

# Government Financial Support to Business in Northern Ireland - An Analysis

Centre for  
Economic Empowerment  
Research Report: sixteen



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## Foreword

The financial support government provides to the private sector in Northern Ireland is an important part of its overall economic strategy. With so much economic change on the horizon, including the reduction of Corporation Tax and the intention that the UK should leave the EU, we wanted to take stock of what financial support was available to business, what it aimed to do and ultimately if it was achieving these aims.

As an organisation which believes in economic justice we were particularly keen to find out more about how financial support to business was impacting on people on low incomes and if there is more that can be done in this area.

On balance this is a positive report. It outlines numerous areas in which the private sector can access financial support from government and reflects on that fact that the support available is generally well received. It makes a number of suggestions for how the support could be improved and how new enterprises can be better supported. Perhaps most crucially the report explores how people on low incomes can be supported to establish their own business. This is an interesting and important inclusion as the option of self-employment for people on benefits or low incomes is not often a feature of debates about unemployment, poverty and worklessness.

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## Executive Summary

The Northern Ireland Executive's economic strategy promotes several core themes aimed at improving the competitiveness of the Northern Ireland economy with a focus on export led growth. Specifically, the strategy aims to:

- Stimulate Innovation, R&D and creativity
- Improve employability and the level, relevance and use of skills
- Encourage business growth
- Compete in the global economy
- Develop a modern and sustainable economic infrastructure that supports economic growth

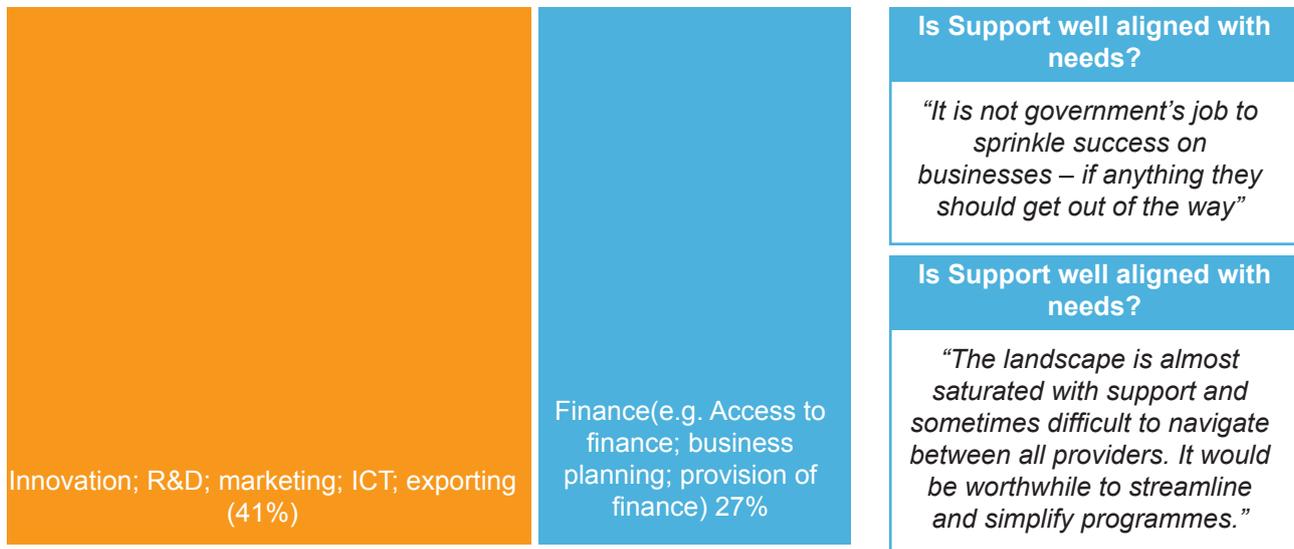
Significant levels of business support are provided from public funds. In the context of a difficult public sector spending environment, slow economic growth and impending policy decisions on how best to fund a reduction in Corporation tax, NICVA's Centre for Economic Empowerment commissioned Webb Advisory with support from Ross Boyd Limited and Ulster University to map business support provision that contains an element of financial support and to consider whether the effectiveness of this support could be improved. This report is accompanied by a spreadsheet that covers:

- financial support programmes
- Capital gains tax reliefs
- Business owner taxes
- Corporation taxes
- Investor reliefs
- Employee tax allowances
- Alternative finance

## Support Programmes

Of the 51 financial support programmes that our research has identified, the vast majority (43) are delivered by Invest NI with the balance delivered by organisations including: Intertradelreland, Enterprise NI and The Princes Trust. From the mapping exercise and consultations undertaken during this research, it is clear that the focus of business support interventions is on programmes that align to Northern Ireland's economic ambitions of a more innovative, outward focussed economy. 41% of the programmes identified in this study can be classified as focussing on improving R&D, exporting, marketing etc. Other classifications include support and guidance around business planning, accessing finance etc. and operational skills such as management and leadership type programmes.

## Financial support programmes by theme



## Effectiveness

The post programme evaluations that have been reviewed point towards significant success in delivering on their objectives but the nature of evaluations is such that are bound to consider the relatively narrow specifics of the programme under review rather than the wider question of alignment with business needs and how aware businesses are of the supports available.

**Is Support well aligned with needs?**

*“There is a gap in support for businesses who are in between start up and growth phase”*

*“there is an unfair focus on exporting and not on supporting strong local traders”*

The needs of businesses and awareness of supports have been assessed through a recent comprehensive study undertaken by Ulster University on behalf of the Federation of Small Businesses Northern Ireland. Across 200 businesses, the study queried the barriers and obstacles impacting on growth and what role government could play in addressing these barriers. Perhaps unsurprising, issues that have a direct impact on a firm’s financial performance were cited as being the largest barriers to performance – i.e. almost half of respondents noted that cash flow/getting paid was the biggest obstruction to growth while profit taxes and competition made up the rest of the top three.

Of particular relevance to this research is that a lack of suitable business support was noted by 27% of respondents as being a significant barrier to their business success. During consultations undertaken over the course of this research, this issue was raised several times, with two clear and conflicting views emerging. One consultee captured one view best by noting that ‘it is not the government’s job to sprinkle success on businesses – if anything they should get out of the way’. This view was countered in equal measure by opinions that expressed that while business support programmes are generally well aligned with needs and economic growth ambitions (with some exceptions, referenced below), awareness of programmes could be significantly improved. Several consultees noted that there is far too much support but that small business does not know where to look for it. Indeed, the FSB/Ulster University survey referenced earlier found that one in ten survey respondents did

not know where to seek support. Perhaps, as one consultee noted this is due to ‘business owners are focussed on the task of surviving/growing their business and do not have the time to hunt out 10 different providers of the same course to decide which one works for them. Scale it back but let businesses know where it is and how to access it.’

### What does business want support with?

When considering any gaps in provision, there was a broad consensus from consultees that many of the needs are met and a consensus that topics such as R&D and export have been a focus of business support. A contrasting view offered from FSB was that there is a gap in provision in the start-up capital stage and at the growth/scale up stage.

In addition to the consultations, two recent local surveys support an assessment of what business require support with. Belfast City Council undertook a survey of over 500 businesses in 2013 and asked in which areas they would welcome business support. Sales development ranked highest, with 44% of respondents citing this area. Strategy development and selling to the public sector made up the top three. The FSB/Ulster University business survey asked a similar question, seeking the three things that would help respondent’s business to grow. Access to and cost of finance was the most popular response followed by help with marketing and online activity and a reduction in business rates in equal place.

**Where is support required?**

*“There is a lack of soft support in ‘basic’ business operations such as book keeping or recruitment/employment rules”*

**Where is support required?**

*“Starting a business is daunting, made more so by the fact that cash flow is uncertain – I was fortunate to be able to save money before starting my business. easing the ‘leap’ from salaried employment or benefits to starting a business would be welcome”*

### Conclusion

- **Provision of the right business support is vital for growth:** There will be an ever present need for people who wish to start, grow or maintain their business to need external advice and support to assist them. There is strong evidence that business support can deliver significant impacts, and regions and countries which have traditionally invested in business support, have generally seen improved business performance.
- **Government has an important role to play:** Increasingly, in supporting SMEs, Government’s role is not to deliver but to enable, provide information, improve ease of access to non-government support and address market failures. There is clear evidence of direct Government support in the UK of being too complex, crowded and adding little value. Internationally where government has better defined its role and become the link between businesses and private sector support, this has removed the complexity and is showing signs of increased benefit for businesses and the economy.

- **Financial support must be aligned with policy aims and identified weaknesses:** Finance remains a key barrier to business success and growth and barriers to accessing finance still exist for many SME's. However, today the role of Government to provide blanket grant support is no longer fit for purpose. Best practice has identified that where direct Government funding works is when aligned to key policy areas e.g. R&D, export development and in target industries.
- **Integrated solutions are more valuable than money:** Financial support is but one component of a broader interlinked business support ecosystem which is required to support individual SME's and broader economic growth. Where financial support is administered in the absence of other support or without clear rationale, there is a risk it is only prolonging the survival of a struggling business and may impact negatively on the business and the economy over the longer term.
- **Capability and access is key:** The growth of private equity markets and increased focus from debt finance providers on SMEs has led to more competitive financial market in the UK. There is evidence of Northern Ireland companies sourcing capital from outside, suggesting a demand for capital and a need to ensure that Northern Ireland businesses have the capability and skills to access this capital through 'pitching' skills
- **Is it time to overhaul our business start support:** Over the course of this research, the 'leap' to self-employment was flagged up as a serious impediment. People moving from employment to self-employment are often do not have sufficient savings to see them through the initial trading period or being able to make the initial investment required to establish. Likewise, people receiving benefits would lose benefit entitlement once they start a business. Two schemes are highlighted as worthy of consideration as a means to overcoming this hurdle and contributing to Northern Ireland's policy ambition to be a more entrepreneurial economy.

The Startup Refunds for Entrepreneurs (SURE) is a tax relief incentive in Ireland where new business owner operators can apply for an income tax refund on up to €100,000 of income in the previous 6 years to the value of the investment made in establishing their business. In addition, Startup Company Relief provides relief from corporation tax for new startup companies for the first three years of trading in respect of profits from a new trade and chargeable gains on the disposal of assets used in the trade. As with all taxes, there are eligibility criteria and exemptions but if Northern Ireland's policy aim is to create a more entrepreneurial, private sector led economy, we recommend exploring how the potential impact of introducing a similar policy in Northern Ireland. Might this be as effective, or more effective, than reducing the headline rate of corporation tax to 12.5%?

