

NEW ANGLIA GROWTH PROGRAMME EVALUATION

January 2016

Paul Braidford, Gordon Allinson and Maxine Houston
Policy Research Group
Michael Butler
Aston University

Contents

Executive Summary.....	3
1 Introduction	5
1.1 Evaluation.....	6
1.2 Methodology.....	6
2 Acquisition of customers	9
2.1 Engagement and awareness	9
2.2 Recommendations by previous clients	12
2.3 Interview findings.....	14
3 Satisfying customers	17
4 Helping customers to grow.....	23
4.1 Progress against targets.....	23
4.2 Growth in client businesses	25
4.3 Small Grants Scheme.....	26
4.3.1 Approved grant applicants.....	26
4.3.2 Declined or discouraged applicants.....	29
4.3.3 Processes and impacts	29
4.3.4 Partner interviews.....	31
4.4 Start-up support	32
4.4.1 No business ownership when entering programme	33
4.4.2 Already running a business	35
4.4.3 Gross impacts.....	36
4.4.4 Partner interviews.....	36
4.5 Innovation Vouchers	37
4.6 Non-intensive support	41
5 Use of resources and value for money	43
5.1 Partnership working.....	43
5.2 Value for money.....	44
5.3 Suggestions for more effective delivery and partnership working.....	45
6 Future progress.....	48
6.1 Proposed new delivery model	50

Executive Summary

The New Anglia Growth Programme was established in March 2014, supported by the Regional Growth Fund (RGF) to help cities enable access for businesses to both national and local support. This evaluation aims to (i) understand how effective the current delivery model has been and (ii) whether it remains appropriate in the emerging business support landscape, through a review of monitoring data, an online survey of support recipients, and interviews with businesses and partners.

Main findings

The Hub has met or exceeded most of its main targets in terms of engagements, referrals, start-ups and grant expenditure in the year to June 2015. Acquisition of customers has also been effective, with 3,133 businesses engaged, compared to a target of 3,000, with good use made of partners and events as routes to engagement, with the majority of clients likely to recommend the Growth Hub to their contacts (83% of intensively-assisted businesses).

There has also been success at converting these to use of business support, with 2,174 referrals compared to a target of 700, and 864 businesses in receipt of in-depth assistance, compared to a target of 750:

- The Small Grants Scheme disbursed £1.57m of its £1.65m target to 97 recipients, and leveraged in £8.7m of private sector match funding, above the target of £6.6m. This latter figure implies that the level of match has exceeded the target of 80%, with the average being 82%. The scheme has created 200 jobs (gross) with an average cost per new job of £7,850 (compared to the target of one job per £10,000 grant), representing excellent value for money. This converts to GVA of £9.14m, equivalent to a return of £5.82 on every pound spent. Additionality is high, with very few respondents noting they would have been able to raise alternative finance and accomplish similar outputs wif they had not received a grant.
- Start-up Support achieved 292 new start-ups, above its target of 280, with 212 additional jobs (gross) created and 158. The average cost per start-up has been £3,421, again representing good value for money. Additionality derives more from improving the quality of start-ups than actually helping people to start-up *per se* - most reported that they would have established a business anyway.
- The Innovation Vouchers scheme is the only one of the three to have greatly missed its target, with only 22 vouchers issued, compared to the target of 100. Those who received a voucher generally obtained a good outcome, and were often keen to carry on working with the universities involved.

Clients satisfaction

Clients have generally been satisfied with the services on offer. Most users praised the knowledge, skills and guidance of the advisers, with users of intensive services commenting on the efficiency of the process and the lack of red tape. There were somewhat higher levels of dissatisfaction expressed with the *external* support signposted to, in terms of its relevance to business needs and its quality, compared to the high levels of satisfaction with

the Growth Programme services themselves: 70% of intensive users reported that their expectations had been met or exceeded, and 75% were fairly or fully satisfied. For non-intensive users, the respective figures were 31% and 37%. Interviews showed that among the latter group, satisfaction with the Growth Hub advisers themselves were higher, as opposed to the external support deliverers.

Delivery and partnership working

The partnership approach to delivery has worked effectively, with a wide range of delivery organisations involved, good links to the national schemes, and a developing CRM system. Partners could feed in their priorities and comments, and felt that the way in which the Growth Hub operated filled a gap in the area, and helped to free up their time for other priorities. The first year of operation was regarded as inevitable developmental, with the Growth Hub building up a higher profile, but also leaving a solid foundation on which to build. The method of delivery, with advisers visiting businesses, was seen as effective, and feedback from businesses to partners has generally been good.

Suggestions for progress and delivery enhancements

The proposed new model addresses (i) weaknesses in the existing programme (e.g. replacing the innovation voucher scheme with specialised advice, more integrated working with districts); and (ii) introduces new elements which should help to streamline and simplify support, improve signposting, enhance the range of support for SMEs in the locality and provide more comprehensive information, track the journey more effectively and better target support (e.g. dedicated support for rural businesses and social enterprises, supply chain and mentoring initiatives, development of the CRM, greater support to maintain the website).

Recommendations for future work include:

- Develop a clear, transparent (but flexible) referral process, based on a model of how businesses at different stages are likely to grow, the characteristics and triggers for growth and/or different business needs, and how/where advisers would refer and signpost them.
- Consultations with deliverers and other partners about the form of the specialist advice service, catalogue the detailed services of each deliverer, and how best to match that with business need. This would also better inform referrals and signposting in general. In particular, how the Growth Hub encourages innovative activity should be considered.
- Ensure that referrers into the Growth Hub provide clear and accurate information, and that they do not raise expectations of potential clients unduly, which would be likely to lead to dissatisfaction.
- Greater scrutiny of the quality of services offered by providers, to ensure appropriate referrals and a higher level of satisfaction.
- Consideration of the most appropriate targets for the specialist advice strand, especially whether an employment target should be weighted so heavily.

1 Introduction

1.1. The New Anglia Growth Programme was established in March 2014, as part of the Wave 2 City Growth Hubs (W2GH) Programme, supported by the government's Regional Growth Fund (RGF), to help cities provide locally-based business support enabling access to both national and local support up to June 2015.

1.2. The programme covers the New Anglia Local Enterprise Partnership (NALEP) area and is managed by Lancaster University. The programme has three key objectives:

- Design and implement a business support and brokerage service which provides the first stop for SMEs in the NALEP area, which are looking for help to develop and grow.
- Design and implement a scheme of small, revenue grants which encourages and supports SMEs to implement their business plans, resulting in jobs growth.
- Establish the partnerships and working practices for future development of the growth hub based on customer needs, UK and European funding opportunities and commercial income.

1.3. There are four main aspects to the programme:

- a **Growth Hub** (£750,000 of funding), to provide SMEs with a 'no wrong door' route for accessing business support available nationally and locally, via (i) a web portal, which notes sources of local and national support provision; (ii) a dedicated telephone helpline; (iii) linking in to the National Business Support Helpline; and (iv) via a team of business growth advisers, providing a face-to-face signposting service each within their designated area (based on local authority boundaries). The hub works and co-ordinates activity with a range of local and national partners and providers. To ensure support delivery is appropriate and relevant for each SME; a common CRM system, with data sharing, is in the process of being developed to aid this process, and facilitate joined up support provision and identify gaps and duplication. The responsible body for the Growth Hub is Suffolk Chamber of Commerce, on behalf of the LEP. Promotion has taken place through attendance at local business events, social media, partners and business networks. BIS funding has sustained growth hub activities until December 2015.
- The **Innovation vouchers scheme** (£110,000) enabled SMEs to work with one of the three local universities, to help them become more innovative, through providing match funding.
- The **pre start and start up programme** (£975,000) provided by the NWES and MENTA enterprise agencies offered one-to-one support and workshops to help new business formation.

- The **small grant scheme** (£1.66m) provided a grant of between £5,000 and £25,000, to fund up to 20% of a larger project to support business growth, with each £10,000 of grant funding intended to generate at least one new job. The scheme has continued with funding from the Growth Deal, as part of a larger Growing Business Fund project,

1.1 Evaluation

1.4. This evaluation aims to (i) understand how effective the current delivery model has been in fulfilling the role of a growth hub and (ii) whether it remains appropriate in the emerging business support landscape or if other methods would be more cost-effective and customer-focused. It examines progress in terms of:

- Acquiring customers
- Satisfying customers
- Helping customers to grow
- Making efficient use of public and private resources
- Providing value for money
- Streamlining business support services and avoiding duplication with other providers

1.5. It will also highlight areas of good practice which can be carried forward and weaknesses that need to be eliminated or countered to make it more effective and more cost-effective.

1.2 Methodology

1.6. The evaluation had three phases, conducted during August-September 2015:

- Analysis of existing statistics on the Growth Hub and Growth Programme, and comparison with other areas (including data on impacts of similar programmes, if available).
- An online survey of businesses engaged by the Growth Hub, covering users of the three more intensive services (grants, start-up support and innovation vouchers), those signposted to other support and those engaged by the programme but not using support. The survey covered process issues, customer satisfaction and outcomes/impacts. In many cases, support had been used relatively recently, meaning that there was often little final impact data (for example, it was acknowledged that recipients of grants would need some time to use the grant and recruit new employees).

- Interviews with both partners and business users, the latter being sourced from respondents to the online survey. Again, these covered processes and impacts, and also how support in the New Anglia LEP area could be made more effective in the future.

1.7. The online survey achieved 206 valid responses from 3,058 emails - a response rate of 6.7%. While this is relatively low, it is not unusual for online surveys, and the original email list included all those engaged in any form by the Hub, whose motivation to complete the survey would lower.

1.8. Within those responses, 200 were from within the NALEP area, with some representation from every local authority area (Table 1), as well as six from outside the area (which are included in the survey results). King's Lynn and West Norfolk is the most under-represented area, while Ipswich, South Norfolk and Norwich are over-represented - following similar patterns to Growth Hub engagements more generally, which suggests where initial efforts at outreach were concentrated. The sectoral and size distribution of survey respondents is shown in Table 2. There is representation from most sectors and employment size bands, with a concentration in the smaller sized services firms, as is found in the wider economy. Approximately half of respondents utilised one of the three schemes offered by the Growth Programme (Start-up Support, Innovation Vouchers, Grants), with the remainder utilising less intensive support.

Table 1 Geographical distribution of online survey responses

	ONS business numbers	Growth Hub engagements	Survey responses
St. Edmundsbury	8.0%	6.7%	4.0%
Mid Suffolk	8.0%	8.0%	7.0%
Forest Heath	4.0%	3.0%	6.0%
Suffolk Coastal	9.0%	9.1%	4.5%
Ipswich	7.0%	9.8%	12.0%
Babergh	6.0%	5.7%	7.0%
Waveney	6.0%	5.9%	9.5%
King's Lynn and West Norfolk	9.0%	5.1%	2.0%
North Norfolk	7.0%	5.4%	3.5%
Broadland	7.0%	8.0%	4.0%
Great Yarmouth	5.0%	3.6%	3.5%
South Norfolk	8.0%	11.4%	16.5%
Breckland	8.0%	7.6%	7.5%
Norwich	8.0%	10.7%	13.0%

Source: online survey; n=200, excludes 6 responses from outside the NALEP area (3% of survey responses, compared to 4.3% of engagements)

Table 2 Sectoral and size distribution of online survey responses

Employment	No employees	1-4	5-9	10-19	20-49	50+
Primary	1.5%	2.4%	1.5%	1.0%	0.0%	1.0%
Manufacturing/ construction	2.9%	2.4%	1.5%	4.9%	3.4%	4.9%
Services	19.4%	23.3%	13.6%	4.9%	4.9%	2.9%

Source: online survey; n=206

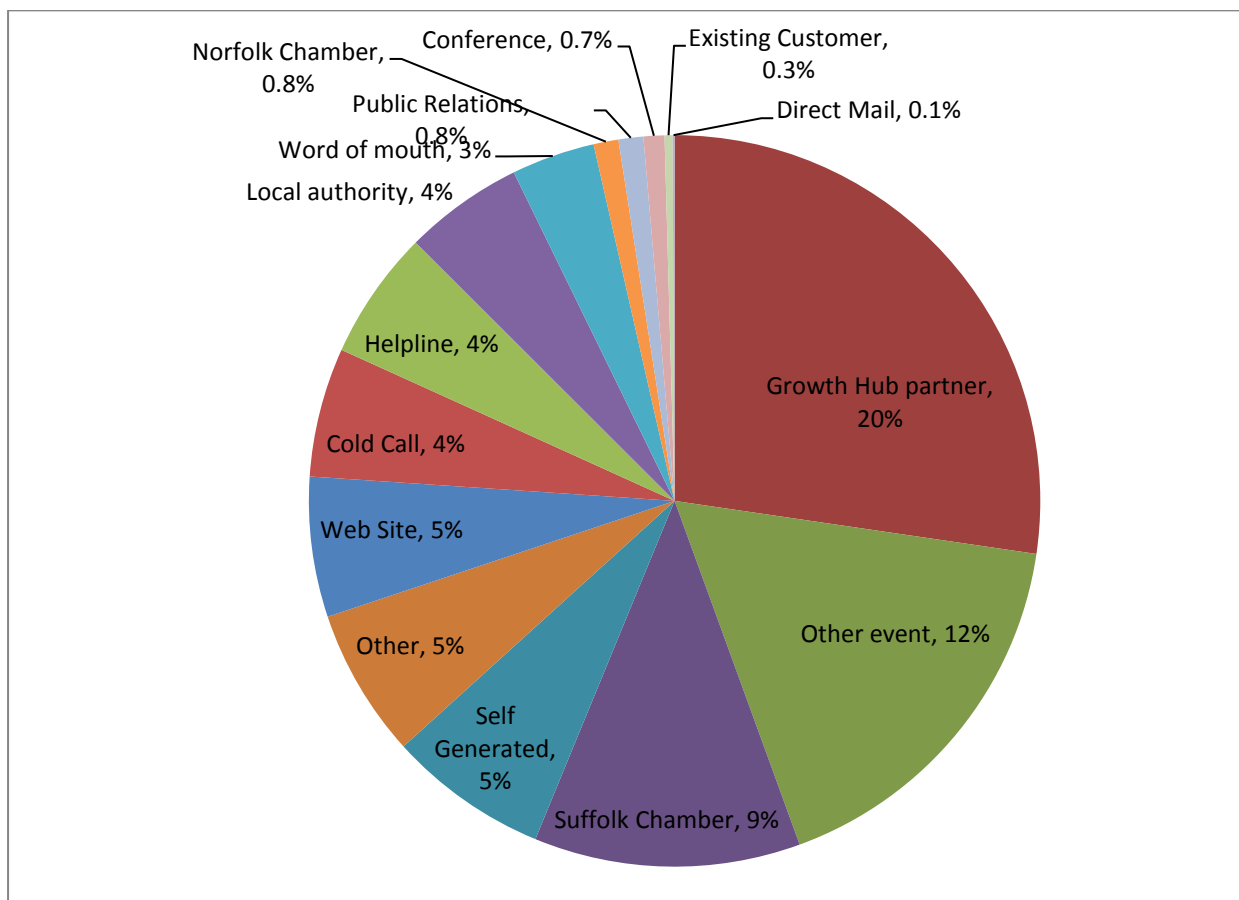
1.9. Interviews were conducted with 17 businesses, drawn from respondents to the online survey who agreed to be recontacted, including users of all three intensive services, and clients who had only used the diagnostic and signposting service, from a range of areas in Norfolk and Suffolk. Interviews were also conducted with 14 partner organisations, including support delivery organisations, universities, local authorities and business representative organisation.

2 Acquisition of customers

2.1 Engagement and awareness

2.1. New Anglia Growth Hub commenced operations in July 2014. In total, to the end of June 2015, the Hub had engaged in some way with 3,133 businesses in the NALEP area or beyond. The source of leads was unknown in 856 of these cases (27.3% of the total). For the remaining 2,277 businesses, Figure 1 Source of leads for Growth Hub clients source of leads is shown in Figure 1.

