

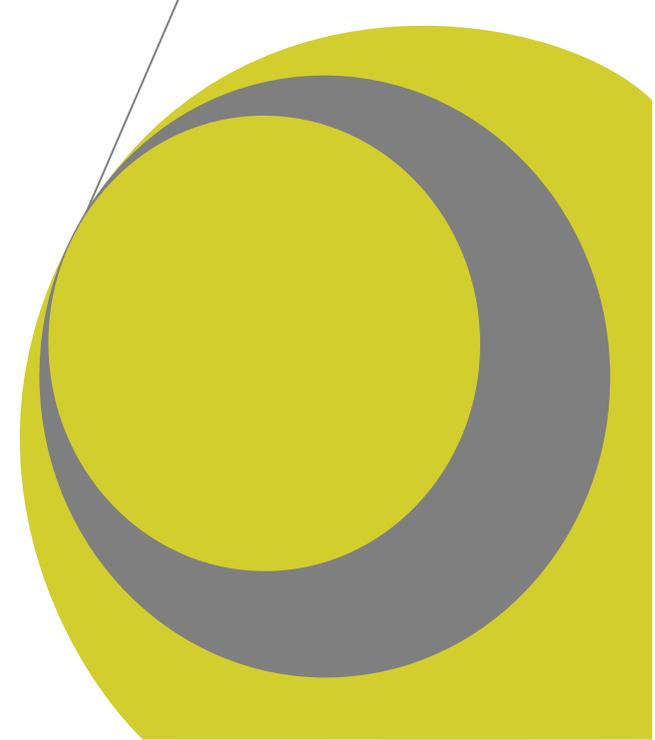
BUILDING ON SUCCESS STRATEGY (2007 – 2010)

FINAL EVALUATION - FINAL



Cogent Management Consulting LLP

August 2012



BUILDING ON SUCCESS STRATEGY 2007-2010

FINAL EVALUATION

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List of Abbreviations

Abbreviation	Definition
BDP	Business Development Programme
CCP	Cross Creative Programme
CDF	Company Development Fund
CE	Client Executive
CIIF	Creative Industries Innovation Fund
CPD	Central Procurement Directorate
CSR	Comprehensive Spending Review
DCAL	Department of Culture, Arts and Leisure
DEL	Department for Employment and Learning
DETI	Department of Enterprise, Trade and Investment
EDO	External Delivery Organisation
EO	Executive Officer
FTE	Full Time Equivalent
GAP	Growth Accelerator Programme
GB	Great Britain
GVA	Gross Value Added
HBO	Home Box office
IDP	International Development Programme
ILBF	Irish Language Broadcast Fund
IP	Intellectual Property
MAFF	Marketing and Festivals Fund
NI	Northern Ireland
NIFPF	Northern Ireland Film Production Fund
NIFTC	Northern Ireland Film and Television Commission (now Northern Ireland Screen)
NIMIC	Northern Ireland Music Industry Commission
NISF	Northern Ireland Screen Fund
NITB	Northern Ireland Tourist Board
NPV	Net Present Value
PACT	Producers Alliance for Cinema and Television
PDF	Product Development Fund
PfG	Programme for Government
PSA	Public Service Agreement
R&D	Research and Development
RDP	Researcher Development Programme
ROI	Republic of Ireland
S75	Section 75
SLA	Service Level Agreement
SMART	Specific, Measurable, Achievable, Realistic and Time-bound
SMEs	Small and Medium Sized Enterprises
STEM	Science, Technology, Engineering and Maths
TOR	Terms of Reference
TRC	The Research Centre
UK	United Kingdom
VA	Value Added
VAT	Value Added Tax
VFM	Value for Money

EXECUTIVE SUMMARY

Introduction

Invest NI has commissioned Cogent Management Consulting LLP ('Cogent') to undertake a final evaluation of Northern Ireland Screen's Building on Success strategy covering the period 2007 – 2010. The evaluation has been undertaken in line with national and regional requirements. It is compliant with Central Government guidance including:

- "The Green Book: Appraisal and Evaluation in Central Government", HM Treasury 2003;
- "The Northern Ireland Guide to Expenditure Appraisal and Evaluation (NIGEAE), 2009 Edition", Department of Finance and Personnel;
- "The Magenta Book: Guidance for Evaluation"; and
- Invest NI Economic Appraisal Methodology (EAM) guidance.

Northern Ireland Screen

The Northern Ireland Screen Commission (Northern Ireland Screen) is the lead agency in Northern Ireland for the film, television and digital content industry within Northern Ireland. The organisation was established in 1997 as the Northern Ireland Film Commission (NIFC), later changing its name to the Northern Ireland Film and Television Commission (NIFTC), before becoming the Northern Ireland Screen Commission (Northern Ireland Screen), to reflect its growing remit for all screen-related industry.

The Building on Success Strategy

Northern Ireland Screen's 'Building on Success' strategy was launched in April 2007 and was considered to represent a progression of Northern Ireland Screen's 2003-2007 strategy 'The Most Powerful Industry in the World', retaining most of the key elements of the previous strategy. However, the 'Building on Success' strategy indicated that every sphere in which Northern Ireland Screen was operating was, at that time (2007), undergoing radical change. The strategy's design was therefore intended, as far as was possible, to ensure that NI moved with those changes and grasped the opportunities they created.

A key premise underlying *Building on Success* was a need to achieve a significant realignment of support in favour of television production in NI. This was based on a view that television production (rather than film production) was more likely to be the primary means to build a sustainable screen industry in NI.

The Strategy presented a remodelled Mission Statement for the organisation, which was chosen to better reflect the growing importance of screen product other than film and television and to more clearly articulate the inextricable link between the cultural and economic value of all screen product, be it film, television or digital media.

The Northern Ireland Screen Commission will accelerate the development of a dynamic and sustainable screen industry and culture in Northern Ireland.

The Strategy was underpinned by the following key principles:

- Act as a champion for the screen industries in Northern Ireland;
- One agency with an integrated strategy tying together economic, cultural and educational objectives;
- Build on its success;
- Embrace all screen product – Converged telecommunications and broadcasting technologies were considered to offer enormous opportunities to those producers innovative enough to adapt. Northern Ireland Screen was considered to have had a successful model for the support of product development and the encouragement of production. Therefore, it was envisaged that this content-focused strategy would be replicated in a sustained fashion for digital content.

- Be customer-facing - It was suggested that Northern Ireland Screen had to continue to react swiftly to market changes and be proactive in searching out opportunities and encouraging developments.

Activity supported through the Strategy

Based on monitoring information provided by Northern Ireland Screen, the Evaluation Team's analysis suggests that a significant level of support has been provided by the organisation to companies and individuals to support the development of the Northern Ireland Screen industry. Key activity supported during the course of the Strategy included:

- Northern Ireland Screen provided c. £10.8m in production support through its NISF toward the costs of 28 productions by 22 individual companies. The levels of award ranged from c. £16k to £1.6m, with the average award equating to c. £385k per production;
- Northern Ireland Screen made 46 development awards through the PDF to 29 individual companies to a value of c. £2m. The levels of award ranged from c. £6k to £100k, with the average award equating to £44k. The Programme contributed to establishing 2 super indies;
- To date, c. £473k in was 'recouped' from productions supported during the Building on Success Strategy. During consultation, Northern Ireland Screen confirmed that c. £428k (or 91%) was reinvested in 5 productions, with the remainder available to Northern Ireland Screen for reinvestment. In terms of development activity, c. £177k has been repaid by companies whose product development work successfully resulted in a project commission;
- 21+ applications for support were submitted for BDP support during the period, with 17 (or 81%) of these being supported (8 through the CCP, 7 through the RDP and 2 through the IDP);
- A total of c. £97k was provided through 63 MAFF awards during the period of the Strategy. A total of 106 attendances were supported through the Fund during the period of the Strategy as a result of MAFF support; and
- Northern Ireland Screen has undertaken a significant amount of marketing to raise the profile and reputation of NI as a suitable destination/location for screen activity.

Participants' satisfaction with and views of, Northern Ireland Screen's Support

A high level of overall satisfaction has been expressed by companies/individuals in receipt of support by Northern Ireland Screen. Specifically, recipients of the support expressed a high level of satisfaction with, amongst other things:

- Levels of financial support provided;
- The support provided by Northern Ireland Screen and all External Delivery Organisations (EDO's); and
- The ability of the support to address identified business needs.

Encouragingly (for the industry's sustainability), each of the respondents that had availed of NISF or PDF support indicated that their opinion of NI as a location for screen product or for development work had either remained positive, or was now more favourable following the implementation of their NISF/PDF project.

Views on the Recoupable Loan

The Evaluation Team has found no reason why the NISF/PDF recoupable loan with a Profit Participation arrangement should not continue. Whilst most respondents indicated that they would have preferred little or no recoupment, or the option to reinvest all profits made in future projects, it was still widely accepted that this was unrealistic and that it was fair to repay the loan if their production became profitable.

In terms of development activity, no specific concerns were highlighted in relation to the level of the recoupment premium (i.e. 50%) which must be paid in addition to the development support provided if the work leads to successful project commission. It should be noted, as detailed in the Interim Evaluation of the

Driving Global Growth Strategy, that the level of recoupment premium associated with development activity is consistent with that being implemented by other GB Screen agencies (e.g. Film Agency Wales). On the basis of this feedback and research, the Evaluation Team would suggest that the current premium is equitable.

Achievement of objectives, additionality, market failure and displacement

The feedback from recipients of support suggests that:

- The vast majority have achieved the objectives/motives for which they sought support from Northern Ireland Screen;
- The support has played an important role in increasing/raising the knowledge and skills-sets of employees within the screen industry;
- The support has raised the profile and reputation of NI as a suitable location for Screen activity on national and international basis;
- The vast majority of activity would not have been undertaken by the companies/individuals in the absence of receiving support from Northern Ireland Screen. When compared to similar support interventions across the UK, the support provided by Northern Ireland Screen delivers a considerably higher level of additionality;
- Whilst market failure factors played an important role preventing companies/individuals from undertaking their respective production, development and business development activity, these factors were of less importance to recipients of the MAFF support. Whilst the analysis suggests that there is a limited existence of market failure at a micro level (i.e. an individual business level) in terms of the MAFF activity, the Evaluation Team would suggest that historic Government intervention in this area can be justified at a macro level on the basis that the Northern Ireland Screen industry is an emerging industry with structural weaknesses (relating to its infancy and relatively small scale) that would prevent it from competing both on regional and international basis; and
- The Evaluation Team's benchmarking of the level of displacement associated with the Northern Ireland Screen support with other similar interventions shows that the support provided by the organisation is performing significantly better than these.

Monetary and non-monetary economic impact of the support

Based on monitoring information provided by Northern Ireland Screen and feedback from companies in receipt of support, the following key conclusions can be drawn with regards to the monetary and non-monetary economic impact of the Building on Success Strategy:

- A total £54.7m has been spent in NI as a result of the 28 productions that have been supported by Northern Ireland Screen. Based on the investment that has been provided, this equated to £5.08 being spent in NI for every £1 provided by Northern Ireland Screen.
- In GVA terms, the Evaluation Team's analysis suggests that the productions have delivered £32.2m in gross GVA and £29.5m in net additional GVA to the NI economy. At an overall level, the analysis suggests that, to date, the production element of the NISF has provided an economic return of £2.99 in gross GVA and £2.74 in net additional GVA for every pound provided by Northern Ireland Screen;
- A total of 2,914 cast and crew jobs have been supported through the 28 productions. This was equivalent to a total of 130,238 work days or 732 gross equivalent FTE NI-based job years. The application of deadweight (2.94%) and displacement (5.62%) suggests that the 28 productions have contributed to supporting 671 net additional FTE NI-based job years. In addition to this, the analysis suggests that the average annual wage (c. £34k) for an individual involved in working on an NISF supported production was c.83% higher than the current NI median wage (of £18,720).
- The review of monitoring information retained by Northern Ireland Screen, coupled with the primary research undertaken by the Evaluation Team, suggests that a total of 16 additional commissions were achieved as a result of the initial development activity supported through the PDF. The total value of

these commissions was estimated by the production companies to be £17.2m, £10.6m of which is estimated to have been spent in NI. The analysis suggests this NI-based expenditure contributed £7,705,422 in gross GVA to the NI economy and £6,667,158 in net additional GVA. The level of support administered through the PDF (£2,020,834) suggests that every £1 of support has generated £3.81 in gross GVA or £3.30 in net additional GVA.

- 4 production companies who achieved 5 additional commissions as a result of their PDF activity suggested that these commissions had created or supported 65 gross NI-based FTE jobs i.e. an average of 16 jobs per company. The application of deadweight (4.76%) and displacement (9.15%) suggests that the PDF directly contributed in creating/supporting 56 net additional NI-based FTE jobs.
- It is the view of Northern Ireland Screen, consultees and the Evaluation Team that the support provided by Northern Ireland Screen has made a significant contribution to wider and regional benefits to the NI economy. These include: the attraction of Foreign Direct Investment (FDI), skills development, knowledge transfer, reduction of 'Brain Drain', the generation of orders from other companies in the assisted area and, importantly, the overall reputation of the Northern Ireland Screen Industry and product.

Growth of the Home Industry

At the time of Appraisal industry turnover was estimated to be c. £21m per annum (inclusive of revenue from both television production companies based in NI and revenue from companies not based in NI but producing in NI) and it was anticipated that by the end of the Strategy period this would have increased to £50m per annum.

However, the Appraisal Team understands that this target was removed during the course of the Strategy due to concerns over the appropriateness of trying to measure the cause and effect of the Northern Ireland Screen support on the industry as a whole. As such, it was considered that it was more appropriate to measure direct outputs and impacts against the different types of award made. On this basis, monitoring information (relating to changes in company turnover) was not required to be retained by Northern Ireland Screen.

Withstanding wider industry changes that occurred during the period of the Strategy which inhibited aspects of the home industry's growth (e.g. lower than anticipated levels of regional network commissioning), it is the view of the Evaluation Team that Northern Ireland Screen, and the support that was provided through the strategy, has contributed to developing those key aspects of the industry, including the physical infrastructure and skills of the NI workforce, which will ultimately contribute to the longer term growth of the home industry.

Progress towards targets and target setting methodology

Based on the preceding analysis, it is the Evaluation Team's view that Northern Ireland Screen has progressed well in terms of the targets established with the vast majority of these being achieved or exceeded when examined on an overall basis (rather than on an annual basis).

Whilst acknowledging the merits of establishing annual targets for each of the funds being delivered by Northern Ireland Screen (e.g. in terms of ensuring the momentum of programme activity), Invest NI should continue to provide a level of flexibility to Northern Ireland Screen to enable it to respond to the emerging needs of the Northern Ireland Screen Industry whilst ensuring that a balanced portfolio approach is applied in terms of the range of support offerings provided. Due cognisance of this flexibility should be taken when interpreting the progress that has been made towards the achievement of these SMART targets, particularly on an annual basis.

In terms of those targets that were not achieved (i.e. primarily relating to the digital content aspects of the NISF and the outcome targets relating to the PDF), it is the Evaluation Teams views that these targets were overly ambitious and did not take account of the:

- Evolving nature of the digital content sub-sector in NI; and

- Inherent risks associated with undertaking development work or the significant gestation period between undertaking the activity and realising any follow-on commissions (identified as being up to 4 years). Given this gestation period the Evaluation Team recommends that Northern Ireland Screen is encouraged to continue to monitor the progress of the development work undertaken as part of the strategy and identify all follow-on commissions resulting from this activity. Where follow-on commissions are derived, levels of NI based expenditure and employment should be recorded for future evaluation purposes.

Furthermore, these issues should be given due consideration as part of any future target setting process.

Strategic Fit and Contribution

The Evaluation Team considers that Northern Ireland Screen’s activities contributed towards the achievement of several (2008-2011) PSA DSOs, as noted below:

PSA - DSO	Northern Ireland Screen’s Contribution
PSA 1 - Productivity Growth - DSO 1 - Promote a competitive and outward looking economy	Northern Ireland Screen: <ul style="list-style-type: none"> • Assisted indigenous businesses to export for the first time. • Supported companies to diversify into new markets. • Improved the sales and marketing capability of NI businesses.
PSA 1 - Productivity Growth - DSO 2: Attract and support high quality investment, both foreign and locally-owned;	Northern Ireland Screen prioritised its resources on: <ul style="list-style-type: none"> • The most attractive inward investment projects and the highest quality locally produced projects; • Securing contestable inward investment projects that promoted jobs and increased value added in the screen sector.
PSA 1 - Productivity Growth - DSO 4: Promote higher value-added activity through innovation and the commercial exploitation of R&D.	Northern Ireland Screen encouraged client businesses to embrace innovation.
PSA 1 - Productivity Growth - DSO 6: Increase the level of skills to aid productivity improvements in manufacturing and tradable services.	Northern Ireland Screen sought to develop skills within the local screen industry.
PSA 3 - Increasing Employment - DSO 3 - Increase employment opportunities by attracting high quality inward investment and supporting domestic investment	Northern Ireland Screen: <ul style="list-style-type: none"> • Focused on increasing the competitiveness of client businesses in global markets with a view to increasing employment opportunities. • Encouraged FDI that increased the value added in the screen sector.
PSA 3 - Increasing Employment - DSO 4 - Promote business growth	Northern Ireland Screen promoted growth projects from locally owned businesses.

Furthermore, Invest NI’s current Corporate Plan (for the period 2011-2015) states that its support will be aligned fully with the drivers of economic growth and its activities will be targeted to increase the size, competitiveness and value of our private sector by, amongst other things, embedding innovation, growing our local companies to scale, increasing our export base and attracting inward investment.

In specific relation to innovation, the Plan states that it will remain at the core of all Invest NI’s actions, driving business growth, productivity growth, and economic growth. The Plan notes that through a continuum of support relevant to businesses at all stages of development, ideas will be turned into actions and the new products and services created which will give our business base a competitive edge in international markets.

In relation to the Creative Industries sector, the Plan specifically notes that “*our creative industries, which include film and television production, are, quite literally, putting us on the world stage. Through our funding of Northern Ireland Screen, we have attracted major productions such as Universal Picture’s Your Highness and HBO’s series Game of Thrones, to Northern Ireland. In order to capitalise on this opportunity, we need to continue to build our infrastructure and we therefore welcome the development of a second studio facility in Titanic Quarter, which will increase our capacity to compete for international projects and provide opportunities for our indigenous, innovative businesses.*”

It is evident therefore that the activities of Northern Ireland Screen remain valid in the context of Invest NI’s 2011-2015 Corporate Plan.

Ongoing Need for Northern Ireland Screen Support

In relative terms, the size and scale of the NI market is still likely to be small when assessed against that of other UK regions, and internationally. However, it is evident, through the implementation of the Building on Success Strategy, and the findings of this evaluation, that there are opportunities for growth across film, television, and digital content.

Furthermore, as established within Section 2 of this report, the TV and Film industries, in particular, are highly mobile (as a result of different support interventions and fiscal measures offered globally). Furthermore, levels of deadweight associated with Northern Ireland Screen’s support interventions have been found to be very low, and in particular, those relating to the NISF are extremely low.

Market failure also appears to exist. They relate to asymmetrical information (perceptions of risk amongst potential producers, film and television commissioners and potential financiers). Positive externalities may also exist, particularly relating to tourism (both direct and indirect)

It is therefore the Evaluation Team’s view that, for the foreseeable future, that without intervention by Northern Ireland Screen (and in turn Invest NI), it is highly unlikely that the Northern Ireland screen industry would operate as a ‘competitive market’ with activity at levels which are economically optimal. In this respect, we do not consider that there is an exit strategy at this time for Invest NI, save in the circumstances that the organisation wishes to reduce its level of involvement in the sector so as to embrace opportunities presented in other sectors.

For the time being, we consider that Northern Ireland Screen’s Invest NI funded support is appropriately focused on:

- Supporting development and production activity in NI;
- Developing the skills of the Northern Ireland Screen industry; and
- Facilitating the promotion of Northern Ireland Screen product.

Project Finance

A total £15,282,116 was spent supporting the development of the Northern Ireland Screen industry through the Building on Success Strategy.

It should be noted, Invest NI and Northern Ireland Screen confirmed that the amount of funding awarded through the Strategy may not equate to the cash flow paid out through Invest NI to Northern Ireland Screen due to three interrelated reasons:

1. The funding awarded through Northern Ireland Screen is payable to production companies on a contracted payment schedule based on delivery of the output. Due to the production process (which typically consists of pre-production, filming, post production, final audit) final payment can be up to 18+ months after the contract is signed. Cash received from Invest NI is drawn down in advance of need and limited to the actual payments due according to the production payment schedule detailed in the

contract. Northern Ireland Screen draws down funding from Invest NI based on forecasted figures predicting the completion of the productions. Cash flow can therefore typically straddle years and strategies. For example, commitments made in Building on Success were paid out by Invest NI after the end of the strategy period during the period of Driving Global Growth (the third Strategy supported by Invest NI). At the end of each financial year a balance of £500k+ will typically be carried forward;

2. In some cases the production work will not be completed in the predicted timescales resulting in Northern Ireland Screen holding cash across accounting periods and strategies. This will not be longer than 6 months, and is often shorter. However it will distort the annual figures against cash flow as it will be held as deferred income in the accounts and will be a reconciling item between Invest NI draw down and NISF funding; and
3. Recoupment paid out as part of the awards made will reduce the amount drawn down from Invest NI. The full award made is included in the NISF funding figures as this represents the funding levered against the production.

It should be noted that a detailed vouching and reconciliation exercise is taken between Northern Ireland Screen, Invest NI payments department and Invest NI client management on a monthly and quarterly basis. Based on these exercises, Invest NI has confirmed that it is content that all funds provided to Northern Ireland Screen are subsequently paid to the appropriate project and company.

Given the calculated levels of net additional GVA that have been derived from the production and development activity (i.e. £36,196,110), and the total support provided to Northern Ireland Screen (£15.176m) suggests that the support has provided a minimum return on investment of £2.39 in net additional GVA for every £1 provided to Northern Ireland Screen. It should be noted however that the support has also contributed to providing a large range of wider and regional benefits which cannot be quantified in monetary terms.

Effectiveness/delivery of European Regional Development Funding

During consultation, Invest NI confirmed that European Regional Development Funding (ERDF) was only utilised during the final year of the Strategy (2009/10) for the NISF. The Evaluation Team understands that a detailed vouching and reconciliation exercise is taken between Northern Ireland Screen, Invest NI payments department and Invest NI client management on a monthly and quarterly to ensure the effective delivery of all funding (including ERDF monies). It is the Evaluation Team's view that the procedures that have been put in place by Invest NI and Northern Ireland Screen are robust and support the effective delivery of all funding.

On this basis, and given the positive economic impact made by the NISF to the local economy, it is the view of the Evaluation Team that the ERDF funding was delivered on an effective basis.

Equality Considerations

The Evaluation Team has identified no negative equality impacts, and consider the support interventions to be accessible to all Section 75 groupings and people with disabilities.

Value-For-Money (VFM)

It is the Evaluation Team's view, based upon all available evidence that Northern Ireland Screen's Invest NI funded support interventions have represented value for money during the period 2007-2010.

Our view is based upon the following:

- We have projected net additional GVA outturns of £36.2m, which we consider is a prudent estimate. This would provide a GVA return on investment of £2.39 per every £1 invested;

- In terms of ‘**programme deadweight**’, our analysis using DETI’s deadweight weightings indicates that the average level of deadweight relating to Northern Ireland Screen’s support is 16.21%. However, of note, deadweight relating to Northern Ireland Screen’s main support offering, the NISF, was extremely low at 2.94%;
- There is evidence that market failure factors are preventing companies/individuals from engaging in screen activity;
- Displacement of other businesses’ activities (both in NI and GB) was found to be low. At the NI level, displacement has been calculated at 5.62% for the NISF and 9.15% for the PDF;
- We found little evidence of duplication of other supports. Encouragingly, all of our survey respondents were of the view that, in the absence of the Northern Ireland Screen support, they would have been unable to get the same or similar support elsewhere in NI;
- The identified wider and regional economic benefits that are likely to have been derived as a result of the activity; and
- The following economy, efficiency and effectiveness indicators:

Indicator	Evaluation Team’s Commentary
Economy measures are concerned with showing that the appropriate inputs (i.e. the resources used in carrying out the project) have been obtained at least cost	<p>Northern Ireland Screen support was subject to an independent Economic Appraisal, which concluded that its proposed Preferred Option represented Value for Money.</p> <p>Furthermore, the individual projects that were funded through NISF were subject to negotiation, whilst those funded through BDP and MAFF were subject to an application process. Both processes sought to ensure that projects were obtained at least cost to NI.</p>
Efficiency relates to measures that are concerned with achieving the maximum output from a given set of inputs	<p>The Northern Ireland Screen Economic Appraisal did not project costs on a full economic cost basis. Furthermore, the package and mix of support offered throughout the period of the 2007-2010 Strategy was subject to change on a number of occasions.</p> <p>However, as noted above, the individual projects that were funded through NISF were subject to negotiation, whilst those funded through BDP and MAFF were subject to an application process. Both processes sought to ensure that projects were obtained at least cost, but also maximum benefit, to NI.</p> <p>Therefore, we consider that Invest NI/Northern Ireland Screen has achieved the maximum output from a given set of inputs.</p>
Effectiveness measures are concerned with showing the extent to which aims, objectives and targets of the project are being achieved	<p>As detailed previously, Northern Ireland Screen has broadly met its aims, objectives and targets.</p>

Recommendations

1. Invest NI should continue to offer support to Northern Ireland Screen, to enable it to:
 - Support screen-related development and production activity in NI;
 - Develop the skills of the Northern Ireland Screen industry; and
 - Facilitate the promotion of Northern Ireland Screen product.
2. Northern Ireland Screen should continue to report to Invest NI on recoupment levels achieved from activity funded under the Building on Success Strategy.
3. As part of all future target setting processes, effort should be placed on :

- Developing targets that are Specific, Measurable, Achievable, Realistic and Time-bound (SMART). In relation to economic impact, clarity should be provided as to whether the target relates to NI direct spend, gross and/or net additional GVA (taking account of all deadweight and displacement considerations, as well as excluding the Northern Ireland Screen support (i.e. the input) from the economic output);
 - Ensuring appropriate consideration is given to the lag time/gestation period between initial development activity and the derivation of any subsequent commissions. This will require Invest NI to adopt a longitudinal approach to evaluating all further development support being channelled through Northern Ireland Screen.
4. Linked to the previous recommendation, given the reported time lag (of up to c. 3-4 years) between companies undertaking the development activity and the achievement of any follow-on commissions, the Evaluation Team recommends that the levels of recoupment associated with the development awards is monitored up to 4 years following the final development award.
 5. By way of assisting any future evaluation processes, Northern Ireland Screen should be encouraged to monitor levels of NI based expenditure and employment associated with all additional commissions derived from the initial development work supported by the organisation.
 6. By way of assisting all future Evaluations, Invest NI should ensure that the economic impact model, and all associated assumptions underpinning this, is made available to the Evaluator.
 7. Whilst acknowledging that Northern Ireland Screen reporting requirements have been subject to considerable review over the past five years, every effort should be made to ensure that the reporting requirements placed on support beneficiaries are kept to a minimum.

1. INTRODUCTION AND BACKGROUND

1.1 Introduction

Invest NI has commissioned Cogent Management Consulting LLP ('Cogent') to undertake:

1. An independent final evaluation to examine the economic impact of the Northern Ireland Screen Commission's (Northern Ireland Screen's) strategy *Building On Success* covering the period 2007-2010; and
2. An interim evaluation of Northern Ireland Screen's current strategy *Driving Global Growth* covering the period 2010 – 2014.

Both evaluations have been undertaken concurrently and are presented as separate reports. This report focuses on the final evaluation of Northern Ireland Screen's *Building on Success* strategy covering the period 2007-2010. It should be noted that the Evaluation provides an update on the Interim Evaluation of the Strategy conducted in December 2009¹.

The evaluation has been undertaken in line with national and regional requirements. It is compliant with Central Government guidance including:

- "The Green Book: Appraisal and Evaluation in Central Government", HM Treasury 2003;
- "The Northern Ireland Guide to Expenditure Appraisal and Evaluation (NIGEAE), 2009 Edition", Department of Finance and Personnel;
- "The Magenta Book: Guidance for Evaluation"; and
- Invest NI Economic Appraisal Methodology (EAM) guidance.

This section of the report considers the background to the Programme, and the objectives of the Evaluation.

1.2 Background to Northern Ireland Screen

The Northern Ireland Screen Commission (Northern Ireland Screen) is the lead agency in Northern Ireland for the film, television and digital content industry within Northern Ireland. The organisation was established in 1997 as the Northern Ireland Film Commission (NIFC), later changing its name to the Northern Ireland Film and Television Commission (NIFTC), before becoming the Northern Ireland Screen, to reflect its growing remit for all screen-related industry.

Prior to the launch of the *Building On Success* strategy, Northern Ireland Screen's previous strategy 'The Most Powerful Industry in the World', which covered the period 2003 to 2007, represented the first phase of significant support to the screen industry in Northern Ireland (NI). A key focus of that strategy was the development of both the home industry and inward investment.

1.3 The Building on Success Strategy

1.3.1 Introduction

Northern Ireland Screen's 'Building on Success' strategy was launched in April 2007, and supported by Invest NI with a £15.3m package of assistance to 31st March 2010².

Building on Success was considered to represent a progression of Northern Ireland Screen's 2003-2007 strategy 'The Most Powerful Industry in the World', retaining most of the key elements of the

¹ As opposed to an entirely new evaluation.

² NB As discussed later, the package of assistance was subject to a number of changes throughout the period of the Strategy.

previous strategy. However, the 'Building on Success' strategy indicated that every sphere in which Northern Ireland Screen was operating was, at that time (2007), undergoing radical change. The strategy's design was therefore intended, as far as was possible, to ensure that NI moved with those changes and grasped the opportunities they created.

A key premise underlying *Building on Success* was a need to achieve a significant realignment of support in favour of television production in NI. This was based on a view that television production (rather than film production) was more likely to be the primary means to build a sustainable screen industry in NI.

1.3.2 Mission Statement

The Strategy presented a remodelled Mission Statement for the organisation, which was chosen to better reflect the growing importance of screen product other than film and television and to more clearly articulate the inextricable link between the cultural and economic value of all screen product, be it film, television or digital media.

The Northern Ireland Screen Commission will accelerate the development of a dynamic and sustainable screen industry and culture in Northern Ireland.

The Strategy was underpinned by the following key principles:

- Act as a champion for the screen industries in Northern Ireland;
- One agency with an integrated strategy tying together economic, cultural and educational objectives;
- Build on its success;
- Embrace all screen product – Converged telecommunications and broadcasting technologies were considered to offer enormous opportunities to those producers innovative enough to adapt. Northern Ireland Screen was considered to have had a successful model for the support of product development and the encouragement of production. Therefore, it was envisaged that this content-focused strategy would be replicated in a sustained fashion for digital content.
- Be customer-facing – It was suggested that Northern Ireland Screen had to continue to react swiftly to market changes and be proactive in searching out opportunities and encouraging developments.

As noted, the Strategy retained most of the key elements of the previous strategy but it also contained a number of significant changes which resulted through lessons learned, market changes and sectoral developments. In particular, the Building on Success strategy centred on a single £11 million Northern Ireland Screen Fund which in addition to film and television drama also included support for factual television and digital media. Furthermore, the Product Development Fund (PDF) was proposed to take on a greater funding role including support for inward investors as well as indigenous production companies. As with the Northern Ireland Screen Fund, the PDF proposed to support digital media activity also.

Northern Ireland Screen had not previously embraced the digital media arena. The activity proposed in the 2007-2010 strategy was considered to represent a pilot intervention which would be developed in line with market demands and opportunities.

1.3.3 Invest NI Funded Activities

Invest NI’s monies were used to support the following key interventions over the period 2007-2010³:

<p>The Northern Ireland Screen Fund (NISF)</p>	<p>The Northern Ireland Screen Fund represented an extension to the model delivered under the previous strategy’s NI Film Production Fund (NIFPF). The NISF was proposed to expand to include new genres including non-drama television and digital content but at the same time continue to sustain the progress that it had made in film. It was proposed that the NISF would comprise the following strands:</p> <ul style="list-style-type: none"> • Film Production – Investment in feature film production with a focus on the most attractive inward investment projects and the highest quality productions; • Television Drama Production – The Economic Appraisal of the Strategy noted that television drama production would remain Northern Ireland Screen’s primary priority over the period of the strategy; • Non Drama Television Production – Northern Ireland Screen had not previously invested in factual television other than culturally significant documentaries through Lottery funding; and • Digital Content – Northern Ireland Screen proposed to finance digital content projects as the most direct way of accelerating digital content development and production activity in NI. <p>From a marketing and administration viewpoint, the Northern Ireland Screen Fund represented one fund only as opposed to multiple funds and structures.</p> <p>The NISF provided a recoupable loan⁴ with profit participation (subject to negotiation).</p>
<p>The Product Development Fund (PDF)</p>	<p>The PDF is a small scale slate⁵ funding initiative designed to assist creative independent production companies of any size to develop product for the market. The general aim of the PDF was to encourage the presentation, when appropriate, of more fully developed programme proposals to network to international broadcasters and to encourage companies to develop multiple programme proposals simultaneously.</p> <p>Under the 2007-2010 strategy, it was proposed that PDF funding should be used primarily but not exclusively as match funding for BBC, Channel 4 and ITV’s Regional Funds or similar funding from Google, BT or any other end user financier. In addition, it was envisaged that funding would be used both to attract production companies to NI and to assist those already in NI. It was proposed, that where PDF funding was used to support companies located outside NI, there would be a contractual obligation on such beneficiaries to set up a ‘permanent base’ in NI from which supported development</p>

³ A range of further non-Invest NI funded activities and programme areas were proposed by Northern Ireland Screen under their 2007-2010 strategy. These programmes included the Irish Language Broadcast Fund (ILBF) – for production of Irish language moving image programmes in NI; the Northern Ireland Screen Academy – the proposed setting up of the Skillset-endorsed Screen Academy to ensure that future third level education provision is vocationally focused as prescribed by the industry; and the New Entrant Scheme - an apprenticeship model along the lines of the ILBF model although targeted at more technical grades. The strategy proposed that these programmes elements would be funded from sources other than Invest NI including National Lottery, DCAL, DEL, the UK Film Council and the Arts Council for NI.

⁴ Typically, to finance a film or television project, an independent producer will approach a range of financiers including banks and ‘equity’ investors. Banks will issue loans at fixed interest rates with repayment rights, or as they are termed in the industry: “recoupment rights”. The ‘equity’ investors will also issue loans but these loans are not interest bearing, rather they have profit participation rights as well as recoupment rights. If the production is commercially successful the banks will be repaid first and then the equity investors will have their capital repaid and thereafter will earn profits. However, there are no guarantees that either the original capital will be repaid or that profits will be earned. Northern Ireland Screen acts as an equity investor and may secure recoupment and profit participation rights, subject to negotiation. Northern Ireland Screen is typically a minority investor and the recoupment and profit participation rights are normally set by the main investor in negotiation with the producer. It is understood that Northern Ireland Screen always seeks to secure a position that is pari passu with the lead investor. Under the terms of the Screen Fund Letter of Offer, Northern Ireland Screen is permitted to retain all recoupment earned (up to the level of their original investment) to invest in other Screen Fund projects and thereafter all profits must be returned to Invest NI. As a result of the low levels of recoupment realised (and anticipated to be realised) Invest NI issues its assistance to Northern Ireland Screen in the form of grant.

⁵ A slate was defined under PDF as 5 projects.

	<p>activity would be generated. It was further proposed that, at the assessment of funding stage Northern Ireland Screen would also consider the intentions of applicants to remain in NI following the commissioning of a successful development project under the PDF. That is, when granting funding to inward investors, it was suggested that Northern Ireland Screen would want to be confident that the producer had an intention to remain in NI should development be successful.</p> <p>Funding would be provided for single projects as well as for slates of projects and could cover the development of scripts, formats, pilots and proof of concept testing and all associated costs including: researcher, producer or consultancy fees, option fees over intellectual property, appropriate travel and subsistence costs, costs associated with screen tests, ‘taster’ tapes, pilots and any other proof of concept testing.</p> <p>It was anticipated that funding would be provided in the form of a loan which would be recoupable in the event that the development resulted in production. Where production was embarked upon, it was suggested that Northern Ireland Screen would recoup the original loan plus secure a 50% premium on the investment made in that individual project.</p>
<p>The Business Development Fund (BDP)</p>	<p>The BDP was made up of three distinct but inter-related Programmes; namely the:</p> <ul style="list-style-type: none"> • Researcher Development Programme (RDP) - Developed and run in conjunction with Channel 4, the RDP sought to enable production companies to employ a researcher for 12 months working exclusively on the development of potential network commissions. As well as providing a contribution towards the salary of the researcher, the Programme sought to enhance participants’ skills in a range of areas, including but limited to: market analysis, audience research, treatment writing and pitching. The Programme also provided production companies and the researcher with extensive access to networking commissioning editors. The cost per participant was £23k, of which £8,000 is awarded as a grant to participating company as a contribution towards their new researcher’s salary. Channel 4 provided match funding for one place on the RDP; • International Development Programme (IDP) - The IDP sought to provide NI companies with the opportunity for key staff to undertake international visits to meet and network with broadcasters, co-production partners and other relevant screen stakeholders. The Programme also sought to enhance participants’ knowledge in a range of areas including, but not limited to: rights exploitation, co-productions, distribution and pitching. The cost per participant was £18k; and • Cross Creative Programme (CCP) - Cross Creative was a 9 month programme for ‘creatives’ in digital media looking to grow their business and creative horizons. The Programme provided a series of 7 monthly sessions (of 1 day per month) led by industry experts, combined with 2 field trips (one to Toronto and one to Silicon Valley) to meet some of the world’s top creative and technology innovators. The Programme sought to, amongst other things, increase participants’ knowledge of cutting edge work being undertaken in digital media, awareness of potential revenue streams, ambition, confidence and belief, as well as extend their networks, contacts and potential partnerships. The cost per participant is £17,000 of which £7,000 was awarded as a grant to participating companies to contribute towards an innovative digital media project. <p>The individual BDP streams were run by The Research Centre (TRC) in Glasgow which is recognised as a centre of excellence in the provision of training and development for the UK Screen industry. Northern Ireland Screen purchased places on the individual programmes to offer to NI based companies.</p> <p>As part of its commitment to develop business skills within the Northern Ireland Screen industry, Northern Ireland Screen proposed to continue with the operation of the BDP and aimed to widen participation on the courses delivered. It is also proposed that priority</p>

	would be given to programmes which focus on the development of digital content.
The Markets, Festivals and Conferences Fund (MAFF)	Funding under MAFF was intended for the facilitation of attendance at international events, including markets, conferences and festivals and was proposed to be offered through one-off events and multi-event awards. The focus of annual awards was anticipated to be towards larger companies who can demonstrate focused plans for expansion.

