Ministry of Housing, Communities & Local Government

European Union
European Regional Development Fund

National Evaluation of English ERDF Programme 2014-20: Phase Two Report: Interim Impact Evaluation

Appendix D: Beneficiary Survey

January 2021

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The Ministry of Housing, Communities & Local Government

Contents

1. Introduction

1.1 The three surveys of beneficiaries conducted during Phase 2 focused on beneficiaries of Research and Innovation, SME Competitiveness and Enterprise Support. The results however are presented for five broad support types, namely:

- Research and innovation support
- SME competitiveness support
- Resource and energy efficiency support
- Support for start-ups
- Support for aspiring entrepreneurs.

1.2 Whilst the fieldwork was undertaken during the Covid-19 pandemic (i.e., between June and September 2020), the focus was upon the businesses' experiences of the support which they will have received between 2016 and 2019. The surveys only include the direct beneficiaries of the ERDF support, excluding those that might have benefited indirectly from investments in research infrastructure, transport, commercial property, or environmental measures.

2. Delivery Perspectives and Satisfaction

Finding Out about the Support

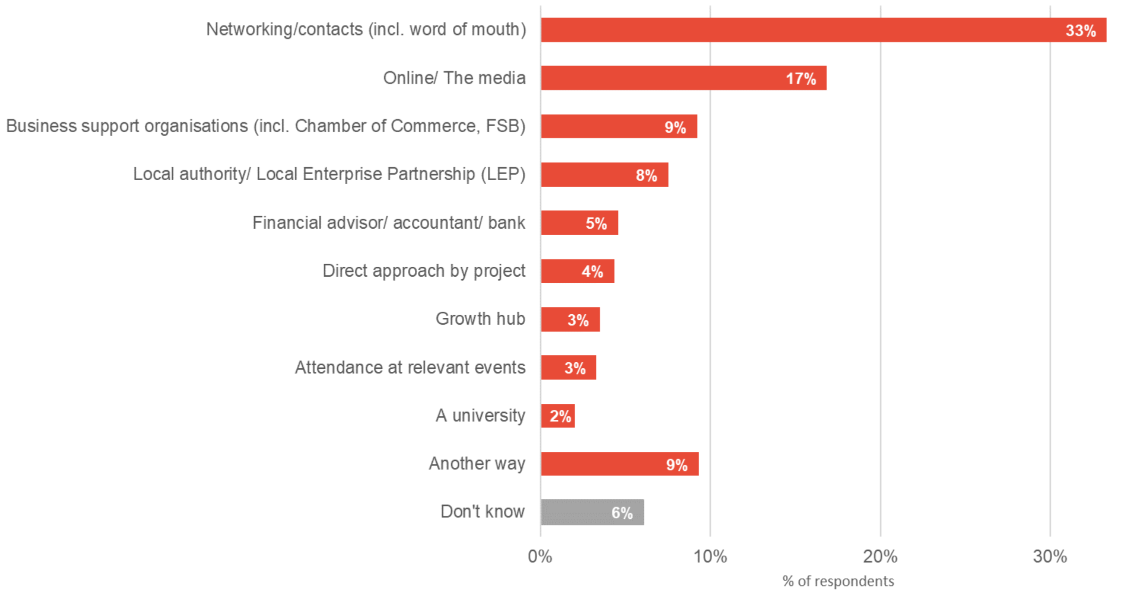
2.1 Whilst the SME beneficiaries found out about the support they received in a wide range of ways and this varied to some extent across the types of support, the most common route was through the businesses' own networks and contacts (ranging between 26% and 39% of survey beneficiaries). Online media was the second most common route, although this was not the case for Research and Innovation support.

2.2 Whilst it is surprising that a relatively small proportion of the beneficiaries indicated they had been contacted directly by the projects from whom they received support (varying between 1% and 8%), this is to some extent a reflection of the wider range of marketing channels that projects use to contact and engage with businesses.

2.3 There were a number of notable variations by type of support:

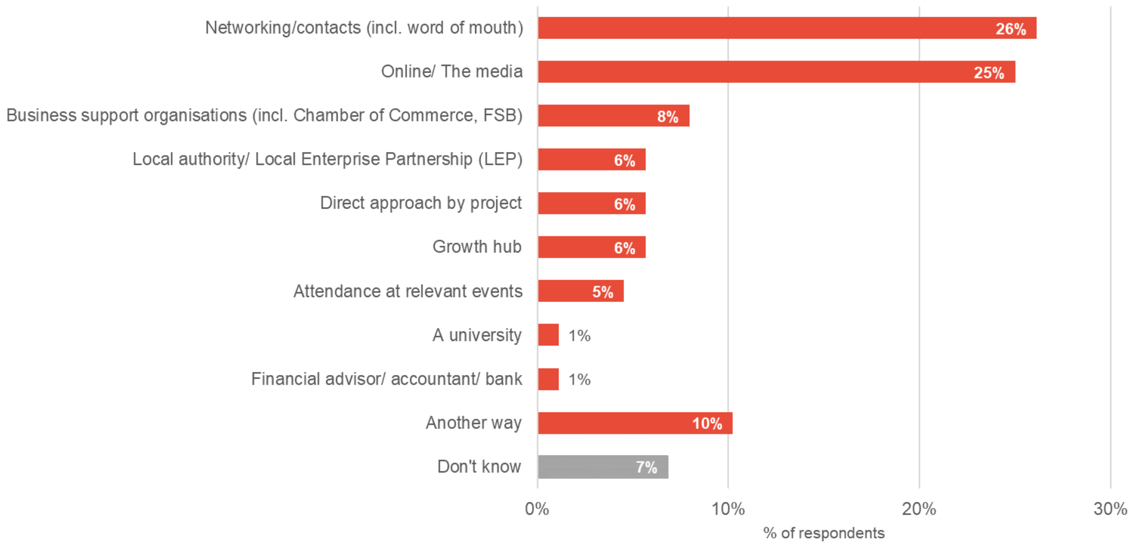
- SME Competitiveness support – besides networks and online media, there were a wide range of routes into the project (business support organisations local authorities, business intermediaries, LEPs, Growth Hubs), although none accounting for more than a tenth of businesses
- Resource and Energy Efficiency support – similar to the SME Competitiveness support, although use of networks was less common and access via online media was more common than for the other types of support (25% of the beneficiaries surveyed)
- Research and Innovation support – as would be expected, universities were a much more common route into a project, although still only accounting for 15% of the beneficiaries surveyed).
- Support for start-ups – similar to the SME competitiveness support, although local authority/local enterprise partnership (11%) and universities (7%) are relatively more common routes of support
- Support for potential entrepreneurs – besides networks (23%) and online media (21%), universities (13%) and job centers (12%) are also common routes into the projects.

Figure 2.1 How did you first find out about the support received, SME Competitiveness Support



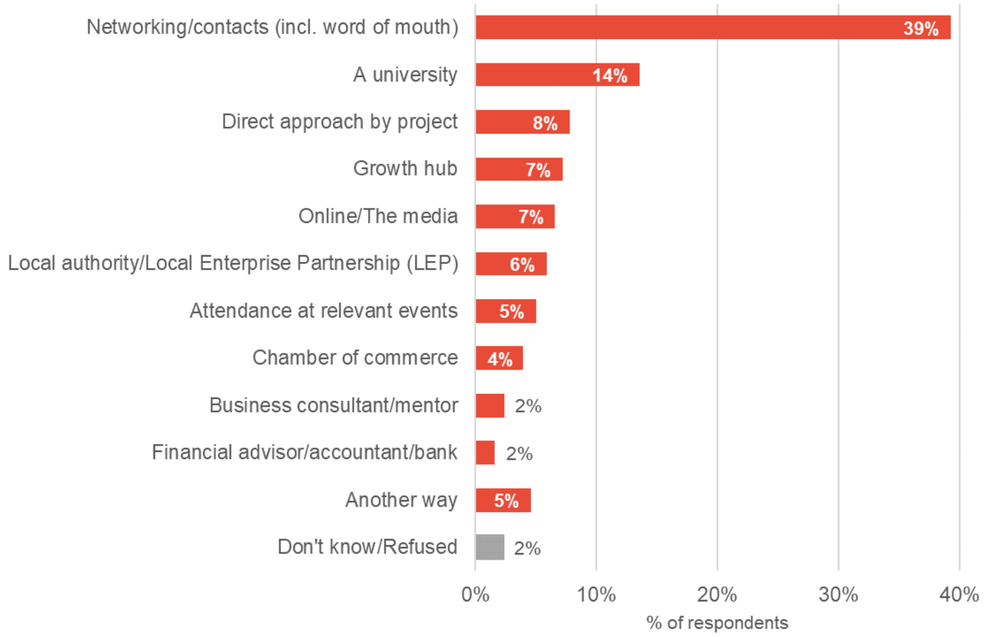
Source: SME Competitiveness Survey, responses: 2,125

Figure 2.2 How did you first find out about the support received, Resource and Energy Efficiency Support



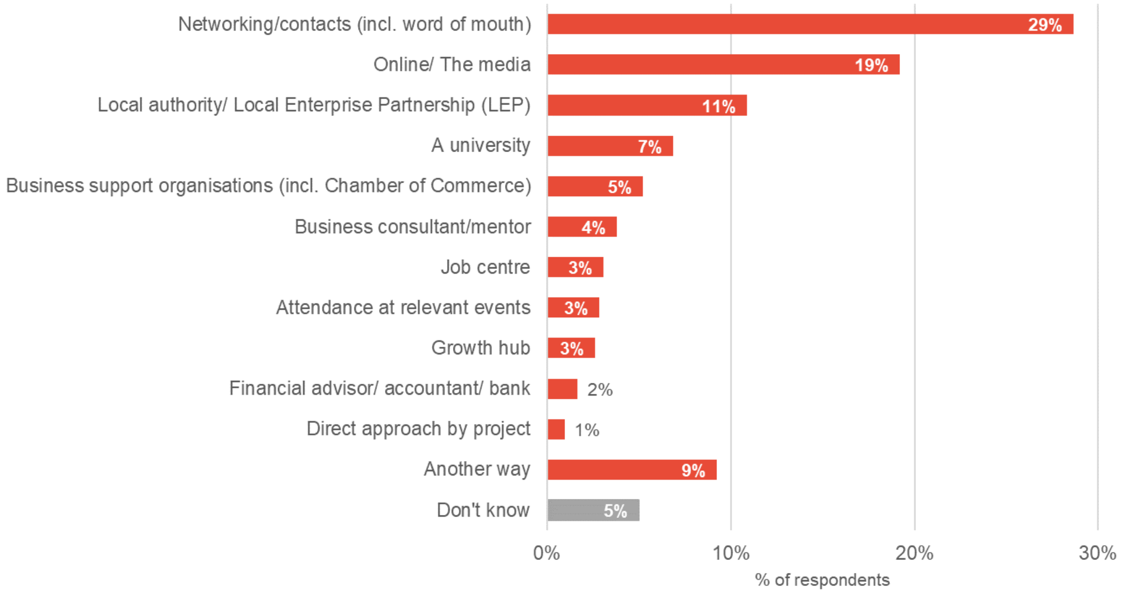
Source: SME Competitiveness Survey, n = 88

Figure 2.3 How did you first find out about the support received, Research and Innovation Support



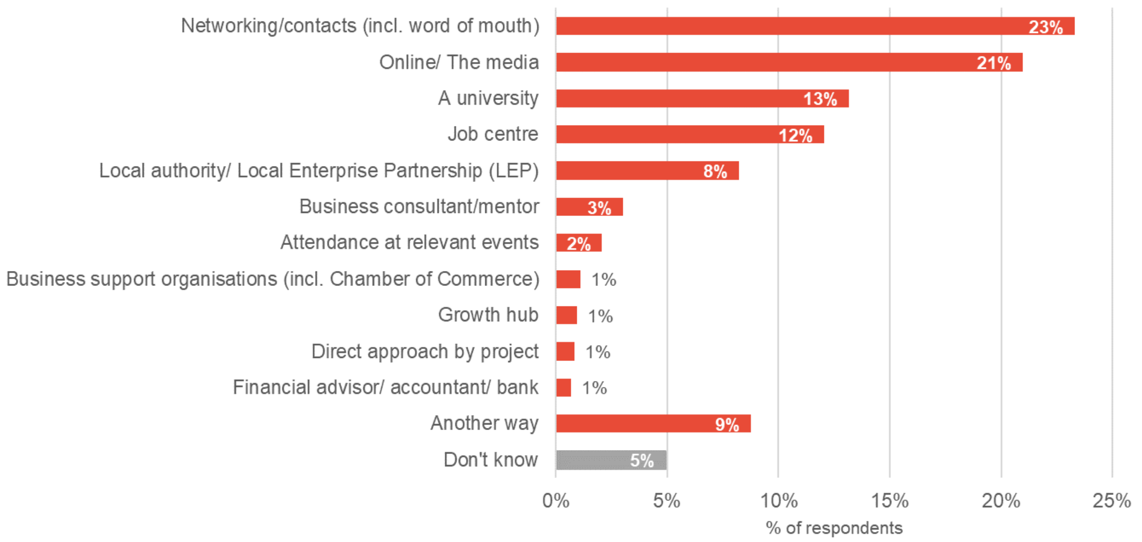
Source: Research and Innovation Survey, n = 1,003

Figure 2.4 How did you first find out about the support received, Start-ups Support



Source: Entrepreneurs Survey, n=422

Figure 2.5 How did you first find out about the support received, Potential Entrepreneurs Support



Source: Entrepreneurs Survey, n=730

Expectations and Access to Support

2.4 The three surveys asked SME beneficiaries about the type of support they were seeking from the ERDF funded projects and the extent to which they received this in practice. The relevant survey questions in each survey were tailored to the wide-ranging support which was available across each broad intervention area (and allowed respondents to identify multiple types of support).

2.5 Overall, the survey results suggest that projects assisting the sample of beneficiaries have been able to provide the forms of support that SMEs felt they required. In a general sense, this is to be expected as the businesses have engaged with the delivery organisations and gone on to receive the support. However, it is reassuring in that it suggests that there is not a major mismatch occurring between expectations of the SMEs think they will receive and what happens in practice.

2.6 The specific messages for the broad types of support are outlined below:

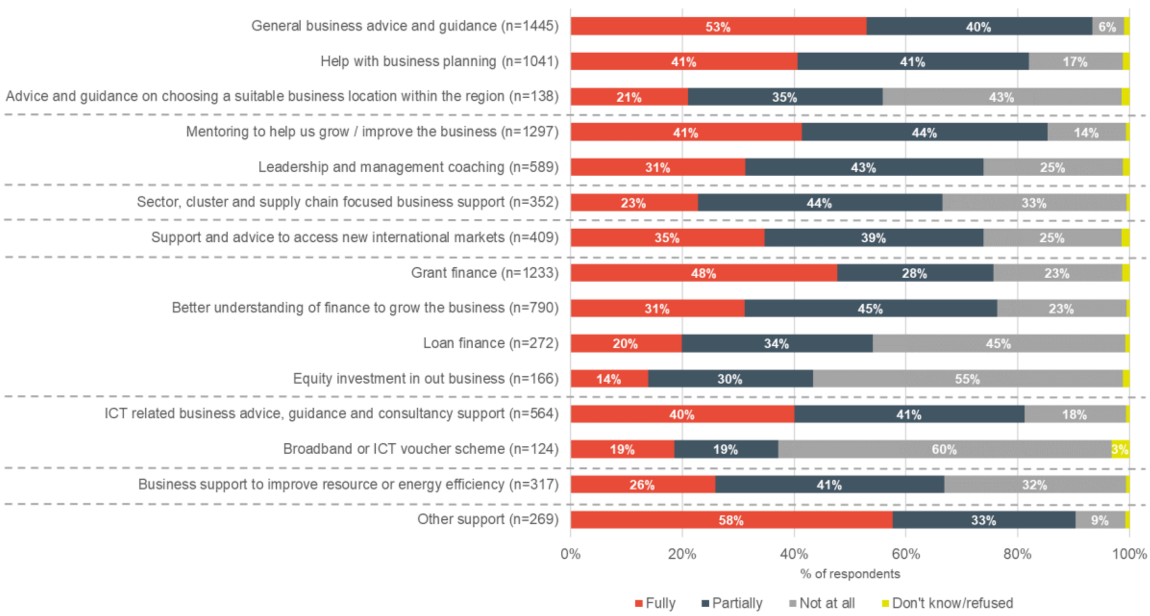
SME Competitiveness Support

- Generally, the programme appears to have performed well in providing the support businesses thought they needed. It has managed to deliver, fully or in part, the most popular support activities. About 94% of beneficiaries say that they received support they needed, fully or in part, for at least one of the support activities they were interested in.
- For the three most frequently sought forms of support: about 93% of the SMEs seeking general business advice and guidance received the support they expected fully or partially; 85% of SMEs seeking mentoring to facilitate

business growth and improvement received the support they expected; and 76% seeking grant finance received what they expected.[1]

- However, in the case of some forms of support which were less frequently sought by SMEs, far fewer businesses reported receiving the support they expected: 60% of SMEs seeking access to broadband or ICT vouchers did not receive the support they expected; 55% of SMEs seeking equity investment and 45% seeking loan finance did not receive the support they expected. However, in both cases, the likely explanation is that whilst the businesses did receive advice and guidance about ICT and business finance which met their expectations, a proportion of these also thought the support would go on to actually provide financial assistance for broadband or to provide debt or equity finance (which may well have been beyond of the scope of the particular projects).

