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GOVERNMENT SUPPORT **TO BUSINESS**

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1. INTRODUCTION

1.1 General

This document has been prepared to provide a practical database of the main types of financial and non financial support available to new and developing businesses in Northern Ireland from Government and connected bodies. It is intended that it should be used as a reference tool to aid and assist businesses identify the relevant support that may be available given their individual circumstances.

The reader of this guide should be aware that levels of assistance will be negotiated with support providers on an individual basis and actual assistance given will depend on the applicants individual circumstances.

1.2 Funding Entities & Approach

By way of background to the structure of government support to businesses in Northern Ireland, we outline the main funding bodies responsible for the administration and distribution of such assistance in **section 2**.

This is illustrated by way of diagram and narrative detailing the funding bodies, who they are and what they do.

1.3 The approach to funding

It is important that all businesses, either in start up or development phases approach projects in a thorough and planned fashion

In **section 3** we deal with the processes to application, outlining the approach required to deliver a successful plan, which should ensure all the businesses development and funding needs are adequately addressed.

1.4 Programmes of Assistance

The programmes of assistance have been categorised into the main business processes for which support may be available. We have also identified specialist areas where support is available, which merit their own section in this document.

The various forms of financial assistance available from all relevant funding bodies are therefore classified under the following headings:

- Section 4.1 **Business Start Up**
- Section 4.2 **Product and Process Development – Capability Building**
- Section 4.3 **Marketing – Investing in Trade**
- Section 4.4 **IT and Management Information Systems (MIS)**
- Section 4.5 **Management and Training**
- Section 4.6 **Finance and Funding**

The other specialists areas are:

- Section 4.7 **Cross Border**
- Section 4.8 **Rural/Agricultural**
- Section 4.9 **Tourism**
- Section 4.10 **Environmental**

The types of assistance available in each section are split into two broad categories, which are defined as follows:

- (i) **Financial Assistance** for which monetary financial support is given in the form of grants, loans or equity investment.
- (ii) **Non Financial Assistance** for which ‘soft’ support is given in the form of advice, consultancy, training, access to databases/specialist information, use of specialist equipment/facilities, networking and other such non-financial assistance.

