# Summative Assessment and Evaluation of the ERDF funded Digital Solutions Project

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European Union
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University Centre Shrewsbury

S4W Stimulating Economic Growth

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# 1 Executive Summary

## 2 Introduction and Project Background

2.1 Every European Regional Development Fund (ERDF) grant funding agreement places a requirement on recipients to undertake a Summative Assessment. The University of Chester (as applicant), through the University Centre Shrewsbury (UCS) has commissioned this evaluation and Summative Assessment of the Digital Solutions project to:

- Identify whether the project will achieve its aims and objectives
- Obtain feedback from beneficiaries on the processes/quality of support
- Understand and quantify the likely impacts of the project
- Assess the value for money of the project
- Learn key lessons from the experiences of the project in supporting digital led business growth in the Marches

2.2 The Summative Assessment process draws from a previously completed Summative Assessment Plan and Logic Model, developed early in the project cycle and explained further within the Methodology section. The Summative Assessment also draws from a previously completed Summative Assessment of the first phase of the project (which ran from January 2018 until December 2020.

2.3 The Summative Assessment has been co-ordinated by S4W Ltd, drawing on a range of performance, contextual and impact data, interviews with key project staff and stakeholders and a beneficiary survey.

2.4 This final evaluation report provides the information for the Summative Assessment Summary Template (ESIF1-014) and adds a range of contextual data f to provide a more rounded project evaluation.

### *About the Digital Solutions Project*

2.5 The Digital Solutions Project has worked with and supported eligible SMEs in the Marches Local Enterprise Partnership area to develop new digital innovations and products/services through research, innovation, technology transfer and commercialisation. The original ERDF proposal had a strong focus on supporting businesses in the health and care sectors, although support was available to any eligible business.

2.6 Digital Solutions was initially awarded £1,617,211 of ERDF investment which represents a 60% contribution towards a total project cost of £1.965m. The project was subsequently extended through to the end of June 2023. The extended six-year Digital Solutions project saw the overall budget increase to £2,175,525, with ERDF investment of £1,305,315.

2.5 The programme has been funded under the Priority Axis 1: *Promoting Research and Innovation* call for the Marches area (excluding Herefordshire). Both & Telford and Wrekin are 'Transition Areas'[1] and ERDF can form up to 60% of overall project costs.

2.6 The project supports new and growing businesses to work more closely with the University Centre Shrewsbury (UCS) to explore and introduce new and emerging ICT products and services into their portfolio. The aim is to raise the level of research and development in digital innovation within companies with the aim of improving their competitiveness and productivity and driving economic growth across the Marches area.

2.7 Through the project, support was made available via a broad project team based at the UCS (and at the University of Chester), consisting of full and part time positions working across SME Liaison, Project Management, Research and Innovation, Technology Transfer and Commercialisation.

**University Centre Shrewsbury**

The University of Chester and Shropshire Council established the University Centre Shrewsbury in 2014 to provide Higher Education and a University campus in the town, long identified as a higher education 'cold spot'. The campus is located in former Shropshire Council offices in the town centre and at the Guildhall at Frankwell Quay.

The first cohort of undergraduates started in 2015 with numbers of students steadily growing to over 500. The long-term aim is that the campus can ultimately become an independent University.

2.8 The project offers 12 hours of support to eligible SMEs in activities including technical demonstrations, supporting SMEs to conduct research and development or innovation projects, a range of knowledge exchange support sessions and workshops, digital diagnostics and one-to-one advice from a range of consultant digital technology specialists. Support has centred around:

- **Consultancy** such as the effective use of technology which enables clients to achieve their strategic and logistic targets, offered through UCS and external consultants as appropriate.
- **Coaching** on the effective design and development of blended and e-learning solutions.
- **Research services** to evaluate the effectiveness of any given Digital Solution which a client is rolling out.
- **Analysis of data** and the production of meaningful reports written in plain English that enable clients to make research informed decisions.

[1] Areas with GDP per capita of between 75% and 90% of the EU average

- **Design and delivery of workshops** for clients in the effective use of free/ open source digital tools & platforms that SMEs can use to work smarter, not harder.
- **The creation of prototype systems** using free and open source software tools/platforms.
- **Private project websites** which allow clients to access all important documents and information relevant to the support they are receiving from Digital Solutions any time they wish.
- **Digital Innovation Networking Group events.**

2.9 Above the project team sits a Project Link Team and a Project Governance Group, both made up of key internal figures from the University of Chester Senior Management Team involved in the oversight of the project and its finances. The role of the Project Link Team is to ensure consistency in approach and control across European Regional Development Fund projects at the University. The Governance Group is used to authorise new projects and funding applications, receive reports on delivery, and addresses any issues during delivery that are escalated by the Project Link Team. Since the COVID-19 restrictions, the above meetings has been held virtually.

2.10 Delivery of the project was severely hampered the COVID-19 outbreak. All University project staff had been homeworking over this period, the Campus was shut to non-academic visitors and all delivery of services has had to move online. Ever since the first lockdown period the project has still offered one-to-one support via video link and has delivered a range of live streaming events. These events have in part been geared to helping businesses use technology to adapt to the new social and economic environment.

2.11 The project has its own web portal (www.digitalucs.co.uk) which offers information on the project, advertises events and provides case studies of successful businesses that have previously been supported.

2.12 The project operated under Article 28 of the General Block Exemption Regulation relating to Innovation Aid for SMEs. Under this exemption, the University can offer 100% funded support to SMEs as long as the overall value of the support provided does not exceed an equivalent value of €200,000 over any three-year period.

### *Project Aims and Objectives, Outputs and Outcomes*

2.13 The project has aimed to fill a market gap in the uptake and investment in innovation and research and development amongst businesses within the Telford and Wrekin and Shropshire area. The contracted outputs of the Digital Solutions project at its first phase of delivery and for the subsequently extended project are highlighted in Table 2.1 overleaf.

Table 2.1 Digital Solutions Project Contracted ERDF Outputs

| Programme Outputs | First phase target | Project Extension |
|---|---|---|
| C1 Number of Enterprises Receiving Support[2] | 40 | 73 |
| C4 Number of Enterprises Receiving Non-Financial Support[3] | 40 | 73 |
| C5 Number of New Enterprises Supported[4] | 4 | 7 |
| C8 Employment Increase in Supported Enterprises[5] | 5 | 8 |
| C26 No. of Enterprises Co-operating with Research Institutions[6] | 15 | 32 |
| C28 No. of Enterprises Supported to Introduce New to Market Products[7] | 3 | 5 |
| C29 No. of Enterprises Supported to Introduce New to the Firm Products[8] | 6 | 11 |

Source: Digital Solutions ERDF Claims and Grant Funding Agreement

### Project Change Requests

2.15 The project team submitted a Project Change Request in May 2019 to propose a reduction in the budget for the first phase project and slightly reprofiled the outputs. The project also slightly changed the staffing structure, increasing the hours for the Project Manager and recruiting a Media Suite Research Technician.