Figure 2.6 Support activities that businesses are interested in & extent of receiving them, SME Competitiveness Support



Source: SME Competitiveness Support Survey, n=2,125

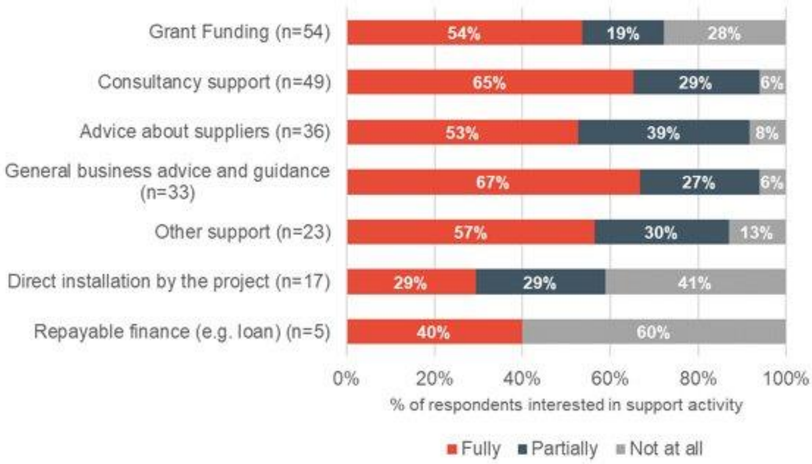
Resource & Energy Efficiency Support

- The most common forms of support sought by the SMEs in the sample were related to general guidance, consultancy support and grants to enable the businesses to implement of efficiency improvements.
- The extent to which the SMEs received the support they expected was typically much higher for advice and guidance and consultancy support which are the core offer of the projects targeted at SMEs (over 90% of respondents received the support they expected fully or partially).

[1] Note: it should be noted that large financial instruments projects were not included in the sample. Given the high levels of businesses reporting to have received grant finance it is likely that they have actually received other forms of support, such as consultancy support that they have falsely attributed to grant finance.

- Higher proportions of businesses felt they did not receive the support with grants or direct installations of technologies they were expecting (28% and 41% respectively).

Figure 2.7 Support activities that businesses are interested in & extent of receiving them, Resource and Energy Efficiency Support



Source: ERDF National Evaluation Phase 2 Survey, September 2020; note: no respondents answered Don't Know/Not Sure

Research and Innovation Support

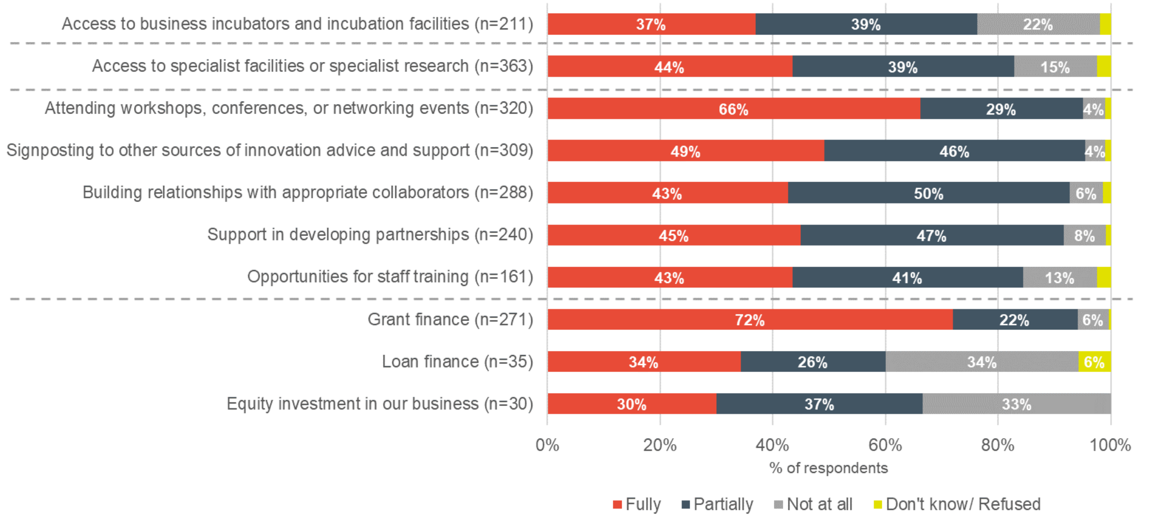
- In terms of the types of research and innovation support accessed by the respondents to the survey, about three fifths of respondents received more general innovation advice and guidance (60%), two fifths participated in knowledge programmes and collaboration activities (41%), a little over a third accessed specialist research facilities (36%) or innovation finance (35%), whilst a fifth accessed business incubators (21%).
- In terms of the specific focuses of the innovation support, the more common forms being sought by the SMEs were related to new or improved products and services (41%); R&D activities (37%); developing relationships with suppliers, customers, and collaborators (30%); and enhancing technologies and equipment (30%).
- Enterprises appear to have received the advice and guidance support they were interested in, as more than four fifths of respondent's report receiving (fully or partially) support across the different advice and guidance activities offered. With regards to advice on products and services and R&D activities, which are the two most popular activities, at least 90% of respondents received support.

Figure 2.8 Extent to which advice and guidance support activities were received

Source: ERDF National Evaluation Phase 2 Survey, September 2020

- The proportion of enterprises receiving support (fully or partially) with access to specialist facilities/research (83% of respondents) exceeds the share of those who were provided with support on accessing business incubators/incubation facilities (76%). The projects adequately delivered support on participation in knowledge transfer programmes and collaboration activities, as more than 90% of respondents report receiving support across all activities. With respect to business finance, although close to 94% of enterprises received grant finance, a significantly smaller share of respondents managed to access equity investment (67%) and loan finance (60%).

Figure 2.9 Extent to which support sought was received, Research and Innovation Support

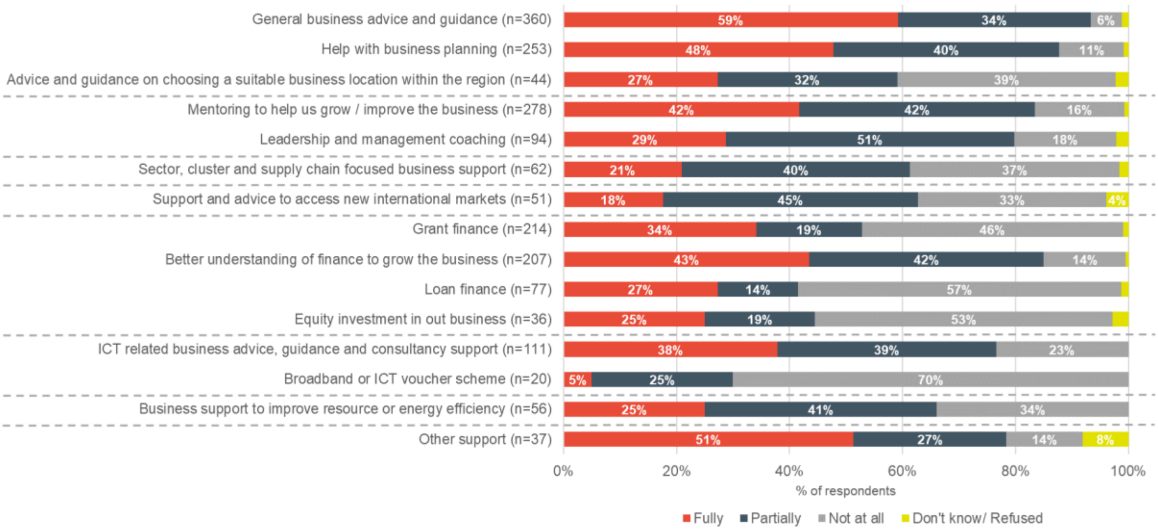


Source: Research and Innovation Support Survey, n = 1,003

Support for Start-ups

- The three most commonly sought support activities are general business advice and guidance (85%), mentoring to help grow/improve the business (66%) and help with business planning (60%).
- The survey points to mixed success in meeting start-up support beneficiaries' requirements. The share of respondents who received support they expected, fully or in part, varies from 30% to 93% across support activities.
- While the projects have successfully met the expectations of beneficiaries for some of the most commonly sought support activities, such as general business advice/guidance (93%) and help with business planning (88%), they have struggled to meet the expectations of beneficiaries for activities that are less sought after, such as broadband and ICT voucher scheme support (30%).
- Additionally, with the exception of better understanding for of finance to grow the business (85%), beneficiaries seeking access to finance were less likely to feel their needs had been met.

Figure 2.10 Support activities that businesses are interested in & extent of receiving them, Start-ups Support



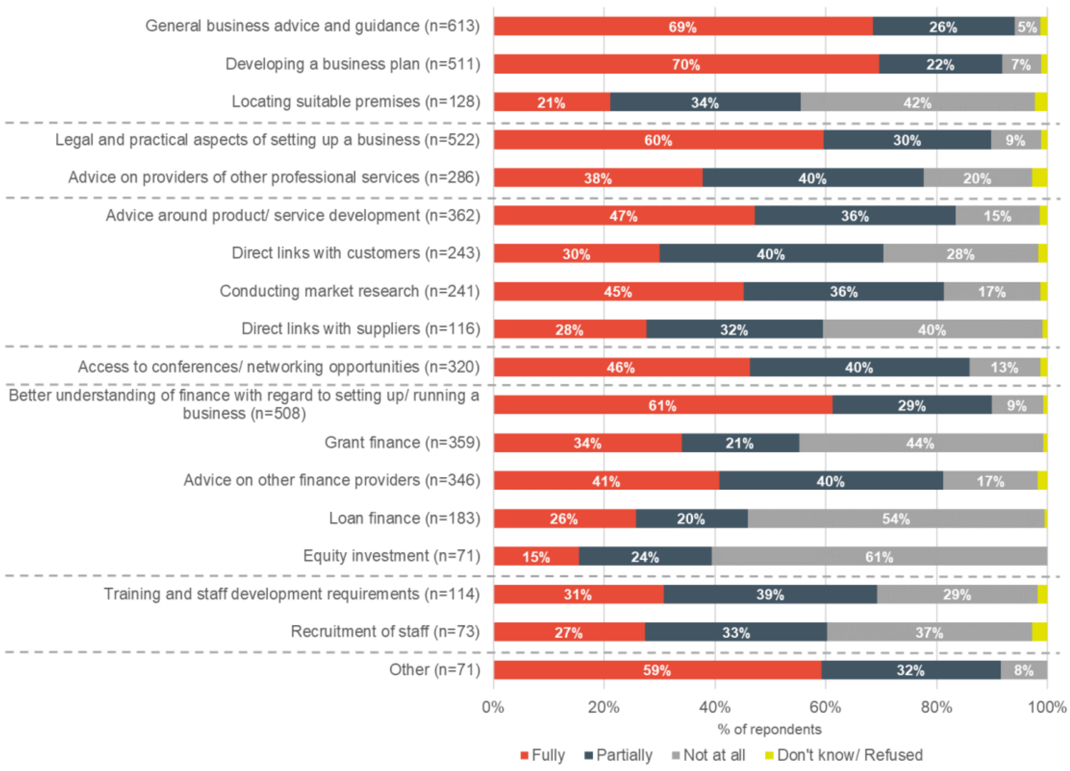
Source: ERDF National Evaluation Phase 2 Survey, September 2020

Support for Potential Entrepreneurs

- Beneficiaries were primarily interested in receiving general business advice/guidance (84%) and support on legal/practical aspects of setting up a business (72%), developing a business plan (70%) and better understanding of finance for setting up/running a business (70%).
- Similar to support for start-ups, the share of respondents who felt their support needs were addressed, fully or in part, varies across activities, albeit to a lesser extent (39% to 94%). Generally, the project has been more successful in meeting the needs of beneficiaries for the more commonly

sought-after activities. For the four activities in which beneficiaries where primarily interested at least 90% of respondents received (fully or partially) support. However, beneficiaries have struggled to access financial support, in the form of equity (39%), loan (46%) and grant (55%) finance.

Figure 2.11 Support activities that businesses are interested in & extent of receiving them, Potential Entrepreneurs Support



Source: ERDF National Evaluation Phase 2 Survey, September 2020

Usefulness and Satisfaction with Support

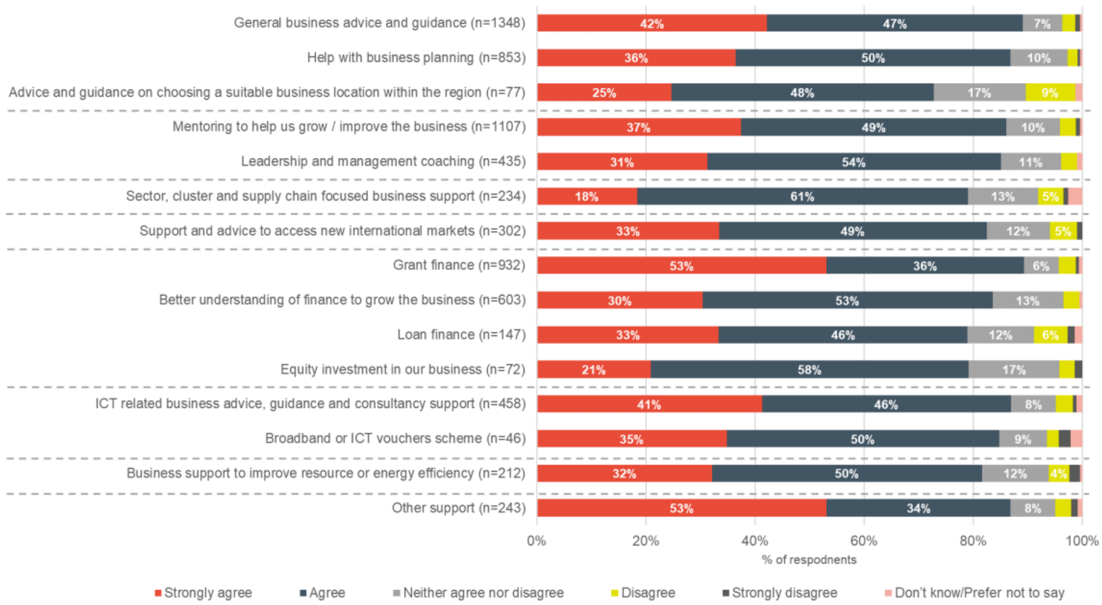
2.7 The surveys asked the SMEs beneficiaries about their views on the usefulness and degree of satisfaction with the support they had received, as well as their thoughts ways in which the support could have been improved. All beneficiaries were interviews at least six months after the support was received allowing the individuals sufficient time to reflect on their experiences and, where appropriate, to put the support received into practice within their businesses.

SME Competitiveness Support

- Satisfaction the quality of support activities offered is very high. For eleven of the fifteen support activities, at least 80% of respondents report that they found the support received useful. Notably, in the cases of advice to grant finance or the actual receipt of this finance, more than half of respondents (53%) found the support provided very useful.

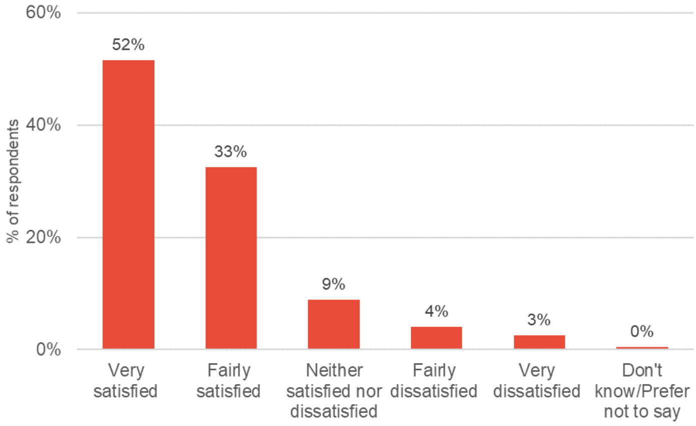
- Marginally lower usefulness levels are reported for advice and guidance on choosing a suitable business location within the region (73%) and loan and equity finance (78%/79%).
- Generally high levels of satisfaction with the experience of support received are noted, with more than half of the respondents claiming to be very satisfied (52%) and about one third (33%) reporting they are fairly satisfied. Close to a tenth of the sample remain neutral, whilst only about 7% are fairly or very dissatisfied.
- Delving into specific aspects of the support reveals that enterprises were particularly pleased with the timeliness of the support received (87% of respondents report being fairly or very satisfied) as well as the knowledge and accessibility of the staff (86% respectively). Satisfaction with marketing and promotion of the support was lower, with only 73% business being fairly or very satisfied and a large proportion being neutral (17%).
- Consistently, 60% of businesses would be extremely likely and 30% would be quite likely to recommend the project they received support from to others. Only 9% of the respondents would be unlikely to recommend the project.