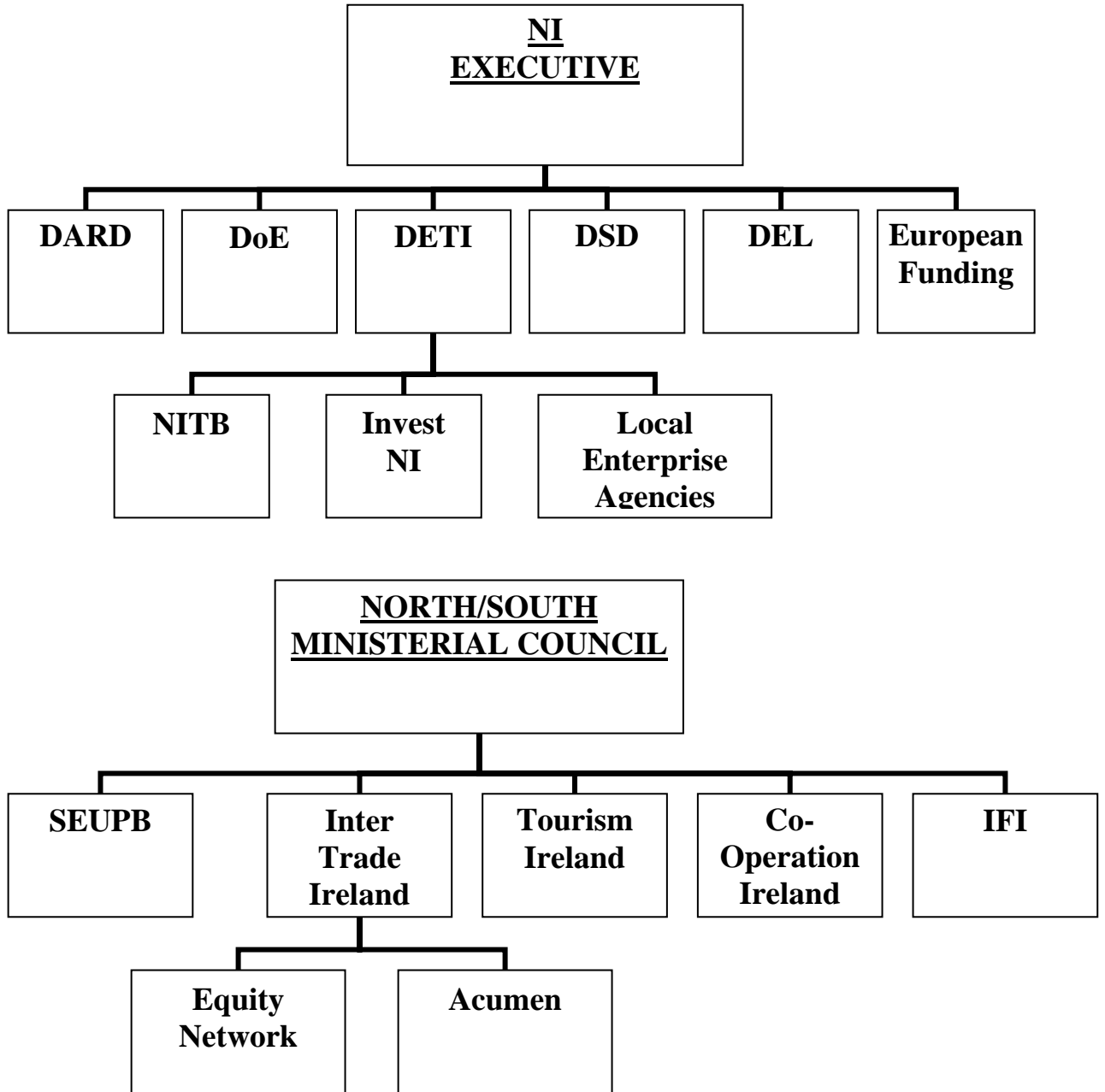
It is important to appreciate that the information contained in this document is for guidance purposes only. At the time of compilation (September 2004) every attempt was made to ensure the information contained therein was accurate, however, the source, type, form and availability of assistance is constantly changing and for this reason the information contained in this guide does not constitute professional advice and should not be relied on as such. For detailed information on the current range of assistance available and those eligible to apply for particular schemes please contact Cavanagh|Kelly directly.

SECTION 2

FUNDING ENTITIES

FUNDING ENTITIES

Government support for businesses within Northern Ireland is administered by the Northern Ireland Executive, largely through a number of sub-bodies, as illustrated and described below:



DEPARTMENT OF ENTERPRISE, TRADE & INVESTMENT (DETI)

In Northern Ireland the DETI is the principal government department responsible for providing financial incentives and support for the private sector. The DETI is responsible for economic development, energy, tourism, mineral development, health & safety at work and other administrative and compliance functions of government. It has the ultimate responsibility for inward investment, local economic development and enterprise however the activities of this body are mainly carried out by its sub agencies Invest Northern Ireland (INI) and Northern Ireland Tourist Board (NITB).

INVEST NORTHERN IRELAND (INI)

Invest NI replaces the previous undertakings of IDB, IRTU and LEDU and unites their common objectives. Invest NI is a funding body committed to achieving and supporting higher levels of growth in indigenous and externally owned businesses in Northern Ireland. It aims to promote innovation and encourage higher levels of R & D and in this way it hopes to cultivate a more enterprising ethos in Northern Ireland with the resulting positive growth in the level and quality of business starts.

It administers support for all industries including tourism. Invest NI is responsible for the capital assistance function of accommodation projects within tourism.

