per annum with an average of 20 participants at each to further promote the importance of, and potential benefits of design to NI businesses, driving demand for participation on the Design Advice Service, the Mini and Main DDPs and strategic design support interventions;	There have been four regional events - with none in 2014: Product Design Workshops - Belfast 28 Nov 2013 and Derry 3 Dec 2013 CAFRE Food Event - 16 Oct 2013 iFactory Product Design Seminar - 7 Nov 2012	Partially achieved - 4 actual regional events against target of 36 ⁴⁹																																			
7	To provide 822 interventions under the Design Advice Service as follows:	Invest NI has provide the following details:	On target for achievement - 111% of DAS targets have been achieved 72%t of Design Clinic targets have been achieved																																			
	<table border="1"> <thead> <tr> <th>Design Advice Service Strands</th> <th>Year 0</th> <th>Year 1</th> <th>Year 2</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>Design Advice Service</td> <td>56</td> <td>56</td> <td>56</td> <td>168</td> </tr> <tr> <td>Design Advice Clinics</td> <td>218</td> <td>218</td> <td>218</td> <td>654</td> </tr> <tr> <td>Total</td> <td>274</td> <td>274</td> <td>274</td> <td>822</td> </tr> </tbody> </table>	Design Advice Service Strands	Year 0	Year 1	Year 2	Total	Design Advice Service	56	56	56	168	Design Advice Clinics	218	218	218	654	Total	274	274	274	822	<table border="1"> <thead> <tr> <th>Design Advice Service Strands</th> <th>1/8/12 to 31/7/13</th> <th>1/8/13 to 30/4/14</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>Design Advice Service</td> <td>102</td> <td>85</td> <td>187</td> </tr> <tr> <td>Design Advice Clinics</td> <td>270</td> <td>201</td> <td>471</td> </tr> <tr> <td>Total</td> <td>372</td> <td>286</td> <td>658</td> </tr> </tbody> </table>	Design Advice Service Strands	1/8/12 to 31/7/13	1/8/13 to 30/4/14	Total	Design Advice Service	102	85	187	Design Advice Clinics	270	201	471	Total	372	286	658
Design Advice Service Strands	Year 0	Year 1	Year 2	Total																																		
Design Advice Service	56	56	56	168																																		
Design Advice Clinics	218	218	218	654																																		
Total	274	274	274	822																																		
Design Advice Service Strands	1/8/12 to 31/7/13	1/8/13 to 30/4/14	Total																																			
Design Advice Service	102	85	187																																			
Design Advice Clinics	270	201	471																																			
Total	372	286	658																																			

⁴⁹ In the past the final exhibition events were counted too, hence there has been a change between two periods.

Table 5.2: SMART Targets			
	Output/Activity Targets	Progress against Target	Extent of Achievement
		The Design Service Interim Evaluation period is for 21 months (to April 2014) against a 36 month contract period.	
8	<p>To deliver 9 (8 week long) Mini DDP programmes with an average of 8 businesses on each receiving the following support (72 businesses).</p> <p>Provision of 3 days consultancy support from a design consultant to support the implementation of <u>72</u> projects;</p>	<p>The Design Service has delivered 3 (8 week long) Mini DDP programmes, supporting 32 businesses. 1 further Mini DDP programme has commenced with 17 participants. There will have been 49 businesses supported by mid 2015.</p> <p>Invest NI has placed more emphasis on its Main DDP programme over the 2012 - 2014 period to April 2014. It is of note that when assessed in aggregate 245 Mini and Main interventions have been completed against the total target of 222.</p>	DDP targets achieved
9	<p>To deliver 10 (4 month long) Main DDP programmes with an average of 15 businesses on each receiving the following support (150 businesses):</p> <p>Provision of 7 days consultancy support from a design consultant to support the implementation of <u>60</u> Design Ladder Step 2 projects; or</p> <p>Provision of 12 days consultancy support from a design consultant to support the implementation of <u>90</u> Design Ladder Step 3 projects;</p> <p><i>Feedback from the Invest NI Design Manger is that the design consultants resource relate more accurately to the types of projects (ie product development etc) rather than the businesses position on the Design Ladder.</i></p>	<p>A total of 163 businesses have completed 11 Main DDPs with 2 further programmes having commenced with 33 participants. It is forecast that there will have been 196 businesses supported by mid 2015.</p> <p>All projects were supported with 7 days consultancy support.</p> <p>The timescale has extended to 5 months due to timescale required for procurement.</p>	DDP targets partially achieved Overall total exceeded, although no differentiation between Design Ladder Step 2 and Step 3 projects. Timescale extended.
10	<p>To provide 10 businesses per annum with strategic support (Level 1) through Strategic Design Manager project</p> <p>To provide 1 business per annum with even more intensive design consultancy to implement a Flagship Strategic Design Project (Level 3)</p> <p>To provide 3 businesses per annum with more intensive design consultancy to implement a Flagship Strategic Design Project (Level 2)</p>	There has been no uptake of the Strategic Design manager programme (i.e. DMR) - see para 3.2.2	Not achieved
11	To deliver 12 case studies over 3 years to raise awareness of the programme and the benefits it has delivered;	16 case studies have been prepared over the last 18 months, not all focused solely on design but with the Design Service input acknowledged	Achieved

Table 5.2: SMART Targets			
	Output/Activity Targets	Progress against Target	Extent of Achievement
12	The appraisal for the 2012-15 programme period included a target of £8.3m (undiscounted GVA) to 2020, on the basis that benefits would take time to accumulate.	<p>There was a GVA target for 2013 - 2015 period</p> <p>The impact analysis completed as part of the evaluation, as set out in Section 6, focuses on the entire 2008 - 2015 period, to provide a composite profile of GVA impact from the start of the programme to October 2014.</p> <p>However, when disaggregated across both periods, as set out in Appendix XI, the findings suggest an undiscounted GVA impact of c£1.9m of the 2012-15 programme period (assuming 5% displacement). The survey evidence from the 2008-11 participants' evidences that it takes some time for benefits to materialise, which is also reflected in the higher return on investment for the earlier programme relative to the later period (2012-15). Therefore the rationale of build up to 2020 for the GVA target in the original economic appraisal was valid. In light of this a linear / pro-rata projection of the current figure of £1.9m to 2020 is not appropriate in that more of the benefits will accrue in the later years to 2020.</p>	Not applicable for the reasons cited.

Overall, of the 12 targets set:

- 5 have been achieved in full (Target numbers 1, 2, 3, 8 and 11) although 3 were over a longer timeframe);
- 1 is on target to be achieved in full (Target number 7);
- 3 have been partially achieved (Target numbers 4, 6 and 9) ;
- 1 has had no progress (Target number 10);
- 1 has not and will not be achieved (Target number 5);
- For 1 target, performance against a 2020 GVA target cannot be reported on at this point for the reasons cited (Target number 12)

Reasons for the main divergences are set out earlier in this report, namely:

- Whilst demand for the Main DDP has been high, there has been no consideration of where participating companies are on the Design Ladder;
- The demand for the DMR intervention was overstated (see para 3.3.6);
- Given the high level of demand for the DDP, there has been a reduction in the marketing of the Design Service.

Looking to the future, the target setting methodology is considered to have been appropriate in respect of the Main DDP (although there has been a lack of clarity within the Economic appraisal as to the target to support businesses at different stages on the Design Ladder - see para 3.2.2). The Evaluation Team would have a recommendation that targets for Step 3 projects should be a feature of any future programme, as well as ensuring that a robust application process is in place.

Targets for the Mini DDP should be considered in the context of “themed” projects. For example going forward consideration for Mini DDPs might take account of the recommendations from the European Service Innovation project work which had a focus on the Collaborative Network Programme, the Knowledge Transfer Partnerships and the Competence Centres.

For the reasons noted above, it is recommended that the DMR initiative is excluded from any future Design Service programme.

5.3 Review the outturn performance against the original objectives

5.3.1 Review the outturn performance against the original objectives

The objectives of the Design Service (as per the Casework papers - December 2011) are to:

- Promote greater **Design Awareness** by promoting the strategic importance of design to the NI business community;
- Provide detailed **Design Advice** by providing information on the use of design to improve products and services; and
- Develop the long-term **Design Capability** of businesses by integrating design and innovation into business management systems and strategies.

Evidence of Design Service initiatives increasing the levels of awareness of the benefits of utilising design among businesses.

The Design Service aimed to increase awareness of the benefits of utilising design through the following interventions:

- Conducting a limited number of design awareness events (1 large scale conference and 4 regional events);
- Delivering 471 Design Clinics and 187 DAS sessions (up to April 2014);

- Delivering (or commencing) 196 Main DDP interventions and 49 Mini DDP interventions including workshops and resource from design consultants on the benefits of design;
- Development of 16 case studies where the benefits of design have been acknowledged;
- Contributing to the NI Executive's Innovation Strategy where the benefits of design are highlighted; and
- Working with the Invest NI client executives on an ad hoc basis to communicate the benefits of design.

As part of the survey of Main and Mini DDP participants, it was found that:

- Whilst 41% participated in the programme in order to increase the level of awareness of the benefits of utilising design, 92% confirmed that it had made the business aware of the importance/positive impact of design; and
- 82% reported that design was now an integral part of their business, with the remainder stating that design was already an integral part of the business before embarking upon the Design Service. Whilst this would appear to be at odds with the feedback from the Invest NI Design Manager and the Design Group that the majority of DDP participants are on Step 2 of the Design Ladder, it highlights the progress that has been made by DDP participants and their willingness to adopt design into their business processes.