2.16 The University of Chester and UCS team submitted a second Project Change Request in February 2020 to extend the project from 1st January 2021 to the end of June 2023, representing an additional ten quarters of delivery. The Project Change Request also increased in the overall budget to June 2023 to £2,175,525 with an ERDF contribution of £1,305,315.

2.17 The proposed extension shows no material changes to the project's delivery arrangements, focus or its governance processes. The extended timeframe and additional budget also came with a range of additional targets as identified in Table 2.1 overleaf.

[2] The ERDF project has provided evidence of either 2 days (12 hours) active consultancy support or Grant or Loan/Risk Finance Investment of at least £1,000 (ERDF Output Guidance – p11)
[3] The beneficiary has provided evidence of 2 days (12 hours) of active consultancy support (ERDF Output Guidance – p11)
[4] A new business is one which has been registered at Companies House or HMRC for less than 12 months before support is provided or is a business locating in the England programme area for the first time (ERDF Output Guidance – p23)
[5] A job created following an intervention with an enterprise that result in an increase in the overall number of staff employed within that enterprise. Expressed as Full Time Equivalent Jobs (ERDF Output Guidance – p29)
[6] Long term co-operation about transferring good ideas, research results and skills between the knowledge base and business to enable innovative new products and services to be developed (ERDF Output Guidance – p45)
[7] Support must be for an enterprise to introduce a new product, process and service – which is claimed when it has been introduced to the market (ERDF Output Guidance – p32)
[8] The indicator measures if an enterprise is supported to develop a "new to the firm" product (ERDF Output Guidance – p34)

# 3 Strategic Contexts

3.1 There have already been significant changes to the way economic policy and regional growth is driven and delivered, in no insignificant part due to the sweeping economic change driven by the COVID-19 pandemic and the latent effect of BREXIT and the impact this will have on regional policy after 40 years of EU investment and legislation as policy drivers.

3.2 Since the Witty Review of Universities and economic growth in 2013, Universities have been placed far more centrally in economic policies, both nationally and locally. Stimulating business innovation and expanding the reach of Universities into the SME base are key objectives for the review. More recently, The Civic University Commission[9] was established to shift the debate on higher education to the question of how, concretely, universities can serve their 'place' as well as play a global role.

3.3 The current economic climate, with high inflation, energy costs and an uncertain outlook presents many challenges for businesses looking to innovate as investment budgets are squeezed, margins become tighter and business focus on improvements to balance sheets that have been battered by various COVID-19 lockdowns. Significant business innovation is not an easy process, especially for an SME. It requires a strategic vision, long-term commitment and a range of skills and attributes within the staff and leadership teams.

### *Market Failure Context*

3.4 The ERDF investment into the project has been defined to help overcome a series of market failures. These were defined in the full ERDF application and within the project Logic Model. The main market failures are assisting businesses in the Marches area to invest in research and development and helping local SME's overcome the significant barriers they face in adopting digital technologies.

3.5 The Department for Business, Innovation and Skills' latest Mapping Local Comparative Advantages in Innovation (2015) shows the Marches is listed 38th out of 39 LEP areas for total Research and Development (R&D) expenditure by business at just £46m in 2013[10], which is also amongst the lowest rates when expressed against number of full time equivalent employees.

3.6 The Marches ranked 32nd out of 39 LEP areas for the amount of Innovate UK investment received per FTE employee, but this figure was significantly buoyed by the significant Innovate UK investment into agriculture in the area.

3.7 In addition, the Marches was the second lowest LEP area in the country for enrolments in full time study at both undergraduate and post-graduate level – part of the central issue that led to the development of the UCS. This is lower than other rural areas of England including Cornwall and the Isles of Scilly, Cumbria, Gloucestershire and Worcestershire.

[9] https://upp-foundation.org/civic-university-commission/
[10] The Department for Business, Innovation and Skills (2015) Mapping Local Comparative Advantages in Innovation

3.8 Innovation and expansion to international markets have been identified by the Economic and Social Research Council as fundamental drivers in boosting productivity among UK SMEs[11].

3.9 The UCS (and wider University of Chester) is clearly a growing innovation asset for the Marches area and the institution has worked pro-actively to engage local businesses. It is important to recognise that whilst Universities can support innovation in a number of ways, they do face a number of challenges in this work that require additional external investment. These include:

- Lack of information and knowledge amongst the local business base of University and other technical expertise to support product development and process improvements, requiring investment in costly outreach activity, particularly where there may be limited "absorptive capacity"
- The high cost to Universities of engaging with SMEs compared to large corporates or other institutions
- Lack of available physical space in close proximity to HE expertise for translational activity to take place

3.10 Research and development frequently results in a strong negative cash flow for SMEs, which in lower margin sectors can be hard to overcome. These factors frequently prevent SMEs from undertaking the research and development critical to develop their productivity and compete and this can hold back Marches SMEs from being competitive in national and global markets.

3.11 The Marches business base is composed primarily of small and medium sized enterprises, which make up around 99.7% of all businesses. Micro-enterprises make up 89.7% of all businesses[12]. The area is also hampered by the area's relative distance and lack of connectivity from many of UK major urban areas and access to key gateways to international markets. There is also a strong seasonality within many sectors of the economy (most notably agriculture and the visitor economy).

3.12 The strategic agenda to support businesses adapt and adopt to using digital technology has not abated during the entire period of delivery of the Digital Solutions project. The COVID-19 pandemic has accelerated the uptake of digital technology and has brought forward a new wave of businesses that have had to adopt digital ways of working to survive, adapt and grow to the changing economy.

3.13 Using technology to drive productivity improvements and growth has remained a relative constant within national and local plans for economic development and business growth over this period and the strong role of technology as an enabler of this has also been persistent.

[11] Boosting UK productivity with SME growth (2016) Economic and Social Research Council
[12] Inter Departmental Business Register (2019) UK Business Counts

3.14 There has been a growing need at both a national and local level to invest and support the growth of digital skills. The level of digital skills within the labour force is a major barrier to businesses adopting and deploying digital technology to its maximum affect and a major break on potential growth.