Figure 1 Source of leads for Growth Hub clients



Source: analysis of Growth Hub data; n=2,277

2.2. This clearly shows that the main source of leads is via partner organisations (39% including the Chambers and local authorities), followed by engagement through events (13%), where the Hub team has been highly active: up to mid-May 2015, the team had participated in 296 events. Very few leads have been generated to date by online information or word of mouth; however it should be anticipated that these sources will increase in importance in the future, as the local profile of the Hub increases, and the past client base increases and recommends its services to business contacts. Evidence from the online survey suggests this is likely to be the case (see below for further detail).

2.3. As of June 2015, the Hub had engaged 1,323 businesses in terms of providing signposting or more intensive support, many having accessed Hub services multiple times (Table 3. Of these, 864 had accessed one of more of the three] intensive support programmes on the Growth Programme (start-up support, innovation vouchers or grants); this includes those which had applications declined, and those who started the process but later withdrew).

Table 3 Engagements of businesses through signposting or intensive support

Number of engagements per firm	Number of firms	Total number of engagements
1	913	913
2	210	420
3	83	249
4	58	232
5	31	155
6	12	72
7	6	42
8	4	32
9	3	27
10	1	10
11	2	22
Any	1,323	2,174

Source: analysis of Growth Hub data

2.4. These outputs are above the stipulated target (engagement with 3,000 businesses, 700 referrals, 750 users of in-depth, intensive assistance). This indicates that the Growth Hub (i) has been successful at engaging businesses through a variety of sources; (ii) has begun to build an effective partnership which refers potential clients to the Growth Hub; (iii) has made effective use of events and face-to-face engagement of business owners in order to deliver potential clients and, (iv) in particular, been successful at converting engagements into more intensive use by SMEs of business support.

2.5. Confirmation of the importance of events, partners and word of mouth recommendations as sources of awareness was provided by the online survey, shown in Table 4,

Table 4 Source of first awareness of Growth Hub/Programme

	Intensive	Non-Intensive	Either
Recommendation from business contacts or friends or family	26.2%	14.7%	20.7%
At an event	18.4%	15.8%	17.2%
Direct referral/provision of information from business adviser	17.5%	7.4%	12.6%
Cannot remember	9.7%	15.8%	12.6%
New Anglia Website	3.9%	15.8%	9.6%
Social media	8.7%	5.3%	7.1%
Old' media (press, TV, radio etc)	3.9%	4.2%	4.0%
Via a trade association	1.9%	1.1%	1.5%
Direct mail (brochure/flyer etc)	-	3.2%	1.5%
Other	9.7%	16.8%	13.1%

Source: online survey; n=206; 'non-intensive' in this and subsequent tables/graphs includes those diagnosed and signposted, or those engaged

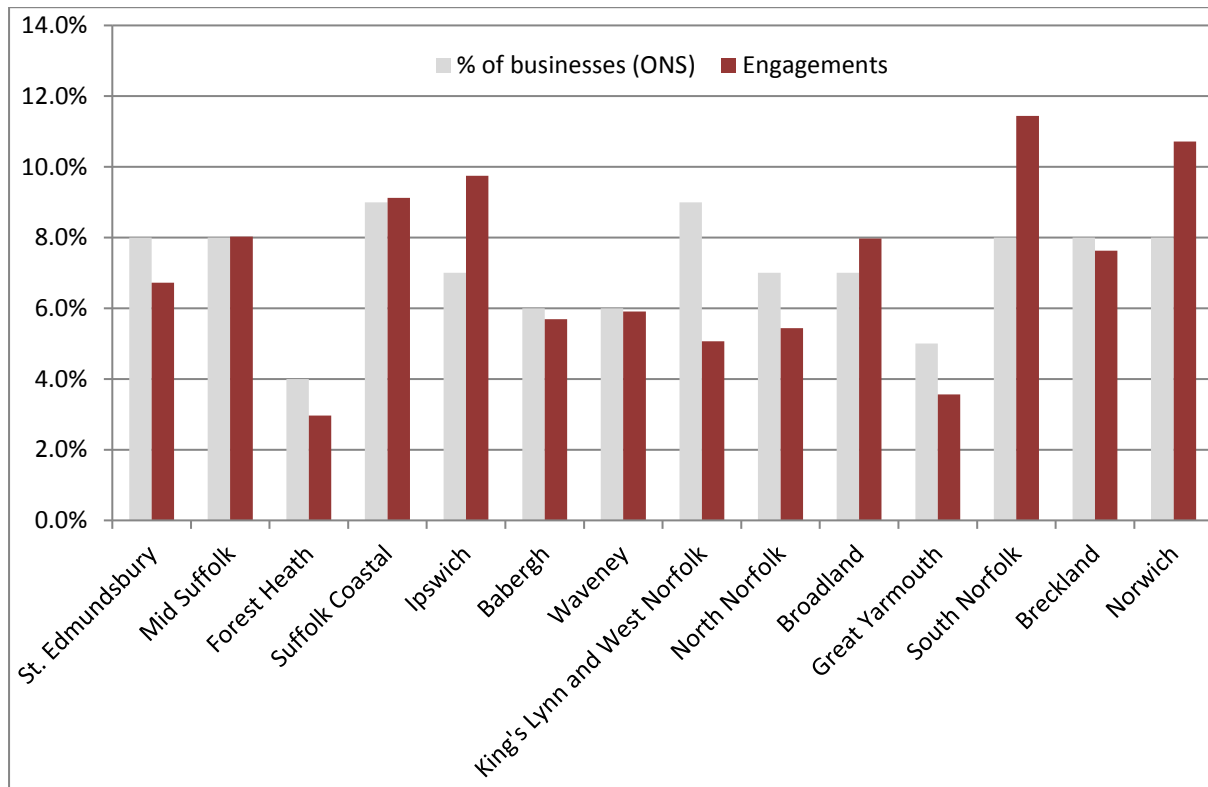
2.6. In the majority of cases, the 'other' source of awareness was prior involvement with other parts of the business support system (local councils, representative bodies etc) - i.e. most of the 'other' category can be counted as very similar to the 'recommendation' or 'referral' categories, further increasing the importance of these sources.

2.7. This applies more so to users of the three intensive schemes, particularly in terms of recommendations through contacts or a referral from an adviser. This suggests that those which go on to use intensive services are already well networked and more likely to be in touch with the business support system prior to utilising hub services. By contrast, users of non-intensive services were substantially more likely to learn of the Growth Hub through the website, indicating more casual use of business support, or greater reliance on casual searches for support. This indicates that the appeal to use the more intensive services could potentially be increased, and/or that more could be done to encourage greater use of networks or business advisers to promote the hub.

2.8. Looking at engagement using other relevant metrics, the pattern by district is reasonably close to the pattern of the actual distribution of businesses, as shown in Figure 2 (which does not include the 143 companies which gave an incorrect postcode or are outside the NALEP area, including a small number which are overseas). The main areas of divergence are in King Lynn and West Norfolk (where there has been under-engagement), and South Norfolk. Norwich and Ipswich, where engagement has been highest compared to the actual number of businesses. Even in those cases, however, the difference between the

actual proportion of businesses and the proportion of engagements is relatively small. Furthermore, engagement in most areas has been improving steadily as the number of advisers has increased, and the team has attend events throughout the NALEP area. As such, engagement by area has been reasonably good, and is likely to be improving as time goes on.

Figure 2 Comparison of engagements to proportion of business



Source: analysis of Growth Hub data; n=3,200

2.9. Looking at sectoral engagements, a good range of businesses from a variety of sectors has been engaged; however, judging the distribution of engagements compared to the actual distribution of businesses in the NALEP area is complicated by the fact that not all support options are open to all sectors, and there is a large number of records lacking sectoral data.

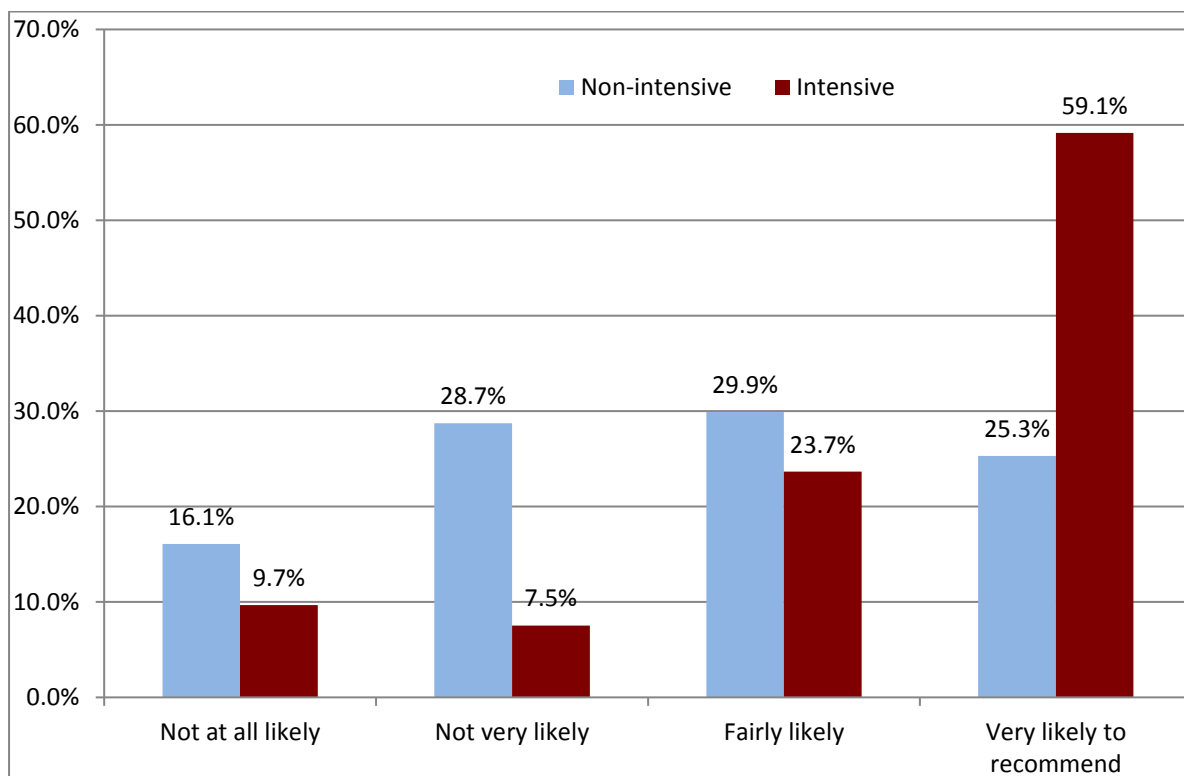
2.2 Recommendations by previous clients

2.10. Given the importance of networking as a source of awareness of the Hub, the likelihood of past clients recommending the Growth Hub to their contacts is highly important. This is shown in Figure 3, disaggregated by the type of service used. Given that satisfaction is higher for intensive than non-intensive users (see Section 3), it is unsurprising that this group are statistically significantly more likely to recommend the Hub, with 83% of intensive users being very or fairly likely to make recommendations, compared with just over half (55%) of less intensive users. In other words, those who used only the diagnosis and signposting services were more likely than not to make positive recommendations, but

only just. From the business interviews, however, a more nuanced picture emerged. with two key concerns motivating caution in making recommendation among the less intensive users:

- i. there appeared to be nothing suitable or appropriate for their business needs (either at all, or because of eligibility issues or the way in which a scheme was structured, such as having to pay out upfront from the business before reclaiming grants). This fuelled a perception that there was relatively little available in a suitable form for business like their own, limiting the likelihood of making recommendations.
- ii. the services they had been referred to were either not suitable or delivered poorly.

Figure 3 Likelihood of recommending Growth Hub/Programme to business contacts



intensive n=93; non-intensive n=87

2.11. In both of these cases, the overwhelming majority of business respondents regarded the Hub advisers as having been professional, friendly and knowledgeable, taking sufficient time to get to know the business and its needs. They generally regarded the difficulties the business encountered as outside the Hub's control, stemming from a lack of funding to deliver the appropriate support for their needs, or ascribing fault to the delivery organisation rather than the Hub - i.e., as several noted, they regarded the advisers as performing a good job under less than ideal circumstances. Those who were less likely to recommend the Hub noted that it was these external circumstances which made them hesitate, rather than anything intrinsically wrong in the Hub's services. In online responses,

there is only a very small minority who criticise the advisers directly, several of which also acknowledge that they have heard from other owners that there has been subsequent improvement. This evidence suggests renewed publicity and direct contact with previous clients about changes in the Hub, and how the proposed new funding regime may change this situation, may well encourage previous clients to recommend the hub advisers more strongly, to more contacts.

2.3 Interview findings

2.12. There is a wide range of views among partners and interviewed businesses about the profile of the Growth Hub and the Growth Programme offerings among SMEs. However, virtually all agreed that the most relevant intermediaries are aware of the service and what it offers, enabling them to effectively refer SMEs as necessary. The Growth Hub is therefore well on the way to establishing a 'no wrong door' entry system to business support, such that for many or most support needs it is usually the first point of referral by many partners (unless they consider that they themselves can offer a relevant service to business needs, such as a local authority helping an SME seeking advice about relocation).

2.13. Raising awareness among SMEs themselves is arguably slightly less important; most partners felt that the Hub had made great efforts to engage SMEs already, in the relatively short length of operation to date. Awareness will slowly grow over time; via word of mouth recommendations, the substantial effort by advisers and others to ensure that there is a presence at as many business events as possible (as shown above, two of the most important methods to grow awareness), and a social media and web presence. However, ten business respondents to the online survey noted that they felt that the service should be publicised to a greater extent. This was the most common recommendation among intensive users in response to a question on how to improve the service, and suggests that they feel that SMEs which can benefit from the good service they received are insufficiently aware of its existence.

2.14. Opinions among partners about the degree to which SME owners were already aware of the existence of the Growth Hub and Growth Programme, or the range of services offered, varied, but all agreed there had been a solid start on which to build further growth. All noted that they were committed to continue growing the client base through referrals and recommendations, providing a platform for engagement through a Hub presence at their events, and publicising the Hub and its services through both old and new media channels (Twitter, email, newspapers, business magazines etc). Several noted that it should be as clear as possible that the Hub is not a 'flash in the pan' government initiative, but is intended to be an ongoing service for local businesses - this was intended to encourage use and deter cynicism by SMEs who have seen many short-lived government initiatives which have been perceived to have achieved relatively little. This is regarded as an essential element in drawing clients which may previously have been wary, countering their cynicism that the Hub is a token gesture. Interviews with businesses largely confirmed this to be the case, with the LEP in general (and central government) often being regarded with a more cynical view than the Growth Hub, which is generally regarded as offering a good service

under relatively difficult circumstances - primarily having a large task to deliver services within what is presumed to be a small budget, forcing a prioritisation on services which deliver growth and jobs (explored further in Section 3 below on customer satisfaction).

2.15. In terms of where action could be taken to enhance customer acquisition and deliver more effective services, several partners (as well as several businesses) specifically noted that they felt the online portal was not as effective as it could be not only in raising awareness of the Growth Hub (particularly in terms of clarifying the offer, rather than making SMEs aware of its existence per se), but also in offering support online, simply producing a long list of possible sources of support for a given topic. One noted that there was a clear need to have a named person responsible for maintaining the list of support organisations, including classifying the type of support offered and the SME need(s) it would be able to address. This links in to comments by several partners that engagement and operation would be aided by developing a clear model for intervention, enabling more effective diagnostic and referral (discussed further below). The suggestion that a named person should be responsible for maintaining and updating the website is one that should be addressed under the new delivery model, and is clearly important given the potential importance of an online directory as a first port of call before contacting the Growth Hub directly - if the website is out of date, or gives wrong information, confidence in the Growth Hub will be diminished.

