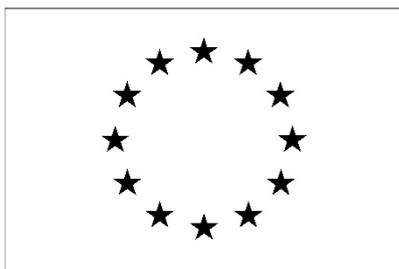


# An evaluation of the Business Growth Programme

A report by Birmingham City Business School

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Birmingham City Business School  
Faculty of Business, Law and  
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## Section One: Executive Summary

1.1 The Business Growth Programme ran from July 2016 to March 2019, providing a £33m support package for SMEs in the Greater Birmingham and Solihull (GBS), Stoke & Staffordshire (S&S) and The Marches (TM) Local Enterprise Partnership (LEP) areas.

1.2 The focus for the BGP has been achieving six specific aims and objectives;

- Provide an integrated and comprehensive business support package across 3 LEPs
- Improve business confidence, encourage private sector investment, accelerate economic growth and create new jobs
- Develop a competitive and sustainable supply chain with the capability and expertise to deliver the HS2 initiative
- Achieve sustainable economic growth by strengthening, growing and diversifying supply chain companies in the green economy
- Stimulate innovation in 'close-to-market', new products, systems, processes and increase management expertise
- Facilitate relocation and expansion of SMEs

1.3 This report outlines the progress of the project on the basis of output data, formal process reviews, and partner and participant surveys and interviews. It considers progress of the programme in relation to the achievement of overall objectives and its impact through the separate funding streams - Business Innovation Programme, Business Development Programme, Green Bridge, and HS2 Supply Chain – and the separate geographical areas covered.

1.4 As of the 31<sup>st</sup> January 2019, the BGP had approved 505 projects supporting 458 SMEs, committed grant funding of £13.1m, leveraged private investment of £21m, and created 1,281 jobs

1.5 Distribution of the benefits of the programme were in line with the proportional SME stock across the three LEP areas. At the local level, higher degrees of variance occurred. This had specific implications in Birmingham, showing a higher share of projects in comparison to stock, and Bromsgrove, Herefordshire, and Shropshire, indicating a lower proportion.

1.6 Projects were principally funded through the Business Development Programme and the Business Innovation Programme streams.

- 1.7 Grant funding leveraged £1.70 of private sector investment for every £1 of grant committed.
- 1.8 SME beneficiaries indicated the programme design, the management processes involved in the BGP, and the outcomes of support were of value in progressing important development projects. Whilst employment and performance-based outputs were noted, the programme was also consistent with providing opportunities enabling firms to develop new capability sets around innovation, product development, process improvement, and personnel specialism.
- 1.9 Strong levels of satisfaction with the project should not detract from recognising certain consistency improvements which could be implemented, particularly around elements of the application process and the flexibility of the fund.
- 1.10 Effects felt by SME beneficiaries were similarly recognised by programme partners. Design of the BGP was considered consistent with policy objectives and structural issues faced across the partnering LEP areas. Similarly, involvement in the programme and a wider partnership tasked with its support had seen a number of discernible legacy effects for partners, particularly around improved capabilities in project development and coordination and formation of ongoing strategic relationships.
- 1.11 Achievement of outputs or outcomes associated with the programme's aims and objectives indicated some variation. Notable here was the high level of private sector leverage and attainment of expected job outputs alongside positive effects on firm expansion, innovation capabilities, and process/systems development. Evidence of the effect of the HS2 stream in particular was difficult to discern due to limited take-up and data.
- 1.12 The following recommendations are made as a result of the evaluation;
- Recommendation One: The effectiveness of the programmes design is illustrated by the distribution of beneficiaries across the three LEP areas. Distribution at the LA level however is more uneven. Lower levels of penetration in Bromsgrove, Shropshire, and Herefordshire indicate where further attention could be focused, particularly where designated higher priority for intervention.
- Recommendation Two: A small number of participating SMEs raised minor issues relating to the early contact stages of the programme. Our analysis identified low proportions felt the BGP was not promoted well or did not provide support when considering an application. There may however be a need to work on consistency of support in these early enquiry stages to improve satisfaction levels.

Recommendation Three: One of the clear benefits to SMEs from the programme has been the flexibility of the funding. Some firms suggested this could be extended, allowing beneficiaries to invest in internal resource as opposed to commissioning external providers. As one of the objectives of the programme is improving firm-level capabilities, such flexibility could make a further contribution toward the achievement of these objectives.

Recommendation Four: The remit of the BGP could be extended to include micro-businesses, who face similar issues in relation to access to finance. This is considered to have particular significance in certain communities within Birmingham and in parts of TM.

Recommendation Five: The flexibility of the BGP has been one of the key components of its appeal, but such flexibility also presents some ambiguity. A key element in addressing this ambiguity is the more intensive support network the BGP provides. Future programmes should ensure provision for more intensive assistance is maintained.

Recommendation Six: Across the firms interviewed, projects supported were in most cases for pre-established business needs. To extend the appeal of the funding and support a wider community of SMEs it may be worth incorporating additional support for SMEs in identifying business needs and starting the development or innovation path.



## Section 2: Introduction

2.1 Birmingham City University has been appointed as part of the Business Growth Programme (BGP) to undertake an evaluation. The objective of this evaluation is to consider the impact of the project on businesses benefitting from grants provided through the BGP and on the three Local Enterprise Partnership (LEP) areas involved in the programme. The evaluation will provide a comprehensive overview of the level of demand and take-up, of the delivery process, of the programme results, and of the support provided. Alongside this, a set of recommendations for further development of this or similar schemes within the defined programme area will be made.

2.2 Specifically, the evaluation will focus on the following areas of the BGP;

- Design: the development and application of the programme in relation to specific structural issues it was established to address within the business communities of the participating LEP areas
- Process: the implementation and management of the project including promotion and awareness, availability and continuity of support, and suitability and effectiveness of the agreed and applied processes
- Outputs: the performance of the programme against profiled outputs and its supplementing and leveraging of existing resources within delivery partners and beneficiaries
- Legacy: the lessons learnt, recommendations for improvement, and additionality in relation to existing business support functions, practices and interventions.

2.3 Our approach to the evaluation involves the collation of primary and secondary data from a range of sources. These are;

- Analysis of key documents internal and outside of the project to examine both design and process. These documents include the outline bid for the BGP, the key process documents developed as part of the programme delivery, and peripheral policy documents from project partners.
- Surveys of project partners and project beneficiaries examining the design, process, outputs and legacy of the programme
- Interviews with a select number of project partners and project beneficiaries to develop a broader understanding of the overall BGP experience, and in the case of the latter to develop a set of case studies of BGP impact on firm development plans
- Output data on progress against profile from the BGP project team at Birmingham City Council (BCC).

2.4 The structure of this evaluation report is as follows;

- Section 3: Aims and Objectives, outlines in detail the purpose and remit of this evaluation and the key areas of assessment involved
- Section 4: Methodology, discusses in details the methodological approach used in the evaluation and the methods and techniques used in collecting, collating and analysing the data
- Section 5: Programme Performance, provides in detail the progress of the BGP against the key project outputs the programme was contracted to deliver
- Section 6: Process Review, considers the processes used in the delivery and management of the BGP and their consistency and continuity with specific objectives of the programme
- Section 7: Beneficiary Analysis, examines the performance of the BGP in relation to the experience of the SME client group benefitting from the grants
- Section 8: Partner Analysis, discusses the role of the partners in delivery of the BGP and their individual experiences of the programmes performance and delivery within their local areas
- Section 9: Evaluation, provides a detailed analysis of the data from previous sections and its relevance in relation to achieving the core aims and objectives of the BGP through application of an outlined evaluation criteria, alongside providing a set of recommendations for development and improvement of future programmes
- Section 10: Conclusion outlines the overall findings and recommendations of the evaluation

## Section 3: Aims and Objectives

3.1 The Business Growth Programme (BGP) commenced in July 2016. Delivering a £33m package of support to existing small and medium-sized businesses, the BGP was awarded to cover the Local Enterprise Partnership (LEP) geographies of Greater Birmingham and Solihull (GBS), Stoke and Staffordshire (S&S), and The Marches (TM). The programme involves £16.3m of ERDF funding to be matched by partners and beneficiary businesses.

3.2 The BGP provides support in the shape of grant funding for SMEs to invest in the development of supply chains, innovation, and other initiatives designed to aid the businesses growth. Grants will be provided of between £10k and £167k.

3.3 In terms of outputs, the BGP is expected to support 591 SMEs, create 1,368 new jobs, and generate £15m of private sector investment. It is also expected to make a contribution toward increases in regional productivity.

3.4 Alongside these outputs, the BGP is expected to make a set of additional contributions in terms of outcomes and impact. These contributions relate specifically to a number of structural issues faced by local SMEs and the economies of the LEP areas participating in the BGP.

3.5 The BGP has six specific aims and objectives.

- Provide an integrated and comprehensive business support package across 3 LEPs
- Improve business confidence, encourage private sector investment, accelerate economic growth and create new jobs
- Develop a competitive and sustainable supply chain with the capability and expertise to deliver the HS2 initiative
- Achieve sustainable economic growth by strengthening, growing and diversifying supply chain companies in the green economy
- Stimulate innovation in 'close-to-market', new products, systems, processes and increase management expertise
- Facilitate relocation and expansion of SMEs

3.6 As a programme, the BGP incorporates a set of projects designed to address specific aspects of the structural issues facing SMEs within the three defined LEP areas. Whilst consistent with the overarching aims and objectives of the programme, each of these projects has its own additional aims.

3.7 A total of four programmes make up the BGP. These programmes are;

- HS2 Supply Chain, offering grants of £20k - £167k to support SMEs supplying or aiming to supply the HS2 development

- Green Bridge, offering grants of £20k - £150k to support supply chain companies operating in or diversifying into the green economy
- Business Innovation Programme, offering grants of £10k - £30k to support SMEs investing in innovative close-to-market processes, products and services
- Business Development Programme, offering grants of £10k - £20k to support businesses looking to expand, relocate or undertake marketing activities

3.8 The aims and objectives of the business growth programme are derived from a set of structural challenges faced by SMEs in general, and specifically those within the GBS, S&S and Marches areas. Since the financial crisis in 2008, national and regional economies have seen a return of growth with increases in GDP and employment. This growth has run alongside ongoing decline in productivity and a stagnation of wages<sup>1</sup>.

3.9 These issues have emerged with ongoing regional variation. Difference in the level and rate of growth, output, and opportunity have become a prominent issue at both the regional and local level, with inter- and intra-regional variation quite marked in some places. Intervention in the complex range of factors contributing toward the growth of SMEs in different localities is thus similarly complex, and requires sensitivity to such localised challenges.

3.10 These differences are quite significant across the three LEP areas participating in the Business Growth Programme, geographically encompassing a major city, a number of peripheral, secondary, or more isolated conurbations, and a significant rural area. Demography, economic structure, and infrastructure each present different and distinctive challenges.

3.11 Greater Birmingham and Solihull is a major city-region providing £35bn of annual economic activity<sup>2</sup> supporting 60,000 businesses and one million jobs<sup>3</sup>. Recent performance has indicated an improvement in productivity in certain parts of the area alongside an ongoing reduction of working people without formal qualifications. Issues persist however with the areas lower levels of productivity, innovation and skills availability, higher unemployment, and a lack of investment and growth amongst business stock, the latter partially attributed to access to business support and finance for business<sup>4</sup>

3.12 Stoke & Staffordshire has an economy producing £20bn GVA and 487,000 jobs. It however has similar issues in relation to lower levels of productivity, innovation and skills

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<sup>1</sup> Office of National Statistics, The 2008 Recession 10 years on, 2018-04-30

<sup>2</sup> GBSLEP Delivering Growth strategic framework

<sup>3</sup> GBSLEP A greater Birmingham for a greater Britain: strategic economic plan 2016-2030

<sup>4</sup> GBSLEP European structural and investment fund strategy 2014

alongside enterprise development. In addition, geographic issues present certain barriers in terms of internal connectivity and access or availability of a readily-skilled workforce<sup>5</sup>

3.13 The Marches has an economy of 31,000 business and £12.3bn output<sup>6</sup>. Whilst growth has been evident in businesses, productivity, and employment, these each occur at a lower rate to aggregate national performance. The area has seen a growing productivity gap underpinned by low skills, low value sectors, and a growing demographic challenge of declining workforce and thus the ability of its population to meet projected labour demands.<sup>7</sup>

3.14 In keeping with conventional economic development practices, SMEs have been seen as an integral component in aiding renewal of the economy. Following the 2008 crash, the SME sector has recovered and responded well. These businesses do however face several obstacles in aiding their growth. One specific area well documented is the availability and type of finance accessible to SMEs. Whilst some fluidity has returned to the financial markets since 2008, easing access to credit and encouraging investment, the extent to which such access has filtered down to the SME sector remains unresolved<sup>8</sup>. Such shortcomings of the finance market continue to present very real challenges to SMEs seeking to develop or diversify<sup>9</sup>. Debt-based models predominant within the UK present unpalatable levels of risks for many SMEs<sup>10</sup>, whilst the narrow nature of the finance market limits SMEs awareness of and capabilities in negotiating more appropriate forms of finance<sup>11</sup>

3.15 This evaluation will conduct an analysis of the processes followed by and performance and outputs of the BGP. In doing so it has a very specific remit. As part of the ERDF funding for the programme, a requirement is the independent evaluation of performance. Alongside this evaluation, an additional summative assessment of the BGP is being undertaken. These two evaluations have very specific objectives. This evaluation has been commissioned to examine the impact of the project on the participating businesses and the three LEP areas. As such, the evaluation consists of three distinct elements.

3.16 First of these is analysis of the impact of the project on the business beneficiaries. This focuses on the management and support process of the BGP, the outputs of the project against profile targets, and the perceived contribution participation in the BGP made in

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<sup>5</sup> S&SEP Strategic Economic Plan 2018

<sup>6</sup> The Marches LEP annual report 2018

<sup>7</sup> Regeneris Consulting The Marches strategic economic plan evidence refresh report 2016

<sup>8</sup> LSE Growth Commission, UK Growth: a new chapter, 2017

<sup>9</sup> Economist Intelligence Unit, Adapting in tough times: the growing resilience of UK SMEs, 2013

<sup>10</sup> Goldman Sachs, Unlocking UK productivity: internationalisation and innovation in SMEs, 2015

<sup>11</sup> Enterprise Research Centre, Understanding self-employment: a report from a seminar held at Middlesex University Business School, 2016

addressing existing barriers faced by the firm and enhancing their capacity for further development.

3.17 Second is the role played by the BGP in providing support across the three separate LEP areas. Specific attention here is paid to the BGPs contribution toward the specific objectives of partner organisations, and integration with established business support provisions, networks, and organisations.

3.18 The final element is identifying and disseminating a set of recommendations for the development of future interventions and clarifying the lessons which can be learnt through the experience of the BGP.



## Section 4: Methodology

4.1 This methodology sets out the process through which evaluation of the BGP is undertaken. It outlines this process across four key areas; determining the assessment criteria, defining the activities and timeline for completion, outlining the sampling method, and introducing the research methods used in data collection.