3.15 The Digital Solutions project has been designed to provide accessible support for businesses wishing to adopt digital technology to act as a catalyst for innovation and to stimulate their growth potential. The project will ensure SMEs have access to the right level of impartial advice and support to make informed decisions on how to use technology to grow their business and improve their productivity.

> *"While digital technologies, tools and skills are being exploited by small businesses nearly all could be doing more to realise the full potential benefits[13]."* ERDF England Operational Programme 2014-20

### UK Industrial Strategy

3.16 At the time of delivery for the first phase of Digital Solutions and over the transition into to second phase of the programme the key national economic strategy was driven by the UK Industrial Strategy[14], which at the time set out the long-term plan to boost the productivity and earning power of people throughout the UK. Although the strategy is now obsolete, this remains a key economic issue.

3.17 The Industrial Strategy aimed to help industry create higher-paying jobs in every part of the UK through investment in the skills, industries and infrastructure of the future. The White paper published in November 2017 highlights the importance of the ability to innovate – to develop new ideas and deploy them.

3.18 The industrial strategy identifies the need to develop interventions that are effective in improving the productivity and growth of small and medium sized businesses, including addressing the nations 'long tail' of unproductive businesses.

> "*The Bank of England estimates that if UK firms could move along the productivity distribution into the next quartile, then this would boost aggregate UK productivity by 13%, equating to a boost to UK GDP by around £270bn in today's prices."*[15]

3.19 The associated Business Productivity Review of 2019 highlights the challenge of keeping employment high whilst improving productivity across all businesses. The review re-affirmed the importance of high quality, locally available business support, obtained from trusted sources that they can return to for advice on an ongoing basis rather than short, one-off interventions. The underpinning research for the review shows that "businesses seeking external advice are more likely to increase turnover, whereas businesses that have unmet demand for advice are more likely to experience a fall in turnover[16]."

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[13] ERDF Operational Programme: August 2020 Edition (2020) MHCLG
[14] Industrial Strategy: Building a Britain fit for the future (2017), Department for Business, Energy & Industrial Strategy
[15] Business Productivity Review (2019) Department for Business, Energy & Industrial Strategy
[16] Business Productivity Review (2019) Department for Business, Energy & Industrial Strategy, p25

3.20 Digital and ICT was a cross cutting productivity theme in the Industrial Strategy. One the strategy's Grand Challenges' that the UK economy was facing was leading the digitalisation of the economy through enhanced and better use of artificial intelligence and the use of big data.

### Levelling Up and the UK Shared Prosperity Fund

3.21 A significant proportion of the second phase of Digital Solutions has been delivered during a change in the regional growth agenda, with EU investment and policy no longer the main driver for local economic action. The ***Levelling Up*** agenda sets out the vision for overcoming a range of geographical imbalances and inequalities across the UK, as set out in the White Paper of February 2022. The plan aspires to ensure that socio-economic opportunity is spread across all part of the UK.

3.22 The Levelling Up White Paper makes a clear link between productivity, economic growth and creating high quality jobs. This in turn will drive up living standards in the economies of the North and Midlands and other more disadvantaged areas.

3.23 Alongside the launch of the White Paper, further detail was also announced on the UK Shared Prosperity Fund. The £2.6bn UK Shared Prosperity Fund (UKSPF) is the replacement fund for European Structural and Investment Funds and a key driver for post BREXIT regional growth policy. The vision for the fund is based around the following objectives:

- Boost productivity, pay, jobs and living standards, especially in those places where they are lagging.
- Spread opportunities and improve public services, especially in those places where they are weakest.
- Restore a sense of community, local pride and belonging, especially in those places where they have been lost.
- Empower local leaders and communities,

3.24 The fund has an overarching objective of building pride in place and increasing life chances, covering three Investment Priorities, Community and Place, Supporting Local Business and People and Skills. These priorities are then linked to the 'missions' contained within the Levelling Up White Paper.

3.25 Allocations have been made across all lower tier and unitary Local Authority areas and Combined Authorities, delivered against a now submitted Investment Plan. Most UKSPF is predominately revenue funding, with the core offer being 90% revenue in 2022/23 and decreasing to 80% revenue in 2024/25.

### *UK Digital Strategy*

3.26 The UK Digital Strategy (2017) drew from the Industrial Strategy and provided a range of national level ambitions and activities to support the digital strands of the Industrial Strategy and achieve wider national digital goals. The Strategy aimed to make the UK the best place to start and grow a digital business. The aim was to increase the economic contribution of the digital sector to £200bn by 2025.

3.27 The Strategy also set an aim to provide help to every business to become a 'digital' business. The strategy identified the link between technology, productivity and growth and how it could be a positive force across the economy. It also positioned technology as being critical to business innovation and highlighted the importance of Universities in developing and supporting early stage digital innovators.

### Assessing the UK's Regional Digital Ecosystems

3.28 In 2021, recent national research by Steer Economic Development produced an overview of digital ecosystems across the economies of the Devolved National Authorities and English regions. The research identified five 'enabling domains' critical to the success of digital; which are:

- Digital Tech Businesses, Employment and GVA
- Place and Infrastructure
- Ideas and Innovation
- Investment and Business Environment; and
- People, Skills and Inclusion

3.29 The research identifies a path to additional growth of over £40bn by 2025 by continuing to develop UK regional digital ecosystems. It also notes the trend to remote working practices of the pandemic is likely to persist going forwards, which opens up a wider pool of talent to businesses from other regions. It also noted there is a lack of access to growth finance cited outside of London and the South East.

### *The Marches Digital Strategy*

3.30 The Marches LEP oversaw the development of a Marches Digital Strategy in 2019 covering the period between 2020 and 2025. The strategy notes the implications for the economy and society from the ever-increasing technological rate of change. This change is driving access to information, developing new applications, growing global connections and allowing economic transactions to take place within a virtual space.

> "*The Marches will strive to develop an ambitious digital ecosystem, allowing the benefits of technology and connectivity to be captured fully by our businesses, people, places and natural environment, serviced by the highest quality and most appropriate digital infrastructure and technology*.[17]"

3.31 The Digital Strategy highlights the importance and role of digital solutions across all business sectors, especially within the Marches key sectors. The strategy also identifies that small businesses are particularly exposed to opportunities and challenges associated with digitisation and are likely to require support to fully exploit the benefits and mitigate against the commercial impacts of change. The opportunity to embed digital practice with the start-up and entrepreneur base has also been identified as a priority.