All funds within the strategy were open to applications from both indigenous companies and inward investors. However, if an inward investor was to receive support under the PDF, MAFF or BDP it was required to have an NI base.

The split of funding offered by Invest NI gave prioritisation towards the Northern Ireland Screen Fund and the PDF due to the perceived importance of development and production.

1.4 March 2007 Economic Appraisal – Preferred Option

Under this Option, the Evaluation Team understands that Northern Ireland Screen estimated that the following outputs were anticipated to be achieved:

Programme/Activity	Summary of Outputs (2007 -2010)
Industry Growth	<ul style="list-style-type: none"> Projected growth in the sector of £38.8 million in year 2010⁶⁷.
Product Development Fund (PDF)	<ul style="list-style-type: none"> 40 project commissions 2 'super-indies' to NI⁸ Return of 10:1 (equals total return of £20m)⁹ Approx. Direct contribution to 2010 target of £7 million¹⁰.
Northern Ireland Screen Fund	<ul style="list-style-type: none"> Economic return of at least 4:1 (4 x £8.1m returns £32.4m) Approx. Direct contribution to 2010 target £12.4 million (£5m film, drama £3.2m, factual £3m, digital £1.2m)
Film	<ul style="list-style-type: none"> Two large films and one low budget film supported per year¹¹. Economic return 4:1 in years 1 and 2 rising to 5:1 in year 3. Total return of £15.4m
Drama	<ul style="list-style-type: none"> Maximum one series or two singles supported¹² Economic return of 4:1 Total return of £9.6m
Non Drama	<ul style="list-style-type: none"> One project in year 1 rising to three projects in years 2 and 3.

⁶ According to the March 2007 Economic Appraisal, this included a 2:1 'scale benefit' ratio. The inclusion of a 'scale benefit' projection was suggested to be based on two key influences: The March 2007 Appraisal Team's analysis suggested that the NI television market had the potential to grow by £40 million as a result of the Nations and Regions Initiative being introduced by the main terrestrial broadcasters; and Intervention through financial incentive to production and development initiatives was suggested as providing opportunity for ongoing growth, beyond the initial returns. The EA stated that supporting local production companies enhances the development of skills within the sector and allows such producers to inject credibility into the wider industry and build relationships with key broadcasters. The Evaluation Team notes that the March 2007 Economic Appraisal did not establish what it meant by a 'scale benefit'. We do not consider that it was intended to mean an 'economy of scale', and instead consider that it was likely to mean a 'multiplier' effect.

⁷ The Evaluation Team notes that this Appendix IV of the March 2007 EA splits this target of £38.8m into the following - £28.8m from television, £5m from film and £5m from digital content.

⁸ The Evaluation Team notes that this target which was featured on Page 78 of the March 2007 Economic Appraisal does not appear on the targets featured on Page 102 of the same document.

⁹ The Evaluation Team understands that the economic return ratio was defined as the ratio of the NI direct spend to Northern Ireland Screen investment where the NI direct spend is the total of all expenditure achieved by the production in Northern Ireland on NI based cast and crew, NI hotels and facilities, NI equipment hire etc.

¹⁰ According to the March 2010 Economic Appraisal, it should be expected that £7m would be accrued by 2010, but that £20m would 'accrue over many years'.

¹¹ The Evaluation Team notes that this target varies from 'Two large films and one low budget film supported per year' on Page 78 of the March 2007 Economic Appraisal to 'Support for two large films per year' on Page 101 of the same document.

¹² The Evaluation Team notes that this target varies from a 'Maximum of one series or two singles supported' over the period 2007-2010' on Page 78 of the March 2007 Economic Appraisal to 'One series and two singles supported each year' on Page 101 of the same document

Programme/Activity	Summary of Outputs (2007 -2010)
	<ul style="list-style-type: none"> Economic return 4: 1 Total return of £7.25m
Digital Content	<ul style="list-style-type: none"> The scale of digital content activity will dictate the number of projects supported but there is a projected increase year on year. Economic return 3:1 rising to 4:1 Total return of £5.5m
Business Development Programme	<ul style="list-style-type: none"> Participants will be satisfied that the course develops skills in accordance with present industry requirements¹³.
Markets, Festivals and Conferences	<ul style="list-style-type: none"> 30 key market attendances per year.
Development of Infrastructure	<ul style="list-style-type: none"> Business Plan for digital hub at Titanic Quarter
Marketing	<ul style="list-style-type: none"> Substantial contribution to all of the above outputs.
Operations	<ul style="list-style-type: none"> Overheads remain as is – no increase built in to facilitate the increased levels of activity.

1.5 Invest NI Requirements

Invest NI's specific requirements, for this evaluation, are set out in Appendix I.

¹³ This target is quantified as '80% satisfaction rate from participants on the training on Page 102 of the March 2007 Economic Appraisal.

2. STRATEGIC & MARKET CONTEXT

This section of the reports considers the strategic context within which Northern Ireland Screen has and does operate within, and also the rationale for the intervention. Specifically, it:

Strategic Context	<ul style="list-style-type: none"> a. Considers the strategic context under which the intervention operated and assesses whether it remains valid; b. Reviews the operational fit of the intervention in line with the objectives of the Invest NI Corporate Plan and DETI Corporate Plan (using the appropriate Corporate Plans in place during the evaluation period); and c. Examines the intervention's fit with other Invest NI interventions including whether the interventions has given rise to any duplication with/displacement of other programmes/activity operating in NI. d. Considers any significant market and sectoral changes in the period covered by the evaluation.
Rationale	<ul style="list-style-type: none"> e. Identifies the overall rationale for Government intervention with the sector, stating the market failure that the 'Building on Success' strategy was seeking to correct and assesses whether the nature and magnitude of intervention is appropriate (this relates to both the inward investment and home elements of the strategy); and

2.1 Strategic Context and Operational Fit – 2005-2011

The Building on Success strategy covered the period 2007-2010, and therefore was delivered during the implementation of two DETI and two Invest NI Corporate Plans, as follows:

- DETI Corporate Plans 2005-2008 and 2008-2011; and
- Invest NI Corporate Plans 2005-2008 and 2008-2011.

2.1.1 DETI Corporate Plan 2005-2008

The Aim of DETI's 2005-2008 Corporate Plan was *"to promote the development of a globally competitive economy in Northern Ireland"*.

Its key objective was *"To encourage the development of a high value added, innovative, enterprising and competitive economy leading to greater wealth creation and job opportunities for all"*.

The 2005-2008 Corporate Plan established that DETI would seek to address a number of economic challenges. These included a number of areas that the Evaluation Team considers Northern Ireland Screen's activities have contributed towards addressing. These are:

- Low levels of R&D and innovation;
- Relatively low intermediate and employability skills levels in the workforce;
- A need to close the productivity gap with the rest of the UK, which was suggested to mean addressing each of the key productivity drivers of innovation, entrepreneurship, skills and investment;
- Grasping opportunities associated with globalisation and achieving international competitiveness, so as to generate wealth and maintain employment in the face of domestic and international competition.
- Increasing value-added, productivity and developing new markets and niche products and services within the service sector.
- A focus on targeted Foreign Direct Investment (FDI) i.e. FDI which provides wider economic benefits to the NI economy e.g. through the introduction of new products/processes, improved management practices, new technology and skills development.
- Encouraging a culture within SMEs and micro-businesses of being more outward looking and enterprising, innovative and creative.

Northern Ireland Screen's activities during the period 2007-2010 have contributed to these economic challenges through:

- Encouraging local businesses to become more innovative through the development of new screen products;
- Developing world class skills amongst the local screen industry through its BDP support;
- Making a positive contribution to GVA and productivity;
- Helping the local screen industry to become more outward looking and to identify opportunities in international markets through the MAFF fund, and improving its international competitiveness (including through embracing strategic alliances);
- Helping create and sustain employment in an emerging service sector;
- Targeting FDI through the NISF, which has generated wider economic benefits to the NI economy e.g. through the introduction of new products/processes, improved management practices, new technology and skills development;
- Helping to facilitate mutually beneficial links between indigenous and externally owned businesses.

2.1.2 Invest NI Corporate Plan 2005-2008

Invest NI's 2005-2008 Corporate Plan established its mission as *"to deliver expertise and resources to accelerate the creation and growth of businesses committed to, and capable of, being entrepreneurial, innovative and international"*.

The Plan established that Invest NI's economic development efforts would focus on three key economic priorities, and contained a range of targets, some of which have relevance to Northern Ireland Screen:

Priority	Key 2005-08 Targets of relevance to Northern Ireland Screen
Being Entrepreneurial	<ul style="list-style-type: none"> • 1,500 People, Process and Innovation improvement interventions in companies, of which at least 300 will be skills related.
Being Innovative	<ul style="list-style-type: none"> • 60% of businesses to produce new or improved products and services; • 1,500 businesses to improve their use of Information Communication Technology.
Being International	<ul style="list-style-type: none"> • The level of exports as a percentage of total sales by Invest NI client companies (excluding the top 25 exporting clients in 2003) to increase to 30%; • 1,000 companies to enter new markets; • 500 new exporters; • 500 key sales personnel to improve sales and marketing skills; and • 40 new inward investment projects.

The Plan established that the Vision of what Invest NI would have achieved by 2008 was:

- Improved competitiveness of client companies, increased skill levels and evidence of greater entrepreneurship;
- More positive attitudes to enterprise and more and better quality business start-ups;
- Increased innovation, R&D and commercialisation of research;
- Northern Ireland economy more internationally focused with broader and better export sales; and
- Northern Ireland attracting a proportion of new inward investment well in excess of its UK pro-rata share.

Whilst it is difficult to determine Northern Ireland Screen's specific contribution to Invest NI's targets for the period 2005-2008, we note that:

- Northern Ireland Screen's BDP specifically encouraged the development of skills within the local screen industry (aligned with the 'Being Entrepreneurial' priority);
- The NISF and PDF encouraged businesses to develop new products, and encouraged the development of Digital Content within the local screen industry (aligned with the 'Being Innovative' priority);

- MAFF encouraged businesses to become more internationally focused with broader and better export sales (aligned with the ‘Being International’ priority).

2.1.3 *DETI Corporate Plan 2008-2011*

DETI’s Corporate Plan 2008 to 2011 established a clear Departmental goal - to grow a dynamic, innovative economy – and identified that its key objectives were to:

- Improve productivity within manufacturing and private services (PSA 1);
- Increase employment levels (PSA 3); and
- Develop the tourism sector (PSA 5).

Relevant (to Northern Ireland Screen) aspects of these PSAs included:

<p>PSA 1 - Increasing manufacturing and private services productivity</p>	<p>DETI’s 2008-2011 Corporate Plan illustrated the need to address the persistent issue of relatively low productivity within the NI economy. In order to increase manufacturing and private services productivity the following relevant Departmental Strategic Objectives (DSOs) were set out for PSA 1:</p> <ul style="list-style-type: none"> • DSO 1: Promote a competitive and outward looking economy; • DSO 2: Attract and support high quality investment, both foreign and locally-owned; • DSO 4: Promote higher value-added activity through innovation and the commercial exploitation of R&D. • DSO 6: Increase the level of skills to aid productivity improvements in manufacturing and tradable services.
<p>PSA 3 - Increasing Employment - Increase employment levels and reduce economic inactivity by addressing the barriers to employment and providing careers advice at all levels.</p>	<p>To address this, DETI highlighted investment as a key vehicle for raising job opportunities. The following DSOs were identified for PSA 3:</p> <ul style="list-style-type: none"> • DSO 3: Increase employment opportunities by attracting high quality inward investment and supporting domestic investment • DSO 4: Promote business growth

The achievement of PSAs 1 and 3 and the DSOs featured in the table above cascaded down and were incorporated within Invest NI’s Corporate Plan for the 2008-2011 period.

2.1.4 *Invest NI Corporate Plan 2008-2011*

Invest NI’s Corporate Plan for the period 2008-2011 stated that Invest NI’s priority was to “*increase business productivity, the means by which wealth can be created for the benefit of the whole community*”. In order to achieve this aim and to close the gap in the Gross Value Added per head between NI and the UK as a whole, it outlined that Invest NI would focus its efforts on three priority actions for economic growth:

1. Realising the potential of existing businesses (shorter-term focus);
2. Shifting the sectoral focus towards higher value-added sectors (medium-to-longer term focus); and
3. Supporting frontier companies at the leading edge of innovation and technology (longer-term focus).

It is the Evaluation Team’s view that Northern Ireland Screen’s Invest NI funded activities offered the potential to contribute to the first and second priority actions, as illustrated below:

<p>Realising the potential of existing businesses</p>	<p>Northern Ireland Screen’s support sought to encourage locally owned SMEs to realise their full potential, through introducing innovation at all levels of their businesses. It did this through support to build capability, develop new products and processes, increase</p>
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	exports and investment.
Shifting the Sectoral Focus	<p>Northern Ireland Screen's support offered the potential to contribute towards a shift towards high-value economic activity by boosting indigenous businesses and start-ups in high-value creative industry sectors, and attracting FDI. Northern Ireland Screen sought to identify and support businesses that would apply expertise and knowledge, which could generate value-added that would be sufficient to offset the labour-cost advantages of developing countries i.e. entirely market driven businesses.</p> <p>Within its 2008-2011 Corporate Plan, Invest NI recognised that such businesses in these sectors would require more intense and differentiated support. Furthermore, the Plan noted that Invest NI would work with the private sector and its representative organisations (of which Northern Ireland Screen is a form) to tackle barriers to growth on a sectoral and cross sectoral basis.</p>

The Invest NI Corporate Plan recognised that greater wealth and economic growth within NI would be generated by increasing the number and quality of businesses with sufficient scale to compete globally. Northern Ireland Screen sought to encourage businesses (particularly through MAFF) to consider trading on a global basis.

As noted, the main targets and outcomes within the Invest NI 2008-2011 Corporate Plan were developed in the context of the DETI's Corporate Plan and the Programme for Government 2008-2011. The Evaluation Team considers that Northern Ireland Screen's activities contributed towards the achievement of several PSA DSOs, as noted below:

PSA - DSO	Northern Ireland Screen's Contribution
PSA 1 - Productivity Growth - DSO 1 - Promote a competitive and outward looking economy	<p>Northern Ireland Screen:</p> <ul style="list-style-type: none"> Assisted indigenous businesses to export for the first time. Supported companies to diversify into new markets. Improved the sales and marketing capability of NI businesses.
PSA 1 - Productivity Growth - DSO 2: Attract and support high quality investment, both foreign and locally-owned;	<p>Northern Ireland Screen prioritised its resources on:</p> <ul style="list-style-type: none"> The most attractive inward investment projects and the highest quality locally produced projects; Securing contestable inward investment projects that promoted jobs and increased value added in the screen sector.
PSA 1 - Productivity Growth - DSO 4: Promote higher value-added activity through innovation and the commercial exploitation of R&D.	Northern Ireland Screen encouraged client businesses to embrace innovation.
PSA 1 - Productivity Growth - DSO 6: Increase the level of skills to aid productivity improvements in manufacturing and tradable services.	Northern Ireland Screen sought to develop skills within the local screen industry.
PSA 3 - Increasing Employment - DSO 3 - Increase employment opportunities by attracting high quality inward investment and supporting domestic investment	<p>Northern Ireland Screen:</p> <ul style="list-style-type: none"> Focused on increasing the competitiveness of client businesses in global markets with a view to increasing employment opportunities. Encouraged FDI that increased the value added in the screen sector.
PSA 3 - Increasing Employment - DSO 4 - Promote business growth	Northern Ireland Screen promoted growth projects from locally owned businesses.

2.2 Strategic Context and Operational Fit – 2011-2015

2.2.1 Invest NI Corporate Plan 2011-2015

It is important to note that DETI and Invest NI's Corporate Plans (2008-2011) were developed at a time when the NI economy was performing successfully in terms of employment creation, and the unemployment rate (4.2%) was at that time the second lowest of all the UK regions. NI's economic growth was averaging 3.8% and was broadly in line with growth in the UK economy.

In the intervening period, between then and now, NI has suffered significantly in terms of employment loss and economic growth. Indeed, there remains a considerable gap between Northern Ireland and the United Kingdom as a whole. Our labour productivity, measured as total output (Gross Value Added or GVA) per filled job is around 81% of the UK average and our current employment rate of 68% of the working age population means that we have untapped and under-utilised resources. As a result, the value of output from the NI economy is £28.2 billion. Translating this into the recognised measure of standard of living (output per head), the figure is £15,795 for NI, which is just 76.4% of the UK average level.

In line with the Programme for Government and DETI's Corporate Plan for the period 2011-2015, Invest NI's current Corporate Plan (2011-2015) sets out the role Invest NI will play in rebalancing and rebuilding our local economy to support wealth creation as an enabler and catalyst to grow innovation, exports, productivity and employment throughout the business base, resulting in increased living standards for all.

The Plan notes that Invest NI's support will be aligned fully with the drivers of economic growth and its activities will be targeted to increase the size, competitiveness and value of our private sector by embedding innovation, growing our local companies to scale, increasing our export base and attracting inward investment.

In specific relation to innovation, the Plan states that it will remain at the core of all Invest NI's actions, driving business growth, productivity growth, and economic growth. The Plan notes that through a continuum of support relevant to businesses at all stages of development, ideas will be turned into actions and the new products and services created which will give our business base a competitive edge in international markets.

In relation to the Creative Industries sector, the Plan specifically notes that *“our creative industries, which include film and television production, are, quite literally, putting us on the world stage. Through our funding of Northern Ireland Screen, we have attracted major productions such as Universal Picture's Your Highness and HBO's series Game of Thrones, to Northern Ireland. In order to capitalise on this opportunity, we need to continue to build our infrastructure and we therefore welcome the development of a second studio facility in Titanic Quarter, which will increase our capacity to compete for international projects and provide opportunities for our indigenous, innovative businesses.”*

It is evident therefore that the activities of Northern Ireland Screen remain valid in the context of Invest NI's 2011-2015 Corporate Plan.

2.2.2 Fit with Other Interventions, including Invest NI's

This section considers the fit of Northern Ireland Screen's interventions with other Invest NI interventions including whether the interventions have given rise to any duplication with/displacement of other programmes/activity operating in NI.

It should be noted that during the rollout of the 2007-2010 Strategy, it was identified that some aspects of the MAFF support might lead to duplication with/displacement of Invest NI's Trade Mission support. MAFF support has since been discontinued within Northern Ireland Screen's 2010-2014 Strategy.

Encouragingly, and as will be established in Section 5, all of the companies that the Evaluation Team consulted with were of the view that, in the absence of Northern Ireland Screen support, they would have been unable to get the same or similar support elsewhere to have undertaken the production activity in NI.

The Evaluation Team's own review of Invest NI's other supports and those available from other stakeholders such as the Local Councils LED programmes has identified none that are similar to those offered by Northern Ireland Screen through NISF or PDF. Whilst there are other skills development supports available in the marketplace, none have the specific focus on the screen industry that is offered through the BDP. Therefore, with the removal of MAFF, we do not consider there to be any potential for Northern Ireland Screen's support to give rise to any duplication with/displacement of other programmes/activity operating in NI.

We note also that Northern Ireland Screen's activities have the potential to contribute to two other strategies relating to the creative industries in NI:

1. The Northern Ireland Digital Content Strategy; and
2. The Strategic Action Plan for the Creative Industries.

The Northern Ireland Digital Content Strategy	<p>Invest NI launched the Northern Ireland Digital Content Strategy in January 2008, setting out a framework for developing the digital content sub-sector which was considered to offer significant potential for the NI economy. The strategy aimed to ensure NI can optimise the opportunities arising from the surge of global activity in relation to digital content, with projections that globally the sector would grow faster than other economic sectors. The strategy highlights that the key to success in developing the digital content sub-sector lies in collaboration across traditional sector boundaries, requiring a level of commitment from the industry itself and its various stakeholders.</p> <p>In order to ensure that implementation of the digital content strategy is industry led, Invest NI supported the creation and development of the NI digital content industry group 'Digital Circle'. This group was therefore an obvious target for the promotion of the NISF and the PDF. However, during the period of the 2007-2010 Strategy, engagement between Northern Ireland Screen and Digital Circle was limited which may have contributed to the low levels of activity in this area within NISF (see Section 3). Although we note that digital content activity with PDF represented circa one-third of all awards made.</p> <p>In part, this is due to the profile of the NISF, which is perceived as providing only large awards which are not always commensurate with the needs of digital content projects. This acts as a deterrent to potential applicants for digital content projects which may require only relatively small amounts of financial support. Another key issue in this regard is the difficulty in distinguishing between 'development' and 'production' of digital content. The boundaries between these two types of activity are unclear with respect to digital content, which may have contributed to a greater number of digital content awards from the PDF, which traditionally makes smaller awards, rather than the NISF. To address this issue, it is understood that Northern Ireland Screen has hosted workshops for the digital content sub-sector to make it aware that funding and support is available at the scale they need it and to help with the application processes.</p> <p>Since the implementation of Northern Ireland Screen's current (2010-2014) Strategy,</p>
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	<p>we understand that contact between the two organisations has increased considerably, which should mitigate against the risk of opportunities not being maximised. Although, we note that there was some criticism during our consultations with Northern Ireland Screen’s beneficiaries that the organisation continued to be overly film and television focussed. As convergence in the market increases however, there is an evident need for the industry and all key stakeholders to engage meaningfully with each other to ensure a cohesive and collaborative route for development of the sector is adopted as envisaged in The Northern Ireland Digital Content Strategy.</p> <p>The Evaluation Team understands that Northern Ireland Screen was not involved in the development of the Digital Content Strategy. Given its remit to contribute towards the development of fledgling digital sector in NI, it is the view of Northern Ireland Screen that the organisation should have been involved in the development of the Strategy and subsequent creation of Digital Circle to ensure that there was greater congruence in approach to addressing the needs of this aspect of the industry.</p>
<p>The Strategic Action Plan for the Creative Industries.</p>	<p>In October 2008, a Strategic Action Plan for the Creative Industries was launched jointly by DCAL, the Arts Council of NI and in conjunction with DETI and Invest NI. The primary outcome of the strategy was the identification of the main issues and opportunities for growth of the creative industries in NI. This also formed the policy context for the delivery of a £5m Creative Industries Innovation Fund (CIIF), the purpose of which is to support creative activity in a business context and therefore grow the ‘cultural capital’ of NI.</p> <p>The strategy defines 13 different sub sectors of the creative industries which includes ‘Multimedia and Games Publishing’ and ‘Television and Radio’; both of which are relevant to Northern Ireland Screen. The interplay between the Strategic Action Plan for the Creative Industries and the Building on Success strategy is therefore an important issue.</p> <p>It is understood that Northern Ireland Screen was an active stakeholder in the development and implementation of the strategic action plan, evidenced for example by representation on the assessment panel for the CIIF. Furthermore, the Interim Evaluation (December 2009) found that screen sector organisations were utilising the fund, with in excess of £0.4m of awards (21%) from the latest (at that time) CIIF funding round being made in respect of screen content.</p>

2.3 Market and Sectoral Context

At the time that the Building on Success Strategy was being developed, technology advances, mostly in the area of digital communication, were turning television and film business models on their head. However, there were many other local, national and global shifts that would play out over the period of the strategy (i.e. 2007-2010). Market changes and trends that particularly influenced the development and rollout of Northern Ireland Screen’s 2007-2010 Strategy included:

Sector	Context
<p>Television</p>	<ul style="list-style-type: none"> • The UK television programme production market was growing; • An increasing proportion of that market was being produced independently of the broadcasters; • Increasing rate of consolidation amongst the independent UK television programme production market, with the 25 largest independent production companies accounting for approximately 75% of the £1.1 billion and the top 10 ‘super-indies’ accounting for close to half the total market. It was considered that the ‘super-indies’ would increase their dominance further in the succeeding years with broadcasters preferring the risk profile of commissioning a larger company. This rapid market consolidation demanded a shift in Northern Ireland Screen’s strategic thinking and an acceptance that the development of local independent production companies alone would not offer NI the levels of growth potentially available to it. Accordingly, Northern Ireland Screen strongly courted Endemol, one of the largest production companies in the UK and Europe, and redesigned the Northern Ireland Screen Fund so as to be a more effective tool in encouraging large production companies to set up here. • Following an intervention by OFCOM, Public Service broadcasters the BBC, Channel 4 and ITV (who commissioned the majority of television series broadcast) made a commitment to spreading their production investment across the Nations & Regions. Northern Ireland Screen estimated that this drive towards the Nations & Regions, if implemented within the spirit intended, would equate to more than £40 million new production for NI as an achievable target¹⁴. However, Northern Ireland Screen acknowledged that NI did not have a “right” to this increased level of television production, and considered that the increased production would be commissioned to those companies with the best ideas, the best talent and who best meet the commissioner’s requirements. Northern Ireland Screen considered that it had a central role to play in helping to achieve the forecasted production growth through attracting the target production with incentives (financial and otherwise) and by enforcing the public service commitments through lobbying. It was noted that the other UK regions employed similar policies and mechanisms, and it was not considered realistic to assume that increased levels of production could be achieved in the absence of strong intervention by Northern Ireland Screen. • OFCOM’s views of market concentration and the subsequent move towards the Nations & Regions also created a need for significant and ongoing development in the NI television industry. In particular, the development of skills and the creation of a competitive sector strengthened by production incentives were considered to be key. • The marketplace for independent producers had been greatly enhanced as a result of the Communications Act which returned rights in programming to the independent producers, where in the past these rights were retained by the broadcasters. This meant that the production companies could exploit their programming further by selling it to other broadcasters beyond the UK, securing additional revenue streams at little additional outlay. • However, a further consequence of the Communications Act was the growing gap between the fee a broadcaster would pay for a programme and the overall budget cost – the assumption being that the gap could be filled by sales in secondary markets. This was proving to be a challenge for the television production sector, which was used to raising the finance for a project almost exclusively from one broadcaster source. However, it also presented an opportunity for Northern Ireland Screen as the funding available was anticipated to become increasingly more attractive as production companies are more regularly

¹⁴ The BBC had committed to 30% of network programmes coming from outside of London, including a 17% network target for the Nations. This commitment came as part of the BBC’s push for Charter Renewal and its ongoing negotiations and commitments to OFCOM. This commitment was not, however, statutory and was not broken down into individual targets for each of the Nations. ITV similarly has a target quota of 50% of production spend to come from outside London. This did not include a specific commitment to spend in either NI or the Nations. ITV did however have a commitment towards diversity and plurality, which by definition from OFCOM had to include NI. Channel 4 did not, at that time, have any publicly stated commitments with regard to spending in the Nations and Regions. They had however made a strong commitment towards the need to devolve productions towards the Nations and Regions. In accordance with this commitment, Channel 4 had a Director of Nations and Regions and a Creative Industries Strategy which included NI. Northern Ireland Screen’s estimate of a production opportunity in the region of £40 million per annum by 2012 included £35 million from BBC, £8 million from ITV, £10 million from Channel 4 and £1.5 from Channel Five, which was subsequently discounted by approximately 20% to provide a more conservative estimate. The £40m figure included all television production, covering drama, documentaries, light entertainment, animation etc.

Sector	Context
	<p>forced to raise finance beyond the primary commissioning broadcaster.</p> <ul style="list-style-type: none"> It was noted that this changing financial model for television production was most acute in children’s programming which had created the opportunity for Endemol’s Bel’s Boys and other projects to be produced in NI. Northern Ireland Screen believed that a very strong niche could be developed for NI in the production of children’s and educational programming. The combination of financial incentive and growing track record in this niche area was anticipated to create a springboard from which to further develop this niche. While this gap between a primary commissioning broadcaster’s fee and the cost of production was identified as having created a market opportunity for Northern Ireland Screen, it was also considered to have accentuated the competitive disadvantage that NI faces against a tax break in the Republic of Ireland that was available to television drama (as well as film to which its limited in the UK). Although, it was noted that whilst the BBC continued to avail of the cost cutting advantage of producing television drama in the Republic of Ireland, Channel 4 did not intend to do so, as a consequence of its regional production target commitments. The strategy proposed (subject to state aid approval) to extend the Northern Ireland Screen Fund to cover factual television as well as film and television drama. This was envisaged to provide Northern Irish factual production companies with a clear competitive advantage when approaching broadcasters and, at the same time, provide Northern Ireland Screen with an attractive incentive to offer inward investing super indies. Whilst market opportunities beyond the UK were also considered to be increasing, the pace of global growth experienced by the NI independent production sector was considered to lag that of the other UK regions. Despite this, penetration of the Republic of Ireland market had increased dramatically in the preceding years while a number of international commissions had been secured. European markets had also been opened up. Northern Ireland Screen was considered to have a key role to play in assisting to open the diverse national and international market opportunities available to NI independent production companies. An anticipated key role was its international markets and festival support to ensure NI producers’ presence at key international markets. Furthermore, outside of the UK and USA, the television production market was considered to be more dependent on international co-production; a further key role for Northern Ireland Screen was anticipated to be being able to offer local producers incentives (i.e. the NISF) that they could use to broker international co-productions.
<p>Film</p>	<ul style="list-style-type: none"> The US and India continued to represent the only well established film industries across the world, with the majority of high budget films being produced and filmed there. For the rest of the world there had been an increasing trend towards mobile film production with production tending to follow government incentives and producers locating where the most generous incentives were offered. The location decision for films was however balanced by a number of other factors including for example, other production costs (accommodation costs etc.), availability of skilled crew members, availability of suitable film locations and studio space. Over the period of Northern Ireland Screen’s first 3 year strategy (2004-2007), the strength of the Dollar and uncertainty surrounding UK tax incentives had resulted in a reduction in inward investment film production and created a scarcity of film finance for film projects, causing many film projects to find closing their finance impossible. However, state aid approval for the new UK tax break was secured in November 2006, which was considered to have created a much more stable future for the film industry in the UK. The new tax break was considered to be more attractive, offering film productions a higher percentage of their budget as an incentive. Counter balancing this positive development but by no means outweighing it, was suggested to be the new (at that time) UK tax incentive being less flexible in terms of co-productions, which was anticipated to have an impact on UK/Irish co-productions which had been the staple of the Northern Ireland Screen’s film portfolio. Northern Ireland Screen predicted that the number of co-productions would reduce but the level of value NI receives from each of these co-productions would increase with the UK tax incentive acting as a lever over and above the Northern Ireland Screen Fund.

Sector	Context
	<ul style="list-style-type: none"> Therefore, whilst operating (at that time) in a more stable environment (presented by the introduction of the new tax incentive across the UK), it was considered that Northern Ireland Screen would still have a crucial role to play in terms of ensuring NI's attractiveness for film production amongst other UK regions. The UK market for film production remained a competitive market and it was not expected that in the absence of intervention, NI would secure film production over other UK regions, including London and its surrounding regions. It was considered that Northern Ireland Screen would also need to focus on the development of skills and infrastructure within the NI sector so as to provide an all encompassing attractive market.
<p>Digital Media</p>	<ul style="list-style-type: none"> The strategy suggested that Northern Ireland Screen had to move swiftly on its policy on digital media to ensure that opportunities were not missed. As with previous technological advances like mobile phones or email, it was considered that there was a tipping point at which the technology would shift from being a minority interest to being used by millions. However, the NI digital media sector was considered, relative to other competitor regions, to be somewhat fragmented and embryonic and had yet (at that time) to have made significant advances into export markets or to secure significant foreign direct investment (FDI). The strategy recognised that DETI's Broadband Content Initiative was an excellent initial response to this revolution but suggested that one standalone initiative was not sufficient. Furthermore, it indicated that key television broadcasters, the BBC, ITV and Channel 4 as well as new content users like BT, NTL or Google would become progressively more interested in dealing with companies who are experienced and articulate across multiple delivery platforms, making producers with the skill to deliver across multiple platforms hugely desirable and those that do not relatively unattractive. It suggested that the key to addressing this innovation challenge was through encouraging content development in this area and encouraging the appropriate partnerships between traditional film or television production companies and new digital content producers. The Economic Appraisal cited Invest NI research, which had identified a range of development areas which needed to be addressed if the market opportunity in digital media was to be exploited. The development areas included: <ul style="list-style-type: none"> Private Investment – the NI digital content industry was finding it difficult to attract private equity among local investors; Market Development – the level of market intelligence needed to be improved so as to assist the digital content industry to grow in external markets. There was also considered to be a need to develop and build an export culture and map key export opportunities with existing support programmes and sectors; Research and Development – the local industry requires a digital content development scheme to support it and to complement the existing technology development schemes that are available. The PDF was considered to be such a scheme.; and Training and Skills Development – training within the digital content industry was carried out in an ad hoc manner and in response to immediate needs. A co-ordinated approach from industry, education and stakeholders was required to ensure the availability of the skills necessary to deliver world class digital content. The combination of these factors was considered to present a viable case of market failure in the NI digital content sector. It was against this market failure that Northern Ireland Screen was considered to be positioned so as to play a central role in the coordination and championing of digital media within the NI market. Northern Ireland Screen proposed to make development funding available through the Product Development Fund (subject to state aid approval) and at the same time develop the necessary links with the key players including not only broadcasters but telecoms companies and other content end users. Northern Ireland Screen also intended to further develop the proposal to site a Digital Hub at the Titanic Quarter to act as the focal point for the development of digital content production companies and to explore the possibility of enticing either the BBC or Channel 4 to become involved as an anchor tenant.

2.4 Rationale for Government Intervention

Therefore (per Section 2.3), in 2007, it was considered that the size and scale of the NI market was still relatively small when assessed against that of other UK Nations and Regions. However, there was considered to be great opportunities for growth. Alongside film and television, there was considered to be a wide range of new opportunities in the area of digital content, which NI had not yet fully embraced.

It was, however, considered, that without intervention by Northern Ireland Screen, it would be highly unlikely that the Northern Ireland screen industry would operate as a ‘competitive market’ with activity at levels which were economically optimal. The range of factors and market failures that influenced this assessment included:

<p>Barriers to entry</p>	<p>It was considered that the scale and concentration of film and television (and digital content) activity within London and its surrounding geographical locations made it difficult for the smaller regional areas, such as NI, to compete. However, the regional imperfection within the market for television in particular had (by 2006¹⁵) been formally recognised by OFCOM. OFCOM has identified three particular features of the TV production sector that justified their intervention:</p> <ul style="list-style-type: none"> • The negotiating strength of the main terrestrial broadcasters; • Vertical integration between broadcasting and production; and • Geographic concentration of production. <p>The existence of these factors was considered to have driven the need for intervention in the sector. This led to the establishment of production quotas outside the M25. The need for such was later confirmed in OFCOM’s Policy Statement¹⁶ that stated “<i>Without intervention, OFCOM does not consider that production outside London is likely to be self-sustaining in the longer term. Intervention will therefore continue to be needed to deliver the diversity benefits associated with out of London production.</i>”</p> <p>The move by the main terrestrial broadcasters to commission more work within the regions therefore represented an opportunity to overcome the barrier caused by geographical concentration of production within the M25. However, it was recognised that NI was not guaranteed to benefit from any additional production under the OFCOM Nations & Regions initiative. Instead, it was considered to be the role of Northern Ireland Screen to ensure that the NI industry was fully prepared to embrace and grasp the new opportunities that this initiative would offer. It was suggested that the availability of NISF support for both drama and non-drama would provide a direct approach through which the NI independent production sector could embrace and grasp the potential opportunities for growth.</p>
<p>Development potential and clustering</p>	<p>Northern Ireland Screen was considered to have an important role to play in developing ‘critical mass’ within the Northern Ireland Screen industry. In particular, it was suggested that the provision of funding which would encourage the setting up in NI of a ‘Super Indie’, Hat Trick or Ecosse, would provide a valuable opportunity to create a clustering of activity and spur production by the smaller local producers also. To assist in the clustering of activity within the NI market, Northern Ireland Screen proposed to increase the maximum award available under the PDF.</p>

¹⁵ Ofcom, *Review of the television production sector: A consultation*. Published 10 January 2006.

¹⁶ Ofcom, *Review of the television production sector: Statement*. Published 25 October 2006.

Risk aversion	<p>Whilst many NI production companies had grown substantially over previous years, it was recognised that to move NI companies up the scale in terms of performance and help them achieve a continued competitive position would require them to continually develop world class programme ideas. However, without intervention through the Product Development Fund (PDF), it was considered that local producers would be unlikely to have the scale or ability to absorb the associated risks to allow such development to take place. In this context, it was suggested that the PDF would allow companies to become less risk averse and develop ideas that in the absence of PDF, they would not be able to obtain funding for and therefore not succeed in. Furthermore, the financial support offered through the NISF was also considered to be a mechanism that would help companies overcome risk aversion associated with undertaking production activity in NI.</p>
Imperfect information	<p>It was suggested that in NI, the relatively small and fragmented nature of the screen industry meant that it was more difficult for local companies to make film and television commissioners fully aware of their offerings and abilities. As a means to overcome this market imperfection, it was suggested that Northern Ireland Screen had a role to play in promoting and providing information to the wider market on the Northern Ireland Screen industry. Furthermore, it was suggested that Northern Ireland Screen had a role to play in providing producers with the opportunity to market themselves through, for example, attendance at festivals and conferences.</p>
Fiscal (tax) disincentive	<p>It was stated that uncertainty surrounding tax incentives for the UK (including NI) had meant that levels of inward investment in screen production had been comparatively weak against other regions with more favourable tax regimes. The presence of unequal market conditions across what is very much an internationally mobile market, created a market where activity flows to those areas offering the best market conditions – in this case to those countries offering the best tax incentives¹⁷. Therefore, in order to compete, it was suggested that there was a need to create an overall offering for the NI independent screen industry that would make it as attractive as possible to potential investors.</p> <p>It was noted that the securing of a UK Tax break for films in September 2006 would help to overcome the market imperfection surrounding fiscal incentives and that it should help the NI film industry move towards greater levels of activity. However, it was noted that the decision as to where to locate film production is based on a number of factors, including fiscal incentive but also including factors such as availability of skills. It was therefore suggested that Northern Ireland Screen’s focus should be upon ensuring that all factors that could encourage greater levels of film production in NI are as favourable as possible.</p> <p>It was noted, however, that for the television industry, the continuing lack of parity (at that time) between the fiscal incentives offered in NI to those offered in RoI would continue to leave an imperfection in the market which needed to be addressed by Northern Ireland Screen through other factors.</p>
Skills shortages	<p>It was noted that the development of skills is essential to developing capacity in the NI film and television market. Without being able to offer suitable skills, production levels and associated industry growth were expected to be considerably constrained. However, it was considered that opportunities to undertake suitable training and development in NI were constrained by the limited size of the market, and that it had to be overcome through the intervention of public funding and assistance for training and development.</p> <p>It was suggested that through the provision of training and development (through programmes such as the BDP), Northern Ireland Screen could help create a more successful screen industry, particularly since the skills of the local workforce continued to be an important factor in determining whether to produce in NI. The courses delivered as part of the BDP were to take account of emerging new areas for skills developments e.g. it was proposed that the BDP would deliver at least one course on digital content.</p>

¹⁷ Assuming Ceteris Paribus.