As part of the online survey of DAS and Design Clinic participants, 25% stated they participated in the Design Service in order to increase the level of awareness of the benefits of utilising design. Of these, 68% had wholly or partially achieved this objective.

The performance of Design Service initiatives in increasing the levels of design capability within businesses.

As part of the feedback from the Main and Mini DDP survey respondents:

- 60% confirmed that engagement with the Design Service was their first involvement in design - led innovation activity;
- 71% confirmed that the Design Service had enabled the business to introduce/improve its design processes;
- 53% confirmed they had introduced the business to design management tools;
- Just over 30% confirmed they had increased their skills development/training, improved their management practices and had improved technical or management skills; and
- 43% confirmed that the Design Service had facilitated knowledge transfer between the design consultant and the business.

For DAS and Design Clinic respondents, 68% confirmed that engagement with the Design Service was their first involvement in design - led innovation activity and 28% participated in the Design Service in order to increase the level of design capability within the business.

The reasons for not implementing design projects before participation in the Design Service varied, including that the business was a start up, cost was a barrier, and design wasn't considered to be important before.

In terms of increasing the levels of design capability, the focus on the Main and Mini DDP is on ensuring engagement with the decision maker/senior management team to ensure that design was embedded in the business. Two consultees noted that a staff member participated in the Main DDP and that this capability was lost to the business when they left. It is noted however that the skills were not lost to the NI economy, to the extent the employees remained in employment in NI.

Evidence of the Design Service encouraging businesses in Northern Ireland to engage with design and utilise design as a strategic business tool.

In the feedback from the Main and Mini DDP survey respondents:

- 78% confirmed that participation had increased their confidence in procuring design advice;
- 55% have been involved in further Design-led innovation activity (not related to the Design Service project) since participating in the Design Service; and
- As noted above, 82% reported that design was now an integral part of their business as a result of the Design Service.
- In terms of the utilising of the Design Advice given:
 - A significant 83% of Main and Mini DDP survey respondents had used or implemented the outputs of their Design Service project, with a further 3% intending to. For 2% of businesses, it was deemed to be too early to tell if they would use the advice;
 - 13% of business stated that they did not use the outputs. The reasons given for not having acted on the advice received included that the Design Advice was not relevant (5), that the market opportunity was not yet apparent (3) and the business was not ready/did not have the financial resources (2); and

For DAS and Design Clinic respondents, 69% have or would consider using design again in the future (which would indicate that the interventions have been successful in creating awareness of the benefits of design).

In terms of the utilising of the Design Advice given, 60% of DAS and Design Clinic respondents had used the design advice given. 40% of business stated that they did not use the outputs. The main reasons given for not acting on the advice was that the design advice was not relevant or that there was a lack of financial resources to implement the advice.

Assess the performance of the Design Service in increasing the level of the businesses' innovation and the likelihood of engaging in further innovation activities internal or external to Invest NI (e.g. Grant for R&D, Innovation Vouchers, Marketing Gap Grants etc).

In terms of impact on businesses' innovation, for the Main and Mini DDP survey respondents:

- 61% stated that the Design Service advice assisted the business in developing its business strategy; and
- 55% have been involved in further Design-led innovation activity (not related to the Design Service project) since participating in the Design Service.

5.3.2 Review the impact of the Design Service against other Invest NI targets

Consideration is given to the impact of the Design Service against other Invest NI objectives as set out below.

Evidence of Design Service initiatives driving export activity in businesses, stimulating and accelerating products and services route to market, driving productivity improvements in businesses and other impacts

In terms of impact, for the Main and Mini DDP survey respondents, 57% of businesses (n=100) that commercial outcomes had arisen, with a further 19% anticipating that commercial outcomes would arise. These included additional sales (49%), export sales (40%), additional employment (20%), employment safeguarded (22%), and cost reductions (25%):

Table 5.3: Commercial outcomes achievements to April 2014 by Main and Mini DDP survey respondents	
	Achieved % n=100
Additional sales	49
Additional export sales	40
Existing Sales retained	14
Employment created	20
Employment safeguarded	22
Cost reductions	2
Prevented cost increases	4
Secured private sector funding	6
Other	1

In the feedback from the Main and Mini DDP survey respondents:

- 63% confirmed that participation had enabled the business to add value to existing products/services and 51% stated that it had enabled the business to develop new products/services; and
- 62% confirmed that participation had enabled the business to target or respond to new market opportunities and a further 32% stated that it had enabled the business to improve its productivity.

Of the 100 Main and Mini programme consultees, 71 had participated on the Main DDP. Of these 71, 34 (48%) reported additional sales having been achieved, with 37 (52%) reporting no additional sales. Of the 34 reporting additional sales to October 2014, totalling £4.961 million, £1.88 million (or 38%) were concentrated across three (9%) companies.

Of the 29 companies that had participated on the Mini DDP, 13 (45%) reported additional sales having been achieved, with 16 (55%) reporting no additional sales. Of the 13 reporting additional sales to October 2014, totalling £2.021 million, £1.3 million related to two companies.

The Design Service related “additional sales revenue” is therefore heavily concentrated on a small number of participants.

Details on the companies reporting high growth as a result of participation in the Design Service are as follows:

Table 5.4: High performing DDP participants						
Business name	Business size	Sector	Details of project	Sales achieved to April 2014 £000	Anticipated sales £000	Commentary
Company 1	Medium	Growth and Scaling	Packaging and brand design	£900k	£900k over next 5 years	This is a full service business with a vast knowledge base, built up through over 50 years' experience in the industry.
Company 2	Micro	Food and Tourism	Packaging and brand design	£500k	£10m by year 5	This was a start up business with a new energy drink. Happy with outcome, business has gone from strength to strength - have own design business now.
Company 3	Large	Food and Tourism	Packaging and brand design	£480k	£1.2m over next 5 years	Developed new product size. Excellent programme.
Company 4	Medium	Advanced Engineering and Construction	Branding and graphic design	£900k	£2.85m over next 3 years	The Business had been a subcontractor before to NI Water etc. It has become a Renewable Energy Business as a result of the Collaborative Network. Great success - sales to April 2014 of £12m, more orders of £38m (50% outside of NI) and 7.5% attributed to the programme.
Company 5	Micro	Wider Business Base	Branding and graphic design	£400k	Not known	Home care business. Won new contracts as a result of the programme. Doesn't know next year turnover due to flux in NHS

Of the 37 Main and 16 Mini projects reporting no additional sales, 7 and 5 respectively were start up companies with the majority having already been trading before participating in the Design Service.

An analysis of sales achieved (before adjustment for deadweight) by the survey sample and after extrapolation for the 515 participants in the Main and Mini DPPs are:

Table 5.5: Gross Monetary Impacts (Direct turnover income) Arising from Mini and Main before deadweight (2008 to April 2014)			
	Mini DPP	Main DPP	Total
Sales reported from survey sample	2,020,000	4,927,000	6,947,000
Grossed up to 515 businesses	10,403,000	25,374,050	35,777,050

The above sales are split by funding period:

Table 5.6: Gross Monetary Impacts (Direct income) Arising from Mini and Main before deadweight (2008 to April 2014)			
	2008-2011	2012-2014	Total
Sales reported from survey sample	4,149,000	2,798,000	6,947,000

Deadweight and additionality is considered in more detail in Section 6 in terms of the conversion of gross monetary impacts to net monetary impacts.

Evidence of the Design Service initiatives influencing and supporting wider government policy and strategy including for example NI Executive's Innovation Strategy.

The Invest NI Design Service Team has supported government policy through their contribution to the Innovation Strategy (para 2.2.2) and participation in European design programmes (para 3.3.7). Key impacts have been:

- Ensuring that design (for the first time) is an integral part of the NI Innovation Strategy;
- Participation in the European programmes, including advice around service innovation and open innovation helping to embed the awareness that innovation extends beyond R&D;
- Learning and disseminating knowledge, working to develop NI's reputation as a leader in design rather than a follower;
- Presenting networking opportunities to understand the impact of design in other regions; and
- Ensuring that NI is identified as a best practice European region that invests in design.

In consultations with DETI, it has endorsed:

- The importance of design in improving innovation and creativity within the NI business base, with resultant improvement in economic growth, sales, productivity and businesses' competitive position;
- The need for the Invest NI Design Service to continue to create awareness of the benefits of design as well as exposing Invest NI clients to design consultants and the benefits of integrating design into the business strategy;
- The rationale for the Design Service to continue to be available to the NI wider business base; and
- Its support for the Design Service to increase its levels of participation over and beyond current levels (subject to budget).

5.4 Economic Impact and GVA

5.4.1 Gross Monetary Impacts

This section sets out an analysis and breakdown of gross monetary impacts associated with the Design Service programme between 2008 and 2014. Specifically this section sets out the gross monetary benefits/ income associated with the programme before adjustment for displacement and additionality/ deadweight.

In respect of the Design Service impacts between 2008 to April 2014, Appendix VII sets out a consolidated spreadsheet of the monetary impacts arising and associated workings. The estimates of actual additional income attributable to participation in Design Service strands are derived from a telephone survey with a sample of 100 companies (out of a total population of 515 participants) participating in the Design Service programme strands (Mini and Main). The sample of 100 companies represents 19.4% of the total population of 515 companies participating in the Mini and Main interventions.