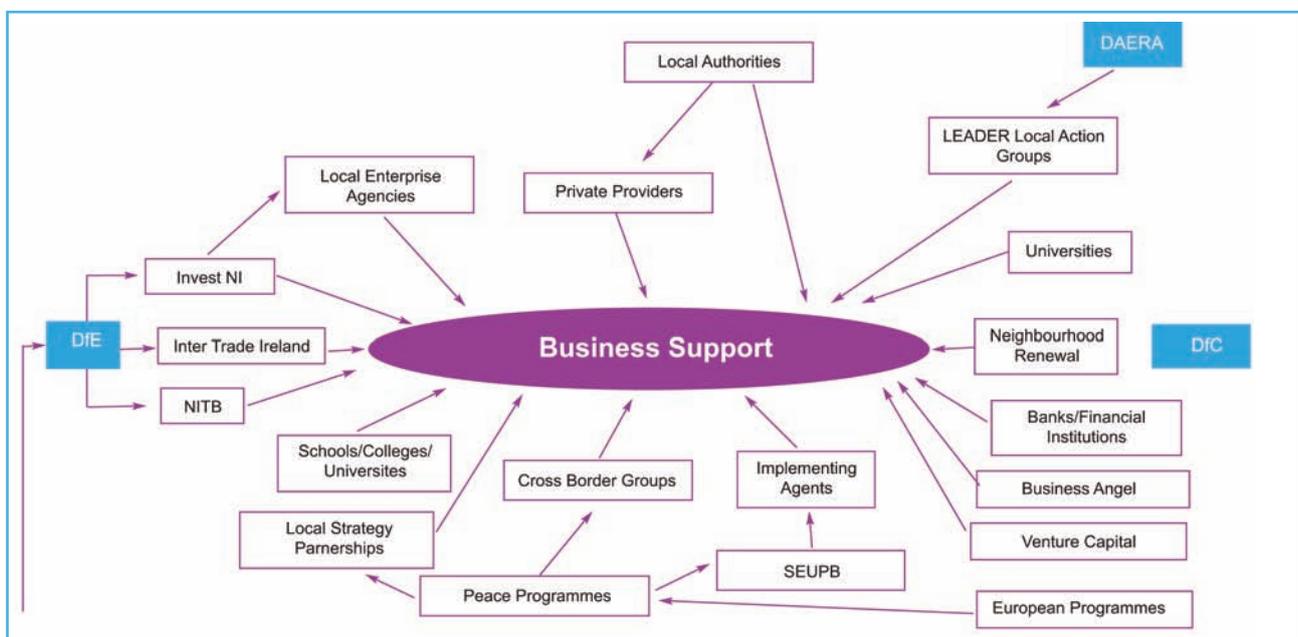
Secondly, the West Belfast works programme that is currently being funded through the social investment fund aims to deliver 300 salaried work placements in West Belfast and Shankill. Self-employment has been included in the programme meaning that 20 people are able to progress to self-employment while receiving a guaranteed wage through the West Belfast Works programme. Early indications are that the self-employment element of the programme is proving to be a success, enabling people who wouldn't have been able to make the transition into self-employment to do so. It is important to track the results of a full post project evaluation but it may be worth considering how to expand this programme to a wider audience.

# 1. Introduction

## 1.1. Project Overview

Northern Ireland’s public sector provides the business sector with various forms of financial support including tax reliefs and grants. Business support is not the sole preserve of the public sector. Indeed, providing business support in Northern Ireland is a crowded space, as evidenced by an audit of enterprise support provision conducted by McClure Watters in 2008 (the most recent comprehensive assessment of business support). This audit estimated that 200 organisations are providing approximately 2,000 business support programmes.

**Figure 1.1: Stylised Business Support System in Northern Ireland**



Source: Webb Advisory amended from FGS McClure Watters

While not the sole preserve of the public sector, significant levels of business support are provided from public funds. In the context of a difficult public sector spending environment, slow economic growth and impending policy decisions on how best to fund a reduction in Corporation tax, NICVA’s Centre for Economic Empowerment commissioned Webb Advisory with support from Ross Boyd Limited and Ulster University to map business support provision that contains an element of financial support and to consider whether the effectiveness of this support could be improved. This report is accompanied by a spreadsheet that covers:

- financial support programmes
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In consultation with the project steering group it was decided that the focus of the work should be on publicly funded supports such as those provided by Invest NI, IntertradeIreland, local government etc. rather than on private sector provision. The approach to this research was a 'rapid evidence assessment', using a blend of key informant interviews, data gathering and targeted literature searches.

## 1.2. Need for Business Support

Small and Medium Enterprises (SMEs) are the backbone of the UK economy, making up 99.3% of the all private sector business at the start of 2015 and contributing almost 50% to total UK business revenue<sup>1</sup>. In Northern Ireland there are close to 120,000 businesses in the small and medium sized businesses sector in Northern Ireland. Collectively SMEs make the majority contribution to Northern Ireland. Small and medium-sized companies and self-employed people, together, provide; 75% of employment, 75% of turnover and 81% of GVA in NI's private sector<sup>2</sup>.

Small businesses are viewed as the primary vehicles for innovation which in turn leads to new jobs, new industries and new wealth. Given this role, SMEs have featured prominently in the economic strategies of every Government since 1979.<sup>3</sup> Government support for SMEs can be both financial and non-financial. Financial can include grants, loans and tax credits. Non-financial can include a range of advisory services including mentoring, specific industrial advice, capacity building training and broader support.

The provision of support to SME's, is a key characteristic of countries in the OECD. Publicly provided or funded support and advice typically aims to increase entrepreneurship and business creation, improve business survival and promote business productivity and employment growth.<sup>4</sup>

The traditional rationale for public intervention is driven by information failures (listed below) and the potential for wider economic impacts and positive externalities emerging;

- Unaware of information and advice that would be valuable to them;
- Unclear about how to access such resources;
- Concerned about the quality of advice offered;
- Facing financial or time constraints on accessing advice which exceed the perceived benefits; and/or
- Worried that confidential information could end up in the hands of competitors.

In principle, public policy can solve these problems by providing impartial, free or subsidized advice and broader support which in turn lead to broader economic impacts as a result of spill over effects including jobs, more innovation, or lower prices to consumers.

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<sup>1</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/467443/bpe\\_2015\\_statistical\\_release.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/467443/bpe_2015_statistical_release.pdf)

<sup>2</sup> The Importance of Small Business to the Northern Ireland Economy, Dr Mark Bailey, UU for FSB

<sup>3</sup> Small Business and Government: The Richard Report (2014)

<sup>4</sup> Evidence Review 2, Business Advice: What Works Centre for Economic Growth (2014)

In practice, it is not straightforward for government to provide effective business advice, and there are dangers of policy failure in doing so. The *What Works Centre Review of Business Advice* highlights real market failures for many SME's start-ups and early stage firms that can only be addressed by public intervention. This review also highlights a range of failings in support, largely driven by bad policy decisions. This implies that well-designed and evidence based interventions could have positive impacts and that the role of government is more enabling than delivering.<sup>5</sup>

### **1.3. Why access to finance is important**

Access to sufficient start up and working capital is key to the success of a business. In the start-up phase capital is required for establishment prior to revenue generation, and beyond the start-up phase capital is required to fund growth.<sup>6</sup> Highlighting this, in 2014 it was identified that 50% of UK entrepreneur's biggest fear was 'not being able to secure enough money to support their business'.<sup>7</sup>

Helping businesses access capital can improve their finance positions (i.e. through direct grants or loans) and/or access to finance (credit availability, cost of borrowing, etc.). Even if these positive effects occur at the firm level, however, access to finance could have an adverse impact on local economic growth if it helps weaker firms survive.<sup>8</sup>

### **1.4. The role of government in supporting business access to finance**

Although the focus of this research is on programmes of financial support, it would be remiss not to mention the wider funding context and access to finance. Funding gaps for smaller firms are a major impediment to growth. Wide variance in the profitability, survival and growth of SMEs compared to larger firms leads to unique financing problems. Owners and managers of smaller firms often lack commercial experience, management and financial capability and/or a track record as entrepreneurs. In turn, SMEs often have trouble obtaining financing because banks and traditional lending institutions are averse to risky ventures and inexperience. Expansion of private equity markets is greatly improving access to venture capital for SMEs, but there are considerable differences across countries and today venture capital is primarily focused on the technology driven enterprises.<sup>9/10</sup>

While many businesses can obtain the finance they need, there are a number of structural market failures affecting the supply of both debt and equity finance to certain businesses such as start-ups, micro enterprises and SMEs. This leads to some potentially viable businesses being refused finance, which may be sub optimal for economic growth. Such market failures provide the rationale for government intervention in supporting businesses and/or in business finance markets.

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<sup>5</sup> Evidence Review 2, Business Advice: What Works Centre for Economic Growth (2014)

<sup>6</sup> British Business Bank: Small Business Finance Markets (2014)

<sup>7</sup> Populus: RBS Enterprise Tracker, in association with the Centre for Entrepreneurs (2014)

<sup>8</sup> Evidence Review 4, Access to Finance: What Works Centre for Economic Growth (2014)

<sup>9</sup> OECD Policy Brief: Small and Medium-sized Enterprises: Local Strength, Global Reach (2000)

<sup>10</sup> <http://pixr8.com/global-venture-capital-investment-insights-and-trends-2014-closer-look/>

Through legal powers and scale, governments can compel the disclosure of information, pool risk and handle externalities (e.g. acting as a public venture capitalist). At a basic level, government can:

- Regulate;
- Provide information;
- Provide incentives to lenders (e.g. tax breaks);
- Indirectly provide finance (e.g. loan guarantees, or ‘funding for lending’ type schemes);  
and
- Directly provide finance (e.g. grants loans).

Since the 1990s government offer of blanket grants for new businesses and broader grant support has largely been phased out, replaced by more targeted financial support interventions aligned to policy, key industries or geographical areas.<sup>11</sup> The remainder of this report considers what these interventions are in Northern Ireland, their effectiveness, international experience and conclusions and recommendations.

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<sup>11</sup> Evidence Review 4, Access to Finance: What Works Centre for Economic Growth (2014)

## 2. Financial Support Programmes in NI

### 2.1. Introduction

The Northern Ireland Executive’s economic strategy promotes several core themes aimed at improving the competitiveness of the Northern Ireland economy with a focus on export led growth. Specifically, the strategy aims to:

- Stimulate Innovation, R&D and creativity
- Improve employability and the level, relevance and use of skills
- Encourage business growth
- Compete in the global economy
- Develop a modern and sustainable economic infrastructure that supports economic growth

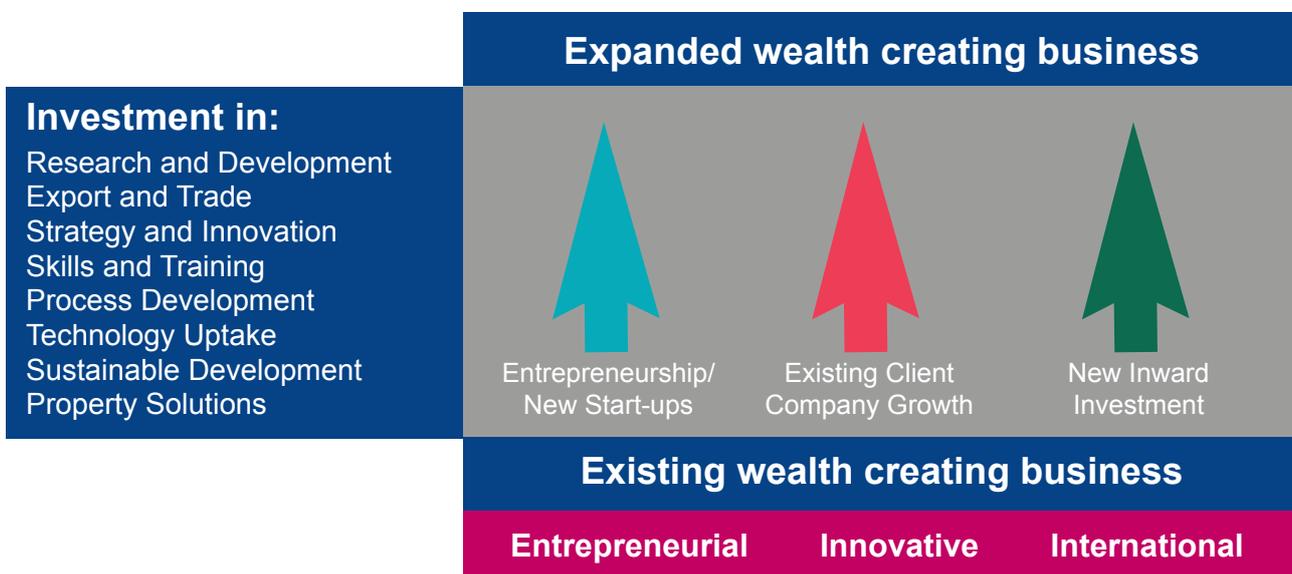
The spreadsheet that accompanies this report identified a broad range of financial support programmes, tax allowances and alternative finance sources. It is clear from this mapping exercise that the focus of business support interventions aligns with the aims and focus of the economic strategy.

### 2.2. Financial Support Programmes

While there are a vast range of support providers offering programmes, the vast majority do not include a financial support element but instead concentrate on capacity and capability development through training and ‘softer’ supports.