2.16. Several partners went further, noting that unless an SME was already aware of the Hub's existence, it could be hard to find it, or other local support, online. That may be slightly exaggerating the situation, but it is worth noting that Googling 'business support Norfolk' or 'business support Suffolk' produces a link to the LEP on the first page, but not the Growth Hub directly (which is on page 2, for both search terms). To some extent, this backs up comments from businesses, and reiterates the need to engage businesses by a variety of means.

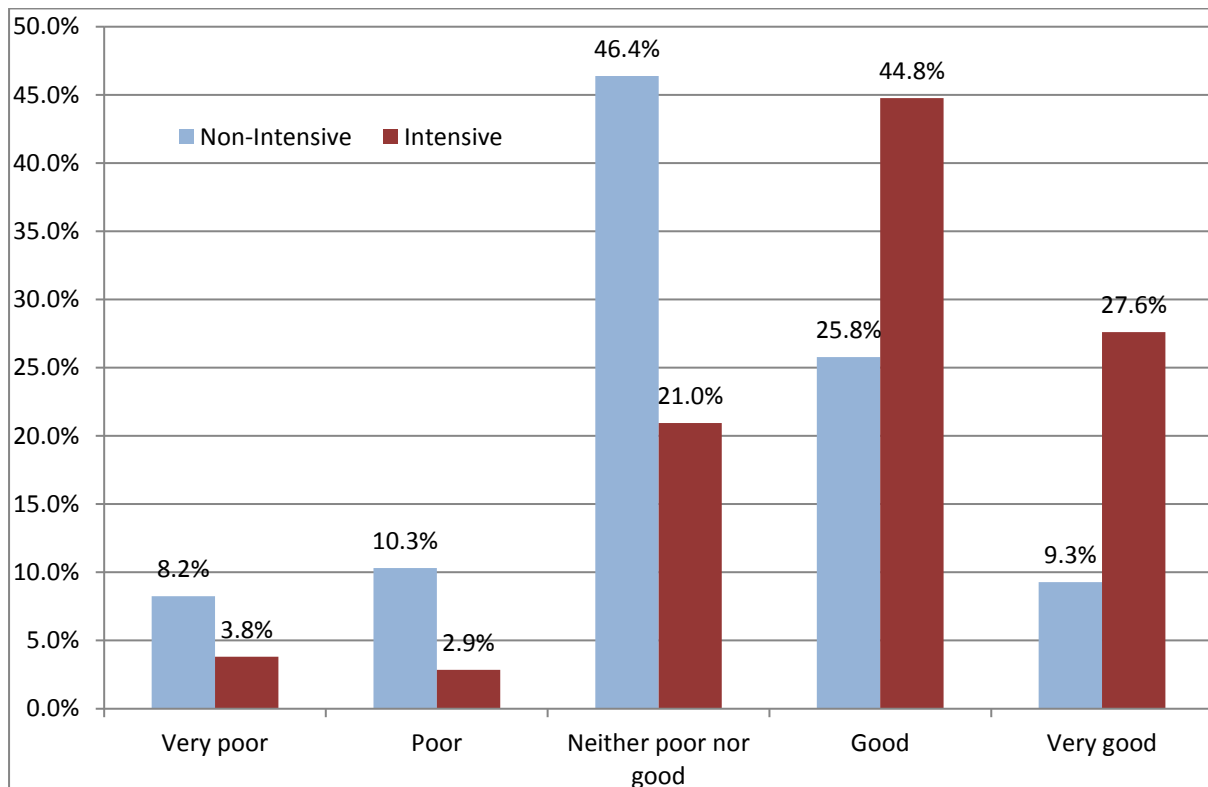
2.17. In general, this evidence suggests the need for improvements to the website, in terms of its design and functionality (looking at other Growth Hub websites, Cumbria, for example, is more appealing) and SEO strategy (Cumbria, again, is a good example, with the growth hub website being the top link). Many interviewed businesses had only had a cursory look to the website, regarding it as mainly useful to look up contact details for the hub, or similarly routine tasks. Few had used the support directory, or were aware that it was on the site, or that the site offered other functions, such as a list of forthcoming business events.

2.18. It is fair to say that the main emphasis of the Hub is to encourage greater interaction with the advisers, and the Hub fulfils the basic functions in this regard well, but several interviewees also pointed out that there is only a limited number of advisers covering a larger rural area; upgrading the functionality of the website may help relieve some pressure on advisers, and provide a preliminary indication of what sort of support the business needs, and where it may be located.

3 Satisfying customers

3.1. The divergence in attitudes between intensive and non-intensive users noted above is also found in a range of measures of customer satisfaction, with intensively assisted clients being more positive. Only a minority of both groups feel that diagnosis and signposting was poor or very poor, with diagnosis in particular receiving a very small number of negative ratings from either group. (Figure 4).

Figure 4 Quality of diagnosis of business needs

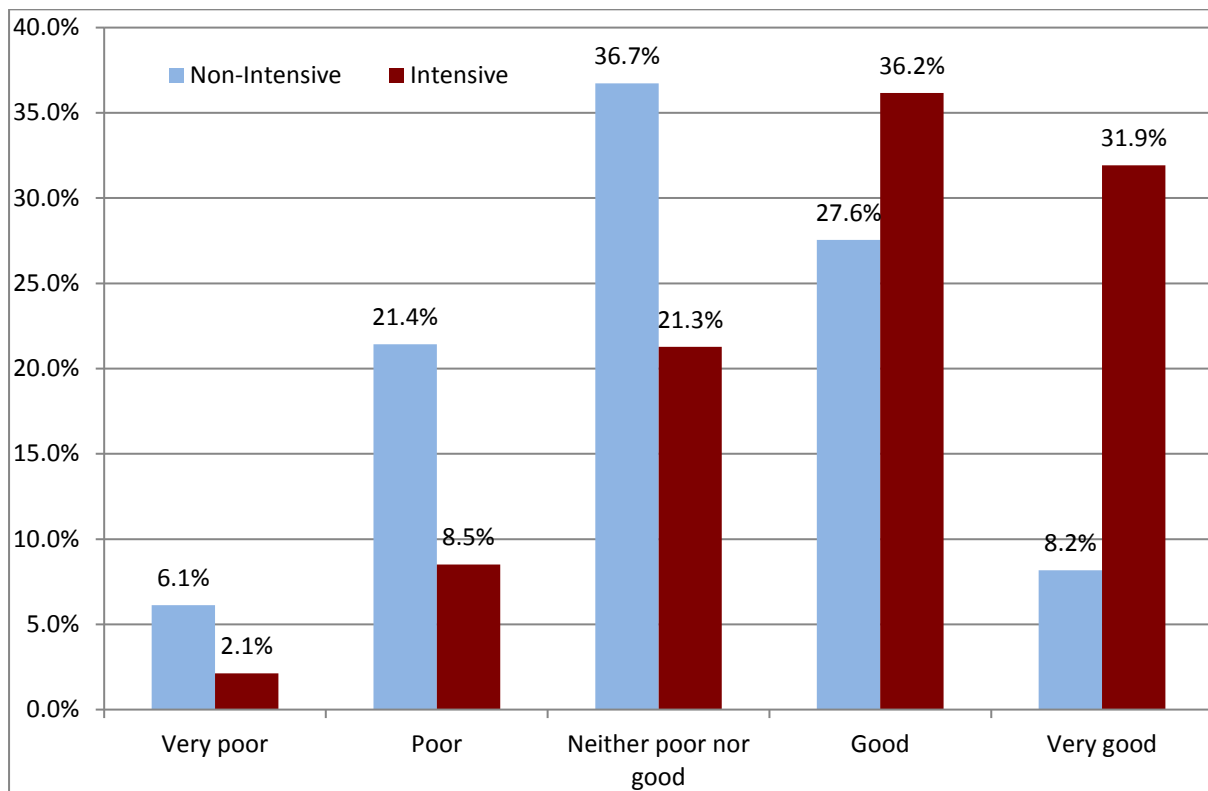


Intensive: n=105, non-intensive: n= 97

3.2. Signposting received slightly poorer ratings than diagnosis, for the reasons noted above (poor service of perceived lack of certain types of support) (Figure 5). Again, businesses tended to acknowledge that they did not fault the advisers, who were praised for their skills and knowledge, and for doing their best to match needs to available support.

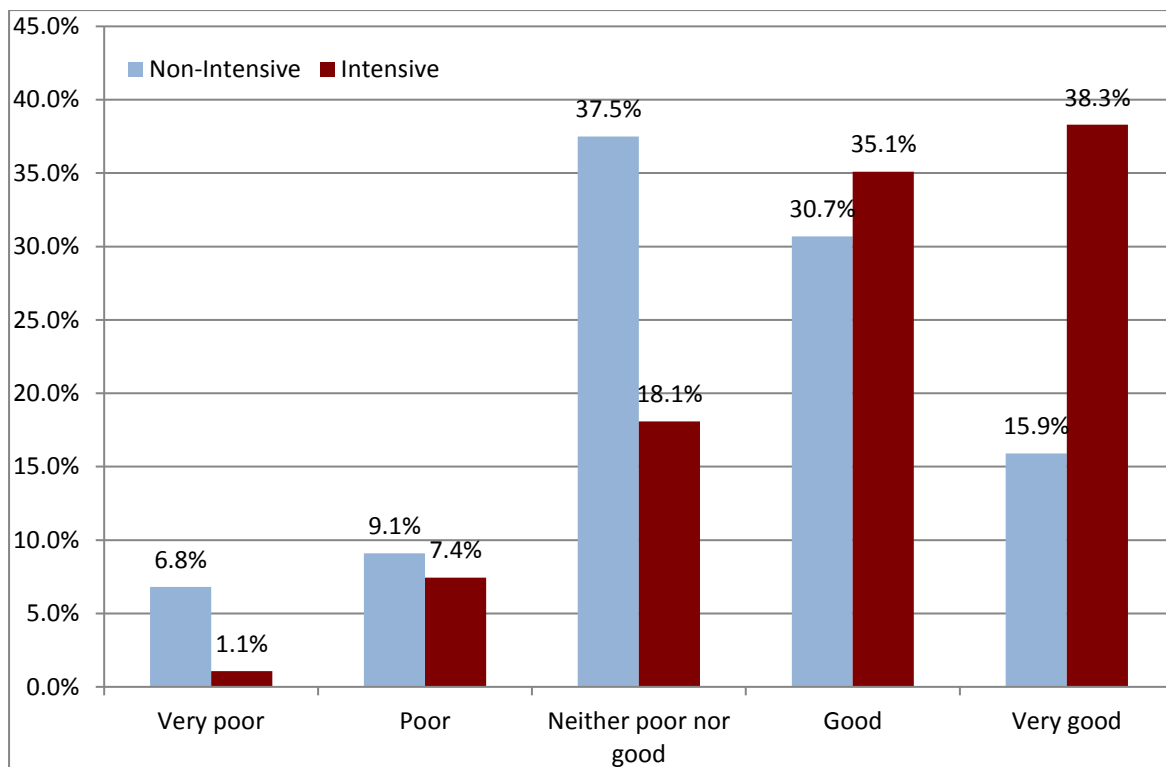
3.3. A similar pattern was also found when looking at the quality of the written information and advice given about support (Figure 6), verbal information (Figure 7) and the efficiency of the whole process (Figure 8), with few respondents rating these aspects as poor, and intensively assisted clients more positive about the way in which advice and information is delivered.