The sample of 100 DDP participants reported the gross monetary/ turnover impact which they attributed to participation on the Mini and Main interventions. The reported gross monetary/ turnover impact across the 100 respondents was then 'grossed up' to represent the total number of participants in the Mini and Main interventions (515) and to give an aggregate gross monetary/ turnover impact.

A summary of the gross monetary/ turnover impacts attributed to participation on the Mini and Main interventions is shown below.

	Mini DPP	Main DPP	Total
	10,403,000	25,374,050	35,777,050

This is calculated:

	Mini DPP	Main DPP	Total
Sales reported from survey sample	2,020,000	4,927,000	6,947,000
Grossed up to 515 businesses	10,403,000	25,374,050	35,777,050
Gross Monetary Impact	10,403,000	25,374,050	35,777,050

Note that the data presented in Table 5.8 is based only on actual sales to April 2014 and excludes feedback on anticipated future sales (although some of these are booked/contractual sales).

The focus of this section is on gross sales (which includes export sales) needed to calculate GVA. Exports and employment is considered elsewhere in the evaluation e.g. Table 5.3, which indicates that, for the Main and Mini DDP survey respondents, (n=100), other economic impacts included additional export sales (40%), additional employment (20%), employment safeguarded (22%).

5.4.2 Analysis of Additionality/ Deadweight

The conversion of gross monetary impacts to net economic impacts entails the consideration of deadweight/additionality. This considers the extent to which the project activities and impacts would have been achieved at all or to a lesser scale and/or quality or in a different timescale in the absence of the Design Service support.

The extent to which the participant companies would have engaged in these design activities (and achieved the related impacts) or as appropriate have undertaken them to a similar scale and/or within a similar timescale, can only be measured after making allowances for what would have happened in the absence of the support from Design Service. 'Deadweight' is the term that refers to activity and impacts that would have occurred without Design Service support.

Levels of deadweight were calculated using a 'participant self-assessment' methodology within a telephone survey of participant companies. Specifically participant companies were asked to identify which ONE of the qualitative statements, featured in Table 5.9 below, best described their view on the extent to which any monetary impacts achieved would have occurred in the absence of support from Design Service.

Table 5.9: Extent to Which Reported Monetary Impacts Would Have Occurred in The Absence of Receiving Design Service Support		
	Number (N) and % of responses	
Would not have been achieved	16	21%
Achieved but on a reduced scale	16	21%
Achieved but at a later date	12	15%
Achieved but on a reduced scale and later date	24	31%
Would have been achieved anyway	10	13%
N=	78	100%

A detailed calculation of deadweight/ additionality was undertaken. This drew initially on the headline response that companies gave to the five statements in Table 5.9, as well as additional detail provided on the headline responses. For instance where companies recorded that monetary impacts would have been achieved on a reduced scale, they were asked to record the extent of the reduction in scale. Similarly where companies recorded that monetary impacts would have been achieved at a later date they were asked to record how much later (in terms of months and years, as appropriate). Where the company recorded that monetary impacts would have been at a reduced scale and later, they provided additional details on both. The individual monetary impacts recorded by every company were then each adjusted by applying weighting factors agreed with Invest NI (as set out in Appendix VII) to the headline responses and related additional detail (e.g. on reduced scale and later timing) These were then added across the pool of surveyed companies to arrive a net monetary impact figure for the pool of surveyed companies as a whole.

Table 5.10: Additionality			
	Mini DPP	Main DPP	Total
Gross Monetary Impact	10,403,000	25,374,050	35,777,050
Net Monetary Impact (adjusted for deadweight)	4,166,484	16,878,502	21,044,986
Additionality %	40.05%	66.52%	58.82%

It is evident from the high levels of additionality detailed above that there is a relatively high level of additionality associated with the Design Service support (59% overall). This is higher than other support interventions such as Innovation Vouchers, for example, where the evaluation of the programme estimated additionality at 47%. The level of additionality associated with the Main intervention is higher than that in relation to the Mini intervention which is to be expected given the nature of the Main support provided.

5.4.3 Analysis of Displacement and Duplication

Table 2.11 (in this report) provides an overview of the potential sources of funding available to NI's businesses to undertake innovation activities, including design.

This illustrates (as confirmed through consultation for this evaluation) that the Design Service is one of a number of initiatives that could support the implementation of design projects, but the only programme focused on creating an awareness of the benefits of design and how it should fit within the business strategy, capability building, upskilling, providing management tools around design etc.

As such, the Design Service is considered to be an important intervention that complements rather than displaces the other sources of funding to undertake design-led innovation activities.

However, in terms of the potential for displacement at a NI level, within the telephone survey of participants, 17% of respondents indicated that less than 10% of competitors were outside NI as illustrated in Table 5.11 below. It is this group where the most potential for displacement (at a NI level) exists e.g. a local SME availing of Design Service support displacing another local SME in the same sector. Given the uncertainty associated with

estimating displacement and to be prudent in assessing the risk of displacement, sensitivity analysis has been undertaken to illustrate the impact of varying hypothetical levels of displacement on the overall GVA impact. Displacement has been modelled in Table 5.12 for 3 hypothetical scenarios from 5% up to 17% displacement (a worst case scenario if there is 100% displacement amongst the 17% of participants for whom most of their competitors are locally based). The 2011 Economic Appraisal of the Design Service (2012-2015) assessed that there was limited scope for displacement and the evaluation team would concur that displacement towards the lower end of the range is more likely than the upper end of the range (which would assume 100% displacement amongst all of the 17% of participants for whom their competitors are locally based and which is considered unlikely)

Table 5.11: Percentage of Competitors Located Outside NI	Current
Less than 10%	17
11 to 25 %	2
26 to 50%	9
51 to 75%	5
76% plus	67
Total	100

The Evaluation Team applied the additionality levels and displacement assumptions/sensitivities to calculate the net monetary impacts for Design Service between 2008 to April 2014.

Table 5.12: Net Monetary Impacts to April 2014 (following the application of Programme Additionality & Displacement Adjustments) - 2008-2014				
	Gross Monetary Impacts to April 2014 (£)	Additionality Adjustment	Displacement Adjustment/Sensitivity	Net Monetary Impacts to April 2014 (£)
Design Service	35,777,050	59%	17%	£17,520,021
	35,777,050	59%	12%	£18,575,444
	35,777,050	59%	5%	£20,053,037

5.5 Wider and Regional Benefits

The telephone survey of Design Service DDP participants incorporated a series of questions aligned to potential wider and regional benefits relevant to the Design Service programme. Responses in relation to actual benefits delivered to April 2014 are as follows:

Table 5.13: Wider and Regional benefits		
	Response Count	As a % of total
Increased Skills development/training	33	18
Improved technical or management skills	31	17
Improved management practices	32	18
Knowledge Transfer between consultants and businesses	43	24
Improved regional credibility and visibility	42	23
Total		100

It is evident from the table above that there has been a greater level of perceived impact with respect to knowledge transfer between consultants and businesses and improved regional credibility and visibility in terms of design innovation (compared to other potential wider and regional benefits which had a lower response count). A significant number of respondents also identified increased skills development/ training, improved management practices and improved technical or management skills as key benefits of participation in Design Service, these being unique to the Design Service.

6 RETURN ON INVESTMENT

6.1 Introduction

Section 6 is concerned with an assessment of the Return on Investment and Value for Money from the Design Service. Section 5 includes the following:

Para	Details
6.2	Calculation of the GVA return on investment
6.3	Access how the intervention contributes to the strategic aims, objectives, targets and action of PfG, DETI and Invest NI (actual or anticipated)
6.4	Benchmarking
6.5	Equality

6.2 Calculation of the GVA return on investment

GVA is a measure of the value of economic activity generated by businesses, after expenditure on goods and services is accounted for. In the context of Design Service, the additional turnover generated by participant businesses contributes to GVA. The Evaluation Team applied the NI average sectoral level of GVA, calculated to be 30%⁵⁰. This is consistent with the methodology used to forecast GVA impacts in the 2011 Economic Appraisal for Design Service between 2012 and 2015 and therefore will facilitate the ongoing measurement of GVA for Design Service. The results of this analysis are provided below.

	Displacement Assumption/ Sensitivity	Net Monetary Impacts (£)	Net GVA (£)
Design Service	17%	£17,520,021	£5,256,006
Design Service	12%	£18,575,444	£5,572,633
Design Service	5%	£20,053,037	£6,015,910

The 2011 Board Casework Paper⁵¹ for the 2012-2015 phase of the programme contained a target programme cost / benefit ratio for the preferred option (Option 5) of £1.58 undiscounted GVA per £1 economic cost⁵². The actual cost benefit ratio for the period 2008 to 2014, depending on the level of displacement assumed, is as follows (See Appendix VII)⁵³:

	Full Economic Cost (£) (Mini and Main Only) ⁵⁴	Displacement Assumption/ Sensitivity	Net GVA (£)	GVA Return on Investment Ratio (£ GVA/ £ Economic Cost)
Design Service	3,624,854	17%	£5,256,006	£1.45
Design Service	3,624,854	12%	£5,572,633	£1.54
Design Service	3,624,854	5%	£6,015,910	£1.66

In assessing the GVA arising from the Design Service programme, the approach taken by the Evaluation Team was to measure the monetary benefits, as measured through the DDP survey, to the costs of DDP element of the programme.