Of the 51 financial support programmes that our research has identified, the vast majority (43) are delivered by Invest NI with the balance delivered by organisations including: Intertradelreland, Enterprise NI and The Princes Trust. Appendix 1 provides details of each programme. Invest NI provides support across a range of themes, as noted in figure 2.1.

**Figure 2.1: Invest NI Approach to business support**



Source: Invest NI

Invest NI’s approach to supporting businesses is based on three elements:

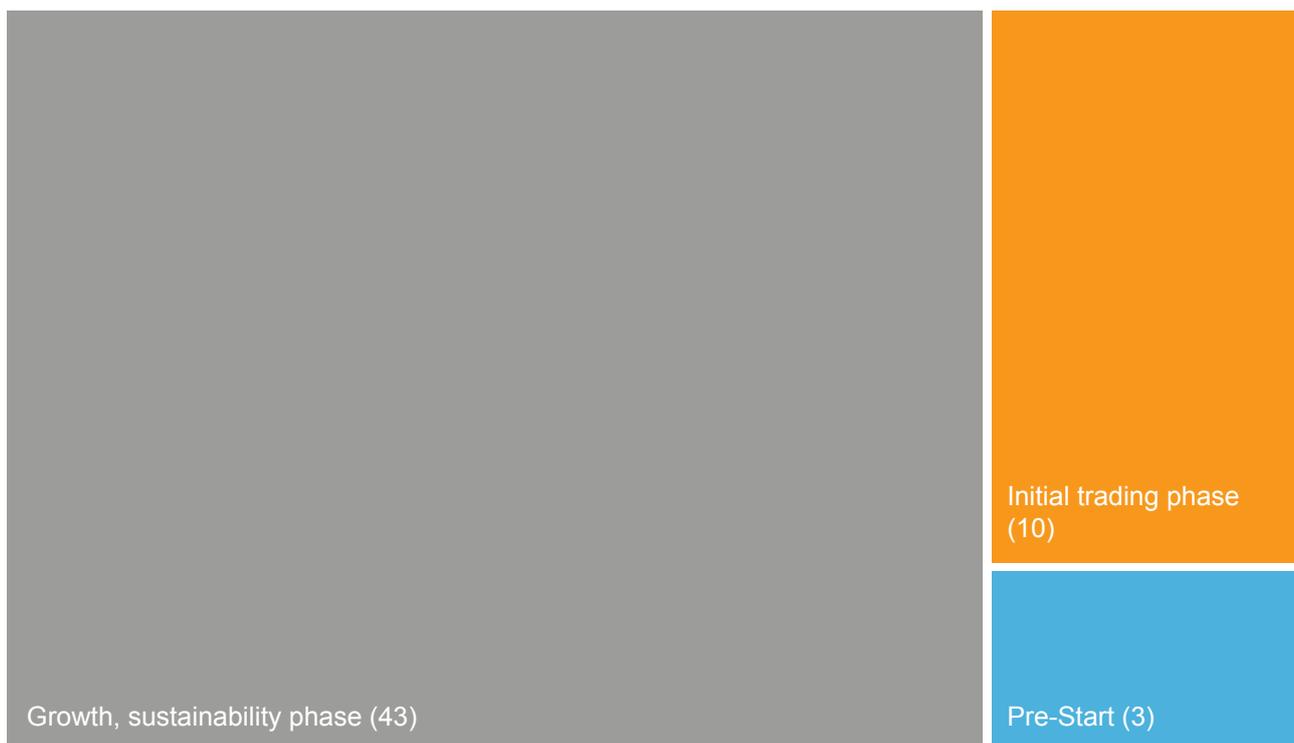
- Providing information and advice, directly and through a range of information services.
- Providing support to people wanting to set up their own business and helping new and existing businesses grow and move into new markets.
- Providing tailored support to businesses that can make the greatest contribution to increasing productivity, innovation and export growth in Northern Ireland.

Invest NI’s focus for providing direct support to businesses is on those companies it believes can make the biggest contribution to the economy. If a business can demonstrate that it intends to sell outside Northern Ireland, is actively pursuing growth plans and will contribute to increasing productivity and innovation in Northern Ireland, that business could become an Account Managed customer with Invest NI and access the broad suite of supports on offer. This ‘gateway’ to support is an issue that has been raised during consultations conducted as part of this research. The views of consultees are reflected in section 3.

### 2.2.1. Focus of financial support programmes

These programmes identified and presented in Appendix 1 can be stratified across two themes – support targeted at various business stages (e.g. pre start, new start, growth) and support targeted at various business capabilities (R&D, finance etc.). Figures 2.2 and 2.3 show the concentration of financial support programmes. It is unsurprising, given the focus of Invest NI, outlined above, that the vast bulk of the programmes are focussed on growing businesses.

**Figure 2.2: Financial support programmes by business stage**



Source: Webb Advisory

In terms of where support is focussed, there is a focus on programmes that align to Northern Ireland’s economic ambitions of a more innovative, outward focussed economy. 41% of the programmes identified in this study can be classified as focussing on improving R&D, exporting, marketing etc. Other classifications include support and guidance around business planning, accessing finance etc. and operational skills such as management and leadership type programmes.

**Figure 2.3: Financial support programmes by theme**



Source: Webb Advisory

In addition to the programmes that have been identified, there is a myriad of incentives available to business through the tax system and an increasing use of alternative funding sources to support business growth which have been identified through this research.

### 2.3. Tax Incentives

There is a myriad of incentives available to business through the tax system. Appreciating that many small businesses rely on book keepers or self-completion accounts, the range of available tax allowances may not be well understood. While not aiming to reproduce full HMRC tax guidance, Webb Advisory availed of local accountancy practice Ross Boyd Limited to compile a selection of significant tax allowances and incentives. The scale of available tax incentives is demonstrated in figure 2.4 below. The detail on key tax initiatives is presented in Appendix 1 and are for guidance only. Professional advice, either from HMRC or a tax advisor should be sought prior to claiming any of the following.

**Figure 2.4: Selected key business supports delivered through the tax system**

Capital Gains Taxes	Business Owner Taxes	Corporation Tax	Investor Reliefs	Employer Tax Allowances
<ul style="list-style-type: none"> <li>* Capital Gains Exemption</li> <li>* Entrepreneurs' Relief</li> <li>* Entrepreneur's Relief investor in unquoted shares</li> <li>* Rollover Relief</li> <li>* Gift Hold-Over Relief</li> <li>* Irrecoverable Loan Relief</li> <li>* Capital Gains Tax Annual Exemption</li> <li>* Financial Services Compensation Scheme</li> <li>* Assets exempt from Capital Gains Tax, unless trading</li> </ul>	<ul style="list-style-type: none"> <li>* Employment Allowance</li> <li>* Personal Allowance</li> <li>* Dividend Allowance</li> <li>* Dividend Income</li> <li>* Small Business Rates Relief</li> <li>* Quarterly or more frequent payments</li> <li>* Micro-enterprise allowance</li> <li>* Trading Losses</li> <li>* Allowable business expenses</li> </ul>	<ul style="list-style-type: none"> <li>* Corporation Tax Losses</li> <li>* SME R&amp;D Relief</li> <li>* SME R&amp;D Tax Credits</li> <li>* Annual Investment Allowance</li> <li>* Longlife assets</li> <li>* Shortlife assets</li> <li>* First-year Allowances</li> <li>* Enhanced Capital Allowances</li> <li>* Extension of First Year Allowance (FYA) on</li> <li>* Main rate capital allowances on cars</li> <li>* Special rate capital allowances on cars</li> <li>* Business Premises Renovation Allowance (BPRA)</li> <li>* Mineral Extraction Allowance (MEA)</li> <li>* Patent Box</li> <li>* Farmers and Market Gardeners Averaging</li> </ul>	<ul style="list-style-type: none"> <li>* Enterprise Investment Scheme</li> <li>* Seed Enterprise Investment Scheme</li> <li>* Venture Capital Trusts</li> </ul>	<ul style="list-style-type: none"> <li>* Apprenticeship levy</li> <li>* Share Incentive Plan (SIP)</li> <li>* Save As You Earn (SAYE) option schemes</li> <li>* Company Share Option Plans (CSOPs)</li> <li>* Enterprise Management Incentive (EMI)</li> <li>* Tax-free benefits for employees</li> </ul>

Source: Ross Boyd Limited and Webb Advisory

## 2.4. Alternative Finance

Alternative finance vehicles are growing in size and complexity. In 2015, the size of the UK online alternative finance market facilitated loans, investments and donations totalling £3.2 billion.<sup>12</sup> Compared to the industry total of £1.74 billion in 2014, this represents a year-on-year growth rate of 83.91%.

For comparison, the Bank of England estimates that £53 billion was lent by national banks to SMEs in 2014<sup>13</sup>, suggesting that the total alternative business lending in 2015 was 3.34% of gross national lending to SMEs.

The percentage of alternative business lending has increased steadily from just 0.3% in 2012, to 0.9% in 2013 and 3.3% in 2014. While figures for Northern Ireland were not available to the authors, the growth in UK alternative finance suggests a growing trend and maturing market for alternative forms of business finance.

<sup>12</sup> <http://www.nesta.org.uk/publications/pushing-boundaries-2015-uk-alternative-finance-industry-report>

<sup>13</sup> Bank of England, Bankstats (Monetary & Financial Statistics) – Latest Tables, [www.bankofengland.co.uk/statistics/Pages/bankstats/current/default.aspx](http://www.bankofengland.co.uk/statistics/Pages/bankstats/current/default.aspx).

Model Name	Definition
Peer-to-Peer Business Lending	Secured and unsecured debt-based transactions between individuals/institutions and businesses with trading history; most of which are SMEs.
Peer-to-Peer Business Lending (Real Estate)	Property-based debt transactions between individuals/ institutions to businesses; most of which are property developers.
Peer-to-Peer Consumer Lending	Debt-based transactions between individuals/institutions to an individual; most are unsecured personal loans.
Invoice Trading	Businesses sell their invoices or receivables to a pool of primarily high net worth individuals or institutional investors.
Equity-based Crowdfunding	Sale of registered securities, by mostly early stage firms, to both retail, sophisticated and institutional investors.
Equity-based Crowdfunding (Real Estate)	Direct investment into a property by individuals, usually through the sale of a registered security in a special purpose vehicle (SPV).
Community Shares	Withdrawable share capital which can only be issued by cooperative societies, community benefit societies and community based charitable organisations.
Reward-based Crowdfunding	Donors have an expectation that fund recipients will provide a tangible but non-financial reward or product in exchange for their contributions.
Pension-led Funding	Mainly allows SME owners/directors to use their accumulated pension funds in order to re-invest in their own businesses. Intellectual properties are often used as collateral.
Donation-based Crowdfunding	Non-investment model in which no legally binding financial obligation is incurred by fund recipients to donors; no financial or material returns are expected by the donor.
Debt-based securities	Individuals purchase debt-based securities (typically a bond or debenture) at a fixed interest rate. Lenders receive full repayment plus interest paid at full maturity.

Source: Nesta

## 3. Effectiveness of Financial Support

### 3.1. Introduction

Based on a desk review that included an assessment of recent business surveys, a broad selection of post programme evaluations and a focussed consultation phase with businesses and representative groups, several key themes have emerged in assessing the effectiveness of financial business support programmes in Northern Ireland. Before assessing effectiveness at a local level, it is worth noting a wider context on whether government led support for business works.

### 3.2. Does government led support for Business work? Evidence from literature

There is strong evidence which shows good impacts and outcomes from government support and other evidence which shows little or no impact.<sup>14</sup> When considering improved access to finance, the impact of government intervention (whether it be direct financial support or improving access) is again mixed, with instances of good success and instances of no impact.<sup>15</sup>

Perhaps a significant indicator of the role of government in supporting business is in how much the businesses utilise it. In the UK, for example, it is estimated that about 40% of businesses have received formal external advice, but only 20% received advice from a public sector provider. Evidence suggests that businesses value that small businesses value the support of the private sector more than government directly.<sup>16</sup> In Auckland, New Zealand, only 7% of businesses in 2015 accessed government support, with over 60% in total utilizing some kind of private sector external advice.<sup>17</sup>

Summarized in the following section are some of the emerging themes from the literature on 'what works' and 'what doesn't' in terms of business support and the role of government in improving financially supporting and improving access to finance for small businesses.