[17] The Marches Digital Strategy (2019) p9

3.32 Some of the key actions within the 'business' element of the strategy includes:

- Strengthening partnerships between Universities, the Public Sector and Digital vanguards to drive digital innovation
- Targeted digital initiatives to support businesses where there are innovation and research deficiencies
- Develop opportunities around digital health and assisted living
- Foster enhanced relationships between digitised businesses to stimulate research and investment opportunities

### *The Marches Strategic Economic Plan*

3.33 The revised Marches Strategic Economic Plan (SEP) was completed in 2019 and covers the period up until 2038. The key aims are to create 58,700 new jobs and increase local Gross Value Added by £8.7bn from £15.1bn to £23.8bn.

3.34 One of the flagship activities for the previous SEP was to increase the roll out of Superfast Broadband, an activity which remains a priority going forwards. Increased broadband speeds create new business opportunities, which include the opportunities to deliver digital innovation in health care to support rural and dispersed communities. This is something the area wishes to be a pioneer in.

3.35 The Strategic Economic Plan recognises the pace of change the economy is subject to, partly driven by relentless technological changes. New technologies such as 5G mobile networks, Artificial Intelligence, Virtual and Augmented Reality and new applications for the Internet of Things create a need for existing businesses to adapt to new technologies and create new opportunities in an ever broader range of fields. Supporting businesses and individuals to adapt and make the most of these opportunities and challenges is a fundamental part of the LEP's strategy.

3.36 The Strategic Economic Plan also recognises a need for businesses to continually invest in their innovative capacity and have the right leadership skills to improve their productivity, improve the quality of jobs within the area and respond to opportunities within key sectors.

> "*Overall, our productivity is lower than the UK average at £27.76 per hour worked, compared to £33.99 nationally, and has been relatively static since 2004. The productivity challenge is not unique to the Marches, but does reflect our demographics, skills and physical and digital connectivity. We will continue to support innovation and investment to improve productivity*[18]."

[18] The Marches Strategic Economic Plan (2019) p10

### *The Marches European Structural and Investment Funds Strategy 2014 - 2020*

3.37 The European Structural and Investment Funds (ESIF) are the EU's main funding programmes for supporting growth and jobs across the EU. The Marches ESIF covers a programming period from 2014-2020. The funds consist of European Regional Development fund (ERDF), European Social Fund (ESF), and part of the European Agricultural Fund for Rural Development (EAFRD).

3.38 Within the context of the wider Strategic Economic Plan, the LEP and partners developed the European Structural and Investment Funds (ESIF) Strategy, with Five Strategic Activities:

1. Enhancing Competitiveness, Research and Innovation and Enabling Technology
2. Supporting the Shift towards a Low Carbon Economy
3. Supporting the Environment
4. Skills and Employment
5. Social Inclusion

3.39 The ESIF identified a number of weaknesses relating to research and innovation within the Marches economy. On numerous measures of innovation, the Marches scores poorly against other English LEP areas. The penetration of the knowledge intensive sectors in the Marches is below the regional average and significantly below the national average. This is compounded by the limited but growing University presence in the area. The EUSIF is keen to support opportunities for knowledge transfer between the Higher Education sector and local businesses.

> "*Investment in research and innovation will help the Marches to improve its productivity, leading to a positive impact on the area's Gross Value Added. The Marches sits 34th of 39 Local Enterprise Partnership areas for Gross Value Added per hour worked*[19]."

3.40 It has been identified that innovation will be important across a wide range of different business sectors and within businesses that are at various stages of the innovation cycle.

3.41 Better deployment of ICT within businesses can also lead to a range of impacts on EU cross cutting themes, including more efficient resource management processes, development of new support and services for an ageing population and enabling social mobility.

### *Conclusions*

3.42 Across all the strategic documents identified above, the importance of digital technology in supporting business innovation and productivity and driving ambitious economic growth is clear and articulated. There is also a need to use digital technology to level up the growth and productivity gap within the UK.

[19] The Marches European Structural and Investment Funds Strategy 2014 – 2020 (2016), p35

3.43 There remains a long tail of businesses who could make significant productivity gains and that could benefit immensely from investing in and adopting digital technology. Levels of adoption of digital technology and wider innovation is low within the Marches LEP area and remains a significant drag on local economic growth.

3.44 The importance of Universities in supporting entrepreneurs and businesses to be digital innovators is central to national and local strategy. It is apparent that most SMEs need some form of support on their digital transformation – in terms of impartial advice and guidance, understanding how digital solutions can be deployed within their business and keeping up with the fast pace of change.

# 4 Methodology and Summative Assessment Context

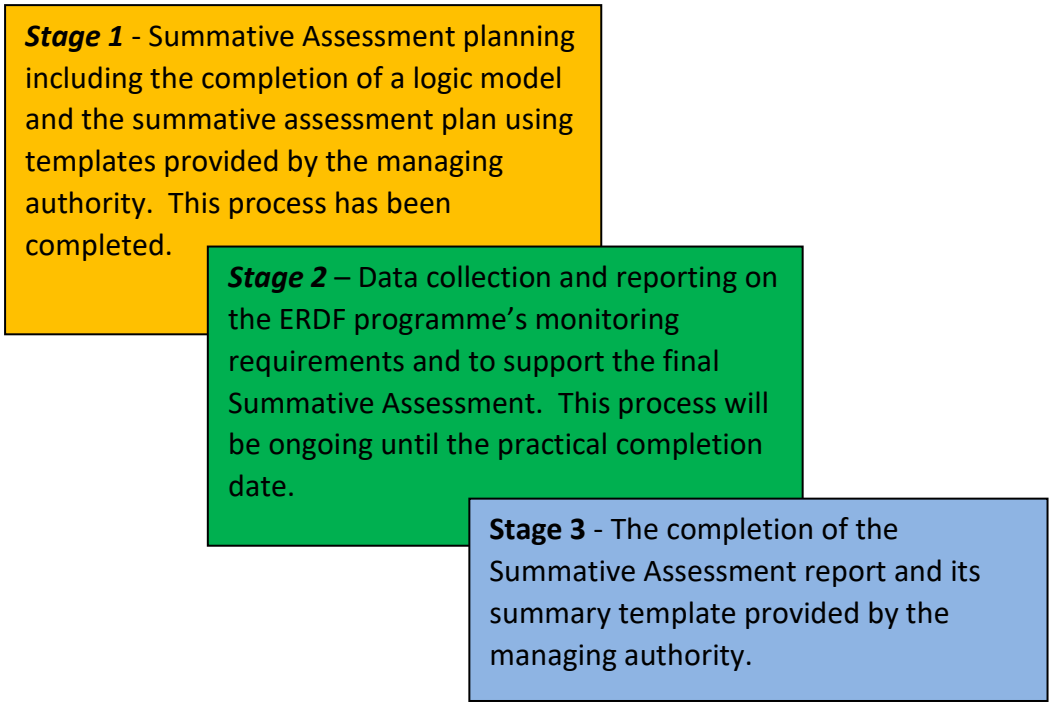
*"…Summative Assessments are intended to provide insights into project performance to enhance their implementation, reliable evidence of their efficiency, effectiveness and value for money, as well as insights into what and why interventions work (or not) and lessons for the future."*[20]

4.1 This Summative Assessment report is the cumulation of an ongoing process that began early in the project delivery cycle to understand the impacts and lessons learnt from the Digital Solutions project. The process has drawn heavily from the ERDF Summative Assessment Guidance, assessing the following key components:

- The continued relevance and consistency of the project;
- The progress of the project against contractual targets;
- The experience of delivering and managing the project;
- The economic impact attributable to the project; and
- The cost-effectiveness of the project and hence its value for money.

