

**Northern Ireland Assembly Committee for Enterprise, Trade & Investment
Inquiry into Developing the Northern Ireland Economy through Innovation, Research & Development**

Section 1 Organisation Details

Organisation Name		Telephone Number			
Belfast City Council		00442890320202			
Organisation Address		Organisation Type (Include one or more X)			
Cecil Ward Building 4-10 Linenhall Street Belfast BT 1 8BP		Business	<input type="checkbox"/>	University	<input type="checkbox"/>
		Business Support	<input type="checkbox"/>	FE College	<input type="checkbox"/>
		Government	YES	Research	<input type="checkbox"/>
		Other (Please Specify)			

Please provide some background information on the organisation

Belfast City Council is the largest local authority in Northern Ireland with 51 Councillors representing the nine electoral areas across the city. The Council provides public services and leadership for the city of Belfast.

Section 2 Questions to Consider

1. What opportunities are you aware of at EU, UK, cross-border, Northern Ireland and local government levels for business and academia to become involved in research and development?

A variety of opportunities exist for engagement in R&D:

Invest NI provide a wide range of support mechanisms to encourage local businesses and research institutes to engage in R&D. The main mechanism is the grant for R&D which incorporates three main funding types, namely proof of market, proof of concept and support for prototyping. Invest NI also administer schemes such as Innovation Vouchers and Knowledge Transfer Partnerships which enable local businesses to engage with academic and research institutes for the development of project ideas.

At a higher level, Invest NI have been involved in the implementation of large scale R&D programmes, specifically the development of the Peace II funded Research & Technological Development Centres of Excellence within larger businesses and universities in Northern Ireland and the subsequent competence Centres Programme aimed at the development of strategically significant R&D infrastructure.

Local Authorities have implemented a number of schemes under the various European Structural Funds aimed at providing early stage R&D support to micro-businesses. This type of support is principally aimed at encouraging businesses to engage in R&D for the first time and provides direct mentoring support for the participant businesses.

Examples of this include:

- Lisburn City Council's Innovation Networks Programme
- Craigavon Borough Council's You Can Develop It Programme
- Belfast City Council's Stepping Stones Programme

Finally there are a range of European wide projects that are available for local businesses including the 7th Framework Programme and the Competitiveness & Innovation Programme.

2. How appropriate are the available opportunities for developing the Northern Ireland economy?

We feel that the bulk of opportunities and attention are focused on larger businesses and inward investors and this is to the detriment of the majority of businesses in Northern Ireland. The figures appear to support this with 10 companies accounting for almost 60% of all Business Expenditure on R&D locally, a figure which is increasing year on year. Also almost 70% of R&D expenditure is accounted for by externally owned businesses. The 7th Framework Programme (FP7) is a striking example of this. NI underperforms considerably in relation to drawdown under FP7 however, the complexity and difficulties inherent in accessing this programme have created considerable barriers for NI based SMEs to access it. In the Republic of Ireland, a substantial support structure exists in order to facilitate business access to FP7 with support for bid writing and partner sourcing for example. Little similar support exists in Northern Ireland and an 80% unsuccessful rate of applications has resulted.

We also feel that unnecessary restrictions on some of the Programmes also have a negative impact on the uptake of these opportunities – i.e. one of the eligibility criteria for Innovation Vouchers is that businesses should hold a current, valid Company Registration Number. The inter-departmental business register identifies in excess of 70,000 enterprises in Northern Ireland, just over half of which are live companies registered. No clear rationale behind implementing this restriction appears to exist.

There is a perception that the existing support comes with a heavy price tag both in terms of the potential risk to the applicant businesses but also in terms of the bureaucratic structures they need to navigate in order to avail of the support.

Finally, we feel that a disproportionate amount of funding for R&D in Northern Ireland is allocated to universities with little success achieved in transferring the results of R&D undertaken into the business sector.

3. What support is available to assist organisations to access opportunities for research and development?

Support is available across a number of levels including at individual Local Authority level, region wide, cross border and European:

Some Local Authorities have introduced smaller scale schemes to introduce their business clients, predominantly micro-businesses, to the ideas and concepts around R&D and innovation. These projects have been framed with the aim of establishing sustainable relationships between the local research communities within Universities and Colleges and the business base.

The establishment of a team of innovation advisers within Invest NI is a welcome development and can assist to demystify the process of engagement with R&D, particularly for first time participants. Obviously this is a finite resource and if NI is to significantly increase the levels of take up of R&D and the subsequent levels of expenditure on R&D, some consideration should be given to enhancing the availability of innovation advisers.

InterTradeIreland have introduced a number of initiatives aimed at stimulating cross border knowledge transfer and R&D including Fusion, Innova and the All Island Innovation Programme comprising of a series of workshops, seminars and masterclasses.