Figure 5 Quality of signposting to business support



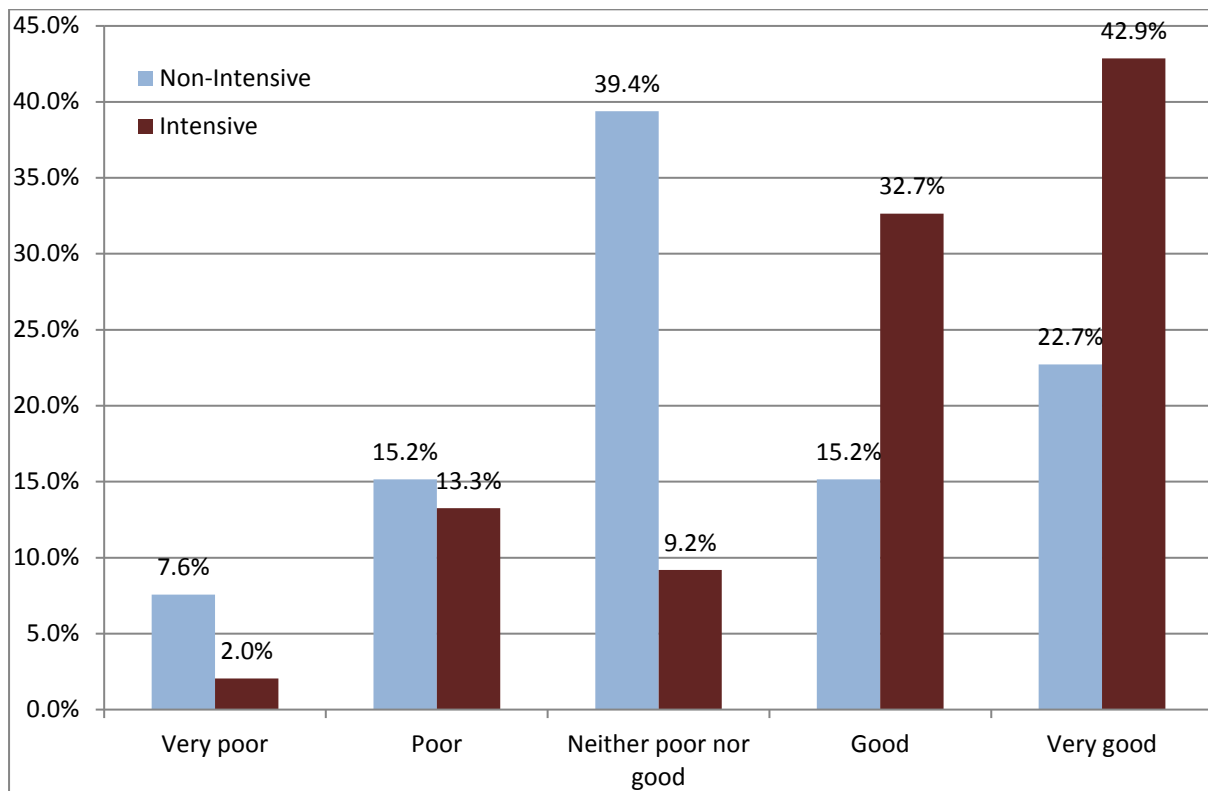
Intensive: n=94, non-intensive: n=98

Figure 6 Quality of written advice and information about support



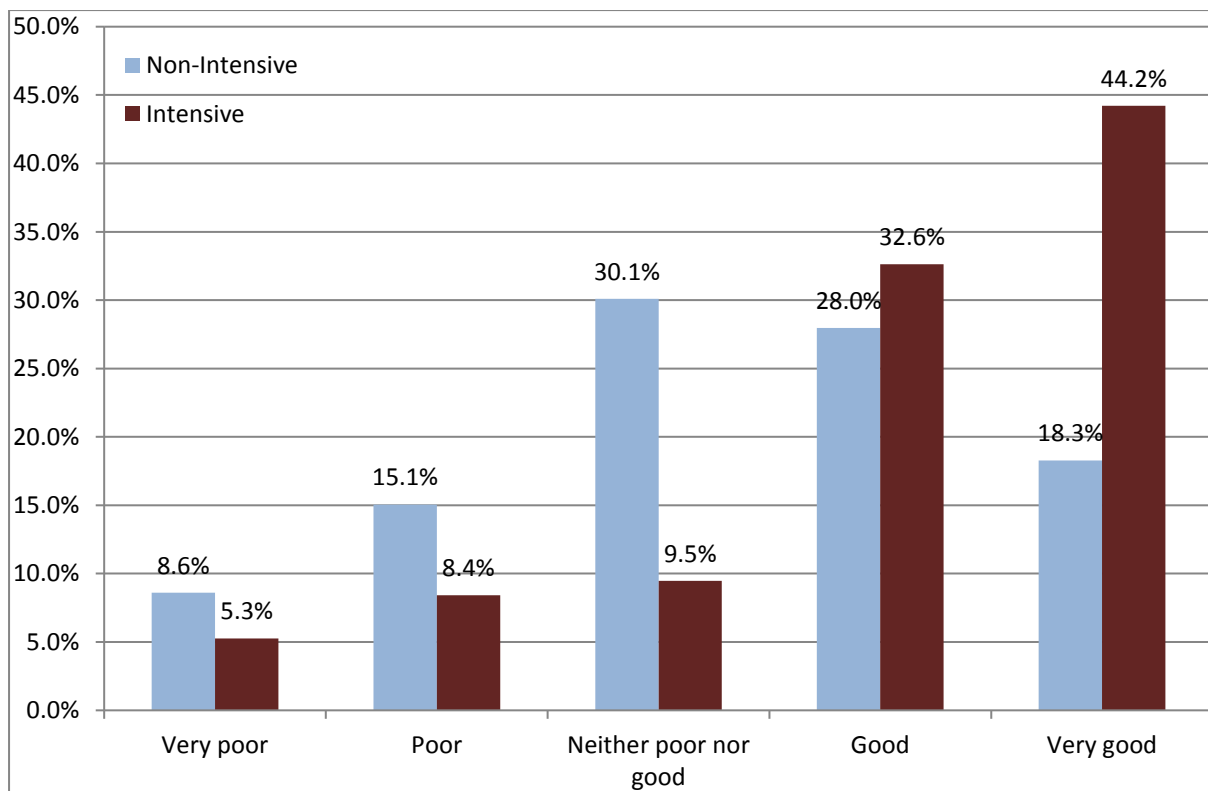
Intensive: n=94, non-intensive: n=88

Figure 7 Quality of verbal advice and information about support



Intensive: n=98, non-intensive: n=66

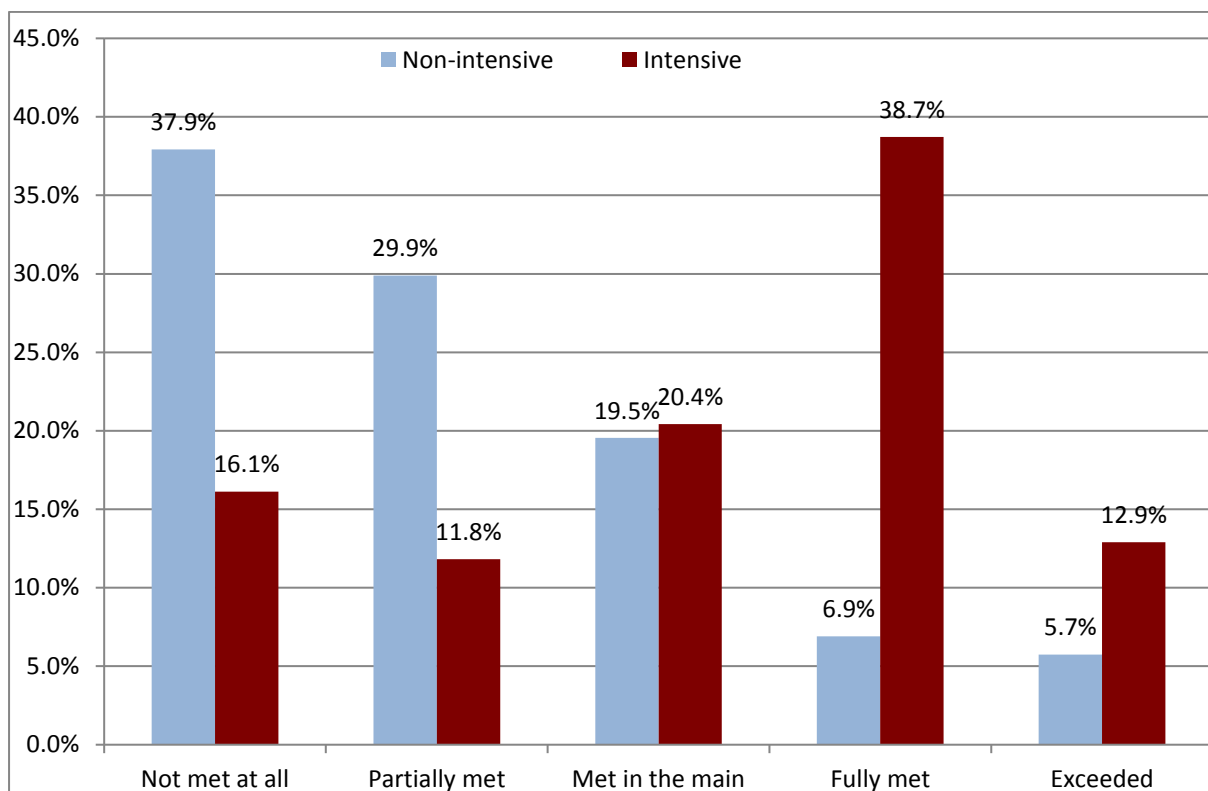
Figure 8 How efficiently the support process was managed



Intensive: n=95, non-intensive: n=93

3.4. While clients have been generally reasonably satisfied by the service provided, it is worth examining how the service compares to their original expectations (Figure 9). The pattern for intensively supported clients is generally positive (with 72% of clients reporting that their expectations have been largely met or exceeded), but the findings among less intensively supported clients are significantly more negative: 40% of clients from this group reported that their expectations have not been met at all. Interview evidence again suggests that this seems to relate more to the quality and types of support available, rather than the performance of the Growth Hub per se. Suggestions for additional or different types of support are explored further below.

Figure 9 Degree to which expectations have been met



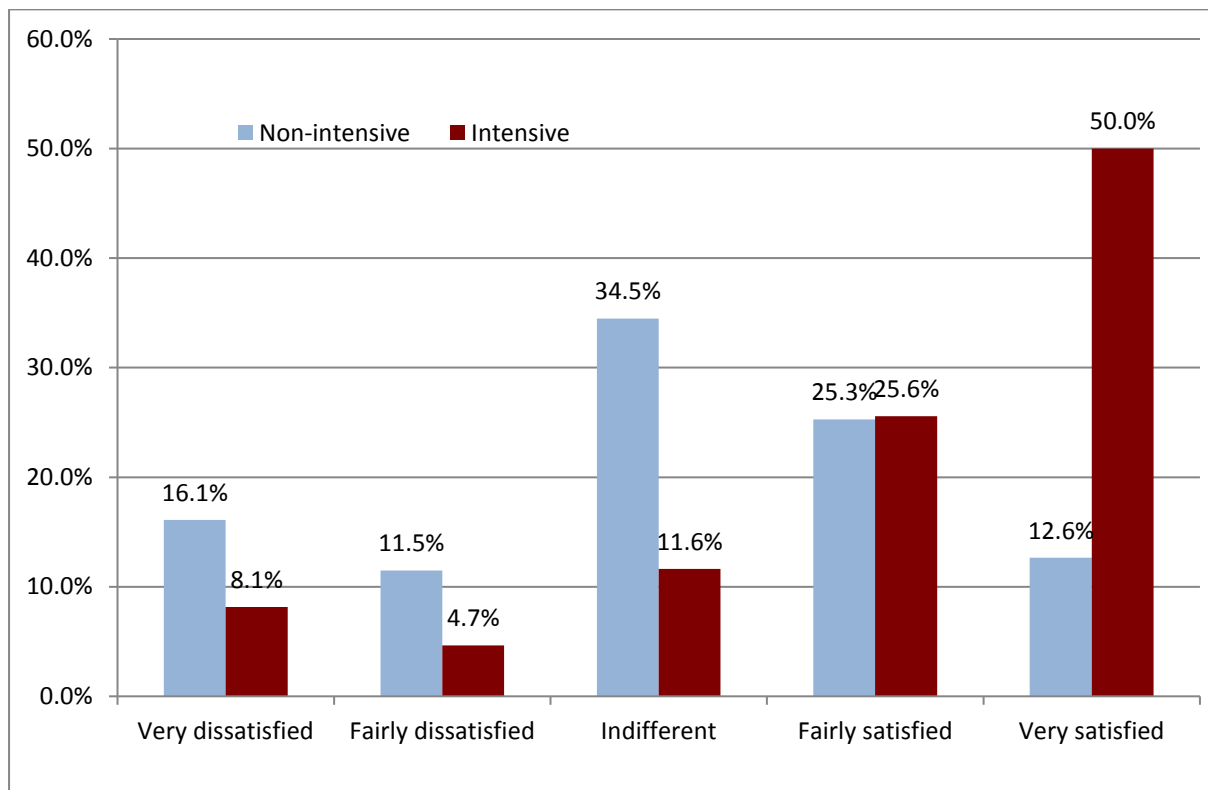
Intensive: n=93, non-intensive: n=87

3.5. As would be expected from the above evidence, the majority of clients, either intensively or less intensively assisted, were generally satisfied (or, in the case of the latter group, not actively dissatisfied) with the level of support, with the intensive group expressing more positive opinions (Figure 10). High dissatisfaction also tended to be registered by those who had expectations of the service which were not met - often because their sector or reason for seeking a grant was ineligible for support, or they were seeking a type of support which was not available.

3.6. An earlier customer satisfaction survey performed by the Growth Hub in 2015 found a similarly high proportion of clients (75%) happy to recommend its service. The negative comments, as in this research, tended to centre around a failure to meet high expectations and/or an inability to offer the required services - for example, the need for more intensive

support services among failing businesses, which is no longer a priority for much business support, leading to disappointment when the service is not offered; raised expectations of accessing a grant; third party consultants raising expectations of the Hub offers when referring clients. The recommendations are to make use of satisfied clients as 'ambassadors' the Growth Hub. This is a sensible recommendation, and is endorsed by the evidence on satisfaction and sources of awareness presented here.

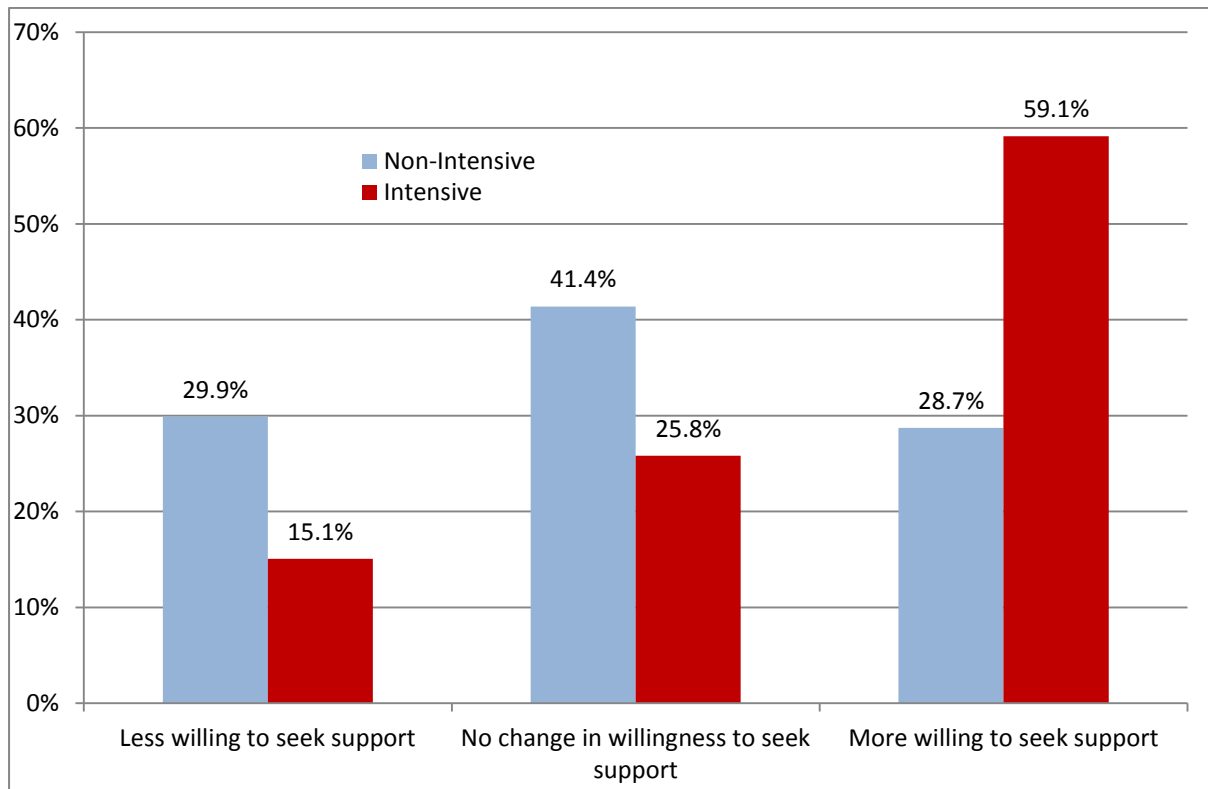
Figure 10 Overall satisfaction by type of support



Intensive: n=86, non-intensive: n=87

3.7. As well as the impact on recommendations to their contacts, clients' experience of support impacts on their own willingness to return and use other business support. A minority of both intensive and non-intensive users were less willing to use support, although this effect was twice as large among non-intensive (29%) as opposed to intensive (15%). For the majority, there was no change or - particularly for the intensive users - a greater willingness to go on and use other support. Again, this suggests that the two services which made up the bulk of the intensive use - Small Grants and Start-up Support - have been pitched at an appropriate level and, for most users, delivered effectively.

Figure 11 Change in willingness to use business support after accessing or engaging with Growth Hub



Intensive: n=93, non-intensive: n=87

4 Helping customers to grow

4.1. There are two main ways the Growth Hub has assisted businesses to grow. In the initial period of operation, advisers could not give direct advice to businesses, they could only diagnose their needs and (i) refer them to one of the Growth Programme schemes; or (ii) refer or direct them to an outside source of support.

4.1 Progress against targets

4.2. The programme has met or exceeded most of its targets (Figure 12). The intensive part of the Growth Programme itself has performed well, with two of the three elements close to, or exceeding their targets (grants and start-up support), although the innovation voucher element has fallen short, awarding approximately 10% of its £750,000 target to nine businesses, prompting a transfer of the underspend to the other two parts of the programme. This led to the Growth Programme being able to create more jobs than originally envisaged, and enabled the Programme to be more flexible in delivery.

Figure 12 Progress against Growth Programme targets

Output	Target to June 2015	Actual to June 2015	Difference
Businesses engaged	3,000	3,133	+133 (104%)
Referrals*	700	2,174	+1,474 (310%)
Businesses receiving in-depth assistance	750	864	+104 (115%)
Average hours of assistance per business	n/a	9.4	
Number of Small Grants awarded**	n/a	97	
Value of Small Grants**	£1.65m	£1.57m	-£0.8m (95%)
Value of Small Grants private match funding	£6.6m	£8.7m	+£2.1m (132%)
Number of new start-ups	280	292	+12 (104%)
Number of jobs created‡	700 (to March 2016)	486	tbc

* including multiple referrals for the same business -- the total number of businesses or individuals referred was 1,323

** including only those which have been recorded as awarded by June 2015, not those still in progress

‡ target to March 2016, to allow for time lag between support and jobs being generated; excludes new start-ups, and 708 jobs generated by Growing Business Fund grants

4.3. Looking in more depth at the destination of referrals, Table 5 shows the pattern of referrals and signposting up to June 2015 (including those who applied for but did not receive a grant or innovation voucher, and those who withdrew or did not pursue the support).