4.2 The Summative Assessment process is based around three phases, which are shown diagram 4.1 below.

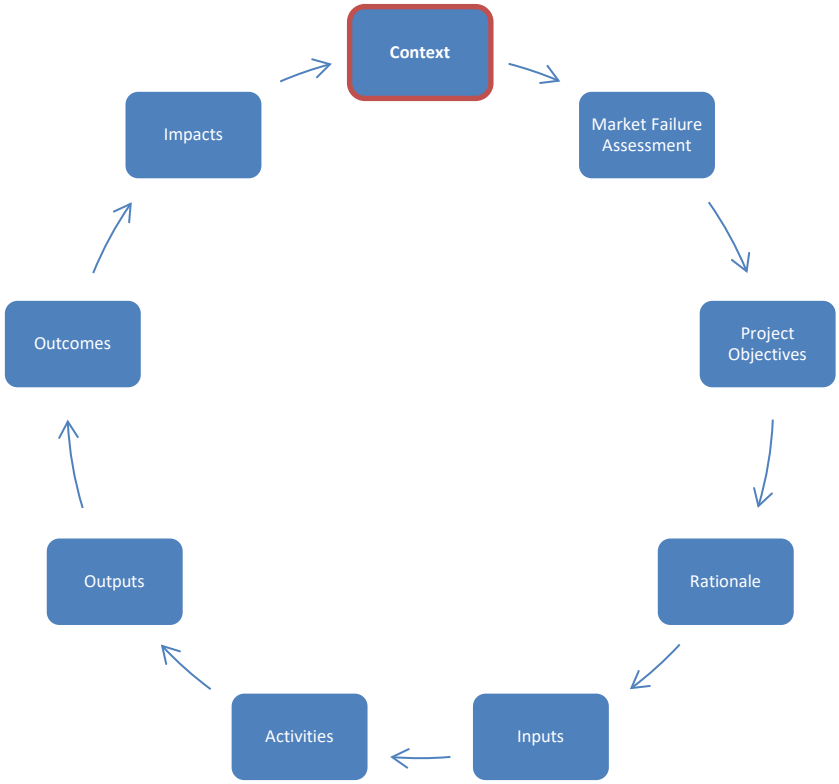
Diagram 4.1 Summative Assessment Phases




4.3 The Summative Assessment process draws from an underpinning logic model, which encourages projects to consider in project design, delivery and implementation how activity within the project can be measured and what type of outcomes and impacts the project will deliver.

[20] Summative Assessment Guidance (August 1017) MHCLG page 3

Diagram 4.2 Summative Assessment Logic Model



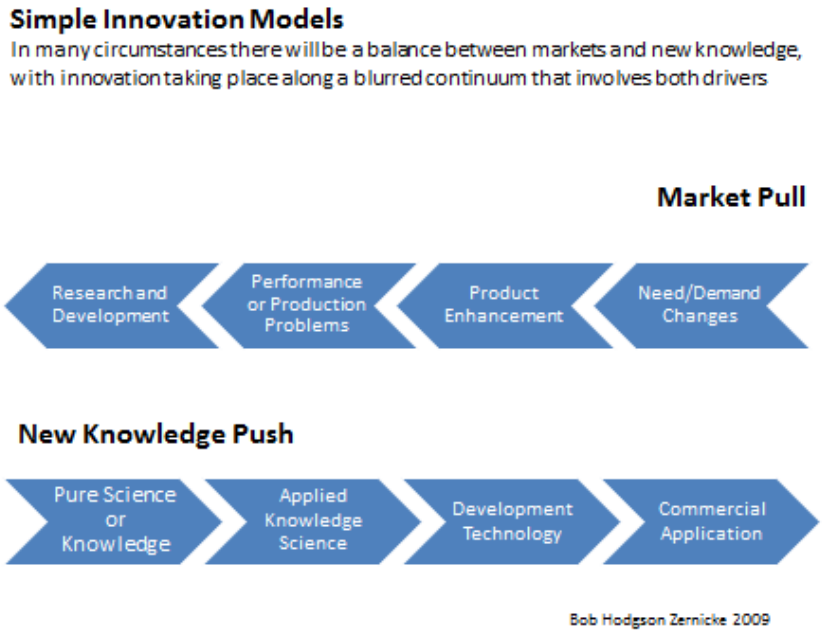

Source: MHCLG – Summative Assessment Logic Model

4.4 Diagram 4.2 identifies the 'theory of change' driven logic model for the project development, delivery and final Summative Assessment process. The Logic Model involves understanding the context within which the Digital Solutions project will operate and the market failure(s) it will try and address. From this process, a set of project objectives have been set, alongside a series of activities clearly linked to a set of outputs, outcomes and impacts. The Logic Model is included as Appendix A.

4.5 This logic model is a key mechanism for ensuring learning and feedback is constantly incorporated into the delivery of the programme, how it effectively engages and supports beneficiaries, the quality of services it delivers and how it measures impact.

4.6 Innovation can be driven directly by market demand as well as new knowledge as the diagram 4.3 overleaf illustrates. Digital Solutions is clearly more focussed on a 'market pull' approach. Evaluation of impacts of this approach can represent a real challenge as 'innovation' is a subjective matter often viewed differently by individual businesses. In order to overcome these challenges, the Summative Assessment draws upon a range of quantitative and qualitative evidence to understand the long-term impact the project will have on the sub-regional economy, how the project is performing against its profiled targets and identifying key lessons learnt.

Diagram 4.3 Market Pull, New Knowledge Push Innovation models




4.7 This evidence includes:

- Project documentation
- Virtual meetings with key project staff at the University Centre Shrewsbury
- ERDF Performance Management and Claims Data
- Engagement with key internal and external stakeholders and project beneficiaries
- Management information from the Digital Solutions project database
- A business survey and a series of business case studies drawn from interviews

4.8 The Summative Assessment also considers the project management structures, highlighting key learning points and making recommendations for future actions to support the adoption and deployment of digital technology in SMEs in the Marches.