Figure 2.12 Usefulness of support activities received, SME Competitiveness Support



Source: SME Competitiveness Support Survey, n = 2,125

Figure 2.13 General level of satisfaction with the support received, SME Competitiveness Support

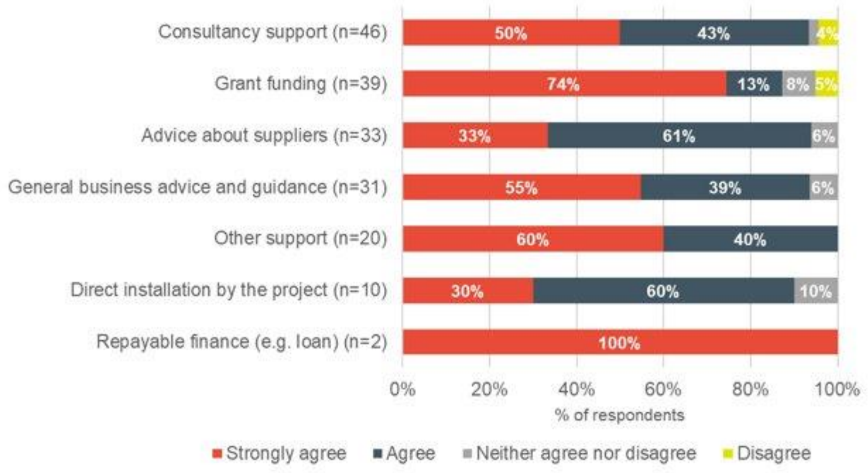


Source: SME Competitiveness Support Survey, n = 2,125

Resource & Energy Efficiency Support

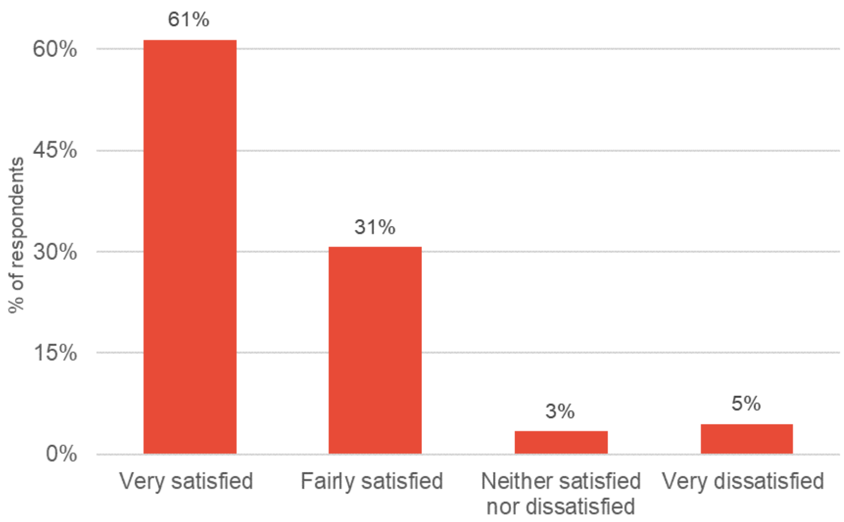
- In general, the vast majority of the SME respondents found the support they received very or fairly useful, with less than a tenth neutral or disagreeing. However, the businesses which received support relating to advice about supplier or direct installation of technologies were far less likely to agree that the support was very useful.
- More than nine tenths of respondents are either very or fairly satisfied with resource efficiency support received generally, whilst a minority (5%) reports being very dissatisfied.
- Satisfaction with the quality of staff, their accessibility, knowledge of business needs and timeliness of support was all very high (over 90% very or fairly satisfied). Again, the marketing and promotion of the programme could benefit from improvements, as only 72% report fair or high satisfaction levels, 15% remain neutral and 5% report being dissatisfied.
- In line with high satisfaction levels, nine tenths of the respondent would be likely to recommend the project to others, the majority of which (about 68%) would be extremely likely to do so. Of the 8% of respondents who would be unlikely to recommend the project, about 57% would be very unlikely to do so.

Figure 2.14 Usefulness of support activities received, Resource and Energy Efficiency Support



Source: SME Competitiveness Support Survey, n= 88 Note: No respondents answered 'Strongly Disagree' or 'Don't know'.

Figure 2.15 General level of satisfaction with the support received, Resource and Energy Efficiency Support



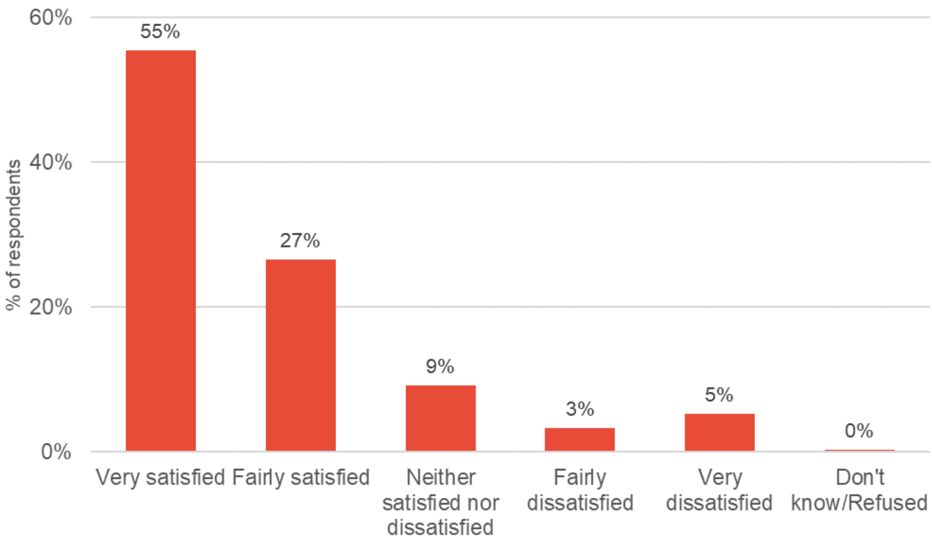
Source: SME Competitiveness Support Survey, n = 88. Note: No respondents answered 'Fairly Dissatisfied' or 'Don't know/Prefer not to say.'

Research and Innovation Support for Innovation

- Again, the level of satisfaction with the experience of support is high, as more than half of the respondents feel very satisfied and 82% are either fairly or very satisfied. This is marginally lower than for the other forms of support which may reflect the greater complexity of some forms of in novation support as well as some businesses being less familiar with innovation processes and practices.

- The proportion of satisfied businesses is significantly higher than average across all types of support, but especially so for those who accessed incubators and incubation facilities (91% vs 82%). The proportion of innovation finance recipients who are very satisfied is also notably significantly higher than average (68% vs 55%).
- The Research and Innovation survey did not ask respondents for their views on the usefulness of the support, although we can surmise it would be high given the relationship between businesses' views on usefulness of and satisfaction with the support.
- There are similar messages to the other support types about satisfaction with different aspects of the support (88% and above), although satisfaction with the knowledge of the support staff is slightly lower (84%) and similarly far lower for marketing and promotion (69%).
- Recipients of business finance were also asked to think about the application process and the terms and conditions they encountered, relative to other finance providers in the market. Satisfaction with the terms and conditions appears higher (81% satisfied and 3% dissatisfied), compared to the application process (75% satisfied and 9% dissatisfied).
- Three fifths of respondents would be extremely likely to recommend the project, whilst an additional 29% would be quite likely. Only one tenth of the sample would be unlikely to recommend the project.

Figure 2.16 Overall level of satisfaction with the experience of support, Research, and Innovation Support



Source: Research and Innovation Support Survey, n = 1,003

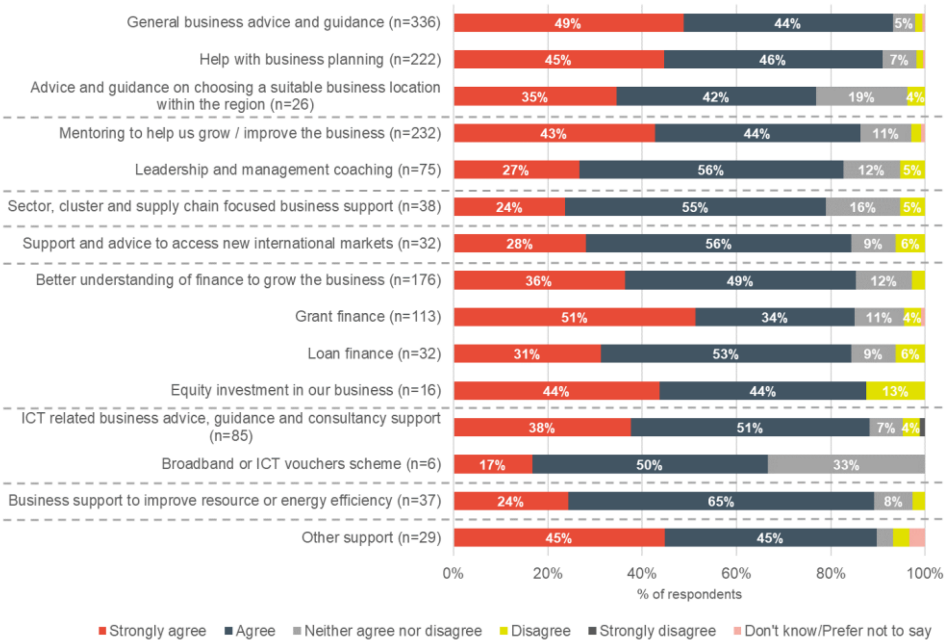
Support for Start-ups

- For the majority of support activities, at least 80% of the respondents who received support strongly agree or agree that the support provided was useful. Exceptions include support on broadband or ICT vouchers scheme (67%) and advice and guidance on choosing a suitable business location

(77%). Notably, opinions about the usefulness of equity support appear more polarised than in the rest of the activities, as 88% of respondents found the support useful and 13% did not.

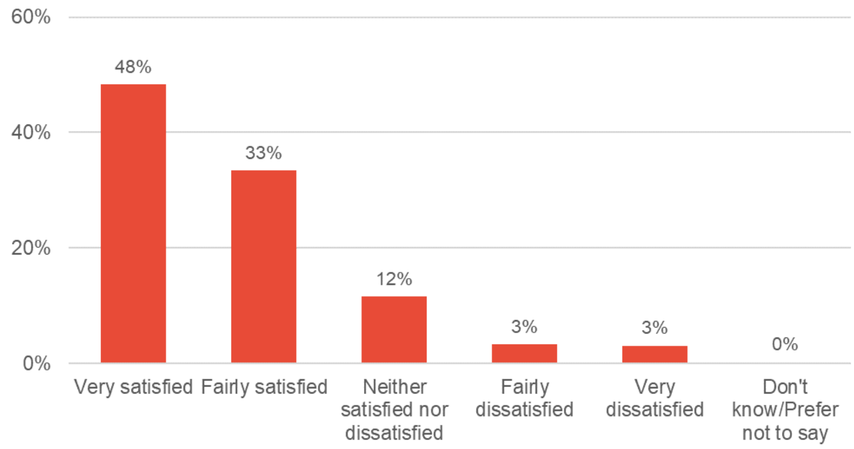
- Again, the level of satisfaction with the experience of support is high, as more than four fifths (82%) of respondents report that they feel very of fairly satisfied. Beneficiaries appear pleased with the quality of staff, especially their knowledge (87%). They also appear generally satisfied with timeliness (85%) and relevance (83%) of the support received. Hence, more than nine tenths (92%) of respondents report that they are extremely or quite likely to recommend the programme.

Figure 2.17 Usefulness of support activities received, Start-ups Support



Source: ERDF National Evaluation Phase 2 Survey, September 2020

Figure 2.18 General level of satisfaction with the support received, Start-ups Support

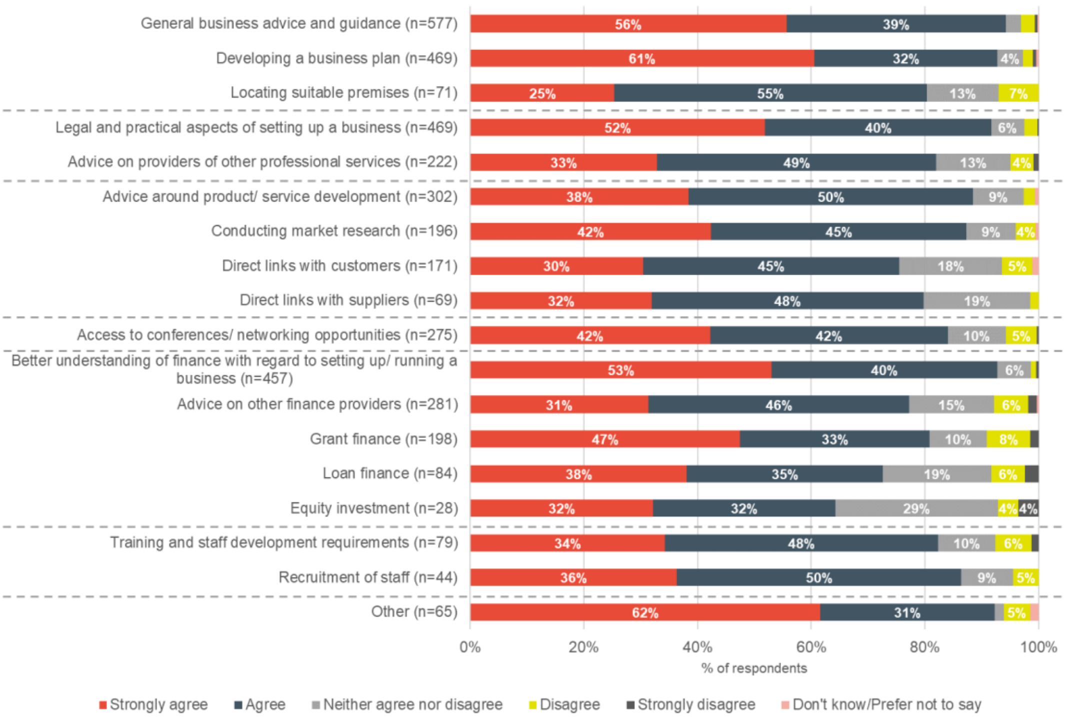


Source: ERDF National Evaluation Phase 2 Survey, September 2020, n=422

Support for Potential Entrepreneurs

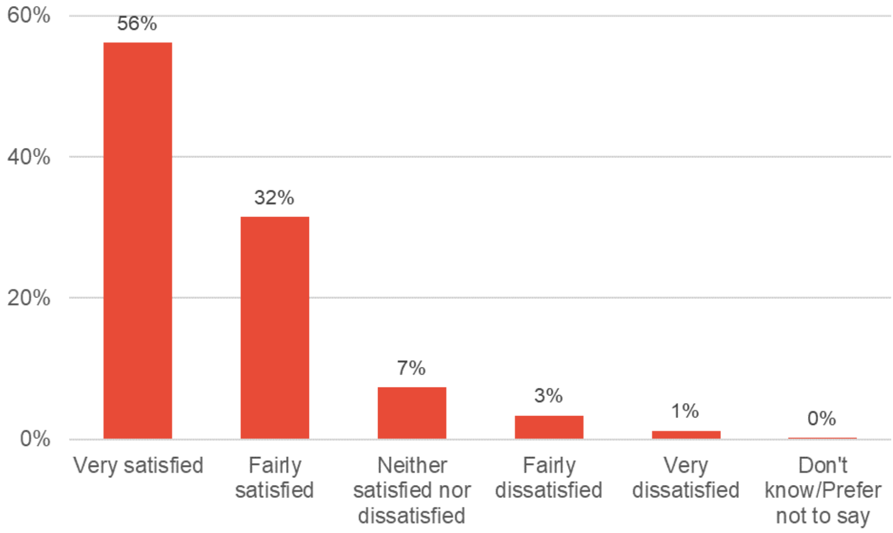
- For the majority of activities (13 out of 18) at least 80% of respondent who received support agree that the support provided was useful. Beneficiaries appear to have found support on developing a business plan especially useful, as more than three fifths are in strong agreement in both cases. A notable exception is equity investment support, as only 64% of respondents found it useful, while 30% remained neutral.
- High levels of satisfaction are also seen among potential entrepreneur support beneficiaries, as 88% of respondents report that they are very or fairly satisfied. Satisfaction with the quality of staff is high, especially their knowledge (90%) and accessibility (88%). They also appear pleased with the timeliness (88%) and relevance (87%) of the support. Hence, more than nine tenths (93%) of respondents would be likely to recommend the programme to others.