Invest NI adopts a twin track approach with advice and support for strategic and process improvements (capability) and for product development (capital). The main forms of assistance offered by Invest NI are as follows:

- 1) Financial Assistance**
 - a) Equity
 - b) Loans
 - c) Revenue grants
 - d) Capital grants
 - e) Development grants

- 2) Non Financial Assistance**
 - a) R & D
 - b) Management Development
 - c) Human Resources Development
 - d) Marketing
 - e) Efficiency development (Process development)
 - f) Financial Management

Invest NI has a number of programmes available within each type of funding and they are set out in detail in section 4. We have classified the programmes under direct financial support and non financial assistance (consultancy, mentoring etc.).

There are three key criteria which need to be fulfilled for INI intervention. They are

- 1) **Additionality** – establishing what the minimum requirement is to enable the project to go ahead given the specific factors outlined in the proposal. This is to measure whether the project would go ahead if financial assistance was unavailable.
- 2) **Viability** – assessing whether the project can be self sufficient once funding contributions have been exhausted.
- 3) **Displacement** – considering the implications on the local, regional and national economies and of operators in the same industry. It must be shown that the project will strengthen the economies and therefore provide more valuable and secure employment.

There are other factors when assessing the suitability of a project or business by INI which must be looked at in conjunction with the points above and they include:

- The current status of the company/ individual
- The capacity of the project
- The capability requirements of the project
- The extent of mobility of the project
- The funding available to the applicant
- Past performance and track record
- Entities commitment to development

NORTHERN IRELAND TOURIST BOARD (NITB)
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The second sub agency of the DETI is The NITB. The NITB is mainly responsible for the promotion of Northern Ireland tourism in both the Northern Ireland market and the Republic of Ireland market. Its aim is to “increase the contribution that tourism makes to the economy in a way that responds to the needs of visitors, respects the environment, is acceptable to the people who live here and is economically viable in the long term”

Assistance through NITB takes mainly three forms:

- 1) **Marketing**
- 2) **Event support**
- 3) **Capital support**

NITB and Invest NI work together to promote tourism and to increase the standards offered to visitors to Northern Ireland in all areas from accommodation to accessibility.

DEPARTMENT OF AGRICULTURE & RURAL DEVELOPMENT (DARD)

The aim of DARD is to promote economic growth and the development of the countryside in NI. DARD assists the development of the following industries:

- 1) **Agriculture**
- 2) **Horticulture**
- 3) **Forestry**
- 4) **Fisheries**
- 5) **Foods**

Grants therefore obtained through this body are for businesses operating mainly in these sectors or a related sector. DARD is also involved in funding local action groups who are committed to local rural development and regeneration (e.g. East Tyrone Rural).

The following forms of grants are available from this body:

- 1) **Financial**
 - a) Capital grants
 - b) Development grants
 - c) Marketing development grants
 - d) Training Grants
 - e) Agricultural subsidies (for farmers)

- 2) **Non – Financial**
 - a) Advisory & Consultancy services

DEPARTMENT OF ENVIRONMENT (DOE)

The Department of Environment’s aim is “to improve the quality of life in Northern Ireland now and for the future by promoting a better and safer environment by supporting effective and efficient local government.”

Its main objectives are:

- To protect, conserve and enhance the natural environment and heritage.
- To improve the quality of life of the people of NI by planning and development in ways which are sustainable and which contribute to a better environment.

Although associated mainly with environmental issues it does offer a selection of specific grants mainly in relation to the maintenance/preservation of historic buildings, and innovations in relation to the treatment of waste and disposal of contaminated matter.

DEPARTMENT OF SOCIAL DEVELOPMENT (DSD)

The Department of Social Development has responsibility for urban regeneration, community and voluntary sector social legislation, housing, social security benefits, pensions and child support.

Although assistance is fairly limited in respect of property development, the DSD offers assistance through the Urban Development Programme. This is aimed at improving underprivileged and derelict areas of Belfast and Derry.

DEPARTMENT OF EDUCATION & LEARNING (DEL)

The aim of the DEL is to assist in structured economic development and to assist people in seeking employment through training and employment services on the basis of equality of opportunity. The forms of assistance available are as follows:

Financial Assistance

- 1) Management development programmes - Financial assistance is available to employers in relation to these placements and training for all aspects of employee.
- 2) Placement services for people with disabilities – Grants are available to employers during the initial stage of employment.