Table 5 Referral and signposting of clients

Programme	No of referrals
Start-up support	461
<i>NWES</i>	<i>290</i>
<i>MENTA</i>	<i>135</i>
Grants	441
<i>Small Grants Fund</i>	<i>237</i>
<i>Growing Business Fund</i>	<i>204</i>
Innovation Vouchers	56
Local support	546
<i>Low Carbon Keep</i>	<i>79</i>
<i>Grants 4 growth</i>	<i>74</i>
<i>Suffolk Chamber</i>	<i>52</i>
National support	470
<i>GrowthAccelerator</i>	<i>118</i>
<i>UKTI</i>	<i>64</i>
<i>MAS</i>	<i>62</i>
<i>Apprenticeships</i>	<i>57</i>
Other support, not classified	200
Total	2,174

Note: figures are for referrals, not numbers of businesses i.e. businesses receiving more than one referral are counted multiple times; those sources with over 50 referrals are shown separately

4.4. The most common form of referral is to local support (546 referrals), followed by national schemes (470 referrals), which both account for approximately a quarter of referrals. The most common individual scheme referral, outside the three Growth Programme schemes, is GrowthAccelerator, which accounted for 118 referrals. There is clearly a wide range of sources for potential referrers available; advisers clearly have the knowledge and diagnostic skills to refer to the most suitable support (although, as referred to above, and discussed further below, there remain some gaps in provision, or perceived poor service, in some local support). The high levels of GrowthAccelerator referrals is also encouraging, as it shows a commitment towards support for firms with the potential to grow. This, and the high level of referrals to UKTI and MAS, also shows that the Growth Hub has been effectively integrated with the national support services, at least in terms of outgoing referrals.

4.5. It is, however, worth noting the relatively low figures relating to innovation support. While other schemes (such as GrowthAccelerator and MAS) may have components relating

to innovation, there were only 13 direct referrals to Innovate UK and 56 to the Innovation Vouchers scheme - many of which (over 30) did not progress to receiving a voucher. Referrals to other innovation support (Innovation Readiness Programme, Innovation Martlesham, Hethel Innovation Agritech Grants, Intellectual Property Office) at an even lower level. This is an extremely low level of referrals; several partners commented on innovation support issues, which are discussed further in the section on Innovation Vouchers below.

4.2 Growth in client businesses

4.6. In total, the database, and interviews with delivery organisations, relating to the three intensive schemes - Small Grants Scheme, Start-Up Support and Innovation Vouchers shows that 486 jobs have been generated to date, with a further 292 start-ups - a total of 778. In addition, there have been 708 new jobs generated by the Growing Business Fund Support. This is a very much a preliminary figure, since some jobs have not yet been realised - in particular, the grant schemes allow three years for the jobs requirement (1 FTE job per £10,000 of grant) to be met. As such, the target for new jobs (700) is set for March 2016, rather than June 2015, and the Growth Programme is well on its way to meeting that target.

4.7. Evidence for this is provided by the online survey: among respondents, 236 jobs had already been created, with a further 121 anticipated, and 14 businesses anticipating jobs but not advanced enough at present to provide an estimated prediction. The majority of these realised and anticipated jobs stem from the grant scheme; extrapolating this online survey's figure among the entire population, based on the number of jobs generated to date by grant recipients (944 from both grant schemes), suggests that a further 485 jobs may be forthcoming in the future, in addition to new jobs from those receiving grants relatively recently who have not yet had a chance to recruit.

4.8. Six clients who used start-up support but were not in receipt of a grant anticipate creating a total of 16 jobs in the future - extrapolating this figure to the entire sample, suggests a further 187 jobs could be anticipated in the future. In total, therefore, these figures suggest further 672 jobs in the future from supported clients across the two schemes.

4.9. On the whole, business interviews and online responses praised the smoothness of processes and procedures, the speed at which they were responded to, the guidance given by advisers about completion of forms, the clarity and shortness of application forms, and the lack of red tape. Nine users of intensive services recommended that the main improvement they sought was a simplification of application procedures; however, in most cases this was not phrased as a major issue, but simply as a little less red tape. In most cases, therefore, the level of paperwork seems reasonable, especially - as some interview respondents noted - they were obtaining a substantial level of support at no or little cost to their business.

4.3 Small Grants Scheme

4.10. The Small Grants Scheme has proved extremely successful, in terms of the number of applications received, total number of awards (97 to the end of June 2015, with a further 36 in progress), value of grants (£1.57m, 5% below target) and private match funding (£8.6m, 132% above target), and jobs (236 realised to date). As the latter two figures show, the scheme has been particularly successful at leveraging match funding above its target, with an average private sector match of 82%, slightly above the target of 80% - approximately one third of awarded grants record a private match of 81% or more, with 10% being over 90% match.

4.3.1 Approved grant applicants

4.11. The online survey reported on the views of 45 respondents who had been awarded a grant (under either the Small Grants Scheme or the Growing Business Fund). Answers revealed that the majority of recipients of the grant (68%) had not tried to access finance in the previous twelve months; of those that had, half had experienced some difficulties in obtaining all the finance required. In addition only two businesses were sure that they would have been able to raise the finance required from other sources. This suggests that the grant has high additionality, and is being targeted effectively at SMEs which are finance-constrained. Interviews confirmed that businesses regarded the obtaining of a grant as a highly useful component within the overall mix of sources required to fund a development project, and helped in negotiations with finance providers (if needed) to leverage in the required external funds.

4.12. Table 6 shows how obtaining the grant has impacted on the business. No respondents said they would have achieved similar business outcomes if they had not obtained the grant, again suggesting a high degree of additionality i.e. that the grant is being directed towards businesses which require extra help, and use that to achieve more effective business outcomes. As the table shows, every respondent to the survey reported that the grant led to a more effective business impact in some way; the shaded area shows the greatest impacts - business which had difficulties obtaining finance and were unlikely to achieve similar outcomes without the grant. This group accounts for nearly half (18) of the 45 recipients.

Table 6 Ways in which receipt of grant has impacted on the business

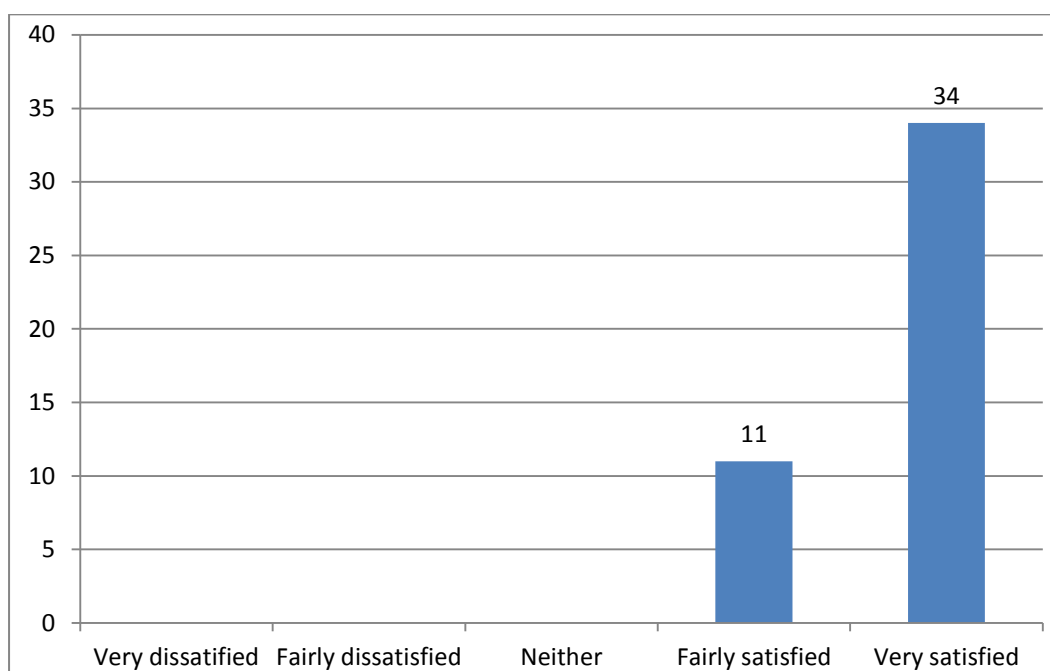
		Ability to raise finance from other sources					Total
		Definitely not	Probably not	Probably	Definitely	Don't know	
Likelihood of achieving similar business outcomes without grant	Definitely not	5	4	1		1	11
	Probably not	1	8	1		4	14
	Some but not all		2	1	1	3	7
	Similar but not as quickly	2	1	4	1	4	12
	Similar	-	-	-	-	-	-
	Don't know			1			1
Total		8	15	8	2	12	45

n=45

4.13. No respondents with approved applications were unsatisfied with the processes around the grant, the only one of the three intensive support areas where this was the case (Figure 13). Comments from recipients in both the online survey and the interviews were extremely positive, with particular praise for the way in which advisers guided the companies through the process, and its smooth operation: many expressed pleasant surprise at the relative lack of red tape. A minority, however - six respondents - noted that the forms (application and/or monitoring) were overly long and/or complicated for a small business to complete by themselves - several of this group also praised the advisers for helpful/necessary guidance.

4.14. Two respondents noted the relatively low level of match funding, but also that raising the match was more of a wish than a necessary change: respondents tended to take the view that in times of austerity, businesses should bear a slightly higher burden, and that only those with robust business plans, which had a high chance of creating jobs, should be approved for a grant. The relatively low level of match funding has thus largely not proven to be a deterrent; in fact, it is likely to have been a useful filter, ensuring that only the most serious applicants, who were likely to use the grant effectively, made the decisions to apply in the first place. Four respondents also mentioned that they felt that the grant should be better publicised, as they were alerted to its existence serendipitously - through randomly consulting a business adviser or seeing information in the local press. This again highlights the value of partner organisations, attendance at events and old/new media publicity in improving takeup - not just in the case of grants, where takeup has been high anyway, but more generally across business support as a whole.

Figure 13 Satisfaction with grants scheme (recipients only)



n=45

4.15. Recipients were also asked, other than employment, in which of seven areas the grant had impacted on the business (Table 7). The greatest impacts were in increased capability and profitability, as would be expected: the grant is intended to subsidise capital expenditure, which requires new capabilities in many cases, and should lead to increased profitability in due course (with the responses confirming that profitability increases are mainly anticipated rather than realised to date). The least common impacts, by quite some way, are to encourage exports and the seeking of further investment.

Table 7 Impacts of grant on business areas other than employment

	Increased sales	Increased profitability	Increased efficiency	Increased capability, skills or knowledge	Introduced new products, services or processes	New investment (other than grants)	Started or increased exports
Realised	40.5%	25.0%	52.6%	55.3%	44.4%	6.3%	6.5%
Anticipated	37.8%	63.9%	31.6%	34.2%	33.3%	15.6%	12.9%
No impact	21.6%	11.1%	15.8%	10.5%	22.2%	78.1%	80.6%

n=various

4.3.2 Declined or discouraged applicants

4.16. Of the nine respondents whose grant applications had been declined (or had pulled out of the process on advice), a similar proportion to the approved applicants (6 of the 9) had not tried to access finance in the previous 12 months. Only two had gone on to try to access other finance after they were declined, and only one succeeded. Comments (from both line and interview respondents) revealed that, of those who were declined, the most common reason was ineligibility, in sectoral terms and/or a lack of clarity on permissible grant uses. Several noted that they would have liked to have had clearer guidance, or the reason why their sector was ineligible did not seem to have been explained to them. Under the new system, whereby advisers initially screen potential grant applications for precisely this reason, this should have been picked up much sooner in the process, and advisers could have explained why they were ineligible prior to an application - which should have mitigated the dissatisfaction with the process somewhat (which was indeed the case with one applicant who applied more recently). The switch to the new system, as pointed out by partners, is likely to have been most beneficial in this area, thereby reducing the negative recommendations to their network contacts from declined applicants.

4.17. Several business interviewees had also been discouraged from applying by the lack of upfront finance - the grants requiring expenditure by the business which is then reclaimed. For a business requiring a temporary injection of funds when they have a tight cashflow situation, retrospective payment may make the grant unfeasible - i.e. they may not be able to raise sufficient finance from their own reserves, and/or do not believe that an agreement approving the grant would be sufficient to leverage other sources of finance into covering the initial outlay (and some would not want that in any case). As such, it was common for interviewees to request a scheme where money is available upfront, rather than having to be reclaimed (although they tended to regard this as unlikely).

4.3.3 Processes and impacts

4.18. Examining the database, recent reasons for grants not going forward centre more around the business failing to raise match funding, withdrawing from the process for other reasons, or for reasons which can only be established through detailed investigation of the claim (e.g. displacement, effects on local competition), rather than being inherently ineligible for the grant (e.g. wrong sector or applying for the wrong purpose). This is a clear indication that the assessment of applications is informed by close scrutiny of the likely effects of the grant on other businesses, and the local economy more general, as well as the business circumstance and reasons for seeking the grant, in an attempt to minimise deadweight (as confirmed by the online survey evidence) and displacement. The targeting and eligibility criteria should also ensure that leakage is relatively low, keeping most of the benefits of the grant within the local area. Advisers have been more proactive in guiding customers towards appropriate ways in which the grant can be used, in particular, or suggesting other sources of grant funding if the schemes run by the Hub are unsuitable. In general therefore, after some initial minor difficulties in filtering unsuitable candidates

(which again demonstrates commitment to reducing deadweight and displacement effects), the grant process now appears to be working effectively.

4.19. As noted above, the grants scheme has led to 236 new jobs so far (gross), and 121 anticipated. To examine the actual value of the scheme, these gross jobs need to be converted to net jobs i.e. including adjustments for:

- deadweight: jobs that would have been created anyway, in the absence of the support
- displacement: jobs lost in other businesses because of the activity induced in the recipient business by the grant
- leakage: outputs occurring outside of the target group of the intervention
- substitution: the substitution of one activity for a similar one - in this case, a good example would be recruiting a jobless person while making a worker redundant, in order to comply with targets
- multiplier effects: further economic activity outside of the business but in the local area, associated with the creation of new jobs (e.g. a new worker spending part of his increased income in the local area)

4.20. Estimates of the extent of these effects have been established by many studies. Here, we adopt CEA and PwC estimates¹ adjusted for this situation by following the similar example set out in Eksogen's evaluation of Birmingham's BIP programme.² They argue that deadweight effects would be reasonably low, but not entirely eliminated, as there is extensive assessment of the application. The evidence above suggests that, in approximately 44% of businesses, the recipient would likely have achieved some outputs if the grant had not been received, which is reasonably close to all three estimates. This suggests that the figure of 40% used in the Eksogen report is appropriate. Leakage will be very low, as the grant is highly targeted on the NALEP area, as will displacement due to the efforts of the assessment panel to reject grants which may adversely affect other businesses. Finally, substitution is also likely to be low, as the target specifies additional jobs, rather than simply recruitment of workers. The calculation showing net jobs from the Small Grants Scheme is shown in Table 8, giving a net total estimate of 200 additional jobs.

4.21. Incorporating the Growing Business Fund figures into that total, and applying the same calculation gives a total of 799 additional net jobs, and applying it to the extrapolated total of anticipated jobs based on online survey responses suggests a further 411 additional net jobs may be anticipated in the future.

¹ Cambridge Economic Associates (2009) *Research to Improve the Assessment of Additionality*, report for BIS; PwC (2009) *Impact of RDA Spending*, report for BERR

² Eksogen (2015) *Evaluation of the Business Innovation Programme: A Final Report to Birmingham City Council*

Table 8 Net jobs from Small Grants Scheme

Adjustment	Calculation
No. jobs created	236
less (deadweight @ 40% + leakage @ 1%)	139
less (displacement @ 5% + substitution @ 0%)	132
* multiplier effect 1.51	200

4.3.4 Partner interviews

4.22. In light of these generally very positive findings, it would be expected that the partner interviews should show similarly positive opinions. This proved to be the case: a reiteration of the evidence from businesses about ease of application, easily understandable targets, effective attraction of private sector leverage, and the good use of limited public funds through the high private sector match. They noted that interest and referrals have been high, and that changes to the referral system (so that referrals must come via advisers. with clarifications through Finance East) and the tightening of guidelines, have reduced the burden of eligibility checks: a higher proportion of applicants are now eligible than previously, and the system works more smoothly.