Figure 2.19 Usefulness of support activities received, Potential Entrepreneurs Support



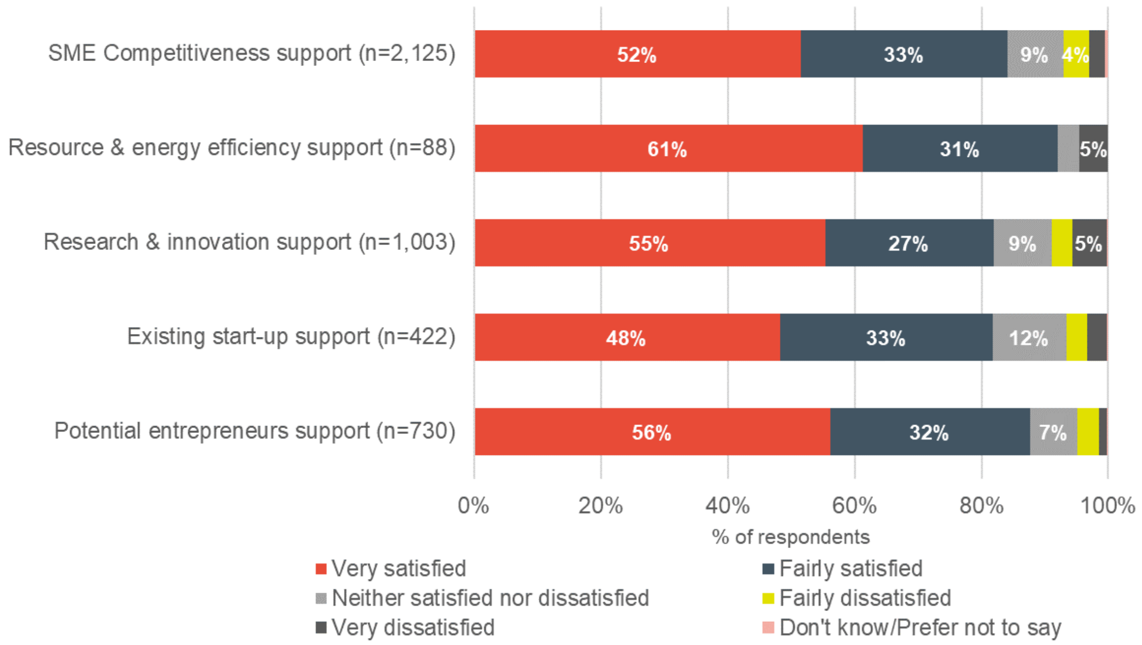
Source: ERDF National Evaluation Phase 2 Survey, September 2020

Figure 2.20 General level of satisfaction with the support received, Potential Entrepreneurs Support



Source: ERDF National Evaluation Phase 2 Survey, September 2020, n=730

Figure 2.21 General level of satisfaction with the support received



Source: ERDF National Evaluation Phase 2 SME Competitiveness, Research and Innovation and Entrepreneurs Surveys, September 2020

3. Beneficiary Outcomes and Impacts

3.1 The three surveys of business beneficiaries provides valuable insight into the manner in which they are using this to set-up, grow and enhance the competitiveness of their businesses. This helps to build up a picture of the impacts which the ERDF funded interventions are having on local economies across England. Although not all questions are directly comparable across the surveys, we have sought to present the analysis in a way that allows some comparison of results where appropriate.

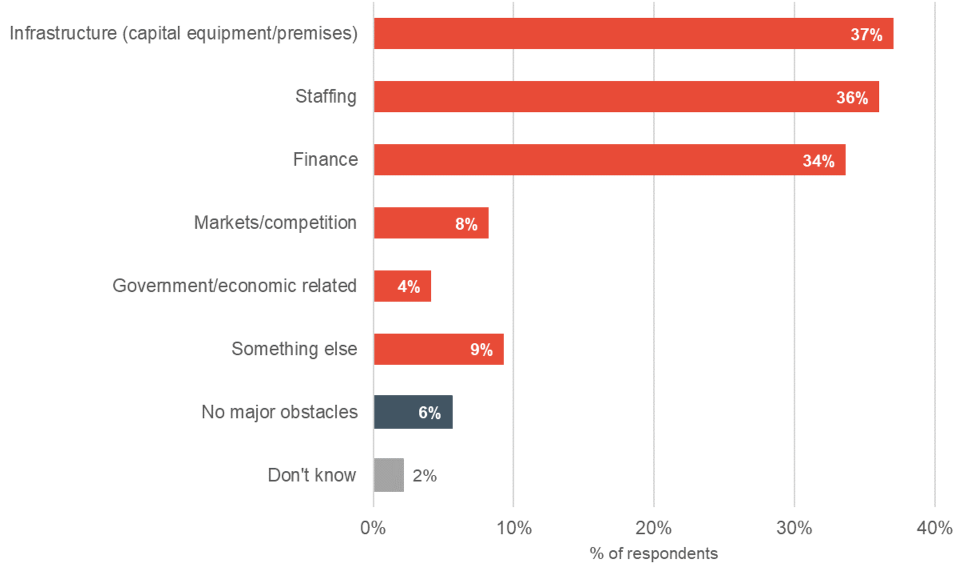
Progress in Tackling Business Obstacles and Constraints

3.2 The business beneficiary surveys have examined the constraints and obstacles the beneficiaries faced when they first accessed support and the extent to which the support, they received from ERDF funded projects helped them overcome these constraints. Given the differences in the nature of the types of support covered across the surveys, the type of constraints highlighted can be expected to vary to some extent.

3.3 Respondents have identified the obstacles that are of most relevance to them. A summary of findings is presented below:

- For SME competitiveness support beneficiaries, the main obstacles related to business infrastructure (equipment & premises) were the primary concern (37% of responses), closely followed by staff, skills, and business finance.
- The most common obstacles were similar for those receiving resource & energy efficiency support, however there was a higher percentage for business infrastructure (43%) and finance (40%) related obstacles.
- The question for businesses receiving research and innovation support was asked in a slightly different way to that in the SME Competitiveness survey (in order to get a more detailed response). For these beneficiaries, the leading barrier appears to be the high direct costs related to innovation with 71% of respondents believing it to be important. Other major barriers included access to finance and perceived market risks. Lack of affordable or suitable incubation/business space appears to be the least important barrier for respondents.
- The main obstacles for start-ups support beneficiaries are lack of business finance (35%), internal business expertise (34%) and marketing (including social media presence) (31%). More than one fifth (21%) of respondents also note the absence of established client base/customers.
- Among potential entrepreneurs, the main obstacle is lack of experience in running a business (46%), followed by lack of finance (32%). Respondents also appear concerned about some of the practical/legal aspects of running a business, such as tax and taxation issues (15%), completing the relevant paperwork/registrations (13%) and government regulations (12%).

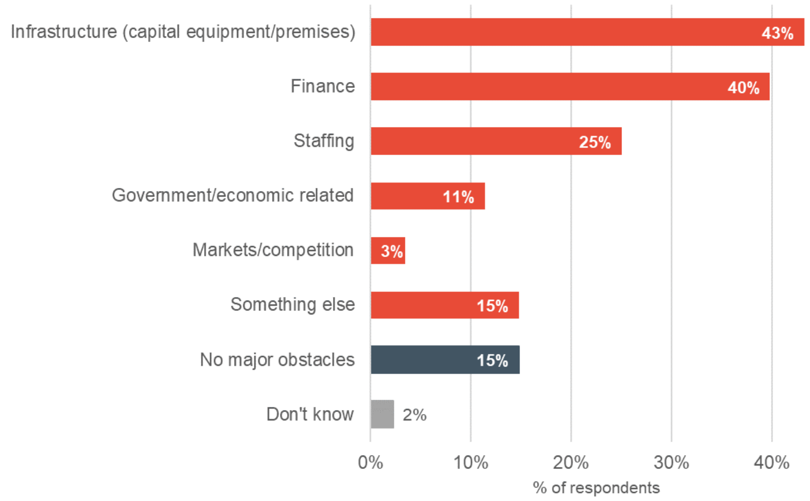
Figure 3.1 Summary of Main Types of Business Obstacles or Constraints – SME Competitiveness Support



Chart

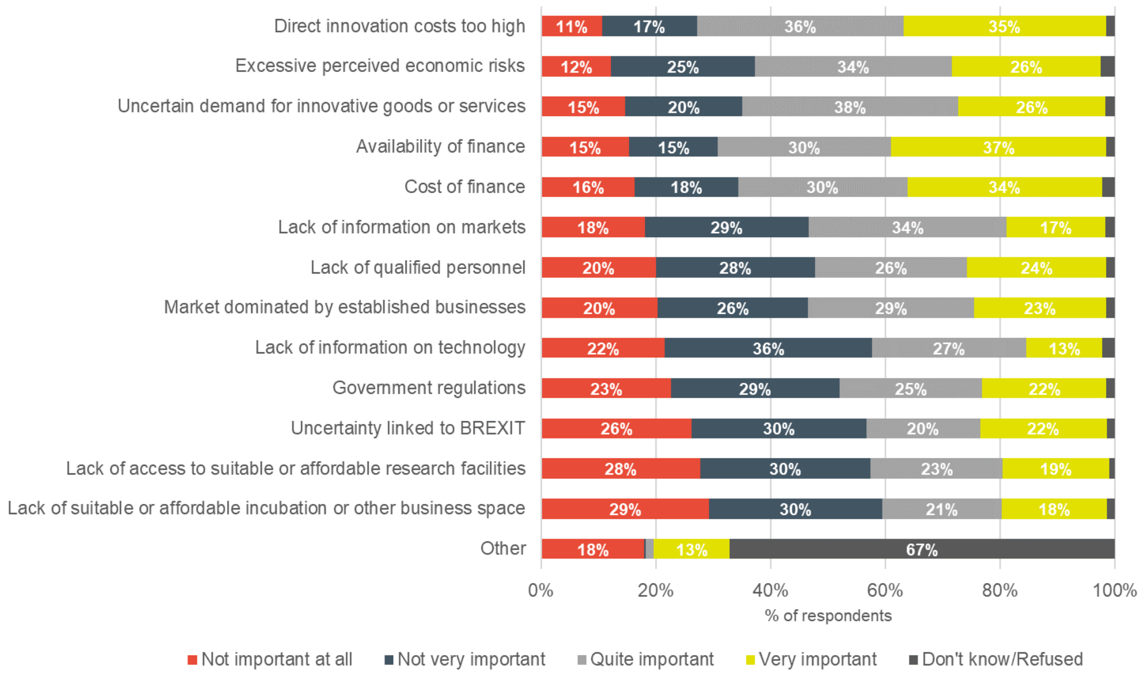
Source: ERDF National Evaluation Phase 2 SME Competitiveness Survey, September 2020; n = 2,125

Figure 3.2 Summary of Main Types of Business Obstacles or Constraints - Resource & Energy Efficiency Support



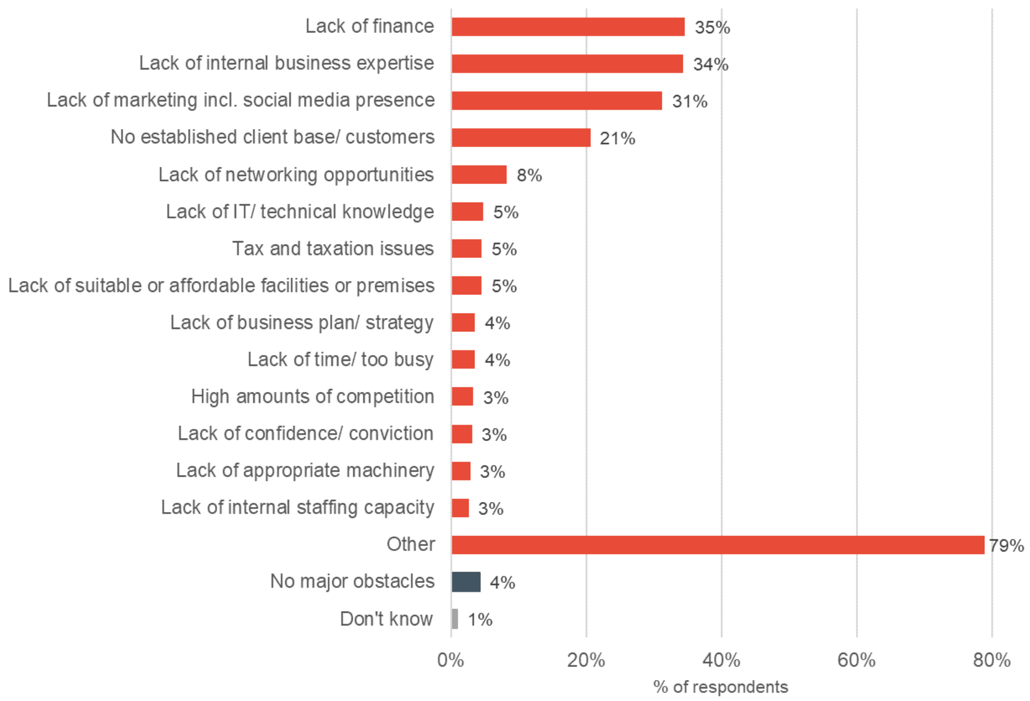
Source: ERDF National Evaluation Phase 2 SME Competitiveness Survey, September 2020; n = 88

Figure 3.3 Main Types of Business Obstacles or Constraints – Research and Innovation Support



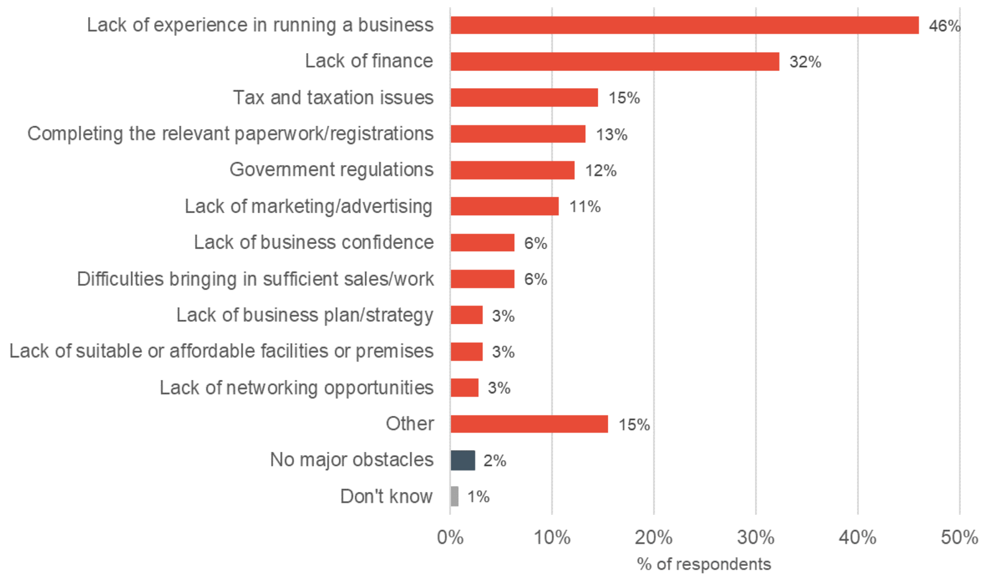
Source: ERDF National Evaluation Phase 2 Survey, September 2020; n = 1,003; the innovation results are displayed differently due to a different format to the question asked

Figure 3.4 Main Types of Business Obstacles or Constraints – Start-ups Support



Source: ERDF National Evaluation Phase 2 Survey, September 2020; n = 422; the figure does not show obstacles selected by 2% or less of the respondents.

Figure 3.5 Main Types of Business Obstacles or Constraints – Potential Entrepreneurs Support

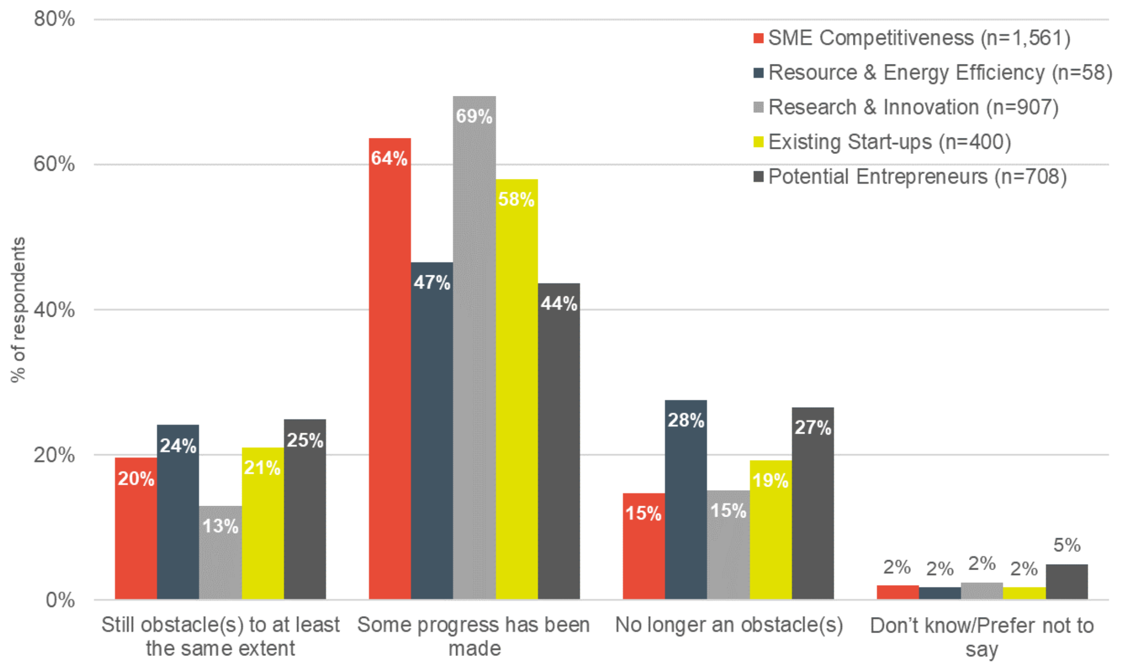


Source: ERDF National Evaluation Phase 2 Survey, September 2020; n = 730; the figure does not show obstacles selected by 2% or less of the respondents.