Externalities	<p>Film and television production in NI was considered to offer a range of positive externalities to the local economy. The most notable of which was suggested to be its impact on tourism – both direct and indirect. Local production was suggested to require that crew members being brought in from outside of NI, who when involved in production would directly contribute to NI economic activity through expenditure on hotels, subsistence and also the employment of local crew.</p> <p>Indirectly, the promotion of NI through its presence as a location on television and through film was suggested to be a powerful tool for increasing awareness of the region. It was considered that the indirect impact of production in this way could have a very powerful impact for NI tourism¹⁸. It was noted that for production companies and commissioners, in particular, the impact of these externalities are not taken into account when they make a decision on whether or not to produce in NI. It was concluded that where positive externalities exist, as in this case, production activity in the free market would be sub-optimally low. On this basis, it was suggested that there would be a role for Northern Ireland Screen to influence greater levels of production in NI.</p>
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Specifically, Northern Ireland Screen’s suite of Invest NI funded programmes were considered to be designed so as to address the market failures (featured above) that existed across the Northern Ireland Screen industries. The table below provides a summary of which market failures were suggested would be addressed by each of Northern Ireland Screen’s programmes.

Northern Ireland Screen’s Programme Intervention vs. Market Failures					
Programme	Northern Ireland Screen Fund	PDF	BDP	MAFF	Marketing and Information
Barrier to entry	Yes	Yes			
Development potential and clustering	Yes	Yes			
Risk aversion	Yes	Yes			
Imperfect information	Yes			Yes	Yes
Fiscal disincentive	Yes		Yes		
Skills shortage			Yes		
Externalities	Yes				Yes

As will be demonstrated within Section 5 of this report, the low levels of deadweight identified across each of Northern Ireland Screen’s interventions would indicate that the nature and magnitude of intervention was appropriate for both the inward investment and home elements of the strategy.

2.5 Programme Demand

Demand for Northern Ireland Screen’s support was strong throughout the period of the 2007-2010 Strategy (see Section 3 for details on activity), and has continued to be strong in the period up to, and including, June 2012. Given the aforementioned (Section 2.2), it is the Evaluation Team’s view that there should continue to be strong demand for Northern Ireland Screen’s support offerings for the foreseeable future.

¹⁸ “Location, Location, Location: the Positive Impact of Film on a Region’s Tourism Economy” concludes that film generates a sustained interest in a destination more strongly than can be achieved by government marketing.

3. PROGRAMME ACTIVITY

3.1 Introduction

Section 3 provides a summary of the activity supported and undertaken by Northern Ireland Screen over the three year period of the Strategy. In doing so the Section considers activity supported through the core NISF, PDF, BDP and MAFF programmes, as well as the marketing activity undertaken by Northern Ireland Screen during the period.

Appendices II and II provides further details of the activity supported, whilst Section 7 provides a summary of the progress made towards the SMART objectives that were established for the Strategy.

3.2 The Northern Ireland Screen Fund (NISF)

3.2.1 Overall performance of the NISF

Tables 3.1 and 3.2 provide a summary of the activity supported through the NISF between 2007 and 2010, with further information provided in the succeeding paragraphs.

Award Year	Number of productions supported	Production budget	No. of productions in excess of £2.5m	Award by genre				
				Film	TV Drama	Other TV	Digital	Total
Year 1	6	£46,508,912	3	£973,869 ¹⁹	£1,162,202	-	-	£2,136,070 ¹⁹
Year 2	9	£59,949,156	4	£1,790,345	£1,490,345	£235,000	-	£3,515,690
Year 3	13	£59,927,353	3	£525,000	£3,650,000	£842,761	£105,384	£5,123,145
Total	28	£166,385,421	10	£3,289,214¹⁹	£6,302,547	£1,077,761	£105,384	£10,774,905¹⁹

Source: Northern Ireland Screen

Number of interventions	No. of production companies
1	18 (82%)
2	3 (14%)
3	-
4	1 (4%)
Total	22 (100%)

Source: Northern Ireland Screen

Salient points to note include:

- Northern Ireland Screen provided c. £10.8m in NISF support toward the costs of 28 productions by 22 individual companies;
- The levels of award ranged from c. £16k to £1.6m, with the average award equating to c. £385k per production;
- 4 companies (18%) received multiple awards with 3 companies receiving 2 awards and 1 company receiving 4 awards;
- Just over half (59% or £6,302,547) of the total value of awards was made to 'TV drama' productions, 31% (or £3,289,213) was made to 'film' productions, 10% (or £1,077,761) was made to 'other TV' productions whilst the remaining 1% (or £105,384) was spent on digital productions;

It should be noted in interpreting the performance by medium above, that Northern Ireland Screen categorised some film projects as a 50/50 split between film and TV drama. This was because

¹⁹ Figure excludes another £600k awarded to the City of Ember production as part of the 'Most Powerful Industry in the World Strategy'.

these productions were intended to be screened in the cinema for a limited period and then on TV (and potentially other platforms e.g. mobile/web). The allocation between film and television was further blurred due to the support available (at that time) for film in the UK in the form of a tax credit, which did not exist for television. This meant that, where feasible, producers were likely to develop a concept as a film in order to avail of the tax credit, which may otherwise have been developed into a television project. This ‘hybrid’ between film and TV was not envisaged at the outset of the strategy and arose due to increasing convergence trends and the prevailing tax regime. These factors suggest that, in practice, it can be difficult to precisely define where a specific project might sit within NISF’s four genres. Furthermore, it is noted that the concept of criteria, linked to specific sub-sectors/mediums/platforms (as originally envisaged) is also inconsistent with the general market trend of convergence. In light of this, the information set out in Table 3.1 should be interpreted with the understanding that there is some ‘fluidity’ between the four mediums.

It would also suggest that ‘fixed’ targets for each medium might not be appropriate in the future, but rather that ‘notional’ targets could be set for each genre with flexibility applied as above (particularly between film and TV production). However, it is also considered that it would not be appropriate to move totally away from targets for each sub-sector/ medium in future given that monitoring the balance of activity across each remains important to the strategic development of the screen industry as a whole in NI. In addition each medium/ sub-sector has typically had a different targeted level of economic return, which provides a further rationale for ‘notional targets’ for each.

- 10 (36%) of the total productions were ‘large’ i.e. had a production budget in excess of £2.5m;
- Total awards made through the NISF made up c. 7% of the total production costs (c. £166.4m) of the 28 productions;
- The ability to attract a major TV drama production in the form of ‘Games of Thrones’ to NI with the associated potential continuity of production²⁰ provides a strong indication that NI is recognised as a competitive location for TV drama production. Therefore, it is concluded that Northern Ireland Screen has been successful through Building on Success in achieving a significant realignment in favour of TV (drama) production in NI; and
- However, awards were not made in respect of the digital content and non-Drama TV genres as envisaged. With respect to non-Drama TV production, activity within the NISF did increase during Year 3 of the Strategy, recovering from a slow start in the early stages of the strategy. This is an area where there has traditionally been a strong base of expertise in the sector in NI and within Northern Ireland Screen. Discussion with Northern Ireland Screen indicates that a key contributing factor for this underperformance related to the fact that the commitment to devolved production (principally from the BBC) did not materialise in the timeline envisaged²¹.

²⁰ In the case of Game of Thrones, there is potential for seven series

²¹ In the Communications Act 2003, the BBC, in particular, made a commitment to commission a set number of projects outside the M25 area. At the time of the Economic Appraisal for Building on Success, Northern Ireland Screen estimated that the proportion of this that would flow to NI would be circa £40m of production budget by 2012. In terms of the £30m per annum sector growth targeted under Building on Success to April 2010, approximately £20m was envisaged to originate from the BBC. However, within the timeframe of the 2007-2010 strategy, no step-change in the commissioning levels of the BBC occurred.

3.2.2 Profit Participation

The NISF provides a financial incentive in the form of a recoupable loan with profit participation. Any recoupment monies received up to the level of the original investment are available to be reinvested within the current year. However, if reinvestment does not occur within the appropriate timeframe it must be surrendered to Invest NI, as must any recoupment in excess of the original investment.

The table below provides a summary of the levels of recoupment relating to projects provided with support through the NIFPF and NISF during the period of the Strategy.

Recoupment source:	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	Total
NIFPF	£54,889	£116,119	£4,328	£7,794	-	-	£183,130
NISF	0	£92,975	£99,012	£5,307	£55,081	£37,453	£289,828
Total recoupment	£54,889	£209,094	£103,340	£13,101	£55,081	£37,453	£472,958

Source: Northern Ireland Screen

In summary, a total of c. £473k was 'recouped' during the Building on Success Strategy. During consultation, Northern Ireland Screen confirmed that c. £428k (or 91%) was reinvested in 5 productions, with the remainder available to Northern Ireland Screen for reinvestment²².

During consultation, Northern Ireland Screen suggested that it would not be possible to state with any level of certainty, the potential quantum of recoupment that could be eventually derived by production supported as part of the NISF, as the level of recoupment would ultimately depend on the success of the products developed which was dependent on a number of factors (e.g. longer term success of the commission etc.) that could not be determined at this stage. Withstanding this, it is the view of Northern Ireland Screen, and shared by the Evaluation Team that further recoupment will potentially occur from those productions supported under the Strategy. As such, the Evaluation Team recommends that Invest NI continues to monitor levels of recoupment with regards to those NISF productions supported under the Strategy.

3.3 The Production Development Fund (PDF)

Tables 3.4 and 3.5 provide a summary of the activity supported through the PDF as part of the Strategy, with further information provided in the succeeding paragraphs.

Award Year	Number of awards made	Value of awards made	No. of commissions	Value of commissions
Year 1	12	£553,379	6	£5,075,000
Year 2	20	£890,370 ²³	6	£6,010,000
Year 3	14	£600,292	4	£6,140,000
Total	46	£2,044,041	16	£17,225,000²⁴

Source: Northern Ireland Screen

²² None of the recouped funds have been repaid to Invest NI.

²³ Figure includes £59,274 of commitments.

²⁴ Data provided by Northern Ireland Screen suggested that £15,776,000 had been derived from 10 commissions, whilst the primary research undertaken by the Evaluation Team suggests that a further £1,449,000 from a further 6 commissions. The difference between the information is likely to relate to the fact that there was no specific requirement for Northern Ireland Screen to monitor further commission activity resulting from the development activity funded following the period of the Strategy. However, as illustrated by the Evaluation Team's research and confirmed by Northern Ireland Screen, there is appears to be a lengthy gestation period between company's/individual's undertaking development activity and realising any further commissions as a result of this activity.

Table 3.5: No. of companies receiving support	
Number of awards	No. of production companies
1	17 (59%)
2	9 (31%)
3	2 (7%)
4	-
5	1 (3%)
Total	29

Source: Northern Ireland Screen

Salient points to note include:

- Northern Ireland Screen made 46 awards to 29 individual production companies through the PDF during the period to a value of £2,044,041;
- 12 companies (41%) received multiple interventions with 9 companies receiving 2 awards, 2 companies receiving 3 awards and 1 company receiving 5 awards;
- The levels of award ranged from c. £6k to £100k, with the average award equating to £44,436;
- The Fund contributed to establishing 2 super indies;
- 3 companies were awarded second stage funding indicating that further stages of development activity have been undertaken;
- The PDF has compensated to a degree for the underperformance of the NISF in the digital content area, with c. 33% of the awards being made to digital content development;
- A review of Northern Ireland Screen monitoring spreadsheets, coupled with the primary research undertaken by the Evaluation Team, suggests that the production companies supported through the PDF secured 16 follow-on commissions worth £17.2m.
- Discussion with Northern Ireland Screen indicates their view that this inward investment activity has served to increase the external profile and recognition of the organisation and NI as a location for the development of screen products.
- The critical mass of activity within the PDF is considered by Northern Ireland Screen to have enabled some key indigenous independent production companies to diversify and enabled a continuation of some of the ‘foundation building’ development activities that otherwise would not have happened due to reduced availability of Lottery Funding in NI. Furthermore, it enabled some companies to maintain activity and alleviated difficulties associated with the economic downturn; and was important in fostering increased partnerships between the independent sector in NI and broadcasters/ networks.

3.3.1 Profit Participation

Companies in receipt of PDF support were required to repay the development funds plus a 50% recoupment premium to Northern Ireland Screen, in the event of a successful project commission. To date, c. £177k has been repaid by companies whose product development work successfully resulted in a project commission. Unsurprisingly, given the timing of recoupment monies to date, the analysis suggests that there appears to be a gestation period of up to four years before any recoupment is derived by Northern Ireland Screen from any product development work which successfully results in a project commission.

Table 3.6: Levels of PDF Recoupment during the Strategy period						
	2007/08	2008/09	2009/10	2010/11	2011/12	Total
Total recoupment	£0	£0	£4,471	£96,048	£76,979	£177,498

Source: Northern Ireland Screen

During consultation, Northern Ireland Screen suggested that it would not be possible to state with any level of certainty, the potential quantum of recoupment that could be eventually derived by the development work supported as part of the PDF, as the level of recoupment would ultimately depend on the success of the products developed which was dependent on a number of factors (e.g. levels of interest in the development work undertaken by the companies etc.) that could not be determined at this stage. Withstanding this, it is the view of Northern Ireland Screen, and shared by the Evaluation Team that further recoupment will potentially occur from those productions supported under the Strategy. As such, the Evaluation Team recommends that Invest NI continues to monitor levels of recoupment with regards to those NISF productions supported under the Strategy.

3.4 Business Development Programme (BDP)

Table 3.7 and 3.8 provides a summary of the activity supported by Northern Ireland Screen through the BDP during the period of the Strategy, with further information provided in the succeeding paragraphs.

Table 3.7: BDP - Number of NI applications and participants ²⁵						
	2007/08		2008/09		2009/10	
	Applications	Participants	Applications	Participants	Applications	Participants
RDP ²⁶	6	4	4	3	N/A	N/A
IDP	N/A	0	2	1	A min. of 1	1
CCP	4	4	1	1	3	3
Total	10	8	7	5	4+	4

Source: Northern Ireland Screen

Table 3.8: No. of companies receiving support	
Number of awards	No. of production companies
1	10 (59%)
2	2 (12%)
3	1 (6%)
Total	17

Source: Northern Ireland Screen

Salient points to note include:

- 21+ applications for support were submitted for BDP support during the period, with 17 (or 81%) of these being supported (8 through the CCP, 7 through the RDP and 2 through the IDP); and
- 3 companies received multiple interventions with 2 companies receiving 2 interventions and 1 company receiving 3 interventions. These companies accounted for 7 (or 41%) of the total interventions. It should be noted however, that the same individual was never supported more than once to participate in any stream of the BDP.

²⁵ Source: The Research Centre

²⁶ 2008/09 was the final year of the RDP. TRC had been running the RDP in partnership with Channel 4 for 10 years. However, whilst they acknowledged that it has been very successful to date, Channel 4's revised remit saw it moving more centrally into the digital arena.

3.5 Markets and Festivals Fund (MAFF)

Table 3.9 provides a summary of the activity supported through the MAFF as part of the Strategy, with further information provided in the succeeding paragraphs.

Award Year	Applications	No. of awards ²⁷	No. of single event award	No. of multi-event awards	Total number of attendances	Contracted value	Award drawn down
Year 1	22	20	15	5	33	£30,691	£27,831
Year 2	35	22	16	6	42	£40,304	£30,987
Year 3	29	21	17	4	31	£25,962	£25,638
Total	86	63	48	15	106	£96,957	£84,456

Salient points to note include:

- Northern Ireland Screen received a total of 86 applications for support, with 63 (or 73%) of these receiving an award;
- A total of c. £97k was contracted during the period, equating to an average award of £1,539. Of the total amount contracted, 87% (or c £85k) was drawn down. It is the view of the Evaluation Team that this finding should be viewed positively as the anticipated activity that was to be supported was delivered at a lower than anticipated cost (rather than the activity not being undertaken at all);
- Of the 63 awards made, three-quarters (76%) of these were single event awards and the remaining one quarter (24%) were for multi-event attendances;
- A total of 106 attendances were supported during the period of the Strategy as a result of MAFF support

3.6 Marketing Activity

As detailed in Section 1, in addition to providing funding to enable Northern Ireland Screen to provide support through the aforementioned Funds/Programmes, the organisation was also provided support towards its core marketing activities.

3.6.1 *The Building on Success Marketing Plan*

For the period 2007 to 2010, Northern Ireland Screen developed a marketing plan detailing the activities that would be taken forward to achieve the aims and objectives detailed within the Strategy. Table 3.10 overleaf provides as summary of the key marketing activities that were to be taken forward during the period of the Strategy²⁸.

²⁷ The remaining 23 applications were either rejected or withdrawn.

²⁸ Northern Ireland Screen's Marketing Department consisted of a Head of Marketing, Marketing Officer and a Database Officer.

Table 3.10: Overview of the Building on Success Marketing Plan

Marketing Objective	Activities to be undertaken	Target audience	Marketing tool employed
<i>Funding: Sell Northern Ireland Screen Funds</i>	<ul style="list-style-type: none"> Highlight and actively sell all NIFTC funding initiatives direct to the target market; Simplify the funding message; Sell the benefits of the UK tax incentives. 		
<i>Location: Sell NI as a location for independent film and television production</i>	<ul style="list-style-type: none"> Exploit the diversity of location; Maximise NI's unique position – politically UK but geographically the island of Ireland and where appropriate sell the value and benefits of cross border co-productions. 		
<i>Facilities & Information: Promote NI product</i>	<ul style="list-style-type: none"> Simplify the content; Expand the useful/practical information available to the sector; Clean and maintain up-to-date databases; Gather appropriate market intelligence for the NI sector and disseminate in appropriate manner. 	<ul style="list-style-type: none"> The production sector outside of NI (UK, RoI, Europe, USA) 	<ol style="list-style-type: none"> Marketing Materials/tools (incl. above-the-line advertising in trade magazines, show-reels and a generic marketing brochure).
<i>Communicate NI success stories: Promotion & Events</i>	<ul style="list-style-type: none"> Create opportunities for NI's production sector by building and strengthening relationships, both within and outside of NI: <ul style="list-style-type: none"> Help maximise the distribution potential of film; Sustain pressure on the main public service broadcasters to commit to developing NI; Work with broadcasters and other platform operators to build a dynamic new media sector; Develop further business-to-business workshops and seminars. Communicate and use NI success stories to create a platform which helps stimulate a greater choice for audiences; Review NIFTC presence at markets and festivals worldwide for film, television and new media: <ul style="list-style-type: none"> Continue to assist and encourage the television sector to have a stronger presence at the now critical MIPTV and MIPCOM markets Consider dissolving the partnership for the Irish Pavilion Consider a NI presence at other A-list markets (Toronto, Berlin, Banff). 	<ul style="list-style-type: none"> The indigenous production sector Film finance sector (which exists mainly outside of NI) Television broadcast sector (primarily UK network) NI stakeholders (politicos, influencers, NIFTC funders) 	<ol style="list-style-type: none"> Publicity/PR (including pitching stories to the local NI press (television, radio and print), as well as to trade media and the UK national press); Promotion & Events (including offering support to the television indies through our sponsorship, forging strategic alliances to the benefit of the NI sector, increasing attendance at key conferences, continuing to host workshops, seminars and conferences etc.); Information & Publications (including e-marketing, publications and databases)

A marketing budget was drawn up at the start of each year and was monitored by the Head of Marketing throughout the duration of the Strategy.

Table 3.11 provides an overview of the key marketing activities taken forward during the review period.

Table 3.11: Overview of marketing activities undertaken	
Marketing Discipline	Activities undertaken
Marketing, sales tools & advertising	<ul style="list-style-type: none"> • Development and printing of marketing brochures; • Rebranding exercise undertaken (e.g. logos etc.); • Creation of showreels (e.g. profiling: 1) NI overall, 2) the Paint Hall and 3) NI television indies) and AV materials; • Generic marketing material updated and reprinted before Cannes 08 and special Cannes brochure printed and disseminated; • Funds and location advertisements placed in Variety NI, Televisual regional feature and Location Guide and Slate ads in Screen and Variety for Cannes 08 line-up. Hunger ads in Screen, Variety and Hollywood Reporter; • Co-presented and promoted screenwriting workshops; • Sales visits to LA undertaken; • Funding and Tax Information card designed and printed; • Paint Hall brochure updated in advance of OFMDFM visit to LA in March 09; • Hosted City of Ember premiere with leading actress in attendance and Culture Minister. Co-hosted premiere of Hunger with UK distributors, which had all cast and crew in attendance. Co-hosted premiere of Five Minutes of Heaven with BBC; Liam Neeson and James Nesbitt in attendance; • Worked with QFT on their 40th Anniversary events • Partnership working with the Ulster American Society in Philadelphia; • Explored potential for creation of Movie-Map tourist initiative; • Development of three marketing showreels Development of three marketing showreels profiling: 1) NI overall, 2) the Paint Hall and 3) NI television indies.
Press and publicity	<ul style="list-style-type: none"> • Substantial press coverage achieved in local, national and worldwide press. • Monitoring of advertising value equivalency (AVE) since 2009/10. Figures provided by Northern Ireland Screen suggest that in 2009/10 the value of AVE was £1,660,563²⁹ • Participation on UKFC Funding Seminar.
Events and promotions	<ul style="list-style-type: none"> • Successful event management of Irish Pavilion • Chairman's lunch at Cannes oversubscribed and achieved good press coverage rating it a success. • Sponsorship of UK Indies PACT Pavilion at MipTV – sponsorship withdrawn for MipCom due to current economic instability. • Co-hosting Ireland Networking Event. • Attendance at Media Festival.
Information and publications	<ul style="list-style-type: none"> • Ongoing redesign of website to make it more user friendly with practical industry information. • 10 news stories per week on Northern Ireland Screen website • Annual Reports produced and distributed. • Fortnightly e-zine produced and distributed and specific targeted industry sector e-zine

²⁹ During consultation Northern Ireland Screen confirmed that these figures were collated manually by an internal member of the marketing team and only account for print media and do not take into account radio, television or online coverage, nor did it include the monitoring of trade magazines such as Hollywood Reporter, Screen International, Variety and Broadcast which are viewed to be integral to the organisation's marketing activities.

3.6.2 Location scouting and Familiarisation trips

By way of attracting inward investment to NI, Northern Ireland Screen provided the following services to potential FDI production companies:

- **Comparative budget analysis and initial location scouting** - If a producer has already created a budget for their project based on a rival territory or territories, Northern Ireland Screen pays for a comparative Northern Ireland budget to be drawn up by a suitably experienced Line Producer. Northern Ireland Screen also offers to carry out an initial location scout to find examples of the key locations needed for the project to ensure that it is feasible to shoot the project in Northern Ireland.
- **Familiarisation Trip** - If the budget and location work yielded positive results the project's creative team is invited on a familiarisation Trip. These tips sought to:
 - Highlight the benefits of NI as a centre for independent film and television production;
 - Sell NI locations, funds and facilities to the global screen industry; and
 - Communicate NI's success stories and promote our product and talent on the worldwide stage.

Northern Ireland Screen normally covers the team's flights, accommodation, transport and the services of a location scout for three days / two nights. During the trip the teams meet key crew and facility providers and well as visiting the locations identified in the initial scout.

Key activity undertaken during the period of the Strategy included:

Table 3.12: Overview of scouting and familiarisation activity undertaken		
Year	Support provided	Overview of Activity undertaken
2007-08	£22.8k	Familiarisation trips were mainly location and scouting trips and cost £7k total. There were around 7 trips and groups of people brought to NI and each trip cost less than £1k. The balance of costs were for travel.
2008-09	£80.4k	There were 2 substantial trips during that year to bring Universal Studios (went on to film Your Highness) and HBO (Game of Thrones). This cost between £15-20k each. There were more than 8 other location scouting and reconnaissance trips following up other production leads. This cost in the region of £1k per production. There was a larger locations reconnaissance for Summit entertainment costing £5k.
2000-10	£26k	There were around 20 scouting and reconnaissance trips costing in the region of £1k - £2k each. There were no major familiarisation trips in that year.

It is the Evaluation Team's views that location scouting and familiarisation trips form an important component in Northern Ireland Screen's marketing toolkit to attract large scale production FDI to NI. Whilst concerns could be raised in relation to the additionality associated with this activity (given the size and status of these production companies (e.g. HBO, Universal Studios)), it should be noted that film production FDI is highly mobile and a number of the companies that have been in receipt of this support have undertaken the activity in NI which has ultimately generated considerable economic impact. It should also be note that:

- As detailed in Section 4, the package of support was cited by the majority of production companies as being the key factor that influenced them in undertaking their activity in NI;

- Northern Ireland Screen has confirmed that it will always seek to assess the potential levels of additionality and value for money that a trip could deliver before committing to it. In doing so the organisation has stated that it weighs the cost of the trip against the ultimate likelihood of any production activity that could come from the activity and would not pursue a lead which it feels is not going to be valuable or if the company was 'using' the trip to get to another location using Northern Ireland Screen support.

By way of maximising the levels of additionality associated with the activity, the Evaluation Team understands that Invest NI requires Northern Ireland Screen to complete a business case for each element of activity. Whilst the Evaluation Team feel that this approach should continue, Invest NI should ensure that approvals should be granted by Invest NI in a timely manner so that opportunities to attract FDI production activity to the region are not missed.

3.7 Risks

The March 2007 Economic Appraisal identified the following risks associated with the project:

Risk Identified in EA	Evaluation Team's Commentary
The risk of not receiving match funding from other funders. The EA noted that although Invest NI was Northern Ireland Screen's largest funder, it did not provide all of the funds required for Northern Ireland Screen's proposed activities. Funding from other sources including DCAL, the UK Film Council and the Arts Council of Northern Ireland was anticipated to be required to allow Northern Ireland Screen to undertake all of the activities proposed within its strategy.	The actions of other funders, particularly for activities that Invest NI was not involved in, does not appear to have affected the Invest NI funded activity in any particular way. However, as will be seen in Section 8, early into the implementation of the strategy, DCAL contribution towards the Invest NI funded activity of £720,000 was reduced by £370,000 to £350,000. This had a corresponding knock-on effect as to the quantity of money that was available within the NISF, as Invest NI re-profiled its offer to Northern Ireland Screen to allow for the shortfall.
The risk that projects supported through Northern Ireland Screen funding would not be successful . To mitigate against this risk occurring, the EA noted that Northern Ireland Screen, in conjunction with Invest NI, should ensure that appropriate appraisal processes are followed with each application assessed against a robust range of criteria. It recommended that appropriate sign-off procedures need to be put in place for different funding levels.	As will be demonstrated in Sections 5 and 6, the projects supported by Northern Ireland Screen have generated a positive economic impact.
The risk of producers not achieving match funding from other third party financiers to allow them to receive funding under the PDF.	As illustrated through the PDF activity, projects successfully achieved match funding.
The risk that the preferred level of funding was not available within Invest NI's budget thereby rendering the preferred option not affordable.	This risk did not materialise.
The risk that Invest NI funded activity would not be additional . The EA suggested that it was difficult at application stage and during evaluation of funding to determine the additionality of funding. Therefore, the EA suggested that there was a risk that funding provided by Northern Ireland Screen may not be wholly additional. Acknowledging the difficulties surrounding the measurement of additionality, the EA recommended that Invest NI should ensure that appropriate mechanisms and controls to assess additionality are in place.	As will be demonstrated in Section 5, low levels of deadweight are associated with Northern Ireland Screen's support.

<p>The risk that European approval would not be achieved for the proposed activity - funding proposed under the NISF and the PDF had not yet been agreed (at that time) within European State aid rules. Early indications had suggested specific concerns regarding the proposed digital content activity. There was therefore a risk that the proposed digital media activity would not get approval to progress during year one. The EA recommended that where restraints were imposed under EU statute, Invest NI should seek to agree with Northern Ireland Screen how the designated funding not approved would be reapportioned.</p>	<p>European approval was achieved for all of the proposed activities.</p>
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3.8 Conclusions

Based on monitoring information provided by Northern Ireland Screen, the Evaluation Team's analysis suggests that a significant level of support has been provided by the organisation to companies and individuals to support the development of the Northern Ireland Screen industry. Key activity supported during the course of the Strategy included:

- Northern Ireland Screen provided c. £10.8m in production support through its NISF toward the costs of 28 productions by 22 individual companies. The levels of award ranged from c. £16k to £1.6m, with the average award equating to c. £385k per production;
- Northern Ireland Screen made 46 development awards through the PDF to 29 individual companies to a value of c. £2m. The levels of award ranged from c. £6k to £100k, with the average award equating to £44k. The Programme contributed to establishing 2 super indies;
- To date, c. £473k in was 'recouped' from productions supported during the Building on Success Strategy. During consultation, Northern Ireland Screen confirmed that c. £428k (or 91%) was reinvested in 5 productions, with the remainder available to Northern Ireland Screen for reinvestment. In terms of development activity, c. £177k has been repaid by companies whose product development work successfully resulted in a project commission;
- 21+ applications for support were submitted for BDP support during the period, with 17 (or 81%) of these being supported (8 through the CCP, 7 through the RDP and 2 through the IDP);
- A total of c. £97k was provided through 63 MAFF awards during the period of the Strategy. A total of 106 attendances were supported through the Fund during the period of the Strategy as a result of MAFF support; and
- Northern Ireland Screen has undertaken a significant amount of marketing to raise the profile and reputation of NI as a suitable destination/location for screen activity.

4. PARTICIPANTS' SATISFACTION WITH, & VIEWS OF, NORTHERN IRELAND SCREEN'S SUPPORT

Section 4 provides a detailed analysis of the key findings, emerging from the primary research with companies, in terms of their satisfaction with, and views of, the funding available from Northern Ireland Screen through the NISF, PDF, MAFF and BDP.

Technical notes

- Throughout the report 'N' refers to the total number of respondents to a particular question;
- A total of 42 companies (representing 61 interventions) were consulted during the primary research phase. 10 companies (representing 17 interventions) were in receipt of NISF support, 15 companies (representing 23 interventions) were in receipt of PDF support, 15 companies (representing 17 interventions) were in receipt of MAFF support and 4 companies (representing 4 interventions) were in receipt of BDP support
- Given the small sample sizes caution should be expressed in interpreting the outcomes of the survey results;
- Given the small sample sizes, the findings have (at the request of Invest NI) been reported in number rather than percentage terms; and
- Based on the sample sizes (i.e. respondents participating in the primary research) and populations (i.e. the number of individual companies in receipt of support from Northern Ireland Screen), the following confidence levels have been calculated

Support	Sample Size	Population	Confidence Interval ³⁰
NISF	10	22	± 23.43
PDF	15	30	± 18.2
MAFF	15	106	± 23.56
BDP	4	17	± 44.17

4.1 Awareness of Northern Ireland Screen and its Support Offerings

The table below indicates the manner in which participants had first become aware of the support offered by Northern Ireland Screen.

	NISF	PDF	MAFF	BDP	Total	
					No.	%
A colleague or peer within the industry	8	5	5	3	21	50%
Directly from an Northern Ireland Screen representative	1	8	9	1	17 ³¹	40%
Through Invest NI	1	1	-	-	2	5%
Through a broadcasting company	-	1	-	-	1	2%
Through the Arts Council of Northern Ireland	-	-	-	-	-	-
Through DCAL	-	-	-	-	-	-
Other	-	-	1	-	1	2%
N=³²	10	15	15	4	42³³	100%

³⁰ Please note that all recipients of support were contacted on a minimum of 5 occasions to increase participation in the research.

³¹ Whilst the Evaluation talked to 17 companies that had first become aware of Northern Ireland Screen directly from a representative of the organisation, 2 of these had participated on two or more different Northern Ireland Screen supports. Therefore the individual totals in this row add to 19.

³² Throughout the report 'N' refers to the total number of respondents to a particular question.

³³ Total of 42 companies consulted – representing 61 interventions overall

Almost all (90%, N=42) respondents first became aware of Northern Ireland Screen and the support it offers through a colleague/peer within the industry (50%, N=42) or directly from an Northern Ireland Screen representative (40%/N=42). These findings perhaps reflect the success of Northern Ireland Screen’s marketing activities within the screen industry, both locally and elsewhere.

One respondent became aware of Northern Ireland Screen’s MAFF support through an online forum for those working in the industry.

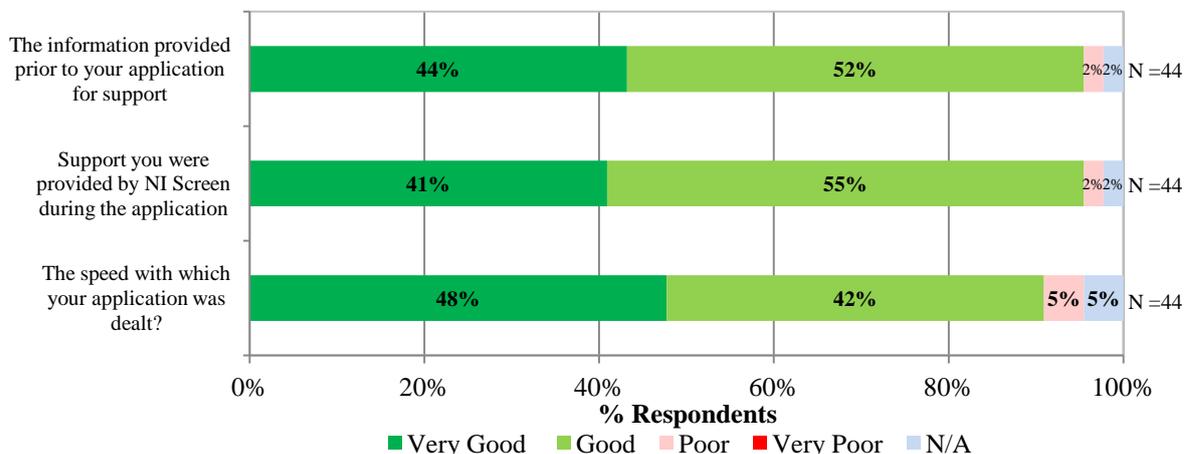
4.2 Application process

4.2.1 Information/support provided prior to, and during, the Application Process

On an overall basis, respondents reported few difficulties relating to the application process for any of Northern Ireland Screen’s four support offerings; with the consensus of opinion indicating that the processes used were simple to follow, and that Northern Ireland Screen dealt with any difficulties in a timely manner. Key findings, taken on an overall basis across the four Northern Ireland Screen supports, relating to the application process include:

- 95% (N=44) of respondents considered the information provided to them by Northern Ireland Screen prior to their application to be either “good” or “very good”.
- 96% (N=44) considered the support provided by Northern Ireland Screen during the application process to be either “good” or “very good”; and
- 91% (N=44) suggested that the speed in which their application was dealt with was either “good” or “very good”.

Figure 4.1: How would you rate the following aspects of the Northern Ireland Screen support application process? (Composite total of all four supports)



“Northern Ireland Screen comes into its own during the pre-production stage. They provided us with all the information we needed before and during our application.”

“The entire process was simple and we didn’t encounter any difficulties at all.”

“Northern Ireland Screen was always available to answer our questions and were a pleasure to deal with.”

“Northern Ireland Screen understood that we had timescales to work to and so the fact that they processed the application quickly showed that they took an interest.”

“We were impressed with the simplicity of the application and how quickly it went through.”

NISF recipients

“The criteria provided to us prior to the application were clear and easy to understand. We had no problems.”

“Northern Ireland Screen was great beforehand, in assisting with the application.”

“Any confusion I had during the application process was dealt with well by Northern Ireland Screen. They were happy to explain anything that I was unsure of.”

“Communication with Northern Ireland Screen during the application process was easy and hassle-free.”

“The turnaround on our application was very quick and the application was processed without any hassle.”

PDF recipients

“Overall, the application process was simple. The guidelines and criteria of what was expected of you when you applied were very clear.”

“The staff at Northern Ireland Screen were very attentive and gave our application lots of personal attention.”

“Northern Ireland Screen was always available to offer assistance during the application process. They were happy to help with queries we had.”

“We met all the requirements and so once submitted, the application went through quite quickly.”

MAFF recipients

“The information provided prior to and during the application was good. If it hadn’t been, we wouldn’t have applied.”

“The application didn’t involve much hassle and went through fairly quickly.”