The rationale for focusing the GVA assessment solely on the survey results for the DDP participants was in recognition that the DDP was a more intensive intervention than the

⁵⁰ DETI NI Annual Business Inquiry (GVA 2013)

⁵¹ Page 45 of the Board Case Paper

⁵² No GVA target/ objective was set in the economic appraisal of the 2008-2012 funding period. Hence a direct, like for like comparison between estimated and actual GVA cost benefit ratios is not possible for both funding periods.

⁵³ The target and actual GVA return on investment do not relate to same time periods; however the actual value provides an indication of how the Design Service (over the whole period) is performing in terms of the target set for 2012 - 2015 period.

⁵⁴ This includes the Invest NI cost, ERDF costs and fees (calculated on a bottom up approach)

Design Clinics and DAS and thus the view of the Evaluation Team was that this was where quantitative benefits are most likely to be experienced.

The full economic cost of the Mini and Main programme delivery⁵⁵ from 2008 to April 2014 is £3,624,854 based on Mini and Main programme expenditure and including Invest NI staff costs associated with the programme (see Appendix VII).

Details of costs are set out in section 4. The Design Service expenditure broken down by intervention type was not available. Therefore the full economic cost of the DDP Mini and Main programmes was estimated by the Evaluation team based on an average notional cost per Mini and Main DDP intervention respectively (see Table 4.9) which was applied to the volume of Mini and Main interventions accordingly to arrive at an estimated full economic cost of the Mini and Main DDP as set out in the table below. Staff costs were also calculated by the Evaluation team based on an analysis of time spent per Invest NI post associated with the programmes and applying Invest NI pay bands to each FTE accordingly. There was no basis of identifying which Invest NI staff costs related to the Mini and Main DDP interventions only and so a working assumption of 50/50 split between Mini and Main DDPs was applied as set out below to ensure that there could be a like for like comparison between the costs and reported benefits of the Mini and Main DDP interventions.

	Main	Mini	Invest NI Design Service Staff Costs 2008 - 2014 (£)	Total Design Service Full Economic Cost 2008-2014 (£)
Average Cost £	7,632	2,928		
Number of Interventions 2008-2014	384	131		
Programme Cost 2008-2014	£2,930,688	£383,568	£310,598	3,624,854

Hence, assuming displacement at 5% which is a reasonable estimate of displacement in the context of the programme in the view of the evaluator, the GVA return on investment is £1.66 i.e. £0.08/ 5% higher than the GVA return on investment ratio in the Board Casework report. GVA return by funding period is shown in Appendix XI.

GVA Impact Excluding ERDF Costs

The Evaluation team were asked to undertake an additional analysis of ROI excluding the cost of ERDF funding associated with the programme delivery costs. The purpose of this is to illustrate the potential GVA return associated with the Invest NI only element of the economic costs.⁵⁶

Hence, the preceding analysis of GVA impact including ERDF costs should take primacy in the evaluation team's view and the scenario below, excluding ERDF costs, is provided for illustrative purposes only. The results of this analysis are provided below.

⁵⁵ The focus of the economic costs analysis was based on the Mini and Main interventions only to ensure like for like comparison with the benefits from survey respondents (which related to the Mini and Main participation only).

⁵⁶ It is difficult to confirm whether ERDF was included in the 2011 EA. The 2011 EA (funding section) states 'The full economic cost of delivering this option would be £5,252,950 (incl. of VAT), of which Invest NI would contribute 76% (£3,993,898) with the remaining 24% (£1,255,212) being borne by the private sector. The total cost that would be required to be approved by the Invest NI Board would be £3,585,007 (inclusive of VAT); this equates to 68% of the full economic cost.' Hence participant and Invest NI costs appear to be included with ERDF included.

	Full Economic Cost <u>Excl ERDF</u> (£)	Displacement Assumption/ Sensitivity	Net GVA (£)	GVA Return on Investment Ratio (£ GVA/
Design Service	1,967,726	17%	£5,256,006	£2.67
Design Service	1,967,726	12%	£5,572,633	£2.83
Design Service	1,967,726	5%	£6,015,911	£3.06

Hence, assuming displacement at 5% which is a reasonable estimate of displacement in the context of the programme in the view of the evaluator, the GVA return on investment if ERDF funding is excluded from the economic cost is £3.06.

6.3 Access how the intervention contributes to the strategic aims, objectives, targets and action of PfG, DETI and Invest NI (actual or anticipated)

Evidence is sought as to how the programme contributes to the strategic aims, objectives, targets and actions of the NI Programme for Government (PfG), the Department of Enterprise Trade & Investment (DETI) and Invest NI.

6.3.1 Achievement against Strategic Aims

We note the aim of Government that “Our investment will be prioritised to meet the needs of businesses with no history of undertaking R&D, in particular our locally owned SMEs.

We will lower the perceived barriers, promote greater and easier access to funding, and generate awareness amongst wider sectors. We will support businesses to embed design as a strategic tool to drive competitiveness.”

Invest NI has achieved against this strategic aim by targeting the wider business base (through the Design Clinics) and encouraging businesses to consider design as an integral business tool.

6.3.2 Achievement against Objectives

Invest NI has performed well against its objectives, namely (as per the Casework papers - December 2011):

- Promote greater **Design Awareness** by promoting the strategic importance of design to the NI business community;
- Provide detailed **Design Advice** by providing information on the use of design to improve products and services; and
- Develop the long-term **Design Capability** of businesses by integrating design and innovation into business management systems and strategies.

For Main and Mini DDP survey respondents (n=100), as part of the survey of Main and Mini DDP participants, it was reported that:

- 92% confirmed that it had made the business aware of the importance/positive impact of design; and
- 82% reported that design was now an integral part of their business, with the remainder stating that design was already an integral part of the business before embarking upon the Design Service.
- 71% confirmed that the Design Service had enabled the business to introduce/improve its design processes;
- 53% confirmed they had introduced the business to design management tools;
- Just over 30% confirmed they had increased their skills development/training, improved their management practices and had improved technical or management skills; and

- 43% confirmed that the Design Service had facilitated knowledge transfer between the design consultant and the business.
- A significant 83% of Main and Mini DDP survey respondents had used or implemented the outputs of their Design Service project, with a further 3% intending to.
- 55% have been involved in further Design-led innovation activity (not related to the Design Service project) since participating in the Design Service.
- 78% confirmed that participation had increased their confidence in procuring design advice;

In terms of tangible outcomes:

- Of the 100 Main and Mini DDP survey respondents, 18 reported employment growth of 89 and 18 reported employment safeguarded of 61. Of the combined 150 jobs, these can be extrapolated for 515 businesses to 772 jobs created or safeguarded. Applying additionality of 59% and displacement of 5% would result in a net 433 jobs attributed to the Design Service, as per Table 6.5:

Table 6.5: Gross and Net Employment Impact Arising from Mini and Main DDP (2008 to April)			
	Employment growth	Employment safeguarded	Total
Employment reported from survey sample	89	61	150
Grossed up to 515 businesses	458	314	773
Net impact with additionality of 59% and 5% displacement	257	176	433

- 40% reported an increase in export sales, totalling £2.909 million as per Table 6.6 below, extrapolated to £14.981m gross or £8.397m after applying additionality of 59% and displacement of 5%:

Table 6.6: Gross and Net Export Sales Impact Arising from Mini and Main DDP (2008 to April 2014)	
	Total
Export Sales reported from survey sample	£2,909,000
Grossed up to 515 businesses	£14,981,350
Net impact with additionality of 59% and 5% displacement	£8,397,047

- Assuming additionality of 59% and displacement at 5%, and extrapolating for 515 DDP participants, the GVA return on investment is £1.66 including ERDF funds in the economic costs and £3.06 if ERDF funding is excluded from the economic cost.

For DAS and Design Clinic survey respondents:

- 68% (n=115) confirmed that engagement with the Design Service was their first involvement in design - led innovation activity and 28% participated in the Design Service in order to increase the level of design capability within the business.
- 25% (n=101) stated they participated in the Design Service in order to increase the level of awareness of the benefits of utilising design. Of these, 68% had wholly or partially achieved this objective.
- In terms of the utilising of the Design Advice given, 60% had used the design advice given. 40% (n=101) of business stated that they did not use the outputs. The main reasons given for not acting on the advice was that the design advice was not relevant or that there was a lack of financial resources to implement the advice.
- 69% (n=88) have or would consider using design again in the future (which would indicate that the interventions have been successful in creating awareness of the benefits of design).