4.2 The BGP was designed to provide a level of support capable of addressing six key objectives (see 3.5). Success against these objectives requires evaluation across a broader set of activities. Achieving programme objectives depends upon the integrated operational functionality of the BGP, ensuring support is not only designed to address key gaps and barriers identified within specific marketplaces (industrial and geographical) but that this process is joined-up and capable of effective impact, maximising established support infrastructure and available resources amongst delivery partners. To assess the overall project objectives, this evaluation involves a set of component parts following the overall project implementation and delivery, from design and concept through beneficiary and partner interaction to outputs and succession planning. The full list of these activities can be seen in Table 4.1.

Table 4.1: Evaluation activities/subjects

Programme concept, design and development
Engagement across the 3 LEP areas and partnership working
Effectiveness of delivery arrangements and methods adopted
Appropriateness of marketing activity
Awareness of programme and beneficiary engagement
Application process
Suitability, effectiveness and take up of the programme
Effectiveness of programme delivery and the contribution by delivery partners
Effectiveness of referral mechanisms employed
Results and outputs achieved
Examination of the programme impact in relation to other funded support available
Succession planning recommendations
GVA and economic impact of intervention
Provide a number of in depth subjective case studies with participating businesses
Lessons to be learnt.

### Evaluation criteria

4.3 Defining the objective of an evaluation and the key criteria and methods through which this is progressed are critical. An evaluation, as defined by the OECD<sup>12</sup> is the systematic and objective assessment of a project and its design, implementation and results to determine the projects relevance, effectiveness, efficiency, impact and sustainability. An evaluation should provide credible and useful information which enable lessons to be learned from the processes used in the implementation and delivery of an intervention.

4.4 In the case of this evaluation, the criteria used are defined as;

- Relevance: The extent to which the objectives of the intervention are consistent with requirements, needs and priorities of beneficiaries, region, and partners
- Effectiveness: The extent to which the intervention's objectives were achieved, considering relative importance
- Efficiency: How economic resources and inputs are converted into results
- Impact: The positive and negative and the primary and secondary long-term effects of the intervention, including indirect and unexpected
- Sustainability: The continuation of benefits from an intervention after completion of assistance

### Activities and timeline

4.5 The objective and breadth of the evaluation requires a number of research activities in order to collate requisite evidence. Key to this is the collection of primary data from project beneficiaries, including the direct beneficiaries of SME businesses and those indirect in the shape of sponsoring government agencies and organisations. In addition, analysis of the programmes relevance, effectiveness and impact need to consider matters of programme design and implementation. Alongside the primary data collection, a series of documentary analysis will be undertaken considering the overall programme concept and design and the delivery processes. In addition, data from the overall programme outputs achieved will be used in the evaluation.

4.6 The evaluation will be implemented over a period of 12 months. Activities will be progressed in separate phases, commencing with the documentary analysis and process review, followed by primary data collection from beneficiaries and stakeholders, and closing with analysis of the data, incorporation of the overall programme outputs, and development of recommendations for future projects and project processes. A table outlining this timetable can be seen in Appendix 1.

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<sup>12</sup> OECD, Glossary of Key Terms in Evaluation and Results Based Management, 2002.

### Sampling

4.7 The evaluation requires two sets of questionnaires and two sets of interviews, one each for the SME beneficiaries and the policy partners/stakeholders. The method of sampling employed will follow in the first instance a Purposive Total Population approach for the questionnaire, with the aim to achieve a 100% response due to available access to both beneficiaries and partners. In the event of this 100% figure not being achieved, the sample will be managed to ensure it is aggregately representative of the total number of beneficiaries and partners on the basis of area (GBS, S&S, TM) alongside, for SMEs, sector and programme.

4.8 For the interviews/case studies a quota approach will be used. In such evaluations an expectation would be for around 5-10% of the total number of beneficiaries/stakeholders involved, dependent on the number itself. Within the limitations of the time available for this project this is an unachievable number in relation to the SME beneficiaries, which would involve between 17 and 35 subjects. A target of 8 firms from across the areas and the projects has here been set. In terms of policy partner interviews, the smaller number makes the sample more manageable, and a cross-section from the LEP areas were interviewed.

### Methods

4.9 The evaluation uses three methods of data collection and collation. These methods are document analysis in the examination of the design of and processes involved in the project, structured questionnaires in the broad analysis of the beneficiary and partner experience of the project (Appendices 2 & 3), and semi-structured interviews in the more detailed examination of the project experience. In addition, data will be collected on the principal project outputs from the project management team at Birmingham City Council.

## Section 5: Programme performance

5.1 Over the course of the programme, the BGP set out to achieve a clear set of targets. Whilst the programme had a set of broader objectives to achieve in relation to economic growth, firm-based capability and innovation, the core outputs aimed for were support for a specific number of SMEs, creation of a set number of new jobs, allocation of a set amount of grant funding, and attraction of related private sector investment.

5.2 Output data from the programme for this evaluation was collected as of 31<sup>st</sup> January 2019, two months in advance of the programme end date. As of this date, the BGP had funded 505 separate projects in 458 SMEs, committing a grant of £13.1m, attracting private sector investment in projects of around £21m (match and leveraged), and creating 1,281 new jobs.

5.3 These figures need to be considered against the initial output targets of the programme and the approved/agreed outputs for individual SME projects (Table 5.1).

Table 5.1: Programme performance

	Target	Approved	% of Target	Claimed	% of Target
Projects	-	505	-	505	-
SMEs	591	458	77%	458	77%
Grant	£ 16,300,000	£ 14,616,200	90%	£ 13,123,720	81%
Private Match	£ 15,000,000	£ 14,983,272	100%	£ 13,328,577	89%
Private Leverage	-	£ 9,021,264	-	£ 7,756,203	-
Jobs	1368	1590	116%	1281	94%

5.4 Significant progress has been made through the programme both in terms of supporting business projects and progressing towards achieving agreed outputs. This progress is not consistent between outputs, and witnesses some drop-off between expected figures for approved projects and those actually claimed. On the basis of approved projects however, should these achieve their expected outputs the target for private sector investment (match) will have been met, and the jobs created target surpassed by 16%.

5.5 As of 31<sup>st</sup> January 2019, the respective figures for SMEs supported and jobs created fall short of the initial project target. Whilst 505 projects have been supported, these include a number of SMEs obtaining two separate grants. The actual figure for SMEs supported stands at 458, achieving 77% of the initial target set. Jobs created stands at 1,281, representing 94% of its target number.

5.6 In terms of private sector investment, the cumulative total for match funding stood at £13.3m against a target of £15m. This figure however only takes eligible match funding into account. When additional project costs incurred by participating SMEs are included in the equation, this figure increases to £21.1m, exceeding the target by almost 41%.

5.7 It should be noted that at the time of authoring this evaluation, the BGP still had a few remaining weeks to run. It should thus be recognised that the programme performance reported here is representative of those outputs achieved as of the 31<sup>st</sup> January 2019. It is anticipated and should be expected that the final output performance of the programme will show an increase from the figures reported here.

#### Performance by BGP individual programmes

5.8 The BGP is divided into four separate funds: the Business Development Programme (BDP), Business Innovation Programme (BIP), Green Bridge Supply Chain (GBSC), and HS2 Supply Chain (HS2SC). No formal targets have been outlined in terms of the distribution of funding and beneficiaries between these elements of the BGP.

5.9 Distribution in terms of projects approved, funding allocated, and jobs created vary between these parts of the BGP. Part of this variation is explained by the difference in individual grant values and ceiling each programme allowed. For BDP and BIP this ceiling was significantly lower than for HS2SC and GBSC. Also material here was the specific objectives of the individual programmes, with BDP and BIP offering a broader form of support whilst HS2SC and GBSC were more targeted.

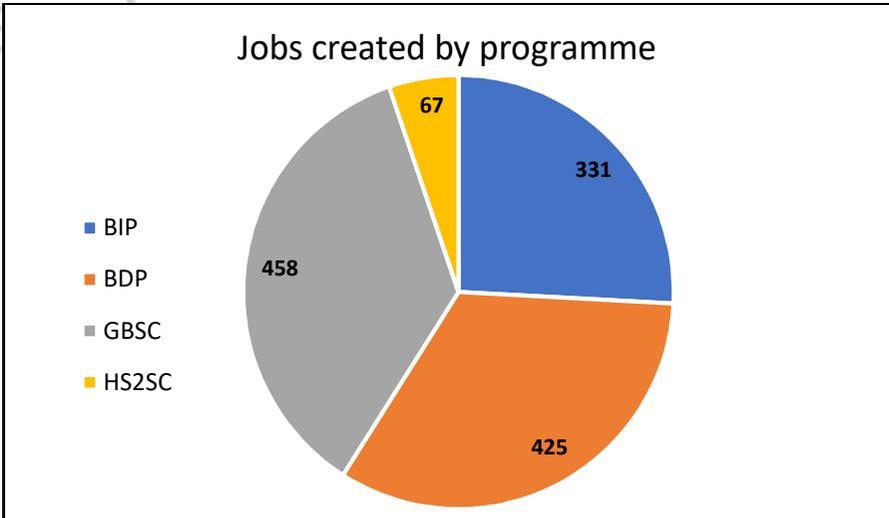
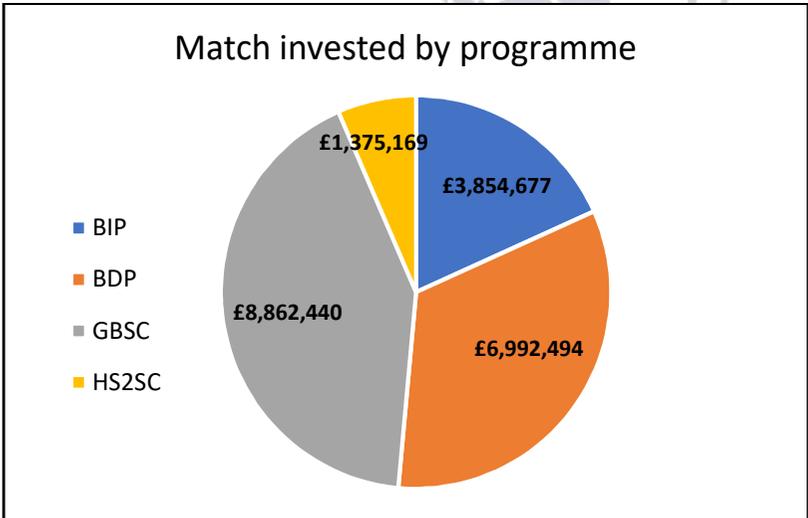
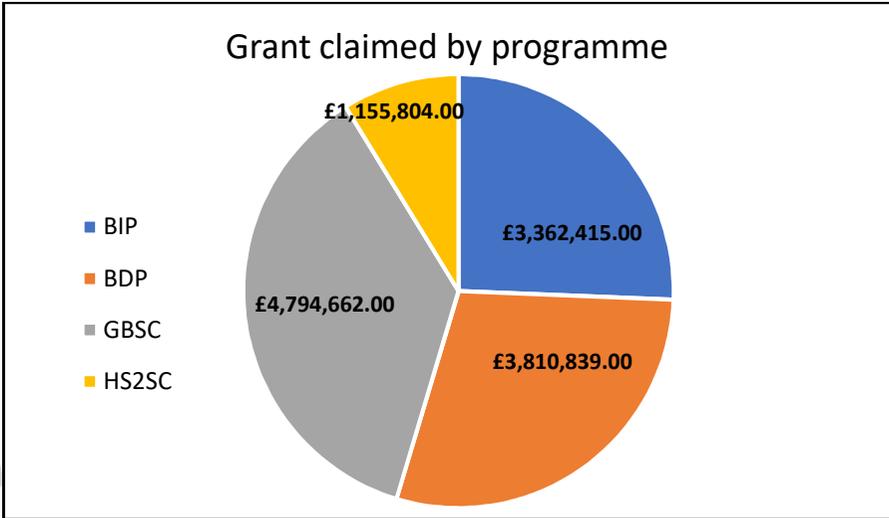
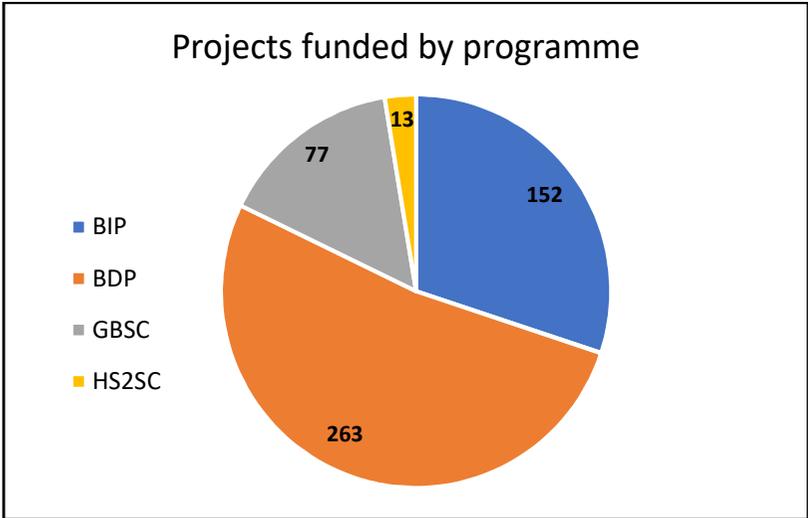
5.10 Over 50% of the projects approved were for the BDP. GBSC saw the highest level of private sector leverage and number of jobs created (Figure 5.1).

5.11 Progress against the agreed outputs for each of these programmes indicated a general shortfall across targets. Most significant amongst these shortfalls was the private sector leverage and jobs outputs for the GBSC and the jobs output for the HS2SC (Table 5.2).

Table 5.2: Progress against agreed outputs

<u>Grant</u>	<u>Projects</u>	<u>Grant</u>	<u>Private Match</u>	<u>Private Leverage</u>	<u>Total Cost</u>	<u>Jobs</u>
BIP	152	94%	92%	94%	93%	88%
BDP	263	89%	87%	93%	90%	88%
GBSC	77	89%	90%	76%	87%	79%
HS2SC	13	83%	81%	87%	83%	45%

Figure 5.1: Output distribution by programme



Performance by Local Enterprise Partnership area

5.12 The BGP covers three separate LEP areas; Greater Birmingham and Solihull (GBS), Stoke & Staffordshire (S&S), and The Marches (TM). SME distribution across these areas is uneven. Of the 127,770 SMEs recorded in the programme area, 58% of these are based in GBS, 24% in TM, and 18% in S&S (Table 5.3).

Table 5.3: SME stock distribution by LEP area

<u>LEP</u>	<u>SME Count</u>	<u>SME %</u>
Greater Birmingham and Solihull	74,015	58%
Stoke & Staffordshire	30,685	18%
The Marches	23,070	24%

Source: UK Business Counts 2018, ONS

5.13 Distribution of the programme outputs are similarly uneven. Across all output measures, this distribution shows some diversion from the SME stock in favour of the GBS area. In this LEP area, the BGP committed 62% of projects, 63% of grant claimed, saw 64% of jobs created, and attracted 68% of private match and 70% of private leverage (Table 5.4)

Table 5.4: Output distribution by LEP area

	<u>Total</u>	<u>GBSLEP</u>	<u>S&amp;SLEP</u>	<u>TMLEP</u>
Stock	127,770	58%	18%	24%
Applications	505	62%	16%	23%
Grant Claimed	£13,123,722	63%	19%	18%
Private Match	£13,328,578	68%	13%	19%
Private Leverage	£7,756,204	70%	15%	15%
Jobs	1,281	64%	16%	20%

5.14 Outputs by area were down for all LEPs against those outputs approved for projects. This drop was most significant in TM, where the grant amount claimed, private match committed, and number of jobs created achieved only around 75% of the planned outputs. This shortfall in relation to job creation was similar for S&S (Table 5.5).