#### Key themes

#### ***Business Support is now an Industry in itself – crowded, unclear and ineffective***

The level of direct Government support for small business in the UK increased more than five-fold between the early 1980s and 2010. While the number of small businesses has also increased, this has been at a much slower rate than the growth of Government support. Business Support in the UK has become a booming business sector in its own right. In 2010 it was estimated there were 3,000 business support schemes are being delivered by over 2,000 public bodies and their contractors at a direct cost of at least £2.5 billion to the exchequer. The situation is compounded by regional and national agencies providing similar

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<sup>14</sup> Evidence Review 2, Business Advice: What Works Centre for Economic Growth (2014)

<sup>15</sup> Evidence Review 4, Access to Finance: What Works Centre for Economic Growth (2014)

<sup>16</sup> Evidence Review 2, Business Advice: What Works Centre for Economic Growth (2014)

<sup>17</sup> Auckland Business Monitor 2015

services, often in competition with each other. The Richard Report concluded that this was a system which was overly complex, ineffective and undirected and being sustained by government.

These issues were acknowledged by the coalition government who made a commitment to reduce the number of government programmes to 100 – but at the time of writing this hasn't been achieved.<sup>18</sup>

### ***Government should be primarily an enabler not a deliverer***

The complexity of the current UK system of small business support is a constant criticism with the Chief Executive of the Small Business Service admitted to the Public Accounts Committee that *“it is an incredibly complex system...an inaccessible business support system for customers that is inefficient and ineffective for Government”*.

The frequent conclusion appears to be that the low take-up of Government-supplied business support services is due to low levels of awareness compounded by the confusion engendered by the number of organisations providing such a large variety of programmes.

Most business advice and support services are offered by private sector experts, business organisations or conventional sources of expertise such as reference libraries or universities, and Government should not seek to replicate or compete with these. Government's role should be to enable and connect - provide the information exchange, not to provide advice directly; and Government should only intervene where reasonable access to advice or support is not practically possible.<sup>19</sup>

In New Zealand, central government has acknowledged the role of government as an enabler and the primary SME government support scheme, the Regional Business Partner Programme, aims to connect businesses with the right private sector training to address their capability requirements. Government does not support SME's directly but provides a channel for businesses to navigate the complex private sector market, and where required reduce the cost of this support via a voucher to a maximum of NZ\$5,000 (GBP 2,300).

### **Finance – Supply, access and access are key to long term success**

Ensuring that SMEs have adequate access to finance is a pre-requisite for growing successful indigenous companies. A number of regions have implemented initiatives aimed at growing the size of the private and venture capital market and ensuring firms can access private funding. Singapore is well ranked internationally in terms of providing credit to companies, and in recent private financial institutions have been placing a greater emphasis on meeting the finance needs of SMEs.

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<sup>18</sup> Small Business and Government: The Richard Report (2014)

<sup>19</sup> Small Business and Government: The Richard Report (2014)

Despite having relatively limited capital markets, New Zealand recently ranked second in an international study for providing credit to companies. The New Zealand government generally avoids large scale subsidies to enterprises and typically seeks to leverage funds from the private sector and support the growth of the local venture capital market. Estonia faces similar challenges with a lack of large companies and a limited venture capital market. It has introduced a range of funds and initiatives, based on best practice from elsewhere, which aim to stimulate the local venture capital market and secure private sector finance for SMEs.

In an economic growth context, more important than the level of venture funding are the enterprise stages, target sectors, and the quality of distribution mechanisms. More than three-quarters of total venture capital investment in the United States and Canada finances the early stages and expansion of firms, as compared to less than half in Europe. About 80% of US venture capital is invested in high-technology sectors. This is in contrast to Europe and Japan, where start-ups typically depend on debt financing. A well-functioning venture capital market is not only about financing, it is also about high-quality management of the information and agency problems that arise when innovators, entrepreneurs and financiers try to understand each other and co-operate in the launching of risky ventures. Fostering an adequate flow of financing for small firms is a crucial step in enhancing entrepreneurship and creating a vibrant economy.<sup>20</sup>

Finally, improving capability to ensure effective business and financial management is a key trait of successful business support mechanisms. This improves the 'quality' of the business, increasing its chances of growth and success and de-risking the investment for banks or venture capitalists. New Zealand's focus on improving business capability is part of a wider process to put in place all the components to support business and economic growth. As identified above this has been delivered in parallel with bolstering the private and venture capital space, in essence creating demand, from a new generation of capable businesses, and supply, from private investors.

### **3.3. The effectiveness of NI financial Support**

The Webb Advisory team were able to access 9 programme evaluations of financial support programmes. These covered:

- Invest NI's Trade Solutions programme
- Evaluation of the Skills growth and Business Improvement Training programme
- The energy efficiency programme
- The co-investment fund evaluation
- E-business services evaluation
- The Design Service Evaluation
- Innovation vouchers evaluation
- The Technical Advisory Scheme
- Invest NI's Capability Development Solutions suite of programmes

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<sup>20</sup> OECD Policy Brief: Small and Medium-sized Enterprises: Local Strength, Global Reach (2000)

The desk review was supplemented assessment with in excess of 25 conversations with a selection of companies and employer bodies from across Northern Ireland. It is not the purpose of this research to re-present the findings of programme evaluations but of the evaluations considered (which over c.4 years accounted for close to £55m), the following themes emerged.

Theme	Findings
<b>Trade Solutions</b>	<ul style="list-style-type: none"> <li>• The majority of respondents across each of the interventions considered them to be good value for money.</li> <li>• There was a high degree of satisfaction from the beneficiaries with regard to each intervention's performance improving impact.</li> <li>• There was some confusion over the range and remit of services offered.</li> </ul>
<b>Skills Growth &amp; Business Improvement Training</b>	<ul style="list-style-type: none"> <li>• Survey feedback highlighted that those companies that were allocated monies indicated multiple impacts, including:               <ul style="list-style-type: none"> <li>• more motivated staff (83.6%)</li> <li>• improved processes (79.2%)</li> <li>• improved customer service (69.3%)</li> <li>• more flexible workforce (68.1%)</li> <li>• reduced costs (56.8%)</li> <li>• increased profit margins (44.4%)</li> <li>• development of new products (37%).</li> </ul> </li> <li>• There was some indication that that the claim form and process should be streamlined and simplified.</li> <li>• Respondents claimed the timescales are too long and the process too complicated, bureaucratic and time-consuming. Several respondents also highlighted that the claims system has been modified at least twice throughout the agreed term for the development of their project.</li> </ul>
<b>Energy efficiency programmes</b>	<ul style="list-style-type: none"> <li>• The sustainable productivity programme generated, in its first two years, net cost savings of around £58m which is more than double the target for the full three years of the Programme.</li> <li>• That said, there were some (minimal) companies that indicated that they pulled out of the application because of the process taking too long and requiring too much paperwork.</li> </ul>
<b>Co-investment fund</b>	<ul style="list-style-type: none"> <li>• Companies and investors feel the Fund is a vital source of funding given the immaturity of the equity finance and Venture Capital markets in Northern Ireland</li> </ul>
<b>e-Business Service</b>	<ul style="list-style-type: none"> <li>• Businesses are, in main, highly satisfied with the support that was delivered through the e-Business Service in terms of its structure, the quality of advice provided, the duration of support, as well as the levels of financial assistance that are currently available through the MIS Grant element of the Service</li> </ul>
<b>Design Service</b>	<ul style="list-style-type: none"> <li>• 40% reported an increase in export sales, totalling £2.909m, grossed up to £8.937m</li> </ul>

Theme	Findings
<b>Innovation Vouchers</b>	<ul style="list-style-type: none"> <li>• two thirds of respondents to evaluation affirmed an improved technical capability and introduction of new products</li> <li>• less than 10% of participants received no benefit</li> </ul>
<b>Technical Advisory Service</b>	<ul style="list-style-type: none"> <li>• All respondents ‘strongly agreed’ (37%) or ‘agreed’ (63%) that the TDI Scheme was an appropriate solution to address their business needs at that time</li> <li>• the vast majority of the respondents (88%+) were satisfied with the TDI application process</li> </ul>
<b>Capability Development Solutions</b>	<ul style="list-style-type: none"> <li>• The vast majority of companies (80%) were satisfied with the support that was provided.</li> </ul>

While the evaluations report a resounding success across each theme considered, the issue of long winded, bureaucratic application processes was a commonly raised criticism during the consultations with phrases such as ‘painful’ ‘time consuming’ ‘torturous’ etc. being deployed. While accepting that public money has to be properly managed, a vocal minority of consultees noted a significant burden attached to applying for support.

#### Is Support Sufficient?

*“Yes. The landscape is almost saturated with support and sometimes difficult to navigate between all providers. It would be worthwhile to streamline and simplify programmes.”*

#### Is Support Sufficient?

*“No. Focus on international rather than local businesses. See INI as a hinderance and not assisting small businesses.”*

#### Is Support Sufficient?

*“No. If government is serious about creating entrepreneurs, the transition from salaried employment, or even unemployment should be made as seamless as possible”*

### 3.4. Alignment with needs and awareness of support

The post programme evaluations that have been reviewed point towards significant success in delivering on their objectives but the nature of evaluations is such that are bound to consider the relatively narrow specifics of the programme under review rather than the wider question of alignment with business needs and how aware businesses are of the supports available.

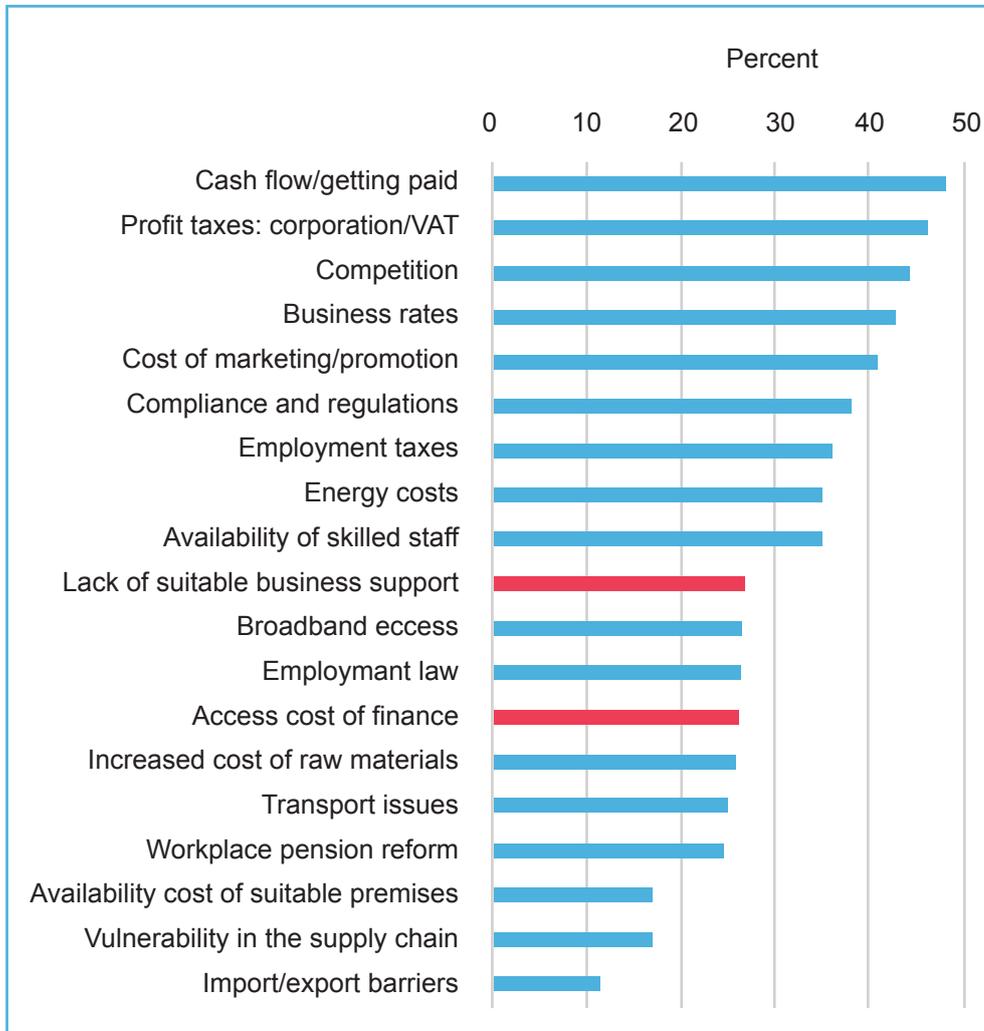
#### Is Support well aligned with needs?