6.3.3 Achievement against Targets

With a key priority being “Growing a Sustainable Economy and Investing in the Future”, the following targets are relevant to the Design Service and its contribution to achieving such targets:

Table 6.7: Contribution to PfG, DETI and DETI Targets																													
Corporate Plan target 2011-2015	Contribution ⁵⁷ Note that N=100 for Survey Respondents																												
Support 25,000 new jobs	<p>20% of survey respondents reported an increase in employment with 89 new jobs created</p> <p>22% of survey respondents reported a safeguarding of employment and 61 jobs safeguarded</p> <p>After grossing up for 515 DDP participants, and applying additionality of 59% and displacement of 5%, this would result in a net 433 jobs attributed to the DDP element of the Design Service</p>																												
Support £300 million investment by businesses in R&D, with at least 20% coming from Small and Medium sized Enterprises	<p>83% of survey respondents had used or implemented the outputs of their Design Service project, with a further 3% intending to.</p> <p>55% have been involved in further Design-led innovation activity (not related to the Design Service project) since participating in the Design Service.</p> <p>95% of survey respondents were SMEs</p>																												
Secure £266 million in additional wages and salaries	<p>Survey Respondents reported an increase in wages and salaries of £1.357m</p> <p>Survey Respondents reported safeguarding of wages and salaries of £1.390m</p>																												
1,200 businesses to complete Design Programme and a further 200 to undertake strategic design interventions	<p>803 interventions by the Design Service in the period from August 2012 to April 2014:</p> <table border="1"> <thead> <tr> <th>Design Advice Service Strands</th> <th>Year 1 - AUG 2012 to 31 JULY 2013</th> <th>Year 2 - AUG 2013 to April 2014</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>Design Advice Service</td> <td>102</td> <td>85</td> <td>187</td> </tr> <tr> <td>Design Advice Clinics</td> <td>270</td> <td>201</td> <td>471</td> </tr> <tr> <td>Total</td> <td>372</td> <td>286</td> <td>658</td> </tr> <tr> <td>Main DDP</td> <td>72</td> <td>60</td> <td>132</td> </tr> <tr> <td>Mini DDP</td> <td>0</td> <td>13</td> <td>13</td> </tr> <tr> <td>Total</td> <td>444</td> <td>359</td> <td>803</td> </tr> </tbody> </table> <p>In addition, advice/awareness participation up to 31st December 2014 as reported to the operating plan return are:</p> <ul style="list-style-type: none"> ➤ 60 DASs completed (additional 22 completed and awaiting report) - 82 total ➤ 214 Design Clinics attended (75% - 80% turn up rate) <p>It is forecast that there will be 245 strategic design interventions under the Main (196) and Mini DDP (49).</p>	Design Advice Service Strands	Year 1 - AUG 2012 to 31 JULY 2013	Year 2 - AUG 2013 to April 2014	Total	Design Advice Service	102	85	187	Design Advice Clinics	270	201	471	Total	372	286	658	Main DDP	72	60	132	Mini DDP	0	13	13	Total	444	359	803
Design Advice Service Strands	Year 1 - AUG 2012 to 31 JULY 2013	Year 2 - AUG 2013 to April 2014	Total																										
Design Advice Service	102	85	187																										
Design Advice Clinics	270	201	471																										
Total	372	286	658																										
Main DDP	72	60	132																										
Mini DDP	0	13	13																										
Total	444	359	803																										
Increase the value of manufacturing exports by 20%	<p>40% of survey respondents reported an increase in export sales, totalling £2.909 million</p> <p>After grossing up for 515 DDP participants, and applying additionality of 59% and displacement of 5%, this would result in a net export sales of £8.397m attributed to the DDP element of the Design Service</p>																												

⁵⁷ Comments on new jobs, investment in R&D, wages and salaries, manufacturing exports are based on the survey responses of 100 Main and Mini participants

We note the cost effectiveness indicators for the Design Service, taken across the 2008-2014 period), based on the DDP survey respondents namely:

Programme Outcome	Programme cost 2008-2014	Level of activity supported	Total Cost Per unit of activity supported
Jobs created	£3,624,854 (Table 6.3)	433 employees	£8,371
Return on investment		£6,015,910 in GVA (Table 6.1)	£1:£1.66 ⁵⁸
Cost per Main and Mini project		515 Main and Mini projects	£7,039
Cost per intervention- all interventions	£4,492,368 (Table 4.5)	2,070 interventions	£2,170

6.4 Benchmarking

Appendix X provides a detailed overview of key benchmark countries which include Denmark, Sweden, the UK, and Wales.

6.4.1 Evidence based support for investment in design⁵⁹

- In 2013, a study from the Design Management Institute, an independent American design institution, showed that over a ten-year period, companies who utilise strategic use of design did 228% better than the rest of the 500 companies on the American S&P 500 Index;
- A 2007 report from the British network organisation Design Council reached similar results in Great Britain and concluded that there is 'clear evidence of a relationship between design investment, business performance and long-term stock market value';
- In Sweden, the employers' organisation Teknikföretagen, followed more than 1,000 companies over a period of seven years (2003-2010) and documented that companies who implement strategic use of design increase their value greatly by 50% beyond companies who do not; and
- In a report from 2011, the Danish Business Authority established that 'there is a clear connection between design utilisation and innovation,' and those conclusions are unequivocally backed up by figures in the Region of Southern Denmark's report from 2014 about design utilisation in local companies, which concludes that 'companies who utilise design are more innovative.'

6.4.2 Overview of benchmark regions' investment in design and resultant impact

The following is reported:

The UK Design Council provides SME support for design under its "Designing Demand" programme. Since 2007, the programme has supported over 2,000 SMEs, intensively coaching over 700. The current numbers being supported annually is around 140.

The programme cost, on average, was £2.5m per annum between 2007 and 2010. Since 2010, a grant is provided from the Department of Business Innovation and Skills (BIS) of £1.3m per annum. The programme also now depends on match-funding from participating companies, who each contribute 50% of the cost. Average public sector spend is £9,285 per project.

There are three target audiences:

⁵⁸ It should be noted that the full economic cost associated with the overall design service programme is higher than the full economic cost of the Mini and Main programmes only upon which the GVA analysis is based (to facilitate like for like comparison between the reported benefits which related to the Mini and Main interventions and the associated cost.)

⁵⁹ <http://www.d2i.dk/wp-content/uploads/2014/09/Newdoing.pdf>

Table 6.9: Design Council Target Audience	
Generate	Small SMEs with limited experience of design
Innovate	Technology/ intellectual property based start-ups trading for less than three years.
Immerse	Larger, more established SMEs (up to £12m turnover) with growth aspirations

Impacts are significant with 273 FTE jobs created, 1,489 FTE jobs safeguarded, just over £79m in revenues generated, just under £15m in exports generated. Key KPIs are turnover, profit, employment, and jobs/GVA.

For every £1 businesses invest in design, they can expect over £20 in increased revenues, over £4 increase in net operating profit and over £5 in increased exports.

The returns to the public sector comprise £5.67 gross value added (GVA) and £3.75 net value added (NVA) for every £1 of public investment.

Note- it is unclear if a similar methodology has been adopted as to the Invest NI Design Service.

The Design Council are proposing to introduce a diagnostic tool for design in 2015.

Innovate UK, in recognising the importance of design and commercialising R&D, has recently introduced a pilot, Design Options, as a precursor to its SMART programmes. Applicants are asked at the outset what their idea is. If the idea suits the competition, they will get 2 days free access to a design mentor. The budget for the current year is £100,000, with the expectation that additional monies are sought, post pilot. Innovate UK are considering a 5-10 fold increase in budget going forward.

Designers' Cooperation (Designandelen) Denmark is a five-year development project aiming to create business growth in the Region of South Denmark by means of design. The pivotal point of the programme is to match supply and demand side in a programme for SMEs to utilise creativity and design as a business opportunity. Through the programme, support is provided to SMEs in a series of activities (1:1 sessions (free 2-3 hour sessions)), workshops (fee of €1,000), and match making SMEs with a number of designers of different disciplines.

The programme has engaged with 315 SMEs since 2010, of which 105 SMEs have invested in design through a total of 210 design projects. As part of the programme, SMEs have the opportunity to apply for a "Design Voucher" covering 40%-50% of the cost of projects with design companies. 35 SMEs have availed of this Design Voucher support. SMEs in the programme are typically companies with 20-150 employees. The programme received a total of approx. €2.5 million over 5 years (excluding the subsidies). The quantitative impact of the programme is being evaluated as part of finalising the programme by the end of January 2015. Average spend is £7,836 per project.

6.4.3 Lessons learnt from the Benchmarking exercise

The following is noted from the assessment of the benchmark regions and discussions with consultees:

- Northern Ireland is well-served in terms of the quantity of design support provision, both in comparison with GB and the Republic of Ireland, as well as Denmark and Sweden;
- No other schemes were identified with similar level of engagement in terms of the number of interventions and mix of awareness/design projects, or level of subsidy provided;

- Other schemes highlight design awareness as key objectives but have stronger economic impact drivers (Key KPIs are turnover, profit, employment, and jobs/GVA);
- The Design Council support companies up to £12 million turnover with the focus being on increasing design capability and not delivery of a project (whilst the Invest NI Design Service does both);
- All other programmes have a detailed competitive application process, with applicants required to estimate growth potential and the financial resources to implement the project;
- Benchmarking would suggest that the emphasis should be on an integrated business support rather than design specific role (such as the DMR); and
- Many other regions support the development of the Design Supply base, whereas export focused designers would be considered for support by the Invest NI Creative Industries Sector team and supported, as appropriate, as account managed clients.

6.5 Equality

This section of the report provides an Equality assessment of the Design Service.

As a recognised public authority, Invest NI has an obligation, under Section 75 of the Northern Ireland Act 1998 to provide equal opportunities for all in relation to nine categories: religious belief, political opinion, racial group, gender, marital status, age, persons with a disability and those without, persons with dependents and those without and sexual orientation. On recognition of the obligation to provide equality of opportunity, Invest NI's website (www.investni.com) outlines the following equality statement:

"Invest NI is committed to achieving a successful economy in Northern Ireland which provides equal opportunities for all citizens. The organisation works to fulfill its responsibilities across the spectrum of Government policy relating to Equality, the Lifetime Opportunities - Anti-Poverty and Social Inclusion Strategy and Human Rights."