Table 5.5: Proportion of approved project outputs claimed

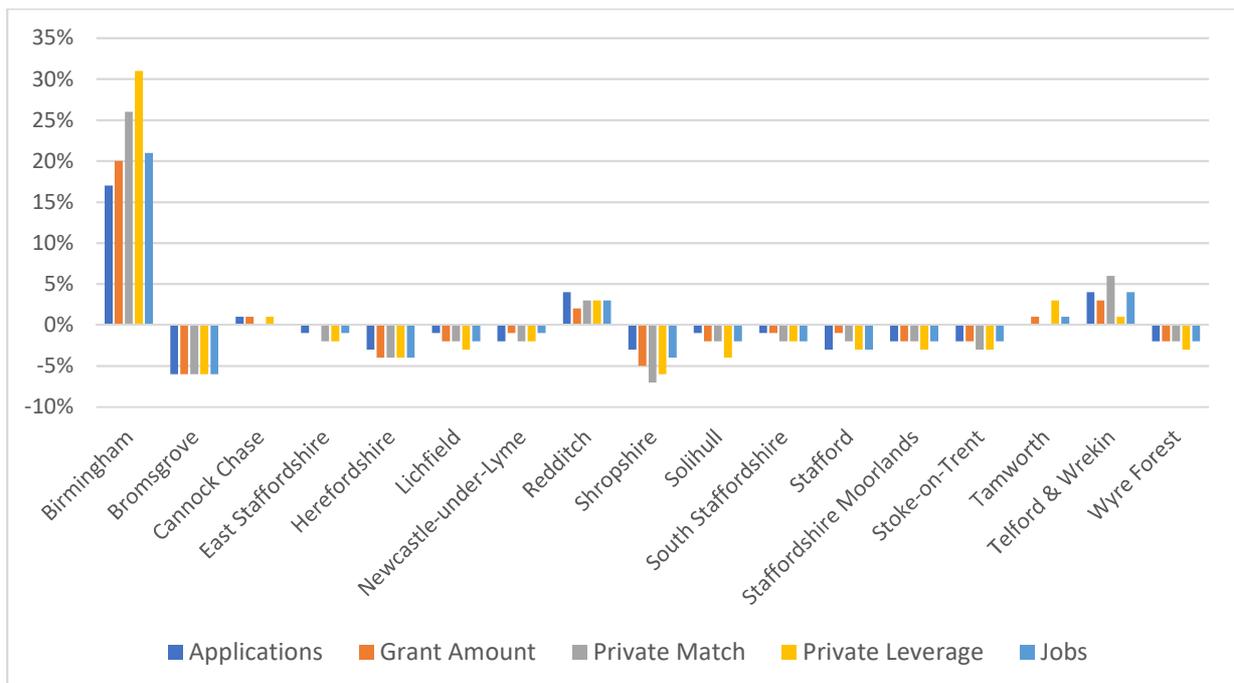
	<u>Grant Amount</u>	<u>Private Match</u>	<u>Private Leverage</u>	<u>Jobs</u>
GBSLEP	93%	93%	85%	85%
S&SLEP	94%	92%	92%	73%
TMLEP	76%	76%	84%	74%
All Areas	90%	89%	86%	81%

Performance by Local Authority area

5.15 The three LEP areas involved in the BGP cover 18 separate local authority areas, including upper and lower tier authorities. Within these areas, the SME population is heavily focused on Birmingham, housing 27% of the stock, followed by Shropshire, housing 12%. Beyond these localities, the stock is more evenly distributed between the remaining local authorities.

5.16 Distribution of the BGP outputs shows a high concentration in Birmingham. This is particularly the case for private sector investment attracted through the project, outputs from Birmingham representing 53% of the private match and 58% of the private leverage acquired through the programme. Distribution also showed higher concentrations of outputs in Redditch and Telford & Wrekin, and Cannock Chase and Tamworth to a lesser extent, and lower concentration in Bromsgrove, Shropshire and Herefordshire (Fig. 5.2).

Figure 5.2: Output distribution by LA area (diversion from % stock)



### Programme leverage

5.17 Private sector investment of £15m was targeted through the BGP. This figure incorporated match private investment, attributed as an eligible contribution on the basis of job creation, and leveraged private sector investment, representing the balance of project expenditure outside of that attributed to eligible job.

5.18 The total amount of private sector investment raised through the BGP surpassed the set target, amounting to just over £21m as of 31.1.19. The leverage rate for the project, on the basis of private sector investment to grant claimed, stands at £1.6 for every £1 of grant.

5.19 This leverage rate varies between individual programmes, LEP areas, and localities involved in the BGP. Part of this variance is explained by the different levels of match funding required between grant programmes; GBSC and HS2SC both offered grants of between 10% and 50% of eligible costs, whereas for BIP and BDP this could be up to 60%.

5.20 The highest leverage rates were seen in Redditch, Birmingham, and Tamworth. The lowest rates were found in Newcastle-under-Lyme, Lichfield, and Staffordshire Moorlands (Appendix 4).



## Section 6: Process review

6.1 As a major investment programme involving four distinctive projects, the Business Growth Programme has been developed with a number of internal processes guiding its delivery. An integrated process for delivery of the programme is essential in designing a fit-for-purpose intervention aligned to its key objectives (see 3.5). The extent to which these objectives are achieved through process design in the programme cannot be determined simply through considering the processes themselves. Requisite here is supplemental data in terms of programme metrics (outputs/outcomes achieved against profile) and qualitative input from project stakeholders and beneficiaries. The process design does however provide a foundation through which elements of the extent to which the programme integrates support can be measured.

6.2 Process design for the BGP has to address three critical groups key to successful delivery of the project. The first of these groups is the SME beneficiary. As both recipient of investment and source of key outputs, the SME is dependent on a clear process explaining the structure and requirements of the specific project through which they are supported, including claims and output recording. Second is the project partners for the BGP. Incorporating a number of public, quasi-public, and private sector organisations, process here is important in both integrating the BGP with existing and established business support provision and ensuring parity of support between the three LEP areas involved. Finally, process design is critical to the internal client group. This is made up of the direct management and delivery team responsible for the outputs, governance, quality, continuity, and compliance of the BGP.

6.3 To explore the process design, a series of documents has been provided by the BGP management team and reviewed. Analysis is conducted on the basis of their effectiveness and relevance in developing the required integrated and comprehensive support through consideration of the three critical groups; SME beneficiaries, project partners, and internal project client.

6.4 Delivery of the programme is designed across four distinct stages, outlined in the 'BGP Funding Round – Key Processes' document. Each stage has allocated responsibility within the management team. These four stages manage separately the enquiry stage, appraisal stage, contract stage, and monitoring stage of the programme. Within each of these stages key activities are outlined with allocation to specific sets of personnel within the project team and across project partners where necessary. Distribution across these processes is heavily focused on the appraisal stage, with lower levels of attention committed to Contract and Monitoring stages.

6.5 For the internal programme client group – those with direct roles to play in programme management – firm governance arrangements are in place around the appraisal process. Alongside comprehensive terms of reference for appraisals, process documentation includes guidance for project appraisers, risk appraisal matrices for projects and finances, and guidance on applications not yet ready to approve. Included within these documents are variations in the process in relation to different project branches. Effectiveness of individual applications' potential to address the core objectives of the programme are covered within the appraisal process, specifically through the risk appraisal matrices.

6.6 The extent of guidance at the other stages of the programme – Enquiry, Contract, and Monitoring - is less intensive. This does not necessarily translate into lack of detail. At the Enquiry stage, clear guidance is in place for project partners and participants in the form of a set of Benchmark Visit guidelines. Designed principally for use by direct project management personnel, specifically Project Officers (PO), these guidelines similarly provide critical outset information for project partners, who may conduct the visit in the absence of a PO, and for SME beneficiaries at the early stages of considering an application. Alongside providing key information about objectives and compliance, this process allows for the shaping of project proposals to ensure effectiveness and relevance in the context of programme objectives and application appraisal. The Benchmark Visit provides programme participants with a clear picture of the programme, including their obligations during and after the project. For SME beneficiaries, alongside this face-to-face guidance are documents illustrating the SME Client Journey from enquiry through to application processing and the SME Claim Process for the payment of their grant.

6.7 At the Contract stage, internal clients have some guidance in the form of a project variation flowchart. This process is principally designed to determine courses of action in the event of projects requiring variation from the original contract agreement. Outside of this, process guidance in document form is not available. Certain responsibilities in terms of the management of contracts is noted amongst the Key Processes. On an agreement-by-agreement basis specific requirements, targets, criteria and dates are likely to be outlined in individual contracts; this level of clarification will be relevant for SME beneficiaries alongside the project delivery team through active involvement in the terms of any funding agreement. For the duration of individual projects, a PO is allocated to each SME beneficiary.

6.8 The Monitoring stage has only limited guidance on any process in document terms. Within broader guidance on processes, specifically the BGP Funding Round – Key Processes and the BGP Governance Arrangements – Terms of Reference, responsibility of the monitoring duty is clearly allocated. Any specific formal processes are not illustrated.

6.9 Outside of potential issues over the lack of clarity for the Monitoring stage, a set of documents articulate a specific sequence of processes required to meet both compliance responsibilities and objectives of the BGP. One issue emerging through these documents is an absence of timescales. Whilst detail is provided for SME beneficiaries, project partners, and internal project clients on the key processes, little information on duration is provided. Applications fit within time-bound funding rounds, so key dates are an integral part of the project, including submission deadlines for funding applications. Such information is likely to be included in the Benchmark Visit and any associated paperwork/guidance provided to SMEs considering an application. Broader information for those involved in the programme seems to be absent; documents such as the SME Client Journey and the SME Claim Process are clear illustrations of how these will be processed, but without specific commitment to how long they will take to process.



## Section 7: Review of the SME beneficiaries

7.1 As a support package designed for the benefit of SMEs, the principal object of inquiry in this evaluation is the performance and reflections of SMEs participating in the BGP. Delivery of the Business Growth Programme has been implemented through utilising a team of partners and stakeholders. In full, 13 individual partners have been involved directly in the delivery process alongside Birmingham City Council as the managing body. The role of these partners in coordinating, disseminating and managing the BGP represents a key component in the delivery process. It has also been critical in the design of a programme capable of effectively responding to the differentiating needs of target groups and areas within the BGP geographical partnership.

7.2 In this section, we focus on the SME experience. Using questionnaire and interview data, we consider how the BGP has supported SMEs through the stages of the programme alongside discussing outputs and outcomes supplemental to Section 6. The analysis considers this data sequentially in terms of application, project implementation, and outputs/outcomes. It also examines supplemental input from firms in relation to the benefits of the programme and how it might be improved.

### Application

7.3 Application for a BGP grant represents a comprehensive process which collects significant data in relation to both individual firms and their specific projects. The extent of the information requested in the application is designed to guide decisions from a formal and thorough appraisal process prior to any grant being awarded. As a result of the need for this comprehensive process, applications require significant time and attention from SMEs seeking a grant.

7.4 The application process however should not be reduced to the single process of completing a set of forms. This process also needs to incorporate effective promotion of the BGP to the SME community and provision of key information on eligibility and the grant delivery and claim process to inform SMEs in developing their projects.

7.5 In evaluating the application process, we here consider the critical points passed by SMEs in this process, from identifying the BGP as an appropriate opportunity to the final submission of their application. Seven separate questions were used in documenting this process, following the SME journey from identifying the BGP as a possible source of investment and including clarity of obligations required of the firm through the programme (Table 7.1).

Table 7.1: BGP application process

	<u>Strongly agree</u>	<u>Somewhat agree</u>	<u>Neither agree nor disagree</u>	<u>Somewhat disagree</u>	<u>Strongly disagree</u>
The Business Growth Programme was well promoted and information was easy to access	36%	46%	8%	9%	0%
Clear information was available on how the BGP could support my business	52%	37%	8%	3%	0%
We received support and encouragement in considering our BGP application	63%	27%	4%	6%	0%
Clear information was available on how to progress our interest in the BGP when discussing and planning our application	59%	37%	3%	1%	0%
The application process for the BGP was clearly explained, straightforward, and transparent	53%	31%	10%	6%	0%
Throughout the application process, I was aware how my application was being progressed	59%	30%	7%	3%	1%
The obligations for my business attached to BGP support were clearly explained and easy to understand	68%	31%	1%	0%	0%

7.6 Findings here suggest the general experience of the BGP application process was positive amongst SMEs. Over 80% of participants either strongly or somewhat agreed with statements linked to a positive experience in applying for the programme. Whilst the number disagreeing with such statements was low, particularly after accounting for those firms ambivalent about the different parts of the process, in certain areas these results may indicate a need for some adaptation within delivery arrangements.

7.7 Promotion of and information about the BGP were in general considered good by 82% of the participants. However, 9% of respondents to the questionnaire disagreed it was well promoted with accessible information. This was the largest negative response in the context of the application process. It suggests there may be a need to explore additional avenues in promoting the programme to ensure the widest coverage across the SME community.

7.8 Participant opinions of the clarity and transparency of the application process showed a similar level of agreement. A total of 84% of participants either strongly or somewhat agreed the application process was clearly explained, straightforward, and transparent.

Whilst only 6% disagreed with this statement, certain issues may arise here as a result of the comprehensive requirements of the applications. Some of the information required in the process was information for which certain SMEs have yet to develop management information systems, or do not keep comprehensive information about due to the fluctuating nature of their industry and the extent of variation in operations they have previously observed. Such gaps meant for a number of firms the likelihood was a requirement for more specific support in preparing this information; whilst this did not necessarily preclude them from making an application and being accepted for a grant, it did mean the application process in some cases was slowed down.

7.9 Information and support in relation to the application was available to all SMEs during the application process, but the onerous nature of the application itself raised issues for some participants. Whilst a burden many SMEs can rationalise post-grant, after which realisation of the outcomes puts the nature of this burden in context, one of the more common criticisms of the fund was a call to identify ways through which the application could be reduced or streamlined.

#### **BGP Case Study 1**

Case Study 1 applied for a grant of £19,845 in 2017. The project proposal was for investment in machinery assist in both product and market expansion plans, specifically diversifying their product range to provide customers with a more comprehensive range of goods.

As an SME formally incorporated in 2015, Case Study 1 had not made any applications to grant-funding programmes previously. Applying to the BGP was for them a straightforward exercise. Certain issues arose which required amendment of additional information for the application to proceed. In amendment, a single point of contact for the firm was allocated within the BCC project team. Working closely with an allocated Project Officer allowed the firm to address specific issues with their application smoothly, the firm advocating the project process alongside its benefits and seeing little room for improvement.

#### Project and enterprise development

7.10 Across the six aims and objectives of the BGP, embedded is providing SMEs with the means and support to develop and grow. BGP investment is designed primarily to allow firms facing barriers or blockages to growth aspirations to access integral resource and progress the next stages of their development.