*“There is a gap in support for businesses who are in between start up and growth phase”*  
*“there is an unfair focus on exporting and not on supporting strong local traders”*

The needs of businesses and awareness of supports have been assessed through a recent comprehensive study undertaken by Ulster University on behalf of the Federation of Small Businesses Northern Ireland. Across 200 businesses, the study queried the barriers and obstacles impacting on growth and what role government could play in addressing these barriers.

The main barriers or obstacles identified by SMEs as impacting on business success are presented in figure 3.1.

**Figure 3.1: Barriers to business success**



Source: FSB Northern Ireland

Perhaps unsurprising, issues that have a direct impact on a firm’s financial performance were cited as being the largest barriers to performance – i.e. almost half of respondents noted that cash flow/getting paid was the biggest obstruction to growth while profit taxes and competition made up the rest of the top three.

**Is Support well aligned with needs?**

*“It is not government’s job to sprinkle success on businesses – if anything they should get out of the way”*

Of particular relevance to this research is that a lack of suitable business support was noted by 27% of respondents as being a significant barrier to their business success. During consultations undertaken over the course of this research, this issue was raised several times, with two clear and conflicting views emerging. One consultee captured one

view best by noting that ‘it is not the government’s job to sprinkle success on businesses – if anything they should get out of the way’. This view was countered in equal measure by

opinions that expressed that while business support programmes are generally well aligned with needs and economic growth ambitions (with some exceptions, referenced below), awareness of programmes could be significantly improved. Several consultees noted that there is far too much support but that small business does not know where to look for it. Indeed, the FSB/Ulster University survey referenced earlier found that one in ten survey respondents did not know where to seek support. Perhaps, as one consultee noted this is due to ‘business owners are focussed on the task of surviving/growing their business and do not have the time to hunt out 10 different providers of the same course to decide which one works for them. Scale it back but let businesses know where it is and how to access it.’

**Is Support well aligned with needs?**

*“The landscape is almost saturated with support and sometimes difficult to navigate between all providers. It would be worthwhile to streamline and simplify programmes.”*

**3.4.1. What does business want support with?**

**Where is support required?**

*“There is a lack of soft support in ‘basic’ business operations such as book keeping or recruitment/employment rules”*

When considering any gaps in provision, there was a broad consensus from consultees that many of the needs are met and a consensus that topics such as R&D and export have been a focus of business support. A contrasting view offered from FSB was that there is a gap in provision in the start-up capital stage and at the growth/scale up stage.

In addition to the consultations, two recent local surveys support an assessment of what business require support with. Belfast City Council undertook a survey of over 500 businesses in 2013 and asked in which areas they would welcome business support. Sales development ranked highest, with 44% of respondents citing this area. Strategy development and selling to the public sector made up the top three. The FSB/Ulster University business survey asked a similar question, seeking the three things that would help respondent’s business to grow. Access to and cost of finance was the most popular response followed by help with marketing and online activity and a reduction in business rates in equal place.

**Where is support required?**

*“Starting a business is daunting, made more so by the fact that cash flow is uncertain – I was fortunate to be able to save money before starting my business. easing the ‘leap’ from salaried employment or benefits to starting a business would be welcome”*

## 4. International Experience

### 4.1. Introduction

To further examine best practice models, a number of case studies of the Business Support Model's in other countries and regions have been undertaken. The countries/regions are:

- New Zealand – OECD country which has a comparable economy to Northern Ireland, and similar isolation and challenges of scale;
- Philippines – emerging Asian country which has been recognised internationally for its development of an inclusive business support ecosystem; and
- Estonia – emerging eastern European economy, of similar population to Northern Ireland which has put in place significant support infrastructure since its move away from communism in 1991.
- Ireland – neighbouring jurisdiction where a national policy statement on Entrepreneurship has been published for the first time (in 2014).

Both New Zealand and Estonia have also been identified previously by the Department of Enterprise Trade and Investment (DETI) as countries which have put in place innovative and efficient business support solutions which could be replicated by Northern Ireland.

Key review findings are detailed below.

### 4.2. New Zealand<sup>21</sup>

As detailed above, in 2009 the New Zealand government reviewed its programmes of SME support and identified two priority areas of focus for direct intervention - Capability Building and targeted R&D Grant support. In parallel the government put in place a scheme, the NZ Venture Investment Fund (NZVIF) which aimed to increase the supply of capital for SMEs and start-up companies. This policy move acknowledged the huge private sector market supporting businesses and moved to a programme which aimed to connect businesses to the private sector providers, and positioned government as a connector and enabler not a deliverer. In doing this the NZ government removed the last of its grant schemes, replacing it with an incentivized and match funded capability scheme which aims to improve business capability and quality – ensuring increased demand for the growing private capital market.

Where remaining subsidies exist these are aligned to key policy drivers. The primary SME focused funding is R&D grant funding, a programme which provides match funding for business initiated R&D projects, in key sectors, which meet assessment criteria. This funding programme was established as a direct acknowledgement of underinvestment in R&D in New Zealand, which was identified by an OECD economic review in 2010.

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<sup>21</sup> Ministry of Economic Development New Zealand: Evaluation of the Enterprise Development Grants – Market Development Scheme (2009) and local knowledge

The impact of these changes on the SME performance are yet to be fully evaluated but the clarity of governments role and enabling of the private sector, combined with increased private sector capital has supported the development of the start-up space in New Zealand and continued to fuel an entrepreneurial and supportive environment. New Zealand remains one of the easiest places in the world to start a business and is ranked by the Financial Times as the 2nd most supportive business environment in the world in 2015.

### 4.3. Philippines<sup>22</sup>

Coming from a relatively low baseline, the Philippines is a good example of a nation's capacity to support businesses through a policy focus on ecosystem development, a model that could well be replicated in many countries, specifically low income countries. At the heart of the Philippines model is the *Ecosystem Diamond* (Figure 4.1), a four pillared model which support the development of an inclusive business ecosystem

**Figure 4.1 – Ecosystem Diamond**



Detailed below is some further detail on each of the four pillars:

- **Providing information:** Provision of the necessary tools, knowledge, technology, advice and training required to support businesses development. This includes supporting market research on opportunities within the country in specific sectors. Market research both entices potential investment and sets the stage for further interest by companies and entrepreneurs. The Philippines' largest corporate membership-based organization, Philippine Business for Social Progress (PBSP), has taken a lead role in collaborating with key stakeholders like USAID and the Business Call to Action initiative to commission sector-specific studies. These have included research into agriculture in conflict-affected Mindanao, socialized housing and health care to understand the market dynamics at the base of the economic pyramid.

<sup>22</sup> <http://nextbillion.net/four-ways-to-build-an-ecosystem-to-support-business-in-low-income-markets/>

- **Incentive Creation:** To support companies with potential, pioneering governments like the Philippines have been active in developing supportive policies and encouraging companies to adopt inclusive business models. In fact, PBSP has been instrumental in facilitating dialogue between public and private partners including hosting conferences and workshops, providing technical assistance and sharing knowledge. This has assisted in building a support ecosystem and demonstrate governments' support of companies by fostering enabling policies.
- **Investment:** The Philippines government acknowledge that in successful ecosystems, financial or investment guarantees are often required to help businesses to see the value of entering low-income or high risk markets. If companies are going to succeed in these new markets, they must have greater access to financing. Actions undertaken by PBSP have been enabling and addressing market failures. They held a series of financing forums to discuss how private commercial and government banks can support inclusive business efforts in the Philippines – with a key output of highlighting the areas of opportunity and connecting investors with opportunities. A second initiative was to work directly with the Asian Development Bank to stimulate capital opportunities for inclusive businesses. There has been no appetite by the Philippines government (outside of government run banks) to directly fund business.
- **Implementation support:** The Philippines has been creative in supporting businesses and helping them to improve capability and knowledge. The Government has worked with PBSP and their member companies to support the private sector in areas like logistics, transactions, marketing and communication. It also involves micro-business support services that help inclusive businesses to grow in challenging environments. Further support for inclusive business can take the form of technical support, small-business incubators, facilitating shared platforms, disseminating best practices, devising industry standards and investing in much-needed infrastructure.

#### 4.4. Estonia<sup>23</sup>

Similar to Northern Ireland, Estonia faces similar challenges with a lack of large companies and a limited venture capital market. It has introduced a range of funds and initiatives, based on best practice from elsewhere, which aim to stimulate the local venture capital market and secure private sector finance for SMEs.

Enterprise Estonia (EE) was established in 2000. It replaced a number of smaller organisations previously providing business support, albeit in a rather fragmented way. The Estonian government, with encouragement from the EU, wished to adopt a clearer, more focused approach to increase the competitiveness of Estonian business. The services provided to these clients include small grants for specific pre-identified development needs including high tech starts-up, consultancy advice and export planning. Alongside these specific programmes of support, EE helps small firms to participate in EU-wide support measures such as the 6th Framework, Relay Centres and Eureka.

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<sup>23</sup> OECD: Enterprise Estonia: Joining efforts in supporting business development (2009)

The EE model is viewed as a success – the provision of simple, straightforward and state led business support ecosystem. A key to its success is its strong integration with central and local government, and with other private sector and NGO agencies such as demonstrating an effective policy network. While it continues the use of grant funding, this is targeted at key policy areas and areas of identified need and is delivered in parallel with a policy push to increase the availability of private sector capital in Estonia.

#### 4.5. Ireland

Central Bank of Ireland research shows that startup companies in the first five years of existence account for two thirds of all new jobs created in Ireland. Recognising the importance of entrepreneurs, the Irish Government has developed a policy document which aims to:

- Build the pipeline – increase the number of entrepreneurs
- Build entrepreneurial capacity – develop skills among the general population and nurture entrepreneurial talent and thinking
- Build the right conditions – ensure survival and growth of new businesses.

The policy statement identifies 6 strands to the ‘ecosystem for entrepreneurship’ as:

Culture, human capital and education

- Business environment and supports
- Innovation
- Access to finance
- Entrepreneurial networks and mentoring
- Access to markets

Within the business environment and supports strand, Ireland is using company law, tax, regulation and licensing rules to create a business environment where it is easy to start and grow a business. Two examples stand out as worthy of consideration in an NI context. These are:

- **Startup Company Relief:** Startup Company Relief provides relief from corporation tax for new startup companies for the first three years of trading in respect of profits from a new trade and chargeable gains on the disposal of assets used in the trade. Such relief applies if the total corporation tax payable for an accounting period does not exceed €40,000. Marginal relief is available if the total corporation tax payable is between €40,000 and €60,000. The value of the relief in each of the three years is capped at the amount of employers’ PRSI paid by a company.
- **Start Your Own Business:** The Start Your Own Business (SYOB) scheme provides relief from income tax for people who were long-term unemployed (unemployed for 12 months or more and in receipt of social welfare support/training) immediately before starting a business. The scheme provides an exemption from income tax up to a maximum of €40,000 per annum for a period of two years for qualifying individuals. This relief applies to income tax and does not extend to Universal Social Charge or Pay Related Social Insurance. The relief is available in respect of unincorporated businesses set up between 25th October 2013 and 31st December 2016.