Invest NI details in its Equality Scheme how it continues to meet its Section 75 responsibilities through its arrangements for monitoring any adverse impact of policies on the promotion or equality of opportunity.

The Evaluation Team's review of the programme's activities indicates that the programme is available to all eligible businesses.

The programme has undergone equality screening as part of the Equality Impact Assessment, carried out for all Business Development Services programmes by the Invest NI Equality Team. As a result any adverse impact relating to Design Service has been mitigated against.

7 CONCLUSIONS, LOOKING FORWARD AND RECOMMENDATIONS

7.1 Conclusion

A key focus of this Evaluation of the Design Service is the assessment of the outcomes, value for money and wider economic benefits gained from the delivery of the programme from September 2008 to April 2014 and the extent to which objectives have been met. This evaluation will *inter alia*:

- review the operational performance of the Design Service covering the July 2012 - April 2014 period (taking on board any changes that were introduced post the 2011/2 evaluation and economic appraisal); and
- review the inputs, activities, outputs and impacts of the Design Service covering the period Sept 2008 - April 2014.

7.2 Performance of the Design Service

7.2.1 Performance in the period 2012-2015

A summary of the Design Service activity from September 2008 to mid 2012 and from July 2012 to April 2014 is:

Design Service Programmes	Design Clinics	Design Advice Service	Mini DDP	Main DDP	DMR	Total
Operating Period Sept '08 -mid 2012	359	538	118	252	n/a	1267
Operating Period July '12 - July '15	471	187	13	132	0	803
Total per INI	830	725	131	384	0	2070

In total, there have been 2,070 interventions from September 2008 to April 2014, although a number of businesses have had more than one intervention.

Performance in the period 2012 to 2015 (to April 2014) is:

Design Service Strands	Target 2012-2015	Actual to April 2014
Design Clinics	654	471
Design Advice Service	168	187
Total	822	658
Main and Mini	222	145
Total before DMR	1044	803
DMR	42	0

In addition, advice/awareness participation from 1st April 2014 to 31st December 2014 as reported to the operating plan return is:

- 60 DASs completed (additional 22 completed and awaiting report) - 82 total
- 214 Design Clinics attended (75% - 80% turn up rate)

It is forecast that there will be 245 strategic design interventions under the Main (196) and Mini DDP (49) over the 2012 to July 2015 period.

The Design Service is on target to exceed its participation targets for the Main DDP (196 forecast against the target of 150), which compensates for the shortfall in the Mini DDP - 49 forecast to July 2015 against a target of 72. Invest NI has placed more emphasis on its Main DDP programme over the 2012 - 2014 period to April 2014. It is of note that when assessed in aggregate 245 Mini and Main interventions have been completed against the total target of 222 DDP participants in 2012-2015.

Section 5.2 sets out the outturn performance against the original objectives and section 6.3 sets out how the programme contributes to the strategic aims, objectives, targets and actions of the PfG, DETI and Invest NI.

- The Design Service has increased awareness of the benefits of utilising design through a limited number of design awareness events, delivering 471 Design Clinics and 187 DAS sessions (up to April 2014), delivering (or commencing) 196 Main DDP interventions and 49 Mini DDP interventions including workshops and resource from design consultants on the benefits of design, development of 16 case studies where the benefits of design have been acknowledged, contributing to the NI Executive's Innovation Strategy where the benefits of design are highlighted and working with the Invest NI client executives on an ad hoc basis to communicate the benefits of design.
- The Design Service has increased the levels of design capability within businesses, with 71% of Main and Mini DDP survey respondents confirming that the Design Service had enabled the business to introduce/improve its design processes, and 30% confirming that DDP had increased their skills development/training, improved management practices and improved technical or management skills.
- The Design Service has encouraged businesses to engage with design and utilise design as a strategic business tool, with a significant 83% of Main and Mini DDP survey respondents having used or implemented the outputs of their Design Service project, with a further 3% intending to.
- The Design Service has increased the level of the businesses' innovation and the likelihood of engaging in further innovation activities, with 55% of Main and Mini DDP survey respondents having been involved in further Design-led innovation activity (not related to the Design Service project) since participating in the Design Service.
- The Design Service has driven export activity in businesses, with 40% of Main and Mini DDP survey respondents reporting an increase in export sales, totalling £2.909 million (amongst the survey cohorts), grossed up to £8.937m as per Table 6.6.
- The Design Service has stimulated and accelerated products and services route to market and resulted in commercial outcomes. In terms of impact, for the Main and Mini DDP survey respondents, 57% of businesses stated that commercial outcomes had arisen, with a further 19% anticipating that commercial outcomes would arise. These included additional sales (49%) and export sales (40%), additional employment (20%) and employment safeguarded (22%), and cost reductions (25%). Total sales attributed to the Design Service totals £4.982m.

7.3 Determine the extent to which the principle objectives and targets of the intervention have been met

The ultimate deliverable of the Design Service was to encourage businesses to consider design in their business operations and to facilitate time limited design related initiatives that offer the potential to stimulate economic development within NI. More specifically, the objective of the Design Service was, and is, to:

“Advocate design as a key tool for business competitiveness and, as such, assist businesses to respond to new market opportunities and generate new product ideas, as well as create design management tools appropriate to their business.”

Invest NI’s Design Service is therefore a one stop shop service supporting companies to access design expertise, with the ultimate aim of creating more competitive businesses, contributing to export development and improving business level productivity. The Design Service aims to provide businesses with an understanding of the importance of using design strategically as a business tool capable of delivering top and bottom line benefits.

Invest NI has performed well against its objectives, namely (as per the Casework papers - December 2011):

- Promote greater **Design Awareness** by promoting the strategic importance of design to the NI business community;
- Provide detailed **Design Advice** by providing information on the use of design to improve products and services; and
- Develop the long-term **Design Capability** of businesses by integrating design and innovation into business management systems and strategies.

For Main and Mini DDP survey respondents (n=100), drawn across the Design Service from 2008 to April 2014, as part of the survey of Main and Mini DDP participants, it was reported that:

- 82% reported that design was now an integral part of their business, with the remainder stating that design was already an integral part of the business before embarking upon the Design Service.
- A significant 83% of Main and Mini DDP survey respondents had used or implemented the outputs of their Design Service project, with a further 3% intending to.
- 55% have been involved in further Design-led innovation activity (not related to the Design Service project) since participating in the Design Service.

In terms of tangible outcomes:

- 40% reported an increase in export sales, totalling £2.909 million, grossed up to £8.937m as per Table 6.6.
- As per para 6.3.2, assuming additionality of 59% and displacement at 5%, and extrapolating for 515 DDP participants, the GVA return on investment is £1.66 including ERDF funds in the economic costs and £3.06 if ERDF funding is excluded from the economic cost. Applying the same rationale, there are a net 433 jobs attributed to the Design Service.

For DAS and Design Clinic survey respondents:

- 68% (n=115) confirmed that engagement with the Design Service was their first involvement in design - led innovation activity and 28% participated in the Design Service in order to increase the level of design capability within the business.
- 25% (n=101) stated they participated in the Design Service in order to increase the level of awareness of the benefits of utilising design. Of these, 68% had wholly or partially achieved this objective.
- In terms of the utilising of the Design Advice given, 60% had used the design advice given. 40% (n=101) of business stated that they did not use the outputs. The main reasons given for not acting on the advice was that the design advice was not relevant or that there was a lack of financial resources to implement the advice.
- 69% (n=88) have or would consider using design again in the future (which would indicate that the interventions have been successful in creating awareness of the benefits of design).

7.4 Determine the extent to which the intervention represents good Value For Money (VFM) and appropriate use of public funds

Table 7.3 below sets out the views of the Evaluation Team against each of the prescribed VFM indicators

Table 7.3: Summary of Value to Money	
VFM Indicator	
Strategic Fit	The focus for the NI Executive is on strengthening the economy, with investment in innovation key to driving productivity and economic growth. Allied to this, the Design Service is clearly aligned to the focus of the NI Economic Strategy and recent NI Innovation Strategy.
Need & Market Failure	The Design Service programme continues to address a failure in the market. The argument is - and remains - that too few businesses are aware of the transformational effect a strategic approach to design can have on the development and growth of their businesses. Therefore Invest NI is seeking to target those businesses where design is not part of their strategy and through working with them on the Design Service, aim to both raise their awareness and increase their capability to manage design as a core asset in their business
Additionality	Based on the responses to the telephone survey of participant companies, the additionality of the programme has been 59% which is higher than the 2011 Board Casework and EA estimates. This level of additionality is also higher than other interventions within Invest NI such as the latest evaluation of Innovation Vouchers for example (47% additionality).
Displacement and complementarity	Displacement is difficult to quantify in the case of Design Service. However, in terms of the potential for displacement at a NI level, within the telephone survey of participants, 17% of respondents indicated that less than 10% of competitors were outside NI as illustrated in Table 5.11. It is this group where the most potential for displacement (at a NI level) exists e.g. a local SME availing of Design Service support displacing another local SME in the same sector. Given the uncertainty associated with estimating displacement and to be prudent in assessing the risk of displacement, sensitivity analysis has been undertaken to illustrate the impact of varying levels of displacement on the overall GVA impact. Displacement has been modelled for 3 scenarios from 5% up to 17% displacement (a worst case scenario if there is 100% displacement amongst the 17% of participants for whom most of their competitors are locally based). The 2011 EA of Design Service (2012-2015) assessed that there was limited scope for displacement and so displacement towards the lower end of the range is most likely e.g. 5%.
Economy Efficiency and Effectiveness	Invest NI has implemented a robust Economic appraisal process to assess, amongst other things, the reasonableness of cost components (see para 4.2.2). As such, it is the Evaluation Team's view that Invest NI has made appropriate efforts to ensure that the Design Service programme was delivered at least cost to NI. However, looking forward, the Evaluation Team are of the view that in respect of any future potential phase of Design Service that consideration should be given to increased targeting and prioritisation in relation to the allocation of Design Service support to companies with the greatest commercial export growth potential. The evaluation research has found that a relatively small proportion of companies have delivered significant commercial return linked to Design Service support (See Table 5.4): whilst 49% of DDP survey respondents (n=100) reporting additional sales (see Table 5.3), there was a concentration of high impacts among 5 companies. Better targeting/prioritisation of Design Service support in the future can help improve the Value for Money of the Design Service programme. In terms of efficiency, individual projects funded through the various phases of Design Service have been subject to a robust application and appraisal process. As noted in the analysis of GVA impact in Section 6.1, the GVA return on investment has been positive and approximately 5% better than estimates within the 2011 Board Case Paper.