7.11 As part of the comprehensive process involved in getting a BGP grant, all applications have to go through a detailed appraisal following which they are scrutinised and ratified by a project appraisal board. This part of the programme represents not only a due diligence on the investment of public money to ensure this is being used to deliver best value for the State and tax payer. It also provides important feedback and guidance for SMEs in developing their projects and related project planning and implementation capabilities.

7.12 Evaluation of this development aspect of the programme, in the context of both projects and firms, focuses on the role of the investment in the firms' development, the availability and clarity of guidance across the duration of the project, and the level of amendment required in taking their application through the appraisal process. This information was collected through eight specific questions (Table 7.2)

Table 7.2: BGP project development process

	<u>Strongly agree</u>	<u>Somewhat agree</u>	<u>Neither agree nor disagree</u>	<u>Somewhat disagree</u>	<u>Strongly disagree</u>
BGP funding has allowed important investment in the business	89%	7%	3%	1%	0%
BGP investment has allowed the business to pursue and progress our business plan / objectives	85%	11%	2%	1%	1%
BGP investment has helped us achieve our business goals	62%	30%	7%	0%	1%
Clear guidance and support was available through the application, implementation and claims process	66%	25%	5%	3%	1%
Investment in the business would not have happened without the BGP support	43%	36%	12%	5%	3%
Only minor amendments were required to our project through the application process	55%	32%	7%	4%	2%
The BGP application process helped enhance our business plan	52%	27%	20%	0%	2%
The application process required us to make substantial changes to our proposal	11%	11%	34%	23%	21%

7.13 The role of BGP funding in providing important investment, helping progress business plans, and achieving business goals has been positive amongst beneficiaries, over 90% strongly agreeing or somewhat agreeing with these statements . Similarly the availability of

information and support to help firms through the stages of the programme was considered appropriate by over 90% of participants.

7.14 Availability of finance for SMEs looking to invest in their businesses is considered limited within the UK, and thus access to finance is often presented as one of the critical barriers to SME growth. The presence of BGP investment allowed an additional stream where limited options are often available. Almost 80% of participants agreed they would not have been able to fund their projects without BGP investment.

7.15 For those who felt investment would have happened regardless of the programme, for some the fund was able to offer some added value. This occurred through either allowing for fast-tracking projects ahead of building the required capital reserves or offering better security for long-term projects, particularly where this involved capital investment for goods with long lead-in times.

#### **BGP Case Study 2**

Case Study 2 applied for a grant of £40,000 in 2017. Their project focused upon developing their portfolio of simulation units and expanding the sectors and clients they served.

Accessing the BGP played a crucial role for these expansion plans. Despite the business need and potential market being identified, there was high risk associated with the firm self-funding their planned development. Access to the grant stream offered some assurances through spreading the risk and therefore encouraged the firm to make the investment. The rigours of the grant programme and its compliance requirements also helped through demands for clear milestones, schedules, and project delivery process, seen as critical in pushing the project to completion within a specific timescale.

One of the biggest benefits was the programmes ability to fill a gap in terms of the grant funding offer. Grants had been an area the firm had looked at for investment prior to the BGP, but schemes they had identified sought larger projects often requiring corporate and University partnerships. With neither the resource nor the need for such largescale projects, for the firm the grant amount offered by the BGP provided a level of support which had not been on offer from other schemes.

7.16 Of less importance, but still relevant was the contribution the project appraisal and development process made to enhancing individual project plans. The comprehensive nature of the application process required SMEs to provide robust justification for their investment and a clear outline of how this would be managed to achieve their growth objectives. Through the rigours of the application process, 78% of firms felt this had helped

to enhance their project plans. The contribution of the appraisal process was from this perspective less important. 87% felt their application had only required minor amendments prior to being approved. Only 23% felt the overall application process required them to make substantial changes to the initial investment project they had been planning prior to identifying the BGP as a source of funding.

## Outputs

7.17 Successful delivery of the BGP is dependent on the achievement of a number of outputs in terms of SMEs supported, jobs created, and private sector investment leveraged. These core outputs were discussed in Section 6.

7.18 Outputs of the project from the perspective of the participating SMEs however can be interpreted more broadly. The benefits of investment gained through the BGP offer participants the scope for a wider set of outputs. These outputs include increased employees, but also relate to other measures of development and improvement.

7.19 Evaluation of the effect of BGP investment on firm-based outputs therefore considers the areas of workforce growth, performance improvement, network development, knowledge base expansion, and turnover or profits (Table 7.3).

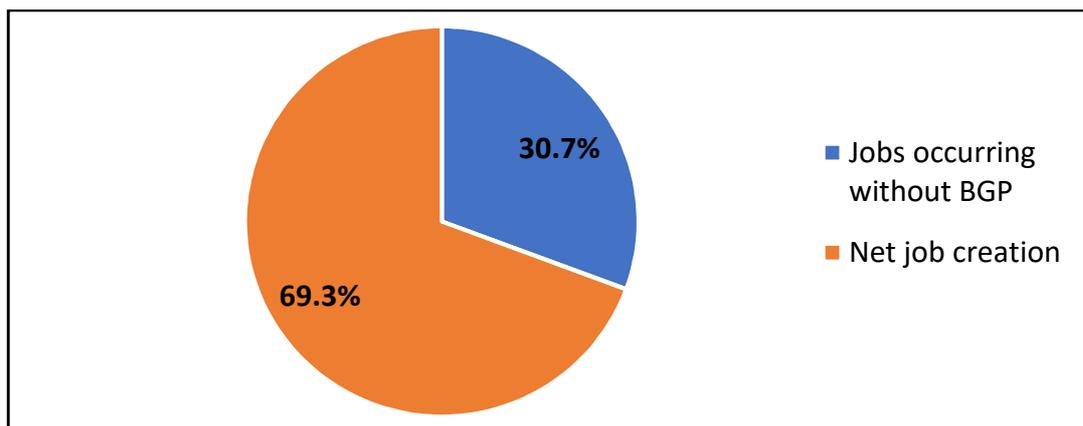
Table 7.3: BGP firm-based outputs

	<b><u>Strongly agree</u></b>	<b><u>Somewhat agree</u></b>	<b><u>Neither agree nor disagree</u></b>	<b><u>Somewhat disagree</u></b>	<b><u>Strongly disagree</u></b>
Following BGP investment, the business has increased its workforce	78%	16%	4%	1%	0%
Following BGP investment, the business has improved its performance	59%	30%	10%	1%	0%
Following BGP investment, the business has increased its networks	28%	31%	33%	5%	2%
Following BGP investment, the business has increased its knowledge base	26%	37%	33%	3%	1%
Following BGP investment, the business has increased its turnover/profit	46%	37%	16%	1%	0%

7.20 Most significant of these firm-based outputs has been the creation of new employment. 95% of participants in the questionnaire either strongly or somewhat agreed that BGP investment had increased its workforce. The value in terms of workforce was however not singularly about job creation, with investment allowing for the creation of opportunities within the firm to encourage the retention of skilled personnel.

7.21 As outlined in 7.14, around 20% of the BGP beneficiaries felt they would have been able to progress the projects funded by the programme regardless of the support they received. Similarly, a number of the jobs created as a part of the projects funded may have occurred regardless of the funding. When asked 'how many of these jobs (created) would have occurred without the BGP investment?', response from participants suggested a figure of just under 31% (Fig. 7.1).

Figure 7.1: Jobs occurring with or without BGP investment



7.22 Also important was the role of the investment in helping firms improve their performance (89%) and increase their turnover or profit (83%). With both of these outputs, some firms identified the potential to achieve these but noted there would be some time lag as they went through the process of fully implementing new machinery and technology and of getting their new processes and their new and existing personnel up to speed with these developments.

7.23 Fewer firms identified outputs in terms of increased networks or relationships (59%) and skills or knowledge bases (62%). The projects developed through the BGP did however allow many SMEs to develop new or improved supplier relationships and build their capacity to focus on attracting a wider set of clients.

7.24 Of the programme beneficiaries who participated in the survey, only one SME was unable to say the investment had enabled them to increase their workforce, performance, networks, knowledge base, or turnover/profits.

### **BGP Case Study 3**

Case Study 3 applied for a grant of £39,529 in 2016. The firm sought funding for investment to allow diversification into new industries and improved production monitoring systems to enhance their line efficiency and increase production.

Successful implementation of the new systems enabled the firm to increase their turnover and benefit from improved financial outputs. The objective of their investment was however more strategic, to diversify from dependence on the automotive sector and develop products and production capabilities which would attract orders from other industries. The networks and relationships element of the project was therefore more critical than any job creation or turnover improvement.

### Outcomes

7.23 The impact of investment through grant programmes such as the BGP can also provide SMEs with additional, longer term outcomes. Encouraging SMEs to make investments which would enhance their innovation, systems, and management capabilities is a key aim of the BGP, such enhancements contributing toward broader spatial impacts of improving performance and productivity in the GBS/S&S/TM economies.

7.24 Evaluation of these outcomes therefore focuses on five key areas. These are the mitigation of key barriers facing the SME, improvement in innovation capabilities, improvement in product or process/systems development, and enhancement of human capital within the firm (Table 7.4)

7.25 For 75% of participants, BGP investment had helped in the development and implementation of projects directly increasing attention paid to process or systems improvement within the firm. Such projects included investment in more advanced machinery allowing for improvements in accuracy, in quality, in flexibility, and for greater integration of digital operation systems.

7.26 Similarly important, 73% of participants identified the investment as addressing a key barrier preventing growth. The flexibility of the programme allowed for a variety of projects, each one addressing distinctive needs within individual firms. Barriers faced by the firms were complex. Whilst the financial input from the BGP was important, and considered integral for 97% of participants (see 7.14), these barriers also included firms finding the time

and space to focus on developing and implementing new projects capable of not only improving capabilities and performance but convincing customers and other partners of their ability to meet specific demands.

Table 7.4: BGP firm-based outcomes

	<u>Strongly agree</u>	<u>Somewhat agree</u>	<u>Neither agree nor disagree</u>	<u>Somewhat disagree</u>	<u>Strongly disagree</u>
BGP investment helped us to address a key barrier limiting our growth/development	37%	37%	25%	0%	2%
BGP support has allowed us to increase our focus on innovation	38%	30%	26%	2%	4%
BGP support has allowed us to increase our focus on product development	30%	28%	34%	2%	5%
BGP support has allowed us to increase our focus on process or systems development	38%	38%	18%	2%	4%
BGP support has allowed us to increase our focus on management/personnel development	27%	33%	32%	3%	4%

#### **BGP Case Study 4**

Case Study 4 applied for a grant of £30,000 in 2017. Their project sought investment for new machinery alongside the enhancement of their internal systems and processes as a means of improving manufacturing capabilities and meeting the evolving demands of their traditional markets.

Integration of the new machinery into the business has allowed for enhancement across multiple areas of the business. Integrating more sophisticated machinery into their production line has required the adaptation of their internal systems, in turn presenting a learning curve – and opportunity – for existing personnel. Diversifying and increasing the efficiency and quality of production has allowed the firm to build better relationships with customers, improving their credibility as a partner in projects and as a manufacturer of component parts.

7.27 Smaller numbers of participants identified the investment as supporting their innovation (68%), product development (58%), or personnel development (60%) capabilities. In relation to these outcomes, benefits here included ongoing adaptation and experimentation with established products and services to diversify the business and as part of this developing internal skillsets to effectively manage these new production lines and their related processes.



## Section 8: Partner benefits, outputs and outcomes

8.1 Delivery of the Business Growth Programme has been implemented through utilising a team of partners and stakeholders. In full, 13 individual partners have been involved directly in the delivery process alongside Birmingham City Council as the managing body. The role of these partners in coordinating, disseminating and delivering the BGP represents a key component of the programme. It has also been critical in the design of a programme capable of effectively responding to the differentiating needs of target groups and areas within the BGP geographical partnership.

8.2 In this section, the role and observations of the partner organisation in the BGP are discussed. Using questionnaire and interview data, we address questions of partners experience and understandings of how operationally the BGP has been able to comply with programme, partner, and business objectives. The analysis considers this data sequentially in terms of programme design, process, outputs/outcomes, and legacy.

### Programme design

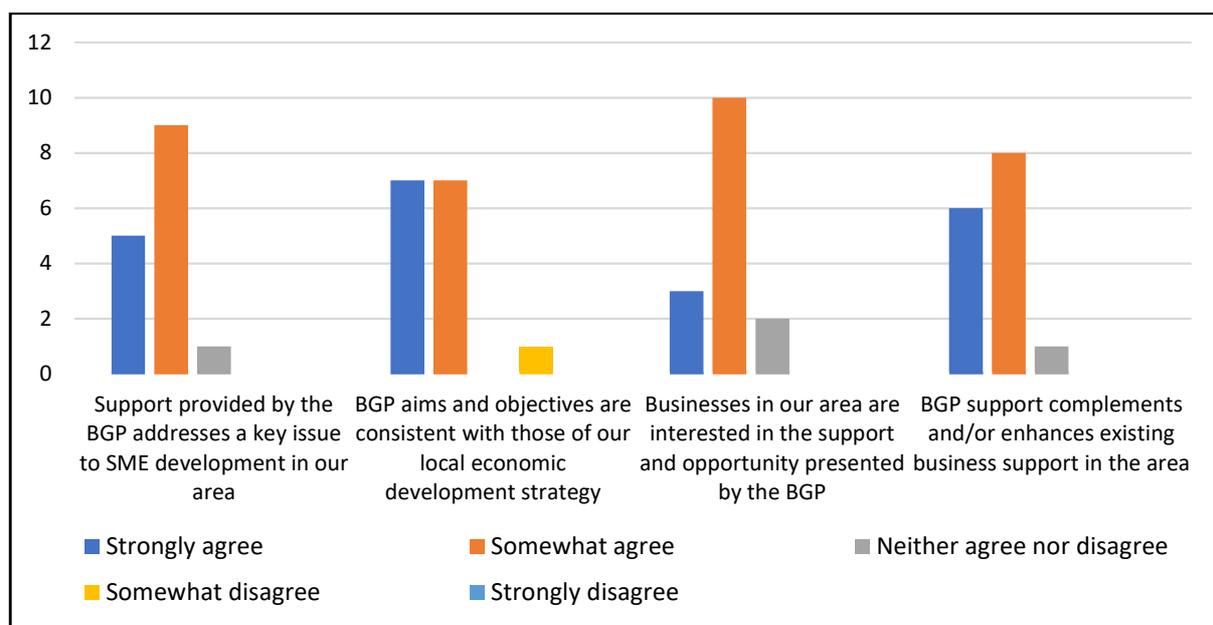
8.3 A key element in the design of the BGP was its ability to deliver support capable of flexibly addressing the distinctive needs found amongst SMEs across a wide project area. Covering GBS, S&S, and TM meant the BGP delivered an intervention across three separate LEP areas with differing demographic and economic structures alongside varying levels of support infrastructure and provision.

8.4 Variation here is founded principally on comparing a major urban centre with geographies incorporating large rural areas. This comparison illustrates certain distinctions in terms of structure. Higher dependence on more traditional industries can be seen in S&S and TM. More urbanised parts indicate higher levels of productivity at the regional level. Start-up and start-up survival rates display a similar tendency toward urban areas. Whilst not fully representative of the complexity of both locality- and firm-based challenges, these variations are indicative of contextual difference in operating environment for SMEs, and thus the differences in challenges they might face.