4.9 The methodology has centred upon evaluating the following key issues:

- How the project performed against its key milestones
- How the project performed against its contracted outputs and outcomes
- How the project supported the ERDF Horizontal Themes
- Qualitative perceptions of the project, its performance, governance and management and its contribution to sub-regional business growth
- Future Outputs, Outcomes and Impacts Performance
- Additionality and Value for Money
- Key lessons learned and best practice

4.10 As the purpose of the Summative Assessment is driven by the requirements of the ERDF programme, the methodology has not looked at any outcomes relating to the Knowledge Exchange Framework, the Research Excellence Framework or any the requirements of the UK Shared Prosperity Fund Investment Plan.

4.11 The methodology has worked within the parameters of the General Data Protection Regulation (GDPR), recognising the study will require a direct business survey and case studies and interrogation of the management information systems of project partners. The research has been undertaken drawing on the GDPR principles of:

- Processing data in a lawful, fair and transparent manner
- Data is collected for a specific, explicit and legitimate purpose
- Is accurate and up-to-date
- Is processed in a manner that ensures security of the personal data
- Is based on consent of the data subject

4.12 Performance data for the project has been drawn from Claim 20, which covers performance up to the end of December 2022. Where required, this performance has been extrapolated to the end of the project.

### *Business Engagement*

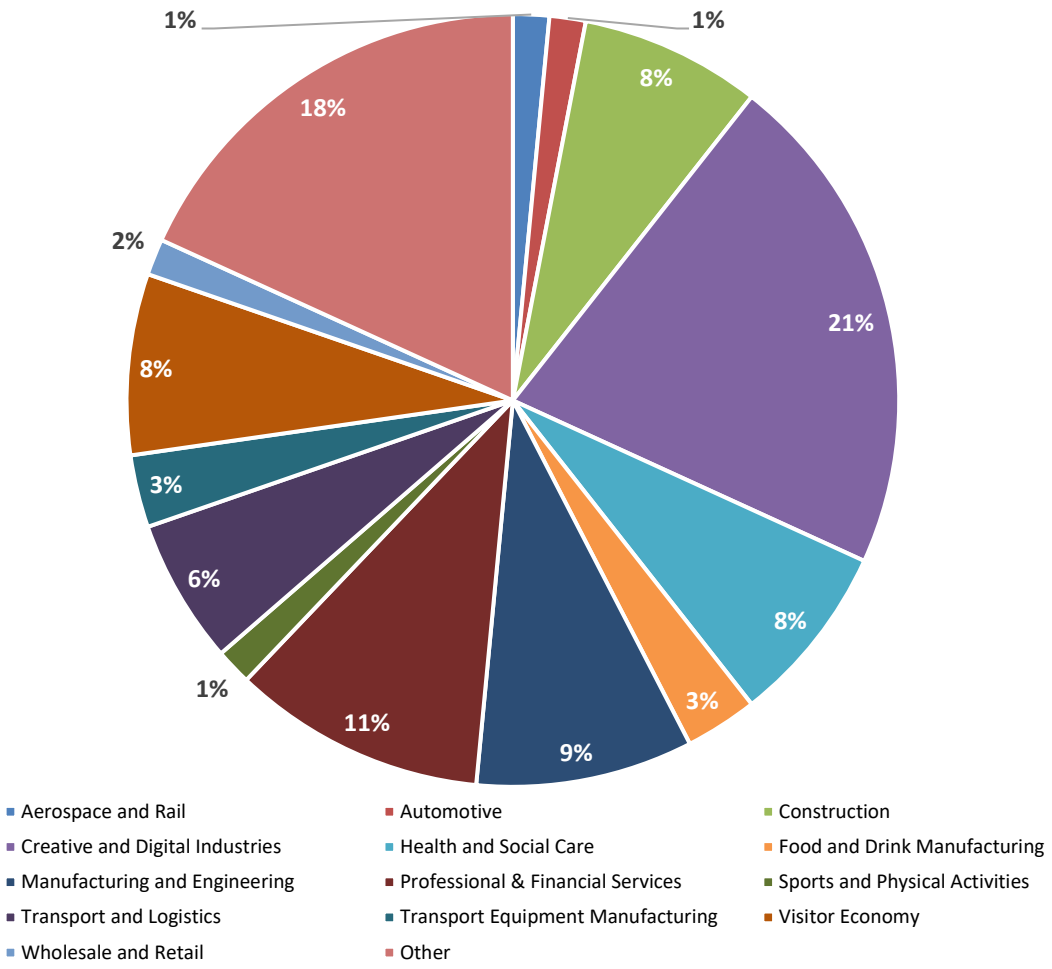
4.13 The evaluation also draws from the results of two business surveys distributed to all businesses engaged across the first and second phase of the project, to which 44 responses were received to the survey distributed in September 2020 and January to March 2023. The survey covered a range of different subjects including.

- Business background, activities and location
- Elements of the project engaged with
- Referral processes, engagement on the project, quality of service received
- Impact on jobs, turnover and new products
- Attribution of the project to achieving the business impacts
- Future business and investment priorities

4.14 Of the businesses surveyed, 35 were based in Shropshire, 9 were based in Telford and Wrekin and one of these had premises in both Shropshire and in Telford. Businesses had an average of 4.10 employees, although 86% of all respondents had five or fewer an average employees and 47% had only one employee.

4.15 As shown in Chart 4.1 overleaf, the respondents to the survey came from a broad range of economic sectors. The most prevalent sectors have been Creative and Digital (21%), Other (18%), Professional and Financial Services (11%), Manufacturing and Engineering (9%) and Health and Social Care, Construction and Professional and Financial Services (all 8%).

Chart 4.1 Business sectors completing the Survey




Source: Digital Solutions Business Survey

4.16 A total of nine businesses have been portrayed as case studies within the report, identifying and placing in context some of the impacts of the project on individual businesses and demonstrating the type of support they received.

### *Impact Calculations*

4.17 One the key elements of the Summative Assessment process is to understand the range of economic impacts of the ERDF investment. The impacts will be calculated based on the overall performance of the project at Claim 20 (to December 2022) and extrapolated to the end of the project delivery period (June 2023).

4.18 To assess the likely economic impacts of the programme, the Summative Assessment will undertake a self-reporting counterfactual impact assessment – drawing on the experiences of SMEs that have received support and investment through the programme and the impact it had on their growth and job creation. It incorporates an assessment of deadweight and substitution based on survey responses.