3.4 Beneficiaries were also asked to estimate how much progress they had made towards overcoming their barriers to achieving their business objectives since receiving support. The key findings are:

- For those receiving SME competitiveness support, the majority of respondents (64%) had made some progress towards overcoming obstacles with 15% overcoming them altogether.
- A larger proportion of beneficiaries of innovation related support (c. 69%) reported that they have made some progress against the barriers they were facing. The same proportion (15%) of respondents stated that the obstacles faced are no longer an issue.
- A smaller proportion of beneficiaries of start-up support (58%) had made some progress against the barriers they were facing, while a larger proportion of respondents reported that the obstacles faced are no longer an issue (19%).
- For resource & energy efficiency support, respondents were more polarised with larger proportions overcoming obstacles completely or not at all.
- Beneficiaries of potential entrepreneur support were similarly polarised. They record the smallest proportion of respondents that had made some progress against the barriers they were facing (44%).

Figure 3.6 Business Progress in Addressing Obstacles or Constraints



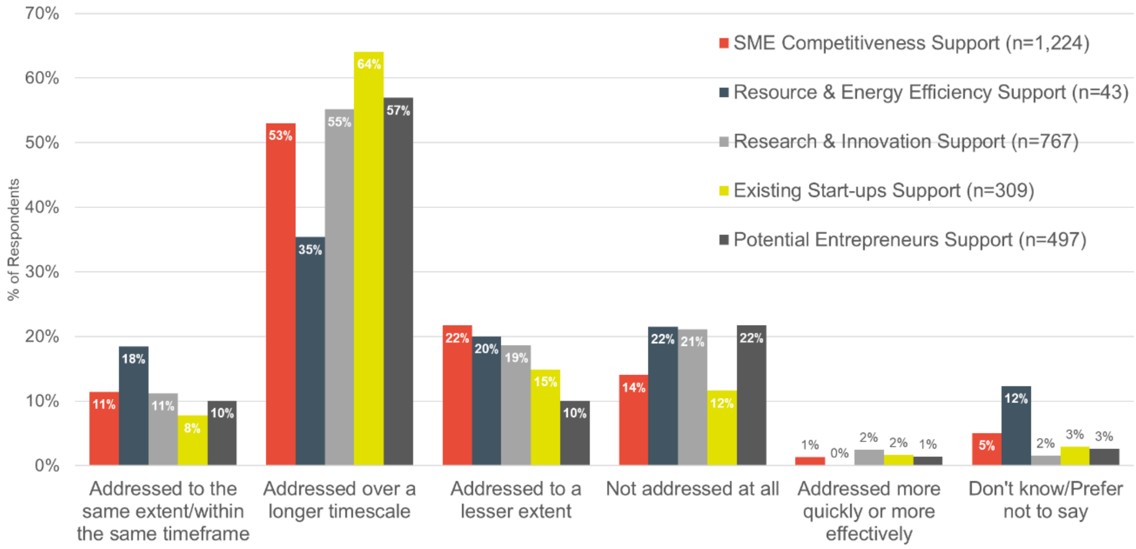
Source: ERDF National Evaluation Phase 2 SME Competitiveness, Research and Innovation and Entrepreneurs Surveys, September 2020

3.5 The extent to which ERDF support played a part in the progress businesses have made in overcoming barriers was assessed by asking respondents about the extent to which they would have made progress without the support of the ERDF projects they had accessed. The main findings are:

- The vast majority of SME competitiveness support beneficiaries believe that the support was helpful to some extent, with 11% reporting that it had played no role. A little over a half (53%) found that the support assisted them to accelerate progress, whilst 14% would not have been able to make any progress without the support.
- Again, the majority of businesses receiving resource and energy efficiency support also found that the support helped them to some extent in overcoming barriers, but a relatively larger share (18%) report it had no impact. Over a half (55%) reported that it helped to accelerate the tackling of these barriers and a little over a fifth would not have made any progress without the support (22%).
- Innovation support beneficiaries believe that the support contributed even partially towards addressing barriers, as only 11% report that it had no impact. More than half (55%) of respondents believe it assisted them to accelerate progress, while 21% have found the support instrumental.
- Beneficiaries of start-up support found that the support provided was helpful to some extent, with a relatively smaller share (8%) reporting that it had played no role. More than three fifths (64%) of respondents believe the support helped them to accelerate progress. However, a relatively smaller share (12%) found the support instrumental.

- For potential entrepreneurs, the support provided was at least partially helpful, as only 10% report it had no impact. Over half (57%) of respondents believe they overcame obstacles faster as a result of the support, while 22% reported that the support was instrumental.

Figure 3.7 Extent to which ERDF Support Helped Businesses to Overcome Business Obstacles



Source: ERDF National Evaluation Phase 2 SME Competitiveness, Research and Innovation and Entrepreneurs Surveys, September 2020; results for the general business support and resource & efficiency groups are obtained as weighted average across support activities; beneficiaries were able to select multiple options

Aims and Objectives in Seeking Support

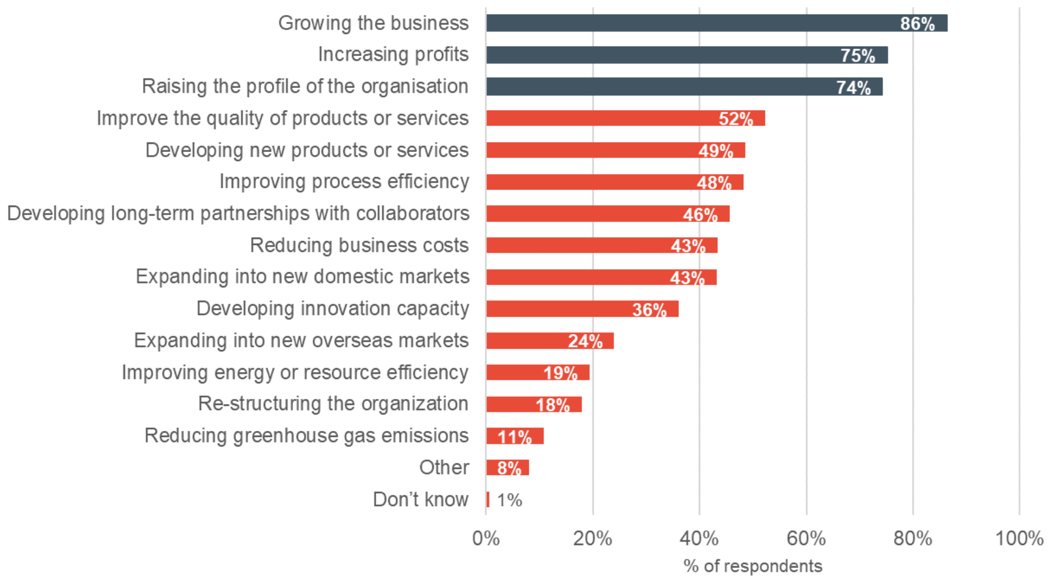
3.6 Respondents were asked about the business goals they were aiming to achieve through the support and guidance sought from ERDF funded projects. The main points are:

- As we might expect given the nature of the support, SME competitiveness support beneficiaries were generally highly growth focused with business growth (86%) and increasing profits (75%) being the most common objectives.
- Unsurprisingly, energy efficiency improvements (80%) and reduction in environmental impact (78%) were the most common objectives of those receiving resource & energy efficiency support. However, the scope for energy and resource efficiency measures are often promoted to businesses on the basis of the potential for cost savings and this is also reflected in the survey response (65% citing cost savings and 48% profits uplifts).
- Respondents who have received research and innovation support are less focused on general growth, instead being more orientated around goals linked to innovation and related processes. The most common objectives being introduction of new goods or services (82%) linked to the innovation process, raising the profile of their organisation (77%), and increasing their

value added (74%). Interestingly, beneficiaries where more likely to want to introduce new goods or services (82%) than improve existing ones (66%).

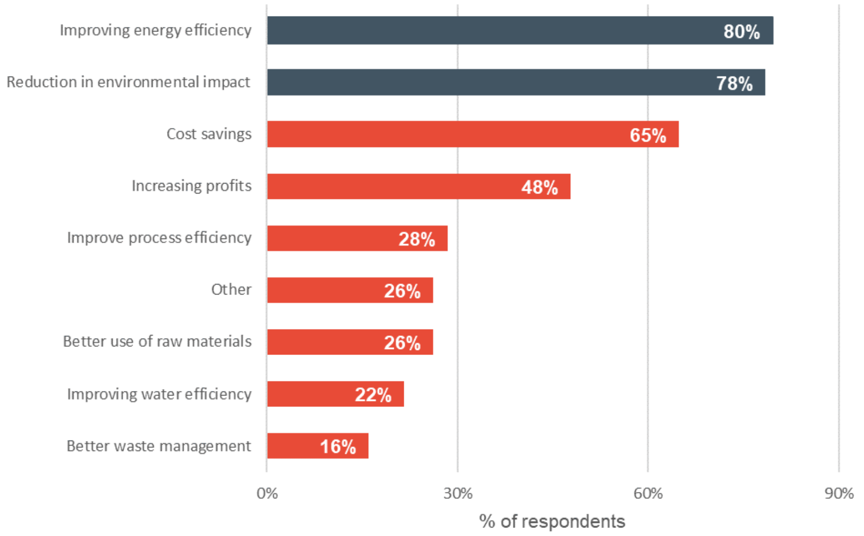
- Similar to SME competitiveness support, beneficiaries of start-up support appear growth focused, with business growth (82%) and increasing profits (66%) being among the most common aims. Raising the profile of the organisation (66%) also appear to be a priority for start-up beneficiaries.
- Potential entrepreneurs were asked about their motives in considering setting up a business or entering self-employment. Almost two fifths (39%) wished to have more freedom by working for themselves/being their own boss, while 21% of respondents wanted to follow their passion.

Figure 3.8 Business Objectives Related to ERDF Support Received – SME Competitiveness Support



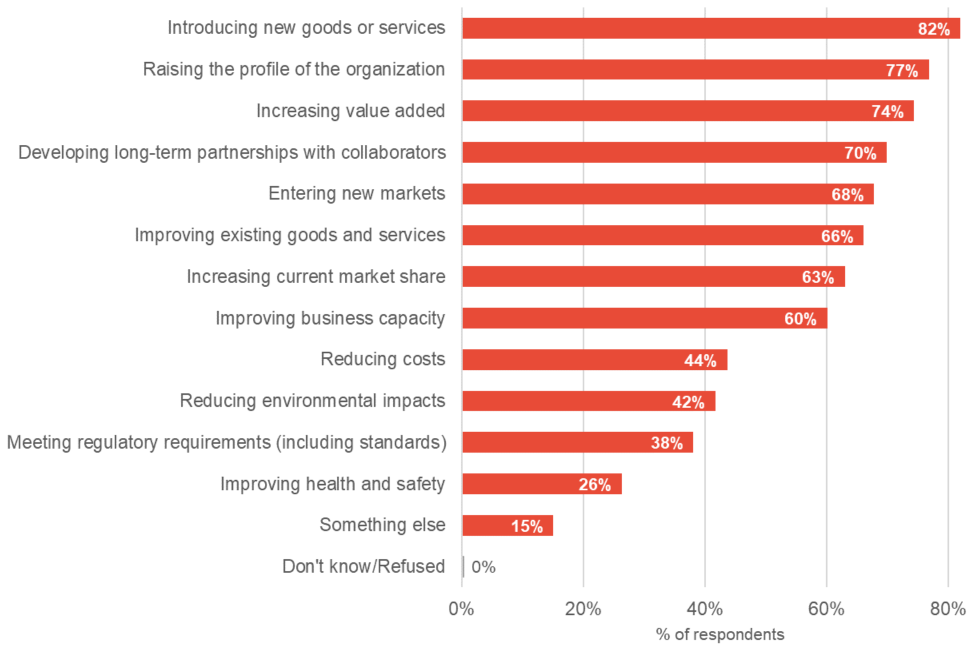
Source: ERDF National Evaluation Phase 2 SME Competitiveness Survey, September 2020 n = 2,125

Figure 3.9 Business Objectives Related to ERDF Support Received – Resource & Energy Efficiency Support



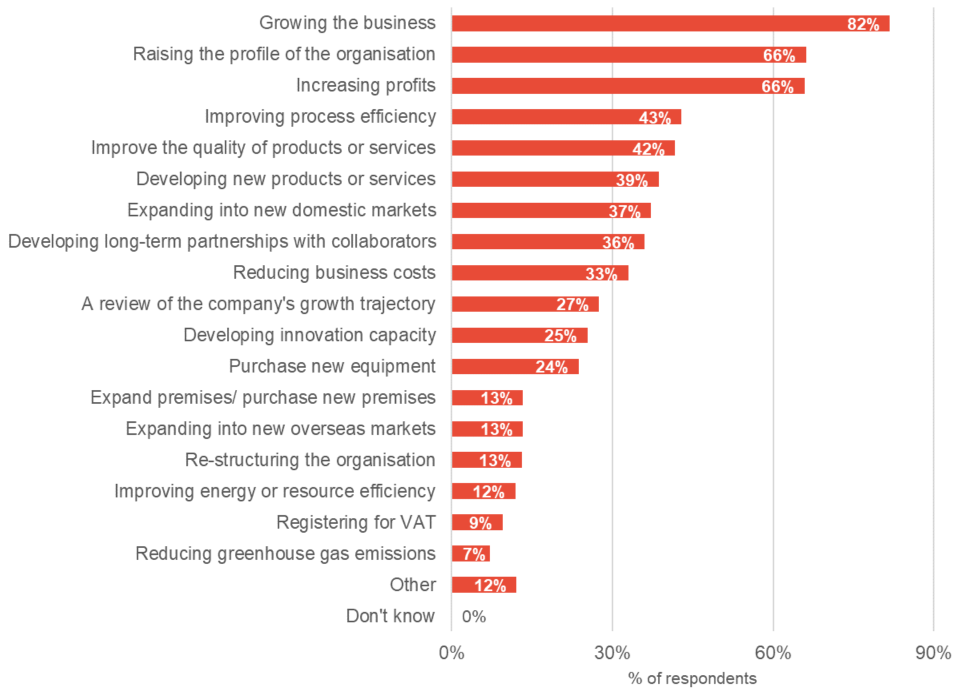
Source: ERDF National Evaluation Phase 2 SME Competitiveness Survey, September 2020 n = 88

Figure 3.10 Business Objectives Related to ERDF Support Received – Research & Innovation Support



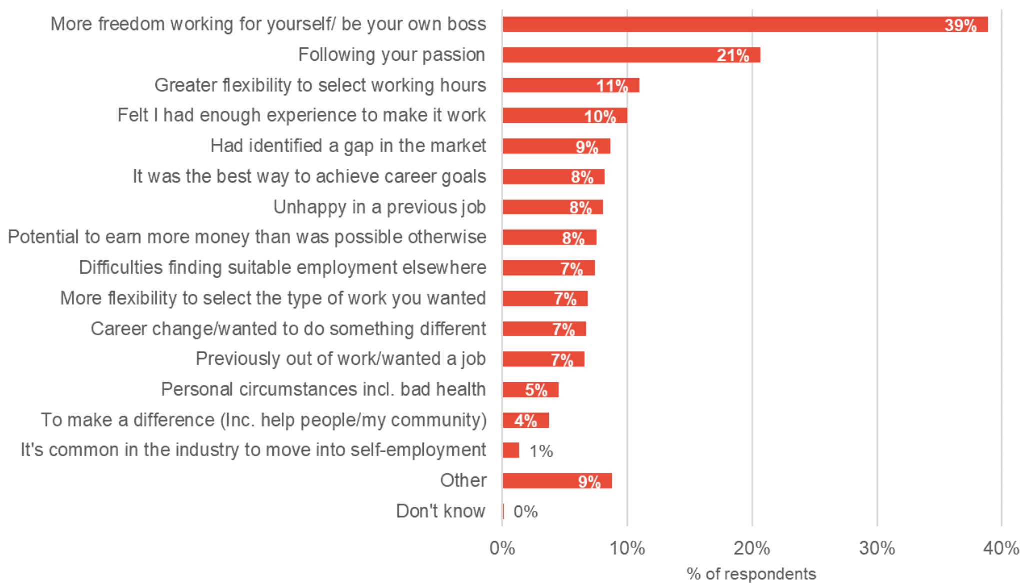
Source: ERDF National Evaluation Phase 2 Research and Innovation Survey, September 2020 n = 1,003

Figure 3.11 Business Objectives Related to ERDF Support Received – Start-ups Support



Source: ERDF National Evaluation Phase 2 Entrepreneurs and New Businesses Survey, September 2020 n = 422

Figure 3.12 Business Objectives Related to ERDF Support Received – Potential Entrepreneurs Support

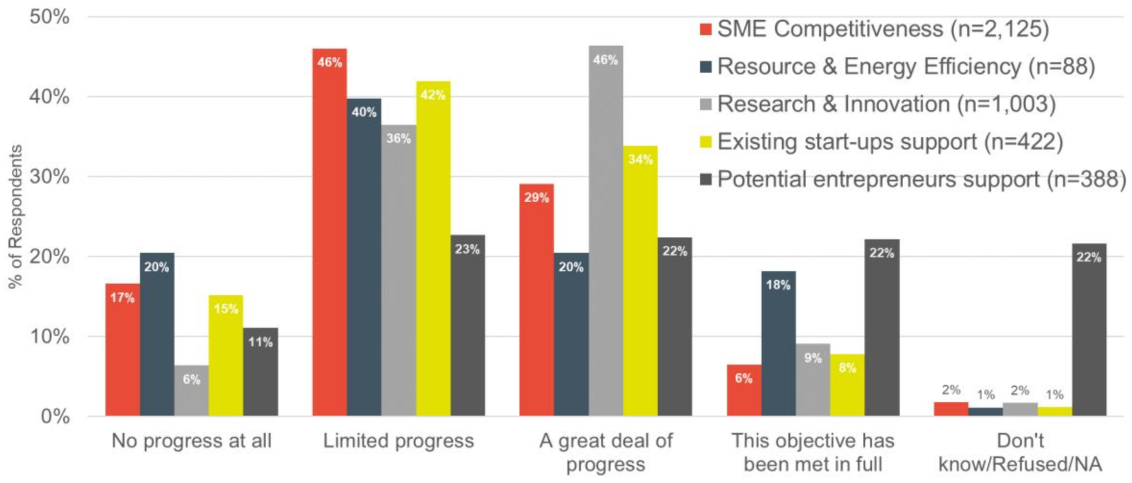


Source: ERDF National Evaluation Phase 2 Entrepreneurs and New Businesses Survey, September 2020 n = 730

3.7 Respondents were also asked about the progress they made to date towards achieving these objectives related to the ERDF funded support they had accessed. Whilst the findings are fairly positive overall, there is a marked disparity between the types of support with the findings being markedly more positive for Research and Innovation Support:

- Whilst a majority of beneficiaries receiving SME competitiveness support (81%) had made some progress, overall, they had made less progress compared to the other forms of support. Only 29% had made a great deal of progress whilst just 6% had achieved their goals.
- A similar proportion has made some progress (79%), however a much larger share (18%) report meeting their objectives in full. However, the proportion of those who made no progress is also comparatively much higher (20%).
- In the round, it appears that, Innovation support beneficiaries have generally made better progress in achieving their objectives, with most (57%) respondents making full or a great deal of progress against objectives and only 6% of the respondents making no progress.
- Similar to SME competitiveness, the majority of start-up support beneficiaries made at least some progress towards their goals (84%), with slightly larger shares of respondents reporting a great deal of progress (34%) or achieving their objective in full (8%).
- Potential entrepreneurs who went on to start a business post-support were asked whether they have made progress against a set of potentially relevant objectives and business milestones. Only a small proportion of respondents (11%) reported that they made no progress. The shares of respondents making limited (23%) or a great deal (22%) of progress and achieving their objectives in full (22%) were about the same. However, compared to other groups, a larger share (22%) reported that these objectives were not relevant to their business.