## 5. Conclusions and Recommendations

### **Provision of the right business support is vital for growth...**

There will be an ever present need for people who wish to start, grow or maintain their business to need external advice and support to assist them. In the OECD region there is a whole industry and suite of government policy devoted to providing support for businesses. There is strong evidence that business support can deliver significant impacts, and regions and countries which have traditionally invested in business support, have generally seen improved business performance.

### **Government has an important role to play...**

Increasingly, in supporting SMEs, Government's role is not to deliver but to enable, provide information, improve ease of access to non-government support and address market failures. There is clear evidence of direct Government support in the UK of being too complex, crowded and adding little value. Internationally where government has better defined its role and become the link between businesses and private sector support, this has removed the complexity and is showing signs of increased benefit for businesses and the economy.

### **Financial support must be aligned with policy aims and identified weaknesses...**

Finance remains a key barrier to business success and growth and barriers to accessing finance still exist for many SME's. However, today the role of Government to provide blanket grant support is no longer fit for purpose. Best practice has identified that where direct Government funding works is when aligned to key policy areas e.g. R&D, export development and in target industries. In Northern Ireland there is evidence of this targeted support across a range of Invest NI programmes, but this is primarily in addition to other less target initiatives, not in place of.

### **Integrated solutions are more valuable than money...**

Financial support as a standalone intervention does not add significant value to individual businesses or the wider economy. Financial support is but one component of a broader interlinked business support ecosystem which is required to support individual SME's and broader economic growth. Where financial support is administered in the absence of other support or without clear rationale, there is a risk it is only prolonging the survival of a struggling business and may impact negatively on the business and the economy over the longer term. Perhaps a key indicator of the need for an integrated approach is the lack of coverage in the literature about solely financial support. The majority of the documents reviewed referenced the combination of business support interventions, rather than any one specific support initiative.

### **Capability and access is key...**

The growth of private equity markets and increased focus from debt finance providers on SMEs has led to more competitive financial market in the UK. Northern Ireland has a unique position in that while it is part of the UK it is geographically, economically and politically removed from the bulk of this activity which is centred on England. However, there is evidence of Northern Ireland companies sourcing capital from outside, suggesting a demand for capital and a need to ensure that Northern Ireland businesses have the capability and skills to access this capital through 'pitching' skills.

### **Is it time to overhaul our business start support...**

Over the course of this research, the 'leap' to self-employment was flagged up as a serious impediment. People moving from employment to self-employment are often do not have sufficient savings to see them through the initial trading period or being able to make the initial investment required to establish. Likewise, people receiving benefits would lose benefit entitlement once they start a business. There are policy responses to this issue that are worth considering as a means to overcoming this hurdle and contributing to Northern Ireland's policy ambition to be a more entrepreneurial economy.

In Ireland, the Startup Refunds for Entrepreneurs (SURE) is a tax relief incentive where new business owner operators can apply for an income tax refund on up to €100,000 of income in the previous 6 years to the value of the investment made in establishing their business.

In addition, Startup Company Relief provides relief from corporation tax for new startup companies for the first three years of trading in respect of profits from a new trade and chargeable gains on the disposal of assets used in the trade. As with all taxes, there are eligibility criteria and exemptions but if Northern Ireland's policy aim is to create a more entrepreneurial, private sector led economy, we recommend exploring how the potential impact of introducing a similar policy in Northern Ireland. Might this be as effective, or more effective, than reducing the headline rate of corporation tax to 12.5%?

Secondly, the West Belfast works programme that is currently being funded through the social investment fund aims to deliver 300 salaried work placements in West Belfast and Shankill. Self-employment has been included in the programme meaning that c-20 people are able to progress to self-employment while receiving a guaranteed wage through the west Belfast works programme. Early indications are that the self-employment element of the programme is proving to be a success, enabling people who wouldn't have been able to make the transition into self-employment to do so. It is important to track the results of a full post project evaluation but it may be worth considering how to expand this programme to a wider audience.

## Appendix 1: Financial Business Supports

### Overview of Invest NI programmes with financial support element

Programme/ Intervention Name	Sub- programme	Summary Description	Support
Trade Solutions	Market Visits, Exhibitions and Sectoral/Multi- Sectoral Missions	The programme is designed to help eligible companies explore and develop overseas markets.	A range of support is available in the form of advice, general market information and financial assistance towards in-market research, exhibition participation and travel and accommodation. max. 40% contribution up to £1,500
	SOLEX	The Sorex scheme provides financial assistance toward eligible expenditure for NI businesses (SMEs only) to take exhibition space at events outside NI not included in Invest NI's Overseas Trade Programme.	
	Export Market Visits	The service offers financial assistance for travel & accommodation for market visits	Travel and accommodation support for up to 3 return visits, per company, per country in any rolling twelve-month period.
	In market support - Trade Advisory Service (TAS) and Overseas Marketing Introduction Service (OMIS)	Bespoke projects to facilitate companies investigate and develop export markets	Access to in-market consultants free of charge
	Translation / interpreting consultancy services	Financial assistance towards translation, interpreting, legal costs associated with accessing a new or challenging export market.	Eligible for Invest NI customers at a rate of 50% (excl. VAT) max. £5,000 in any rolling 12-month period.
Skills Growth Programme		The support aims to improve company competitiveness through raising the skills levels of managers and workforce.	Up to £1.6m financial support for training and development activities.
Skills Advancement Programme		Skills Advancement Grant provides for staff training for Invest NI customers involved in manufacturing or internationally tradable services.	Up to £10k

Programme/ Intervention Name	Sub- programme	Summary Description	Support
Capability Development Solutions	Interim Manager	This programme provides funding towards the costs of working with an experienced manager on a short-term contract to tackle a specific business issue or problem. This solution may be appropriate for projects such as implementing a strategy, or business/marketing plan, introducing a new product or service, or achieving specific goals or objectives that improve the export capability and competitiveness of the company	Up to £15k
	SME Mentoring	This programme provides funding towards the costs of working with a Mentor to provide companies with appropriate advice and guidance, personal challenge, and development at a strategic level. Focus should typically be on strategic direction, executive and management performance, communications and corporate governance including succession matters in family owned businesses.	Case dependent
	Consultancy	Provides funding towards the costs of working with a Consultant to help companies develop a business or marketing strategy or identify and set goals and objectives. Consultants will not have day to day managerial roles but may be responsible for delivering a specific project. Support will be provided with the objective of achieving specific tangible / intangible results which will be stated at the outset and monitored regularly throughout.	

Programme/ Intervention Name	Sub- programme	Summary Description	Support
	Non-Executive Director	This programme provides funding towards the costs of working with an experienced Non-Executive Director over a maximum period of two years. The Non-Executive Director will not have managerial or executive responsibilities for day to day business operations. Support should focus on capability development at board level, typically strategic direction, monitoring executive performance, communication and corporate governance including succession issues in family owned businesses	Case dependent
Seed Accelerator Programme		Investment and mentoring support to help high potential start-ups to grow quickly during a short, defined period of time.	Case dependent
Social Entrepreneurship Programme		Social Entrepreneurship programme is aimed at developing new social enterprise start-ups. Prog has 2 strands:- (1) Lead in capability - basic advice on areas such as developing a business idea, product development, legal structure and marketing; (2) Core capability support with mentoring support to produce a business plan and aftercare for the 1st year of trading	Case dependent Start-up grant for those that are export orientated with potential to achieve 25% export sales by year 3 of trading.
Selective Financial Assistance		SFA support NI investment and job creation projects that involve setting up new businesses, expanding existing businesses and attracting inward investment.	Case dependent
Growth Accelerator Programme (GAP)		The Growth Accelerator Programme provides grant assistance to support marketing activities outside NI, to recruit management skills currently lacking in a business and to avail of specialist consultancy services.	Case dependent

Programme/ Intervention Name	Sub- programme	Summary Description	Support
Grant for R&D	Research and Development Grant	Grant for R&D offers companies grant to develop technically innovative products or industrial processes. Typical project duration: 2-3yrs; Typical project costs: £50k - £100k;	Typical grant: SMEs 40 - 50% of project cost Large companies 20 - 30% of project cost.
	Collaborative Grant for R&D	Collaborative R&D supports business to business collaborations and business/academia collaborations working together on innovative projects. Typical Project Duration 3-5 years; Typical Project Costs £400k - £5m;	Typical Grant Rates 40% - 60% of project costs.
	Collaborative R&D Support	Collaborative R&D funding programmes including the Framework Programme for European Research and Technological Development (Horizon 2020) / Technology Strategy Board - Collaborative R&D and SBRI / Eurostars / INNOVA / etc.	Case dependent
	R&D Grant Project Definition Support	Project definition support is provided to help applicants plan and clearly define an R&D project. It aims to provide assistance to facilitate those clients that require a detailed planning exercise prior to embarking on an R&D project. This can include: defining the market opportunity; defining the technical objectives and risks; defining the costs of the R&D and understanding the financial implications; determining the potential benefits.	
Sustainable Development Support Programme	Energy Efficiency Loan Scheme	Help purchase energy-saving equipment.	Businesses can borrow between £3,000 and £400,000 interest-free
	Resource Efficiency Capital Grant	Grants to support the purchase and installation of equipment aimed at reducing water/resource costs (excluding energy).	40% of projects values (capped at £40k)

Programme/ Intervention Name	Sub- programme	Summary Description	Support
Sustainable Development Support Programme	Resource Efficiency Advice and Technical Consultancy Service	Impartial advice and information delivered by Technical Advisors and supplemented through a framework of specialist consultants that will help the wider business community achieve operational cost savings in energy, water, waste and raw materials, and which will increase turnover in sustainable energy supply chains.	Access up to 5 days of free technical consultancy to help identify and prioritise projects to reduce the cost of water, energy, waste or raw materials and take forward projects that will realise cost savings in a timely and cost effective way.
Technical Advisory Support	Technical Development incentive (TDI)	The TDI grant is primarily used as a follow-on to the above interventions, and gives 50% support towards, product & process problem resolution, product approval/CE marking/global technical compliance, process & quality management schemes, Intellectual Property exploitation and improved product design & performance. Caseworks and Offers are all processed within the TAU. The grant is available to Invest NI client SMEs and the programme is ISO 9001 certified	Typically, £3,000
	Innovation Vouchers	SMEs may apply for a voucher to access expertise for an innovation project from a public sector Knowledge Provider (Universities, Colleges, Institutes of Technology throughout NI and the ROI). The programme is ISO 9001 certified	Up to £5000

Programme/ Intervention Name	Sub- programme	Summary Description	Support
e-Business Service	MIS Grant	The eBusiness service comprises the e-Solutions Centre, events, ICT Advisory Services and an MIS Grant. The Service encourages SMEs to adopt and apply new technology. Its team of eBusiness advisors offers SMEs advice and guidance on the benefits of ICT and how best to implement these within their businesses. The MIS Grant is a discretionary financial support to part fund the implementation of software based Management Information Services (MIS) within export focused SMEs in NI. The support can cover the outright purchase of software and its implementation/training provided by an independent IT supplier.	C. £10k
Co-Investment Fund		The Co-Investment Fund is a £28m fund for SMEs based in Northern Ireland. The fund co-invests alongside business angels and other private investors. The Fund is managed on behalf of Invest NI by Clarendon Fund Managers.	The fund can provide investment deals typically valued between £150k and £1m at a ratio of up to 45%.
Development Fund - Kernel Capital		There are two Development Funds worth £30m each that provide equity finance. The 2 funds are Bank of Ireland Kernel Capital and Crescent Capital III.	Deal size range of £450k - £2m
Development Fund - Crescent Capital		There are two Development Funds worth £30m each that provide equity finance for development in the deal size range of £450k - £2m. The 2 funds are Bank of Ireland Kernel Capital and Crescent Capital III.	Deal size range of £450k - £2m
Growth Loan Fund		The Growth Loan Fund is a £50m fund established to provide loans to established SME companies seeking access to growth finance. The Fund is managed by Whiterock Capital Partners.	Case dependent