8.5 Evaluating the programme design from the context of BGP partners, we used four questions respectively covering alignment with identified issues in SME development, continuity between aims and objectives and local economic development strategy, the interest of local businesses in the support, and the programme complementing existing provisions (Figure 8.1). Objectives for economic development and thus for related interventions were in place prior to inception and implementation of the BGP, embedded in local authority and LEP policy. In its operational phase, the programme has maintained

continuity with these objectives Across the partnership, support provided by the BGP has been consistent with key issues for SMEs identified in different localities alongside focusing on a set of aims and objectives in line with those defined in partners' economic development strategy. In maintaining such continuity, the flexibility offered by the BGP has been important. With the project lain on top of existing provision in place through key support organisations, this flexibility allowed for some interpretation in the context of different areas, alongside providing a solution to the enduring issue of access to finance faced by SMEs looking to grow. Such flexibility not only allowed the programme to respond to policy variations across the intervention area. Interest from policy organisations was considered to translate well into its target markets, with businesses indicating an interest in the support and opportunity of the BGP.

Figure 8.1: Programme design



8.6 Complementing the existing business support infrastructure in GBS, S&S and TM is a key objective of the BGP. Existing organisations and relationships focused on business support provide a strong foundation through which to promote and disseminate such programmes; similarly, as an initiative the BGP provides a similar foundation through which to gain stronger relationships with and intelligence on business communities. In application, the BGP has been seen to add value to existing arrangements in two distinct ways. The first has been an ability to plug identified gaps in the local support products. Thus, piggy-backing on the capacity and funding-acquisition potential of a larger partner in the shape of Birmingham City Council has for some localities allowed a broadening of products to support

SMEs. Specifically, this broadening relates to more general forms of support which had previously dictated certain spatial or sectoral requirements. Second is the enhancement of localised provision, with BGP project personnel enhancing on-the-ground capacity and the available support legitimising state support networks and providers. Integrating established support with project-specific resource allowed an enhanced and more efficient form of process in identifying beneficiaries and progressing them toward and through the application process.

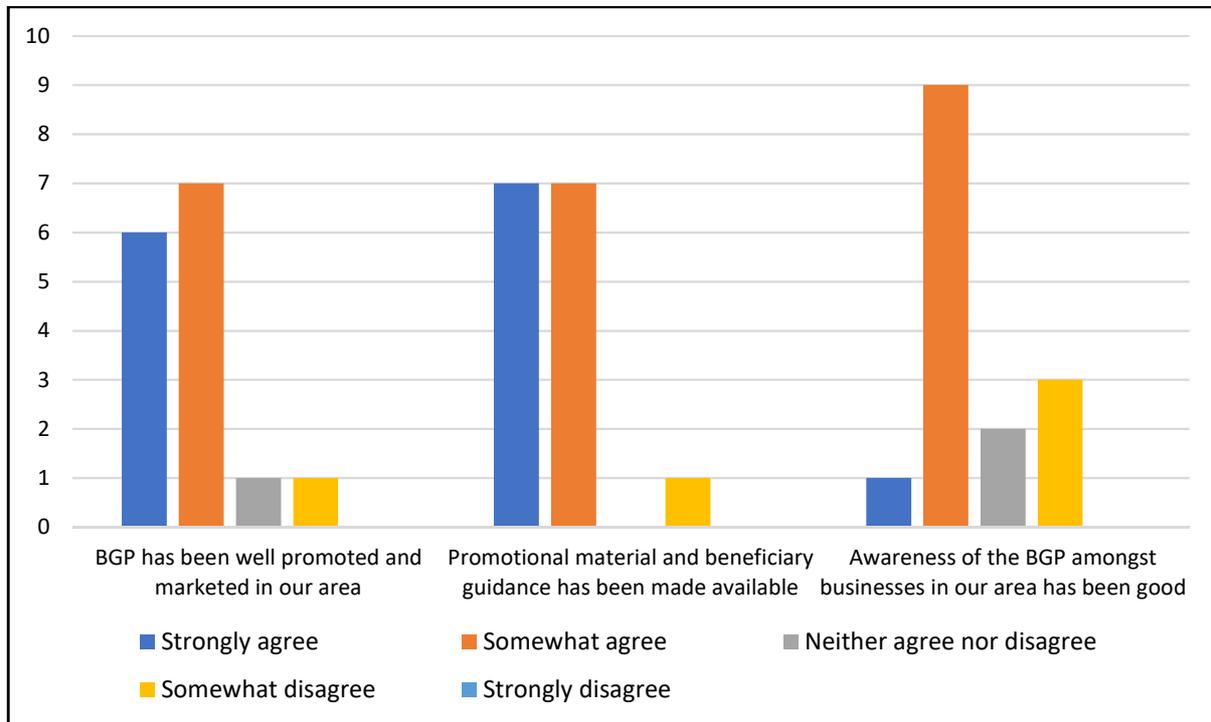
8.7 A few gaps and issues were also identified in relation to the programme design. Notable amongst these was the omission of certain key groups for some areas from the support. The design of the BGP had at the outset prevented applications from B2C firms, from Start-up firms, and also created certain barriers for smaller investment through the £10k ceiling on grants. Over the duration of the project, the B2C issue was addressed as this group were accepted as eligible applicants. In addition, there were variances between partners in terms of the extent of similar support within their localities, ranging from some areas with no provision to others where the risk of duplication was considered quite high.

#### Programme awareness

8.8 Awareness of the BGP is dependent on both active promotion of the scheme and the effective penetration of business communities. In evaluating awareness of the programme, we used three questions on the promotion of the BGP, the availability of promotional material, and awareness amongst businesses following promotional campaigns (Figure 8.2).

8.9 Promotion activities and promotional materials were evident and available to partners, in the context of both standalone marketing campaigns and activities and materials to supplement or add-on to existing promotional work. These activities were generally considered useful in raising awareness of the BGP. In some areas, enquiries were forthcoming from SMEs with which partners had little or no previous contact. There still however remained a large number of businesses that partners found had not heard of the BGP, even at later stages of the project. Awareness of the programme also required further work in translating this to identifying the BGP as a relevant opportunity. Here, immediate engagement with firms was important. A second wave of personal dialogue was integral in helping SMEs clarify some of the ambiguity in terms of the type of projects which were eligible.

Figure 8.2: Programme awareness



8.10 One additional effect of the provision of the fund was the risk of stripping out a role for local partners. It was felt by some partners that grassroots organisations and private sector firms had to some extent taken on promoting the scheme as part of their own organisational development process. Some partners saw this as adding value to their activities, helping internal resource limitations they faced, whilst others saw this as frustrating their relationship building with local businesses and limiting their internal knowledge acquisition processes.

Programme process

8.11 The effective delivery of the BGP is dependent on participation and continuity across the programme partnership. Achievement of the programme objective for an integrated business support package is fundamentally dependent on clarity of process and roles within the partnership. To evaluate process questions in managing the BGP, six questions were used. The first set focused on the clarity and consistency of delivery, application and referral processes (Figure 8.3). A second set were used to identify the clarity amongst partners of the key roles and responsibilities held by both themselves as an organisation and the central project management team at BCC (Figure 8.4).

Figure 8.3: Programme process

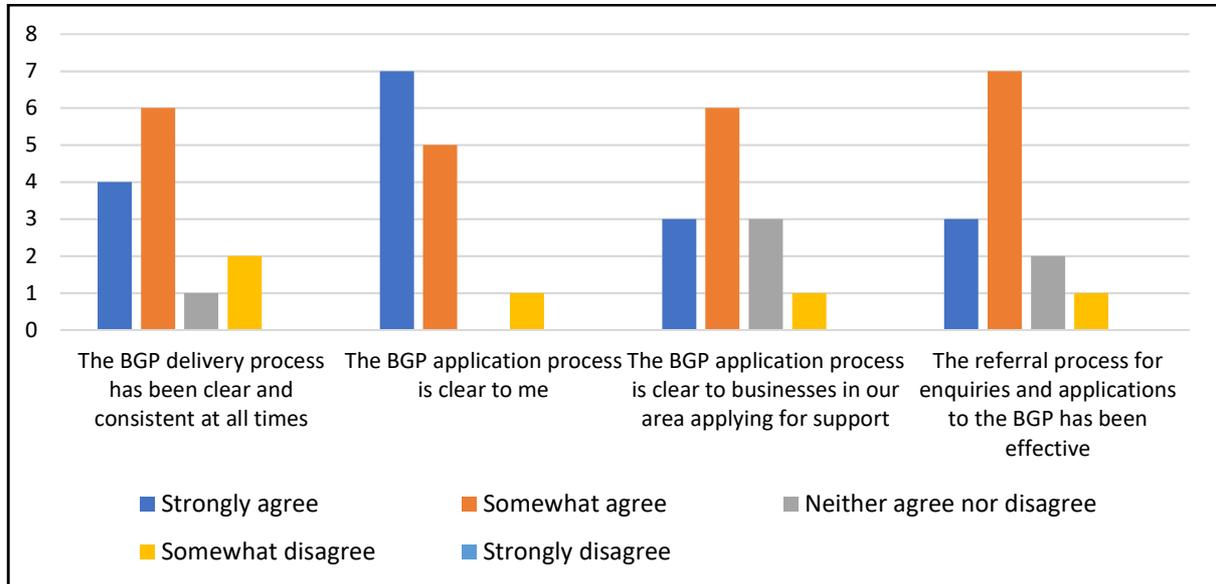
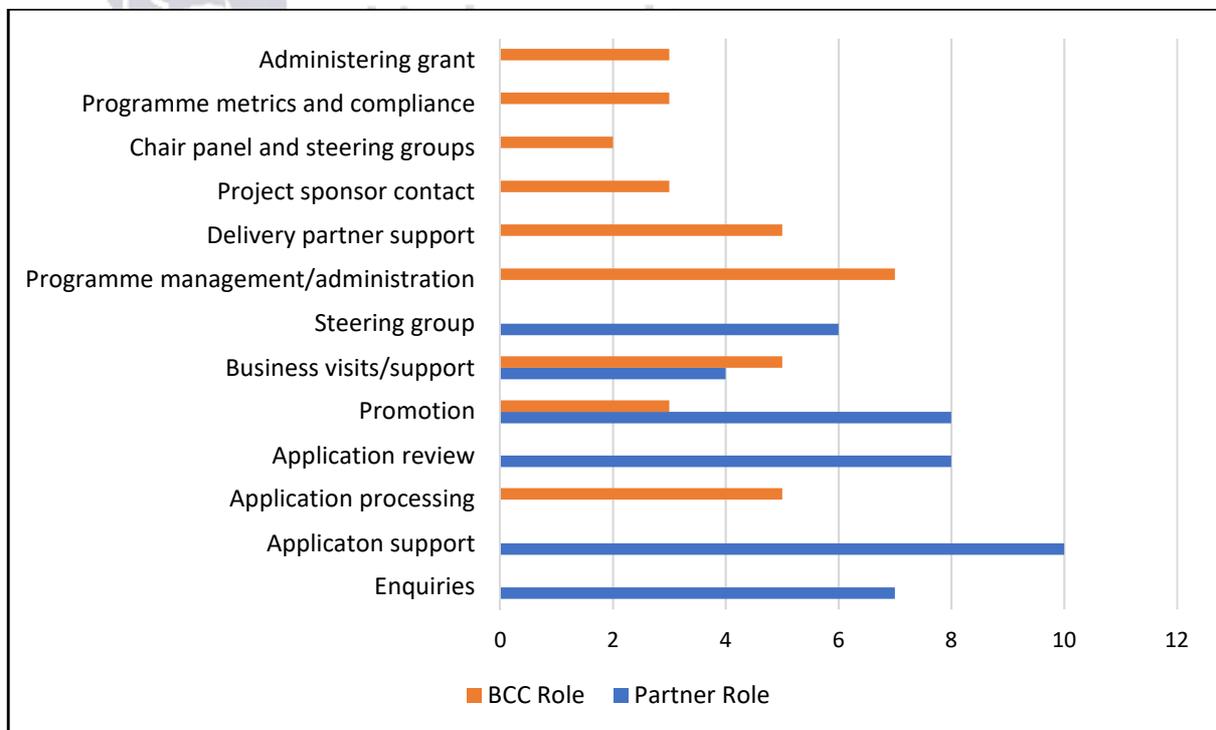


Figure 8.4: Defined partner roles and responsibilities



8.12 With the BCC Management team providing a set of process maps regarding delivery, application, and referral, partners had a good idea of these specific processes. Similarly, some consistency was observed in these processes across the duration of the programme. Part of the management process involved scope for review to address any shortcomings or consistency issues emerging through either management or design. Such flexibility proved important in relation to changes occurring during the project at the project sponsor level and amongst internal personnel, alongside the emergence of certain issues at the referral and initial application stages; in each case a satisfactory resolution had been noted.

8.13 Certain areas were considered good practice in terms of managing processes. More intensive levels of support within the application stage helped to walk SMEs through this process and mitigate some of the resistance usually seen in relation to what is considered by SMEs the onerous and bureaucratic nature of acquiring grants. By taking time to explain the reason and importance for requisite information, a goodwill was generated amongst applicants helping with certain compliance aspects. This level of support also helped address the ambiguity around what the BGP could fund, working with SMEs to both unpick a project and identify how it complied with the funding requirements, although did present some increased burden for firms, partners, and the project management team. Similar to issues identified as a result of managing programme promotion and awareness, establishing a more integrated process for delivering the BGP did raise some issues in relation to limiting partner roles and therefore their link to local businesses conventionally done through such interventions.

#### Programme outputs and outcomes

8.14 Outputs for the BGP relate to specific metrics the programme has committed to delivering. Outcomes relate to broader enhancements the intervention is able to contribute for both individual firms and wider performance within the local/regional economy. With the BGP partnership involving three separate but adjoining LEP areas, one key consideration in management of the programme has been the distribution of outputs and outcomes across the partnership areas.

8.15 Further to this, one of the project objectives is encouraging the relocation or expansion of SMEs supported through the fund. Questions regarding expansion are addressed primarily with regard to the jobs created within a firm. In addition to this, improvements in performance measures such as turnover, profitability and productivity illustrate the increased capacity firms may have developed following the support received.

8.16 Of the sample responding to the questionnaire, 95% reported an increased workforce following the BGP investment. Broken down between LEP areas, this figure was 100% for SMEs in TM, 95% for firms in S&S, and 93% for those in GBS (Table 8.1).