Figure 3.13 Progress Achieved Towards Businesses Objectives Related to the ERDF Support Received

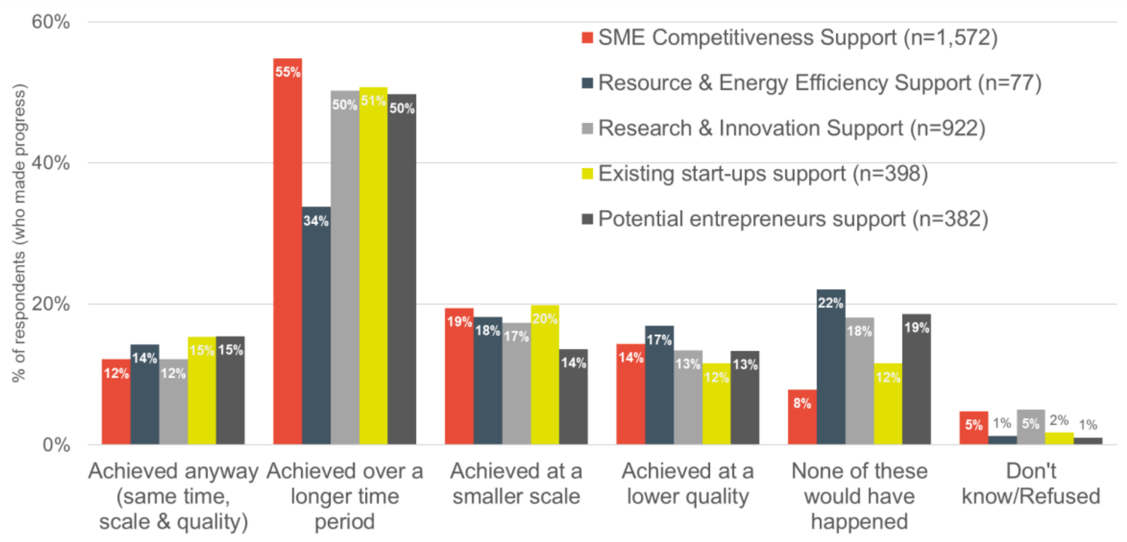


Source: ERDF National Evaluation Phase 2 SME Competitiveness and Research and Innovation Surveys, September 2020; percentages for the general business support, resource & efficiency, existing start-ups, and potential entrepreneurs' groups are obtained as the most often cited option across support activities; this question was only answered by potential entrepreneurs who went on to start a business post-support. A large share of respondents reported that the other (97%), hiring appropriate staff for the business to grow (55%), opening a physical location (48%), and registering for VAT (48%) objectives were not relevant to their business.

3.8 To assess the extent to which progress against objectives can be attributed to the ERDF support, respondents were asked specifically whether the progress they report would have happened without the support. This is a measure of the additionality of this support. The main findings are positive, with the support providing the greats aspect of additionality through helping business to achieve their objectives sooner than would have otherwise have bene the case:

- The majority (55%) of SME competitiveness beneficiaries believe that the project helped them to accelerate progress, but only a small proportion (8%) felt that they would not have made any progress in the absence of the support (the lowest of all beneficiary types).
- Of the five beneficiary types, those receiving resource and energy efficiency support had the highest proportion (22%) that found the support instrumental in achieving their goals, with a relatively even spread across the different levels of additionality.
- As in the case of SME competitiveness support recipients, most innovation beneficiaries believe that the support helped them to achieve their goals faster (50%). A relatively high share (18%) also found the support instrumental.
- More than half (51%) of start-up support beneficiaries believe that the project has helped them to accelerate progress, while a relatively smaller share (12%) found the support provided instrumental.
- Similar to other support types, most (50%) of the potential entrepreneur's support beneficiaries believe that the project has helped them to reach their objective faster, while a notable share (19%) found the support provided instrumental.

Figure 3.14 Extent to Which Businesses Would Have Progressed Against Objectives Without Support



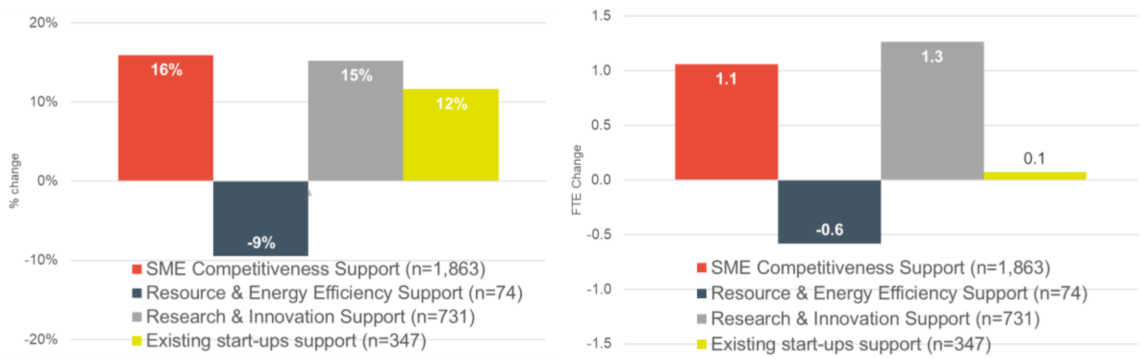
Source: ERDF National Evaluation Phase 2 SME Competitiveness and Research and Innovation Surveys, September 2020

Changes in Bottom Line Business Performance

3.9 Respondents provided information on how many full-time equivalent (FTE) workers they employed just before receiving ERDF support, as well as their current employment post support. A comparable gross increase in employment is reported for the beneficiaries of SME competitiveness and research and innovation support, whereas resource and energy support recipients have seen a fall in employment (although there is not a particular reason this should be related to the nature of the ERDF). The reported growth is also comparable overall to the results of the CIE analysis reported below. More specifically, the main points are:

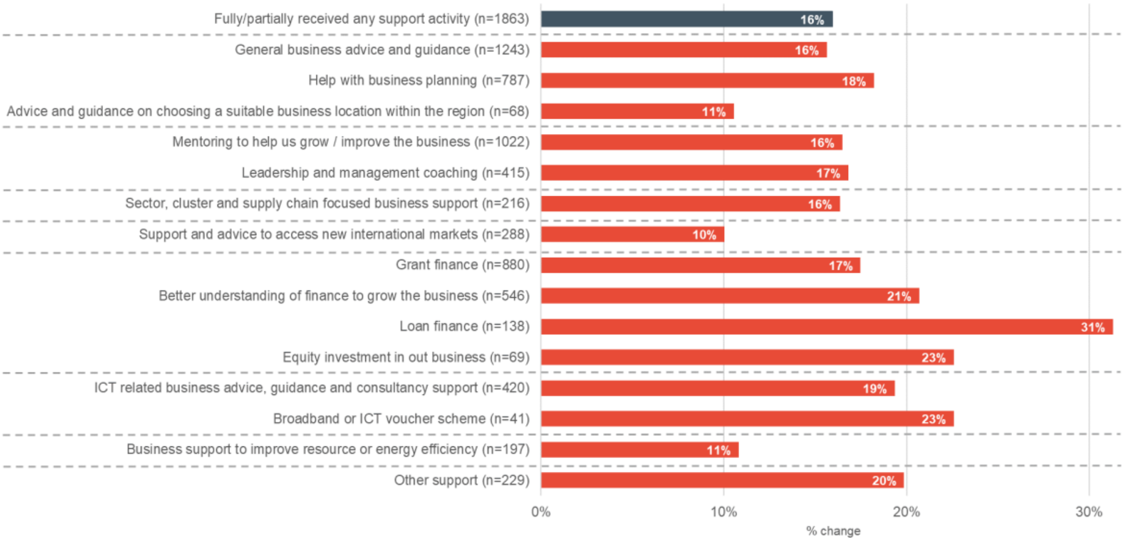
- Across all SME competitiveness support beneficiaries there has been an increase of 1,975 FTE employees (+16%), an average of 1.1 FTE employees per businesses. Across support activities, it appears that repayable finance and related advisory support is generally correlated with higher increases in employment with those receiving loan finance support showing the highest percentage increase (31%).
- Innovation support beneficiaries have seen a slightly lower percentage increase in FTEs (+15%) compared with SME competitiveness support beneficiaries but a slightly higher FTE growth per business (1.3). The lower rate of growth is expected given the longer timescale in innovation activities feeding through into product and service development and then into business growth. As with SME Competitiveness, recipients of repayable finance or related advice reported the largest increases in employment (although the numbers of interviews are small).
- Across all start-up support beneficiaries there has been an increase of 25 FTE employees (+12%). This translates to an average of 0.1 FTE employees per business, which is smaller compared to other support groups. The most significant FTE employment increase occurred among grant finance support recipients (+42%), followed by beneficiaries of ICT related support (+32%), business planning support (+29%) and support to better understand finance (+29%). However, notable reductions in FTE employment is observed among recipients of multiple support activities, and especially broadband or ICT voucher scheme support (-25%).
- Beneficiaries receiving resource and energy efficiency support reported an overall decrease of 43 FTEs (-9%), with an average of 0.6 FTE lost per business. As noted above, there is no particular reason this type of support in its own right would contribute to employment growth, given its primary focus on emissions reduction and energy/resource cost savings.
- Potential entrepreneurs who went on to start a business post-support created employment opportunities for 139 FTEs. Job creation was the highest among recipients of general business advice and guidance (91 FTEs), as well as beneficiaries of business planning (82 FTEs) and of advice on legal/practical aspects of setting up a business (82). Job creation was also strong among those receiving support to improve their understanding of finance (77 FTEs) and grant finance (73 FTEs).

Figure 3.15 Percentage and Average Change in Gross Employment (FTEs) Amongst Businesses Receiving ERDF Support, Before and After Support



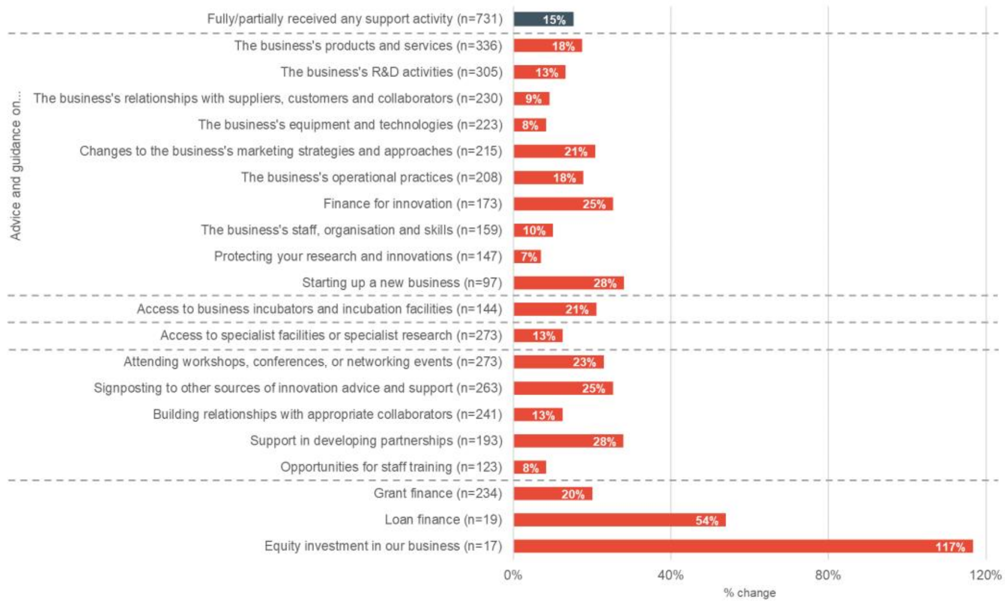
Source: ERDF National Evaluation Phase 2 SME Competitiveness, Research and Innovation and Entrepreneurs Surveys, September 2020

Figure 3.16 Percentage Change in Gross Employment (FTEs) by Type of Assistance – SME Competitiveness Support



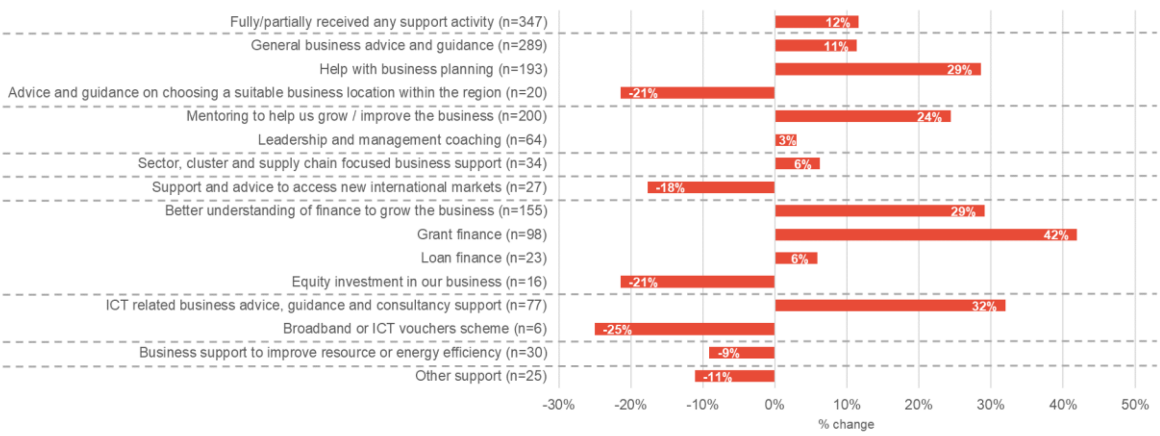
Source: ERDF National Evaluation Phase 2 SME Competitiveness Survey, September 2020

Figure 3.17 Percentage Change in Gross Employment (FTEs) by Type of Assistance – Research & Innovation Support



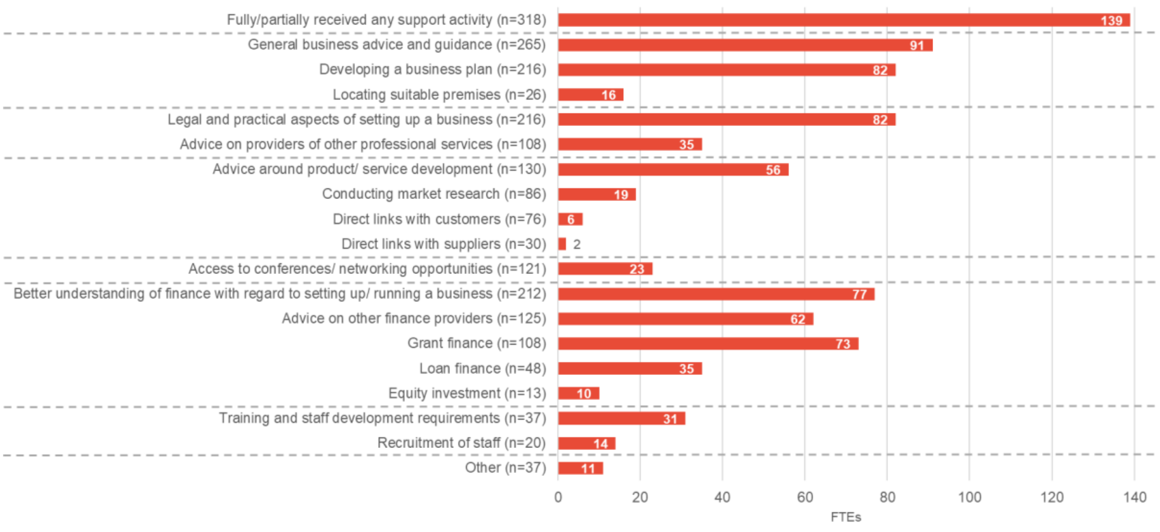
Source: ERDF National Evaluation Phase 2 Research and Innovation Survey, September 2020

Figure 3.18 Percentage Change in Gross Employment (FTEs) by Type of Assistance – Start-ups Support



Source: ERDF National Evaluation Phase 2 Entrepreneurs Survey, September 2020

Figure 3.19 Gross Employment (FTEs) Created by Type of Assistance – Potential Entrepreneurs Support



Source: ERDF National Evaluation Phase 2 Entrepreneurs Survey, September 2020

3.10 SME respondents also provided information on their total annual financial turnover in the year before receiving support and their expected turnover this year, however analysis of turnover change by support activity indicates a number of outliers that bring into question the reliability of results and as such this is not reported here. This will be investigated further in Phase 3 of the evaluation.