Non – Financial Assistance

- 1) Consultancy and advisory services.

LOCAL ENTERPRISE AGENCIES

It is worth noting that many community groups have benefited from European funding aimed at assisting economic development in their community and at regional and international levels. Local Enterprise agencies are independent not-for-profit organisations which work for the benefit of their communities by supporting small business and community development. They provide a range of services which mainly take the following forms but are of a smaller capacity than the larger funders such as INI:

1) Financial Assistance

- a) Loans
- b) Revenue grants
- c) Capital grants
- d) Development grants

2) Non-Financial Assistance

- a) R & D
- b) Management Development
- c) Human Resources Development

- d) Marketing
- e) Efficiency development (Workspace)
- f) Training

NORTH SOUTH MINISTERIAL COUNCIL (NSMC)

The North South ministerial council was established in December 1999 under the terms of the Good Friday agreement. The council was set up to connect the northern and southern government bodies responsible for the development of consultation, co-operation and action on an island basis and cross border basis on matters of mutual concern.

The council was to oversee six areas through the operations of its six implementation bodies namely:

- 1) Trade & Business Development – InterTradeIreland
- 2) Inland Waterways - Waterways Ireland
- 3) Food Safety - Food Safety Promotions Board
- 4) Special EU Programmes - Special European Union Programmes Body (SEUPB)
- 5) Foyle, Carlingford and Irish Lights Commission (FCILC) Sector
- 6) Language (Irish and Ulster Scots) – The North/South Language Body (Foras na Gaelige and The Ulster-Scots Agency)

INTERTRADEIRELAND (ITI)

Intertradeireland represents the trade and business development arm of the NSMC. Its focus is to promote North/South trade and business co-operation by building enterprise capability and competitiveness. Its objective is to enhance this competitiveness in a North/South context in areas such as skills availability, telecoms, information technology, training and marketing and e-commerce by encouraging information share, joint marketing initiatives, joint research and development and other ventures as well as maximising the potential of e-business across the island. Both forms of financial and non-financial assistance is available

It operates programmes in the following areas:

- 1) Trade development
- 2) Trade awareness
- 3) Micro-enterprise support
- 4) Business & economic research
- 5) Equity
- 6) Science & Technology
- 7) North/South Supply Chain Development

It also oversees the administering of the **Acumen Programme**, a programme designed to assist small, medium-sized enterprises from all of Northern Ireland and the six Republic of Ireland border counties to develop and expand cross border sales. Details of this programme are contained in section 4.

The **EquityNetwork** is a function of IntertradeIreland which offers impartial advisory services to SME's on the island of Ireland who have expressed an interest in raising capital through the input of private equity. EquityNetwork promotes private equity to accelerate business growth. It acts as an intermediary or agency for SME's seeking this type of funding. Details of this programme can be found in section 4.

TOURISM IRELAND

Tourism Ireland is a publicly-owned limited company established by Bord Failte Eireann and The NITB to promote the island of Ireland overseas as a tourist destination and its formation was formally approved by the NSMC in 2000.

Its objective is to deliver an international tourism marketing programme in partnership with industry in the north and the south of Ireland. This would include:

- 1) Publishing and distributing information overseas on all Ireland tourism
- 2) Providing information to the local tourist industry to develop their international marketing expertise.
- 3) Collect relevant tourism statistics
- 4) Carry out the overseas marketing and promotion activities of Bord failte and The NITB.

SPECIAL EUROPEAN UNION PROGRAMMES BOARD (SEUPB)

The SEUPB was set up to oversee the management function of the European Structural Funds. Its objective is "to develop co-operation, understanding, and action between people and organisations in Ireland and Northern Ireland through consultation and the implementation of EU social, economic, reconciliation and cultural programmes". It has responsibility for managing the EU Programme for Peace and reconciliation Peace II and the INTERREG III programme as well as being involved in community initiatives such as Leader +, Urban II and Equal. The principle aim of SEUPB is to promote cross-border co-operation. It is also responsible for monitoring and promoting the common chapter as set out in the National Development Plan 2000 – 2006 for Ireland and the Structural Funds Plan 2000 – 2006 for Northern Ireland.