# 5 Performance Review

### *Financial Performance*

5.1 The Digital Solutions project has been delivering since January 2018 and has cumulatively spent £2,071,452 to the end of December 2022 (Claim 20). This represents 95.2% of the overall project budget of £2,175,525. The financial claim from 1st October 2022 to the end of December was for a total of £90,195.30.

5.2 The forecasts for the two quarters of 2023 suggest a total outturn of £187,431. This would result in a final expenditure of £2,258,883, which means all the ERDF budget will be claimed against (to avoid over-claiming grant). The programme has done well to commit all of its budget, especially as the COVID-19 pandemic affected delivery.

### *Project Outputs*

5.3 As shown in table 5.1 below, as of Claim 20, the project has now either met all of its ERDF outputs, or is approaching meeting them. This is with two additional quarters to claim any outstanding outputs. The project is approaching its C1/C4 target and is expected to meet if not exceed the number of businesses supported to at least 12 hours by the end of June 2023.

5.4 The project has more than doubled its target of supporting new enterprises, largely as the project has been focused on supporting the development of new digital products and services which has attracted many new businesses.

Table 5.1 Digital Solutions project performance to September 2020

| Programme Outputs | Current Target | Current Performance | Projected Performance | Percentage of target |
|---|---|---|---|---|
| C1 Number of Enterprises Receiving Support | 73 | 70 | **73** | **100%** |
| C4 Enterprises receiving non-financial support | 73 | 70 | **73** | **100%** |
| C5 Number of new enterprises supported | 7 | 15 | **15** | **214%** |
| C8 Employment increase in supported enterprises | 8 | 0.5 | **8** | **100%** |
| C26 No. of enterprises co-operating with Research Institutions | 32 | 26 | **32** | **100%** |
| C28 No. of Enterprises Supported to Introduce New to Market Products | 5 | 5 | **5** | **100%** |
| C29 No. of Enterprises Supported to Introduce New to the Firm Products | 11 | 19 | **19** | **173%** |

Source: Digital Solutions project Claims and Funding Agreement

5.5 The project is also approaching its target for businesses co-operating with research institutions and should meet this output by the end of June 2023. The project has already met its businesses supported to introduce new to the market and new to the firm products – indeed it has significantly exceeded its C29 output.

5.6 The project has some way to go to meet its number of jobs created outputs, but there is some confidence that these are likely to be claimed by the end of June. The Project Co-ordinator has been following up with businesses that have been supported and have anecdotally stated they have identified sufficient additional jobs to meet the target.

### *Potential Employment Impacts*

5.7 Understanding the employment impacts of ERDF investment is a core element of Summative Assessments. In terms of increases in employment in supported enterprises, it can be difficult to predict the final performance of a programme. Any likely job outputs reported as part of the Digital Solutions monitoring processes (C8) will have occurred where businesses have stated they would create a job and have supplied the programme with sufficient evidence to report this job as a qualified output.

5.8 Many businesses create jobs after the initial intervention and after their final engagement on the project, some do not create sufficient evidence to report a job as an output, some are not eligible to be classed as an output, whilst other businesses for a range of reasons never report job creation to the Digital Solutions team.

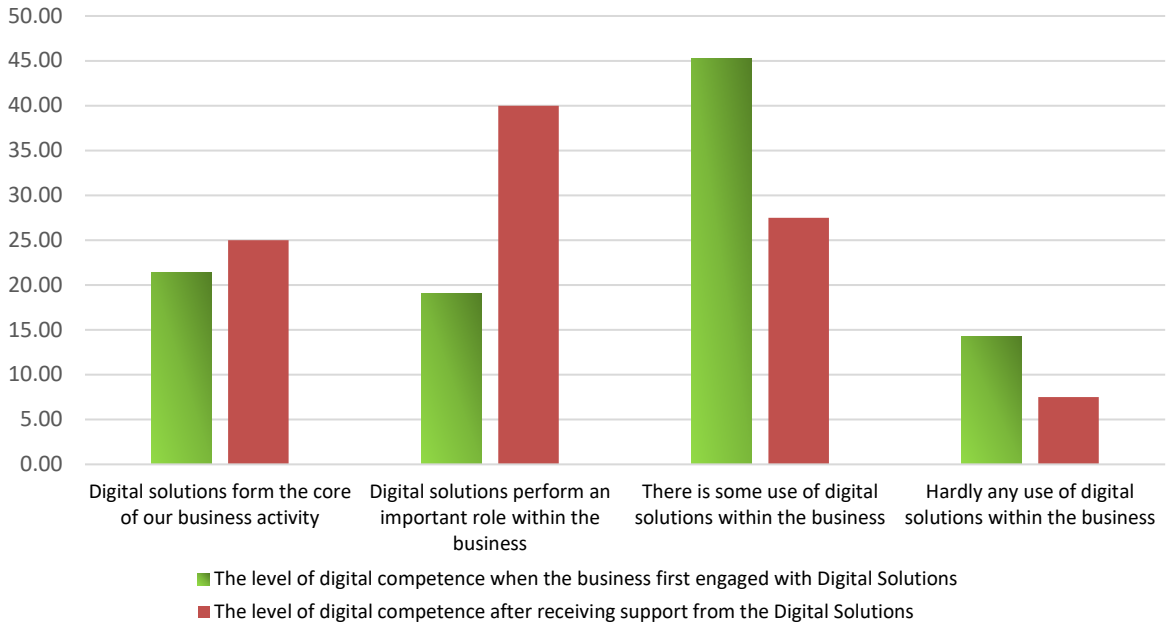
5.9 Using responses within the business survey as a wider measure of job creation, each business that received support from the Digital Solutions programme created an average of 0.2 Full Time Equivalent jobs. When this is extrapolated over the 73 businesses the project is forecast to support for over 12 hours, it suggests a total increase of **14.6 jobs**.

## 6 Additional Impacts and Business Productivity

6.1 One of the key strategic impacts of the project has been to support digital transformation in businesses that have been supported and help businesses to develop new digital products and services.

6.2 As shown in Chart 6.1 below, 14% of businesses that engaged on the Digital Solutions project hardly used any digital solutions when they first engaged on the project, with almost 45% of businesses citing only some use of digital solutions. After receiving support from the project, only three business (7.5%) stated they still hardly used any digital within the business. After support 65% of businesses stated they subsequently saw digital as playing either an important role within the business or formed a core of the business activity. This figure had increased from just over 40% before the project first engaged this cohort of businesses.