Location of Competitors

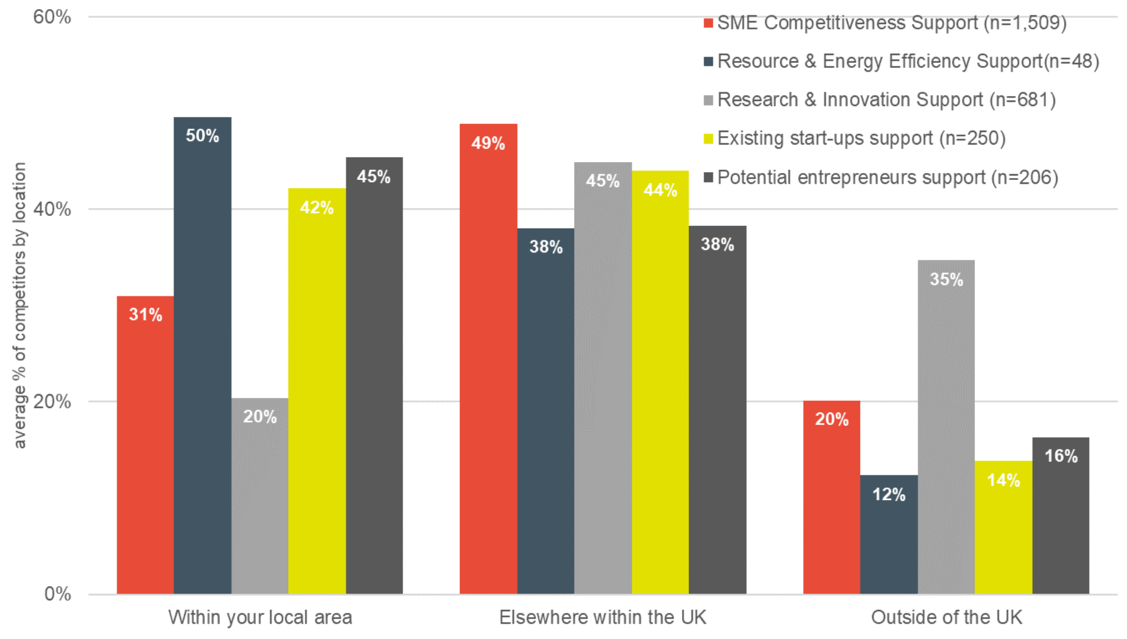
3.11 To assess the extent of potential trade displacement amongst the businesses receiving ERDF funded support, respondents were asked to provide information on the proportion of their competitors located locally, nationally, or internationally as a proxy. This will help to inform the counterfactual analysis, although mainly in Phase 3 of the evaluation when the available sample sizes will be much larger. The main conclusions which can be drawn are:

- For SME competitiveness support, on average, a third of respondents' competitors (31%) were in their local area. Just under half (49%) were located elsewhere in the UK and one fifth were located overseas (20%). This suggests the potential for the displacement of the output and employment of other local firms as the supported businesses grow is fairly low.
- Responses indicate that displacement was lowest amongst businesses receiving research and innovation support, with only one fifth of competitors reported to be within the local area. This reflects a more national and international focus of products and services supplied by innovation orientated businesses. It also potentially reflects the larger average size of businesses who received this support type.
- The business benefiting from resource and energy efficiency support have much higher proportion of local competitors, however the support they are

receiving is potentially less likely to provide competitive advantages which could displace the trade of other local or national businesses.

- For start-up support, respondents believe that a similar proportion their competitors were to be found locally (42%) and elsewhere in the UK (44%), while international businesses account for a fairly small share of their competition (14%).
- Beneficiaries of potential entrepreneur's support who went on to start a business reported a fairly large share of local competitors (45%). They believe that a comparatively smaller share (38%) of their competitors were located elsewhere in the UK, while international businesses made up less than a fifth (16%) of their competition.

Figure 3.20 Percentage of Business Beneficiaries' Main Competitors by Location



Source: ERDF National Evaluation Phase 2 SME Competitiveness, Research and Innovation and Entrepreneurs Surveys, September 2020

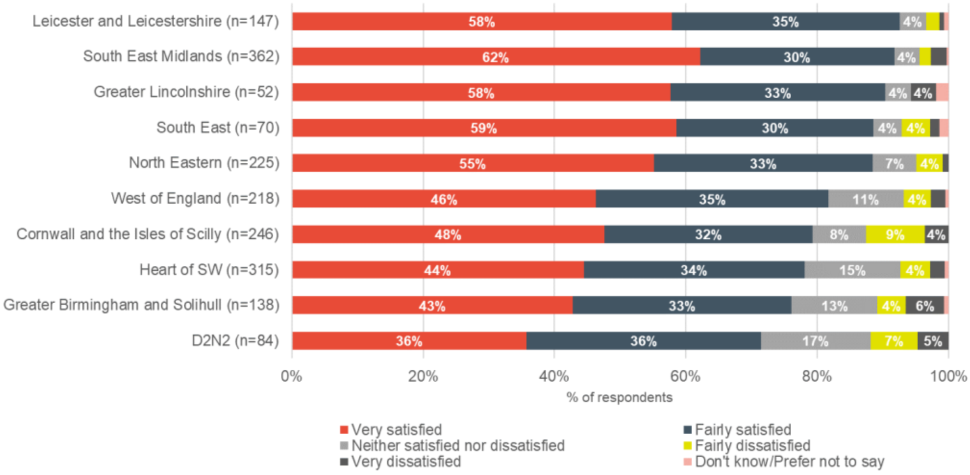
4. Sub-National Perspectives

4.1 This section presents selected findings from the beneficiary surveys analysed by LEP area (focused on satisfaction and employment change). The analysis is restricted to LEPs which exceed a threshold in terms of the achieved sample (80% of the overall average per LEP). As noted in Section 1, the achieved sample is more evenly spread across LEPs for the Research and Innovation survey compared to the SME Competitiveness survey and hence more LEPs are captured in the charts below. The findings for the resource and energy efficiency support are not presented due to the small sample size when analysed by LEP area.

4.2 The reported satisfaction with the support received by the business beneficiaries is high across all the LEP area although there is some variation (although not necessarily statistically significant given the size of the samples for some LEP areas):

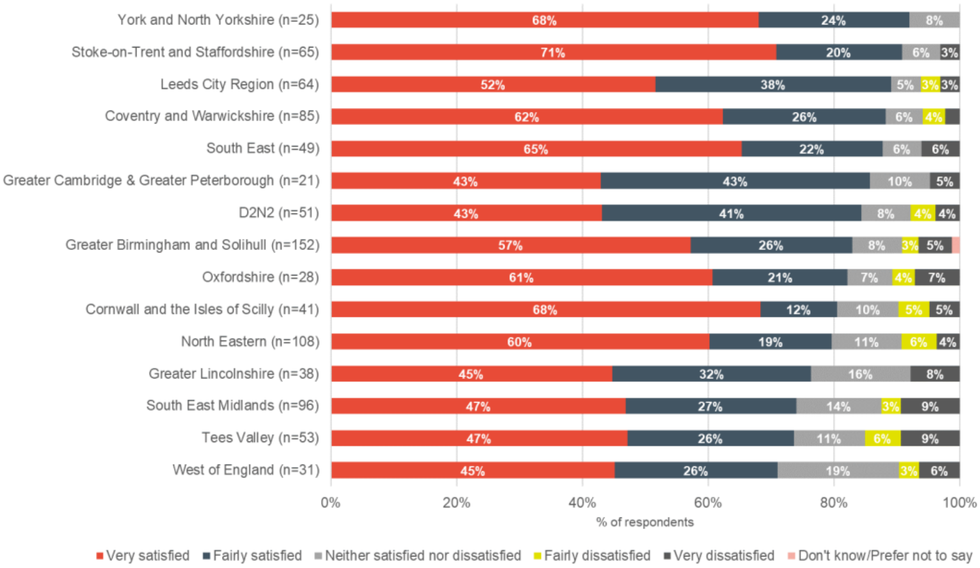
- More than 70% of SME Competitiveness support beneficiaries are very or fairly satisfied across all LEP areas. It is highest in the Leicester and Leicestershire (93%), South East Midlands (92%) and Greater Lincolnshire (90%) LEP areas. The spread between the highest and lowest levels of satisfaction is from 72% to 93%.
- As with SME Competitiveness support, more than 70% of innovation support beneficiaries are very or fairly satisfied across the LEP areas included. The York and North Yorkshire (92%), Stoke-on-Trent and Staffordshire (91%) and Leeds City Region (89%) LEP areas have the highest levels of satisfaction amongst the business beneficiaries. The spread between highest and lowest is very similar to that for the SME Competitiveness support.
- Generally, beneficiaries of existing start-up support report relatively lower levels of satisfaction compared to other recipients of support. At least 60% of beneficiaries are very or fairly satisfied with the support provided across all LEPs, compared with a minimum of 70% for other support types. Satisfaction levels are higher in the Hertfordshire (86%), D2N2 (85%) and Cornwall and the Isle of Scilly (85%) LEPs. The spread between the highest and lowest levels of satisfaction is substantial (from 60% to 86%).
- More than 80% of potential entrepreneurs support beneficiaries are very or fairly satisfied with the support received. Higher levels of satisfaction are seen in the Stoke-on-Trent and Staffordshire (97%), Sheffield City Region (91%) and New Anglia (91%) LEPs. A relatively smaller spread is observed between the highest and lowest level of satisfaction (81% to 97%).

Figure 4.1 Variation in Overall Beneficiary Satisfaction with Business Support Received by LEP area – SME competitiveness support



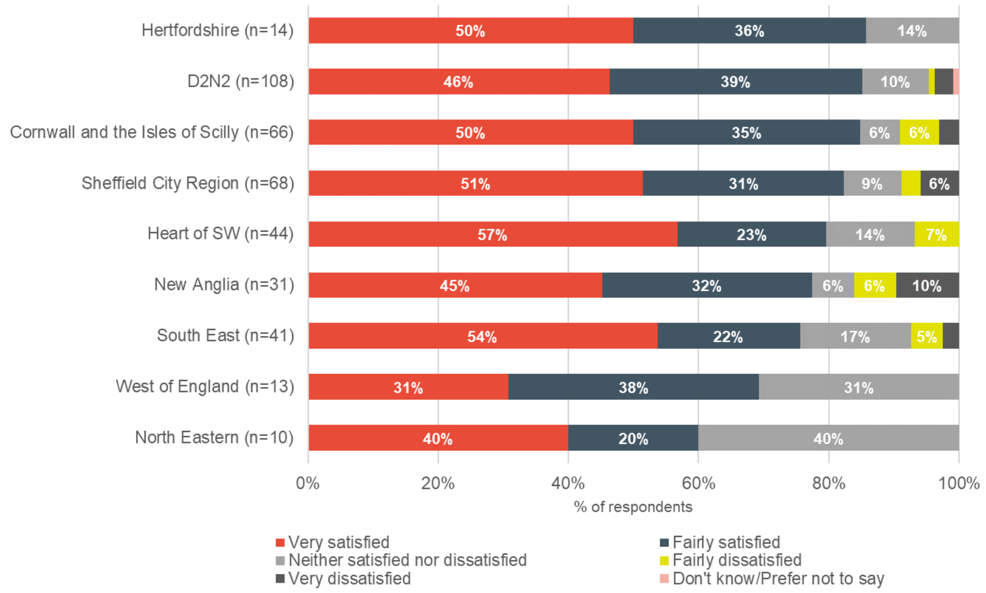
Source: ERDF National Evaluation Phase 2 Survey, September 2020; LEP included where sample size exceeds 80% of the average sample across all LEPs

Figure 4.2 Variation in Overall Beneficiary Satisfaction with Business Support Received by LEP area – Research & Innovation Support



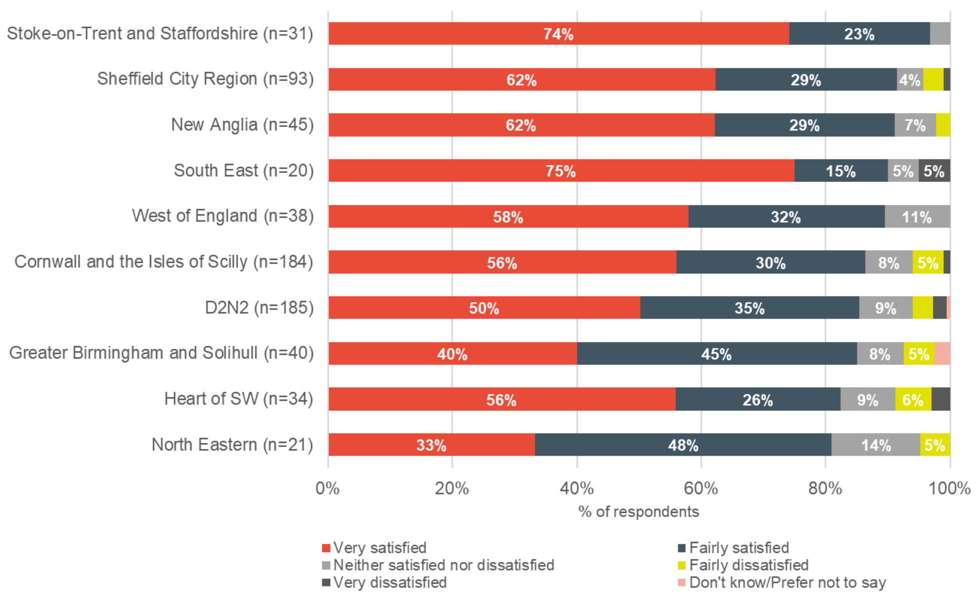
Source: ERDF National Evaluation Phase 2 Survey, September 2020; LEP included where sample size exceeds 80% of the average sample across all LEPs

Figure 4.3 Variation in Overall Beneficiary Satisfaction with Business Support Received by LEP area – Existing Start-up Support



Source: ERDF National Evaluation Phase 2 Survey, September 2020; LEP included where sample size exceeds 80% of the average sample across all LEPs

Figure 4.4 Variation in Overall Beneficiary Satisfaction with Business Support Received by LEP area – Potential Entrepreneurs Support



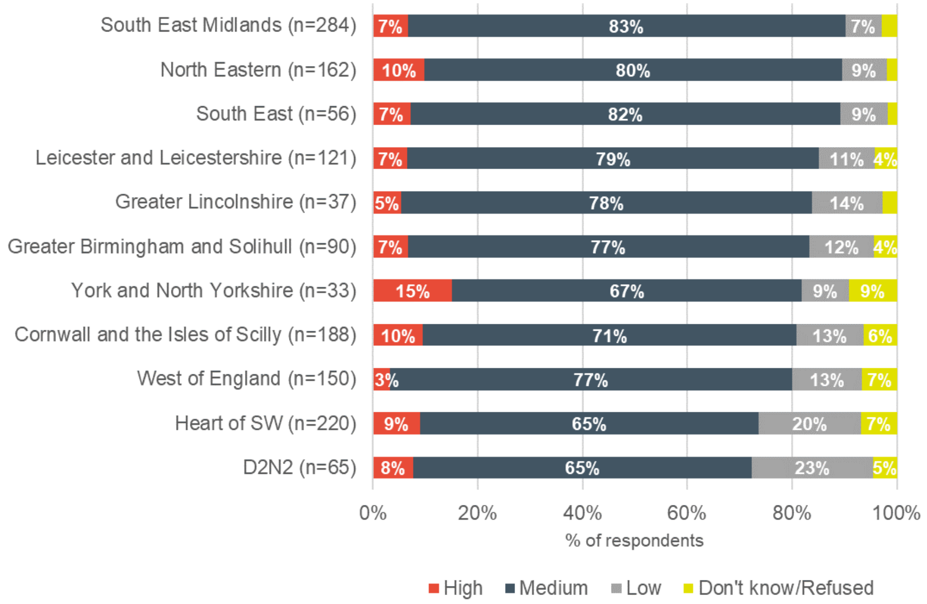
Source: ERDF National Evaluation Phase 2 Survey, September 2020; LEP included where sample size exceeds 80% of the average sample across all LEPs

4.3 As reported in the previous chapter, the surveys indicated that the ERDF support was, on the whole, a significant factor in helping businesses to achieve their objectives they needed assistance with. In terms of this variation by LEP area, the range is not very large and in many instances is not statistically significant due to the sub-sample size (especially for the Innovation survey where the spread between LEPs is greater and samples size are smaller)[2]:

- SME competitiveness support beneficiaries in the South East Midlands (90%), North Eastern (90%) and South East (89%) LEPs are more likely to have found the support played a very high or moderate role in achieving their business objectives. A higher proportion of respondents in the York and North Yorkshire (15%) and Cornwall and Isles of Scilly (10%) LEP areas stated that the support was a major factor in achieving their objectives.
- High proportions of innovation support beneficiaries in the York and North Yorkshire (96%), Coventry and Warwickshire (94%) and West of England (89%) LEP area are more likely to have found the support played a very high or moderate role in achieving their business objectives. The businesses in the Cornwall and the Isles of Scilly (24%), Greater Birmingham (23%) and Tees Valley (22%) LEP areas are most likely to have indicated that the ERDF support was a major factor in achieving their objectives.
- Higher proportions of existing start-up support beneficiaries in the South East (89%), Cornwall and the Isles of Scilly (85%) and Sheffield City Region (85%) LEP areas have found the support highly or moderately important in achieving their business objectives. Notably, beneficiaries in the South East (19%), West of England (17%) and New Anglia (15%) LEPs are most likely to have reported that ERDF support played a major role in achieving their objectives.
- Among potential entrepreneur's support beneficiaries, the Stoke-on-Trent and Staffordshire (100%), Sheffield City Region (90%) and New Anglia (88%) LEP areas recorded the highest proportion of respondents that have found the support highly or moderately important in achieving their business objectives. The proportion of beneficiaries indicating that the support was a major factor in achieving their objectives varies considerably across LEPs, with Stoke-on-Trent and Staffordshire (39%) and Heart of South West (32%) leading the way as opposed to the West of England LEP (0%).