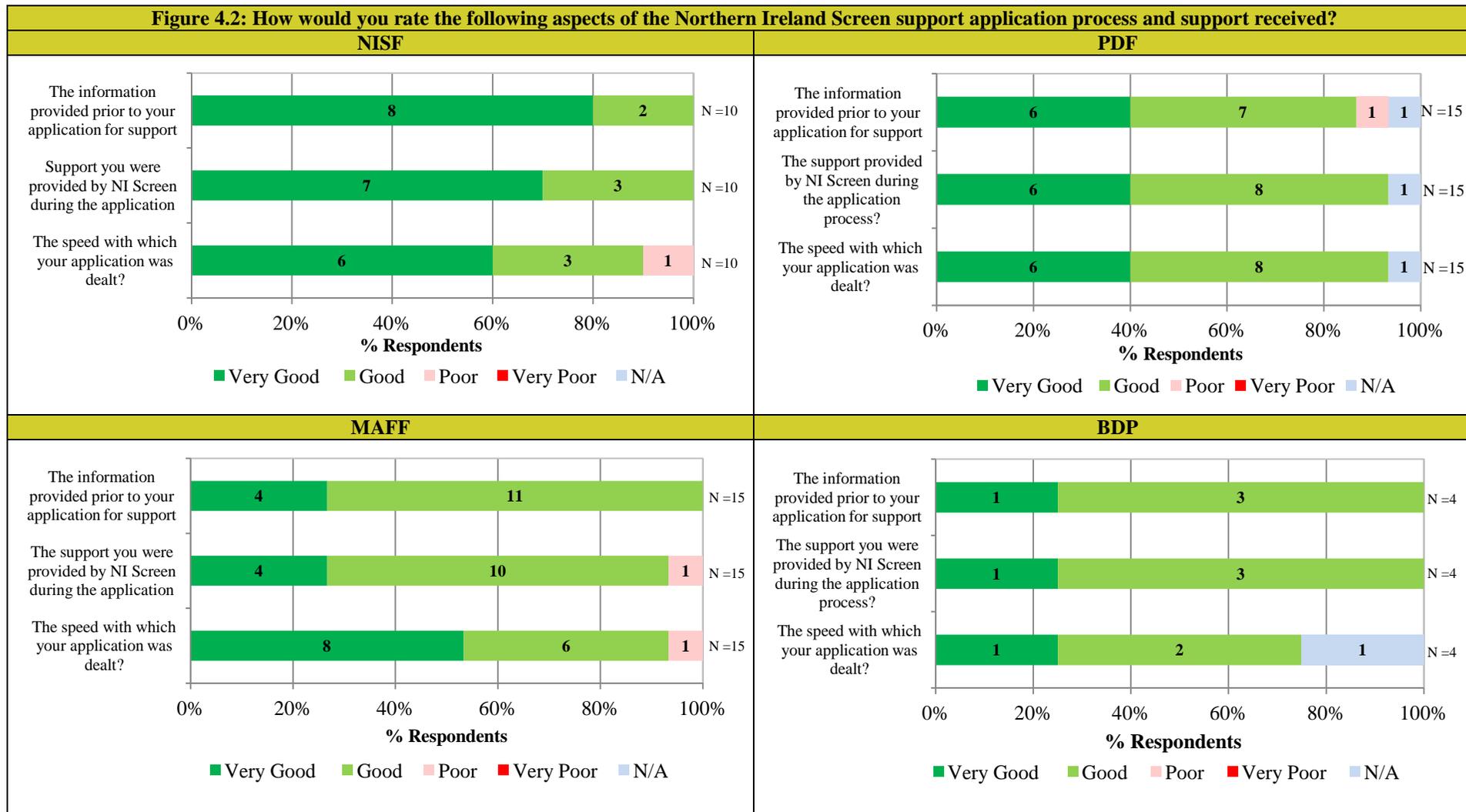
BDP recipient

4.2.2 *Improvements that could be made to the application process*

Respondents made a number of suggestions as to how Northern Ireland Screen’s application process could be improved. Perhaps unsurprisingly, many of the participant recommendations related to “reducing red tape and bureaucracy”. However, the Evaluation Team notes that this suggested improvement was stated more as a preference, rather than something that required urgent action. Whilst the “level of bureaucracy” was criticised, most respondents indicated that they understood that “some bureaucracy” was necessary. Respondents’ recommendations included:

Table 4.3: Respondents’ recommendations for Improvements to the Application Process	
Support Strand	Respondents’ recommendations
NISF respondents	<ul style="list-style-type: none"> • Less “red tape” and paperwork during the application process; • More detailed feedback for applicants who have been unsuccessful, so as to inform future applications; and • Quicker processing of contracts during the application process.
PDF	<ul style="list-style-type: none"> • Less paperwork/bureaucracy around the administration aspect of the application; and • Provision of a step-by-step guide to applying for PDF support.
MAFF	<ul style="list-style-type: none"> • Raise the profile of the MAFF support and increase awareness of it; • Introduce clearer criteria as to what is required for a successful application; • Allow higher levels of funding; and • Turnaround applications for support in a shorter timeframe. Some applicants indicated that they had only become aware of a suitable event/festival close to the date that it was on.
BDP	<ul style="list-style-type: none"> • Less paperwork during the application.

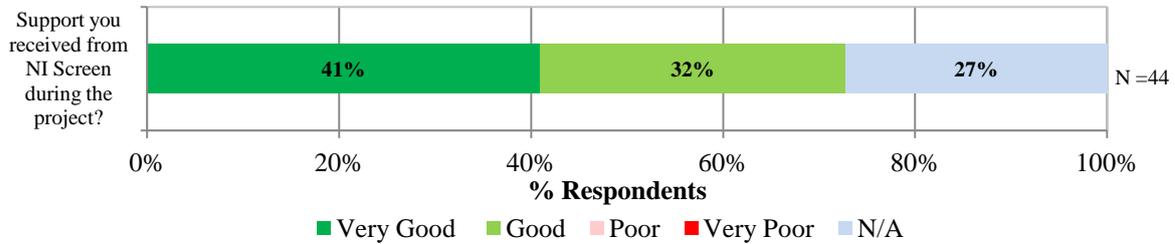
Figure 4.2: How would you rate the following aspects of the Northern Ireland Screen support application process and support received?



4.3 Support Received during the Project

Almost three-quarters (73%, N=44) of the total respondents considered the support that they received from Northern Ireland Screen during their project to “good” or “very good”.

Figure 4.3: Satisfaction with support received



Most respondents commented positively on the fact that following their application for support to Northern Ireland Screen, that they actually had limited interaction with the organisation. The view was that Northern Ireland Screen let the companies get on with their projects without much interference. This was considered to be a positive. However, the same respondents generally indicated their view that Northern Ireland Screen would be at hand if their help was required. Any support that was received during the project was generally described as being of a high standard.

“We appreciated that Northern Ireland Screen didn’t interfere unnecessarily during the production process, however any time we did require further support they were able to provide it”

“Once we received the funding, we didn’t actually have much more interaction with Northern Ireland Screen. We needed their help most before the production began – and that’s when we found their support most beneficial.”

“Northern Ireland Screen was very effective in helping us deal with unwanted press during the production.”
NISF recipients

“We didn’t have much interaction with Northern Ireland Screen during the development project itself.”

“The application was simple, and following the funding being awarded, we didn’t require any further support from Northern Ireland Screen.”

“We didn’t actually need to deal much with Northern Ireland Screen during the development project itself.”

“Northern Ireland Screen was very proactive and seemed genuinely interested in helping with the project and seeing it succeed.”

PDF recipients

“There wasn’t much further engagement with Northern Ireland Screen during the events themselves, as it wasn’t really necessary.”

“We didn’t need any interaction with Northern Ireland Screen once we were actually in attendance at the festival.”

MAFF recipients

“I was in frequent contact with Northern Ireland Screen before and during the application process, however there was not much need for contact with them once I was actually on the course.”

BDP recipient

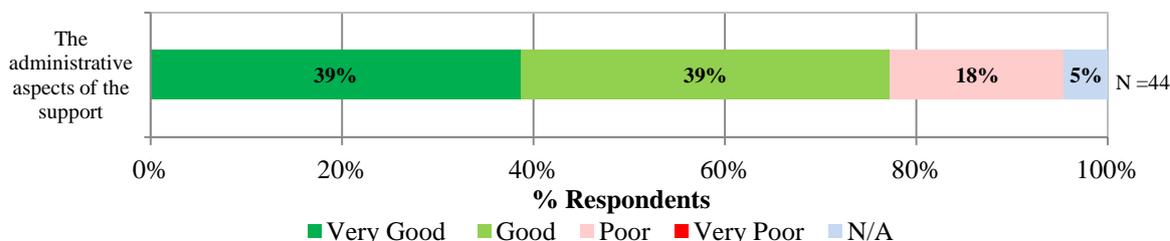
Figure 4.4: How would you rate the following aspects of the Northern Ireland Screen support application process and support received?



4.4 Administrative requirements

Almost four-fifths (78%, N=44) of respondents across the four support strands considered the administrative aspects of the support to be “good” or “very good”.

Figure 4.5: Satisfaction with administrative requirements



However, almost a fifth (18%, N=44) of respondents described the administrative aspects of the support received as being “Poor”. The majority of criticism related to these respondents’ perceptions of the administration and reporting being “overly bureaucratic”, which in some cases was suggested to have “held up” projects.

The Evaluation Team notes that a number of those companies that rated the administration requirements as being “good” also mentioned the “bureaucracy” relating to the support, but the same respondents also acknowledged that administration and reporting is “part of the process and had to be accepted”.

“There’s always a bit of red-tape to deal with when applying for funding, but we appreciate that this is part of the process and that it isn’t Northern Ireland Screen’s fault.”

“Administration and paperwork does have the potential to hold things up, but it didn’t in this case.”

NISF recipients

“Aside from the amount of paperwork, we were happy with how the support worked out.”

“There was a lot of paperwork, but we understand that it is necessary in support programmes like this.”

“The reporting requirements during the project were highly bureaucratic.”

PDF recipients

“The whole process was simple and even the administration was not overly bureaucratic, which was good.”

“I would have preferred a more flexible administration procedure but other than that, we were happy.”

“We found the reporting requirements quite cumbersome and unrealistic.”

MAFF recipients

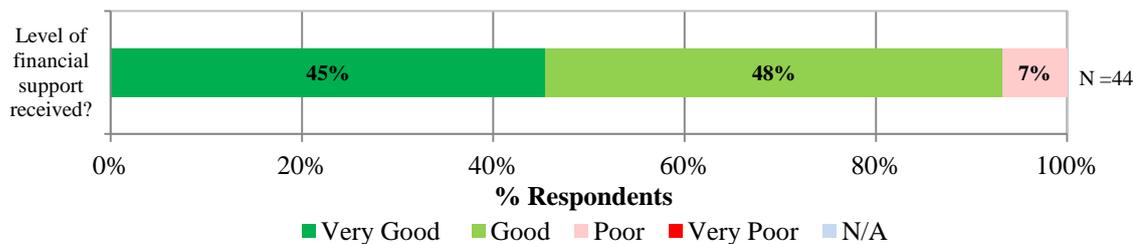
“The admin and reporting procedures could be slimmed down a bit”

BDP recipient

4.4.1 Level of financial support received

Encouragingly, on an overall basis, 93% (N=44) of respondents suggested that the amount of financial support received was either “good” or “very good”. Many of these respondents suggested, perhaps unsurprisingly, that they would have welcomed more financial support, but also considered that Northern Ireland Screen had made a “generous” and “realistic” contribution to their project.

Figure 4.6: Satisfaction with levels of support received



“Ideally we would have preferred more funding, but we are still very happy with what we did receive, because it made the production possible.”

“The level of funding we received was just enough to help the project go ahead – the amount was just right.”

NISF recipients

“The funding gave us the ability to undertake the development work that needed to be done.”

“Once we got the funding, we were able to carry out the development work and Northern Ireland Screen didn’t interfere – giving us the space to get on with our work.”

PDF recipients

“The 50% was a great help. We were very lucky to receive such a contribution towards our attendance at a festival.”

“The amount awarded was barely enough – we would have preferred more”

“The funding I received was a realistic amount and made it possible to attend the festival I wanted to attend.”

MAFF recipients

“The support we were given by Northern Ireland Screen was valuable and helped cover the expenses of the course.”

BDP recipient

4.5 Overall Views on Northern Ireland Screen Support Received

Respondents were asked to identify the aspects of the support that they considered worked particularly well, and those that did not. Some responses relating to the aspects of Northern Ireland Screen’s support that worked particularly well, and were common across all four support strands included:

- Northern Ireland Screen’s understanding of the creative industries/screen sectors;
- The support offered by Northern Ireland Screen during both the application process and the period of the production, including, for example, support to identify suitable locations or helping productions keep “closed sets”;
- Northern Ireland Screen’s generally open and supportive approach; and
- The level of funding received (with perhaps the exception of the MAFF support).

The table below summarises the most frequently provided responses by support strand.

	Aspects that Worked Well	Aspects that did not work well
NISF	<ul style="list-style-type: none"> Northern Ireland Screen's understanding of the creative industry sector; The Production support provided e.g. identifying suitable locations, ensuring 'closed sets' etc; Northern Ireland Screen's proactivity – the interest they show in seeing the production succeed; A lack of interference once support was offered; The level of funding provided. 	<ul style="list-style-type: none"> Complexity of the contract arrangement (and associated/subsequent legal costs). 'Red tape' during the application process.
PDF	<ul style="list-style-type: none"> Northern Ireland Screen's understanding of the screen industry; Northern Ireland Screen's proactivity in dealing with companies; Northern Ireland Screen's openness and accessibility; The amount of financial support provided. 	<ul style="list-style-type: none"> The recoupment premium, which was considered to be appropriate, but set at too high a level; Reporting and administration; The impression that the support is too 'film oriented' – to the detriment of digital content.
MAFF	<ul style="list-style-type: none"> The networking opportunities afforded to companies by being in attendance at festivals; The level of assistance offered during the application process; Northern Ireland Screen's attendance at certain festivals, which was considered to have lent credibility to some of the participant businesses; The range of people in attendance at festivals. 	<ul style="list-style-type: none"> Turnaround time of the application; Payment method of the funding (i.e. upfront payment preferred to instalments); The lack of Northern Ireland Screen's attendance at some festivals. It was suggested that NI's Screen's attendance could have facilitated meetings with suitable contacts; Lack of follow up from Northern Ireland Screen.
BDP	<ul style="list-style-type: none"> The standard and experience of the trainers; Networking opportunities; Opportunities to pitch to Channel 4. 	<ul style="list-style-type: none"> Outdated course material

4.6 Comparison with Support in Other Jurisdictions

Of the 42 companies consulted with, just two had applied for, and received, similar support with an agency in another jurisdiction:

- One company that had availed of NISF support and had also received support from the Irish Film Board; and
- One company that had availed of MAFF support, and had also received support from Screen Yorkshire.

Encouragingly, in both cases, all aspects of Northern Ireland Screen's support, when compared with the support received elsewhere were considered to be "more favourable", as illustrated in the table below:

Table 4.4: Comparison of companies' experience with Northern Ireland Screen compared to other support applied for

Respondent	Other Support Received	More Favourable aspects of Northern Ireland Screen's support
NISF	Irish Film Board	<ul style="list-style-type: none"> Northern Ireland Screen's application process; The overall support and advice provided by Northern Ireland Screen; The administrative aspects of the NISF support, including vouching requirements and expenditure eligibility.
MAFF	Screen Yorkshire	<ul style="list-style-type: none"> Northern Ireland Screen's application process Levels of potential support available

The NISF recipient suggested that they could not compare the level of financial support received as the company was applying for different amounts of funding for different productions.

The company who received MAFF support, and had applied for similar support from Screen Yorkshire felt that Northern Ireland Screen's support was more favourable in every respect.

4.7 Reasons for selecting NI as the location for the Development and/or Production activity

4.7.1 NISF

Most NISF respondents cited the following factors as being either 'quite' or 'very important' in encouraging them to undertake their production activity in NI:

- The package of support available from Northern Ireland Screen (9 out of 10 respondents);
- The skills / education of the workforce (8 out of 10 respondents);
- The supply of labour (8 out of 10 respondents).

The importance placed upon the available workforce perhaps reflects the success of the implementation of other aspects of Northern Ireland Screen's Strategy relating to skills development.

However, of interest, with the exception of one respondent (who indicated the supply of labour), no respondents considered these factors to be the single most important factor that had influenced their decision. Instead:

- Four respondents suggested that the most important factor was that they "*were based in NI anyway*";
- Three suggested that the key influence was the "*theme/focus of the production (e.g. story line)*";
- One suggested the "*production infrastructure / facilities e.g. Paint Hall studio facilities*" that are available; and
- One suggested the "*quality of locations*".

Table 4.5: Importance of factors in encouraging companies to undertake NISF-funded production activity in NI

Factor	Very Important	Quite Important	Not Very Important	Not at all Important	Single Most Important
Package of support available from Northern Ireland Screen	8	1	-	1	
Theme/focus of the production (e.g. story line)	6	1	-	3	3
You were based in NI anyway	5	-	-	5	4
Skills / education of the workforce	4	4	1	1	
Supply of Labour	4	4	1	1	1
Production infrastructure / facilities e.g. Paint Hall, studio facilities	4	2	1	3	1
Cost of labour	4	2	1	3	
Quality of locations	3	4	2	1	1
Economic policy environment	2	2	4	2	
Broadcasters	1	3	1	5	
Legal & Regulatory environment	1	4	4	1	
Package of support available from other organisations/investors	1	3	-	6	
Macroeconomic conditions e.g. exchange rates, interest rates, economic stability	1	3	4	2	
Availability of business infrastructure e.g. ports, IT, telecommunications	1	4	3	2	
N=	10	10	10	10	10

4.7.2 PDF

Most PDF respondents cited the following factors as being either ‘quite’ or ‘very important’ in encouraging them to undertake their development activity in NI:

- The package of support available from Northern Ireland Screen (14 out of 15 respondents);
- They were based in NI anyway (13 out of 15 respondents);
- The skills of the workforce (11 out of 15 respondents);
- The supply of Labour (10 out of 15 respondents).

Again, the importance placed upon the available workforce is evident.

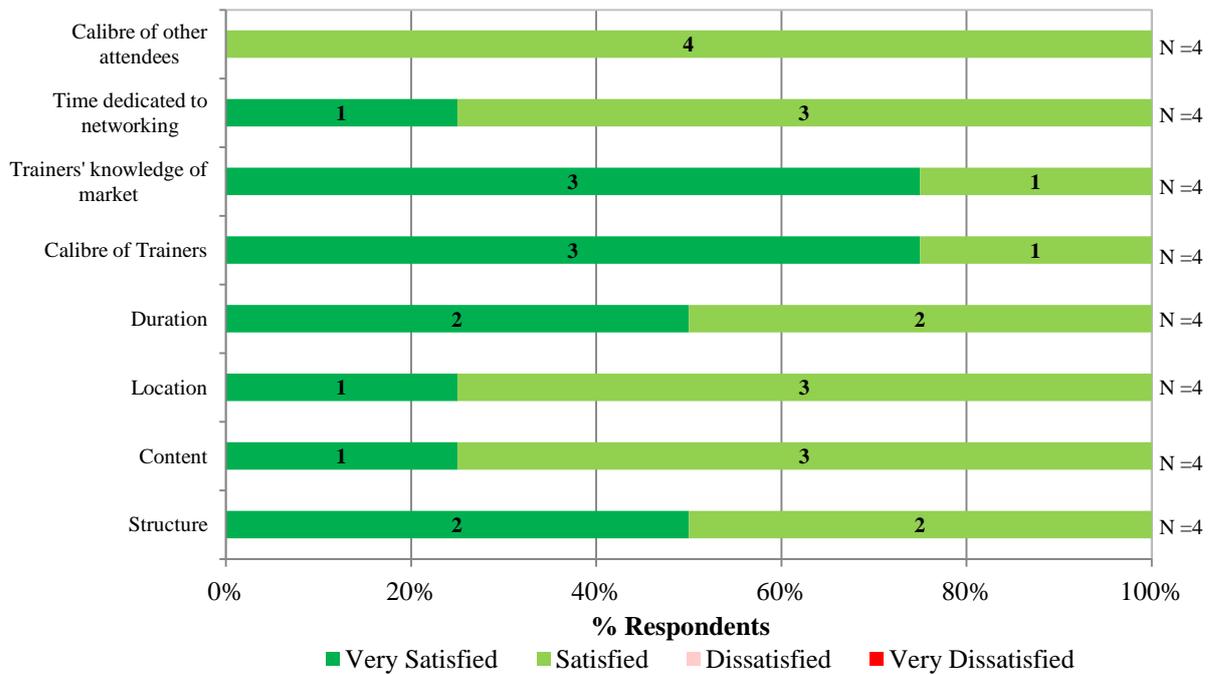
Table 4.6: Importance of factors in encouraging companies to undertake the PDF-funded development activity in NI

Factor/Objective	Very Important	Quite Important	Not Very Important	Not at all Important	Single Most Important
Package of support available from Northern Ireland Screen	14	-	-	1	3
You were based in NI anyway	13	-	-	2	7
Skills of the workforce	9	2	1	3	3
Broadcasters	7	2	1	5	1
Supply of Labour	7	3	2	3	
Cost of labour	6	3	2	4	
Theme/focus of the production	4	5	1	5	1
Legal & Regulatory environment	4	2	1	8	
Quality of locations	3	4	2	6	
Production infrastructure	2	6	-	7	
Package of support available from other organisations	2	5	5	3	
Macroeconomic conditions	1	7	4	3	
Availability of business infrastructure	1	4	5	5	
Economic policy environment	-	5	6	4	
N=	15	15	15	15	15

4.8 Satisfaction with the different aspects of BDP support

All four BDP respondents reported high levels of satisfaction with each of the aspects of the BDP support they received. In particular, the calibre of the trainers and the trainers’ knowledge of the market were rated highly.

Figure 4.7: Satisfaction with BDP support provided



“I class per month over a 10 month period suited me perfectly. The trainers on the course had ‘been there and done it’ and had a lot of relevant experience. They had learned from mistakes they had made in the past.”

“This was my first time being exposed to a group of people from this sector and so I found the networking aspect of the course very beneficial.”

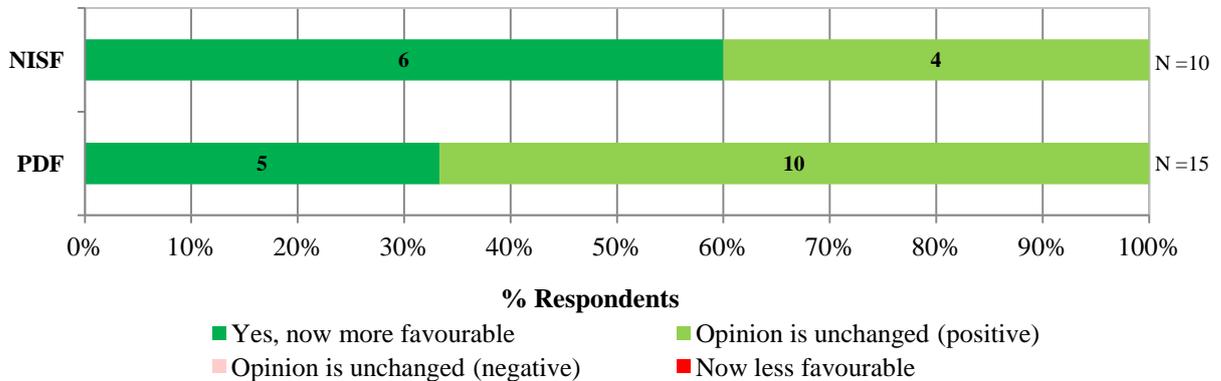
“The others in attendance on the course were at a similar level and standard to me.”

BDP recipients

4.9 Opinion of NI as a location following NISF/PDF support

Encouragingly (for the industry’s sustainability), each of the respondents that had availed of NISF or PDF support indicated that their opinion of NI as a location for screen product or for development work had either remained positive, or was now more favourable following the implementation of their NISF/PDF project.

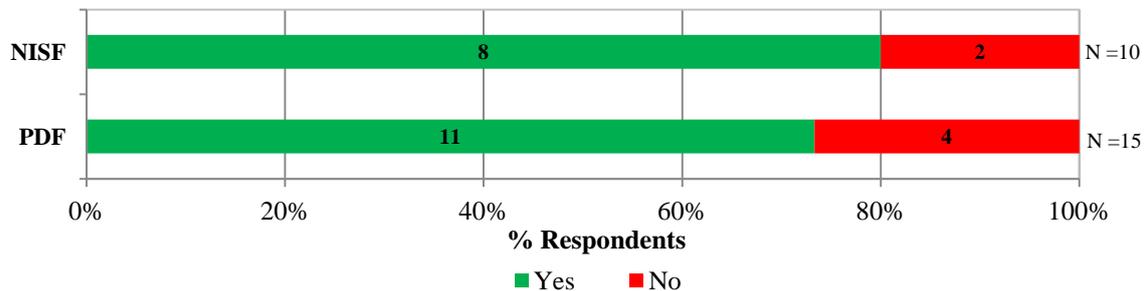
Figure 4.8: As a result of the project being supported by Northern Ireland Screen, has your opinion of NI as a location for screen product changed?



4.10 Views on the Recoupable Loan

As noted earlier, NISF/PDF Letters of Offer are typically based upon a recoupable loan with a Profit Participation arrangement. As illustrated in the chart below, the majority of NISF and PDF recipients consider the recoupable loan and profit participation mechanism, as detailed in their Letter of Offer, to have been appropriate.

Figure 4.9: Do you consider the recoupable loan with a Profit Participation arrangement to be appropriate?



Whilst most respondents indicated that they would have preferred little or no recoupment, or the option to reinvest all profits made in future projects, it was still widely accepted that this was unrealistic and that it was fair to repay the loan if their production became profitable.

In terms of development activity, no specific concerns were highlighted in relation to the level of the recoupment premium (i.e. 50%) which must be paid in addition to the development support provided if the work leads to successful project commission. **It should be noted, as detailed in the Interim Evaluation of the Driving Global Growth Strategy, that the level of recoupment premium associated with development activity is consistent with that being implemented by other GB Screen agencies (e.g. Film Agency Wales).** On the basis of this feedback and research, the Evaluation Team would suggest that the current premium is equitable.

“It is difficult enough to make money in films without this arrangement. We would prefer to deal with all our expenses/costs before having to repay the loan – as these costs take quite a while to deal with following a production.”

“It is hard to make money in this industry but it is only fair to repay what funding you are given to make your production happen.”

“We would prefer to re-invest the money in future projects instead. Also, a more flexible arrangement/less recoupment would be preferable as it may encourage more private sector funders to ‘come to the table’ and

encourage more investment in the industry.”

“This arrangement is quite tough, but it’s still reasonable. Although, it has the potential to make some companies hesitate before asking for funding.”

NISF recipients

“It’s a fair arrangement considering the level of funding that we were given.”

“This arrangement is actually quite prohibitive – it has the potential to put off producers/developers/broadcasters.”

“Repaying the funding makes sense; however, the margins for a one-off documentary allow you to barely recover the costs of making it. I would suggest a lower premium for one-off productions, or maybe a variable one that is based on profitability or international appeal of the production.”

“An investor should get the chance to have their loan repaid. This is fine, as long as all parties fully understand the arrangement and it doesn’t prevent future investment.”

“Ultimately, we would prefer less recoupment. It is hard enough to get production funding, therefore the less recoupment there is, the better. It can make it quite hard to pitch to investors and make a development project attractive if the recoupment is going to cost them so much and give them little return.”

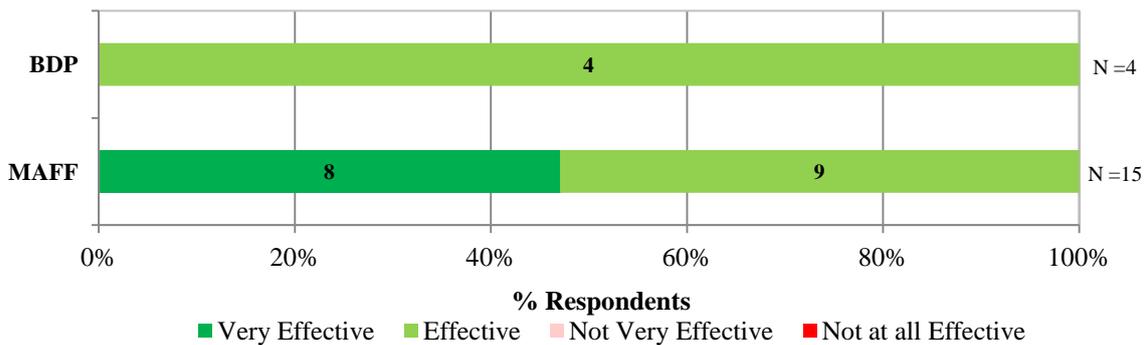
“The margins we make are already quite small, and we would rather reinvest these in the company. We would rather repay the money right away, rather than waiting and paying out of the margins from the commissioned production.”

PDF recipients

4.11 Effectiveness of MAFF and BDP in Addressing Business Needs

All MAFF (15) and BDP (4) respondents indicated that the support received had been either “effective” or “very effective” in terms of addressing their business needs.

Figure 4.10: Overall, how effective was the MAFF or BDP support in terms of addressing your business’ needs?



“I got to promote my work and meet the people whose opinion really matters. That is; directors, producers, actors, camera crew, sound crew etc.”

“It is absolutely vital to get your name out there and MAFF helped us do this - it gave us the ability to schedule ahead and arrange to meet important contacts at certain festivals because we were confident we could afford to go.”

“I networked with people that I wouldn’t have met otherwise and, as a result, I have a much better understanding of the market.”

“Attending the festival gave me the chance to meet important people and network.”

“My project attracted lots of interest at the festival - I have been able to pitch ideas now and have been encouraged to keep doing so as a result.”

MAFF recipients

“I got exactly what I wanted from the course, so overall, it was effective.”

“I met new kinds of people and learnt a lot, so I got everything from the course that I could have asked for.”

“I picked up new skills and new ways of working; all of which are directly transferrable to my work. I was very happy with the support.”

BDP recipients

4.12 Participants’ Recommendations for Improving Northern Ireland Screen’s Support

A small number of participants made further recommendations as to how specific supports, or indeed the general support from Northern Ireland Screen could be improved. These included:

- Place a greater emphasis on support for digital content projects. In consultations with both NISF and PDF recipients, it was suggested that Northern Ireland Screen may be concentrating on film production to the detriment of digital production or development work; and
- Streamline/reduce the administration and reporting aspects of support; both at the application stage and during the receipt of support. This aspect of Northern Ireland Screen’s support was highlighted for criticism on a number of occasions.

Paperwork/administration

“If the paperwork processes throughout the application and the project were streamlined a bit, then things could move quicker. We would rather that things weren’t held up by burdensome paperwork.”

“The reporting process seemed a bit bureaucratic and excessive at times.”

“There could be less bureaucracy around the application process – it has the potential to slow it down.”

Focus on digital content

“There is maybe too much of a focus on film. Companies like HBO coming to NI aren’t exactly crying out for funding, but the digital sector is. However, the more times that companies like HBO return, the better the industry gets. Northern Ireland Screen has a very good understanding of the screen industry and Northern Ireland Screen should be given as wide a brief as possible.”

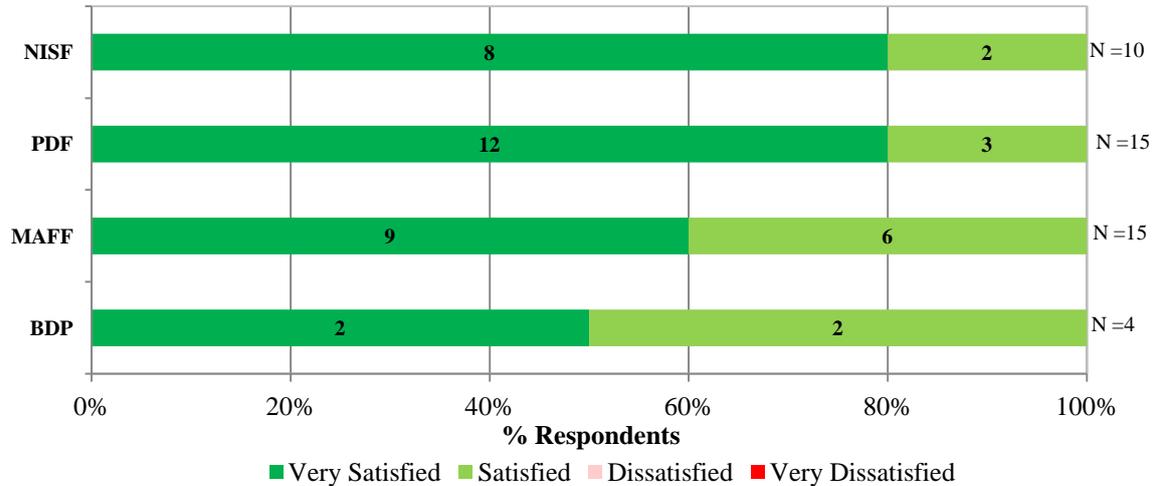
“Northern Ireland Screen provide great support. However, the support in RoI is more focused on gaming. In RoI, there are better links to the gaming industry, less dominant personalities, better tax incentives, strategic partners, investors and more co-ordinated government support. Northern Ireland Screen should up their game in this area to keep up with the UK, Canada, The US, and RoI.”

Northern Ireland Screen support recipients

4.13 Overall satisfaction with the support provided

All (100%, N=44) of the respondents, across the four Northern Ireland Screen interventions, stated that, on an overall basis, they were either “satisfied” or “very satisfied” with the support received. This is a very positive finding, confirming consistently positive feedback that the Evaluation Team had received relating to Northern Ireland Screen from its beneficiaries, and indicating a consistency in service provision across all types of support.

Figure 4.11: Overall satisfaction with the support provided?



“NI can be used as a location for practically anything – it’s so versatile. We find that the more that’s filmed in NI, the better the workforce gets. The crew in NI are highly professional and dependable. The project was a success and we are a big fan of NI as a location.”

“The NISF is big enough to catch the eye of the big players in the industry. E.g. HBO, Universal etc. Funding projects in this way will help improve the industry for all – big and small companies alike.”

“It was great to work with an agency that understands the industry as well as Northern Ireland Screen does. They want to improve skills and create jobs and their support helps facilitate this.”

“Northern Ireland Screen was very supportive during the project and the NISF ultimately made the project possible.”

“This funding helps encourage independent films to be made in NI and that’s what the industry needs. It must be improving all the time.”

“The funding made things easy and straightforward. Northern Ireland Screen has a brilliant attitude and mentality.”

NISF recipients

“Northern Ireland Screen understands the industry and knows what is needed to develop it in NI. The support allowed us to get the development work done that was needed.”

“The PDF support gave us the chance to operate at an international level and compete commercially. Without Northern Ireland Screen funding, private sector funding is much harder to secure.”

“Northern Ireland Screen was very flexible. They worked quickly and accommodated my short time frame, which I appreciated.”

“The application and support itself was all very low stress. They were helpful throughout and had a genuine interest in making the project succeed.”

“Northern Ireland Screen was easy to deal with. They are professional and understand business’ needs.”

“Our development work would not have happened without PDF support.”

“It’s very encouraging that Northern Ireland Screen understands business issues and the marketplace. They are proactive when they deal with companies and this support was crucial”

PDF recipients

“The application was processed quickly, Northern Ireland Screen was encouraging throughout and the funding gave us the means to attend an important event.”

“Receiving MAFF funding allowed me to get onto the international stage – I was able to raise awareness of my work in other countries.”

“The support from Northern Ireland Screen was beyond reproach. I couldn’t fault them.”

“The funding we received made it affordable to attend the festivals that were important for us to be in attendance at. We could schedule ahead to meet people, confident that we would be able to afford it.”

“The whole process went smoothly. I got what I asked for and had plenty of support and help from Northern Ireland Screen.”

“I simply could not have attended the festival otherwise.”

MAFF recipients

“I learnt plenty about new markets and am now better informed on areas that my business should not go into. This was not a planned thing, but has turned out to be a great time-saver. The networking opportunities were great too.”

“I now have skills and confidence in my work that can be directly transferred back into the company.”

“I have a renewed confidence in my work now.”

BDP recipients

4.14 Conclusions

A high level of overall satisfaction has been expressed by companies/individuals in receipt of support by Northern Ireland Screen. Specifically, recipients of the support expressed a high level of satisfaction with, amongst other things:

- Levels of financial support provided;
- The support provided by Northern Ireland Screen and all External Delivery Organisations (EDOs); and
- The ability of the support to address identified business needs.

Encouragingly (for the industry’s sustainability), each of the respondents that had availed of NISF or PDF support indicated that their opinion of NI as a location for screen product or for development work had either remained positive, or was now more favourable following the implementation of their NISF/PDF project.

5. IMPACT OF NORTHERN IRELAND SCREEN’S SUPPORT

Section 5 considers the impact, to date, of Northern Ireland Screen’s support on its participants and their businesses.

5.1 Factors Influencing Participation on MAFF & the Degree of Achievement

5.1.1 Factors encouraging companies to participate on MAFF

All 15 companies/individuals who availed of MAFF support indicated that they were motivated to do so to:

- Promote their company or a specific production; and
- Network and meet industry contacts.

11 of the 15 MAFF respondents also indicated that they had been influenced to participate on MAFF, in order to:

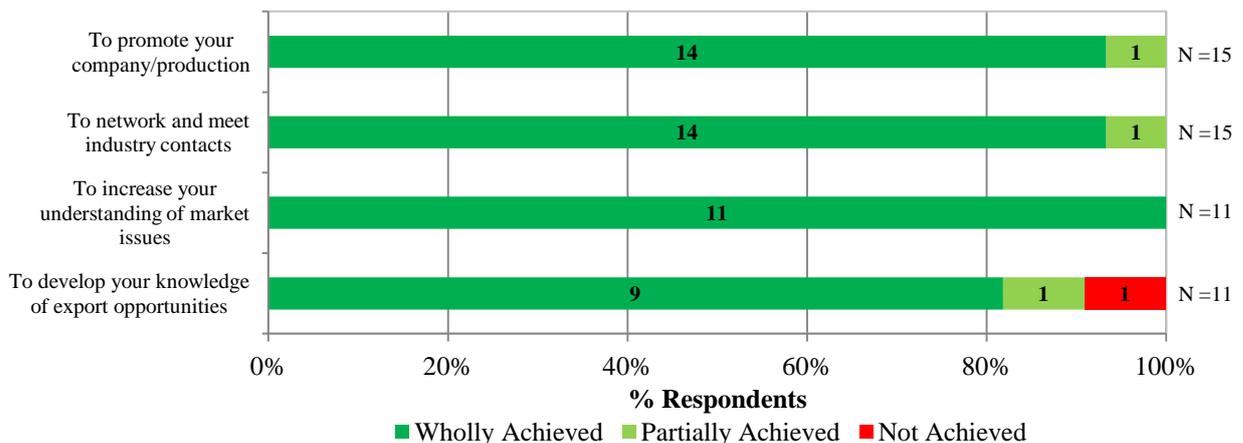
- Increase their understanding of market and/or sector specific issues;
- To develop their knowledge of export opportunities.

Table 5.1 – Factors motivating companies to participate on MAFF		
Motivating Factors	Factors that influenced	Single most important factor
To promote your company or a specific production	15	7
To network and meet industry contacts	15	6
To increase your understanding of market and/or sector specific issues	11	1
To develop your knowledge of export opportunities	11	1
N=	15	15

5.1.2 Achievement of MAFF objectives

Encouragingly, all but one MAFF respondent indicated that that they had either “wholly” or “partially” achieved the objectives they had established before participating in MAFF.

Figure 5.1: Of the factors that motivated your company’s decision to participate on Northern Ireland Screen’s MAFF, did you achieve these objectives?