4.23. The grants scheme was judged by partners to have effectively filled the finance gap faced by businesses seeking growth in the better climate following the recession, but which have found difficulties investing sufficient of their own funds to convince banks (or other lenders) to advance the required extra finance. The scheme has enabled projects to be larger, or to have their timetable accelerated, facilitating faster and larger growth, with the partners again confirming the results of the online business survey. The main criterion for success - one FTE job per £10,000 of grant - was judged to have worked effectively and is pitched at an appropriate level, as it encourages businesses to be commercially-minded in their applications, rather than applying for grants for 'blue-sky' projects.

4.24. Partners did provide some suggestions for some small changes to the grant delivery process, focusing mostly on ways to improve the long-term benefit from grants (the short term delivery process generally judged to be working effectively). In particular, combining the suggestions of several partners, there were recommendations to tie the grant to attendance at some form of Access to Finance training, and/or business plan writing support (or similar courses). This would help ensure that businesses have realistic and effective growth plans, while the skills and lessons learned would be of long-term applicability in raising the effectiveness of the business. In the opinions of these partners, the main difficulty facing SMEs in the area of access to finance is not necessarily availability of finance per se; there is sufficient supply of various types of finance, from both the public and private sector, with grants an important, if small, part of that landscape. Instead, the difficulty remains one of increasing growth ambitions of micro and small businesses, alongside improving the general quality of applications for finance. Tackling these challenges (the former clearly being more difficult than the latter) should lead to both higher demand, and

higher quality applications to raise external finance, increasing chances of success. This also links into views reported by partners and businesses about the relative lack of support to develop strategic thinking among SMEs in the NALEP area, discussed further below.

4.25. Similar grant schemes are provided by Growth Hubs and other organisations (e.g. LEPs directly, Chambers) using RGF funds: the stipulation that they must be tied to job creation, the target for jobs (1 FTE per £10,000 of grant) and the match funding level are fairly similar. The exceptions in the provision of grants tend to be where it is tied to a different purpose - for example, relating to innovative activity. Here, there is often a more generous public sector provision (i.e. a lower match requirement) and targets which may not be so closely linked to job provision, although this remains important to most. However, for the most part, access to finance support among Growth Hubs is geared more towards the provision of advice, with relatively few - to date - having opted for delivery of support or contracted delivery through specific partners, rather than simply signposting to external grant provision and providing some elements of advice such as reviewing finance applications or business plans, or assessing the most appropriate form of finance for growth plans. There have been few published evaluations of these schemes to date. Eksogen's evaluation of Birmingham's Business Innovation Programme, published recently, is one of the few available.³ The scheme is similar in many respects to the Small Grants Scheme, and makes a number of recommendations for future delivery of such schemes, many of which were or are being followed by the Small Grants Scheme, such as publicising the scheme through stakeholders and ensuring that deadweight loss is minimal through careful targeting and scrutiny of applicants. Of particular relevance to modifying the Small Grants Scheme going forward is a suggestion that it could set out 'preferred investments' from businesses fitting certain criteria which they would like to see (the report suggests 'early stage businesses with at least six months trading which tend to face significant barriers to accessing debt finance given their limited trading histories', for instance, but the precise criteria would depend on NALEP's priorities) which gives the appraisal panel discretion to allocate the grant in a situation where the funding is over-subscribed, or modify the focus of the grant as circumstances change.

4.4 Start-up support

4.26. According to the deliverers of the Growth Programme Start-up Support, the programme has led to 292 start-ups, and 250 additional jobs - although anecdotal evidence suggests that clients often use multiple sources of support, such that attributing them all to the Growth Programme support is likely to be an overestimate. Furthermore, this should be regarded as a preliminary count, as the EC (and the delivery partners) stipulate that a start-up should have been alive and trading for 12 months before it is counted. This section looks first at those who wanted to start a business, then those who already owned a young business.

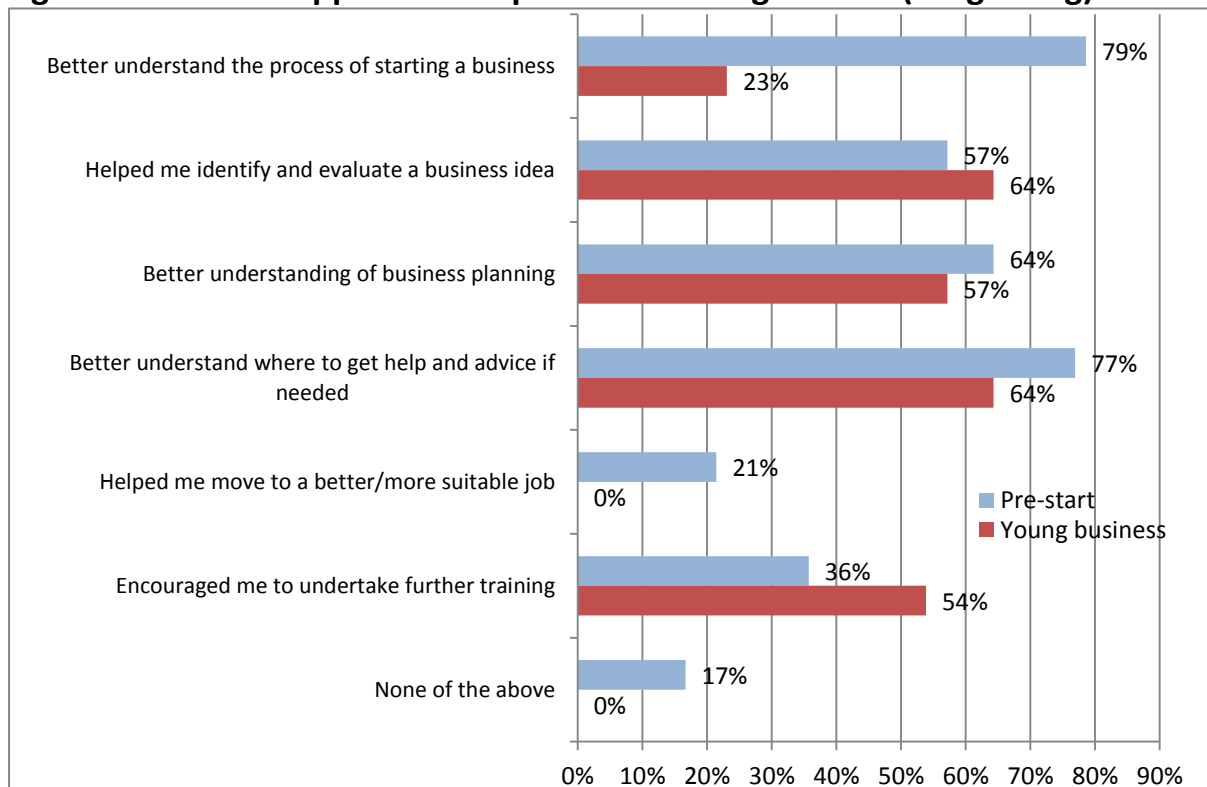
³ Eksogen (2015) *Evaluation of the Business Innovation Programme: A Final Report to Birmingham City Council*

4.4.1 No business ownership when entering programme

4.27. The focus of recruitment into the start-up support programs was noted by interviewees as concentrating on clients who provided evidence that they were serious about starting a business, and had the commitment and capability to do so, including being prepared to make an investment. Hence, it should have been unlikely that respondents who had gone on to receive the support did not go on to start or anticipate starting a business. This was indeed the case: the vast majority of respondent who were accepted on to start-up support had gone on to start or still expected to start their own business.

4.28. In terms of teaching skills useful for a start-up business, the 15 clients in this group identified four main areas where the support had helped them: better understanding the processes involved with establishing a business, better understanding business planning, and better understanding of where to get help and advice, and enhanced ability to evaluate a business idea - i.e. a wide range of skills and capabilities to cover the needs of most of those seeking to start a business (Figure 14). Interviews with the deliverers of the support schemes noted that there could be greater support for early pre-starts, in order to encourage clients to come forward for support (or be engaged by outreach) earlier in the process, which would either help move them on to start-up through development of their initial ideas, or help them realise that other support may be more suitable in their case before potentially returning to start-up support when they are more ready (e.g. finding partners to start a business, undergoing further training).

Figure 14 How support developed skills among owners (% agreeing)



Pre-start: n=15; young business: n=14

4.29. The main obstacle facing new start-ups was a lack of finance, reported by eight respondents, followed by lack of experience (six) and financial and administrative skills (five). Only two participants reported no particular obstacles. The degree to which the support helped solve these problems varied, with five considering that it helped fully address the challenges, five partially and two not at all. Those who gave additional comments confirmed that there was a wide variety of very specific issues which were causing obstacles to start-up, implying that the remit of start-up schemes had to be more focused on helping clients with more general problem-solving skills than with highly specific support.

4.30. This was indeed the case, with clients finding different areas where the support had helped them, according to their needs and their pre-existing skills and knowledge. Recipients were asked, other than employment, in which of seven areas the start-up support had impacted on the business (Table 9). Impacts here were less widespread than was the case with grants: the support clearly focused on general advice on starting and managing a business rather than specific areas which may be useful somewhat later on in the business's life, such as obtaining grants, exporting, or increasing profitability. The emphasis on increasing the clients' skills and knowledge is confirmation of this emphasis, as this is by far the most reported impact. In other areas questioned, the prevalence of impact is far lower.

Table 9 Impacts of start-up support

	Increased sales	Increased profitability	Increased efficiency	Increased capability, skills or knowledge	Introduced new products, services or processes	New investment (other than grants)	Started or increased exports
Realised	14.8%	7.4%	14.8%	42.3%	32.1%	10.7%	3.7%
Anticipated	25.9%	29.6%	29.6%	15.4%	17.9%	17.9%	7.4%
No impact	59.3%	63.0%	55.6%	42.3%	50.0%	71.4%	88.9%

n=various

4.31. Eleven of the 15 respondents who had not yet started a business when they entered the programme reported that they definitely or probably would have started a business without the support - i.e. the support is clearly aimed at those seriously wanting, and relatively close to starting, their own business. Only one respondent reported that the programme had made any difference to the scale of the start-up. Therefore, the main impact of the programme, in terms of the start-up process itself, actually came in its impact on the timescale of starting - although in delaying start-up rather than accelerating the timescale. Interviews clarified that this approach was, in fact, welcomed by the clients: it allowed for the development of more effective management skills, and enabled a more effective start-up.

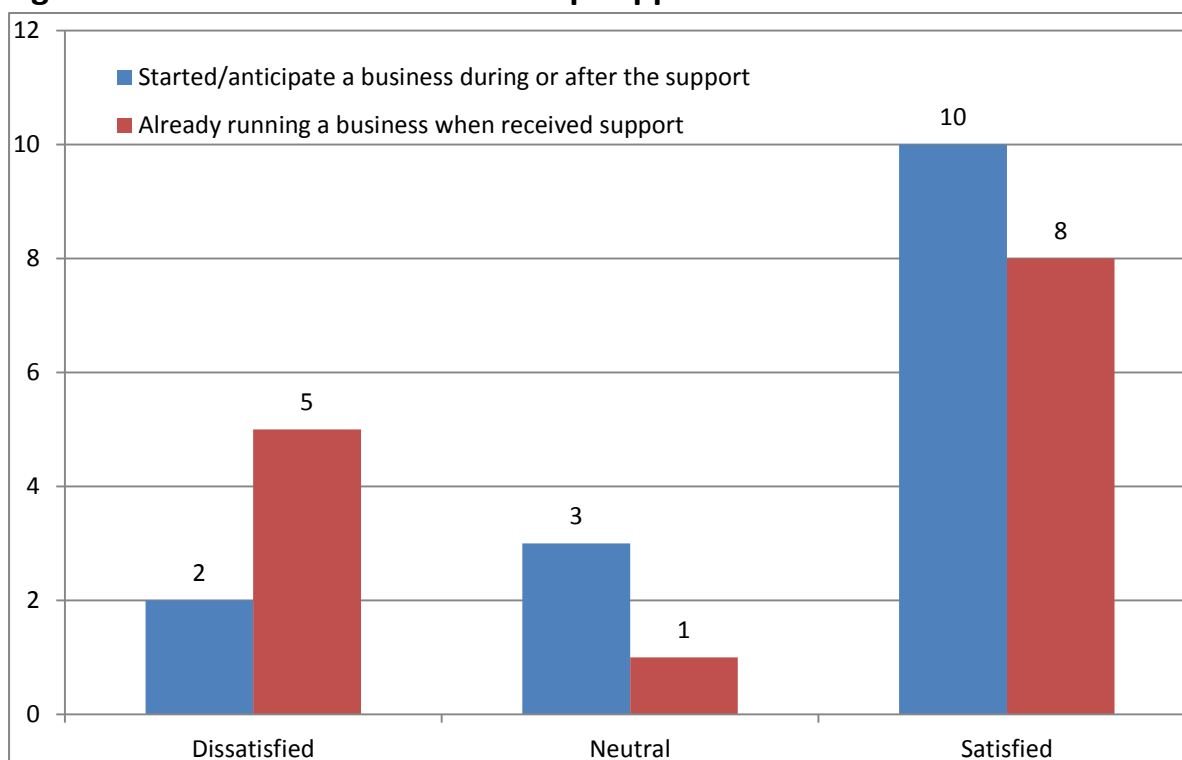
4.32. Start-up businesses reported high levels of satisfaction with the programme, with only a small number of respondents reporting dissatisfaction (Figure 15).

4.4.2 Already running a business

4.33. There are two main differences in the skill development reported by the 15 pre-existing young businesses compared to the pre-start business (Figure 14). First, as would be hoped, the support was tailored to concentrate less on the process of starting a business. Second, the support was more likely to encourage the owners to seek further training. This is reiterated in the open answers about how support helped the owners: answers concentrated on the support supplying skills and capabilities in developing and starting to grow the business, including broadening networks, restructuring and marketing. Other impacts were centred around skill increases (reported by virtually all respondents in this group), leading to realised or anticipated increases in sales, profits and/or efficiency in just over half, with efficiency improvements being key to stimulating increases in the other two indicators. There was very little impact in stimulating either investment or exports.

4.34. Owners of young businesses were slightly more dissatisfied with the start-up support than those wishing to start. Those that were dissatisfied commented, again, mainly on area connected with business development, and how the services they had received - and been signposted to - did not meet their needs in shifting towards a higher-growth business. Other interviewed businesses and partners had also pointed towards a perceived lack of support for planning and strategy in the local area. They had noted that, for example, mentoring support or GrowthAccelerator was available, but felt there was a gap for businesses who did not want the former, and were perhaps not (yet) suitable for the latter. In general, though, both those already managing their own business and those at an earlier stage were satisfied with the start-up support offered.

Figure 15 Satisfaction with start-up support



Pre-start: n=15; young business: n=14

4.4.3 Gross impacts

4.35. In total, as noted above, Start-up Support led to 292 start-ups and 250 additional jobs, gross. Applying adjustments to these figures as above⁴ suggests that these translate to 247 and 212 gross jobs, respectively. The 187 jobs anticipated in the future translates to 158 gross jobs.

4.4.4 Partner interviews

4.36. The view of most partners largely concur with the evidence reported above. There was felt to be sufficient specialist support for high-tech or high-value startups in other support schemes, leaving the Growth Programme start-up support free to concentrate on 'the basics': providing more generalist support to start-up and young businesses to improve how they become established, and equipping the owners with the necessary skills and knowledge to effectively manage the business going forward.