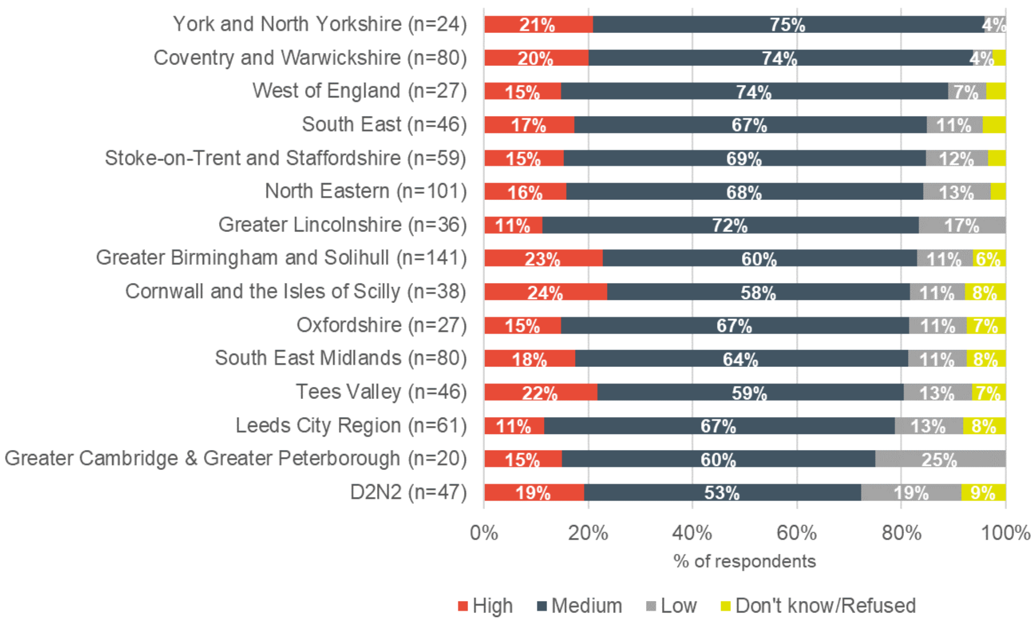
[2] The additionality of the support is assessed as high if no progress would be made without the assistance from the ERDF project, medium if the benefits would have taken longer to achieve or if they were of lower scale or quality and low if the objectives could have been met without support.

Figure 4.5 Would you have progressed against objectives without support by LEP area – SME Competitiveness support



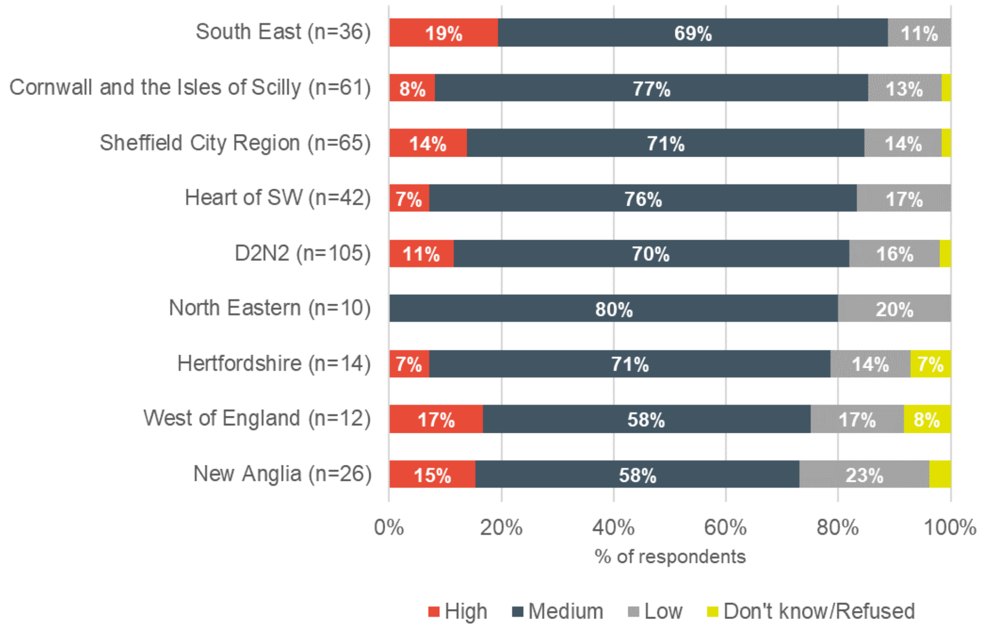
Source: ERDF National Evaluation Phase 2 Survey, September 2020; LEP included where sample size exceeds 80% of the average sample across all LEPs

Figure 4.6 Would you have progressed against objectives without support by LEP area – research & innovation support



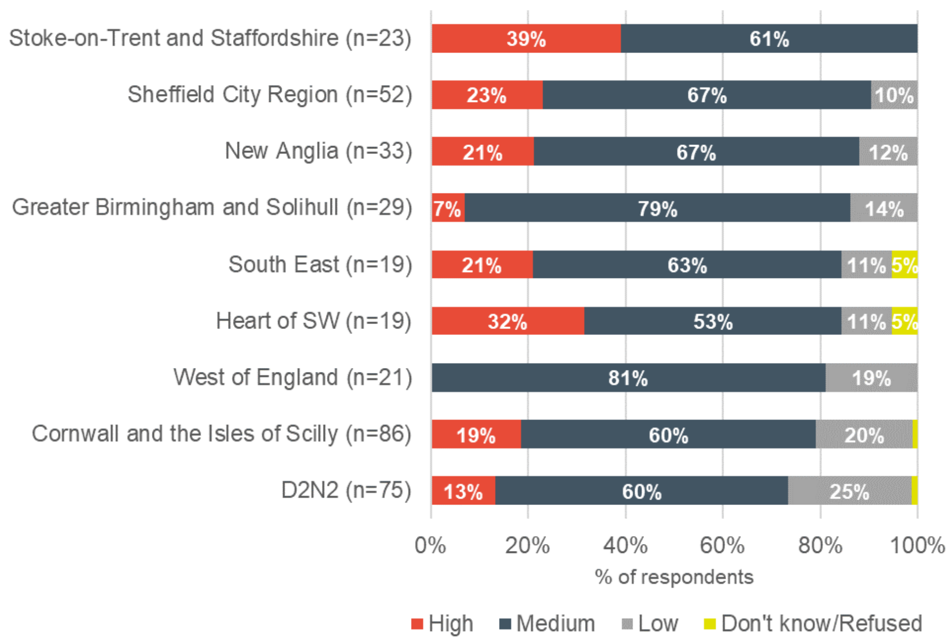
Source: ERDF National Evaluation Phase 2 Survey, September 2020; LEP included where sample size exceeds 80% of the average sample across all LEPs

Figure 4.7 Would you have progressed against objectives without support by LEP area – existing start-up support



Source: ERDF National Evaluation Phase 2 Survey, September 2020; LEP included where sample size exceeds 80% of the average sample across all LEPs

Figure 4.8 Would you have progressed against objectives without support by LEP area – potential entrepreneurs support



Source: ERDF National Evaluation Phase 2 Survey, September 2020; LEP included where sample size exceeds 80% of the average sample across all LEPs

4.4 The beneficiaries of both SME Competitiveness and Research and Innovation support across all LEP areas have grown their overall level of employment since receiving support. However, the employment growth in a number of LEP areas is skewed by a small number of outliers which have reported very high employment growth. Besides the York and North Yorkshire and North Eastern LEP areas having higher average jobs growth across the businesses receiving both SME Competitiveness and Innovation support, there is not a strong spatial pattern which relates to the underlying nature and strength of the local economies.

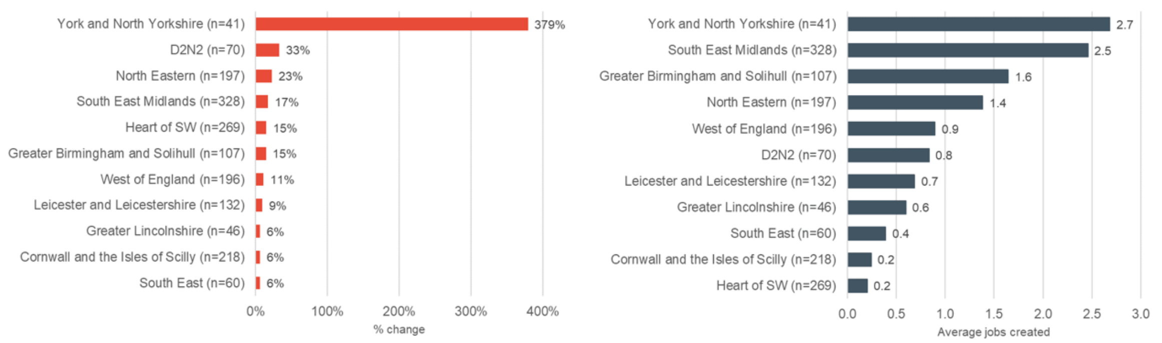
4.5 Beneficiaries of existing start-up support varies across LEP areas. Although levels of employment increased in most cases, there was a decline in the number of jobs supported by respondents in the Sheffield City Region and Hertfordshire LEPs. Higher employment levels did not translate into substantial average job growth. The New Anglia LEP area appears to have gained the most in terms of employment, but its employment growth is skewed by a small number of outliers.

4.6 Among potential entrepreneurs who went on to establish a business post support, both total and average job creation appears stronger in the D2N2 and Sheffield City Region LEP areas, with mild gains elsewhere.

4.7 The main points across the surveys are:

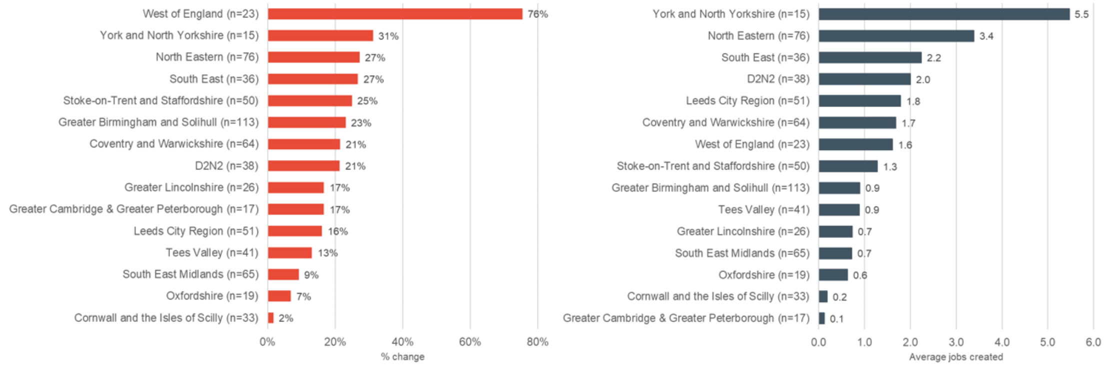
- Notable average jobs growth amongst businesses receiving SME Competitiveness support were in York and North Yorkshire (+2.7 jobs), South East Midlands (+2.5), Greater Birmingham and Solihull (+1.6) and North Eastern (+1.4) LEP areas.
- For innovation support higher average jobs growth per business was in York and North Yorkshire (+5.5 jobs), North Eastern (+3.4), South East (+2.2) and D2N2 (+2.0) LEP areas.
- Mild average jobs growth amongst recipients of existing start-up support, with New Anglia (+0.5) leading the way, and small average job losses in Sheffield City Region (-0.1) and Hertfordshire (-0.3).
- For beneficiaries of potential entrepreneur's support, higher average jobs growth per business in the Sheffield City Region (+0.8), D2N2 (+0.8) and South East (+0.6) LEP areas.

Figure 4.9 Percentage and Average Change in Gross Employment (FTEs) by LEP Area – SME Competitiveness Support



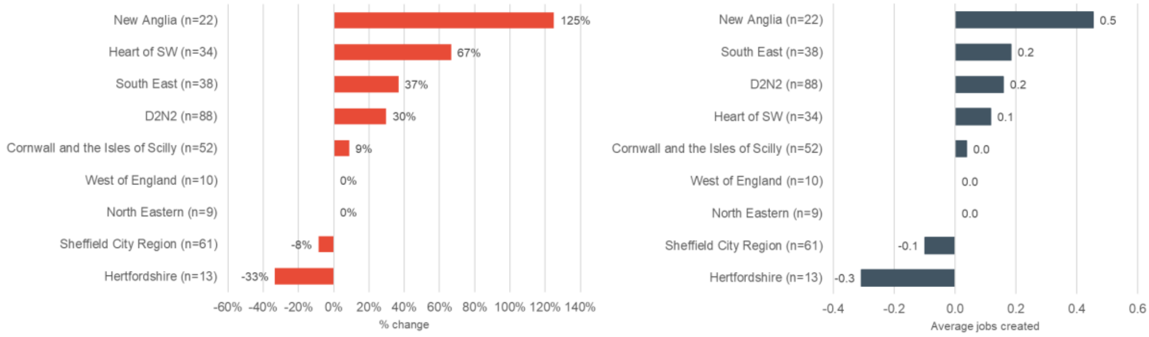
Source: ERDF National Evaluation Phase 2 Survey, September 2020; LEP included where sample size exceeds 80% of the average sample across all LEPs

Figure 4.10 Percentage and Average Change in Employment (FTEs) by LEP Area – Research & Innovation Support



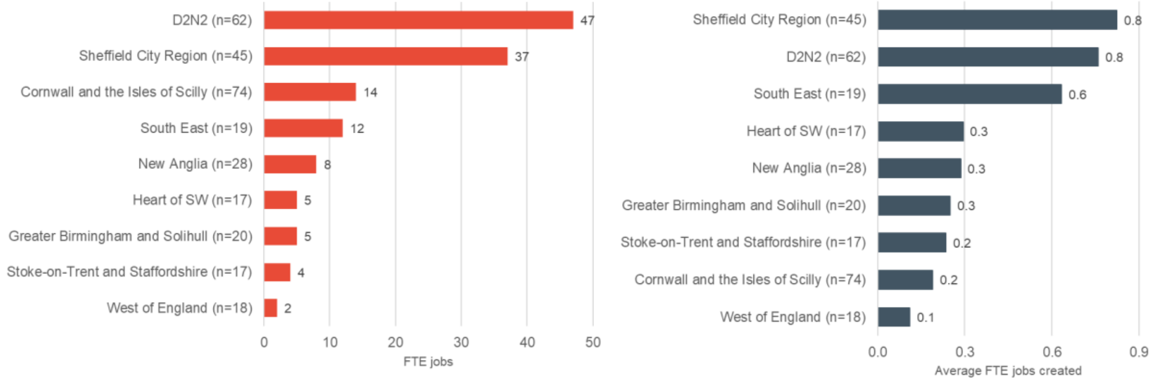
Source: ERDF National Evaluation Phase 2 Survey, September 2020; LEP included where sample size exceeds 80% of the average sample across all LEPs

Figure 4.11 Percentage and Average Change in Employment (FTEs) by LEP Area – Existing Start-up Support



Source: ERDF National Evaluation Phase 2 Survey, September 2020; LEP included where sample size exceeds 80% of the average sample across all LEPs

Figure 4.12 Total and Average Job Creation (FTEs) by LEP Area – Potential Entrepreneurs Support



Source: ERDF National Evaluation Phase 2 Survey, September 2020; LEP included where sample size exceeds 80% of the average sample across all LEPs