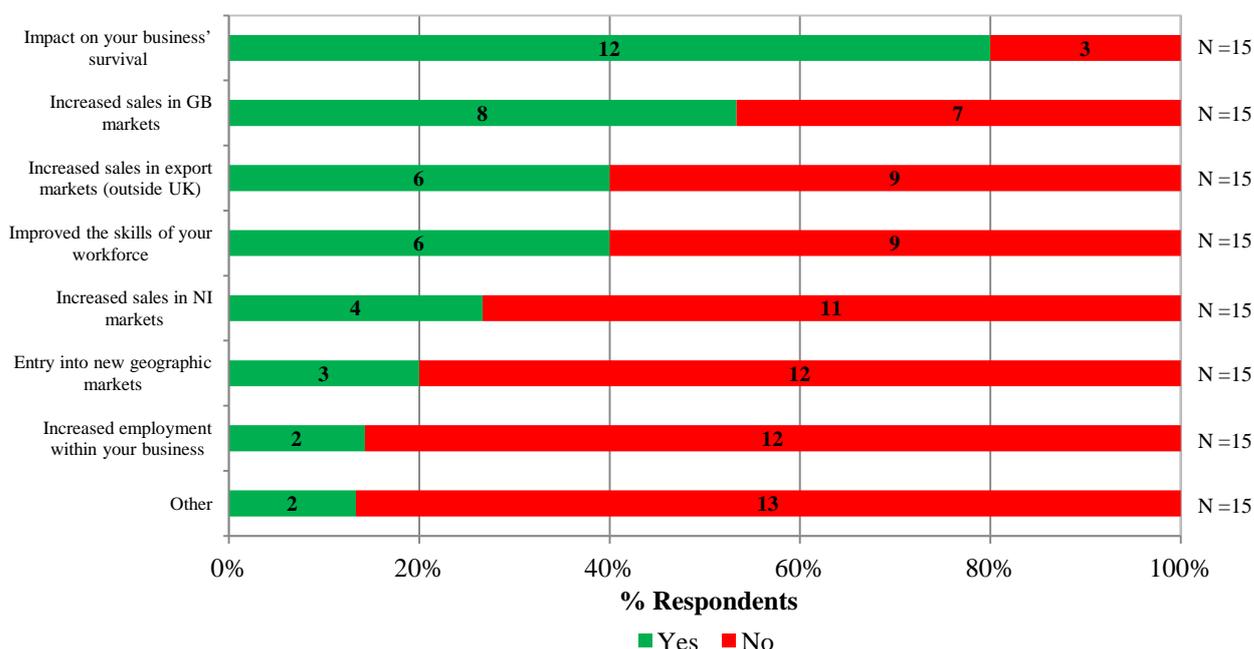


The one company that did not achieve their objective relating to develop their knowledge of export opportunities suggested that this was because the production they were promoting was not complete (at the time) and so, they had found it difficult to explore export opportunities at the time.

5.1.3 Other Impacts of MAFF Funding

The MAFF respondents indicated that the receipt of MAFF funding had a number of other impacts on them or their business. Most noticeably, 12 of the 15 respondents suggested that MAFF had had an impact on their business' survival. The key reason for this was suggested to be the networking opportunities that had been afforded to them through MAFF.

Figure 5.2: What are the impacts and/or potential impacts upon your Company as a result of participating in the MAFF funded activity?



Specific feedback indicates:

Impact on your business' survival	12 of the 15 respondents suggested that participation on MAFF had had an impact on their business' survival, with one suggesting that a contact they had made in the US was 'crucial'.
Increased sales in GB markets (i.e. external sales)	<ul style="list-style-type: none"> • Three of eight respondents reported actual increased sales in GB, with five reporting potential new sales; • One respondent had a production in development, but no sales were achieved at this point; • One participant has signed a deal for their film to be distributed through Xtra-Vision stores in Northern Ireland, with an option for distribution through stores in GB, depending on the success of the sales/rental of the film in NI; • New and/or improved relationships with other companies in GB and outside the UK had been generated, which could lead to sales in the future; • New and/or improved relationships with other companies in GB and outside the UK, which could lead to new projects or co-production opportunities in the future. • Other respondents also indicated that opportunities were 'pending' following discussions as a result of MAFF.
Increased sales in export markets (outside UK)	<ul style="list-style-type: none"> • One of six respondents reported actual increased sales in export markets, with five reporting potential new sales; • One respondent suggested that they had an opportunity to distribute a production in the US, but indicated that discussions were on hold at present.

	<ul style="list-style-type: none"> • One respondent indicated that they now work more closely with the British Film Institute (BFI), but would not discuss the actual level of additional sales achieved; • Other respondents also indicated that opportunities were ‘pending’ following discussions as a result of MAFF.
Increased sales in NI markets	<ul style="list-style-type: none"> • Three of four respondents reported actual increased sales in NI, with one reporting potential new sales; • One company indicated ‘several thousand pounds’ of new sales relating to script editing in the NI and GB markets. • Other respondents indicated that work was in progress or opportunities were ‘pending’ following discussions as a result of MAFF.
Improved the skills of your workforce	<ul style="list-style-type: none"> • Improved understanding of the marketplace, or relevant sector, following attendance at festivals; and • Better data management techniques, in the case of a company who dealt with film camera data. • Staff had been sent abroad to work on projects, and developed new skills.
Entry into new geographic markets	<ul style="list-style-type: none"> • One respondent indicated that they had sold a product into Korea, Australia, Finland and Slovenia. The respondent attributed 80% of the sales to attendance at MAFF funded festivals, but was unwilling to discuss the actual sales value; • One company has an offer to take forward a German co-production as a result of a meeting at a MAFF-funded festival; • One company had entered the Korean market; and • Translation of a film into German, French, Portuguese, Korean and Hebrew following festival attendance.
Increased employment within your business	<ul style="list-style-type: none"> • Two companies had since increased employment within the business. <ul style="list-style-type: none"> - One company indicated that attendance at MAFF-funded festivals had provided them with opportunities to win specific contracts, which in turn required them to employ c60 individuals on a temporary basis in order to deliver the contract (which related to set construction/rigging). - The second company suggested that they had recruited 2 full-time employees, which was suggested to be “partially” as a result of receiving MAFF funding.
Other (please specify)	<ul style="list-style-type: none"> • Greater confidence and competence in marketing the company and its work; and • Film awards won in Australia, the US and Ireland, which were attributed to improved awareness of the company following attendance at specific festivals.

Unfortunately, none of the respondents who reported actual increased or potential sales in NI, GB or outside the UK could or would quantify the actual or potential sales achieved³⁴.

5.2 Factors Influencing Participation on BDP & the Degree of Achievement

5.2.1 Factors encouraging companies to participate on BDP

All 4 companies/individuals who availed of BDP support indicated that were motivated to do so:

- To identify the methods of integrating the best practice work techniques within their business;
- To identify best practice work techniques which they could disseminate to work colleagues and apply across their business;
- To identify potential solutions to issues/problems being faced by your business
- To engage in networking activities with like-minded companies;
- To increase their understanding of market and/or sector specific issues;
- To develop their knowledge of export opportunities.

³⁴ Please note that during the time of consultation, companies were not aware of the full quantum of sales etc. that had been achieved, which could be directly attributed to the support that was derived from Northern Ireland Screen. In terms of potential sales, companies suggested that, due to the timing of ongoing negotiations, they were not in a position to confirm the extent of sales that would be derived.

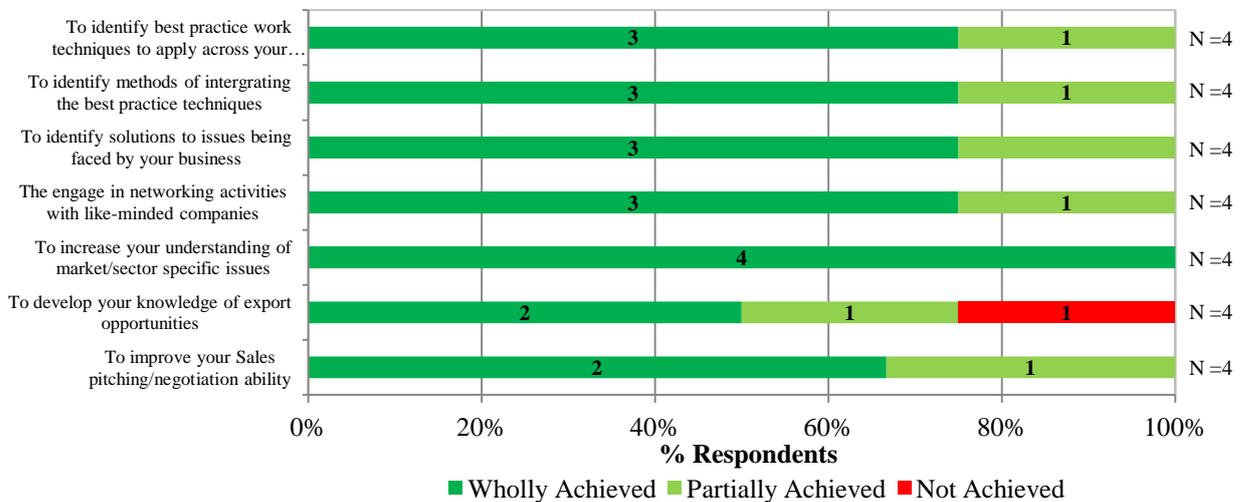
3 of the 4 BDF respondents also indicated that they had been influenced to participate on BDF, in order to improve their sales pitching and sales negotiation ability.

Motivating Factors	Factors that influenced	Single most important factor
To identify best practice work techniques which you could disseminate to work colleagues and apply across your business	4	1
To identify the methods of integrating the best practice work techniques within your business	4	
To identify potential solutions to issues/problems being faced by your business	4	
To engage in networking activities with like minded companies	4	1
To increase your understanding of market and/or sector specific issues	4	1
To develop your knowledge of export opportunities	4	
To improve your sales pitching and sales negotiation ability	3	1
N=	4	4

5.2.2 Achievement of BDP objectives

Encouragingly, all but one BDP respondent indicated that that they had either “wholly” or “partially” achieved the objectives they had established before participating in BDP.

Figure 5.3: Of the factors that motivated your company’s decision to participate on Northern Ireland Screen’s BDP, did you achieve these objectives?



“The classes had a broad focus and covered plenty of ground. I really benefitted from the networking aspect”

“I didn’t achieve an improvement in export knowledge. My main interest was in exporting to GB, and not really much further than that - but the course did not really cover the area I was interested in.”

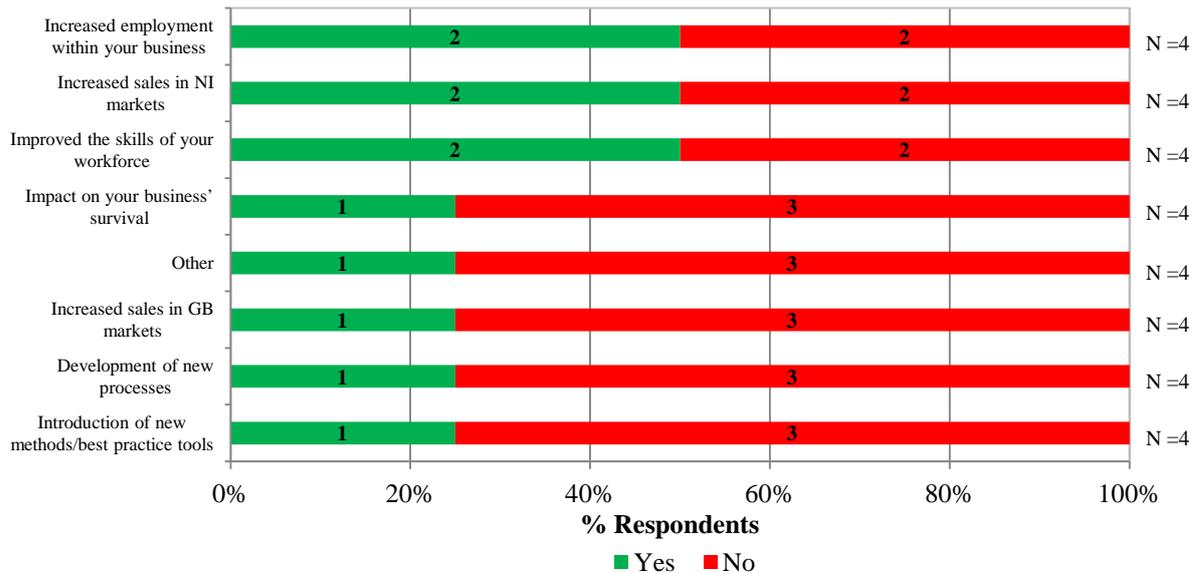
“As a regional company, in order to improve, we had to network outside NI (UK etc) by interacting and pitching to producers- this was the best way to improve our position in the market.”

BDP Recipients

5.2.3 Other Impacts of BDP Funding

The BDP respondents indicated that the receipt of BDP funding had had a number of other impacts on them or their business. Most noticeably, 2 of the 4 respondents suggested that BDP had had an impact on employment within their business, their sales in NI and the skills of their workforce.

Figure 5.4: What are the impacts and/or potential impacts upon your company as a result of participating in the BDP funded activity?



Specific feedback indicates:

Increased employment within your business	<ul style="list-style-type: none"> Two companies had since increased employment within the business. <ul style="list-style-type: none"> - One respondent entered into partnership with another individual following their business development course; and - The second company had recruited one full time development worker as a direct result of their development course.
Increased sales in NI markets	<ul style="list-style-type: none"> Two of four respondents reported actual increased sales in NI; One company indicated that they had been commissioned to produce 24 short internet films relating to the Titanic, and 10 further internet films for the Ulster Scots Agency; The other respondent indicated that new work was in progress following participation on a Business Development Programme.
Improved the skills of your workforce	<ul style="list-style-type: none"> Improved networking skills as a result of attendance on the business development course; Another BDP recipient reported improved competency in their area of work (production) and greater trust placed in them by their company as a result of improved skills.
Impact on your business' survival	<ul style="list-style-type: none"> 1 of the 4 respondents suggested that participation on BDP had had an impact on their business' survival, suggesting that the internet films they had been commissioned to produce in NI had been very helpful to their business.
Other (please specify)	<ul style="list-style-type: none"> One company indicated that, following their participation on the BDP, they had identified areas that would be better for the company not to pursue, which consequently saved them time and money.
Increased sales in GB markets (i.e. external sales)	<ul style="list-style-type: none"> One company reported that new work in GB was in progress.

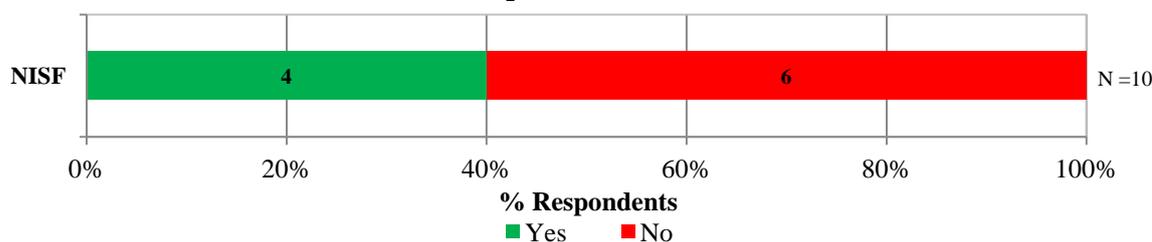
Development of new processes	<ul style="list-style-type: none"> One respondent reported that enhanced development processes had been brought into their business as a result of the BDP.
Introduction of new methods, knowledge or best practice tools and techniques into your business	<ul style="list-style-type: none"> The company who reported new methods or techniques said that they now had a much improved ability to pitch ideas.

Unfortunately, none of the respondents who reported actual increased or potential sales in NI or GB could or would quantify the actual or potential sales achieved³⁵.

5.3 NISF - Follow-on NI-based productions

Two-fifths of respondents that had productions supported by the NISF reported that the support had led to further NI-based productions. These productions included 6 feature films.

Figure 5.4: Did the production supported by the NISF lead to any other follow-on NI-based productions?

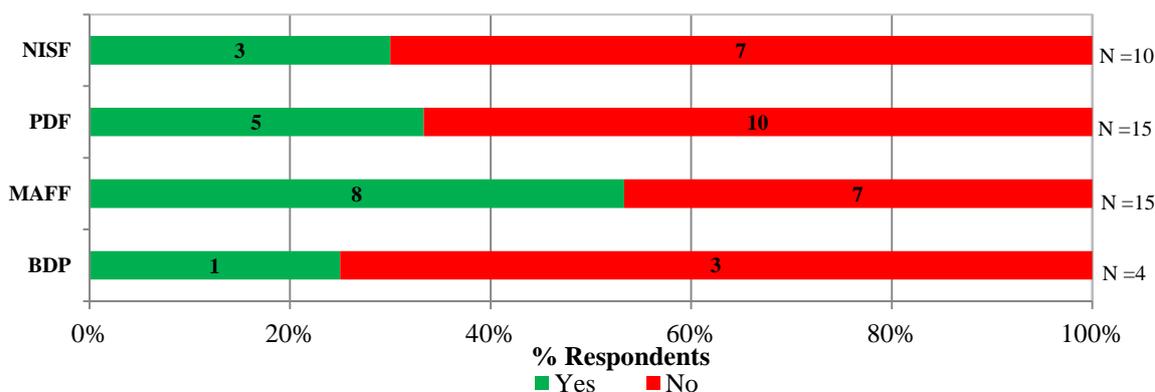


One company reported that the NISF project had led to two feature films being commissioned; each with a commission value of “£1.5m - £2m”, 90% of which was suggested to have occurred in NI. The productions in question were still in development at the time of consultation. Other additional commissions reported were still in production, the value of which were not disclosed by the respondents.

5.4 Other (unexpected) benefits or impacts

Almost two-fifths (38%, N=44) of the total respondents indicated that the receipt of Northern Ireland Screen support had led to unexpected impacts/benefits for them or their business that they had not originally anticipated.

Figure 5.5: Did the receipt of support lead to any other benefits or unexpected impacts/benefits for you or your business that you have not already been discussed?



³⁵ Please note that during the time of consultation, companies were not aware of the full quantum of sales etc. that had been achieved, which could be directly attributed to the support that was derived from Northern Ireland Screen. In terms of potential sales, companies suggested that, due to the timing of ongoing negotiations, they were not in a position to confirm the extent of sales that would be derived.

The type of unexpected impacts/benefits included:

- Improved relationship with Northern Ireland Screen.
- Further co-production work.
- Improved relationships with broadcasters;
- New relationships/partnerships with other companies (some leading to co-production work);
- Translation of productions into foreign language versions;
- Meetings with prominent digital producers;
- The stocking of a product in a large nation-wide DVD rental store.

“Following the receipt of the NISF support, we have been approached to produce on behalf of other companies.”

“We now have an improved relationship with Northern Ireland Screen. Also, NI is one of the first places we look now when we are considering locations. We are now ‘loyal customers’ of Northern Ireland.”

NISF recipients

“We developed a partnership with a large Plc media group and now have a very good relationship with them.”

“The support allowed us to ‘get in the door’ with broadcasters and it’s now much easier to arrange meetings with them.”

“We now have an increased profile with broadcasters. We also get send more scripts and have since worked with more writers.”

“We developed relationships with other NI-based media companies and opportunities for co-development have arisen.”

PDF recipients

“We had our film translated into German, French, Portuguese, Korean, and Hebrew as a result of attending the festival. The film is also now stocked in 162 rental stores in NI, with the option to have them stocked in GB too, if they sell/rent well in NI.”

“I was lucky enough to meet with Electronic Arts (EA) at a festival in Cologne, which was an invaluable networking opportunity.”

“I now have improved confidence and have established relationships with others in the industry – with whom I have now opened dialogue on co-production opportunities.”

MAFF recipients

“I ended up getting a few pieces of work following the course that I wasn’t expecting to get.”

BDP recipient

5.5 Deadweight/Additionality

The net impact of Northern Ireland Screen’s support (i.e. its additionality) relating to companies’ decision to undertake the production/development activity in Northern Ireland/attending festivals or training courses, or where relevant, to have undertaken the activity at the time, or scale that they did, can only be measured after making allowances for what would have happened in the absence of the support from Northern Ireland Screen. That is, the support must allow for deadweight. ‘Deadweight’ refers to outcomes that would have occurred without the intervention e.g. the NISF support.

Appendix IV provides a detailed overview of the Evaluation Team’s deadweight/additionality calculations. However, in summary, we have calculated levels of ‘programme’ deadweight³⁶ using a ‘participant self-assessment’ methodology. The methodology utilises a series of questions within the participant survey and assigns weightings (provided by DETI’s Economist Team) to the individual responses.

The results of these analyses are summarised in the table below:

Table 5.3: Deadweight/Additionality		
Support	Deadweight	Additionality
NISF	2.94%	97.06%
PDF	20.72%	79.28%
MAFF	23.53%	76.47%
BDP	15.53%	84.47%
Average Across the Four Interventions	16.21%	83.79%

Positively, as detailed in Table 5.4, the Evaluation Team’s benchmarking of the level of additionality associated with the Northern Ireland Screen support with other similar interventions shows that the support provided by the organisation is performing significantly better than these. For example, the average level of additionality associated with the Northern Ireland Screen support (83.8%) is 29.3 percentage points higher than for ‘sector/cluster support’ interventions across the UK regions (where it is 54.5%). Similarly, the level of additionality (83.8%) is significantly higher than other support interventions that seek to provide benefits/impacts akin to those provided through the Northern Ireland Screen support e.g. attraction of inward investment (52.1%), support for internationalisation of business (73.5%) and workforce/skills development (61.4%).

Table 5.4: Benchmarking of programme additionality			
Location	Nature of interventions	Mean Additionality	Mean deadweight
UK Regional	All interventions	57.0%	43%
	Programme interventions only	56.2%	43.8%
	Sector/cluster support	54.5%	45.5%
	Attraction of inward investment	52.1%	47.9%
	Support for internationalisation of business	73.5%	26.5%
	Workforce/skills development	61.4%	38.6%
NI	Northern Ireland Screen support - NISF	97.06%	2.94%
	Northern Ireland Screen support - PDF	79.28%	20.72%
	Northern Ireland Screen support - MAFF	76.47%	23.53%
	Northern Ireland Screen support - BDP	84.47%	15.53%
	Northern Ireland Screen support average	83.79%	16.21%

Source: Research to Improve the Assessment of Additionality (BIS, 2009)

The Evaluation Team concludes that, on balance, levels of programme deadweight should be considered very positively across all support measures. In particular, we note that levels of additionality on the NISF support are particularly high. As will be illustrated later in this report, it is the NISF intervention that was responsible for much of the tangible economic impact achieved.

“Without the support from Northern Ireland Screen, we would have to have drastically curtailed the amount of the production activity that took place in NI.”

“We were in co-production with a broadcaster who needed an incentive to come to NI. If the Northern Ireland Screen funding was not in place as an incentive, the production would have gone ahead elsewhere in the UK.”

“The production absolutely had to be done in NI – as the story was set there. However, if we did not have the

³⁶ Programme Deadweight/Additionality – This measure ascertains whether someone would have undertaken an activity (such as undertaking production activity in NI) in the absence of support.

funding, then it wouldn't have gone ahead – in NI or anywhere else.”

“We film where we get the best value for money. The funding gave us value for money, and if it hadn't been available, we would have produced somewhere else instead.”

“In the absence of the NISF, we would have done most of the filming in RoI and only have filmed in NI when it was absolutely necessary.”

“The production was totally NI based. If it couldn't be done here it couldn't be done anywhere.”

NISF recipients

“We would probably still have tried to carry on with our development work, but it would have been done on a very reduced scale. We would have cut back on most of it.”

“We aren't that big a company and it would have been unaffordable without the funding support.”

“We would have to have curtailed some of the development projects we undertook, and drop some of the others completely. It becomes much harder to convince broadcasters to commission them without Northern Ireland Screen backing.”

“We would have gone elsewhere. Match funding that we received from the US was conditional on the project receiving Northern Ireland Screen funding.”

“The company is based here, so if we couldn't do the work here we wouldn't do it anywhere. It wouldn't have gone ahead.”

PDF recipients

“It is very hard for small/independent production companies or film makers to be able to afford to attend festivals. Without the support we could not have attended.”

“We could definitely not have afforded it. We wouldn't have made the contacts that we did if it wasn't for the MAFF support.”

“Attendance at festivals is crucial: if we couldn't get funding, we would find a way around it, regardless of the expense.”

“We would still find a way to go to festivals without funding, though it would be significantly harder.”

“We simply could not have afforded the cost of attending. Small producers like us do not have the resources available that would have been required.”

“We could not have afforded the travel, accommodation etc. that would have been required to attend.”

“Festivals are very expensive to attend, without the 50% assistance, or with less than a 50% contribution, the amount I had to contribute would have been very hard to afford.”

MAFF recipients

“If the funding hadn't been available, then we would have questioned whether it was worth even trying to attend the course.”

“As a small company, we could not have afforded to go on the course. We don't turn enough profit or have regular enough work to be able to justify expenditure on such courses.”

“We would have cut back. We may still have tried to attend a development course, but it probably would have been for less days, cheaper, or less effective.”

BDP recipients

Affordability was a key constraint to activity happening across all four interventions.

5.6 Nature and Extent of Market Failure

The factors that would have prevented companies from undertaking their activity in NI or developing it in the same manner (i.e. at the same scale or in the same timescale) independent of Northern Ireland Screen support are detailed below:

Table 5.5: Nature and Extent of Market Failure				
Need for support	NISF	PDF	MAFF	BDP
It would have been cheaper and more profitable to undertake the production activity elsewhere (e.g. due to tax breaks, grant offers elsewhere)	14	3		
The company could not have afforded to pay the full costs associated with undertaking the activities	5	18	17	3
The Company was of the opinion that undertaking the production would be too risky to take on without financial support	3	8		
The Company was not aware of any financial institutions (e.g. banks or investment funds) that would invest in their production activity	1	-		
Financial institutions (e.g. banks) were unwilling to lend the Company the money or invest in their production activity	-	1		
The Company did not have the skills or expertise to allow it to apply for or access financial support from other sources (e.g. how to make the production activity proposal into an attractive investment opportunity)	-	-		
The Company had limited knowledge of local (NI) market conditions e.g. Knowledge of recruiting the right staff and finding suitable local suppliers; Understanding legal requirements in the NI marketplace.	-	2		
The company was unwilling to pay the money that it would require to pay for the activities				1
Without knowing more about the potential benefits, the company would not have considered undertaking the activities			1	1
The company was not aware of any external resources that could provide the support			1	1
The company lacked access to information that it would require to develop and implement the skills development activity.				-
Other	-	2	-	-
N=	17	23	17	4

The feedback indicates that NISF recipients appear to be more mobile and willing to undertake their production activity elsewhere when choosing a production location. These companies, whilst perhaps being based in NI, indicate that they do not necessarily have to film/produce here – rather, they are likely to film wherever the location is most appropriate or cost effective.

For PDF, MAFF and BDP support, affordability was the main theme emerging from the consultations. Most respondents suggested that they could not have carried out the activity or developed it in the same manner without funding.

One PDF respondent suggested that the lack of skills in the digital/gaming industry in NI would have been the main barrier to them undertaking the work in NI in the same manner.

<i>“Other countries have tax breaks that are just as favourable as those in NI. If the incentive to produce there was available we could have gone.”</i>
<i>“We are a small company and simply could not have afforded to do the production otherwise.”</i>
<i>“The conditions in Scotland are very similar to NI. We could have chosen either NI or Scotland as a location, but the funding provided the incentive to do it in NI.”</i>
<i>“The tax breaks in RoI are at least as favourable, but the costs are slightly higher. We could have gone there if the funding hadn’t been provided in NI. However, we preferred NI due to its relevance to the storyline.”</i>
<i>“Producers want to film in the location that is most cost effective. So, although we came to NI for the production, it could have been done anywhere else if it had proved more cost effective.”</i>
<i>NISF recipients</i>
<i>“Affordability is the main concern. Without funding the development work just can’t be done to the same</i>

quality, or even carried out at all in some cases.”

“Affordability was our biggest issue. It would have been hard to justify spending the money on development work without any funding.”

“It wouldn’t be possible to do this kind of work without funding.”

“There would have been more sense in going elsewhere with better incentives to carry it out, rather than staying in NI and not doing it at all.”

“We couldn’t carry out all the activity we wanted unless we had funding assistance.”

PDF recipients

“We don’t have the resources to attend these kinds of events.”

“Markets/festivals are very expensive to attend, and we wouldn’t know where else to go for funding.”

“We are a small company and just don’t have the financial means to send someone to a festival or market; they are very expensive.”

“The MD of the company was not aware of the benefits of sending me to attend festivals. However, having my attendance being funded, he knows how valuable it can be to send me to such events and is now more willing to contribute toward my attendance.”

MAFF recipients

“I couldn’t have afforded to go on the course. It was too risky to pay that sort of money without having support.”

“We didn’t really have the knowledge at the time of what we could do with this kind of support. We only had 3 employees.”

“The company wouldn’t have sent someone away on a course without funding to offset the cost of doing so.”

BDP recipients

Based on these findings, the Evaluation Team was able to undertake an analysis of the degree to which market failure played a role in companies’ decision to undertake production/development/promotional/skills activity. This analysis involved categorising a company’s motives for participation based on:

- **No Market failure** – The participant felt that the activity ‘definitely would have happened anyway’ or stated that they would not have undertaken the activity in the absence of Northern Ireland Screen support due to the fact that they would have been unwilling or unable to pay the money that it would have required to go ahead with the activity.
- **Partial Market failure** - The participant’s decision to produce in NI was due to both non-market failure and market failure factors. That is to say, they would not have undertaken the activity in NI or developed it in the same manner, because they:

- They did not have the skills or expertise to allow them to apply for/access financial support from other sources; or
- It would have been cheaper/more profitable for them to undertake the production activity elsewhere;
and
- They were of the opinion that undertaking the production would be too risky to take on without financial support; and/or
- Financial institutions were unwilling to lend them the money or invest in their production activity;

- and/or
- They were not aware of any financial institutions that would lend them the money or invest in their production activity ; and/or
- They had limited knowledge of the local market conditions; and/or
- They were unwilling to pay the money or incur the cost for other reasons.

- **Full Market Failure** - The company’s decision to participate was solely due to market failure factors (e.g. asymmetric information) i.e.:

- They were of the opinion that undertaking the production would be too risky to take on without financial support; and/or
- Financial institutions were unwilling to lend them the money or invest in their production activity; and/or
- They were not aware of any financial institutions that would lend them the money or invest in their production activity ; and/or
- They had limited knowledge of the local market conditions; and/or
- They were unwilling to pay the money or incur the cost for other reasons.

The results of this analysis are presented in the table below:

Table 5.6: Impact of market failure on production activity			
Support	No Market Failure	Partial Market Failure	Market Failure
NISF	40.0%	30.0%	30.0%
PDF	-	20.0%	80.0%
MAFF	87.0%	13.0%	-
BDP	25.0%	50.0%	25.0%

The analysis suggests that market failure factors played an important role in preventing individuals/companies from undertaking their respective production (NISF – 60%), development (PDF – 100%) and business development activity (BDP - 75%). However, the majority (87%) of individuals/companies cited non-failure factors, typically in the form of affordability considerations, as the main reason to why they would not have undertaken their respective marketing activities that were ultimately supported through the MAFF.

Whilst the analysis suggests that there is a limited existence of market failure at a micro level (i.e. an individual business level) in terms of the MAFF activity, the Evaluation Team would suggest that historic Government intervention in this area can be justified at a macro level on the basis that the Northern Ireland Screen industry is an emerging industry with structural weaknesses (relating to its infancy and relatively small scale) that would prevent it from competing both on regional and international basis.

5.7 Displacement Considerations

In addition to the application of deadweight to programme impacts, the Evaluation Team has allowed for potential displacement of other NI and/or UK companies’/individuals’ trade.

Using outline guidance provided by DETI, we have calculated displacement based on two factors:

- The proportion of the businesses that participants compete with that are based in NI and/or the UK, keeping in mind the markets which their company sells into; and
- Whether, in the respondents’ area of business, market conditions have improved over the period since receiving support.

We have calculated displacement as being:

Table 5.7: Displacement by Fund/Programme		
Support	At NI level	At UK level
NISF	5.62%	27.65%
PDF	9.15%	40.32%
MAFF	19.87%	30.84%
BDP	10.95%	55.09%
Average Across the Four Interventions	11.27%	35.11%

Appendix V provides a detailed overview of the Evaluation Team's displacement calculations.

Positively, as detailed in the Table 5.8, the Evaluation Team's benchmarking of the level of displacement associated with the Northern Ireland Screen support with other similar interventions shows that the support provided by the organisation is performing significantly better than these. For example, the average **level of displacement associated with the Northern Ireland Screen support (11.27%) is 16.43% percentage points lower than for 'sector/cluster support' interventions across the UK regions (where it is 27.7%)**.

Similarly, the level of displacement (11.27%) is significantly lower than other support interventions that seek to provide impacts akin to those provided through the Northern Ireland Screen support e.g. attraction of inward investment (32%), support for internationalisation of business (20.4%) and workforce/skills development (18.3%).

Table 5.8: Benchmarking of programme displacement		
Location	Nature of interventions	Mean Displacement
UK Regional	All interventions	25%
	Programme interventions only	26.2%
	Sector/cluster support	27.7%
	Attraction of inward investment	32%
	Support for internationalisation of business	20.4%
	Workforce/skills development	18.3%
NI	Northern Ireland Screen support - NISF	5.62%
	Northern Ireland Screen support - PDF	9.15%
	Northern Ireland Screen support - MAFF	19.87%
	Northern Ireland Screen support - BDP	10.95%
	Northern Ireland Screen support average	11.27%

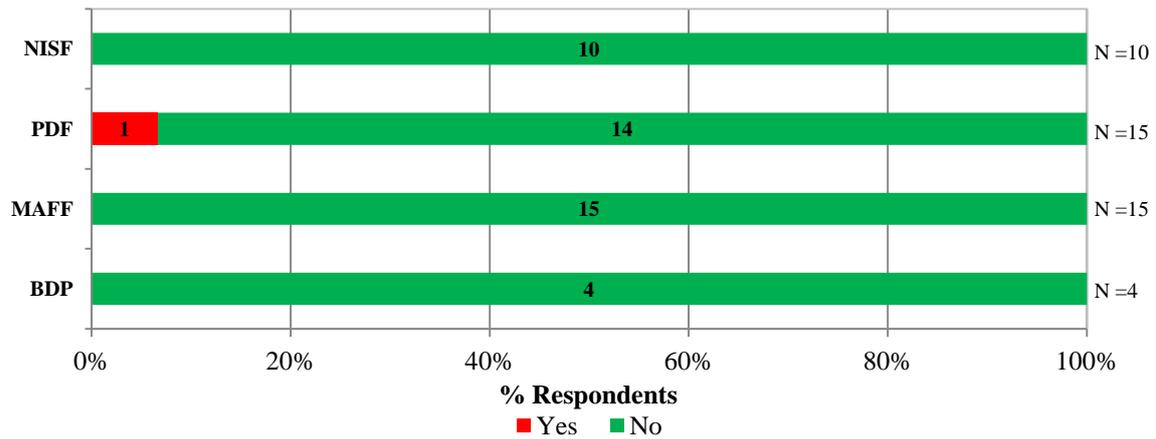
Source: Research to Improve the Assessment of Additionality (BIS, 2009)

The Evaluation Team concludes that, on balance, levels of programme displacement should be considered positively across all support measures.

5.8 Support Duplication

Encouragingly, almost all of the companies consulted with were of the view that, in the absence of Northern Ireland Screen support, they would have been unable to get the same or similar support elsewhere to have undertaken the production activity in NI.

In the absence of the Northern Ireland Screen Fund, would you/your production company have been able to get the same or similar support elsewhere to take the production activity forward in NI?



One respondent was of the view that, in the absence of PDF support, they would have able to get similar support from the Irish Film Board.

5.9 Significant Market or Sectoral Changes over last 5 years

Respondents were asked to identify whether there were any significant market or sectoral changes (in NI, the UK or elsewhere) over the last 5 years that have affected their decision to undertake further development/production activity in NI.

A number of respondents referred to increasing difficulty in securing funding and suggested that margins have declined. However, for the most part, the majority of respondents indicated that market conditions had been favourable over the last 5 years and have not impacted upon their decisions to undertake further development/production activity in NI.

There were a number of general themes under which most of the responses could be categorised:

- The screen industry suffered as a result of the economic downturn, but no worse than any other industry;
- The industry has made a solid recovery, with plenty of ongoing and potential production activity in the pipeline;
- Whilst there is more work available, there is more competition for the work;
- The market is becoming increasingly export oriented;
- There is now a good skill base in NI;
- Screen funding is now quite hard to come by. Production/broadcaster budgets are tighter. It would also be preferable if tax credits were extended to include TV production work;

“There is lots of production work going in NI now, and thankfully, plenty of encouragement for smaller companies to get involved.”

“The market is generally much healthier than it used to be. There is a much broader marketplace and I believe NI is capable of hosting even more productions.”

“We are hoping to do even more NI-based production activity. The conditions everywhere were affected a bit by the downturn, but NI didn’t get affected any worse than elsewhere.”

“Screen funding is harder to get now. Economic conditions are tough, but the industry is improving very quickly following a quiet period in 2008-2009.”

“It is now tougher to get money to fund productions and is more difficult to start and complete a production; however the industry is now improving.”

“The skills and talent exist in NI to develop the digital/gaming market. However, at the moment this market is quite fragmented and needs a bit more focus.”

“There is a much healthier production infrastructure and crew base in NI than there used to be – we will continue to carry out production activity here. However, we would prefer that tax credits were widened to also include TV production.”

NISF recipients

“It is quite tough to find support and funding. However, development work is essential and our need to do it hasn’t changed.”

“It is now a bit more difficult to get projects ‘across the line.’ There is more competition in the marketplace for the same number of broadcast slots. Broadcasters in the US are commissioning very little; regardless of quality and RTE are cutting budgets. We have had to tighten our belts a little.”

“Margins are unfortunately non-existent in our area.”

“The industry is robust. There is still work being commissioned and although budgets have been squeezed, the opportunities are still there.”

“The market is a much bigger now, but there is also a lot more competition. The environment is different but won’t affect my decision to continue this kind of work in NI.”

“There hasn’t been much happening to the market in the last 5 years that would affect our decision to do this kind of work in NI. We know that development work can be done here and that it’s affordable, provided the funding is available.”

PDF recipients

“The rates paid in TV work have declined in the last 5 years. However, there are just as many opportunities available.”

“There are fewer commissions being made by broadcasters. With more competition, but for fewer slots, it is a struggle. We also have had to be more selective about which events to attend.”

“There are plenty of opportunities in NI – plenty of film work. The market is increasingly export oriented. Also, buyers and distributors are trying to cut increasingly tough deals these days.”

“Broadcasters pay less now for their productions. They’re much more careful with money and more selective what they commission. With less funding available for attending festivals etc. it’s been harder to keep in contact with distributors and buyers.”