Table 7.3: Summary of Value to Money	
VFM Indicator	
	<p>With regard to effectiveness in 2008-2011, as set out in Section 5.2, overall, of the 6 targets set for 2008-2011, 5 have been achieved in full and 1 was not achieved (with a decision made not to proceed with the trends publications due to budgetary reallocations). As noted in para 5.2.2, of the 12 targets set for 2012-2015 to April 2014⁶⁰:</p> <ul style="list-style-type: none"> • 5 have been achieved in full; • 1 is on target to be achieved in full; • 3 have been partially achieved; • 1 has had no progress; and • 1 has not and will not be achieved • 1 (performance against a 2020 GVA target) cannot be reported on at this point for the reasons cited at Section 5.2. <p>Reasons for the main divergences in 2012-2015 are set out earlier in this report, namely:</p> <ul style="list-style-type: none"> • Whilst demand for the Main DDP has been high, there has been no consideration of where participating companies are on the Design Ladder; • The demand for the DMR intervention was miscalculated, particularly the need for this strategic support and the inability of companies to appoint their own design managers, together with the fact that such appointees could not have an implementation role; • Given the high level of demand for the DDP, there has been a reduction in the marketing of the Design Service. <p>Overall, the Design Service Programme is considered to have been reasonably effective in terms of achieving its objectives and targets, although the full impact will not be evident until 2020.</p>
Cost effectiveness	<p>Appendix IV, sets out the full economic cost of delivering the DDP elements of the Design Service against the net GVA generated to April 2014, linked only to the monetary impacts. The current GVA return on investment is £1.66 per £1 economic cost. Therefore the 2008 to 2014 period of Design Service has delivered a positive return on investment. This return on investment is also 5% higher than the estimated return on investment within the 2011 Board Casework report which estimated a return on investment of £1.58 per £1 economic cost. Hence, the 2008-2014 Design Service programme can be viewed as cost-effective.</p> <p>It is acknowledged that the landscape has changed since the 2008 programme commenced, with new Invest NI segmentation, Action Development Plans being prepared, additional resources to support the Invest NI Design Manager, whilst also noting that budgetary controls are now in place.</p> <p>As noted above, there is an opportunity to improve the cost effectiveness of the programme further through better targeting/prioritisation of Design Service support on companies with the best prospects of generating a commercial return linked to the Design Service support.</p>
EET	<p>The Evaluation Team's analysis suggests that the Design Service programme between 2008 to 2014 has delivered a net additional GVA of approximately £6.0m⁶¹</p> <p>In addition to this, Design Service has delivered a range of other wider (e.g. skills development, entrepreneurship, knowledge transfers) and regional benefits (e.g. degree of higher management being injected, regional credibility and improved product innovation) to the NI economy.</p> <p>This is an Interim Evaluation of the 2012-2015 period and Final evaluation of</p>

⁶⁰ It is noted that the current funding period will continue to July 2015

⁶¹ Assuming 5% displacement.

Table 7.3: Summary of Value to Money	
VFM Indicator	
	<p>the 2008-2011 period.</p> <p>Whilst there is still some way to go on the ‘journey’ to assess the complete picture of economic benefits and VFM, for any future phase of Design Service (potentially up to 2020), greater targeting/ prioritisation of the Design Service support can further improve results.</p> <p>It is not possible to robustly project future economic impacts from Design Service supported projects and therefore at this point to give a definitive view as to whether in 2020 (the end of the trajectory for assessing commercialisation impacts arising from the overall portfolio of Design Service projects), that VFM will be achieved. The analysis within this evaluation has indicated that the material positive returns from participant companies is concentrated in a relatively small proportion of overall participants, and clearly a strong performance by only one or two of these participants could skew the headline results into a more positive return on investment (i.e. a better NPV). Therefore a straightforward ‘linear’ projection of headline GVA now to a 2020 position is not appropriate. However if there is the requisite focus on targeting/ prioritising Design Service support on participants with good commercialisation prospects, as above there remains reasonable prospects that VFM will be achieved.</p>

7.5 Findings and Lessons Learnt during the Evaluation of the Design Service

Key findings and lessons learnt are:

Design Clinics

There is a view that the Design Clinics may be used as an inexpensive programme by some Invest NI Client executives to direct clients and enquiries to, and as an introduction to Invest NI.

With the stated generic nature of many of the queries arising at the Design Clinics, the high expectations yet low levels of satisfaction, and the high levels of non attendees, a future programme should also consider a “one to many” service to address common design areas within a regional workshop environment.

DAS

The Design Service could be more effectively promoted to Invest NI account managed clients where there was an initial engagement at the client’s premises, with all account managed clients going straight to DAS rather than the Design Clinic as the first intervention.

There may be merit in having additional design expertise in-house within Invest NI or extending the remit of existing staff (ie the Innovation Advisers).

DDP - Strategic

The following is noted in respect of the Main DDP:

- Whilst DDP has the same focus on quality, it has become a quantity-driven programme where there is insufficient follow up and support for implementation, and subsequent lack of “buy in” across the full Invest NI Client Executive complement.
- There was no distinction made, since 2012, between businesses on Design Ladder Step 2 and Step 3 or more complex projects. The aspiration of the Design Service in 2012, to continue to encourage businesses to move along the Design Ladder, and support strategic rather than solely tactical projects, with resultant benefits in terms of economic growth, is still valid. The majority of participants since 2012 would have been Step 2 businesses on the Design Ladder. There does not appear to have been any direct

targeting of businesses as potential Step 3 businesses. This should be encouraged in any future programme.

- As Step 3 and 4 clients are introduced, it is likely that businesses will have differing needs as they move along the Design Ladder and capability will vary at each stage. The benchmarking notes the emphasis on workshops for embedding knowledge are likely to be a component of any future Design Service programme. Notwithstanding this, it is unlikely that “one size fits all” for any future programme, particularly for companies at different stages of the Design Ladder and those with existing design capability. The different requirements of companies should be considered in the design of any future Design Service, with a modular approach adopted.
- There is an opportunity to improve the cost effectiveness of the programme further through better targeting/ prioritisation of Design Service support on companies with the best prospects of generating an export focused commercial return linked to the Design Service support. The dual responsibility of the Design Service is also noted - to be a key outreach service for all of NI businesses through the Design Clinics, whilst maintaining a focus on value added and economic growth through the DDPs. In order to maximise economic impact, participation targets should be set for Invest NI account managed clients, and those with potential to become account managed clients within a five year period.
- The lack of funding for follow on design projects was noted as an issue for companies. The application process (see below) should ensure that companies participating in the Main DDP should be asked to self certify their assess to funding (for follow on design work) within the application process. Existing initiatives such as GAP, Grant for R&D, Innovation Vouchers, Propel etc currently facilitate pre or follow on support in relation to the Design Service and Invest NI is endeavouring to facilitate a holistic business development role, albeit on an informal basis. Consideration might be given by Invest NI in the future to formalising the approach to providing integrated relevant support to companies with strong export growth potential. This could be explored in the Economic Appraisal.
- Feedback would indicate that more could be done to integrate the Design Service into the mainstream Invest NI programmes. For example, for companies getting Grant for R&D support, an amount of money should be set aside for design and there should be a design checklist for the R&D staff to complete, where relevant.
- There needs to be a more clearly defined process for eligible companies to follow on into other Invest NI supports (such as Grant for R&D/ GAP etc), with an Action Development Plan for the participating companies which the Client Executives would approve.
- Invest NI might give consideration to a competitive Stage 2 follow on to the Design Service (similar to Stage Two in the Proof of Concept grant) for companies able to demonstrate a need for further design support.
- There is a need to increase the sectoral involvement and quality of participating companies. There is a perception that the Design Service is not sufficiently used by medium size and large companies.
- The interaction with Invest NI Client Executives should be improved:
 - Client Executives are continuing to support product development at an operational level, including through support for design engineers. Client Executives report a lack of clarity as to when the Design Service is appropriate for product development (as compared to Grant for R&D, GAP etc).