Table 8.1: Outputs by LEP area

		<u>Strongly agree</u>	<u>Somewhat agree</u>	<u>Neither agree nor disagree</u>	<u>Somewhat disagree</u>	<u>Strongly disagree</u>
<b>Following BGP investment, the business has increased its workforce</b>	<b>GBS</b>	75%	18%	5%	2%	0%
	<b>S&amp;S</b>	68%	26%	5%	0%	0%
	<b>TM</b>	100%	0%	0%	0%	0%
	<b>All</b>	78%	16%	4%	1%	0%
<b>Following BGP investment, the business has improved its performance</b>	<b>GBS</b>	55%	29%	15%	2%	0%
	<b>S&amp;S</b>	58%	37%	5%	0%	0%
	<b>TM</b>	74%	26%	0%	0%	0%
	<b>All</b>	59%	30%	10%	1%	0%
<b>Following BGP investment, the business has increased its networks</b>	<b>GBS</b>	31%	29%	27%	9%	4%
	<b>S&amp;S</b>	26%	32%	42%	0%	0%
	<b>TM</b>	21%	37%	42%	0%	0%
	<b>All</b>	28%	31%	33%	5%	2%
<b>Following BGP investment, the business has increased its knowledge base</b>	<b>GBS</b>	24%	36%	35%	4%	2%
	<b>S&amp;S</b>	32%	37%	26%	5%	0%
	<b>TM</b>	26%	37%	37%	0%	0%
	<b>All</b>	26%	37%	33%	3%	1%
<b>Following BGP investment, the business has increased its turnover/profit</b>	<b>GBS</b>	51%	29%	18%	2%	0%
	<b>S&amp;S</b>	37%	42%	21%	0%	0%
	<b>TM</b>	42%	53%	5%	0%	0%
	<b>All</b>	46%	37%	16%	1%	0%

8.17 TM also saw a higher proportion of participating SMEs reporting performance improvements, turnover or profit increases, and to a lesser extent growth in their knowledge base. This was similarly the case for Stoke & Staffordshire firms in relation to performance and knowledge base. SMEs in the GBS area in general identified output improvements at below the aggregate programme level for all the measures bar increases in networks.

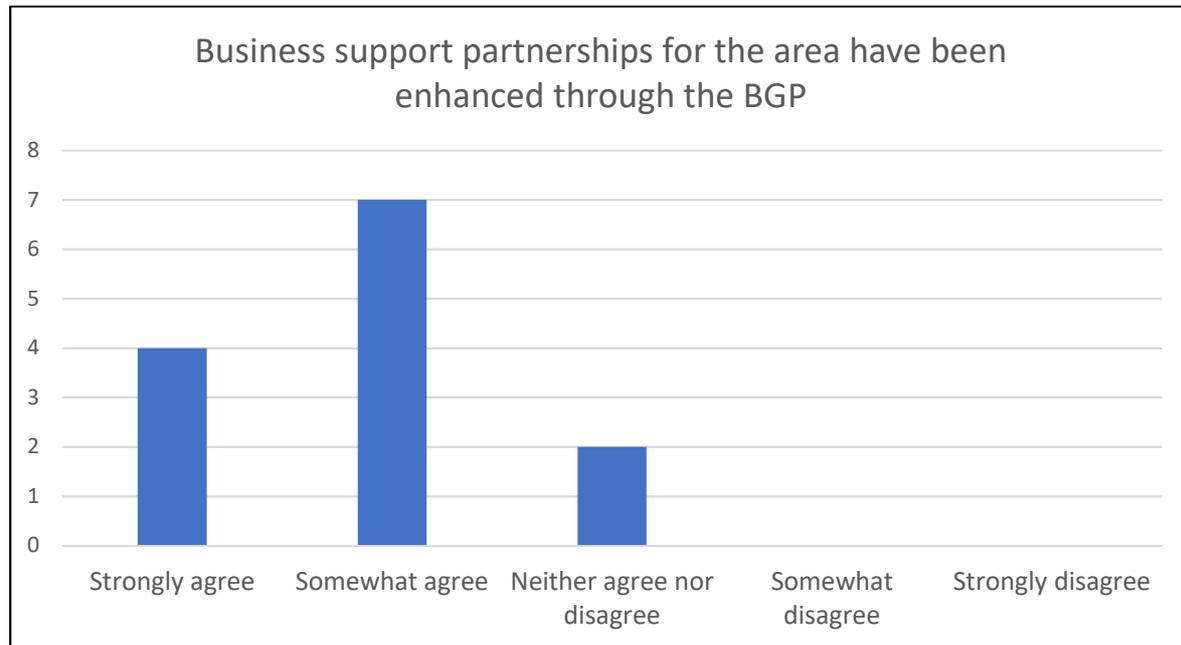
8.18 In relation to firm relocation, 23% of participant firms had relocated part or all of their operations as a result of the BGP investment. Of this 23%, only one quarter of these relocations had involved moving between Local Authority areas. Where this involved moving between LEP areas, only two cases were identified; one firm opening an office in GBS to supplement their S&S office, and another relocating from TM into the Black Country.

#### Programme legacy

8.19 Impact and sustainability in the context of the BGP are principally concerns in relation to the gains realised by clients and the wider effects these gains have on employment, supply chains, and the regional economy. A secondary consideration is however the effect

on existing support organisations and networks in enhancing their performance, their potential, and improving local and regional provision. To judge the effect of the BGP, we asked partners how business support partnerships have been enhanced through their participation in the programme (Figure 8.6).

Figure 8.6: Enhanced support partnerships



8.20 A positive association between involvement and the enhancement of support capabilities was seen across partners in general. Enhancement was here relevant to both the formation of new relationships and the development of internal capacities. In terms of relationships, the creation of a perhaps unconventional partnership linking GBS, S&S and TM has helped not only establish scope for more formal collaboration in future and wider projects. It has also helped identify a number of broader mutual issues and concerns at firm, industry, and locality levels. One of these is the ongoing issue of resource acquisition for certain areas, and involvement in the BGP has helped attract levels of grant funding only available through tapping into the core city policy model. Another is the issue of alleviating challenges presented by political administrative arrangements which are out of sync with the operational geographies of internal business communities. Internal capabilities for certain organisations have been assisted through involvement in a larger programme and gaining access to the experience embedded within other partners, notably Birmingham City Council.

## Section 9: Evaluation

9.1 The evaluation process for the BGP has examined the programme performance in relation to outputs and outcomes. These outputs and outcomes have been defined by the key metrics measuring performance against delivery profile and those of relevance to participating SMEs and project partners. In this section, these findings are examined in more critical detail in relation to achieving the broader project aims and objectives.

9.2 The BGP has been developed to progress six specific aims and objectives (Figure 9.1). Critical in delivering these, and therefore in the evaluation of the programme, are the intervention design, the processes implemented in its delivery, the outputs attached to the programme, and the legacy of the intervention in terms of potential improvements for future projects alongside enhanced capabilities in SMEs and support organisations created by the investment

Figure 9.1: BGP aims and objectives



9.3 In considering these phases of the programme, this section evaluates the effect of the BGP on its aims and objectives consecutively. In doing so it applies evaluation criteria focusing on the programmes relevance, effectiveness, efficiency, impact and sustainability. It follows the analysis with a set of recommendations for the improvement of future programmes or interventions focused on SME development.

## Objective One

9.4 Objective One of the programme is to provide an integrated and comprehensive support package across the three LEP areas. In providing this integrated support package, the aim of the BGP has been twofold. First is delivery of a support programme capable of addressing directly a set of established barriers limiting the growth of local SMEs. Second is supplementing existing support arrangements within the three LEPs constituting the project area. The objective here therefore needs to balance the separate, but not exclusive, interests of local businesses and of policy-makers.

9.5 There are distinctive socio-spatial and political-economic differences between the three LEP areas involved in the project. These differences relate to both structure of the local economy and the supporting infrastructure. As a result, resident businesses and local policy-makers can face quite marked and varying challenges. A primary objective for the BGP has been developing a funding programme capable of responding to these distinctive needs without in the process creating something too general or nebulous to address local and regional objectives.

9.7 As a funding stream for SMEs, the BGP has provided firms with support and leverage to pursue critical investment and to undertake development and expansion of their activities at a faster pace. From the SME perspective, the BGP provided an important input allowing for investment in the firm (96%), progression of business plan objectives (96%), achievement of business goals (91%), and the navigation of key barriers preventing development (73%). The high number who felt investment would not have happened without the funding (79%) indicates the role of the BGP in plugging certain provision shortages for this group of firms.

9.8 The distribution of this support across the three LEP areas on the basis of metrics indicates a marginally higher level of take up in the GBS LEP area when compared to distribution of SME stock within the three areas (see Table 8.1).

9.9 In developing project ideas ahead of application, support was accessible to firms through both the project management team at Birmingham City Council and the network of partners in their role as point of contact and in undertaking company visits at early stages of the application process. The majority of this support came through project officers at Birmingham City Council, followed by support through the GBS and Marches LEPs. Direct support from other partners was identified by SMEs in only a small number of cases. 90% of firms however had received support and encouragement in determining ideas eligible for the grant.

9.10 This level of support was consistent for SMEs when moving into the application and the project delivery and claim phases (92%). The extent to which application support was distributed across the programme area, considering the higher prevalence of beneficiaries

from the GBS area, may raise certain questions about the effectiveness of promotional and support activities within S&S and TM. The satisfaction levels amongst participating SMEs were however higher in these areas than GBS in relation to accessing information on the fund, clarifying how the fund could support individual businesses, and providing support in developing applications for the fund (Table 9.1).

Table 9.1: Application support by LEP area

		<b>GBS%</b>	<b>SaS%</b>	<b>TM%</b>	<b>All%</b>
<b>The Business Growth Programme was well promoted and information was easy to access</b>	Strongly agree	35%	26%	48%	36%
	Somewhat agree	44%	58%	43%	46%
	Neither agree nor disagree	7%	16%	5%	8%
	Somewhat disagree	14%	0%	5%	9%
	Strongly disagree	0%	0%	0%	0%
<b>Clear information was available on how the BGP could support my business</b>	Strongly agree	46%	58%	62%	52%
	Somewhat agree	39%	37%	33%	37%
	Neither agree nor disagree	11%	5%	5%	8%
	Somewhat disagree	5%	0%	0%	3%
	Strongly disagree	0%	0%	0%	0%
<b>We received support and encouragement in considering our BGP application</b>	Strongly agree	61%	53%	76%	63%
	Somewhat agree	23%	42%	24%	27%
	Neither agree nor disagree	5%	5%	0%	4%
	Somewhat disagree	11%	0%	0%	6%
	Strongly disagree	0%	0%	0%	0%
<b>Clear information was available on how to progress our interest in the BGP when discussing and planning our application</b>	Strongly agree	56%	53%	71%	59%
	Somewhat agree	37%	47%	29%	37%
	Neither agree nor disagree	5%	0%	0%	3%
	Somewhat disagree	2%	0%	0%	1%
	Strongly disagree	0%	0%	0%	0%

9.11 The processes developed as part of the BGP indicated success in helping a set of firms previously unengaged with state-funded support. Only 60% of participants in the programme had previously accessed support through state-funded projects and interventions. Of this 60%, around two-thirds reported that previous experience of such programmes and the support they received through this played an important role in preparing the firm for developing a BGP application.

9.12 Where firms had been unengaged previously, several issues had served as barriers. Anecdotally, what was seen as significant here was awareness, perception, and relevance of the programmes.

9.13 In the case of awareness, the past ten years has seen development of local economic governance processes with an objective of more effectively accommodating firms. Despite this, the level of interaction and dialogue between governance organisations, associated business support organisations, and the business community itself has only progressed so far. Awareness amongst the SMEs interviewed in the evaluation seemed to have declined during the same period. Activating an integrated partnership for promoting the BGP allowed the programme to deploy and enhance an established business support infrastructure. This approach arguably aided the programme in reaching businesses previously unaware of such support.

9.14 Perception of state-funded support such as the BGP, particularly where involving EU funds, suffer a negative reputation with regard to the application process. The onerous nature of application forms and processes had previously put applicants off accessing state-based projects. Higher levels of resource committed to providing more comprehensive support for SMEs from the early stages of the application process helped to pacify some of these concerns.

9.15 The relevance of specific funds also prevented firms from accessing support previously. Tendencies toward delivering highly specified forms of support addressing a narrow set of issues, or otherwise larger schemes requiring participation in complex partnerships for high value programmes, had discouraged applicants. The BGP for many offered the right level of grant for their development needs with a flexibility which allowed room to manoeuvre. The programme was thus seen by participants as putting the business need ahead of the policy need.

9.16 In terms of the programme partnership, the BGP delivered a support programme consistent with the policy objectives of partners. Support provided through the programme was seen to address key issues (93%), be consistent with objectives documented in local economic policy (93%), and complement established business support activities in partner areas (93%).

9.17 The processes involved in the programme in terms of promoting the grant and supporting potential beneficiaries were similarly integrated with the wider partnership involved in delivery. Clarity and consistency of the delivery process are here important. Across partners there was general consensus of this clarity and continuity in application and referral processes alongside the roles and responsibilities of different organisations within the BGP partnership. Whilst at certain points there had been less consistency with certain

elements of delivery, these had mostly been the result of external influences outside the control of the programme.

9.18 Integration of business support activities amongst partners has also forged a legacy of stronger networks between state organisations, through dialogue leading to potential for further collaboration and mutual interventions, and with the business community, providing a level or form of support previously unavailable in certain areas.

### Objective Two

9.19 Objective Two of the BGP is to improve business confidence, encourage private sector investment, accelerate economic growth, and create new jobs. The success of this objective can be directly attributed to the grant funding's role in encouraging SMEs to invest in the development of their business, through this the achievement of their business goals, and the increases firms have seen in turnover/profit and workforce.

9.20 Investing in the expansion or diversification of activities is a risky business for SMEs. Availability of capital for such projects is often identified as one of the more significant barriers facing SMEs in the UK. The go-to options here have tended to be self-financing through committing internal capital, thus reducing reserves, or taking on expensive debt-based finance. Neither option is seen as attractive to many firms, exposing them to unpalatable levels of risk.

9.21 Availability of the BGP grant has helped beneficiary SMEs to take these development steps whilst reducing some of the exposure to risk normally faced. Alongside the high number who found the fund allowed for important investment which helped them achieve their business goals (96% and 91%), anecdotally the fund was critical in both encouraging SMEs to take on the risk of making the investment and fast-tracking development plans in order to capitalise on the opportunity.

9.22 Generating this type of confidence for investment amongst SMEs similarly leveraged private investment which may not have occurred in the absence of the grant. Just under 80% of participants surveyed felt the investment they had made in developing their business would not have occurred without availability of the grant. With the total cost of project supported coming in at £39.5m, the committed grant amount of £14.65m has allowed for the investment of £24.85m from other sources. BGP investment has therefore leveraged £1.60 of private investment for every £1 of grant funding.

9.23 Investment also allowed firms to create new employment opportunities. 95% of participants had seen an increase to their workforce following their investment. In total, 1,608 jobs were reported to have been created through projects funded by BGP grants.

9.24 Investment occurring through the BGP is projected to contribute an additional 1,400 indirect/induced jobs and £147m in GVA above baseline growth expectations by 2024.

### Objective Three

9.25 Objective Three of the BGP is developing competitive and sustainable supply chains which provide the capability and expertise to deliver HS2. Success in this objective depends on SME's expansion of networks alongside enhancement in their knowledge base, innovation activities, and in product, systems and personnel development.

9.26 The HS2 Supply Chain programme is in terms of applications the smallest element of the BGP. In total 13 projects were funded through this grant. In terms of those completing the questionnaire circulated to beneficiaries, only 4 of this 13 responded. A further 2 SMEs funded through the HS2SC were interviewed as part of the evaluation. This small sample makes extrapolation of any enhancements achieved through the BGP difficult to ascertain.

9.27 Of those respondents to the questionnaire, 75% felt the project funded through the grant allowed them to expand their networks and improve their systems or processes. 50% found the grant helped increase its knowledge base, improve innovation, increase product development, and develop personnel. None of the respondents found any detrimental effect of the projects in relation to their expansion or enhancement.

9.28 The firms interviewed identified the network development value of the grant, with investment through the BGP enabling new relationships aiding the firms in expanding or diversifying their client base. Investment in products and in internal capabilities and technical specialism, led through acquisition and implementation of new machinery, were integral in aiding new network development.