“The market was much worse off after the economic downturn. Commissions all went to ‘finished films’ but not ‘works in progress’ and that made it harder for small companies to get by.”

MAFF recipients

“There’s less money available now for projects. Funding is more important now than it ever was.”

“BBC and BBC NI have reduced the commissions they give to smaller companies, and we have found this to have a negative impact on our work.”

BDP recipients

5.10 Conclusions

The feedback from recipients of support suggests, amongst other things, that:

- The vast majority have achieved the objectives/motives for which they sought support from Northern Ireland Screen;
- The support has played an important role in increasing/raising the knowledge and skills-sets of employees within the screen industry;
- The support has raised the profile and reputation of NI as a suitable location for Screen activity on national and international basis;
- The vast majority of activity would not have been undertaken by the companies/individuals in the absence of receiving support from Northern Ireland Screen. When compared to similar support interventions across the UK, the support provided by Northern Ireland Screen delivers a considerably higher level of additionality;
- Whilst market failure factors played an important role preventing companies/individuals from undertaking their respective production, development and business development activity, these factors were of less importance to recipients of the MAFF support. Whilst the analysis suggests that there is a limited existence of market failure at a micro level (i.e. an individual business level) in terms of the MAFF activity, the Evaluation Team would suggest that historic Government intervention in this area can be justified at a macro level on the basis that the Northern Ireland Screen industry is an emerging industry with structural weaknesses (relating to its infancy and relatively small scale) that would prevent it from competing both on regional and international basis; and
- The Evaluation Team's benchmarking of the level of displacement associated with the Northern Ireland Screen support with other similar interventions shows that the support provided by the organisation is performing significantly better than these.

6. ASSESSMENT OF ECONOMIC IMPACT

6.1 Introduction

Section 6 examines the economic impact made by the support provided by Northern Ireland Screen through the Building on Success Strategy. In doing so, the section considers both the monetary impact of the support and its contribution to providing wider and regional benefits to the NI economy.

6.2 Monetary Economic Impact

6.2.1 Overview of the Model employed to measure the Monetary Economic Impact

Given the nature of support provided, the monetary economic impact of the support provided has been examined in the context of the **production activity supported through the NISF and development activity supported through the PDF**.

Please note that the methodology employed **focuses on calculating the direct economic impact only**. That is to say, in-line with NIGEAE guidance, the analysis **does not seek to measure any indirect, induced** (which would typically be quantified through the application of economic multipliers) **or catalytic economic impact**. As such, the methodology used to ascertain the economic impact is fundamentally different to that employed within the Interim Evaluation of the Building on Success Strategy and caution should be expressed in undertaking any type of comparative analysis between the two sets of analysis. The economic model has been developed in conjunction with DETI's economists.

Appendices II and III provide a summary of the analysis undertaken to calculate the economic impact derived.

6.2.2 Estimating the Monetary Economic Impact made through NISF production activity

Gross and Net additional GVA

As detailed in Section 3, the analysis suggests that, to date, c. £10.8m was awarded to 28 productions, with the total budget for these productions being c. £166.4m. Independent audit report and indicative expenditure reports submitted by the companies to Northern Ireland Screen suggested **that c. £54.7m (or 33%) of the total production budget for these productions was spent in NI**, with the remainder (c. £111.6m or 67%) being spent elsewhere (i.e. outside NI). The audit/expenditure reports and monitoring information retained by Northern Ireland Screen suggest that the £54.7m in NI-based expenditure was spent in three key areas namely:

- Cast, crew and trainees (i.e. on wages);
- Hotels and locations; and
- Facilities and transport.

Table 5.1 provides a summary of the NI-based expenditure, disaggregated by the above categories, associated with each of the productions supported during the three years of the Strategy³⁷ (to date).

³⁷ Please note that all of the expenditure will not have been made in the year in which the production company received the award through the NISF.

Year	No. of awards	Nature of NI based expenditure			Total NI-based expenditure
		Cast, crew and trainees	Hotels and locations	Facilities and transport	
Year 1	6	£3,102,969	£2,337,281	£2,624,544	£8,064,793
Year 2	9	£8,485,962	£2,528,117	£8,219,736	£19,233,815
Year 3	13	£13,344,702	£1,505,884	£12,586,820	£27,437,405
Total	28	£24,933,632	£6,371,281	£23,431,099	£54,736,013

Source: Northern Ireland Screen and Cogent Calculations

In summary, 46% (or c. £24.9m) of the total NI-based expenditure was made on cast, crew and trainees' wages, 43% (or c. £23.4) was made on facilities and transport, whilst the remaining 11% (or £6.4m) was made on hotels and locations. It should be noted that, in addition to reviewing a number of the independent audit reports provided to Northern Ireland Screen, as part of the primary research process, the Evaluation Team sought to verify the accuracy of the records retained by Northern Ireland Screen on the levels of NI-based expenditure made by the production companies. **All companies (100%) verified that the NI-based expenditure, relating to the productions which they completed with the support provided through the production element of the NISF, was accurate.**

By way of calculating the gross GVA contributed by the productions to the NI economy, the Evaluation Team attributed sectoral average levels of GVA to the **non-wage** (i.e. non- cast crew and trainees) categories. For the purposes of analysis, the Evaluation Team disaggregated the 'hotels and locations' and 'facilities and transport' into a number of sub-sectors which were deemed to represent the areas where the expenditure was most likely to be made by the production companies. Proportions of expenditure were subsequently attributed to each subsector³⁸. The table below provides a summary of the sectors selected and the proportions of expenditure attributed to each subsector.

Area of Expenditure		Subsector selected (SIC Code)	Proportion of NI-based expenditure attributed to the subsector	Average sectoral level of GVA ³⁹
Hotels and Locations	Hotels	Hotels and similar locations (SIC 55.10)	90%	50.1%
	Locations	Libraries, archives, museums and other cultural activities (SIC 91.0)	10%	37.6%
Facilities and transport	Transport	Taxi operation (SIC 49.32)	10%	50.3%
		Freight transport by road (SIC 49.41)	30%	39.9%
		Cargo handling (SIC 52.24)	30%	41.5%
	Facilities	Operations of arts facilities (90.04)	30%	72.6%

The results of the application of GVA ratios to the newly identified expenditure subsectors are presented in the table below.

³⁸ These sectors, and the proportions of expenditure made therein, were selected in conjunction with Northern Ireland Screen following the review of a number of audit and expenditure reports submitted by the production companies.

³⁹ Source: NI Annual Business Enquiry. Please note that due to data relating to a number of specific sub sectors being 'suppressed' for confidentiality reasons, the Evaluation Team had to use the next highest digit SIC Code to gain a sub-sectoral GVA ratio.

Table 6.3: Calculation of Gross GVA (inclusive of NISF contribution)

Year	Nature of NI based expenditure							Total NI-based expenditure
	Cast, crew and trainees	Hotels and locations		Facilities and transport				
		Hotels and similar locations (90%)	Libraries, archives, museums and other cultural activities (10%)	Taxi operation (10%)	Freight transport by road (30%)	Cargo handling (30%)	Operations of arts facilities (30%)	
Year 1	£3,102,969	£2,103,552	£233,728	£262,454	£787,363	£787,363	£787,363	£8,064,793
Year 2	£8,485,962	£2,275,305	£252,812	£821,974	£2,465,921	£2,465,921	£2,465,921	£19,233,815
Year 3	£13,344,702	£1,355,296	£150,588	£1,258,682	£3,776,046	£3,776,046	£3,776,046	£27,437,405
Total	£24,933,632	£5,734,153	£637,128	£2,343,110	£7,029,330	£7,029,330	£7,029,330	£54,736,013
GVA ratio	N/A	50.1%	37.6%	50.3%	39.9%	41.5%	72.6%	-
Gross GVA	£24,933,632	£2,872,811	£239,560	£1,178,584	£2,804,703	£2,917,172	£5,103,293	£40,049,755
- of which is wages (58%)	£24,933,632	£1,666,230	£138,945	£683,579	£1,626,728	£1,691,960	£2,959,910	£33,700,984
- of which is profits (42%)	N/A	£1,206,580	£100,615	£495,005	£1,177,975	£1,225,212	£2,143,383	£6,348,772

The Evaluation Team’s analysis suggests that c. £40m in Gross GVA has been provided to the NI Economy, 84% (or £33.7m) of which was in the form of wages and 16% (or £6.3m) was in the form of profits.

However, it is also important to take account of the activity that would have taken place in the absence of the NISF support (i.e. deadweight) and any displacement effects in order to identify the net additional GVA provided by the production element of the NISF support. The table below summarises the impact of the application of levels of deadweight and displacement.

Table 6.4: Calculation of Net additional GVA (inclusive of NISF contribution)

Year	Nature of NI based expenditure							Total
	Cast, crew and trainees	Hotels and locations		Facilities and transport				
		Hotels and similar locations (90%)	Libraries, archives, museums and other cultural activities (10%)	Taxi operation (10%)	Freight transport by road (30%)	Cargo handling (30%)	Operations of arts facilities (30%)	
Gross GVA	£24,933,632	£2,872,811	£239,560	£1,178,584	£2,804,703	£2,917,172	£5,103,293	£40,049,755
Application of deadweight (2.94%)	£24,200,583	£2,788,350	£232,517	£1,143,934	£2,722,244	£2,831,407	£4,953,257	£38,872,293
Application of displacement – Net additional GVA (5.62%)	£22,840,511	£2,631,645	£219,450	£1,079,645	£2,569,254	£2,672,282	£4,674,884	£36,687,670
- of which is wages (58%)	£22,840,511	£1,526,354	£127,281	£626,194	£1,490,167	£1,549,924	£2,711,432	£30,871,863
- of which is profits (42%)		£1,105,291	£92,169	£453,451	£1,079,087	£1,122,358	£1,963,451	£5,815,807

The Evaluation Team’s analysis suggests that, c. £36.7m in net additional GVA has been provided to the NI Economy as a result of the support provided through the NISF, 84% (or c. £30.9m) of which was in the form of wages and 16% (or c. £5.8m) was in the form of profits.

However, the preceding analysis is inclusive of the c. £10.8m NISF support (i.e. the input) that had been provided and can be seen to form a constituent part of the expenditure made in NI and the associated gross GVA (i.e. the output). As such, it is the view of the Evaluation Team that the NISF contribution should be netted off to identify the 'true' level of gross and net additional GVA to the NI economy.

By way of calculating the level of gross and net additional GVA net of the NISF award, the Evaluation Team applied the individual calculated ratios of gross and net additional GVA as a proportion of NI direct spend (inclusive of the NISF award)⁴⁰ to the level of NI-based expenditure (excluding the NISF contribution).

The application of these ratios to the level of NI-based expenditure (excluding the NISF contribution) suggests that the **production support provided through the NISF contributed £32.2m in gross GVA and £29.5m in net additional GVA.**

NI-based expenditure (including NISF contribution)	NI-based expenditure (excluding NISF contribution)	Gross GVA (c. 73.2% of NI-based expenditure)	Net additional GVA (c. 67.0% of NI-based expenditure)
£54,736,013	£43,961,110	£32,235,007	£29,528,952

On the basis that 28 productions contributed to delivering this gross and net additional GVA, suggests that the **average gross and net additional GVA provided per production was £1,151,250 and £1,054,605 respectively.**

Exclusion of the Game of Thrones (Series 1) and Your Highness Outliers

It should be noted that the gross and net additional GVA to the NI economy is significantly driven by the two productions which contributed c. £20.1m in gross GVA and c. £18.4m in net additional GVA.

The exclusion of these outliers suggests the remaining 26 productions would have contributed £12.1m in gross GVA and £11.1m in net additional GVA. This equates to an average of c. £467k in gross GVA and c. £428k in net additional GVA per production.

Table 6.6 provides a summary of the gross and net additional GVA provided by each production genre, as well as the return on investment generated.

Award Year	Film	TV Drama	Other TV	Digital	Total
Gross GVA	£11,879,211	£17,966,195	£2,335,877	£53,725	£32,235,007
Net additional GVA	£10,881,978	£16,457,974	£2,139,785	£49,215	£29,528,952
Award	£3,289,214	£6,302,547	£1,077,761	£105,384	£10,774,905
Return on investment - Gross GVA	£1:£3.61	£1:£2.85	£1:£2.17	£1:£0.51	£1:£2.99
Return on investment - Net additional GVA	£1:£3.31	£1:£2.61	£1:£1.99	£1:£0.47	£1:£2.74

At an overall level, the analysis suggests that, the NISF has provided an economic return of **£2.99 in gross GVA and £2.74 in net additional GVA for every pound provided by Northern Ireland Screen.**

⁴⁰ At an overall level, the analysis suggests that gross and net additional GVA represented 73.2% (i.e. £40,049,755/£54,736,013*100) and 67.0% (i.e. £36,687,670 / £54,736,013*100) of total NI based expenditure respectively. It should be noted however that, for the purpose of accuracy, individual ratios have been applied rather than the overall average.

⁴¹ Analysis assumes that the entire NISF award was made on NI-based expenditure.

⁴² Gross and net additional GVA is exclusive of all Northern Ireland Screen awards.

Unsurprisingly, the analysis suggests that, the ‘film’ and TV drama genres provided the greatest contribution to the NI economy (in both gross and net additional GVA terms) and most significant return on investment out of four different genres supported.

Job Creation

The table below provides a summary of the NI-based job years created as a result of the productions supported through the NISF. Further information is provided in Appendix II.

Table 6.7: NI-based employment supported from NISF supported productions					
Year	No. of awards	No. employed	Cast & Crew Work Days	Equivalent person years	Average annual wage submitted
Year 1	6	537	18,509	102	£30,528
Year 2	9	611	42,741	251	£42,961
Year 3	13	1,766	68,988	379	£29,825
Total	28	2,914	130,238	732	£34,198

Source: Northern Ireland Screen

A total of 2,914 cast and crew jobs have been supported through the 28 productions. This was equivalent to a total of 130,238 work days or 732 gross equivalent FTE NI-based job years.

The application of deadweight (2.94%) and displacement (5.62%) suggests that the 28 productions have contributed 671 net additional FTE NI-based job years.

In addition to this, the analysis suggests that the average annual wage (c. £34k) for an individual involved in working on an NISF supported production was c.83% higher than the current NI median wage (of £18,720).

Productivity

Given the gross and net levels of GVA and job years created/supported, the activity supported provided c. £44k in additional productivity per job year.

Table 6.8: Levels of productivity associated with the NISF			
	GVA⁴³	Job years created / supported	Additional productivity per job year
Gross	£32,235,007	732	£44,037
Net additional	£29,528,952	671	£44,007

6.2.3 *Estimating the Monetary Economic Impact made through PDF development activity*

Gross and net additional GVA

As detailed in Section 3, c. £2m of support was provided through the PDF to support the development of screen products. Whilst the value of this support should not be regarded as direct economic impact given the fact that monetary input enabled the product development activity to take place, any NI based expenditure undertaken as a result of additional commissions achieved as a result of the initial development activity should be considered as potential economic impact.

The review of monitoring information retained by Northern Ireland Screen, coupled with the primary research undertaken by the Evaluation Team, suggests that a total of 16 additional commissions were achieved as a result of the initial development activity supported through the PDF. The total value of these commissions was estimated by the production companies to be £17.2m.

⁴³ Excluding NISF support.

The Evaluation Team's primary research with 7 companies that had derived 9 additional commissions, suggested that the total NI-based expenditure was c 62% of total expenditure made by these commissions.

Table 6.9: Calculating the level of NI base expenditure from follow-on commissions		
Value of further commissions (N=9 commissions)	Value of NI based expenditure	Value of non - NI based expenditure
£4,829,000	£2,981,240 (62%)	£1,847,760 (38%)

The application of this proportion (62%) to the other additional commissions⁴⁴ derived from the development work suggests that a total of £10.6m on NI-based expenditure was potentially derived as detailed in table below.

Table 6.10: Potential value of NI based expenditure			
PDF award Year	No. of commissions	Value of commissions	Potential value of NI based expenditure
Year 1	6	£5,075,000	£3,277,407
Year 2	6	£6,010,000	£3,909,437
Year 3	4	£6,140,000	£3,447,190
Total	16	£17,225,000⁴⁵	£10,634,035

By way of calculating the gross level of GVA, the Evaluation Team divided the potential value of NI based expenditure that would have potentially been spent on wages and salaries⁴⁶ and the expenditure that would potentially have be spent on other areas such as hotels and locations and facilities and transport, as presented in the table below.

Table 6.11: Potential split of expenditure	
Assumed to be wages (46% of the total)	Other NI based expenditure (54% of total)
£4,891,656	£5,742,379

The Evaluation Team then applied the average level of GVA calculated across the hotels and locations and facilities and transport subsectors as part of the NISF to the potential other NI based expenditure (calculated at 49%). The application of this analysis suggests that **c. £10m of gross GVA was provided to the NI economy**, £8,359,518 (or 83%) of which was potentially wages and the remaining £1,607,969 (or 17%) was profits.

Table 6.12: Calculation of gross GVA		
Assumed to be wages	Other NI based gross GVA	Gross GVA
£4,891,656	£2,813,766 ⁴⁷	£7,705,422

However, it is also important to take account of the additional commission activity that would have taken place in the absence of the PDF support (i.e. deadweight) and any displacement effects in order to identify the net additional GVA provided by the PDF.

The 14 PDF respondents that participated in the primary research were asked to determine the likelihood that the additional commission activity would have happened in NI in the absence of the original PDF support. The analysis of the individual survey responses indicates that, on average,

⁴⁴ I.e. To the 7 commissions where the NI-based element of the expenditure could not be identified during the primary research process.

⁴⁵ Data provided by Northern Ireland Screen suggested that £15,776,000 had been derived from 10 commissions, whilst the primary research undertaken by the Evaluation Team suggests that a further £1,449,000 from a further 6 commissions.

⁴⁶ This was estimated to be c. 46% based on the disaggregation of expenditure for those productions supported under the NISF i.e. £24,933,632/£54,736,013 *100 = 46%.

⁴⁷ £1,631,984 (58%) of which was potentially made up of wages and the remainder (42% or £1,181,782) was made up of profits.

95.24% of any additional commissions awarded to companies is additional, and would not have happened had it not been for the company receiving previous PDF support.

Table 6.13: Additional Commission Deadweight/Additionality (N=14)	
Deadweight	Additionality
4.76%	95.24%

“We never would have even thought about trying to get this extra work, if it hadn’t been for the initial development work that we received funding for.”

“The previous PDF support allowed us to get a ‘foot in the door’ with broadcasters that we otherwise wouldn’t have had.”

“The first round of PDF support funding allowed us to get established in NI. We then knew we could carry out that kind of work here and so received more commissions.”

PDF recipients

The application of this level of deadweight, coupled with the calculated level of displacement (estimated previously by the Evaluation Team to be 9.15% at the NI level), suggests that the **net additional GVA provided to the NI economy was potentially £6,667,158**, disaggregated as follows:

Table 6.14: Calculation of Net additional GVA	
Gross GVA	£7,705,422
Application of deadweight (4.76%)	£7,338,644
Application of displacement (9.15%)	£6,667,158
Net additional GVA	£6,667,158
– Of which is wages	£5,644,615 ⁴⁸
– Of which is profits	£1,022,543 ⁴⁹

Given the level of support administered through the PDF (£2,020,834) suggests that every £1 of support has generated £3.81 in gross GVA or £3.30 in net additional GVA.

Job Creation

4 production companies who achieved 5 additional commissions as a result of their PDF activity suggested that these commissions had created or supported 65 gross NI-based FTE jobs i.e. an average of 16 jobs per company.

The application of deadweight (4.76%) and displacement (9.15%) suggests that the **PDF directly contributed in creating/supporting 56 net additional NI-based FTE jobs.**

Productivity

Given the gross and net levels of GVA and job years created/supported, the analysis suggests that the productivity level associated with the PDF was c. £119k.

Table 6.15: Levels of productivity associated with the PDF			
	GVA	Job created / supported	Productivity level
Net additional	£6,667,158	56	£119,056

⁴⁸ I.e. (£4,891,656 + £1,631,984) * 95.24% * 90.85%

⁴⁹ I.e. £1,181,782 * 95.24% * 90.85%

6.2.4 The Counter Factual

The counterfactual is an estimate of what would have happened if the intervention (i.e. Northern Ireland Screen’s Invest NI funded activity) had not occurred. Within the March 2007 Economic Appraisal, it was assumed that should Invest NI not offer support to Northern Ireland Screen that none of the subsequent activity would have happened.

Based upon our review of individual consultee’s responses, no activity under NISF, BDP or PDF would have progressed in the same form, scale or timescale without Northern Ireland Screen’s support. Where participants indicated that NISF/BDP/PDF activity might have gone ahead in the absence of Northern Ireland Screen, they mostly indicated that it would have been at a substantially reduced scale.

We note however, respondent feedback indicates that 2 of 17 MAFF projects would have gone ahead regardless of Northern Ireland Screen support being offered.

On an overall level, we have found levels of deadweight associated with Northern Ireland Screen’s activity to be very low (16.21%), and in particular, deadweight associated with the NISF is extremely low at 2.94%. This is very encouraging given that the majority of Northern Ireland Screen’s funding is channelled through this fund. However, the existence of any level of deadweight indicates that the March 2007 Economic Appraisal’s position of no activity being taken forward is not correct.

By subtracting the level of net additional GVA from the level of gross GVA, the Evaluation Team has been able to calculate the level of GVA that may have occurred in the absence of the companies receiving support through the NISF and PDF, as detailed in the table below.

Table 6.16: Assessment of the counterfactual			
Programme	Gross GVA	Net additional GVA	Counterfactual GVA
NISF (excluding the monetary support provided)	£32,235,007	£29,528,952	£2,706,055
PDF	£7,705,422	£6,667,158	£1,038,264
Total	£39,940,429	£36,196,110	£3,744,319

The analysis suggests that c£3.7m in GVA would have been achieved in the absence of Northern Ireland Screen’s Invest NI funded support.

6.3 Wider and Regional Benefits

In addition to the impact that Northern Ireland Screen’s support has had on the economy in terms of GVA and job creation/maintenance, the Evaluation Team’s analysis, and consultations with key stakeholders, suggests that the support provided through the Building on Success Strategy has provided a range of wider and regional benefits to the NI economy.

6.3.1 Wider Benefits

It was the view of consultees, and shared by the Evaluation Team, that the support provided through the Strategy has provided a range of wider benefits including:

- **Attraction of Foreign Direct Investment (FDI)** - The preceding analysis suggests that the support provided through the Building on Success Strategy has been successful in attracting and maintaining FDI in NI. For example, through the provision of targeted NISF, skills development and marketing activities, Northern Ireland Screen has been successful in retaining the Game of Thrones series following a successful pilot. The Evaluation Team’s analysis suggests that series 1 of Game of Thrones have contributed in attracting c. £16.4m in expenditure to NI⁵⁰ or £11.3m in net additional GVA⁵¹.

⁵⁰ Net of the Northern Ireland Screen NISF support.

⁵¹ Net of the Northern Ireland Screen NISF support.

It was the view of a number of consultees, and shared by the Evaluation Team, that if the range of support interventions available to large international production companies was not available, NI would struggle to attract companies of this size and calibre.

- **Skills Development** - Based on the earlier analysis of participant questionnaire responses, it is clear that the support provided through the skills development fund has had a positive impact in both identifying and addressing the existing and emerging skills needs of the Northern Ireland Screen industry. Furthermore, there is likely to have been a positive impact on the skills of local people through their involvement in both the production and development aspects of the NISF and PDF.

Unsurprisingly, a number of key stakeholders stressed the importance of the quality and quantity of the human capital of a region to attracting FDI and the longer term development of its Screen Industry. It was the view of these consultees that Northern Ireland Screen's skills development support has, and must continue to, play a vital component in Northern Ireland Screen's portfolio of support offerings. A number of consultees were of the view that skills development support should continue to remain as flexible as possible in order for Northern Ireland Screen to be responsive to supporting the emerging needs of the industry.

- **Knowledge Transfer** - Allied to the previous point, the support provided by Northern Ireland Screen will have facilitated the transfer of knowledge through, amongst other things:
 - Participants engaging in formal skills development training (as supported through the BDP);
 - NI staff (e.g. crew, trainees etc.) working side-by-side with leading national and international production companies in their respective production genres;
 - The marketing activities, including trade missions, international visits and attendance of national and international screen event of significance, directly undertaken by Northern Ireland Screen. It was the view of all consultees that these activities were crucial in 'showcasing' the Northern Ireland Screen product and increasing awareness of the areas as a suitable location for production work. Whilst it was suggested that it was important for these forms of marketing to continue, it was stressed that the pursuit of FDI should not come at the expense of the development of the indigenous Northern Ireland Screen industry.
- **Entrepreneurship** - Northern Ireland Screen support has encouraged export activity amongst local businesses. In particular, we note that the marketing and trade missions support was useful in generating such activity.

6.3.2 *Regional benefits*

It was the view of consultees, and shared by the Evaluation Team, that the support provided through the Strategy has provided a range of regional benefits including:

- **Reduction of 'Brain Drain'** - The growth and expansion of the screen industry within NI during the period of the Strategy to date is, in the Evaluation Team's and stakeholders view, likely to have helped retain skilled individuals within NI, who otherwise might have looked elsewhere for a job in the Screen sector.
- **Generation of orders from other companies in the Assisted Area** - The direct economic impact generated by the production and development elements of the NISF is to a large degree based around the generation of orders from other companies within NI. This is illustrated in the preceding analysis, which details the impact on the local supply chain within, for example, the local hotel sector.
- **Innovative nature of the project** - Almost all of the support offered by Northern Ireland Screen is to companies operating within the Creative Industries sector. By their nature, such businesses seek to achieve product innovation.

6.4 Overall reputation of the Northern Ireland Screen Industry and product

It was the view of all consultees that the support that has been provided/delivered by Northern Ireland Screen throughout the period of the Strategy has supported the development of the region's reputation as a location capable of providing screen product that can compete on a national and international scale.

The vast majority of consultees suggested that the support offerings provided by Northern Ireland Screen are wholly suitable for continuing the expansion of the Northern Ireland Screen industry and Northern Ireland Screen, as an organisation, has played an important role in facilitating the growth of the industry since its inception.

6.5 Conclusions

Based on monitoring information provided by Northern Ireland Screen and feedback from companies in receipt of support, the following key conclusions can be drawn with regards to the monetary and non-monetary economic impact of the Building on Success Strategy:

- A total £54.7m has been spent in NI as a result of the 28 productions that have been supported by Northern Ireland Screen. Based on the investment that has been provided, this equated to £5.08 being spent in NI for every £1 provided by Northern Ireland Screen.
- In GVA terms, the Evaluation Team's analysis suggests that the productions have delivered £32.2m in gross GVA and £29.5m in net additional GVA to the NI economy. At an overall level, the analysis suggests that, to date, the production element of the NISF has provided an economic return of £2.99 in gross GVA and £2.74 in net additional GVA for every pound provided by Northern Ireland Screen;
- A total of 2,914 cast and crew jobs have been supported through the 28 productions. This was equivalent to a total of 130,238 work days or 732 gross equivalent FTE NI-based job years. The application of deadweight (2.94%) and displacement (5.62%) suggests that the 28 productions have contributed to supporting 671 net additional FTE NI-based job years. In addition to this, the analysis suggests that the average annual wage (c. £34k) for an individual involved in working on an NISF supported production was c.83% higher than the current NI median wage (of £18,720).
- The review of monitoring information retained by Northern Ireland Screen, coupled with the primary research undertaken by the Evaluation Team, suggests that a total of 16 additional commissions were achieved as a result of the initial development activity supported through the PDF. The total value of these commissions was estimated by the production companies to be £17.2m, £10.6m of which is estimated to have been spent in NI. The analysis suggests this NI-based expenditure contributed £7,705,422 in gross GVA to the NI economy and £6,667,158 in net additional GVA. Given the level of support administered through the PDF (£2,020,834) suggests that every £1 of support has generated £3.81 in gross GVA or £3.30 in net additional GVA.
- 4 production companies who achieved 5 additional commissions as a result of their PDF activity suggested that these commissions had created or supported 65 gross NI-based FTE jobs i.e. an average of 16 jobs per company. The application of deadweight (4.76%) and displacement (9.15%) suggests that the PDF directly contributed in creating/supporting 56 net additional NI-based FTE jobs.
- It is the view of Northern Ireland Screen, consultees and the Evaluation Team that the support provided by Northern Ireland Screen has made a significant contribution to providing wider and regional benefits to the NI economy. These include: the attraction of Foreign Direct Investment (FDI), skills development, knowledge transfer, reduction of 'Brain Drain', the generation of orders from other companies in the assisted area and, importantly, the overall reputation of the Northern Ireland Screen Industry and product.

7. ACHIEVEMENT OF OBJECTIVES

7.1 Introduction

Based on the preceding analysis, Section 7 provides a summary of the progress made towards the SMART objectives established for the Strategy. Please note, in examining the progress made towards the SMART objectives achieved, the Evaluation has utilised the Monitoring and Evaluation Framework established in the Building on Success Economic Appraisal.

7.2 Progress towards Objectives

Table 6.1: Progress towards the SMART targets established within the Building on Success Strategy Monitoring and Evaluation Framework

Target		Progress towards target																
Value Added (VA)	Achieve an improved output: input ratio of 2:1 for all intervention under the Northern Ireland Screen Fund and the PDF	<p>Target exceeded. Based on the target established, the Evaluation Team notes that there is a lack of clarity as to whether this target related to gross GVA or net additional GVA (i.e. taking account of deadweight and additionality). However, in the event that the target relates to net additional GVA⁵², the Evaluation Team's analysis suggests that the NISF and PDF have provided a return of £2.83 for every £1 provided by Northern Ireland Screen through these Funds.</p> <table border="1"> <thead> <tr> <th>Fund</th> <th>Award</th> <th>Net additional GVA</th> <th>Output: input ratio</th> </tr> </thead> <tbody> <tr> <td>NISF</td> <td>£10,774,905</td> <td>£29,528,952</td> <td>£2.74:£1</td> </tr> <tr> <td>PDF</td> <td>£2,020,834</td> <td>£6,667,158</td> <td>£3.30:£1</td> </tr> <tr> <td>Total</td> <td>£12,795,739</td> <td>£36,196,110</td> <td>£2.83:£1</td> </tr> </tbody> </table> <p>It is the view of the Evaluation Team that the return on investment was boosted due to the unexpected inclusion of series 1 of the Game of Thrones TV drama⁵³.</p>	Fund	Award	Net additional GVA	Output: input ratio	NISF	£10,774,905	£29,528,952	£2.74:£1	PDF	£2,020,834	£6,667,158	£3.30:£1	Total	£12,795,739	£36,196,110	£2.83:£1
Fund	Award	Net additional GVA	Output: input ratio															
NISF	£10,774,905	£29,528,952	£2.74:£1															
PDF	£2,020,834	£6,667,158	£3.30:£1															
Total	£12,795,739	£36,196,110	£2.83:£1															
Employment Creation (FTE Job Years)	Create 388 FTE Job Years for NI residents	<p>Target exceeded. Again it is unclear from the targets if this target was established having taken account of deadweight and displacement. However, the Evaluation Team's analysis suggests that the NISF contributed to supporting 732 gross equivalent FTE NI-based job years. The application of deadweight (2.94%) and displacement (5.62%) suggests that the 28 productions have contributed to supporting 671 net additional FTE NI-based job years.</p> <p>Furthermore, it should be noted that 65 gross NI-based FTE jobs were supported through the development activity funded through the PDF. The application of deadweight (4.76%) and displacement (9.15%) suggests that the PDF directly contributed in creating/supporting 56 net additional NI-based FTE jobs.</p>																

⁵² Invest NI's current preferred metric of choice.

⁵³ It was originally anticipated that this production would be supported through the subsequent Driving Global Growth Strategy.

Table 6.1: Progress towards the SMART targets established within the Building on Success Strategy Monitoring and Evaluation Framework

Target		Progress towards target																				
Industry Growth	Achieve growth of £28.8 million in the home industry by 2010	<p>Unable to comment on the degree of target achievement. At the time of Appraisal industry turnover was estimated to be £20,906,909 per annum (inclusive of revenue from both television production companies based in NI and revenue from companies not based in NI but producing in NI) and it was anticipated that by the end of the Strategy period this would have increased to £50m per annum.</p> <p>However, the Appraisal Team understands that this target was removed during the course of the Strategy due to concerns over the appropriateness of trying to measure the cause and effect of the Northern Ireland Screen support on the industry as a whole. As such, it was considered that it was more appropriate to measure direct outputs and impacts against the different types of award made. On this basis, monitoring information (relating to changes in company turnover) was not required to be retained by Northern Ireland Screen.</p> <p>Withstanding wider industry changes that occurred during the period of the Strategy which inhibited aspects of the home industry's growth (e.g. lower than anticipated levels of regional network commissioning), it is the view of the Evaluation Team that Northern Ireland Screen, and the support that was provided through the strategy, has contributed to developing those key aspects of the industry, including the physical infrastructure and skills of the NI workforce, which will ultimately contribute to the longer term growth of the home industry</p>																				
Northern Ireland Image and Profile	The enhancement of the image and profile of NI through the use of NI as a location for screen product	Target Achieved – As detailed previously, it was the view of all consultees that the support that has been provided/delivered by Northern Ireland Screen throughout the period of the Strategy has supported the development of the region's reputation as a location capable of providing screen product that can compete on a national and international scale as well as developing the overall image and profile of the Northern Ireland Screen industry.																				
Northern Ireland Screen Fund (NISF)	<p>Film</p> <p>Contract:</p> <ul style="list-style-type: none"> £1.2m in Year 1; £1m in Year 2; and £1m in Year 3. 	<p>Target not achieved on an individual year basis but achieved on an overall basis. The analysis undertaken by the Evaluation Team suggests that lower than anticipated levels of film awards were made in Years 1 (-19%) and 3 (-48%) of the Strategy, the Year 2 target was substantially exceeded.</p> <table border="1"> <thead> <tr> <th>Award Year</th> <th>Target</th> <th>Actual</th> <th>Variance</th> </tr> </thead> <tbody> <tr> <td>Year 1</td> <td>£1,200,000</td> <td>£973,869</td> <td>-18.8%</td> </tr> <tr> <td>Year 2</td> <td>£1,000,000</td> <td>£1,790,345</td> <td>+79.0%</td> </tr> <tr> <td>Year 3</td> <td>£1,000,000</td> <td>£525,000</td> <td>-47.5%</td> </tr> <tr> <td>Total</td> <td>£3,200,000</td> <td>£3,289,214</td> <td>+2.8%</td> </tr> </tbody> </table> <p>During consultation, Northern Ireland Screen confirmed that the anticipated targets relating to film production was not achieved on the basis that support was redirected into TV drama; specifically to support the Game of Thrones production.</p>	Award Year	Target	Actual	Variance	Year 1	£1,200,000	£973,869	-18.8%	Year 2	£1,000,000	£1,790,345	+79.0%	Year 3	£1,000,000	£525,000	-47.5%	Total	£3,200,000	£3,289,214	+2.8%
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Target		Progress towards target																														
	<p>Economic Return:</p> <ul style="list-style-type: none"> Year 1 - 4:1; Year 2 - 4:1 and Year 3 - 5:1 	<p>Target not achieved on an individual year basis but exceeded on an overall basis. The Evaluation Team understands that this target related to level NI direct expenditure generated as a result of the production activity supported. The analysis suggests that whilst the established targets were exceeded in Years 1 and 2 and the Year 3 target was c. 50% lower than anticipated. It should be noted however, on an overall basis, the film genre provided a return of £5.99:£1 which was considerably higher than the annual established targets.</p> <table border="1"> <thead> <tr> <th rowspan="2">Award Year</th> <th rowspan="2">Target</th> <th colspan="3">Actual</th> </tr> <tr> <th>Contracted</th> <th>NI Direct Spend</th> <th>Return on investment</th> </tr> </thead> <tbody> <tr> <td>Year 1</td> <td>4:1</td> <td>£973,869</td> <td>£4,641,500</td> <td>£4.77: £1</td> </tr> <tr> <td>Year 2</td> <td>4:1</td> <td>£1,790,345</td> <td>£13,747,358</td> <td>£7.68 : £1</td> </tr> <tr> <td>Year 3</td> <td>5:1</td> <td>£525,000</td> <td>£1,329,217</td> <td>£2.53 : £1</td> </tr> <tr> <td>Total</td> <td>N/A</td> <td>£3,289,214</td> <td>£19,718,075</td> <td>£5.99 : £1</td> </tr> </tbody> </table>			Award Year	Target	Actual			Contracted	NI Direct Spend	Return on investment	Year 1	4:1	£973,869	£4,641,500	£4.77: £1	Year 2	4:1	£1,790,345	£13,747,358	£7.68 : £1	Year 3	5:1	£525,000	£1,329,217	£2.53 : £1	Total	N/A	£3,289,214	£19,718,075	£5.99 : £1
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	Support for two large films per year.	<p>Target not achieved. It was envisaged that 2 films with a production budget in excess of £2.5m would be supported each year. Whilst two large films were supported in Year 1 ('City of Ember' and 'Man on the Run') only 1 large film was supported in Years 2 ('Your Highness') and 3 ('Killing Bono').</p>																														
TV Drama	Contract: £800,000 in each year.	<p>Target exceeded. The analysis suggests that a significantly higher level of TV drama (163% higher) was contracted than was initially anticipated during each year of the Strategy.</p> <table border="1"> <thead> <tr> <th>Award Year</th> <th>Target</th> <th>Actual</th> <th>Variance</th> </tr> </thead> <tbody> <tr> <td>Year 1</td> <td>£800,000</td> <td>£1,162,202</td> <td>+45.3%</td> </tr> <tr> <td>Year 2</td> <td>£800,000</td> <td>£1,490,345</td> <td>+86.3%</td> </tr> <tr> <td>Year 3</td> <td>£800,000</td> <td>£3,650,000</td> <td>+356.3%</td> </tr> <tr> <td>Total</td> <td>£2,400,000</td> <td>£6,302,547</td> <td>+162.6%</td> </tr> </tbody> </table> <p>It is the view of the Evaluation Team that that the level contracted in Year 3 was significantly above that anticipated due to the unexpected inclusion of series 1 of the Game of Thrones TV drama.</p>			Award Year	Target	Actual	Variance	Year 1	£800,000	£1,162,202	+45.3%	Year 2	£800,000	£1,490,345	+86.3%	Year 3	£800,000	£3,650,000	+356.3%	Total	£2,400,000	£6,302,547	+162.6%								
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	Economic return: 4:1 in each year.	<p>Target not achieved on an individual year basis but exceeded on an overall basis. The analysis suggests that the established targets were only achieved in Year 3 of the strategy and it is the Evaluation Team's view that the target was achieved as a direct result of the inclusion of series 1 of the Games of Thrones. It should be noted however, on an overall basis, the TV drama genre provided a return of £4.73:£1 which was higher than the annual established targets.</p>																														