4.37. Both NWES and MENTA reported high levels of satisfaction from clients, although it is too early to fully judge the success of the support. NWES reported 187 starts, and MENTA

⁴ It could be argued that the figure for deadweight loss should be higher in this case, given that the majority of respondents noted that they would likely have started a business without the support. On the other hand, most respondents benefitted in a different way, through skill and knowledge development, contributing towards a better start-up, which should be more sustainable in the long-run, meaning that a higher deadweight loss would undervalue the support. On balance, the deadweight value was maintained at 40%.

105 up to the end of June (incorporated into the figures on new jobs noted above), but one of the success criteria is sustainability of the business over the first year.

Future challenges mentioned by the partners did not focus on startup support *per se*, but - as noted above - on the prior and subsequent stages of startup i.e. pre-start, encouraging those who have thought of business ownership to move closer to start through development of their idea; and support for those who have established their business, but still require some support to enhance their basic management skills, business processes etc (i.e. at a slightly lower level than much of the extant support). Both of these were thought to be areas which could be enhanced in the future.

4.5 Innovation Vouchers

4.38. The Innovations Vouchers support has been the least used of the three main services, with 56 referrals (according to the output database), and (according to data from interviews with the university deliverers) 22 vouchers used, roughly equally divided between the three universities. The number of online survey responses was extremely small, and two noted that their answers had actually referred to different innovation schemes. This small amount of data is not usable, meaning that this section analyses interview responses from the partners as evidence. It concentrates on reasons behind the lack of takeup of the vouchers, and how innovation- and university-related support may be delivered more effectively in the future.

4.39. Most support took the form of internships of university students, with only one university partner undertaking consultancy contracts (where the voucher subsidised work done by university academics on behalf of the businesses). Several interns have gone on to be hired by the hosting businesses, while the experience has increased the skills and employability of the other chances, and boosted the possibility of those businesses offering employment to future graduates.

4.40. Many of the participating SMEs have also been keen to keep in touch with the universities to see how academics could support their growth: several have returned to commission further services. The universities thus noted that the scheme had been a good way to engage with businesses who were not sure of how they could use university expertises, by providing a relatively low cost method to engage, and providing a clear, simple, easy to understand service for the business, which may lead on to fuller engagement and greater use of university services in the future. In many cases, it should be noted, SME users of Innovation Vouchers were already in contact with the universities for a variety of reasons, although they may not have previously used intensive services before applying for the Voucher.

4.41. Innovation Vouchers were therefore seen as a useful way to bridge the university/business divide. All three universities would be keen to continue or increase working with local SMEs and liaising with and gaining a greater number of referrals from the Growth Hub. All contended that there needed to be greater understanding by the advisers

about how universities work, and the type of support universities could provide, and would be happy to provide a briefing pack or meeting with advisers in order to raise the likelihood of (appropriate) referrals).

4.42. However, the take-up of the innovation vouchers scheme has been lower than expected, with some originally earmarked funding being transferred to the grants schemes, which have proven more popular and obtained clear jobs and growth outcomes. The reason for this low level of take-up was attributed by partners to a combination of a number of factors:

- delays in issuing the relevant paperwork and contracts and the scheme being terminated prematurely, leaving only six months to sign up SMEs and complete the support;
- the launch of the scheme coinciding with academic holidays, which compounded the delays;
- less than complete understanding by advisers and management about how universities operated, and the services they could provide to local SMEs;
- a shortage of effective marketing, and lack of referrals from advisers (most of the voucher recipients being engaged by the universities, with relatively few referrals from the Growth Hub);
- the success criteria for the scheme being jobs created: this is not necessarily a good fit with the services offered by universities, which would often tend more towards improving efficiency and/or increasing knowledge; and
- the length and detail required in the application form, which deterred potential applicants.

4.43. Frequently mentioned by partners, in addition to these specific challenges relating to the scheme processes, was the nature of local SMEs themselves: some partners noted that many were not interested in the pursuit of innovation, or large increases in employment. On this point, one partner noted that the level of interest shown in the Growth Hub scheme was similar to that for a previous EEDA-managed Innovation Voucher scheme, which ran across the whole region for a longer period. This view suggests that that 22 completions was, by comparison, relatively successful. Similarly, the use of SMART awards from Innovate UK, has been low in the region.

4.44. The use of Innovation Vouchers themselves has proved successful in bringing the businesses closer to universities, encouraging repeat interactions. However, they were not generally seen as a 'stepping stone' to use of other innovation schemes, or to make businesses more innovative. Most recipients were also already in contact with universities

through their own volition, implying that the vouchers contributed relatively little to widen or broaden the numbers of businesses which engaged with knowledge providers.

4.45. This evidence suggests there may be a role to consider how best to engage SMEs with innovation activity, and how best to fund and deliver activity. The concentration on internships seemed to be a good fit with the targets of the scheme, since it provided small businesses with extra practical help, and many interns went on to become permanent employees; in that sense, the voucher scheme was successful, as far as it went. Adapting this into a more formal internship scheme would be one possible way to progress, given that it was welcomed by SMEs. Equally, the new grants scheme will be open to funding university consultancy (and, presumably, services provided by other knowledge providers), which will continue to strengthen links between SMEs and knowledge providers.

4.46. However, the key question of raising innovation and innovativeness remains open. Pockets of businesses are considered to be innovative, but most partners reported that they considered there to be a widespread shortage of ambition, compared to other areas, on this issue. Resolving this is difficult - current European good practice follows smart specialisation guidelines (see <https://ec.europa.eu/jrc/en/research-topic/smart-specialisation>), and it would be worth considering how to adapt practice from elsewhere to attempt to increase research and innovation among the local business base. As such, it is worth examining how other areas have used slightly different ways to encourage innovation:

- Innovate UK maintains a (slightly out of date) list of Innovation Voucher schemes offered by universities, at vouchers.innovateuk.org/innovation-vouchers-listing, which have a wide range of eligibility conditions, funding and priority sectors. It may be worth investigating how these have operated, although this is complicated by the fact that there have been very few published evaluations to date. Several of the more interesting schemes are highlighted below:
 - i. Invest NI's scheme was similar to the original intentions of the NA scheme: subsidising purchase of practical advice and expertise from Universities and other publicly funded research bodies. The evaluation⁵ notes several important lessons: (i) the voucher did relatively little to change the innovation culture in businesses - those that were previously innovative continued to be innovative, and those that were not innovative did not start innovating subsequently; (ii) this implies the need to have clear strategic goals, covering both universities and businesses, and working to maintain university-business interaction post-voucher; (iii) the benefits of the Voucher could only be fully realised through additional investment or strategic development of the business, making a case for better integration of innovation work with other strands of support activity, more pre-guidance about how to use innovation support, and a pipeline of follow-up support, including links with Innovate UK programmes

⁵ <http://www.sqw.co.uk/files/3414/2188/1186/innovation-vouchers-final-evaluation-report-nov-2014.pdf>

- ii. Aston University issued their own version of Innovation Vouchers, funded by ERDF.⁶ These consisted of 50% match funding up to a maximum of £1,500 to subsidise purchase of knowledge services from a knowledge provider (broadly defined), which were innovative for the business. Businesses had to source three estimates for the service, to ensure competitive pricing. This enabled businesses to purchase a wide range of services, which facilitated growth in jobs and GVA. The university was involved in managing the scheme and guiding and assessing applications, and in the offer of free workshops on business management issues which should complement the voucher.
- Hertfordshire Growth Hub offers the Knowledge for Business (K4B) initiative⁷, where a specialist from the University of Hertfordshire spends up to half a day a week over (typically) six months to a year, working in and with the business and mentoring staff. The time commitment enables the academic to better understand the business and suggest ways to innovate. This is similar, but more advanced, than the way internships worked in the NALEP scheme, and could provide a model for engaging clients going forward.
- Oxfordshire Business Support offers the Innovation Support for Business programme, which provides
 - i. Network Navigators, sector specialist advisers who work with businesses to encourage innovation by providing advice and guidance, signpost to support, and forge relevant links through good local connections in locally identified priority sectors. This could be a useful branding for some advisers in the NALEP area to perform a similar service.
 - ii. Innovation Support Vouchers - similar to, but more restrictive than, the Small Grants Scheme (or the planned new micro-grants scheme), they offer up to £5,000 to fund up to 50% of a project specifically related to business training or research/technical facilities. These could possibly provide a model for encouraging innovation activities.
 - iii. Innovation Support for Business⁸, which used a combination of externally procured services and SLAs, rather than direct delivery, to target gaps in innovation support delivery, and create a support ecosystem where high tech businesses could thrive. Of particular relevance are the evaluation findings about (i) recruitment and referral, where more systematic referrals were recommended, using contacts by eligible businesses requiring relevant innovation support with the support system more generally to trigger a signposting referral - this should be feasible when the CRM system is fully in place; (ii) the benefits of cross-pollination between sectors, and giving a clear

⁶ <http://www.aston.ac.uk/aston-business-school/business/innovation-vouchers/>

⁷ <http://www.hertsgrowthhub.com/services/innovation/knowledge-for-business/>

⁸ Evaluated at

http://www.oxfordshirelep.com/sites/default/files/Evaluation%20of%20the%20OxLEP%20Innovation%20Support%20for%20Business%20Programme%20-%20Management%20Summary_0.pdf

strategic direction to deliverers to ensure they are working towards similar aims, in similar ways, across disparate sectors.

- The Yorkshire Innovation Fund⁹, open to SMEs in priority sector in Yorkshire and the Humber, is a competitive fund to facilitate co-operation with local universities, with support from ERDF; this scheme could inform the way in which the new grant scheme could be delivered. There are 4 strands:
 - i. Small Innovation Project: providing support of up to £10,000 on short-term (up to 3 months) projects
 - ii. Research and Development Project: support of up to £31,000 on longer term projects
 - iii. Graduate Research and Development and Innovation Placement: –6 to 18 month mentored graduate placements, valued at up to £30,000
 - iv. Strategic Intervention: supporting multiple SMEs with similar needs (e.g. by sector, technology or geography) through a large-scale project
- The Innovative Growth in Stoke-On-Trent & Staffordshire (IGISS)¹⁰ scheme was an RGF-funded grant scheme, providing minimum funding of £10,000, with at least 75% private sector match. Grant funds can be used for a wide variety of purposes linked to innovation and the implementation of new processes e.g. premises expansion, the purchase of equipment, and research and development and consultancy, covering market development, feasibility studies, IP costs and energy-efficiency). Again, this could inform the new grants scheme.

4.47. The proposed scheme of specialist advice provision under the new delivery model incorporates some of the above features. In particular, it is similar to the Aston model, in that it proposes that delivery is not restricted to universities, and funding covers up to 50% of costs. The Aston scheme received very positive feedback in an unpublished evaluation, and achieved good results in terms of job generation, albeit with a fairly long lag until employment tended to rise. In addition, the targets included GVA generation, which can be a better fit with many forms of knowledge provision support. As such, the nature of targets for the new scheme should be carefully considered, in terms of both the outputs and the timescale before outputs are generated. It may be worth considering more explicitly,

4.6 Non-intensive support

4.48. There is relatively little information available either through the programme's database or the online survey about jobs generated due to externally provided support to which clients have been referred. As the CRM becomes more established, it should become easier to populate these figures, which are important in order to judge the efficacy of support, and the characteristics of businesses which responded best to the range of support

⁹ <http://www.yorkshireinnovationfund.org/>

¹⁰ <http://www.stokestaffslep.org.uk/business-support/growth-hub/funding/innovative-growth-in-stoke-on-trent-staffordshire/>

options open. The database shows that among companies signposted, 23 businesses have generated 33 jobs, while the online survey showed 1 realised and job and 17 anticipated from nine businesses. This may well be down to the nature of the support: much is more long-term and preparatory to growth, rather than generating jobs in the short term or directly.

5 Use of resources and value for money

5.1 Partnership working

5.1. Working in partnership with a wide range of organisations, making good use of the resources available in terms of acquiring and supporting customers, is crucial to delivering an effective support service, which provides good value for money. According to the interviews with partner organisations, the partnership was indeed generally thought to be working effectively. Partners felt able to feed in their priorities and other comments, and feeling that they were being listened to and their comments were being acted upon.

5.2. All interviewees reported that they were positive towards the Growth Hub and Growth Programme, which was thought to effectively fill much-needed gaps in the area: being able to signpost SMEs to support to which they did not know existed, or did not know that they were eligible for. Several interviewees noted that the services fulfilled - in part - the gap left when Business Link was closed. Building up the service to full effectiveness would take time, inevitably, before all elements were in place (e.g. the CRM system), but that progress over the previous 12-18 months had been rapid - the number of SME engagements was exceeding expectations, and the Growth Hub had a generally good reputation.

5.3. The signposting support, and the fact that it is increasingly well known by local intermediaries (such as bank managers or accountants as well as larger organisations), removes pressure on those intermediaries to be aware of all local support and refer effectively to their clients. The Hub thus delivers a higher and more consistent standard of appropriate referrals than if they were relying only on intermediaries' knowledge of support. On a similar theme, the Hub frees up valuable time for economic development offices to concentrate on their other core areas, rather than signposting to support - they will continue to do so, to some extent, but would usually refer to the hub as the first port of call: 'Organisations like the FSB and the local authorities do signpost, but there can be some confusion - the Hub should clear that up'.

5.4. Interviewees praised the fact that advisers are located throughout the NALEP area, and actually visited businesses, rather than being 'chained to their desks', and regarded that engagement strategy as a key benefit: 'they are a friendly face for companies to talk to, rather than support just being available online, and they are spread across the counties'. This delivery model also enables advisers to attend events organised by a wide range of partners and delivery organisations (or by the Hub themselves), to help promote the Hub and its services. This, as shown by the survey evidence above, has proven to be an effective way to engage businesses into support: 'the only way to get the message out there is in person, on the ground and attending events'.

5.5. Feedback from businesses to partners about how the service has operated in practice has on the whole been positive, with relatively few complaints either stemming

from personality clashes with the advisers, or being quickly addressed when the Hub was notified.

5.6. Support was also perceived to be becoming more joined up, partly through the efforts of the advisers to appropriately refer clients according to their developing needs i.e. creating a 'package' of support by tailoring referrals to the needs of the client on an ongoing basis, without the client being able to see the 'wiring' behind the scenes. However, the relatively short time that the Hub has been in operation, and the ongoing evolution of the CRM system, means that there remains substantial progress to be made. Nonetheless, this strand of work is steadily improving: mapping of support has been enhanced, and will continue to do so over time. As one interviewee noted, the economic development officers 'know their patches well', and are important to engaging with SMES; steps are being taken to improve the feed-in from their offices, helping to develop the CRM system and increase data-sharing. This is already well advanced, with agreements with the national support schemes in place (although several partners noted that they were unsure whether the national schemes were effective at referring potential clients back to the Growth Hub; this is only anecdotal, and there is no evidence either supporting or rebutting it). The new Slingshot system should also provide a clearer picture of the area, allowing sectors and areas to be profiled more accurately, enabling better targeting of support.

5.7. As several interviewees put it, the past 12-18 months is best seen as a bedding in period, when mapping of support has progressed, and knowledge of what has worked well in the basic service has improved. The next year is seen as an opportunity to build on this, analyse the data which has been collected to further enhance the knowledge of the effectiveness of the service, refine the allocation of resources appropriately, and further improve the quality of delivery. Many noted that the Growth Hub and Growth Programme were operating at least as effectively as could be expected at this stage of operation.

5.2 Value for money

5.8. The evidence presented in this report suggests high levels of additional value in intangible areas, such as skill development. Examining harder outputs, the clearest indication of added value is cost per additional job, and GVA generated¹¹, which can be attributed to the support. Given that start-ups often use more than one source of support, the clearest evidence for value can be derived from the Small Grants Scheme (and the Growing Business Fund), where a clear quantity of grant finance can be attached to job outcomes.