For further information on European funding initiatives in your area funded by the SEUPB please contact Cavanagh|Kelly directly 028 87 752990.

CO-OPERATION IRELAND

Co-operation Ireland was established in 1979 in response to the troubles brought about by poor relations between protestants and catholics in Northern Ireland, its objective was to promote peace, contact and understanding between north and south. Co-operation Ireland is committed to programmes for education, community building, research and development and the administration of EU funding.

It acts as an intermediary funding body for the EU Peace and Reconciliation Programme for Northern Ireland and the border regions of Ireland.

There are three areas that Co-operation Ireland has responsibility for implementing

- 1) Increasing cross-border development opportunities
- 2) Developing Cross-border reconciliation and understanding
- 3) Promoting joint approaches to social, Education, training and human resource development

It also acts as an implementing agent for INTERREG IIIA Programme. It has responsibility for the delivery of

- 1) Civic and community Networking
- 2) Social and Community Infrastructure

INTERNATIONAL FUND FOR IRELAND (IFI)

The IFI was established by the Irish and British governments in 1986 to “promote economic and social advance and to encourage contact, dialogue and reconciliation between the nationalist and unionist communities in Ireland.” The IFI concentrates its efforts on promoting economic regeneration and reconciliation. It operates a variety of programmes and initiatives in the pursuit of its aims. It targets its resources to disadvantaged areas of Northern Ireland and the six border counties. In general grant support is available for projects which promote local community unity as well as encouraging external participation in the community. It also provides mentoring support and advisory services for smaller projects.

The IFI concentrates its programmes in respect of the following areas:

- 1) Regeneration of deprived areas
- 2) Community capacity building
- 3) Economic development
- 4) Promotion and initiation of international links

SECTION 3

FUNDING APPROACH

FUNDING APPROACH

Whatever the nature of the product or the business and from whichever funding body assistance is sought, it should be noted that each case is reviewed individually. In most instances this will involve an appraisal and approval process that test the following key indicators of business development:

- **Planning**
- **Additionality**
- **Commercial viability**
- **Capability**
- **Marketing**
- **Merit**
- **Quality**
- **Accessibility**
- **Economic impact/Displacement**

Before addressing the requirements of the application process it is highly recommended that you undertake a detailed analysis of your product, your market and your business to ensure that you are in the best position to apply for assistance and to reduce unnecessary delays.

It is recommended you evaluate your project in the following manner:

1) Project Definition:

- a) Define your product or business and develop the idea into a detailed project outline. Establish a structured set of aims and objectives for managing your project and reaching your set goals.

2) Research your market:

- a) Assess if there is a market for your project, consider size, accessibility, seasonality.
- b) Estimate the level of demand for your product.
- c) Ascertain the key market players locally, regionally and internationally.

3) Costings:

- a) Prepare detailed costings using suitable quotes/estimates to assess the costs of acquiring/manufacturing the product.

4) Establish a selling price:

- a) Assess the pricing structure of the competition and the current market value of alternatives.
- b) Determine a selling price reflective of the quality of the product, the industry and current market attitudes.
- c) Assess if this selling price is sufficient to cover previously assessed costs.

5) Identify Customers

- a) Target your specific customer base
- b) Set your objectives for initial and future market penetration.

6) Projections

- a) Prepare a detailed set of projections to assess total project costs. This should include all capital costs and funding requirements and should be set out in an easily appraised format. Where direct financial assistance is applied for it is normal to provide projections in the following format:
 - i) Profit & Loss
 - ii) Balance Sheet
 - iii) Cashflow

7) Financing

- a) Consider the overall level of funding required to fund the project. The various options available to facilitate this should be assessed:
 - i) Promoters Capital
 - ii) Third party equity
 - iii) Bank
 - iv) Funding bodies
 - v) **Government Assistance**