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Non-TV drama	Contract: <ul style="list-style-type: none"> £250k in Year 1; £600k in Year 2; and £600k in Year 3. 	<p>Target not achieved. The analysis suggests that the annual targets were only met in Year 3 of the Strategy. On an overall basis, the level of support awarded to non-TV drama was c.26% lower than initially anticipated.</p> <table border="1"> <thead> <tr> <th>Award Year</th> <th>Target</th> <th>Actual</th> <th>Variance</th> </tr> </thead> <tbody> <tr> <td>Year 1</td> <td>£250,000</td> <td>-</td> <td>-100%</td> </tr> <tr> <td>Year 2</td> <td>£600,000</td> <td>£235,000</td> <td>-60.8%</td> </tr> <tr> <td>Year 3</td> <td>£600,000</td> <td>£842,761</td> <td>+40.5%</td> </tr> <tr> <td>Total</td> <td>£1,450,000</td> <td>£1,077,761</td> <td>-25.7%</td> </tr> </tbody> </table>	Award Year	Target	Actual	Variance	Year 1	£250,000	-	-100%	Year 2	£600,000	£235,000	-60.8%	Year 3	£600,000	£842,761	+40.5%	Total	£1,450,000	£1,077,761	-25.7%											
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	Economic return 5:1 in each year.	<p>Target not achieved. As detailed in the table below the return on investment was lower than anticipated, both on an annual and overall basis.</p> <table border="1"> <thead> <tr> <th rowspan="2">Award Year</th> <th rowspan="2">Target</th> <th colspan="3">Actual</th> </tr> <tr> <th>Contracted</th> <th>NI Direct Spend</th> <th>Return on investment</th> </tr> </thead> <tbody> <tr> <td>Year 1</td> <td>5:1</td> <td>-</td> <td>-</td> <td>N/A</td> </tr> <tr> <td>Year 2</td> <td>5:1</td> <td>£235,000</td> <td>£1,049,129</td> <td>£4.46: £1</td> </tr> <tr> <td>Year 3</td> <td>5:1</td> <td>£842,761</td> <td>£3,108,545</td> <td>£3.69: £1</td> </tr> <tr> <td>Total</td> <td>N/A</td> <td>£1,077,761</td> <td>£4,157,674</td> <td>£3.86: £1</td> </tr> </tbody> </table>	Award Year	Target	Actual			Contracted	NI Direct Spend	Return on investment	Year 1	5:1	-	-	N/A	Year 2	5:1	£235,000	£1,049,129	£4.46: £1	Year 3	5:1	£842,761	£3,108,545	£3.69: £1	Total	N/A	£1,077,761	£4,157,674	£3.86: £1			
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	One project in Year 1 rising to 3 projects in years 2 and 3	<p>Target not achieved on an individual year basis but exceeded on an overall basis. The analysis suggests that the established targets were only achieved in Year 3 when twice as many projects were supported than initially anticipated. On an overall basis, 1 additional project was supported compared to the levels initially anticipated.</p> <table border="1"> <thead> <tr> <th>Award Year</th> <th>Target number of projects</th> <th>Actual number of projects</th> <th>Variance</th> </tr> </thead> <tbody> <tr> <td>Year 1</td> <td>1</td> <td>0</td> <td>-100%</td> </tr> <tr> <td>Year 2</td> <td>3</td> <td>2</td> <td>-33.3%</td> </tr> <tr> <td>Year 3</td> <td>3</td> <td>6</td> <td>+100%</td> </tr> <tr> <td>Total</td> <td>7</td> <td>8</td> <td>+14.3%</td> </tr> </tbody> </table>	Award Year	Target number of projects	Actual number of projects	Variance	Year 1	1	0	-100%	Year 2	3	2	-33.3%	Year 3	3	6	+100%	Total	7	8	+14.3%											
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Target		Progress towards target																				
Digital Content	Contract: <ul style="list-style-type: none"> £200k in Year 1; £400k in Year 2; and £400k in Year 3. 	<p>Target not achieved. The analysis suggests that levels of contracted expenditure in the area of digital content was below that anticipated in each of the three years of the strategy. Indeed, no expenditure was made during the first two years of the Strategy. On an overall basis, the level of support awarded to the digital content genre was c.90% lower than initially anticipated.</p> <table border="1"> <thead> <tr> <th>Award Year</th> <th>Target</th> <th>Actual</th> <th>Variance</th> </tr> </thead> <tbody> <tr> <td>Year 1</td> <td>£200,000</td> <td>-</td> <td>-100%</td> </tr> <tr> <td>Year 2</td> <td>£400,000</td> <td>-</td> <td>-100%</td> </tr> <tr> <td>Year 3</td> <td>£400,000</td> <td>£105,384</td> <td>-73.7%</td> </tr> <tr> <td>Total</td> <td>£1,000,000</td> <td>£105,384</td> <td>-89.5%</td> </tr> </tbody> </table> <p>It should however be noted that, as detailed in Section 3, the PDF has compensated to a degree for the underperformance of the NISF in the digital content area, with c. 33% of the awards being made to digital content development.</p>	Award Year	Target	Actual	Variance	Year 1	£200,000	-	-100%	Year 2	£400,000	-	-100%	Year 3	£400,000	£105,384	-73.7%	Total	£1,000,000	£105,384	-89.5%
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Total	£1,000,000	£105,384	-89.5%																			
Production Development Fund (PDF)	Economic Return of 3:1 in years 1 and 2 rising to 4:1 in year 3	<p>Target not achieved. The one project supported in Year 3 of the Strategy provided a return of £1.51 for every £1 of support provided by Northern Ireland Screen.</p> <p>In explaining the shortfall in the achievement in the targets established for the Digital Content genre, it should be noted that this is an evolving area in NI as per other jurisdictions, where the skills and expertise are still emerging. Indeed, the feedback from Northern Ireland Screen and consultees suggests that, as a sub-sector, it has been difficult to date to ‘draw boundaries’ around and to reach all of those engaged in digital content production (much of which could be in the informal economy and not within the framework of company activity). This issue is linked to the limited interaction between the <i>Building on Success</i> strategy and <i>The Northern Ireland Digital Content Strategy</i>.</p> <p>Given the emerging nature of the digital sector, it is the Evaluation Team’s view that that the original targets established for the digital content element of the NISF, were overly ambitious. Feedback from a number of companies suggested that they had still to ascertain how to generate viable revenues from activity in the digital content arena and therefore were focusing their efforts on other traditional business activities.</p>																				
	Contract: <ul style="list-style-type: none"> £500,000 in Year 1; £750,000 in Year 2; and £750,000 and 3 	<p>Target not achieved on an individual year basis but exceeded on an overall basis. The analysis suggests that whilst a higher level of contracted expenditure was made during Years 1 (+1%) and 2 (+22%), a lower than anticipated level was made in Year 3 (-20%). On an overall basis, contracted development expenditure was 1% higher than anticipated.</p>																				

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	40 project commissions	<p>Target not achieved. To date, 16 follow-on commissions have been achieved, 60% fewer than anticipated at the outset of the strategy. It is the view of the Evaluation Team that this target was overly ambitious and did not take account of the inherent risks (e.g. uncertainty over market interest in product being developed) associated with undertaking development work or the significant gestation period between undertaking the activity and realising any follow-on commissions (identified as being up to 4 years). Given this gestation period the Evaluation Team recommends that Northern Ireland Screen is encouraged to continue to monitor the progress of the development work undertaken as part of the strategy and identify all follow-on commissions resulting from this activity. Where follow-on commissions are derived, levels of NI based expenditure and employment should be recorded for future evaluation purposes.</p>																							
	Economic return 10:1 (i.e. total return of £20m sales from the £2m fund).	<p>Evaluation Team unable to comment on the degree of target achievement. The Evaluation Team is unable to determine what this target relates to and hence is unable to comment on the progress that has been made towards its achievement. It should also be noted that it was anticipated that any economic impact derived from development activity would be generated through the means of follow-on commissions and associated NI direct spend rather than ‘sales’ generated.</p>																							
	2 super-indies established in NI	<p>As detailed in Section 3, two Super Indies were created during the course of the Strategy.</p>																							
Business Development Programme (BDP)	Contract: <ul style="list-style-type: none"> £100,000 in Year 1; £100,000 in Year 2; and £100,000 and 3. 	<p>Target not achieved on an individual year basis but exceeded on an overall basis. A total of:</p> <ul style="list-style-type: none"> £156k was contracted (56% more than anticipated); £104k was contracted (4% more than anticipated); and £69k was contracted (31% less than anticipated); <p>On an overall basis, £329k was contracted across the three BDP Programmes, 10% more than anticipated.</p>																							
	80% satisfaction rate from participants on the training	<p>Target exceeded. As part of the desk-based research, the Evaluation Team reviewed a sample of feedback forms (N=15) that were provided by programme participants to TRC. All participants (100%) suggested that they were satisfied with the support</p>																							

Table 6.1: Progress towards the SMART targets established within the Building on Success Strategy Monitoring and Evaluation Framework

Target		Progress towards target
		<p>that was provided to them.</p> <p>In addition to this, feedback received during the primary research process suggests that all participants (N=4) were either very satisfied or satisfied with the support that they had received through their respective programmes.</p>
	At least one course with a focus on digital content	<p>Target achieved. Cross Creative was a 9 month programme for ‘creatives’ in digital media looking to grow their business and creative horizons. The Programme provided a series of 7 monthly sessions (of 1 day per month) led by industry experts, combined with 2 field trips (one to Toronto and one to Silicon Valley) to meet some of the world’s top creative and technology innovators. The Programme sought to, amongst other things, increase participants’ knowledge of cutting edge work being undertaken in digital media, awareness of potential revenue streams, ambition, confidence and belief, as well as extend their networks, contacts and potential partnerships.</p> <p>In addition to this, Northern Ireland Screen confirmed during consultation that digital elements were covered as part of the RDP and IDP.</p>
	Participants will be satisfied that the course develops skills in accordance with present industry requirements	<p>Target achieved. As detailed previously, the feedback from BDP participants was overwhelmingly positive, with all respondents (N=4) suggesting that the Programme had met their requirements, including their ability to meet their skills needs.</p>
Markets and Festivals Fund (MAFF)	Contract: <ul style="list-style-type: none"> • £30,000 in Year 1; • £30,000 in Year 2; and • £30,000 in Year 3. 	<p>Target not achieved on an individual year basis but exceeded on an overall basis. As detailed in Section 3:</p> <ul style="list-style-type: none"> • £30,691 of MAFF support was contracted in Year 1 (2% more than targeted); • £40,304 of MAFF support was contracted in Year 2 (34% more than targeted); • £25,962 of MAFF support was contracted in Year 3 (13% less than targeted). <p>On an overall basis, £96,957 in MAFF support was contracted (7% more than anticipated). It should be noted that, of the total amount contracted, 87% (or c £85k) was drawn down. It is the view of the Evaluation Team that this finding should be viewed positively as the anticipated activity that was to be supported was delivered at a lower than anticipated cost (rather than the activity not being undertaken at all).</p>
	30 key industry attendances per annum	<p>A total of 106 attendances were supported during the period of the strategy (33 in Year 1, 42 in Year 2 and 31 in Year 3), 18% more when examined across the period of the strategy. 48 single awards and 15 multi-event awards were made.</p>

7.3 Conclusions

Based on the preceding analysis, it is the Evaluation Team's view that Northern Ireland Screen has progressed well in terms of the target established with the vast majority of these being achieved or exceeded when examined on an overall basis (rather than on an annual basis). Whilst acknowledging the merits of establishing annual targets for each of the funds being delivered by Northern Ireland Screen (e.g. in terms of ensuring the momentum of programme activity), Invest NI should continue to provide a level of flexibility to Northern Ireland Screen to enable it to respond to the emerging needs of the Northern Ireland Screen Industry whilst ensuring that a balance portfolio approach is applied in terms of the range of support offerings provided. Due cognisance of this flexibility should be taken when interpreting the progress that has been made towards the achievement of these SMART targets, particularly on an annual basis.

In terms of those targets that were not achieved (i.e. primarily relating to the digital content aspects of the NISF and the outcome targets relating to the PDF), it is the Evaluation Teams views that these targets were overly ambitious and did not take account of the:

- Evolving nature of the digital content sub-sector in NI; and
- Inherent risks associated with undertaking development work or the significant gestation period between undertaking the activity and realising any follow-on commissions (identified as being up to 4 years). Given this gestation period the Evaluation Team recommends that Northern Ireland Screen is encouraged to continue to monitor the progress of the development work undertaken as part of the strategy and identify all follow-on commissions resulting from this activity. Where follow-on commissions are derived, levels of NI based expenditure and employment should be recorded for future evaluation purposes.

8. PROJECT FINANCE

8.1 March 2007 Economic Appraisal

8.1.1 Project Costs

Following the March 2007 Economic Appraisal, a preferred option for delivery of the Invest NI funded elements of the strategy was identified. Under this option, Invest NI was anticipated to provide a level of funding (c£13.1m) which was above the level of funding previously provided to Northern Ireland Screen but below the level of funding identified by Northern Ireland Screen in their proposed strategy (i.e. £16,079,610). On this basis, Northern Ireland Screen proposed a split of funding across different programme elements as outlined in the table below.

Table 8.1: Economic Appraisal Preferred Option Costs Compared with 2003/2007						
Programme/ Activity	2003/2007	Funding Level £'000				
		2007/08	2008/09	2009/10	Total	
Capital Costs						
Sage MMS Financials		5			5	
IT Infrastructure		28			28	
Optimism Bias		4			4	
Total Capital Cost		37			37	
Revenue Costs						
Northern Ireland Screen Fund	Film		1,200	1,000	1,000	3,200
	Drama		800	800	800	2,400
	Non Drama		250	600	600	1,450
	Digital Content		250	400	400	1,050
Northern Ireland Screen Fund - Sub-Total	5,505	2,500	2,800	2,800	8,100	
Product Development Fund	250	500	750	750	2,000	
Business Development Programme	225	100	100	100	300	
Markets, Festivals and Conferences	150	30	30	30	90	
Company Development Fund ⁵⁴	1,505	-	-	-	-	
Development of Infrastructure		25	0	0	25	
Marketing	725	250	250	250	750	
Operations	1,545	580	600	620	1,800	
Total Revenue Costs		3,985	4,530	4,550	13,065	
Total	9,905				13,102	

The Evaluation Team understands that it had been anticipated that the original funding approved (£13.1m) for Building on Success would be made up of £12.4m of funding from Invest NI and £0.7m funding from the Department of Culture, Arts and Leisure (DCAL).

The split of funding proposed under this option was based upon the following underlying principles:

⁵⁴ Northern Ireland Screen had proposed to discontinue the delivery of the Company Development Fund (CDF) during the 2007-2010 period. This decision followed findings during the evaluation of the 2003-2007 strategy which concluded that the CDF had not been successful due to restrictions involving the creation of full time jobs.

- A prioritisation of funding towards the Northern Ireland Screen Fund and the PDF due to the importance of development and production;
- The sustainability of film production at level considerably less than that achieved in 2006/07;
- Support for a maximum of one or two television drama series per annum;
- Support for one factual television project in year one and support for a maximum of two factual television projects in years two and three;
- A very limited number of digital content projects supported;
- Continued support for the BDP;
- Sustained support provided under MAFF;
- Support for the development of infrastructure;
- Sufficient levels of marketing spend; and
- Minimal operating costs.

8.1.2 Revenue Benefits – Profit Participation

The Evaluation Team notes that funding provided under the Northern Ireland Screen Fund and the PDF involved a profit participation element. In the event that a funded production moves into profit, Northern Ireland Screen was entitled to recoup the loan paid (only after all other preferred creditors have been paid). However, based on findings from the evaluation of previous funding, the March 2007 Economic Appraisal assumed that monies resulting from profit participation under the NISF and the PDF would be zero.

8.2 Amended Approvals

Following the completion of the March 2007 Economic Appraisal, the Evaluation Team understands that the actual funding approved by Invest NI and DCAL⁵⁵ totalled £13,097,800, of which £12,377,800 would come from Invest NI. However, the profile of Invest NI's approved amount was later amended, as illustrated below:

Programmes	Assistance Approved following March 2007 EA £	Amended Assistance £	Difference £
Northern Ireland Screen Fund (NISF)	8,100,000	7,603,983	(496,017)
Product Development Fund (PDF)	2,000,000	2,000,000	-
Business Development Programme (BDP)	300,000	300,000	-
Markets and Festivals Fund (MAFF)	90,000	90,000	-
Marketing and Promotion Costs	750,000	800,000	50,000
Operating Costs of Northern Ireland Screen	1,080,000	1,450,000	370,000
MIS	32,800	33,817	1,017
Development of Infrastructure	25,000	100,000	75,000
Total Invest NI funding	12,377,800	12,377,800	-
DCAL contribution to Operating Costs	720,000 ⁵⁶	350,000	(370,000)
Total Project Cost	13,097,800	12,727,800	(370,000)

The Evaluation Team understands that the changes noted above to the funding originally approved were required to take account of the following:

⁵⁵ Source: July 2009 Addendum Economic Appraisal

⁵⁶ This represents DCAL's contribution to the 'Invest NI' project and excludes DCAL's contribution for other activity implemented by Northern Ireland Screen, including for instance support for NI Creative Learning Centres, which were not within the scope of this evaluation.

Infrastructure Support Costs	<p>Increased due to necessary repairs and improvements to the Paint Hall, used for the filming of City of Ember. Infrastructure support was originally offered in respect of the consultancy costs of preparing a business case for a digital hub in Northern Ireland. However, this support has not been drawn down and so is excluded from the revised figures above.</p> <p>It is understood that Northern Ireland Screen rents the Paint Hall from Titanic Quarter Limited for £200,000 per annum for use as a basic film and television production studio. It is a massive 64,000 square foot covered space with a 90 foot ceiling capable of accommodating large set build as demonstrated in City of Ember. However, the Harbour Commissioner's and Titanic Quarter's plans were to demolish it and redevelop the site. Consequently, they were not prepared to invest in the building. Hence, Northern Ireland Screen had to bear the costs of maintaining the building in a reasonable state of repair so that it could be used as a production studio. These costs are estimated at £100,000 per annum.</p>
Management Information System	Relating to the installation of a new management accounting system. Costs increased marginally due to higher than budgeted expenditure.
Marketing and Promotion Costs	Increased primarily due to higher than budgeted levels of costs associated with inward investment visits.
Northern Ireland Screen Operating Costs	Increased to compensate for a reduction of £370,000 in the contribution available from DCAL. DCAL's originally proposed commitment of £720,000 was made subject to the Comprehensive Spending Review (CSR). However, post the Budget 2008-2011 this level of funding was not available and DCAL's contribution was reduced to £350,000.

All of the above increases were offset by an equivalent decrease in the NISF to ensure the original level of support remained within Invest NI's £12,377,800 previously approved limit. The main consequence of the changes was a reduction of £496,017 in the NISF so that £7,603,983 was available for investment instead of the original £8.1m.

8.3 Addendum to the March 2007 Economic Appraisal (July 2009)

As illustrated in Section 7.2, the largest proportion of Invest NI's funding to Northern Ireland Screen had been apportioned to the NISF. By March 2009, of the £7.6m available for investment for this element of the strategy, £5.3m had already been contracted to productions, leaving £2.3m available for Year 3 expenditure.

However, during 2009, a significant opportunity had emerged; a new television drama, Game of Thrones, to be produced by Home Box Office (HBO) – the premium television programming subsidiary of Time Warner. The production required a major financial commitment but was considered to offer substantial long-term benefits with the potential of up to seven ten-part series to follow the completion of a successful pilot episode⁵⁷.

Consequently an Addendum to the original Economic Appraisal of Building on Success was undertaken in July 2009 to test the case for additional £3.4m⁵⁸ of funding within the NISF, as well as the need for an increase in the maximum award available for an individual project under the Screen Fund from £800,000 to £1,800,000⁵⁹. The addendum was particularly focused on the opportunity to

⁵⁷ The Evaluation Team understands that at the time, HBO was also in discussion with the Republic of Ireland, where a tax relief of c20% was available for television production. Within the UK there was no tax relief for television production. In addition to this tax incentive, the Irish Film Board had a production fund (like the Northern Ireland Screen Fund) which could support up to 25% of the total production budget or €2m, whichever is the greater.

⁵⁸ However, the July 2009 Addendum Economic Appraisal indicated that once recoupments due were deducted this would equate to an increase in funding of £3.169,789 which would be spread over two years as the £1.8m relating to the production of Series 1 of Game of Thrones would not be drawn down until the next financial year, 2010/11.

⁵⁹ Such an increase was considered to enable Northern Ireland Screen to take advantage of high impact, big budget, productions when those opportunities emerge. Such productions were considered to offer the potential to provide significant inward investment to NI, build local infrastructure and skills, transforming the local Screen Industry, providing a catalyst for future investment. Game of Thrones was anticipated to provide a possible seven year, £20m per annum, opportunity for NI.

attract 'Game of Thrones' to NI, but also to ensure that capacity remained to fund additional NISF projects, over the remaining period of the strategy (until March 2010)⁶⁰.

The Addendum concluded that funding for the NISF should be increased over the remainder of the strategy and that the maximum award available to any individual project should be raised to £1.8m.

The Addendum Economic Appraisal therefore recommended that Northern Ireland Screen required additional funding of £3.4m minus any recoupment it had achieved. This is shown below:

Table 8.3: Calculation of Additional Assistance Required	
Increase in Funding Required	£3,400,000
Minus Year 1 Recoupment	(£54,889)
Minus Year 2 Recoupment	(£154,204)
Minus April 2009 Recoupment	(21,118)
Addendum EA's Proposed Additional Funding	£3,169,789

However, it was noted that £1.8m of the additional funding would be required only if a full series of Game of Thrones was commissioned, and would not be needed until 2010/2011. Therefore, only £1,369,789 of additional monies was projected to be needed during the life of the 'Building on Success Strategy'. The suggested change in assistance is illustrated below:

Table 8.4: Revised 'Building on Success' 2007/2010 Funding			
Programmes	Approved Assistance (pre Addendum EA) £	New Assistance (post Addendum EA) £	Total Revised Package of Assistance
Northern Ireland Screen Fund (NISF)	7,603,983	£1,369,789	8,973,772
Product Development Fund (PDF)	2,000,000		2,000,000
Business Development Programme (BDP)	300,000		300,000
Markets and Festivals Fund (MAFF)	90,000		90,000
Marketing and Promotion Costs	800,000		800,000
Operating Costs of Northern Ireland Screen	1,450,000		1,450,000
MIS	33,817		33,817
Development of Infrastructure	100,000		100,000
Total Invest NI funding	12,377,800	£1,369,789	13,747,589
DCAL contribution to Operating Costs	350,000		350,000
Total Project Cost	12,727,800		14,097,589

It is the Evaluation Team's understanding that following the approval of an additional £1,369,789 towards the NISF (as featured within the July 2009 Addendum Economic Appraisal), there was some further realignment of funding with a reduction of £9,993 in the amount required within the NISF⁶¹ (as Northern Ireland Screen's Year 3 recoupment monies had increased to £31,111 by July 2009).

Thus the revised breakdown of the Invest NI and DCAL package of support offered to Northern Ireland Screen over the period 2007/2010 was as follows:

⁶⁰ It had been suggested that if NISF funding was tied up solely in Game of Thrones then NI could be viewed as 'closed for business' and the international credibility, that had been established, lost.

⁶¹ Source: New budget featured in December 2009 Interim Evaluation.

Table 8.5: Further revisions to Building on Success 2007/2010 Funding

Programmes	Total Revised Package of Assistance (post Addendum EA) £	Total Revised Package of Assistance (per December 2009 Interim Evaluation) £	Total Final Package of Assistance
Northern Ireland Screen Fund (NISF)	8,973,772	8,963,779	10,489,550 ⁶²
Product Development Fund (PDF)	2,000,000	2,000,000	2,025,597 ⁶³
Business Development Programme (BDP)	300,000	300,000	282,000 ⁶⁴
Markets and Festivals Fund (MAFF)	90,000	90,000	81,152 ⁶⁵
Marketing and Promotion Costs	800,000	800,000	800,000
Operating Costs of Northern Ireland Screen	1,450,000	1,450,000	1,450,000
MIS	33,817	33,817	33,817
Development of Infrastructure	100,000	100,000	120,000 ⁶⁶
Total Invest NI funding	13,747,589	13,737,596	15,282,116
DCAL contribution to Operating Costs	350,000	350,000	350,000
Total Project Cost	14,097,589	14,087,596	15,632,116

⁶² Per LoO 10/0018 issued 12 April 2010, relating to loans committed during the period 1 April 2007- 31 March 2010, and incurred prior to 1 February 2012

⁶³ Per LoO 10/0017 issued 12 April 2010

⁶⁴ Per LoO 10/0017 issued 12 April 2010

⁶⁵ Per LoO 10/0017 issued 12 April 2010

⁶⁶ Per LoO 10/0017 issued 12 April 2010

8.4 Actual Costs Incurred

Based on the revised Invest NI funding package, the table below provides a summary of the actual funding allocated to Northern Ireland Screen during the period of the Building on Success Strategy.

Programmes	Proposed support			Actual drawn down				Variance	
	Total Revised Package of Assistance (post Addendum EA)	Total Revised Package of Assistance (per December 2009 Interim Evaluation)	Total Final Package of Assistance	2007/08	2008/09	2009/10	2010/11 ⁶⁷		Total
Northern Ireland Screen Fund (NISF)	£8,973,772	£8,963,779	£10,489,550	£2,077,176	£2,836,079	£4,700,015	£863,793	£10,477,063	-0.1%
Product Development Fund (PDF)	£2,000,000	£2,000,000	£2,025,597	£352,615	£698,411	£967,854	0	£2,018,880	-0.3%
Business Development Programme (BDP)	£300,000	£300,000	£282,000	£110,000	£90,000	£100,000	0	£300,000	6.4%
Markets and Festivals Fund (MAFF)	£90,000	£90,000	£81,152	£30,000	£19,605	£31,256	0	£80,861	-0.4%
Marketing and Promotion Costs	£800,000	£800,000	£800,000	£250,000	£290,000	£260,000	0	£800,000	-
Operating Costs of Northern Ireland Screen	£1,450,000	£1,450,000	£1,450,000	£575,000	£370,000	£420,290	0	£1,365,290	-5.8%
MIS	£33,817	£33,817	£33,817	£33,817	£0	£0	0	£33,817	-
Development of Infrastructure ⁶⁸	£100,000	£100,000	£120,000	0	£0	£100,000	0	£100,000	-16.7%
Total Invest NI funding	£13,747,589	£13,737,596	£15,282,116	£3,428,608	£4,304,095	£6,579,415	£863,793	£15,175,911	-0.7%

Source: Invest NI

⁶⁷ Funding relates to activity supported through the Building on Success Strategy.

⁶⁸ Please note it was originally anticipated that monies would be allocated to undertake a business case for a digital hub in the Titanic Quarter. However, this was amended by Invest NI to provide financial support to undertake repair works to the Paint Hall.

It should be noted, Invest NI and Northern Ireland Screen confirmed that the amount of funding awarded through the Strategy may not equate to the cash flow paid out through Invest NI to Northern Ireland Screen⁶⁹ due to three interrelated reasons:

1. The funding awarded through Northern Ireland Screen is payable to production companies on a contracted payment schedule based on delivery of the output. Due to the production process (which typically consists of pre-production, filming, post production, final audit) final payment can be up to 18+ months after the contract is signed. Cash received from Invest NI is drawn down in advance of need and limited to the actual payments due according to the production payment schedule detailed in the contract. Northern Ireland Screen draws down funding from Invest NI based on forecasted figures predicting the completion of the productions. Cash flow can therefore typically straddle years and strategies. For example, commitments made in Building on Success were paid out by Invest NI after the end of the strategy period during the period of Driving Global Growth. At the end of each financial year a balance of £500k+ will typically be carried forward;
2. In some cases the production work will not be completed in the predicted timescales resulting in Northern Ireland Screen holding cash across accounting periods and strategies. This will not be longer than 6 months, and is often shorter. However it will distort the annual figures against cash flow as it will be held as deferred income in the accounts and will be a reconciling item between Invest NI draw down and NISF funding; and
3. Recoupment paid out as part of the awards made will reduce the amount drawn down from Invest NI. The full award made is included in the NISF funding figures as this represents the funding levered against the production.

It should be noted that a detailed vouching and reconciliation exercise is taken between Northern Ireland Screen, Invest NI payments department and Invest NI client management on a monthly and quarterly basis. Based on these exercises, Invest NI has confirmed that it is content that all funds provided to Northern Ireland Screen are subsequently paid to the appropriate project and company.

On the basis of this, Invest NI has confirmed that it is content that the £15,282,116 funding package was fully utilised to support the development of the Northern Ireland Screen industry.

8.5 Effectiveness/delivery of European Regional Development Funding

During consultation, Invest NI confirmed that European Regional Development Funding (ERDF) was only utilised during the final year of the Strategy (2009/10) for the NISF. As detailed above, a detailed vouching and reconciliation exercise is taken between Northern Ireland Screen, Invest NI payments department and Invest NI client management on a monthly and quarterly to ensure the effective delivery of all funding (including ERDF monies). It is the Evaluation Team's view that the procedures that have been put in place by Invest NI and Northern Ireland Screen are robust and support the effective delivery of all funding.

On this basis, and given the positive economic impact made by the NISF to the local economy, it is the view of the Evaluation Team that the ERDF funding was delivered on an effective basis.

8.6 NPV Analysis

With respect to the NPV analysis undertaken in the March 2007 and July 2009 Northern Ireland Screen Economic Appraisals, we note the following:

⁶⁹ In a number of instances the activity and expenditure information directly provided to the Evaluation Team by Northern Ireland Screen does not marry with information submitted within the quarterly monitoring spreadsheets and/or the final annual cost information provided by Invest NI.

March 2007 EA	<ul style="list-style-type: none"> • Despite estimating economic benefits that might be achieved, the NPV analysis undertaken did not incorporate these projected benefits; • The NPV analysis was not undertaken on a full economic cost basis, and so costs such as Invest NI's staff time were not incorporated.
July 2009 Addendum	<ul style="list-style-type: none"> • The July 2009 Addendum EA ran NPV analysis using only costs associated with the NISF, as opposed to a total revised Northern Ireland Screen project; • We also note that the 2009 Addendum's NPV analysis did not allow for the following: <ul style="list-style-type: none"> - £230,211 of recoupment income that had been achieved; - Any calculation of economic benefits; - The fact that £1.8m of the total suggested NISF monies, whilst being committed in Year 3, were not anticipated to be spent until 'Year 4' i.e. 2010/2011.

Given these aforementioned concerns, the Evaluation Team is unable to undertake an appropriate comparative analysis of the project and actual NPV/C analysis.

9. CONCLUSIONS & RECOMMENDATIONS

The section presents the Evaluation Team's key conclusions and recommendations arising from the evaluation process.

9.1 Conclusions

9.1.1 Activity supported through the Strategy

Based on monitoring information provided by Northern Ireland Screen, the Evaluation Team's analysis suggests that a significant level of support has been provided by the organisation to companies and individuals to support the development of the Northern Ireland Screen industry. Key activity supported during the course of the Strategy included:

- Northern Ireland Screen provided c. £10.8m in production support through its NISF toward the costs of 28 productions by 22 individual companies. The levels of award ranged from c. £16k to £1.6m, with the average award equating to c. £385k per production;
- Northern Ireland Screen made 46 development awards through the PDF to 29 individual companies to a value of c. £2m. The levels of award ranged from c. £6k to £100k, with the average award equating to £44k. The Programme contributed to establishing 2 super indies;
- To date, c. £473k in was 'recouped' from productions supported during the Building on Success Strategy. During consultation, Northern Ireland Screen confirmed that c. £428k (or 91%) was reinvested in 5 productions, with the remainder available to Northern Ireland Screen for reinvestment. In terms of development activity, c. £177k has been repaid by companies whose product development work successfully resulted in a project commission;
- 21+ applications for support were submitted for BDP support during the period, with 17 (or 81%) of these being supported (8 through the CCP, 7 through the RDP and 2 through the IDP);
- A total of c. £97k was provided through 63 MAFF awards during the period of the Strategy. A total of 106 attendances were supported through the Fund during the period of the Strategy as a result of MAFF support; and
- Northern Ireland Screen has undertaken a significant amount of marketing to raise the profile and reputation of NI as a suitable destination/location for screen activity.

9.1.2 Participants' satisfaction with and views of, Northern Ireland Screen's Support

A high level of overall satisfaction has been expressed by companies/individuals in receipt of support by Northern Ireland Screen. Specifically, recipients of the support expressed a high level of satisfaction with, amongst other things:

- Levels of financial support provided;
- The support provided by Northern Ireland Screen and all External Delivery Organisations (EDOs); and
- The ability of the support to address identified business needs.

Encouragingly (for the industry's sustainability), each of the respondents that had availed of NISF or PDF support indicated that their opinion of NI as a location for screen product or for development work had either remained positive, or was now more favourable following the implementation of their NISF/PDF project.

9.1.3 Views on the Recoupable Loan

The Evaluation Team has found no reason why the NISF/PDF recoupable loan with a Profit Participation arrangement should not continue.

Whilst most respondents indicated that they would have preferred little or no recoupment, or the option to reinvest all profits made in future projects, it was still widely accepted that this was unrealistic and that it was fair to repay the loan if their production became profitable.

In terms of development activity, no specific concerns were highlighted in relation to the level of the recoupment premium (i.e. 50%) which must be paid in addition to the development support provided if the work leads to successful project commission. **It should be noted, as detailed in the Interim Evaluation of the Driving Global Growth Strategy, that the level of recoupment premium associated with development activity is consistent with that being implemented by other GB Screen agencies (e.g. Film Agency Wales).** On the basis of this feedback and research, the Evaluation Team would suggest that the current premium is equitable.

9.1.4 Achievement of objectives, additionality, market failure and displacement

The feedback from recipients of support suggests that:

- The vast majority have achieved the objectives/motives for which they sought support from Northern Ireland Screen;
- The support has played an important role in increasing/raising the knowledge and skills-sets of employees within the screen industry;
- The support has raised the profile and reputation of NI as a suitable location for Screen activity on national and international basis;
- The vast majority of activity would not have been undertaken by the companies/individuals in the absence of receiving support from Northern Ireland Screen. When compared to similar support interventions across the UK, the support provided by Northern Ireland Screen delivers a considerably higher level of additionality;
- Whilst market failure factors played an important role preventing companies/individuals from undertaking their respective production, development and business development activity, these factors were of less importance to recipients of the MAFF support. Whilst the analysis suggests that there is a limited existence of market failure at a micro level (i.e. an individual business level) in terms of the MAFF activity, the Evaluation Team would suggest that historic Government intervention in this area can be justified at a macro level on the basis that the Northern Ireland Screen industry is an emerging industry with structural weaknesses (relating to its infancy and relatively small scale) that would prevent it from competing both on regional and international basis; and
- The Evaluation Team's benchmarking of the level of displacement associated with the Northern Ireland Screen support with other similar interventions shows that the support provided by the organisation is performing significantly better than these.

9.1.5 Monetary and non-monetary economic impact of the support

Based on monitoring information provided by Northern Ireland Screen and feedback from companies in receipt of support, the following key conclusions can be drawn with regards to the monetary and non-monetary economic impact of the Building on Success Strategy:

- A total of £54.7m has been spent in NI as a result of the 28 productions that have been supported by Northern Ireland Screen. Based on the investment that has been provided, this equated to £5.08 being spent in NI for every £1 provided by Northern Ireland Screen.

- In GVA terms, the Evaluation Team's analysis suggests that the productions have delivered £32.2m in gross GVA and £29.5m in net additional GVA to the NI economy. At an overall level, the analysis suggests that, to date, the production element of the NISF has provided an economic return of £2.99 in gross GVA and £2.74 in net additional GVA for every pound provided by Northern Ireland Screen;
- A total of 2,914 cast and crew jobs have been supported through the 28 productions. This was equivalent to a total of 130,238 work days or 732 gross equivalent FTE NI-based job years. The application of deadweight (2.94%) and displacement (5.62%) suggests that the 28 productions have contributed to supporting 671 net additional FTE NI-based job years. In addition to this, the analysis suggests that the average annual wage (c. £34k) for an individual involved in working on an NISF supported production was c.83% higher than the current NI median wage (of £18,720);
- The review of monitoring information retained by Northern Ireland Screen, coupled with the primary research undertaken by the Evaluation Team, suggests that a total of 16 additional commissions were achieved as a result of the initial development activity supported through the PDF. The total value of these commissions was estimated by the production companies to be £17.2m, £10.6m of which is estimated to have been spent in NI. The analysis suggests this NI-based expenditure contributed £7,705,422 in gross GVA to the NI economy and £6,667,158 in net additional GVA. The level of support administered through the PDF (£2,020,834) suggests that every £1 of support has generated £3.81 in gross GVA or £3.30 in net additional GVA;
- 4 production companies who achieved 5 additional commissions as a result of their PDF activity suggested that these commissions had created or supported 65 gross NI-based FTE jobs i.e. an average of 16 jobs per company. The application of deadweight (4.76%) and displacement (9.15%) suggests that the PDF directly contributed in creating/supporting 56 net additional NI-based FTE jobs; and
- It is the view of Northern Ireland Screen, consultees and the Evaluation Team that the support provided by Northern Ireland Screen has made a significant contribution to wider and regional benefits to the NI economy. These include: the attraction of Foreign Direct Investment (FDI), skills development, knowledge transfer, reduction of 'Brain Drain', the generation of orders from other companies in the assisted area and, importantly, the overall reputation of the Northern Ireland Screen Industry and product.

9.1.6 Growth of the Home Industry

At the time of Appraisal industry turnover was estimated to be c. £21m per annum (inclusive of revenue from both television production companies based in NI and revenue from companies not based in NI but producing in NI) and it was anticipated that by the end of the Strategy period this would have increased to £50m per annum.

However, the Appraisal Team understands that this target was removed during the course of the Strategy due to concerns over the appropriateness of trying to measure the cause and effect of the Northern Ireland Screen support on the industry as a whole. As such, it was considered that it was more appropriate to measure direct outputs and impacts against the different types of award made. On this basis, monitoring information (relating to changes in company turnover) was not required to be retained by Northern Ireland Screen.