9.29 Whilst delivering a positive impact for the firms, one criticism here was the support could potentially have had further effects through allowing internal personnel to take a larger role in delivering the project rather than relying on sub-contractors.

### Objective Four

9.30 Objective Four of the BGP is supporting sustainable growth through strengthening growing and diversifying the green economy supply chain. Success in this objective depends on SME's expansion of networks alongside enhancement in their knowledge base, innovation activities, and in product, systems and personnel development.

9.31 The Green Bridge Supply Chain programme saw a total of 77 applications, representing 15% of the total projects approved as part of the BGP. These projects claimed a grant of

£4.8m, or 37% of the total grant amount claimed. In terms of those completing the questionnaire circulated to beneficiaries, 13 of this 77 responded. A further 3 SMEs funded through GBSC were interviewed as part of the evaluation.

9.32 The primary benefits of GBSC funding identified by SMEs related to the process/systems development (85%), personnel development (77%), and innovation (69%). Translated to the expansion of networks, only 31% identified a positive impact. In relation to the development of new products, this proportion stood at 46%.

9.33 From this it is perhaps fair to suggest the limited impact of this BGP stream on certain core objectives. Limited impact in expanding networks however doesn't necessarily translate into limited impact in greening the supply chain. Improved internal processes and capabilities have the scope to both enhance resource efficiency within beneficiary SMEs, helping to green forward linkages, alongside implement specific requirements amongst suppliers, greening the backward linkages.

#### Objective Five

9.34 Objective Five of the BGP is to stimulate innovation in products, systems and processes and to increase management expertise.

9.35 Enhancement of such capabilities is not as tangible as more performance-based metrics of employee or turnover growth. The expectation of the programme however was that support for development projects would yield opportunities for improving these capabilities through both delivery of the project itself and the ongoing operation of new or extended functions.

9.36 Across participants there was in general a lower level of recognition that these capabilities had been enhanced through involvement in the project. Whilst 95% of firms recognised they had increased their workforce, and 89% their performance, improvements in terms of innovation stood at 68%, product development at 58%, process/systems at 75%, and personnel at 60%. Only 8% of firms however reported they felt the investment had not contributed toward enhancement in any of these areas, whilst 25% reported improvements across all four measures of innovation, product development, processes/systems, and personnel.

9.37 This broad contribution across the measures for this objective are reiterated through interviews undertaken with participant firms. The types of projects which were supported through the BGP did by their nature require firms to look at ways of developing their practices or processes. As a direct consequence, the inherent expansion, adaptation or diversification of such projects required a change process extending the firms capacities and capabilities beyond those required simply in delivering the project itself.

## Objective Six

9.38 Objective Six of the BGP is to facilitate the expansion and relocation of SMEs. Success for this objective is measured on the basis of employment and turnover/profit growth within participating firms and on firms moving to new premises as part of or an outcome of the investment.

9.39 The number of jobs created and proportion of firms creating jobs is outlined in previous section of this report (see 9.23).

9.40 In terms of relocation, 23% of firms surveyed reported taking on new premises for part or all of their operations. Of these, 76% remained in the same local authority area. Only one firm relocated outside of the programme area following their investment.

## Performance against criteria

9.41 This evaluation consider performance of the programme against a specific set of criteria. In consideration here are the areas of relevance, effectiveness, efficiency, impact, and sustainability.

## Relevance

9.42 The relevance of a programme is dependent on alignment between its objectives and the specific requirements or identified needs of target beneficiaries.

9.43 The design of the BGP suggests such requirements were well integrated into the programme. Consistency between programme objectives and local area policies was clear for partner organisations, and in design the programme proved to be both specific and flexible enough to respond to needs in communities facing different structural issues.

9.44 This relevance was similarly recognised in relation to SME beneficiaries. The programme was able to encourage SMEs to develop and invest in projects creating jobs and enhancing capabilities. Availability of grants saw significant sums of private sector investment into SMEs within the programme area. Evidence from SMEs suggest not only the majority of these projects would not have occurred in the absence of the grant, but the grant helped to accelerate activity which firms were planning but holding off from progressing. The grant plugged a gap for many SMEs in terms of providing finance in an environment where access to investment is considered challenging. Whilst a key output measure for the programme was job creation, the route to this through investment in firms and enhancement of capabilities in order to increase or diversify their market, has the scope for broader contribution in terms of firm-level resilience or productivity.

## Effectiveness

9.45 Effectiveness of a programme relates to the achievement of defined objectives within the period of the intervention and considering relative importance.

9.46 The term 'relative importance' is here interpreted in relation to the breadth of specific objectives. Certain objectives of the programme were specific to smaller elements, such as those relating to the HS2SC and GBSC programmes. The remaining objectives were more integrated, relating to all participating firms.

9.47 Through design and implementation, the BGP was able to deliver on a comprehensive support package capable of addressing certain policy needs as identified by key delivery partners alongside navigating recognised barriers to development for SMEs. Part of this navigation process involved getting through some of the onerous application and compliance requirements, for which the provision of support through the team of project officers and the wider delivery partnership were found of value by participating SMEs.

9.48 Provision of grant support was considered instrumental in progressing projects. Questionnaire response suggested that only 21% of projects supported would have occurred in the absence of the grant, and additional anecdotal data suggested the requirements of the grant encouraged a prioritisation of the projects which may not have occurred had it been self-funded. The level of match and leverage private investment stimulated through the grant exceeded the set target by 41%. The 1,281 jobs created was short of the target figure of 1,368, although this figure was taken ahead of the project completion date.

9.49 With an objective for stimulating innovation and expertise through product, process and personnel development, BGP intervention provided a good platform through which firms were able to implement such improvements. As outlined in 9.29, only 8% of firms surveyed felt these objectives had not been met through the intervention.

9.50 There is clear evidence of expansion in the firms supported by the BGP. 95% of SMEs saw the investment allow for an increase in their workforce, 89% saw performance improvements in the firm, and 83% saw an increase in profit or turnover. Only a small number of participants relocated as a result of the programme (23%), with fewer still moving to a new LA area (5%).

9.51 The HS2SC only delivered a small number of projects (13), and data on this group is limited to 4 questionnaires and 2 interviews. From these, there is evidence the grant helped improve networks and internal processes and skills.

9.52 Direct network enhancements amongst SMEs benefitting from the GBSC grant were limited. Firms benefitting from this stream did however identify improvements in process/systems, personnel, and innovation which might be attributed to both internal

improvements to strengthen and diversify the forward supply chain alongside influence backward linkages.

### Efficiency

9.53 Efficiency of a programme relates to the deployment of economic resources and the returns on these resources in terms of outputs.

9.54 The BGP set out 3 key outputs for measurement of performance; SMEs supported, private sector investment leveraged, and jobs created. The targets set here for the programme were 591 SMEs, £15m private investment, and 1,368 jobs. Set against an original grant provision of £16.3m, distributed on an even basis these targets see a grant rate per SME of £27,580, a leverage rate of £0.92, and a grant rate per job of £11,915.

9.55 As of 31<sup>st</sup> January 2019, the BGP had funded projects supporting in total 458 SMEs, had attracted private investment of £21.1m, and had created 1,281 jobs. These figures represent a shortfall in SMEs supported of 23% and in jobs created of 6%, and an increase in private investment leveraged of 41%.

9.56 These figures were however attained on the basis of a total grant claim of £13.1m. The lower number of SMEs sees the aggregated rate per SME increase to £28,654. The higher level of private sector leverage however sees the leverage rate increase to £1.61 per £1 of grant funding. The grant rate per job is reduced to £10,245 (Table 9.2).

Table 9.2: Programme efficiency per output

	<u>Against Target</u>	<u>Against Claimed</u>
Grant per SME	£27,580.37	£28,654.41
Leverage rate	£0.92	£1.61
Grant per job	£11,915.20	£10,244.90

### Impact

9.57 Impact relates to both positive and negative primary or secondary long-term effects of the intervention. This includes likely outcomes which are indirect or unexpected.

9.58 A key part of the impact of the BGP can be defined through the multiplier effect of jobs created through the intervention, and thus the indirect or induced jobs linked to this expansion in employment. These multipliers similarly lead to uplifts in output in terms of Gross Value Added (GVA).

9.59 Calculations for this impact were based on achievement of the expected returns against projects approved. Impact was calculated by Birmingham City Council Economic Research & Policy using the Oxford Economics West Midlands Combined Authority Forecasting Model. The figures represented a difference from baseline growth, so are additional to expected growth projections for the programme area.

9.60 The number of jobs expected to be created through approved projects offered grant funding stood at 1,590. If these figures are achieved across the funded projects, in addition to this number of direct new jobs an expected 1,370 jobs would be created through indirect or induced employment by 2019. This figure would increase incrementally to 1,400 by 2024.

9.61 The creation of new employment both direct and indirect/induced would provide an additional output to regional GVA of around £134m per annum in 2019. This figure would again rise incrementally to reach £147m by 2024.

9.62 At the point of evaluation, using outputs achieved as of 31.1.19, jobs created through BGP supported stood at 1,281. Applying a flat attribution rate to indirect/induced jobs and local GVA output, this figure could deliver a further 1,096 jobs by 2019 rising to 1,120 by 2024 and create an additional £107m of GVA by 2019 rising to £118m by 2024 (Fig. 9.2/ Fig. 9.3)

Figure 9.2: Achieved and expected indirect/induced employment (cumulative)

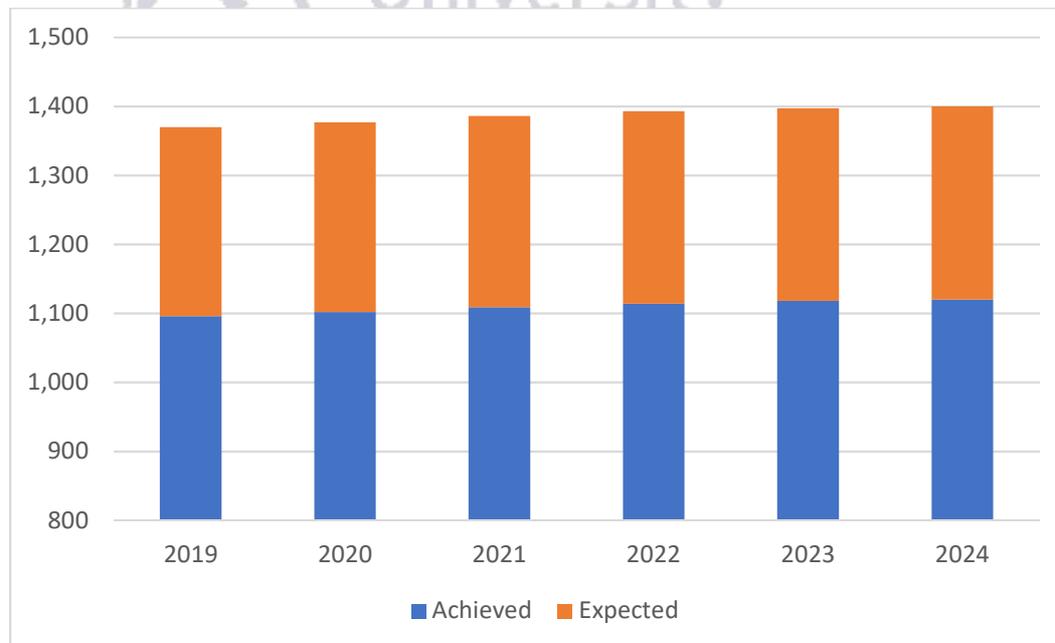
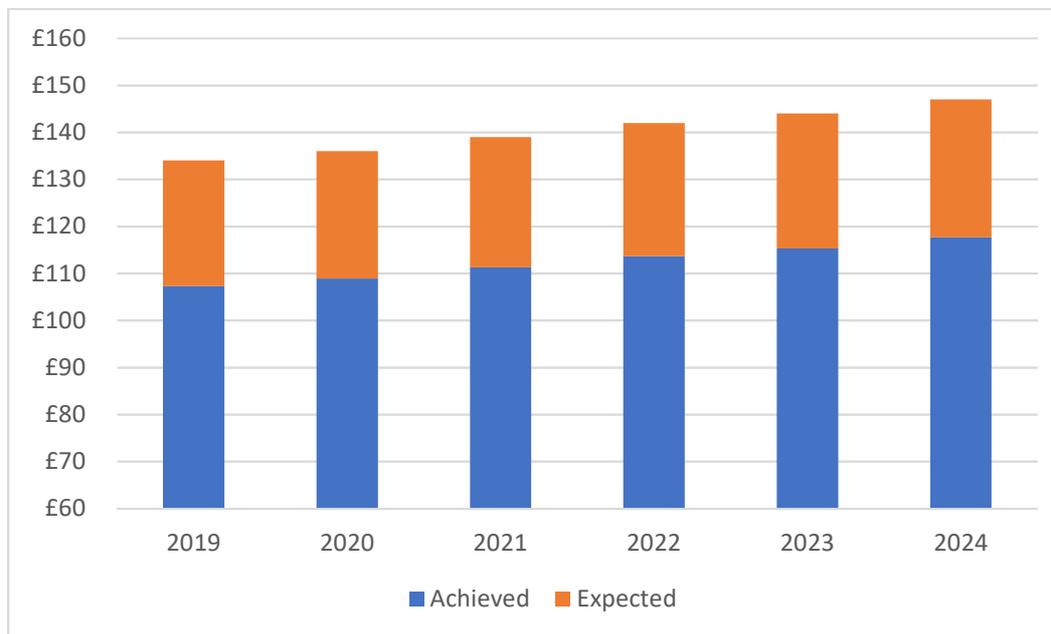


Figure 9.3: Achieved and expected GVA growth (cumulative, £m, 2013 prices)



9.63 Alongside additionality of the investment, these figures also need to be sensitive to deadweight in terms of outputs and outcomes likely to have happened regardless of the support. Additional job and GVA growth projections take account of projected organic growth in the economy in their calculation. This figure however does not take account of the likelihood of development within BGP beneficiary SMEs in the absence of the funding.

9.64 Respondents to the survey of BGP beneficiaries identified that 103 of the 336 jobs this sample had created through a supported project would have occurred regardless of the investment. If this proportion of 31% is applied broadly to the total outputs, and through this the indirect/induced jobs, the jobs created to date would stand around 884, and the indirect/induced figure at around 756 in 2019, rising to 773 by 2024.

### Sustainability

9.65 Sustainability relates to the continuation of the benefits created through the programme after completion of the support.

9.66 In the case of the BGP, sustainability can be applied two separate definitions. First of these relates to sustaining the performance improvements within beneficiary SMEs, particularly in relation to improved capabilities in product, process and personnel development and in innovation in order to drive growth and encourage investment. The

second definition relates to sustaining the enhanced integrated business support infrastructure within the programme area.

9.67 In terms of sustaining SME-based benefits, beyond the immediate outputs of the intervention the participating SMEs gained longer-term benefits in the shape of enhancement in their internal capability set. Recognition of firm-level improvements in relation to innovation, product development, processes, and personnel were broad across participants (Section 7, Table 7.4). Capitalising on improvements in knowledge-based networks, upgrades in machinery and technology, and increases in sales required beneficiary firms to not only adapt internal operational capacity, but develop certain strategic capabilities allowing them further experience in planning for growth.