Programme/ Intervention Name	Sub- programme	Summary Description	Support
Small Business Loan Fund		The NI Small Business Loan Fund is a £5m revolving loan fund which provides unsecured loans to individuals, private companies and social enterprises in the start-up and growth phases of development. The Fund is managed by Ulster Community Investment PLC	Case dependent
TechStart NI	Equity Fund (SME Fund)	The £13 million SME Equity Fund invests in start-up and early-stage businesses based in Northern Ireland.	Funding rounds will be typically in the range £50k to £250k
	University Funds	These are two £1.5 million venture capital funds for each university to allow them to invest in post Proof of Concept, pre-commercialisation spin-out companies.	Case dependent
	POC Fund	£7.6m Proof of Concept Grant Fund to help commercialise technology innovation.	Providing grants of up to £40k
Crescent Capital II	n/a	£22.5m development stage equity fund with	Deal size £500k to £1.5m
Property	Property Assistance	Financial assistance towards the development of new business premises by companies in support of their business development projects.	Case dependent
	Grade A Office accommodation Mezzanine Funding Loan/Equity Scheme	Mezzanine loans/equity provided to private sector developers for the development of new Grade A office accommodation - funded through Financial Transactions Capital	Case dependent

Programme/ Intervention Name	Sub- programme	Summary Description	Support
NI Screen - Opening Doors Strategy		<p>The Northern Ireland Screen Commission (NI Screen) was established in February 1997 to accelerate the development and sustainability of the Film and Television Industry in Northern Ireland. Invest NI has a current letter of offer with NI Screen for a funding package of up to £42.8m to support the implementation of their current four-year strategy "Opening Doors" (2014-2018). Applications can be for submitted for either development or production funding through the "Screen Fund" and is open to individuals and companies. All projects must pass the UK and NI Cultural Test. Within the strategy there are 6 key genres for support - Large scale (productions &gt;\$30m budget); Animation; TV Drama; Factual/Entertainment; Independent film; Gaming/Digital Content.</p>	Case dependent
Music Business Support Programme (MBSP)		<p>MBSP is jointly funded by DCAL with the aim of increasing the economic contribution of the music industry in Northern Ireland by providing advice on talent development, access to finance and internationalisation.</p>	Case dependent
Craft NI		<p>Craft NI, is the sector development body. Invest NI funds Craft NI's "Making it" programme which is a 2-year business start programme. The programme places studio based craft businesses with host organisations throughout Northern Ireland.</p>	Case dependent

## Overview of non-Invest NI programmes with financial support element

Provider	Programme/ Intervention Name	Summary Description	Support
The Prince's Trust	Explore Enterprise Programme	Business Start grants and loans	<p>Low interest start-up loans offered through the Start Up Loans Company</p> <p>Small start-up business grants in special circumstances (up to £1,500)</p> <p>Average loan awarded: £2,500</p> <p>Average grant awarded: £500</p> <p>Royal Bank of Scotland &amp; NatWest provide loans (agreement for individuals to repay £20 per month for first six months)</p>
	Development Awards Programme	<p>Funding for:</p> <ul style="list-style-type: none"> <li>• Tools or equipment for a job or qualification e.g. hairdressing kit, carpentry tools, chef whites</li> <li>• Course fees</li> <li>• Interview clothes</li> <li>• License fees e.g. CSCS card (construction) or SIA license (security)</li> <li>• Childcare costs to help single parents access short term education</li> <li>• Transport to a new job until first pay cheque</li> </ul>	Funding of up to £500
Enterprise Northern Ireland in partnership with the Community Development Finance Association (CDFA)	ENI Start Up Loans	Business Start Fixed interest loan	<p>Loans of up to £25,000 repayable between 1 and 5 years;</p> <p>Interest rates are fixed at 6% (6.2% APR);</p> <p>No arrangement fees or early settlement penalties</p>
Enterprise Northern Ireland in partnership with Ulster Community Investment Trust (UCIT)	Northern Ireland Small Business Loan Fund (NISBLF)		<p>Maximum loan amount of £15k to start-up enterprises, with potential for follow-on lending up to a maximum of £50k.</p> <p>Existing businesses can apply for loans of up to £50k.</p> <p>Mentoring support will be offered where loans of less than £15,000 are availed of.</p>

Provider	Programme/ Intervention Name	Summary Description	Support
Intertrade-Ireland	Acumen	Salesperson Employ a salesperson either full time or part time to develop a significant cross border opportunity.	InterTradeIreland will fund 50% of their cost to a maximum of £15,000/€18,750 for a full time position or £8,000/€10,000 for a part time position.
		Marketing Research For organisations not ready to consider specific recruitment, Acumen can provide the organisation with specialist consultancy support of up to research cross-border opportunities and implement a cross-border strategy.	£4,000/€5,000
	Elevate	Providing consultancy expertise to develop a winning sales plan for cross-border exporting and success.	Up to £5,000/€6,000 worth consultancy expertise
	Trade Accelerator Voucher	financial support towards professional advice in areas such as finance, regulation, employment law, currency, sales & marketing and tendering.	Up to £1,000/€1,200 plus VAT
Construction Industry Training Board	Grants	CITB NI offers direct grants to our registered employers for support in a wide range of training and qualifications for their employees working in Northern Ireland.	Up to £1,500 depending on level of training

## Tax Incentives

### Capital Gains Taxes

Tax	Description
Capital Gains Tax Annual Exemption	The annual exemption is £11,100 in 2016/17. If your gains do not exceed this amount, you effectively have extra tax-free income.
Entrepreneurs' Relief	<p>If you sell your business you may be entitled to a reduced capital gains tax of:</p> <ul style="list-style-type: none"> <li>- 18% for disposals made on or before 22 June 2010; or</li> <li>- 10% for disposals made on or after 23 June 2010.</li> </ul> <p>The relief is available to individuals, rather than companies. There is a lifetime limit of £10 million which can be claimed and claims can be made on more than one occasion to utilise the lifetime limit.</p>
Entrepreneur's Relief - investor in unquoted shares	<p>Newly issued shares in unquoted trading companies that are issued on or after 17 March 2016, if held for 3 years before disposal will have a limited CGT on disposal of 10%</p> <ul style="list-style-type: none"> <li>Newly issued shares from unquoted company</li> <li>Shares issued from 17 March 2016</li> <li>Shares held for at least 3 years before disposal</li> </ul>
Rollover Relief	<p>This relief means if you sell or dispose of some business assets and use all or part of the proceeds to buy new assets, then you won't pay any capital gains tax until you sell the new asset. You can also claim this relief if you use the proceeds to improve assets you already own, or you can claim provisional relief if you are planning on buying new assets with the proceeds but haven't done so yet.</p> <p>You must buy the new assets within three years of disposing of the old assets, or up to one year before</p> <p>Your business must be trading when you sell the old assets and buy the new ones</p> <p>You must use the old assets and new assets in your business</p> <p>You can claim relief on land, buildings, fixed plant and machinery</p> <p>There are different rules if you only reinvest part of the proceeds from selling the old asset, the old assets were only partly used in your business, or you use the proceeds to buy 'depreciating assets'</p>
Gift Hold-Over Relief	<p>This relief may be available if you give away business assets (including certain shares) or sell them for less than they're worth to help the buyer. This relief means you do not pay CGT when you give away the assets and the person you give them to pays CGT (if any is due) when they sell or dispose of them. You may need to pay tax if you make a gain on what you paid for it.</p> <p>If you are giving away assets you must be a sole trader, business partner or have at least 5% of shares and voting rights (your personal company), and you must use the assets in your business or personal company (if the assets only partly for your business then you can usually get partial relief).</p> <p>If you are giving away shares, the shares must be in a company that is not listed on any stock exchange or is your personal company.</p>

Tax	Description
Irrecoverable Loan Relief	<p>If a company (or individual) makes a loan to another taxpayer and it becomes irrecoverable, capital loss relief may be available.</p> <p>The loaned funds must be used wholly for the purposes of a trade or to start a trade.</p> <p>A loan includes a director's loan to a close company, however it may be necessary to analyse out a director's loan if part has been used for non-qualifying purposes.</p> <p>There is no trade relief for:</p> <ul style="list-style-type: none"> <li>- Trade debts on which bad debt relief has been claimed for income or corporation tax;</li> <li>- Debts which have been assigned;</li> <li>- Debts which have been brought into account under the corporation tax loan relationship rules; and</li> </ul> <p>Securities that are qualifying corporate bonds or gilts.</p> <p>Tax relief is denied if the loan was irrecoverable when made.</p>
Capital Gains Tax Annual Exemption	<p>If there will be tax to pay, consider transferring assets to a civil partner/spouse. Assets transferred between civil partners/spouses are exempt, and each is entitled to the annual exempt amount.</p>
Financial Services Compensation Scheme	<p>If you make investments through an independent financial adviser and you suffer a loss because of poor advice, poor investment management or the adviser going out of business, this scheme can pay compensation of up to £50,000</p>
Assets exempt from Capital Gains Tax, unless trading	<p>Assets you can sell for without incurring Capital Gains Tax:</p> <ul style="list-style-type: none"> <li>- Private motor vehicles</li> <li>- Your own home (not including a second home)</li> <li>- National Savings Certificates</li> <li>- Foreign Currency</li> <li>- Some gold coins</li> <li>- Decorations for gallantry</li> <li>- Betting winnings (including pools, lotteries and premium bonds)</li> <li>- Compensation or damages for nay wrong or injury suffered</li> <li>- British Government Securities</li> <li>- Life assurance policies and deferred annuities</li> <li>- Chattels (moveable possessions) sold for £6,000 or less</li> <li>- Assets given to a charity or the nation</li> <li>- Enterprise Investment Scheme shares held for three years</li> <li>- Investments held in Individual Savings Accounts</li> <li>- Guns, wine, antiques (providing they are not used in a business)</li> <li>- Debts</li> <li>- Qualifying Corporate Bonds</li> <li>- Child Trust Funds</li> </ul>

## Business Owner Taxes

Tax	Description
Employment Allowance	<p>An employment allowance of £3,000 to reduce an employer's liability for Class 1 secondary NICs</p> <p>Cannot claim if:</p> <ul style="list-style-type: none"> <li>- you're the director and only paid employee in your company</li> <li>- you employ someone for personal, household or domestic work (unless a care or support worker)</li> <li>- you're a public body or business doing more than half your work in the public sector (unless charity)</li> <li>- you're a service</li> </ul>
Personal Allowance	A personal allowance is the amount of income you do not have to pay tax on. The basic personal allowance for 2016/17 is £11,000, but this can vary for different individual circumstances.
Dividend Allowance	Shareholders can receive up to £5,000 in tax free dividends
Dividend Income	<p>The tax rate on dividend income is considerably lower than income tax. Dividend income is added on top of other taxable income.</p> <p>Dividends over £5,000 that:</p> <ul style="list-style-type: none"> <li>- remain within the basic rate band after other income, are charged tax at a rate of 7.5%;</li> <li>- are greater than the basic rate band but remain within the higher rate band after other income, are charged at a rate of 32.5%; and</li> <li>- are greater than higher rate band after other income, are charged at a rate of 38.1%.</li> </ul>
Small Business Rates Relief	100% rate relief will be available on rateable values up to £12,000, with tapered relief available up to £15,000.
Quarterly or more frequent payments	<p>Businesses that are keeping digital records and updating HMRC quarterly will be permitted to opt for quarterly (or more frequent) tax payments if they prefer</p> <p>Commences in 2018</p> <p>Business is keeping digital records and updating HMRC quarterly</p> <p>Will also be available to landlords</p>
Micro-enterprise allowance	<p>Self-employed income or property income of less than £1,000 will be exempt from tax.</p> <p>Income exceeding £1,000 will be permitted to deduct the £1,000 allowance.</p>
Trading Losses	<p>If your business has made a trading loss, these losses can be set against your general taxable income for the year in which they arise or the previous year. The losses can also be carried forward and set against future profits of the same trade.</p> <p>In a new business losses can be carried back and set against general taxable income of the period three years, earliest first.</p> <p>A loss on cessation can be relieved against trading income for the final year or the previous three years, latest first.</p> <p>Losses can also be set against Class 4 NICs liability, or extended to include relief against capital gains.</p>