Withstanding wider industry changes that occurred during the period of the Strategy which inhibited aspects of the home industry's growth (e.g. lower than anticipated levels of regional network commissioning), it is the view of the Evaluation Team that Northern Ireland Screen, and the support that was provided through the strategy, has contributed to developing those key aspects of the industry, including the physical infrastructure and skills of the NI workforce, which will ultimately contribute to the longer term growth of the home industry.

9.1.7 Progress towards targets and target setting methodology

Based on the preceding analysis, it is the Evaluation Team's view that Northern Ireland Screen has progressed well in terms of the targets established with the vast majority of these being achieved or exceeded when examined on an overall basis (rather than on an annual basis).

Whilst acknowledging the merits of establishing annual targets for each of the funds being delivered by Northern Ireland Screen (e.g. in terms of ensuring the momentum of programme activity), Invest NI should continue to provide a level of flexibility to Northern Ireland Screen to enable it to respond to the emerging needs of the Northern Ireland Screen Industry whilst ensuring that a balance portfolio approach is applied in terms of the range of support offerings provided. Due cognisance of this flexibility should be taken when interpreting the progress that has been made towards the achievement of these SMART targets, particularly on an annual basis.

In terms of those targets that were not achieved (i.e. primarily relating to the digital content aspects of the NISF and the outcome targets relating to the PDF), it is the Evaluation Teams views that these targets were overly ambitious and did not take account of the:

- Evolving nature of the digital content sub-sector in NI; and
- Inherent risks associated with undertaking development work or the significant gestation period between undertaking the activity and realising any follow-on commissions (identified as being up to 4 years). Given this gestation period the Evaluation Team recommends that Northern Ireland Screen is encouraged to continue to monitor the progress of the development work undertaken as part of the strategy and identify all follow-on commissions resulting from this activity. Where follow-on commissions are derived, levels of NI based expenditure and employment should be recorded for future evaluation purposes.

Furthermore, these issues should be given due consideration as part of any future target setting process.

9.1.8 Strategic Fit and Contribution

The Evaluation Team considers that Northern Ireland Screen's activities contributed towards the achievement of several (2008-2011) PSA DSOs, as noted below:

PSA - DSO	Northern Ireland Screen's Contribution
PSA 1 - Productivity Growth - DSO 1 - Promote a competitive and outward looking economy	Northern Ireland Screen: <ul style="list-style-type: none"> • Assisted indigenous businesses to export for the first time. • Supported companies to diversify into new markets. • Improved the sales and marketing capability of NI businesses.
PSA 1 - Productivity Growth - DSO 2: Attract and support high quality investment, both foreign and locally-owned;	Northern Ireland Screen prioritised its resources on: <ul style="list-style-type: none"> • The most attractive inward investment projects and the highest quality locally produced projects; • Securing contestable inward investment projects that promoted jobs and increased value added in the screen sector.
PSA 1 - Productivity Growth - DSO 4: Promote higher value-added activity through innovation and the commercial exploitation of R&D.	Northern Ireland Screen encouraged client businesses to embrace innovation.
PSA 1 - Productivity Growth - DSO 6: Increase the level of skills to aid productivity improvements in manufacturing and tradable services.	Northern Ireland Screen sought to develop skills within the local screen industry.

<p>PSA 3 - Increasing Employment - DSO 3 - Increase employment opportunities by attracting high quality inward investment and supporting domestic investment</p>	<p>Northern Ireland Screen:</p> <ul style="list-style-type: none"> • Focused on increasing the competitiveness of client businesses in global markets with a view to increasing employment opportunities. • Encouraged FDI that increased the value added in the screen sector.
<p>PSA 3 - Increasing Employment - DSO 4 - Promote business growth</p>	<p>Northern Ireland Screen promoted growth projects from locally owned businesses.</p>

Furthermore, Invest NI's current Corporate Plan (for the period 2011-2015) states that its support will be aligned fully with the drivers of economic growth and its activities will be targeted to increase the size, competitiveness and value of our private sector by, amongst other things, embedding innovation, growing our local companies to scale, increasing our export base and attracting inward investment.

In specific relation to innovation, the Plan states that it will remain at the core of all Invest NI's actions, driving business growth, productivity growth, and economic growth. The Plan notes that through a continuum of support relevant to businesses at all stages of development, ideas will be turned into actions and the new products and services created which will give our business base a competitive edge in international markets.

In relation to the Creative Industries sector, the Plan specifically notes that *“our creative industries, which include film and television production, are, quite literally, putting us on the world stage. Through our funding of Northern Ireland Screen, we have attracted major productions such as Universal Picture’s Your Highness and HBO’s series Game of Thrones, to Northern Ireland. In order to capitalise on this opportunity, we need to continue to build our infrastructure and we therefore welcome the development of a second studio facility in Titanic Quarter, which will increase our capacity to compete for international projects and provide opportunities for our indigenous, innovative businesses.”*

It is evident therefore that the activities of Northern Ireland Screen remain valid in the context of Invest NI's 2011-2015 Corporate Plan.

9.1.9 Ongoing Need for Northern Ireland Screen Support

In relative terms, the size and scale of the NI market is still likely to be small when assessed against that of other UK regions, and internationally. However, it is evident, through the implementation of the Building on Success Strategy, and the findings of this evaluation, that there are opportunities for growth across film, television, and digital content.

Furthermore, as established within Section 2 of this report, the TV and Film industries, in particular, are highly mobile (as a result of different support interventions and fiscal measures offered globally). Furthermore, levels of deadweight associated with Northern Ireland Screen's support interventions have been found to be very low, and in particular, those relating to the NISF are extremely low.

Market failure also appears to exist. They relate to asymmetrical information (perceptions of risk amongst potential producers, film and television commissioners and potential financiers). Positive externalities may also exist, particularly relating to tourism (both direct and indirect).

It is therefore the Evaluation Team's view that, for the foreseeable future, that without intervention by Northern Ireland Screen (and in turn Invest NI), it is highly unlikely that the Northern Ireland screen industry would operate as a 'competitive market' with activity at levels which are economically optimal. In this respect, we do not consider that there is an exit strategy at this time for Invest NI, save in the circumstances that the organisation wishes to reduce its level of involvement in the sector so as to embrace opportunities presented in other sectors.

For the time being, we consider that Northern Ireland Screen's Invest NI funded support is appropriately focused on:

- Supporting development and production activity in NI;
- Developing the skills of the Northern Ireland Screen industry; and
- Facilitating the promotion of Northern Ireland Screen product.

9.1.10 Project Finance

A total £15,282,116 was spent supporting the development of the Northern Ireland Screen industry through the Building on Success Strategy.

It should be noted, Invest NI and Northern Ireland Screen confirmed that the amount of funding awarded through the Strategy may not equate to the cash flow paid out through Invest NI to Northern Ireland Screen due to three interrelated reasons:

1. The funding awarded through Northern Ireland Screen is payable to production companies on a contracted payment schedule based on delivery of the output. Due to the production process (which typically consists of pre-production, filming, post production, final audit) final payment can be up to 18+ months after the contract is signed. Cash received from Invest NI is drawn down in advance of need and limited to the actual payments due according to the production payment schedule detailed in the contract. Northern Ireland Screen draws down funding from Invest NI based on forecasted figures predicting the completion of the productions. Cash flow can therefore typically straddle years and strategies. For example, commitments made in Building on Success were paid out by Invest NI after the end of the strategy period during the period of Driving Global Growth (the third Strategy supported by Invest NI). At the end of each financial year a balance of £500k+ will typically be carried forward;
2. In some cases the production work will not be completed in the predicted timescales resulting in Northern Ireland Screen holding cash across accounting periods and strategies. This will not be longer than 6 months, and is often shorter. However it will distort the annual figures against cash flow as it will be held as deferred income in the accounts and will be a reconciling item between Invest NI draw down and NISF funding; and
3. Recoupment paid out as part of the awards made will reduce the amount drawn down from Invest NI. The full award made is included in the NISF funding figures as this represents the funding levered against the production.

It should be noted that a detailed vouching and reconciliation exercise is taken between Northern Ireland Screen, Invest NI payments department and Invest NI client management on a monthly and quarterly basis. Based on these exercises, Invest NI has confirmed that it is content that all funds provided to Northern Ireland Screen are subsequently paid to the appropriate project and company.

Given the calculated levels of net additional GVA that have been derived from the production and development activity (i.e. £36,196,110), and the total support provided to Northern Ireland Screen (£15.176m) suggests that the support has provided a minimum return on investment of £2.39 in net additional GVA for every £1 provided to Northern Ireland Screen. It should be noted however that the support has also contributed to providing a large range of wider and regional benefits which cannot be quantified in monetary terms.

9.1.11 Effectiveness/delivery of European Regional Development Funding

During consultation, Invest NI confirmed that European Regional Development Funding (ERDF) was only utilised during the final year of the Strategy (2009/10) for the NISF. The Evaluation Team understands that a detailed vouching and reconciliation exercise is taken between Northern Ireland

Screen, Invest NI payments department and Invest NI client management on a monthly and quarterly to ensure the effective delivery of all funding (including ERDF monies). It is the Evaluation Team’s view that the procedures that have been put in place by Invest NI and Northern Ireland Screen are robust and support the effective delivery of all funding.

On this basis, and given the positive economic impact made by the NISF to the local economy, it is the view of the Evaluation Team that the ERDF funding was delivered on an effective basis.

9.1.12 Equality Considerations

The Evaluation Team has identified no negative equality impacts, and consider the support interventions to be accessible to all Section 75 groupings and people with disabilities.

9.1.13 Value for Money

It is the Evaluation Team’s view, based upon all available evidence that Northern Ireland Screen’s Invest NI funded support interventions have represented value for money during the period 2007-2010.

Our view is based upon the following:

- We have projected net additional GVA outturns of £36.2m, which we consider is a prudent estimate. This would provide a GVA return on investment of £2.39 per every £1 invested;
- In terms of **‘programme deadweight’**, our analysis using DETI’s deadweight weightings indicates that the average level of deadweight relating to Northern Ireland Screen’s support is 16.21%. However, of note, deadweight relating to Northern Ireland Screen’s main support offering, the NISF, was extremely low at 2.94%;
- There is evidence that market failure factors are preventing companies/individuals from engaging in screen activity;
- Displacement of other businesses’ activities (both in NI and GB) was found to be low. At the NI level, displacement has been calculated at 5.62% for the NISF and 9.15% for the PDF;
- We found little evidence of duplication of other supports. Encouragingly, all of our survey respondents were of the view that, in the absence of the Northern Ireland Screen support, they would have been unable to get the same or similar support elsewhere in NI;
- The identified wider and regional economic benefits that are likely to have been derived as a result of the activity; and
- The following economy, efficiency and effectiveness indicators:

Indicator	Evaluation Team’s Commentary
<p>Economy measures are concerned with showing that the appropriate inputs (i.e. the resources used in carrying out the project) have been obtained at least cost</p>	<p>Northern Ireland Screen support was subject to an independent Economic Appraisal, which concluded that its proposed Preferred Option represented Value for Money.</p> <p>Furthermore, the individual projects that were funded through NISF were subject to negotiation, whilst those funded through BDP and MAFF were subject to an application process. Both processes sought to ensure that projects were obtained at least cost to NI.</p>
<p>Efficiency relates to measures that are concerned with achieving the maximum output from a given set of inputs</p>	<p>The Northern Ireland Screen Economic Appraisal did not project costs on a full economic cost basis. Furthermore, the package and mix of support offered throughout the period of the 2007-2010 Strategy was subject to change on a number of occasions.</p> <p>However, as noted above, the individual projects that were funded through NISF were subject to negotiation, whilst those funded through BDP and MAFF were subject to an application process. Both processes</p>

Indicator	Evaluation Team's Commentary
	<p>sought to ensure that projects were obtained at least cost, but also maximum benefit, to NI.</p> <p>Therefore, we consider that Invest NI/Northern Ireland Screen has achieved the maximum output from a given set of inputs.</p>
<p>Effectiveness measures are concerned with showing the extent to which aims, objectives and targets of the project are being achieved</p>	<p>As detailed previously, Northern Ireland Screen has broadly met its aims, objectives and targets.</p>

9.2 Recommendations

1. Invest NI should continue to offer support to Northern Ireland Screen, to enable it to:
 - Support screen-related development and production activity in NI;
 - Develop the skills of the Northern Ireland Screen industry; and
 - Facilitate the promotion of Northern Ireland Screen product.
2. Northern Ireland Screen should continue to report to Invest NI on recoupment levels achieved from activity funded under the Building on Success Strategy.
3. As part of all future target setting processes, effort should be placed on:
 - Developing targets that are Specific, Measurable, Achievable, Realistic and Time-bound (SMART). In relation to economic impact, clarity should be provided as to whether the target relates to NI direct spend, gross and/or net additional GVA (taking account of all deadweight and displacement considerations, as well as excluding the Northern Ireland Screen support (i.e. the input) from the economic output);
 - Ensuring appropriate consideration is given to the lag time/gestation period between initial development activity and the derivation of any subsequent commissions. This will require Invest NI to adopt a longitudinal approach to evaluating all further development support being channelled through Northern Ireland Screen
4. Linked to the previous recommendation, given the reported time lag (of up to c. 3-4 years) between companies undertaking the development activity and the achievement of any follow-on commissions, the Evaluation Team recommends that the levels of recoupment associated with the development awards is monitored up to 4 years following the final development award.
5. By way of assisting any future evaluation processes, Northern Ireland Screen should be encouraged to monitor levels of NI based expenditure and employment associated with all additional commissions derived from the initial development work supported by the organisation;
6. By way of assisting all future Evaluations, Invest NI should ensure that the economic impact model, and all associated assumptions underpinning this, is made available to the Evaluator.
7. Whilst acknowledging that Northern Ireland Screen reporting requirements have been subject to considerable review over the past five years, every effort should be made to ensure that the reporting requirements placed on support beneficiaries are kept to a minimum.

Appendix I - Invest NI Requirements

Invest NI has specified that the evaluation must assess, in respect of the period 1st April 2007 to March 2010:

- The extent to which the principal objectives and related targets of ‘Building on Success’ have been met;
- The overall return on investment (ROI) to date in respect of this strategy; and
- Adequacy – does the ROI represent good VFM and appropriate use of public funds.

The evaluation must seek to address the key issues of economy, efficiency and effectiveness. These objectives were assessed in the interim evaluation and essentially the successful service provider will be required to update the interim evaluation. The Return on Investment Calculation will be expected to be in line with the Invest NI Economic Appraisal Methodology.

The specific objectives of the evaluation are as follows:

Strategic Context	
a.	Review the strategic context under which the intervention operates and assess whether it remains valid;
b.	Review the operational fit of the intervention in line with the objectives of the Invest NI Corporate Plan and DETI Corporate (using the appropriate Corporate Plans in place during the evaluation period);
c.	Examine the fit with other Invest NI interventions including whether the programme has given rise to any duplication with/displacement of other programmes/activity operating in NI; and
d.	Consider any significant market and sectoral changes in the period covered by the evaluation.
Rationale	
e.	Identify the overall rationale for Government intervention with the sector, stating the market failure that the ‘Building on Success’ strategy was seeking to correct and assess whether the nature and magnitude of intervention is appropriate (this relates to both the inward investment and home elements of the strategy).
f.	Make recommendations on the future role of Government intervention in the sector and to define a suitable exit strategy.
Performance and Impact	
g.	Provide evidence of how the intervention contributes to the strategic aims, objectives, targets and actions of the NI Programme for Government (PfG), the Department of Enterprise Trade & Investment (DETI) and Invest NI.
h.	In particular, assess the extent to which the programme (2007 – 2010) has contributed to the relevant targets and actions under PSA 1, securing improvements in manufacturing and private services productivity and PSA 3, increasing employment.
i.	In line with the objectives, targets and actions included under PSA 1 and PSA 3, the evaluation must – where information is available: <ul style="list-style-type: none"> • Assess the GVA (Gross Value Added) impact per annum: <ul style="list-style-type: none"> - Additional profits arising from projects assisted through the programme. - Additional wages/salaries arising from projects assisted through the programme. • Assess the employment impact per annum: <ul style="list-style-type: none"> - Gross and net additional employment arising from projects assisted through the programme. • Assess the ‘productivity’ impact per annum: <ul style="list-style-type: none"> - Gross and net GVA/Employment⁷⁰ (additional, arising from project outputs).
<p><i>The evaluation must provide a GVA return on investment ratio (£1:GVA) resulting from the programme.</i></p> <p><i>In the absence of actual profit and wage/salary information, tenderers must demonstrate how they would arrive at GVA and productivity outputs from the programme.</i></p>	
j.	Assess the overall economic impact of the programme, including the wider and regional economic benefits (in line with Invest NI’s Economic Appraisal Methodology), direct and indirect, quantitative and qualitative, that have accrued as a result of projects assisted through ‘Building on Success’, quantifying as many of these as possible.
k.	Assess the extent to which ‘Building on Success’ has impacted the size and growth of the home industry.

⁷⁰ Full Time Equivalent (FTE)

- l. Review the performance of the programme against the original objectives and SMART targets, and if appropriate, identify reasons for any divergence. Assessment of performance against objectives and targets must be verified and validated as accurately as possible. Assess the appropriateness of the target setting methodology; and if appropriate, identify reasons for failure providing recommendations for improvement.
- m. Review progress on the actions relating to the recommendations arising from the interim evaluation.
- n. Assess the effectiveness of the management/delivery of European Regional Development funding (ERDF), and the administrative arrangements including vouching requirements and expenditure eligibility that have had a significant effect on the scale and nature of the outcomes and impacts achieved through the Programme.
- o. Assess the quality of delivery of Northern Ireland Screen and the level of client satisfaction achieved from the funds/support received and determine if the strategy is meeting the needs of the sector as a whole.
- p. Where possible, establish the counterfactual: estimate what would have happened in the absence of the programme. This will usually be the counterfactual from the original economic appraisal (but other methods can be used – see NIGEAE for guidance).
- q. Where information is available an NPV/C analysis must be undertaken to compare against the NPV/C analysis projected at the Economic Appraisal stage.
- r. Compare the costs actually incurred on the programme with those estimated at the outset, and clearly explain any reasons for variances. A ‘full economic cost’ analysis (including ‘opportunity costs’) must be undertaken. This must include the cost of marketing elements, evaluation costs, fully loaded Invest NI and/or EDO staff time, admin input, procurement costs, legal costs, etc. NIGEAE guidance must be adhered to when developing and assessing costs and benefits, including guidance on assistance to the private sector.
- s. Assess the economy, efficiency and effectiveness with which public funds have been used on the programme. Economy measures are concerned with showing that the appropriate inputs (i.e. the resources used in carrying out the project) have been obtained at least cost, efficiency relates to measures that are concerned with achieving the maximum output from a given set of inputs while effectiveness measures are concerned with showing the extent to which aims, objectives and targets of the project are being achieved.
- t. Assess the programme management and control by assessing the management and operating structures currently in place to determine how effective Invest NI and Northern Ireland Screen have been in managing the intervention and identify any areas for improvement such as an opportunity to rationalise or streamline delivery and/or programme management and monitoring. Review the ability of Invest NI and Northern Ireland Screen to provide these activities taking into account financial resources, experience and knowledge.
- u. Benchmark Northern Ireland Screen’s ‘Building on Success’ strategy against that of other UK regions and European countries including the Republic of Ireland in terms of the nature and quantum of support provided and sources of funding.
- v. Benchmark the performance of the NIFPF in terms of return to the local economy against similar funds in other UK regions and European countries to include Republic of Ireland.
- w. Evaluate the appropriateness of the ‘profit participation’ mechanisms associated with awards under the NIFPF and the PDF and returns to date, benchmarking with other UK regions and the Republic of Ireland. Comment on the likelihood and quantum of future ‘profit participation’.
- x. Identify the main risks that emerged during the project and any actions taken to reduce these.
- y. The evaluation must verify the accuracy of all data supplied by Northern Ireland Screen through appropriate sampling of original sources where independent verification reports are not available.
- z. Provide a detailed assessment of the VFM, appropriateness and effectiveness of Northern Ireland Screen’s marketing strategy and operational activities (to include the rationale, appropriateness and cost effectiveness of familiarisation trips).
- aa. Conclude on the level of additionality/deadweight, displacement, economic efficiency, viability and cost effectiveness.

In line with HM Treasury guidance, evaluators must examine the direct GVA impacts but must exclude the indirect and induced impacts (e.g. on turnover, employment or GVA) when they are calculated using multipliers. For example, data on any indirect effects (sub-contracting supply chain or spillovers) must be collected at project level and be verified by the evaluator. HM Treasury have indicated that multiplier effects must not be included because of the impossibility of verification or measurement at the micro level.

Equality Considerations

The evaluation must:

- bb. Take into account the requirements of Section 75 of the Northern Ireland Act 1998;
- cc. In respect of any recommendations made consider whether there are any likely impacts on anti-poverty, social inclusion, equality of opportunity or good relations. In doing so, the service provider may recommend measures to mitigate against any adverse impacts;
- dd. Consider the accessibility of the programme for all, in line with the Disability Discrimination Act 1995.

Conclusions and Recommendations

The evaluation Report must:

ee. Conclude on the overall findings of the evaluation; taking account of all available evidence from the evaluation. This must include quantified assessments of VFM, the level of additionality/deadweight, market failure and displacement and relevant cost-effectiveness indicators.

An overall VFM conclusion must be based on: strategic fit; need/market failure; additionality/deadweight; displacement; viability; risk; the 3 Es (economy, efficiency, effectiveness); cost effectiveness; and economic efficiency test results (quantifiable economic impacts and qualitative wider and regional economic benefits).

ff. Comment on lessons learned, making recommendations on the future of the intervention and identify any areas for improvement. This must include an assessment of any current and potential gaps in provision, potential overlap with other programmes and suggested improvements on performance monitoring.

gg. Contain recommendations that are numbered and concisely worded. They will, verbatim, form the basis of the Action Plan going forward.

Appendix VI- Progress Made against the December 2009 Action Plan

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	Recommendation	Management Response at October 2011 - Agreed / Rejected / Alternative proposals	Evaluation Team's comment on progress made against the Action Plan relating to the recommendations arising from the previous evaluation
1	<p><u>Sector Consolidation</u></p> <p>Future intervention models for the next strategy should be structured to encourage or incentivise collaboration between Northern Ireland Screen companies (i.e. both indigenous NI companies and those who have set up a base in NI as a result of Northern Ireland Screen support).</p>	<p>Agreed.</p> <p>Invest NI acknowledges that Northern Ireland Screen has already put structures in place to encourage collaboration. Projects assisted under the Screen Fund normally involve a number of investors some of whom may actually collaborate in the delivery of the project as opposed to simply providing finance e.g. DoubleBand co-produced with the BBC on <i>Best: His Mother's Son</i>. Similarly the Product Development Fund is also structured to encourage collaboration through its requirement for matched funding. Creative collaboration is a normal feature of the screen industries.</p>	<p>Per Invest NI's Management Response. Also, please refer to recommendation 13 below for a new action to encourage collaboration between Northern Ireland screen companies.</p>
2	<p><u>Skills Strategy and Capability Support</u></p> <p>A more formalised focus on the development and implementation of a skills strategy should be a priority, building on implementation of "Sector Skills Agreement for the Creative Media Industries Northern Ireland: Update 2008-11". Within this it would be useful to gain a greater understanding of equality issues pertaining to the screen industry workforce in NI linked to some of the parallel work that has been conducted in the UK. Northern Ireland Screen should continue to work closely with Skillset, DEL and Invest NI in order to advance the skills agenda.</p>	<p>Agreed.</p> <p>Northern Ireland Screen will continue to work closely with Skillset, DEL and Invest NI in order to advance the screen industries skills agenda.</p> <p>Invest NI acknowledges that Northern Ireland Screen has already made a significant contribution to developing the skills agenda for the local industry utilising DCAL, UKFC and Invest NI funding. While Invest NI provides funding for the Business Development Programme it does not provide funding for Northern Ireland Screen's support of the Skillset Media Academy, including the MA in Film and Television Management, or Northern Ireland Screen's Skills Bursary, its digital short films, its recent Skillset New Entrants Scheme, its ongoing Irish Language Fund apprenticeships, or its development workshops. Consequently, these activities were not captured in the December 2009 evaluation.</p> <p>Furthermore, Invest NI have supported the further development of Northern Ireland Screen's skills strategy e.g. the new Aim High programme with Skillset and the BBC and the new special effects skills programmes in collaboration with US company Atomic Fiction.</p> <p>Please also refer to recommendations 5, 14 and 15 below for specific actions in this area.</p>	<p>Per Invest NI's Management Response. Also please refer to recommendations 5, 14 and 15 below.</p>
	<p><u>Measurement and Monitoring of a Future Strategy – Recommendations 3-5</u></p>		
3	<p>The Monitoring and Evaluation Framework for a future strategy should be simplified and streamlined. Within this there is a need to ensure congruence between strategy targets and economic appraisal targets. On an ongoing basis it is vital that Northern Ireland Screen ensure regular reconciliation between data sources held to report against the new framework to minimise discrepancies.</p>	<p>Agreed.</p> <p>Invest NI will seek to simplify the Monitoring and Evaluation Framework within the constraint of capturing the data necessary to demonstrate progress against targets and establish economic impact.</p> <p>Further, where possible, Invest NI will seek to integrate its monitoring requirements with the monitoring requirements of other funders and the Northern Ireland Screen Board so as to minimise duplication, again</p>	<p>Agreed. It is understood that Invest NI has sought to rationalise monitoring requirements, where possible, and is continuing to look for opportunities to streamline Northern Ireland Screen's reporting requirements.</p>

Appendix VI- Progress Made against the December 2009 Action Plan

	Recommendation	Management Response at October 2011 - Agreed / Rejected / Alternative proposals	Evaluation Team's comment on progress made against the Action Plan relating to the recommendations arising from the previous evaluation
		within the constraint outlined above.	
4	The GVA model should be rerun in April 2010 to account fully for the final impacts of Building on Success.	Agreed in principle. But the timing is not optimal because the final impacts of 'Building on Success' will not be available until at least 12 months post April 2010 due to the time lag between e.g. making an NISF award and project completion. Consequently, it is proposed that this exercise be completed no earlier than April 2011 and no later than April 2012.	The GVA model utilised in the December 2009 Evaluation is not compliant with Invest NI's Economic Appraisal Methodology (EAM) guidance. Cogent has employed a methodology that considers only the direct economic impact associated within Screen's Invest NI funded activities.
5	Consideration could be given to collating equality information going forward, in relation to the composition of the screen sector and also the profile of individuals receiving support through Northern Ireland Screen.	Agreed. Invest NI's Equality Team will meet with Northern Ireland Screen to discuss how such equality information might be gathered in a pragmatic/cost effective manner.	It is understood that Invest NI's Equality Team is continuing to work with Northern Ireland Screen to identify how such equality information might be gathered in a pragmatic/cost effective manner.
6	Digital Content There is an urgent need for all key stakeholders to engage meaningfully with each other to ensure a cohesive and collaborative route for development of the sector is adopted as envisaged in the NI Digital Content Strategy – to compensate for the ground that has been lost thus far in fully embedding the screen sector within this.	Agreed. Invest NI has already commenced a process of engagement with Northern Ireland Screen towards this end. This will include a review of our respective roles in the support of the digital content sector and the suitability of existing support mechanisms.	It is understood that efforts (e.g. workshops facilitated by Northern Ireland Screen) have continued throughout the period of the current (2010-2013) Northern Ireland Screen Strategy to encourage more activity within the digital content sector.
	Marketing and Information – Recommendations 7 and 8 refer.		
7	Looking ahead the consultations suggest that Northern Ireland Screen could perhaps focus more in future on integrated marketing of the NI sector as a whole, rather than focusing on promoting individual projects and on promoting the "all-island" offer more, in the context of co-productions. There has been significant success achieved to date in marketing NI as a location for screen activity on a global platform. As such it is recommended that public sector intervention should be on a declining scale.	Rejected. The recommendation recognises that there has been significant success achieved to date in marketing NI as a location for screen activity on a global platform. Northern Ireland Screen is of the view that it should concentrate more on championing individual projects of notable quality that demonstrate the capabilities of the NI industry, and less on generic marketing. Invest NI concurs with this view. Northern Ireland Screen already promotes 'all-island' co-production possibilities where it makes sense for NI to do so in the context of differing exchange rates and tax regimes. Invest NI agrees that marketing budgets should be on a declining scale but not at a rate, or to a level, that would jeopardise the success achieved to date. This position will be reflected in any future Invest NI support for marketing activity.	Northern Ireland Screen has taken steps to move forward on this such as reducing its budget for Markets and Festivals attendance and focusing more on key trade events.
8	The consultation process has found that support for familiarisation or "scouting" visits from potential inward investment production companies is not an important factor in securing production activity. As such it is recommended that funding for such visits should generally not be available and should only be considered where it is clearly additional.	Accepted. Northern Ireland Screen will be required to submit a business case to Invest NI for approval in respect of any proposed support for familiarisation or 'scouting' visits from potential inward investment production companies. Any such support approved by Invest NI will be funded by Northern Ireland Screen from its existing approved budget.	It is the Evaluation Team's views that location scouting and familiarisation trips form an important component in Northern Ireland Screen's marketing toolkit to attract large scale production FDI to NI. Whilst concerns could be raised in relation to the additionality associated with this activity (given the size and status of these production companies (e.g. HBO, Universal Studios)), it should be noted that film production FDI is highly mobile and a number of the companies that have been in receipt of this support have undertaken the activity in NI which has ultimately generated considerable

Appendix VI- Progress Made against the December 2009 Action Plan

	Recommendation	Management Response at October 2011 - Agreed / Rejected / Alternative proposals	Evaluation Team's comment on progress made against the Action Plan relating to the recommendations arising from the previous evaluation
			<p>economic impact. It should also be note that:</p> <ul style="list-style-type: none"> As detailed in Section 4, the package of support was cited by the majority of production companies as being the key factor that influenced them in undertaking their activity in NI; Northern Ireland Screen has confirmed that it will always seek to assess the potential levels of additionality and value for money that a trip could deliver before committing to it. In doing so the organisation has stated that it weighs the cost of the trip against the ultimate likelihood of any production activity that could come from the activity and would not pursue a lead which it feels is not going to be valuable or if the company was 'using' the trip to get to another location using Northern Ireland Screen support. <p>By way of maximising the levels of additionality associated with the activity, the Evaluation Team understands that Invest NI requires Northern Ireland Screen to complete a business case for each element of activity. Whilst the Evaluation Team feel that this approach should continue, Invest NI should ensure that approvals should be granted by Invest NI in a timely manner so that opportunities to attract FDI production activity to the region are not missed.</p>
	<u>NISF – Recommendations 9-12 refer.</u>		
9	<p>The NISF needs to be pulled through to a future strategy given the additionality and high level of economic returns associated with the fund. This recommendation is made subject to whatever may emerge in terms of BBC commissioning in NI over the forward period. It is clear that if this gathers momentum then some of the TV production activities that have traditionally been supported by the NISF through Invest NI funds could be supported by the BBC. As such the size of the fund should be kept under review on an annual basis potentially with a view to a declining intervention strategy. Looking ahead a balanced portfolio of activity within the NISF should be maintained, to facilitate simultaneous production of small scale projects alongside large scale projects in order to encourage full utilisation of the physical and human resources available in the NI sector. This is also critical to creating greater opportunities for the indigenous sector (eg in terms of variety, profile within the production industry and volume of opportunities) which is important to skills development in the future.</p>	<p>Agreed.</p> <p>Invest NI will review the size of the fund on an annual basis potentially with a view to a declining intervention strategy in the context of increased commissioning from broadcasters and in particular the BBC.</p> <p>The 'balanced portfolio' approach will be examined in the economic appraisal of Northern Ireland Screen's new strategic plan 2010 -2014 '<i>Driving Global Growth</i>'.</p>	<p>Invest NI continues to review the size and activity of the fund going forward. The Evaluation Team understands that this will be examined again following the pending interim evaluation of Northern Ireland Screen's current strategy.</p>
10	<p>For the future there should be more emphasis on "notional" rather than fixed targets between mediums (film/TV/digital content etc) because Northern Ireland Screen operate in a demand led environment, because it is not a practice that is in place in other jurisdictions and finally because it is inconsistent with convergence. Economic return targets should remain at current ratios for film and TV. There is not enough evidence to suggest that 4:1 will be achievable on a widespread basis for digital content production and thus this target should be reviewed</p>	<p>Agreed on all points, and specifically:</p> <ul style="list-style-type: none"> the 4:1 target for digital content production will be reviewed in the economic appraisal of Northern Ireland Screen's new strategic plan; and the digital content element of a future NISF will be centred on higher volumes of relatively small awards to maximise coverage and meet the scale and nature of demand. 	<p>The target setting mechanism should be reviewed upon the findings emerging from this evaluation and the Interim Evaluation of Northern Ireland Screen's 2010-2013 Strategy.</p>

Appendix VI- Progress Made against the December 2009 Action Plan

	Recommendation	Management Response at October 2011 - Agreed / Rejected / Alternative proposals	Evaluation Team's comment on progress made against the Action Plan relating to the recommendations arising from the previous evaluation
	for a future strategy. The digital content element of a future NISF should also be centred on higher volumes of smaller awards to maximise coverage and meet the scale and nature of demand.		
11	Invest NI and Northern Ireland Screen should work together to target inward investment activity in respect of post-production capacity and also consider the opportunities offered by Project Kelvin (led by DETI which will allow NI to access a high speed data cable and will facilitate predictable, high quality and rapid data transfer to other regions and countries) in this regard to maximise opportunities for NI expenditure associated with the NISF.	Agreed. Work has already commenced in this area and will increase now that the first series of HBO's <i>Game of Thrones</i> has been secured.	Invest NI and Northern Ireland Screen continue to work together to promote/target inward investment.
12	Invest NI and Northern Ireland Screen should work together to develop an "infrastructure strategy" to underpin any future strategy. This should focus not only on capacity issues but also quality issues, given some of the remaining issues detected within this Evaluation about the quality of facilities on offer at the Paint Hall.	Agreed. The strategy is essentially already in place and is focused on utilising existing assets (e.g. in terms of vacant industrial buildings) rather than new build. 'Quality' issues will be examined in the economic appraisal of Northern Ireland Screen's new strategic plan 2010-2014 ' <i>Driving Global Growth</i> ' through a programme of improvements/repairs to the Paint Hall.	It is understood that Invest NI have engaged with other stakeholders to work towards improving the overall infrastructure to assist in the securing of additional high value productions.
13	PDF There is a need for a development fund in a future strategy but the model needs to be reworked by Northern Ireland Screen in terms of determining what will constitute success regarding the value of outputs achieved. Specifically a broader definition of economic return within a future development fund is required to fully capture and evidence outputs. The starting point for agreeing this definition should be an evidenced financial return linked to PDF investment. By way of example, this should include the traditional definition of a commission but should also include any revenue generated from direct sales. However, this is an issue which should be explored further in the economic appraisal. Northern Ireland Screen need to be active in capturing the full spectrum of returns associated with this new definition. A smaller amount should be allocated to a development fund until such time as the economic return from the fund increases significantly. Finally consideration should be given to "ring-fencing" some of the monies in a future strategy to support a development "programme" with 2 or 3 of the larger companies or in respect of consortia bids, to encourage partnership working and consolidation of the sector. The level of the premium on recoupment should be maintained at 50% but kept under review in any future strategy in the event that there is evidence that it has an adverse impact on the update of the fund.	Agreed. Reworking of the PDF model will be examined in the economic appraisal of Northern Ireland Screen's new strategic plan 2010-2014 ' <i>Driving Global Growth</i> '. Northern Ireland Screen will be active in capturing the full spectrum of economic returns associated with any new definition. A smaller amount will be allocated to a development fund until such time as the economic return from the fund increases significantly. A proportion of any future development monies will be 'ring-fenced' to support a development 'programme' with 2 or 3 of the larger companies or in respect of consortia bids, to encourage partnership working and consolidation of the sector. A pilot of such a development programme will be designed in Yr 1 and implemented in Yr 2 of ' <i>Driving Global Growth</i> '. The level of the premium on recoupment will be maintained at 50% but kept under review in any future strategy in the event that there is evidence that it has an adverse impact on the uptake of the fund.	Per Invest NI's Management Response
	BDP – Recommendations 14 and 15 refer.		
14	The future direction of the BDP should be considered within a renewed focus on the development and implementation of a wider skills strategy, which should be a key area for the next strategy period now that there has been success in building a critical mass of production (and development) activity in NI. For any strategy post March 2010, a policy	Agreed. Northern Ireland Screen's new strategic plan 2010 -2014 ' <i>Driving Global Growth</i> ' will contain a renewed focus on the development and implementation of a wider skills strategy.	Per Invest NI's Management Response

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	Recommendation	Management Response at October 2011 - Agreed / Rejected / Alternative proposals	Evaluation Team's comment on progress made against the Action Plan relating to the recommendations arising from the previous evaluation
	should be developed around part-payment of places, particularly for repeat company participation. This would serve to increase the VFM of interventions such as the BDP. Such a policy is common practice within the other screen bodies benchmarked for this evaluation and consistent with training and development administered directly by Invest NI. Data should be collected by Northern Ireland Screen on a timely basis regarding the levels of satisfaction with BDP supported activities.	<p>The following part payment policy will be adopted for participant companies on skills development programmes:</p> <ul style="list-style-type: none"> ○ the participant companies will fund 25% of the cost of any individual programme that they have not utilised before; and ○ they will fund 50% in the case of repeat participation. <p>Data will be collected by Northern Ireland Screen on a timely basis regarding the levels of satisfaction with BDP supported activities.</p>	
15	Evidence from other jurisdictions also suggests a wider focus to skill and capability development, which may merit consideration for the strategy post March 2010 given the increasing diversity of the screen sector in NI, notwithstanding the observation that the courses and expertise of the Research Centre are widely acknowledged to be excellent.	<p>Agreed.</p> <p>Northern Ireland Screen will seek to broaden its skills development activities to meet the needs of the industry and source best in class providers to meet those needs.</p>	In the period from April 2010 onwards, Northern Ireland Screen has broadened its skills offering evidenced by work such as Aim High, Nuke and Maya training, etc
16	MAFF MAFF should only be targeted at individuals and smaller companies that are not eligible for GAP support. The overall level of MAFF funding should be reduced and the additionality of MAFF should be kept under review.	<p>Agreed.</p> <p>MAFF will be restricted to individuals and smaller companies that are not eligible for GAP support. The overall level of MAFF funding will be reduced and the additionality of MAFF will be kept under review.</p>	Per Invest NI's Management Response.