- Communication could be improved: the Client Executives have no visibility as to how the consultants are allocated, and are only really engaged at the end of the programme. They also have no visibility of how companies are accepted on the Design Service programme or if anyone they have referred been refused.
- Client Executives have a joint responsibility to promote the programme.
- The Invest NI Design Manager has received requests to participate in the Action Development Plans for account managed clients (currently being prepared). This should be encouraged, whilst having regards to the limited resources available within the Design Team.
- There has been limited marketing of the Design Service. Whilst this has had no impact upon the overall demand for the programme, it may have impacted upon the programme's ability to reach out to companies progressing beyond Step 2 of the Design Ladder and medium to large Invest NI clients.
- In the event of a future Design Service Programme, the intention is to attempt to focus more on strategic areas of design such as service design or innovation, and with less of an emphasis on more tactical projects usual presented in the visual communications projects.
- There is support generally amongst stakeholders for a smaller, targeted programme, focused on progression along the Design Ladder, and with additional design resource for deserving companies (based upon a competitive process) and with a measurement of impact. Thus, a small number of companies with high export growth potential could be considered for follow on support under a two phase process.

Main DDP - operational

- The criteria for multiple business engagement should be more formally defined.
- There is no application process and a limited vetting process for the DDP. An application process should be introduced, with formal cut off dates.
- The need to undertake a secondary competition for design consultants for the DDP projects has proved to be problematic, with a sizeable proportion of businesses reporting dissatisfaction with their allocated consultant. The Evaluation Team has discussed the merits of the DDP participating companies choosing their own design consultants with Invest NI and the Design Group. Whilst there may be ERDF requirements around procurement, the general consensus is that the ability to choose their own design consultant will depend on the business's level of sophistication.
- The need for the owner/decision maker to attend workshops for the DDP should continue to be enforced.
- The Design Service could be more effectively promoted to Invest NI account managed clients where there was an initial engagement at the client's premises (similar to the DAS and the Innovation Advisors).
- There is no formal sign off by the business and the design consultant of the agreed outcomes for the Project Design Brief at the first meeting. This should be considered as a feature of any future programme.
- The design consultants need to do basic checks for all projects on trademarks.
- The Design Service has a residential workshop. There is no rationale for continuing with this residential element.

- There is a rationale for continuing with Sessions 5 and 6 (the interim and final presentations). More could be done to ensure that these become the focal point for launching the “follow on” to the Design Service with the support of the Client Executives;
- Session 6 is considered to be too low key. Consideration should be given to the introduction of Design Service awards. The Invest NI offices also need to have rolling design exhibitions with promotion of NI successes in design.

Mini DDP

There is agreement that the Mini DDP works well for collaborative projects, and where resources can be pooled. There would be a concern amongst these consultees that some early stage projects, such as Propel projects, need more rather than less design resource.

Targets for the Mini DDP should be considered in the context of “themed” projects. For example, going forward, consideration for Mini DDPs might take account of the recommendations from the European Service Innovation project work which had a focus on the Collaborative Network Programme, the Knowledge Transfer Partnerships and the Competence Centres.

DMR

The number of NI SME companies likely to be in a position to avail of a strategic design position, with no responsibilities for implementation, was mis-calculated.

Businesses are, in the main, not ready to invest in the development of design as a strategic function with the business (as proposed under the DMR), rather than practical design projects.

Fees for the Design Service

Feedback from the Design Group and the design consultants is that the Design Service is undervalued and that a higher charge may successfully deter those companies not fully committed to the process. Conversely, the low charge has meant that the Main and Mini programme is accessible to businesses considered to have potential to become account managed clients, and where there are limited financial resources. The Economic Appraisal (para 4.4) should consider the opportunity to increase fees.

The Evaluation Team are of the opinion that, given the low level of attendance at the Design Clinics, high expectations for both the Design Clinics and DAS, and lower satisfaction levels regarding value for money, the DAS and Design Clinics should continue to be provided free of charge.

Invest NI Monitoring of costs

Cost information has not been analysed by budget category. For monitoring purposes, it is recommended that costs are recorded on a similar basis to that budgeted and variances arising noted, with formal reporting of progress against targets, including by sectors, client segmentation, size of companies, etc.

Monitoring of Performance against Targets

Details are maintained on performance against targets, it being noted that the Design Service’s targets are for each of the three years to July 2015, whilst its PfG targets are for each of the financial years ending 31st March and ERDF targets are for the calendar year. This creates challenges for the Design Service in its monthly and annual reporting requirements.

Other Strategic

Invest NI has engaged in a number of European programmes, primarily to raise the profile of NI within Europe as well as to determine best practice and how best to roll out design awareness and priorities within NI. This should continue.

The resources available to the Invest NI Design Manager have improved over the programme period. Introduction of applications for participating on the Main and Mini DDP and any additional resource to “champion” design, will bring further resource demands.

Lessons learnt from the Benchmarking exercise

- Northern Ireland is well-served in terms of the quantity of design support provision. No other schemes were identified with similar level of engagement in terms of the number of interventions and mix of awareness/design projects, or level of subsidy provided;
- Benchmarked programmes highlight design awareness as a key objective but have stronger economic impact drivers;
- All other benchmark programmes have a detailed competitive application process; and
- Benchmarking would suggest that the emphasis should be on an integrated business support rather than design specific role (such as the DMR).

7.6 Recommendations

Strategic

Recommendation 1: Strategic Objectives: Subject to budgets and in line with the NE Executive’s Innovation Strategy, Invest NI should continue with the Design Service programme, at a scale based upon the findings of an Economic Appraisal.

Recommendation 2: Objectives of the Design Service: Any future Design Service programme should acknowledge that there are three distinct objectives linked to the design awareness, design implementation and design policy elements of the programme. Targets and output and impact indicators should be set accordingly against each of these objectives.

Recommendation 3: Eligibility: Design Clinics should continue to be offered to all Northern Ireland businesses, with DAS and the DDP programmes available solely for Invest NI account managed clients (or with potential to be account managed clients within five years), and with target participation levels against each category.

Recommendation 4: Fees: The private sector contribution for the Main and Mini DDPs should be increased, by a factor to be determined during any future Economic Appraisal process. The Mini DDP should continue to be part of the Design Service offering, but focused solely on projects where participants share common interests. For collaborative networks, the design resource allocated should be based upon the needs of the project rather than the number of network participants. The Design Service and DAS should continue to be free of charge.

Recommendation 5: Strategic fit within Invest NI as a mainstreamed programme: The Design Service should operate (where appropriate) as a centralised enabling hub to Invest NI’s other support interventions, (including R&D and Trade interventions). Invest NI should seek to identify how the Design Service can best be mainstreamed into the Invest NI portfolio of programmes, including its fits within the Action Development Plans being prepared for account managed clients. This should include consideration of the communication mechanisms to engage more fully with the Invest NI Client Executives, including in Head Office, to ensure that the value of design is widely marketed; ensuring that each DDP project has an Action Plan prepared on completion of the DDP and signed off by the Client executive; that each Grant for R&D and GAP application seeks to identify the

extent to which the business has considered design with signposted to the Design Service as appropriate.

Recommendation 6: Scale of the Design Service programme: Any future Economic Appraisal of the Design Service should consider the merits of supporting a smaller number of participants on the Main DDP, but with potentially higher levels of support prioritising those companies with the greatest prospect of delivering an economic return depending on the sector focus, fit with Smart Specialisation Strategy, export focus and with support dependent upon the project's need and the business's position on the Design Ladder. The potential for generating a positive economic return can be considered within an application process (See Recommendation 9 below). Consideration should also be given to an additional follow on competition, based upon economic impact, for those companies seeking to continue to invest in design.

Recommendation 7: Tailored approach to the DDP: Any future Main DDPs should be redefined to recognise that "one size fits all" approach may not be appropriate and that the needs of companies (in terms of workshops, consultant resource, initial engagement at client's premises) may vary depending on their level of design capability whether or not they are managed account clients, or have the potential to become account managed within 5 years and where they sit on the Design Ladder. A Phase 1 and Phase 2 approach could be consider, with a competitive process for Stage 2.

Operational

Recommendation 8: Marketing: A marketing plan should be prepared for the Design Service, to include communication channels with both the Invest NI Client Executives and targeted clients, with greater visibility of case studies on the Design Service, drawn from regional and sectoral teams; greater visibility of the outputs from the Design Service Workshop Six; and with consideration to be given to the introduction of Design Service awards. Invest NI should consider introducing an additional resource to help promote the Design Service to account managed clients, with options for the delivery of this resource (i.e. though an extended DAS service, the Innovation Advisers or a new role) to be determined during the Economic Appraisal process.

Recommendation 9: Application process: An application process should be introduced for the Main and Mini DDPs, to include a defined scoring mechanism, this to include the applicants' self-certification of their ability to finance both the design project and identified follow on commercialisation projects, as well as the potential for economic impact.

Recommendation 10: Procurement of Design Consultants for Main and Mini DDP Invest NI should continue to operate a Framework for design consultants, similar to the current arrangements.

Recommendation 11: Management Information Systems: Invest NI should review its management information system for the Design Service, including mechanisms for recording costs by objectives/interventions and for regular reporting by sector, if account managed, Step on the Design Ladder etc. Invest NI should ensure that the processes for selecting companies for the Design Service programmes are open and transparent, with clarity also on the outputs achievable against each of the Design Service Interventions.