## Business Owner Taxes (cont'd)

Tax	Description
Allowable business expenses	<p>Allowable business expenses include:</p> <ul style="list-style-type: none"> <li>- Employee costs</li> <li>- Premise costs</li> <li>- Repairs</li> <li>- General Administrative expenses</li> <li>- Motoring expenses</li> <li>- Travel and subsistence</li> <li>- Advertising and promotion</li> <li>- Legal and professional costs</li> <li>- Bad debts</li> <li>- Interest</li> <li>- Other finance charges</li> <li>- Raw materials and stocks</li> <li>- Direct costs</li> </ul>

## Corporation Tax Allowances

Tax	Description
Corporation Tax Losses	<p>Losses incurred on or after 1 April 2017 will be permitted free use of carried forward losses against any type of income.</p> <p>Brought forward losses will be available for group relief. If a company's profits exceed £5 million, it can only offset its losses against 50% of its taxable profits.</p> <p>There is already a restriction on loss offset by banks and this will be reduced to 25% in respect of pre-2015 losses.</p>
SME R&D Relief	<p>Tax relief based on company's R&amp;D expenditure, that can either reduce a company's tax bill. Tax relief on allowable R&amp;D costs of 230%. Costs include employee costs, staff providers, materials, payments to clinical trial volunteers, utilities, software, subcontractor's expenditure and capital expenditure</p> <p>Must be carrying out a project that seeks an advance in science or technology less than 500 employees and either an annual turnover under £100m or a balance sheet under £86m Not a sub-contractor Not part of a larger enterprise Company is a going concern and not in administration or liquidation If your company receives a 'state aid' subsidy or grant</p>

Tax	Description
SME R&D Tax Credits	<p>Tax relief based on company's expenditure that provides a cash sum. If your company makes a loss you can choose to receive R&amp;D tax credits instead of carrying forward/back a loss. It is a cash sum paid to you by HMRC and is calculated at 14.5% of enhanced R&amp;D expenditure (i.e. 230% of allowable R&amp;D costs).</p> <p>Eligibility:            company makes a loss            company has PAYE and NICs liabilities for the same period            company must be carrying out a project that seeks an advance in science or technology            less than 500 employees and either an annual turnover under £100m or a balance sheet under £86m            Not a sub-contractor            Not part of a larger enterprise            Company is a going concern and not in administration or liquidation            If your company receives a 'state aid' subsidy or grant</p>
Annual Investment Allowance	<p>Expenditure of up to £200,000 per annum on plant, machinery, long-life assets and integral features is relieved in full against profits. Any expenditure above this limit is relieved using the normal capital allowance rules. The allowance is based on income tax years, so purchases should be planned accordingly.</p> <p>The allowance amount has changed several times since April 2008, therefore refer to the HMRC help sheet and adjust the amount you can claim to the relevant period accordingly.</p> <p>You cannot claim this allowance on cars, items you owned for another reason before you started using them in your business, or items given to you or your business.</p> <p>This allowance is not available to partnerships where one of the partners is a company or another partnership.</p>
Long-life assets	<p>Assets which are expected to last at least 25 years receive a writing down allowance of 8%. This means assets that exceed the annual limit are entered into a pool, which you can claim 8% writing down relief on.</p>
Short-life assets	<p>This allows a balancing allowance or charge on short-life assets that are disposed of within 4 years. This allowance is only of benefit if the cost of the asset exceeds the annual limit.</p>
First-year Allowances / Enhanced Capital Allowances	<p>A business can claim 100% First-Year Allowances (i.e. you can effectively write off all the capital costs against your trading profit). This allowance can be claimed without using up any of your annual investment allowance limit</p> <p>Qualifying enhanced capital allowances include:</p> <ul style="list-style-type: none"> <li>- cars with low CO2 emissions (less than 95g/km);</li> <li>- energy or water saving equipment (examples include lighting, combined heat and power, solar thermal systems, heat pumps, boilers, warm air heaters, hand driers, refrigeration, motors and drives, pipework insulation, ventilation and air conditioning equipment, automatic monitoring equipment and uninterruptible power supplies).</li> <li>- plant and machinery for gas refuelling stations;</li> <li>- gas, biogas and hydrogen refuelling equipment; and</li> <li>- new zero-emission goods vehicles.</li> </ul> <p>Usually, you cannot claim on items your business buys to lease to other people or for use within a home you let out.</p>

## Corporation Tax Allowances (cont'd)

Tax	Description
Extension of First Year Allowance (FYA) on Cars	<p>Extension of 100% first year allowance on new low emission cars. The FYA allowance was due to expire in April 2018.</p> <p>Before April 2018, new cars must have CO2 emissions of 95g/km or below to avail of 100% FYA on cars</p> <p>From April 2018 to April 2021, cars must have emissions of 50g/km or below to avail of 100% FYA</p> <p>Allowance extended to April 2021</p>
Main rate capital allowances on cars	<p>Qualifies for writing down allowance of 18% per year</p> <p>Before April 2018, cars must have Co2 emissions below 130g/km to avail of main rate capital allowances</p> <p>From April 2018 to April 2021, cars must have Co2 emissions below 110g/km to avail of main rate capital allowances</p>
Special rate capital allowances on cars	<p>Qualifies for writing down allowance of 8% per year</p> <p>Before April 2018, cars that have Co2 emissions above 130g/km</p> <p>From April 2018 to April 2021, cars that have Co2 emissions above 110g/km</p>
Business Premises Renovation Allowance (BPRA)	<p>Gives an allowance of 100% for certain expenditure you incur when converting or renovating unused business premises in a disadvantaged area.</p> <p>derelict properties or business properties that have been unused for at least one year</p> <p>ends on 31 March 2017 for Corporation tax and 5 April 2017 for income tax</p> <p>Qualifying expenditure is expenditure incurred when:</p> <ul style="list-style-type: none"> <li>- converting a qualifying building into qualifying business premises;</li> <li>- renovating a qualifying building that is, or will be, a qualifying business premises; and</li> <li>- repairing a qualifying business premises</li> </ul> <p>Business must me a relevant trade</p> <p>For further details on qualifying expenditure and relevant trade visit the HMRC website</p>
Patent Box	<p>Reduction in corporation tax to 10% for income from patents. Applies to the worldwide income arising from the exploitation of inventions that benefit from certain IP rights.</p> <p>The company must wholly own or exclusively license-in the patents. The IP rights must be 'qualifying rights' and a 'qualifying development' must be carried out in relation to the IP right. Complex calculations of qualifying profits also apply and there is a phasing in period.</p>
Farmers and Market Gardeners Averaging	<p>Farmers and Market Gardeners may average out their profits over 5 tax years if the profits of one year is 70% less than the profits of another year.</p>

## Investor Reliefs

Tax	Description
Enterprise Investment Scheme	<p>This investment scheme offers investors 4 forms of relief:</p> <ul style="list-style-type: none"> <li>- Income tax relief: 30% tax relief can be claimed on investments (up to £1 million in one tax year), provided you have sufficient income tax liability to cover it;</li> <li>- Capital Gains Tax Exemption: Any gain is CGT free if the shares are held for at least three years and the income tax relief was claimed on them. Share can be held for much longer and CGT exemption accrued;</li> <li>- Loss Relief: If shares are disposed of at a loss, the investor can elect that the amount of the loss, less Income Tax relief given, can be set against income of the year in which they were disposed or, on income of the previous year instead of being set of against any capital gains; and</li> <li>- Capital Gains Tax deferral relief: Payment of CGT can be deferred when the gain is invested in shares of an EIS qualifying company. The gain can be made from the disposal of any kind of asset but the Investment must be made one year before or three years after the gain arose.</li> </ul> <p>Reliefs are dependent on whether an investor is connected with the company. If the investor is connected to the company, he/she can enjoy capital gains deferral and in some cases loss relief on disposal of shares disposed at a loss. If the investor is unconnected, he/she can enjoy all of the reliefs.</p>
Seed Enterprise Investment Scheme	<p>This investment scheme offers 2 forms of relief:</p> <ul style="list-style-type: none"> <li>- Income Tax Relief: an investor can receive up to 50% of their investment (up to £1 million in one tax year), provided you have sufficient income tax liability to cover it;</li> <li>- Capital Gains Tax Exemption: Any gain is CGT free if the shares are held for at least three years. If you sold an asset and reinvested all or part of the amount of the gain in SEIS qualifying shares, the amount reinvested may be partly exempted from CGT.</li> </ul>
Venture Capital Trusts	<p>VCT are listed companies that are run by a fund manager and invests in smaller companies that are not quoted on stock exchanges. Gains arising on the disposal of VCT shares are exempt from Capital Gains Tax.</p> <p>Relief is limited to acquisitions not exceeding £200,000 worth of VCT shares in any one tax year</p>

## Employee Tax Allowances

Tax	Description
Apprenticeship Levy	The levy will be available to the employer to spend on apprentice training.  It will cost 0.5% of the gross payroll of each employer with an allowance of £15,000.
Share Incentive Plan (SIP)	A share plan established by a company and approved by HMRC. Employees may allocate part of their salary to shares in the company ('partnership shares') without paying tax or NICs, nor are employers' NICs payable. Employer's may also give free shares for employees who have partnership shares ('matching shares'), and the cost of the shares and of running the scheme are tax-deductible.
Save As You Earn (SAYE) option schemes	Under an approved SAYE scheme, an option to purchase shares using the SAYE funds can normally be exercised after 3, 5 or 7 years when the contract ends. No charge on income tax arises on the difference between cost and market value when a share option is exercised, nor at the time it's granted.
Company Share Option Plans (CSOPs)	If conditions are complied with under a CSOP, there is no tax charge when options are granted or when an option is exercised. The costs of running the scheme are also tax deductible.
Enterprise Management Incentive (EMI)	Under this incentive, companies can grant tax and NIC-advantaged share options worth up to £250,000 to any number of employees, subject to a total value of £3 million.
Tax-free benefits for employees	<ul style="list-style-type: none"> <li>Canteen</li> <li>Car and bike parking at work</li> <li>Childcare costs and vouchers</li> <li>Computers</li> <li>Exam prizes</li> <li>Eye tests and corrective glasses</li> <li>Mileage allowances</li> <li>Mobile phones</li> <li>Nurseries and play schemes run by the employer</li> <li>Outplacement counselling</li> <li>Pension contributions and death-in-service cover</li> <li>Relocation expenses</li> <li>Retraining and counselling on leaving employment</li> <li>Travel to work on a works' bus</li> <li>Workplace sports facilities</li> <li>Suggestion scheme awards</li> <li>Medical check-ups for employees and their families</li> <li>Bicycles for employees (this includes bicycle safety equipment)</li> </ul>

## Appendix 2: Consultees

**Webb Advisory are grateful to the following organisations for offering their insights:**

- SAAS Solutions
- RBL
- OCO Global
- Juray
- Big Motive
- Atlas Communications (NI) Ltd
- Alley Kat Design
- Dex Design Excellence
- Evide
- JSE Computing Ltd
- Natalie Doherty Photography
- Octoberstone
- Socialhub
- Eighty81
- Digital Den
- Fuel High Performance IT
- Banbridge Enterprise Centre
- Mallusk Enterprise Park
- Action Renewables
- EOS IT Solutions
- Total Hockey
- Manufacturing NI
- Institute of Civil Engineers
- CBI
- Ulster Business School
- Invest NI
- IntertradeIreland
- Belfast City Council
- Federation of Small Businesses
- Derry and Strabane City Council
- The Princes Trust
- Enterprise NI
- Young Enterprise

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