5.9. In total, 200 jobs (gross) can be attributed to the Small Grants Scheme to date, at a public sector cost of £1.57m). This gives a cost of £7,850 of public sector funding per generated job. The target for the grants scheme was that, for every £10,000 of grant, one new FTE position should be created. As such, the actual cost is just over 20% less than that

¹¹ This is not a contracted output, so there is no target, and relevant monitoring information to fully calculate GVA is incomplete. Nonetheless, it can reveal valuable information, especially for comparison with other areas, and can be estimated using approximations of GVA per employee.

benchmark, and the scheme has represented good value for money. This is even more the case when the cost per job for other schemes is taken into account: as a benchmark, an average figure of £25,700 has been suggested to measure job creation output in the 2014-20 ERDF programme¹², while grant schemes to SGF evaluated by Eksogen¹³ suggest a figure of between £15,000 and £23,000 per job would be typical for this type of intervention.

5.10. Looking at GVA, and assuming an average GVA per job of approximately £45,700 (using UK GVA figures across all sectors), the 200 jobs have generated £9.14m worth of GVA. Given the investment of £1.57m, this equates to approximately £5.82 of GVA generated per £1.00 of public investment. Taking into account that there is also likely to be additional substantial GVA uplift from productivity improvements in the recipients, this again represents excellent value for money.

5.11. Examining start-up support, the analysis is complicated by the EC definition that a business start-up should only be counted if the business had been trading for at least 12 months. This is indeed a target for the schemes under the Growth Programme, meaning that the figure quoted above, of 292 start-ups, should - for the most part - be regarded as preliminary, with the actual figure confirmed as that benchmark is reached in each case. Using the same source as above, the suggested target for cost per start-up from ERDF programmes is £3,500. Given that the total budget for start-up support was £975,00, the cost in the Growth Programme scheme was £3,339 per start-up, very slightly below the suggested target. According to the latest available figures from ONS, the one-year survival rate for businesses born in 2012 was 91.2%, with the average over the previous five years being 90.8%. Using this latter figure, we can estimate that 285 businesses will meet the one-year survival target, making the cost per start-up approximately £3,421 - still comfortably within the suggested target. Given that this does not include the GVA from the additional jobs attributable to the start-up support, we can conclude that this scheme also represents excellent value for money.

5.3 Suggestions for more effective delivery and partnership working

5.12. All district representatives interviewed noted that, while the partnership arrangements had been effective, there are a number of areas where the Growth Hub could be more effective in promoting joint working with local authority economic development offices including, for example:

- greater efforts by the advisers to engage with the districts. One local authority noted that they would be more likely to refer businesses to Hub advisers if they knew the adviser, how they operated and had confidence in that the adviser would give appropriate support; building that trust may simply be a matter of accompanying advisers on some appointments;

¹² Regeneris (2013) *England ERDF Programme 2014-20: Output Unit Costs and Definitions*, report for DCLG

¹³ Eksogen (2015) *ibid*

- working to make the relationship more two-way, in terms of informing the districts how best they could aid the Hub (promotion etc) and being prepared to ask for specific support, and vice versa;
- providing better information on targets (in general, and about type of clients); how different types of clients are - or might be - supported; and outputs, in terms of how customers were actually supported in practice (as opposed to outcomes, such as jobs generated);
- providing joint support in areas where both the Hub and EDOs can offer appropriate services, which would entail both parties being aware of which clients are being advised, and other types of support those clients might need. Examples would be where a company applies for a grant to physically expand could trigger an automatic notification to the local EDO to see possible ways in which the local authority could help; or where an EDO supports a business to relocate, and takes the opportunity to inquire about how the Hub may be able to support the business. This would especially apply to higher growth potential businesses, with both the Hub and EDOs working to forge links with each other to deliver more joined up support, and to work together in more proactively identifying businesses which could be offered (joint) support (the EDOs being aware of the major businesses in their district; the new Slingshot database would also support this aim, and allow better targeting more generally). This sort of process likely already happens informally, but making it more formal would increase opportunities for engagement and support.

5.13. Universities reported similar issues: that they felt that the Hub and the advisors did not entirely understand how the universities operated to support SMEs, or what services they could offer, with a consequent low rate of in-referrals from advisers. Another noted that the target that support (e.g. grants) had a presumption to lead to jobs could restrict what universities could offer to SMEs, and advocated more flexibility in targets, which would also promote referrals and signposting. We would recommend that this consultation, and consultations with other providers, should form a way to better inform the targeting, signposting and delivery of the new specialist advice service.

5.14. Several interviewees reported that the referrals process was somewhat opaque, or 'a black box', with partners not clear on the processes involved with in-referrals, and how they are treated in the system. This was often with particular reference to the way in which national programmes interact with the service, and specifically how or whether national programmes make referrals to the Growth Hub, or just accept clients being signposted (i.e. is the relationship a two-way or one-way process?). Some also noted that local information about the outputs and impacts of those services, and how they operate in the locality, can be difficult to obtain. Three interviewees noted that they hoped that the forthcoming CRM system would help clarify such processes, and enable the validation of activity.

5.15. One interviewee noted a very specific concern about the effectiveness of partnership working in practice: the LEP had assigned small pots of funding to stimulate the delivery of particular business support schemes, giving those schemes an incentive to refer as many as possible to their own scheme, rather than refer clients to the Hub to ensure the client received the most appropriate support.

6 Future progress

6.1. Partners and businesses suggested a number of constructive ways to build on the achievements of the past 12 months:

6.2. A number of partners were concerned with ensuring that support and advice be based on a clear, transparent model, which all partners are aware of; this will enhance trust and increase referrals, and facilitates a more consistent method of delivery across businesses. Several partners advocated a model based around stages of growth - i.e. diagnosis of the trajectory of business development, which, in the context of the specific circumstances of the business, should give a good indication of the likely next step, which a skilled adviser should be able to base simple advice or more advanced referrals, rather than the adviser giving highly detailed advice - or 'hand-holding', as one referred to it - themselves. This requires use a diagnostic tool, to gauge the maturity of the business, their business model, and their perceived needs, which will allow advisers to determine the current stage of the business and how to progress the business to the subsequent stage. This established a customer journey how, which can inform future referrals, and how the Hub can support the business both now and in the future. This model would also facilitate 'thinking outside the box', making it easier to bring partners other than standard support delivers into the process, as it helps to identify needs which they may not be able to meet (e.g. local authorities, Higher Education Institutions). It also facilitates a consistency of advice and support being offered to SMEs in similar circumstances, rather than simply relying on the knowledge and judgment of the adviser. Any such tool should be seen only as a way of guiding and suggesting options for support, with the adviser interpreting them in the specific context of the business. Once the CRM is running, data collected from SMEs could also be used to suggest an appropriate stage where the SME may need guidance (partly through comparison of which support has helped other similar SMEs, with the CRM aiding benchmarking) and trigger an inquiry from advisers.

6.3. Continuing to publicise the Growth Hub and its services, and engaging businesses, while ensuring that the information provided does not unduly raise expectations, and takes account of which support the business is eligible for, and may be suitable for their needs. Advisers - and more particularly third parties - should be careful not to 'over-promise' in order to gain referrals to the Growth Hub if there is little suitable support available. This is essentially a matter of ensuring consultants are making accurate pitches to businesses, perhaps by updated briefing notes or regular communication with (potential) referrers, as well as continuing to work closely with established partners to engage businesses.

6.4. A greater role for forging links between SMEs which may not come about in the normal course of business i.e. making businesses more aware of other businesses in the area which they could access for services when appropriate (the example given was making a link between agritech and creative businesses). The supply chain initiative proposed in the new model should go some way to fulfilling this, and further engage or deepen engagement with a range of organisations (e.g. local authorities, membership

organisations), but there is also scope for enhancing business contacts outside of traditionally-conceived supply chains, as the partner comments envisaged.

6.5. Consider how universities can offer the best support to SMEs, how to fit around their needs in terms of academic schedules, how best to refer SMEs to their consultancy services, and what targets should be attached (e.g. a jobs target may not be the most suitable).

6.6. Businesses highlighted a number of gaps where they felt little suitable support was available. The list below consists of those suggestions which seem worth highlighting as they relate to more general challenges in potentially accessing support across a range of businesses:

- planning and strategy development support is perceived to be lacking in the area, other than mentors (with a fragmented landscape of delivery) or GrowthAccelerator, which is not necessarily suitable for all businesses. The new model of delivery, which will incorporate delivery of advice by advisers, as well as the emphasis on increasing access to mentoring support, should address some of these concerns;
- more support tailored towards micro-businesses, especially helping them develop (in how the business is managed, initially, rather than necessarily in terms of jobs);
- a relaxation of the rules on sector eligibility, allowing a fuller range of businesses to benefit, especially tourism and retail (businesses generally recognised that this was often tied to the conditions of funding streams, and therefore not necessarily in the control of the Growth Hub);
- greater use of mentoring support for start-ups
- supply of grant finance prior to expenditure, rather than the business having to reclaim it retrospectively - this applies mainly for businesses having tight cashflow situations, which may be causing an obstacle to winning contracts at particular times of year, or during a very short timeframe: one respondent noted that 'It felt as though if we've got the funds and don't actually need a grant, that's when it's available!'. For most businesses, the retrospective reclaim is not problematic, but there may be scope for small grants (or other finance solutions) which may help with temporarily poor cashflow, although this would need careful scrutiny - this is a niche area, but one where support may prove useful.
- greater scrutiny of providers, to ensure that they provide a high quality and appropriate service.

- improve the quality of support for social enterprises, through a specialist adviser or liaison with existing support providers

6.7. Consider the targets for the micro grants scheme, and if they should not be tied so specifically to job creation - for example, adding extra jobs may be difficult or an unsuitable target for some sectors (e.g. digital, creative) or for micro businesses - turnover may be a more suitable target in some cases, for example, or the introduction of new equipment to increase efficiency etc. However, one of the main advantages of the target for the grants schemes is that it is clear and simple to understand. As such, we would recommend retaining it, and find alternative ways to deliver support provision to such sectors, such as the new specialist advice scheme.

6.1 Proposed new delivery model

6.8. Looking at the proposed budget for the new model, the largest allocation is on the schemes which have proven successful in the past year, the Small Grant Scheme and Start-up Support. This seems sensible, with new provision to alter the contracted payments, so that additional jobs attract higher payments, also sensible in that it encourages attraction of potential high growth enterprises. Equally, the proposal to encourage greater links between Start-up Support should reduce multiple usage of schemes, and lead to more joined-upness in being able to direct potential starts to the scheme of most use for their circumstances. There has been a strong demand for both start-up and grant support and, with the economic situation continuing to improve, this trend is likely to continue in the future.

6.9. The most common request for changes to the grants schemes - other than to increase the level of public sector funding, which was often acknowledged to be unlikely - was to provide some limited funding upfront, for those in a situation where cashflow is temporarily tight. While there is some merit in this idea, it is probably better not to unduly change the scheme, as it has been working effectively. Nonetheless, it may be worth investigating how such businesses may be best supported - for example, guarantees to short-term financing packages, encouragement of regionally based lenders who may be more willing to take a longer term view of supporting local clients. This is more likely to be a role for the LEP than the Growth Hub.

6.10. Given the relatively poor takeup for the Innovation Vouchers scheme, and the lack of outputs, it is also sensible to discontinue this form of innovation support and reallocate the budget to areas which may bring greater impacts for the funding. Nonetheless, innovation remains important, with several partners noting that it is vital to help businesses profit from their innovative activity, as well as simply raising the level of innovative activity, and that support from universities has the potential to be highly effective. The same stipulation is relevant to enhancing planning and strategic thinking, which also presumably comes under the definition of specialist support. As such, there is scope to incorporate some of the other ideas noted above about delivery of innovation support, and ensuring that the new model for specialised assistance is sufficiently flexible to accommodate a range of situations which can support businesses in the most effective way. It is also worth considering how this links

into other innovation programmes - for example, would this strand of support be able to fund the development of bids to Innovate UK or European programmes, or work to form larger consortia of businesses to strengthen bids? This suggests a need for more deeply engaging with particular groups of deliverers (e.g. universities) to identify precisely what services they can provide, to particular types of businesses. This will facilitate matching of business needs to the most appropriate source, and ensure the specialised assistance fund is well targeted.

6.11. Other new strands of activity are also positive. Acting as a broker for mentoring services should enable a greater number of businesses to locate an appropriate mentor (which can often be difficult, or down to chance meetings rather than an informed search for a mentor relevant to the business needs), and to make the initial introduction. This addresses some of the comments from partners and businesses about a lack of support for planning and strategy, as the service would allow categorisation of mentors according to their skills. This should also address the expressed wish of some businesses that mentoring in their areas would be more relevant than traditional start-up support. This is likely to apply particularly to less mainstream small businesses - the PRG evaluation of GrowthAccelerator¹⁴, for example, noted that support services aimed at small businesses in general often struggled to deliver appropriate support to high-tech - especially pre-revenue - businesses, and social enterprises and other third sector organisations. Mentoring may represent a way to both help these organisations directly, and discover more about their needs. T

6.12. As noted above, the proposed supply chain support should also strengthen the effectiveness of its business base. Work undertaken by the PRG team in Northumberland (unpublished) showed that there were potentially large gains, but engagement needs to be on a sectoral basis - there is no one-size-fits-all solution across sectors, or across different regions. As such, rooting the supply chain work in local smart specialisation analysis would yield benefits, but detailed consultations with sectors would also be needed. In particular, the work highlighted that the 'soft' benefits of inter-company links are important, as well as simply supply chains, in that firms working together would be more likely to, for example, approach universities and FE providers to guide the type of training supplied, or tourism providers could offer more joined-up packages, enhancing their offer.

6.13. As also noted by some business respondents, there is a perceived need to increase support for social enterprises, given the relative shortage of dedicated support organisations in the area and, as noted above, the challenges often faced by mainstream support in delivering relevant help. The appointment of specialist social enterprise advisers should begin to address this. For similar reasons, the appointment of rural specialist advisers is also to be welcomed, although here the main challenge for rural businesses relates to being signposted to the relevant organisation for their needs, given the large number of private sector organisations competing for their business. Several businesses

¹⁴ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/395557/bis-15-41-formative-evaluation-of-growthaccelerator-bis-research-paper-number-189.pdf

also made similar points about a perceived lack of support aimed at developing micro-businesses, in particular, implying there is scope to investigate further whether a specialist in this area is warranted.

6.14. Partners also wished to encourage closer work between local authorities and the Growth Hub team. in order to lead to a more effective service and enhanced sharing of information. Again, this initiative is to be welcomed, and should yield benefits and cost-savings, at very little, if any, direct cost.

6.15. Partners welcomed the ongoing development of the CRM system, and this -and the purchase of the Slingshot database - should allow for better information and targeting of support. Again, this should allow more effective delivery of support.

6.16. Going through the list of recommendations for progress outline above, the main gap identified by partners which is not addressed by the proposed new delivery model is a more in-depth and transparent model for diagnosis of business needs, and how that feeds through into signposting. This would be a large job, requiring assessment of existing models, and how they translate into operational practice, and is unlikely to be finished before the new model is in operation. Nonetheless, for long-term effectiveness, it would be worth considering this modification to operations. Such a change would be aided in large part by a more complete CRM system, to be informed by consultations with delivery organisations, as mentioned above, a full implementation of data-sharing, and more complete records of which types of support have benefitted different businesses, and in which ways.

6.17. This process would also address some of the other concerns raised by partners and businesses, namely (i) greater provision of information about targets and referrals, and (ii) the quality of support offered by some delivery organisations. Judging by comments from businesses, the support from a single organisation can be highly variable, although it is not clear if that is due to individual advisers, or a more systematic way in which they are more geared towards delivering support to businesses with particular characteristics or needs. A more fully developed CRM system should aid with clarifying this matching process.



Durham
University



Aston University
Birmingham



Policy Research Group
St Chad's College
Durham University
DH1 3RH

<http://www.stchads.ac.uk/research/>