Invest NI have also established an R&D liaison executive based in Brussels to enable local businesses to take advantage of opportunities through European funding for R&D.

The availability of tax incentives for R&D such as R&D tax credits is another important support mechanism available to businesses to support the undertaking of R&D.

4. How beneficial is the available support in assisting organisations?

We feel that the support for accessing R&D opportunities is largely skewed in favour of larger businesses and the research community, particularly within Northern Ireland's universities and further education colleges. Larger organisations, by their nature, are more likely to be able to plan more strategically, with smaller businesses more constrained by the availability of resources and the need to plan on a shorter term basis with an impetus on shorter payback periods, which is not always appropriate for R&D investments.

Belfast City Council's recent 3rd annual survey of Belfast businesses has indicated that those businesses with less than 10 employees are more likely than their larger counterparts to require support for innovation, product development and research & development. We feel this is a reflection of the previous responses that indicate that larger businesses are more likely to engage in R&D due to the more ready availability of resources, both financial and human.

While the UK R&D tax credit is recognised as internationally competitive, in terms of its attractiveness to potential new investors, there is conflicting evidence on the success of tax incentives for R&D, particularly with regard to SMEs. The current structure is confusing, although the 2011 Budget has announced steps to address this confusion, with UK investment in R&D continuously declining as a proportion of GDP since the introduction of the R&D tax credit scheme. This is in sharp contrast to the experiences of countries such as the US, Germany, France and Japan where the introduction of increased fiscal incentives has led to increases in the investment in R&D as a proportion of GDP.

As mentioned above, we feel that the introduction of innovation advisers within Invest NI has been a particularly welcome development but that this mechanism could be enhanced in order to improve its impact.

5. What are the main barriers faced by organisations in accessing opportunities to be involved in research and development?

Barriers faced by organisations, predominantly SMES include:

- Perception of R&D as a large business activity;
- Over complication of the support mechanisms and associated literature;
- Lack of awareness of existing opportunities;
- Excessive bureaucratic process; and
- Availability of resources both financial and human for project development and subsequent implementation

6. What can government do at UK, cross-border, Northern Ireland and local level to assist organisations and to improve opportunities for research and development?

New support mechanisms should be aimed predominantly at ensuring that micro and small businesses have the capacity and capability to engage in the R&D process.

From our research, we have identified the need for flexibility in funding and direct financial support as being key to enhanced expenditure on R&D and innovation. The current structures are over complicated and excessively bureaucratic and lead times for applications can mean that critical competitive advantages are lost. We believe that simplification of the existing support structures, particularly the tax incentives, could lead to enhanced investment in R&D.

We believe that there is significant potential to learn from best practice in other regions, notably the Republic of Ireland, and their approach to encouraging investment in R&D and innovation. The establishment of a new National Support Network for R&D in the Republic of Ireland has been welcomed as an extremely beneficial development with Enterprise Ireland having the capacity and capability of providing financial assistance to support co-ordination, travel and proposal preparation under FP7 .

The identification and promotion of R&D role models, mentors and advisers, particularly within the SME sector, could assist smaller businesses to address some of the psychological barriers to investment, particularly around the perception of R&D as a larger business activity.

7. What additional or alternative policies or actions could be considered to assist organisations to become involved in research and development?

We believe that the improvement of business awareness of opportunities is crucial to improving the levels of involvement by businesses in R&D and Innovation. This could be achieved through a series of funding clinics, seminars and workshops and an enhanced engagement programme with businesses at all levels.

Promoting improved linkages between the research community in Universities and Colleges and the business community and promoting lower risk R&D can be a useful mechanism in facilitating early stage R&D, particularly for first time engagers.

We believe that due to the small business dominance of the local economy, new and revised support structures should be developed in consideration of their particular needs and requirements.

8. How can business and academia work to support research and development opportunities?

The establishment and creation of small business R&D role models and case studies can assist to address some of the existing perceptions that R&D is the preserve of large businesses. We feel that larger businesses can play a significant role in the promotion of R&D, particularly within their supply chains through the promotion of supply chain innovation incentives and initiatives.

Section 3 Additional Information

Please provide any additional information which you believe will be of assistance to the Committee during the course of the Inquiry

We believe that there is a real opportunity to look at best practice in R&D and Innovation support, particularly the Republic of Ireland model of support with the involvement of Enterprise Ireland and all Regional colleges.

We also believe that there is an opportunity to take advantage of the establishment of new posts in the NI Executive office in Brussels in order to promote access to opportunities at a European level for local small businesses.

Finally, we feel that it will be important for the Northern Ireland Assembly, informed by business support practitioners, to play a role in shaping the new R&D support mechanisms emerging from Europe under the structural funds programme 2014-2020 and to ensure that support is tailored to the specific requirements of the business landscape in Northern Ireland and its predominantly small business composition.

Section 4 Contact Details

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