9.68 Sustaining the SME support infrastructure is more complex. This is principally because a significant aspect of this support was funded through the BGP programme. Alongside this however runs ongoing challenges faced by LAs and LEPs in terms of managing and maintaining resources in the face of continued rounds of settlement reductions.

9.69 Demands of the BGP programme have to some extent served to brace existing partnership relations and develop a stronger network. Similarly, the programme has been integral in making the case for further investment, a BGP2 set to commence in 2019. Of note as a legacy of the project for policy organisations is improved programme management and coordination capabilities developed through participation in the delivery of the BGP. Similarly the collaborative nature of the project allowed for the formation of new strategic relationships for policy intervention and for greater levels of engagement with firms through a flexible support package.

### Recommendations

9.70 The above analysis provides an outline of the progress made by the BGP, identifying both successes achieved during the project and also outlining certain areas where the project made less of an impact. Below are a set of recommendations we would make for the development of further programmes.

#### Recommendation One

9.71 The BGP has sought to develop an integrated business support offer which covers the needs and responds to the requirements of the three LEP areas involved in the programme. The effectiveness of the programmes design and success in this measure is illustrated by the outcomes achieved amongst participating firms in relation to improvements in performance and capability. Findings here suggest SMEs in TM and S&S areas identified more significant outcomes from the intervention than those based in GBS. Distribution of the projects approved did show a marginal skew toward the GBS area. Translating this distribution to

grant claims saw a drop in terms of investment into TM (see Table 5.4). More significant is the distribution here at the LA level (see Fig. 5.2). Lower levels of penetration in localities, specifically Bromsgrove, Shropshire, and Herefordshire indicate where further attention could be focused, particularly where such areas are designated as higher priority for intervention.

#### Recommendation Two

9.72 The early stages of a project are critical in terms of building a relationship and dialogue with potential beneficiaries. A small number of participating SMEs raised minor issues relating to the early contact stages of the programme, and consistency was similarly raised as a minor issue by some programme partners. As an *ex post* evaluation, this report focuses singularly on firms which have successfully applied to the BGP. It is therefore unable to present evidence of issues in early stage consistency which may have prevented interested parties from progressing an application. Our analysis identified only 9% of participants felt the BGP was not promoted well, whilst 6% felt they did not receive support in considering an application and that the application process was not clearly explained. Although representing low proportions, when translated into number of beneficiaries these figures stand at 41 and 27 respectively. There may therefore be a need to work on consistency of support in these early enquiry stages to reduce these number further.

#### Recommendation Three

9.73 One of the clear benefits to SMEs from the programme has been the flexibility of the funding, allowing firms some autonomy in identifying how the grant could be adopted in the context of their firms specific needs and challenges. Some firms interviewed suggested there may be ways in which further flexibility could be introduced, such as allowing beneficiaries to invest in internal resource to deliver more elements of the project as opposed to commissioning external providers. As one of the objectives of the programme is improving firm-level capabilities through encouraging innovation and investment in developing processes and people, such flexibility could make a further contribution toward the achievement of these objectives.

#### Recommendation Four

9.74 The remit of the BGP focuses on support for small and medium-sized firms. This remit does not include intervention for micro-businesses. This sub-set of firms do however face a number of the same issues as their larger contemporaries in relation to accessing finance to

progress investment and allow them to grow. Across programme partners there has been a recognition that a similar programme for micro-businesses, or the extension of the remit for further BGP intervention, would be welcome. This is considered to have particular significance in certain communities within Birmingham and in parts of TM.

#### Recommendation Five

9.75 The flexibility of the BGP has been one of the key components of its appeal to beneficiary SMEs. Such flexibility at times also presents problems for firms, as with flexibility comes an element of ambiguity. A key element in addressing this ambiguity has been the role of the more intensive support network involving the BGP project officers. Future programmes adopting a similar level of flexibility within their grants should ensure provision for more intensive assistance is maintained.

#### Recommendation Six

9.76 The overall BGP project application and development process has been designed to help refine projects during the application process to establish the business benefit, review costs, and aid firms in developing a robust implementation plan. Across the firms interviewed however, each project supported was an investment they had been looking at ways of progressing prior to awareness of the BGP grant offer. Whilst ensuring a clear business need and opportunity is critical here, this does present a risk that the firms benefitting from the programme are those already predisposed to pursuing development. What this means is the programme may be helping those already willing and able to innovate and develop to further enhance existing capabilities. This is not necessarily wrong. It may however be worthwhile for future interventions to incorporate some additional support, either as part of a BGP-style intervention or as a parallel programme, supporting SMEs in identifying business needs and starting the development or innovation path.

## Section 10: Conclusion

10.1 This evaluation has outlined the performance of the BGP in relation to its key objectives, defined outputs, and assessment criteria. Progress against these measures of performance have been defined through internal documents and management information, beneficiary information collected through survey and interview, and partner perspectives gathered through questionnaire and interview.

10.2 The evaluation considers progress of the programme as both a stand-alone intervention and in relation to its differing programme strands and spatial contexts.

10.3 At the broad programme level, as of the 31<sup>st</sup> January 2019 the BGP had funded 505 projects, supported 458 SMEs, committed £13.1m of grant, attracted £21m of private investment, and delivered 1,281 new jobs. The extent to which these outputs meet with the targets of the programme vary, from overachievement of the private sector leverage to falling short of the number of SMEs supported.

10.4 The principal funded programmes utilised were the Business Development Programme and the Business Innovation Programme streams.

10.5 At the LEP level, distribution between GBS, S&S and TM was consistent with the spread of SME stock across the areas in terms of projects supported. At the LA level however, there was a notable shift toward Birmingham and an underrepresentation for Bromsgrove, Shropshire, and Herefordshire.

10.6 The design of the BGP indicated consistency with some core issues identified within the programme area. The blending of addressing a key issue of access to finance with a flexible approach to the type of projects which could be supported proved relevant both for key economic development priorities for programme partners and for firms looking to secure investment for progression of their business.

10.7 This design was enhanced through a comprehensive process for delivering the integrated support package, ensuring clarity amongst partners of the purpose and role of the project and of individual the partners involved. Incorporating a more intensive form of support at the application stage proved important here, particularly in relation to the ambiguity which came with the built-in flexibility of the funding.

10.8 From the perspective of the SME beneficiaries, the programme was recognised as providing a valuable level of support which for a high proportion allowed for the progression of projects that otherwise may not have occurred. In terms of the application process and support in the development of projects, the BGP has been considered a well-designed and organised initiative. Certain consistency issues are here worthy of attention, but these occur in the minority of cases.

10.9 Job creation within beneficiary firms was a clear output of the project. Alongside this, a high proportion of participating firms believed the BGP grant had also allowed them to improve their performance and increase their turnover or profits. Accessing the grant also helped a significant number of firms enhance capabilities around innovation, product development, processes, and personnel development.

10.10 As an integrated business support intervention, one of the key components of the BGP was layering it on top of existing support provisions as an access route to the SME community in the different geographic areas covered. The BGP achieved this through building a broader partnership to create the capacity to fill specific gaps in localised provision.

10.11 The legacy of the programme from a partner perspective has emerged through both exposure to the management and delivery process involved in large and complex externally-funded programmes, thus improving internal capability, and increased levels of collaboration allowing for the enhancement of core support infrastructure alongside new partnerships in addressing identified needs amongst SME communities.

10.12 The BGP outlined six principal aims and objectives. Progress against these has occurred as follows;

10.13 In providing an integrated and comprehensive support package across the three LEPs, the BGP has displayed continuity with identified gaps in support at both firm and economy level. Distribution of projects between the LEP areas indicated a close consistency with distribution of the SME stock, although with some greater degree of variation at the locality level. The BGP model appeared to not only enhance existing business support arrangements but provide an input integral in reaching new clients.

10.14 In terms of improving business confidence, encouraging private sector investment, accelerating economic growth, and creating jobs the BGP indicated some impact. Investment leveraged through the project exceeded expected levels, and jobs created were in line with expected outputs. Multipliers created through the expansion of beneficiary SMEs are projected to create around 1,400 indirect/induced jobs and £147m GVA by 2024.

10.15 In terms of developing a competitive and sustainable supply chain related to HS2, firms benefitting from this stream indicated certain capability improvements aligned with extending supply chain relationships. The number of firms supported through this element of the programme, and thus respondents in the data collection process, were limited making extrapolation of positive effects difficult to determine.

10.16 In terms of supporting development of companies in the green economy, 77 projects were funded through the Green Bridge stream. SMEs supported through this stream indicated enhancements in relation to process and systems development and their innovation capabilities.

10.17 The broader stimulation of innovation, new products and processes, and personnel expertise was also a core objective for the programme. Whilst evidence of improvement across these outcomes was found through data collected on participant firms, in particular around systems/processes and innovation.

10.18 Firm expansion was well documented amongst participating firms. Only a small number of relocations occurred as a result of the investment, few of these resulting in any move beyond existing local authority boundaries.

10.19 As a result of the evaluation, the following recommendations are made;

- Additional focus may be required in promoting opportunities in certain localities, particularly those considered higher priority in intervention terms
- Some consistency measures around early stage support may need to be addressed
- Supporting firm-level aptitudes and capabilities may be assisted further by relaxing certain requirements around commissioning contractors in order to allow more project work to be taken on by the firm itself
- An expansion of the beneficiary group may help future programmes make a further impact, with specific focus on micro businesses. This may also address certain issues relating to Recommendation 1
- Maintaining the high level of proactive support for firms at the early stages of application would add value to future projects
- There may be the need for further support in getting firms ready for the application stage, in terms of helping active firms identify growth opportunities

## Appendices

### Appendix 1: evaluation activities and timetable

Criteria	Activity	2017			2018			Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	
		Sep	Oct	Nov	Dec	Jan	Feb														Mar
Programme concept, design and development	Documentary Analysis																				
Programme concept, design and development Engagement across the 3 LEP areas and partnership working Effectiveness of delivery arrangements and methods adopted Appropriateness of marketing activity	Process review																				
Application process Effectiveness of programme delivery and the contribution by delivery partners Effectiveness of referral mechanisms employed	Partner / Stakeholder Interviews																				
Engagement across the 3 LEP areas and partnership working Effectiveness of delivery arrangements and methods adopted Appropriateness of marketing activity	Partner / Stakeholder Interviews																				
Application process Effectiveness of programme delivery and the contribution by delivery partners Effectiveness of referral mechanisms employed	SME Beneficiary Interviews																				
Awareness of programme and beneficiary engagement Application process Suitability, effectiveness and take up of the programme Examination of the programme impact in relation to other funded support available Provide a number of in depth subjective case studies with participating businesses	Programme Outputs																				
Effectiveness of delivery arrangements and methods adopted Awareness of programme and beneficiary engagement Suitability, effectiveness and take up of the programme Effectiveness of programme delivery and the contribution by delivery partners Effectiveness of referral mechanisms employed Results and outputs achieved Examination of the programme impact in relation to other funded support available GVA and economic impact of intervention	SME Diagnostic																				
Provide a number of in depth subjective case studies with participating businesses Succession planning recommendations Lessons to be learnt	Analysis of Data																				
Present final report	Final report																				

TY

**Appendix 2: SME questionnaire**

<u>Question</u>	<u>Form</u>
The Business Growth Programme was well promoted and information was easy to access	Likert
Clear information was available on how the BGP could support my business	Likert
We received support and encouragement in considering our BGP application	Likert
This support and encouragement came from (partner list)	Multiple Choice
Clear information was available on how to progress our interest in the BGP when discussing and planning our application	Likert
The application process for the BGP was clearly explained, straightforward, and transparent	Likert
Throughout the application process, I was aware how my application was being progressed	Likert
The obligations for my business attached to BGP support were clearly explained and easy to understand	Likert
BGP funding has allowed important investment in the business	Likert
BGP investment has allowed the business to pursue and progress our business plan / objectives	Likert
Clear guidance and support was available through the application, implementation and claims process	Likert
BGP investment has helped us achieve our business goals	Likert
Investment in the business would not have happened without the BGP support	Likert
Only minor amendments were required to our project through the application process	Likert
The BGP application process helped enhance our business plan	Likert
The application process required us to make substantial changes to our proposal	Likert
Following BGP investment, the business has increased its workforce	Likert
Following BGP investment, the business has improved its performance	Likert
Following BGP investment, the business has increased its networks	Likert
Following BGP investment, the business has increased its knowledge base	Likert
Following BGP investment, the business has increased its turnover/profit	Likert

How many jobs have been created in the firm as a result of BGP investment?	Numeric
How many further jobs do you expect to create in the firm as a result of BGP investment?	Numeric
How many of these jobs would have occurred without the BGP investment?	Numeric
Has the firm relocated part or all of its operations since accessing BGP support?	Y/N
Has this relocation seen you move into a new local authority area?	Y/N
If so, which new local authority area?	Text
Has BGP investment led to you redeploying resources (e.g. employees, investment) from other parts of your business?	Y/N
If employees, how many?	Numeric
If resources, please describe	Alpha
BGP investment helped us to address a key barrier limiting our growth/development	Likert
BGP support has allowed us to increase our focus on innovation	Likert
BGP support has allowed us to increase our focus on product development	Likert
BGP support has allowed us to increase our focus on process or systems development	Likert
BGP support has allowed us to increase our focus on management/personnel development	Likert
Prior to BGP support, have you previously accessed any Government or Government-funded support?	Y/N
Access to prior support played an important role preparing our business for its BGP application	Likert
How could the programme have been improved?	Alpha

**Appendix 3: Partner questionnaire**

<u>Question</u>	<u>Form</u>
Support provided by the BGP addresses a key issue to SME development in our area	Likert
BGP aims and objectives are consistent with those of our local economic (development) strategy	Likert
Businesses are interested in the support and opportunity presented by the BGP	Likert
BGP support complements and/or enhances existing business support in the area	Likert
BGP has been well promoted and marketed in our area	Likert
Promotional material and beneficiary guidance has been made available	Likert
Awareness of the BGP in our area has been good	Likert
The BGP delivery process has been clear and consistent at all times	Likert
The BGP application process is clear to me	Likert
The BGP application process has been clear to businesses in our area applying for the support	Likert
The referral process for enquiries and applications to the BGP has been effective	Likert
Describe your organisation's role and responsibilities in delivering the BGP	Open text
Describe BCC management teams role in delivering the BGP	Open text
Business support partnerships for the area have been enhanced through the BGP	Likert

**Appendix 4: Private sector leverage rates**

	<u>Leverage Rate</u>
Business Growth Programme	£ 1.61
Business Innovation Project	£ 1.15
Business Development Project	£ 1.83
Greenbridge Supply Chain	£ 1.85
HS2 Supply Chain	£ 1.19
Birmingham	£ 1.86
Bromsgrove	£ 1.66
Cannock Chase	£ 1.30
east Staffordshire	£ 1.06
Herefordshire	£ 1.66
Lichfield	£ 0.86
Newcastle-under-Lyme	£ 0.81
Redditch	£ 1.92
Shropshire	£ 1.33
Solihull	£ 1.24
South Staffordshire	£ 0.94
Stafford	£ 0.93
Staffordshire Moorlands	£ 0.87
Stoke-on-Trent	£ 1.17
Tamworth	£ 1.86
Telford & Wrekin	£ 1.81
Wyre Forest	£ 1.04
GBS LEP	£ 1.75
S&S LEP	£ 1.14
TM LEP	£ 1.60