Chart 6.1 Levels of Digital Adoption within the business (%)




Source: Digital Solutions Business Surveys

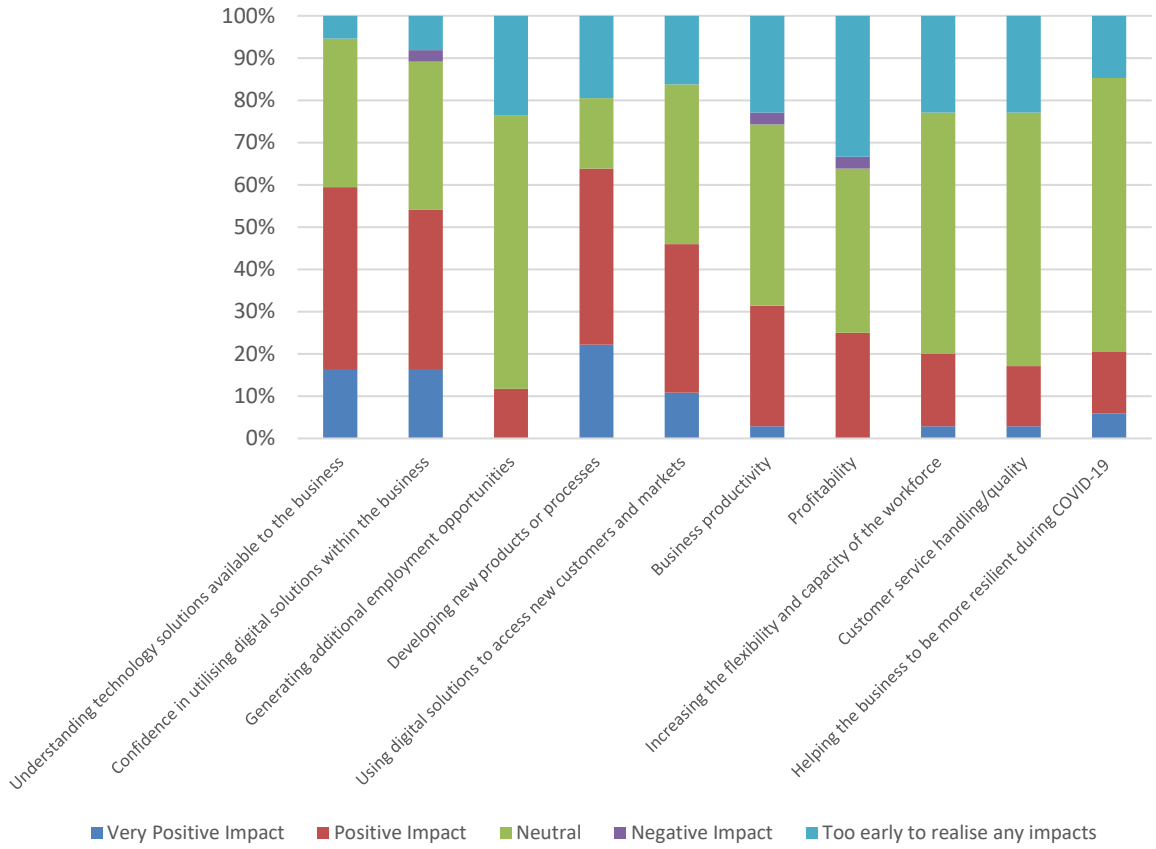
6.3 The digital solutions project, by offering a predominately one-to-one support offer to businesses, has made a significant contribution towards the digital transformation of the businesses it has supported – which was one of the core project objectives.

"*Digital Solutions have been core in the development of my project*"

6.4 As part of the business survey process, beneficiaries were asked to identify the impact of the project across a range of business processes and opportunities (highlighted in chart 6.2 overleaf). The focus of the project has been on supporting digital transformation, against which 60% of beneficiaries stated a positive or very positive impact on understanding what technology options are available to them, 55% cited a positive or very positive impact on their confidence in using digital solutions and 46% of beneficiaries stated a positive or very positive impact on using digital solutions to access new customers and markets.

6.5 Also within the survey, 87.5% of businesses stated they felt the support from the project would help them accelerate the way the business would deploy digital solutions and they would subsequently use more digital technology in the future.

Chart 6.2 Impacts across a range of business processes out outcomes




Source: Digital Solutions Business Surveys

6.5 The second area of focus for the project was to help businesses to develop new digital products and services. Again, from the business survey 64% of businesses stated a positive or very positive impact in this area. Also two thirds of businesses agreed with the statement that the project had helped to introduce them to new markets and opportunities.

6.6 Other areas where the programme has had a tangible positive impact include business productivity (32% positive or very positive) and profitability (25% positive or very positive). These were the two areas where the highest proportion of businesses stated it was still too early to see any impacts (around a third for profitability and around a quarter for productivity).

6.7 The business survey, interviews and case studies have provided a range of evidence as to a range of wider business impacts that may not be captured within the confines of the relatively colourless ERDF monitoring processes. As a consequence, there have been a number of wider, unexpected or intended benefits.

*"This…project…has been vital in helping us provide important training about infection control and covid-19 related issues."*

*"Discussion with the consultant significantly helped the business to focus on specific target markets."*

*"(Built) confidence that Shrewsbury is a sensible place to base a digital health business and awareness that the university is there to support as and when needed."*

*"Discussion with the consultant significantly helped the business to focus on specific target markets."*

6.8 A number of the businesses that have been engaged on the project have now progressed to receiving a wider package of support from the University. This has included engagement on other ERDF projects (especially CREST and over the last two years of the programme, the link between digital technology and environment solutions has grown considerably) and taking on a number of student placements.

6.9 Some have subsequently secured Innovate UK investment for projects including developing Virtual Reality experiences for isolated teenagers. This is an aspect of the project that could have more prominence if there is another extension to the project through UK Shared Prosperity Fund.

### *Impacts on Digital Health*

6.10 The first phase of the project had a focus on Digital Health. This remained during the second phase, but to a much lesser extent. Of the businesses that completed the survey, seven were within the health and social care sectors. Many of the health businesses that received support on their digital development were at a very early stage of developing new products and services in the field and much of the impact of their progress remains to be realised.

"*They have given us advice and connected us to people that can assist us to get to new markets*."

"*It has introduced me to some local contacts. These have not yet resulted in direct business opportunities but have been helpful in developing the product and service offering*."

6.12 Businesses in this sector also reported the implications of COVID-19 had been a double edged sword, in some cases spurring action on digital transformation and creating new opportunities, but in other cases creating an uncertain operating environment or changing NHS or health priorities that reduced access to customers.

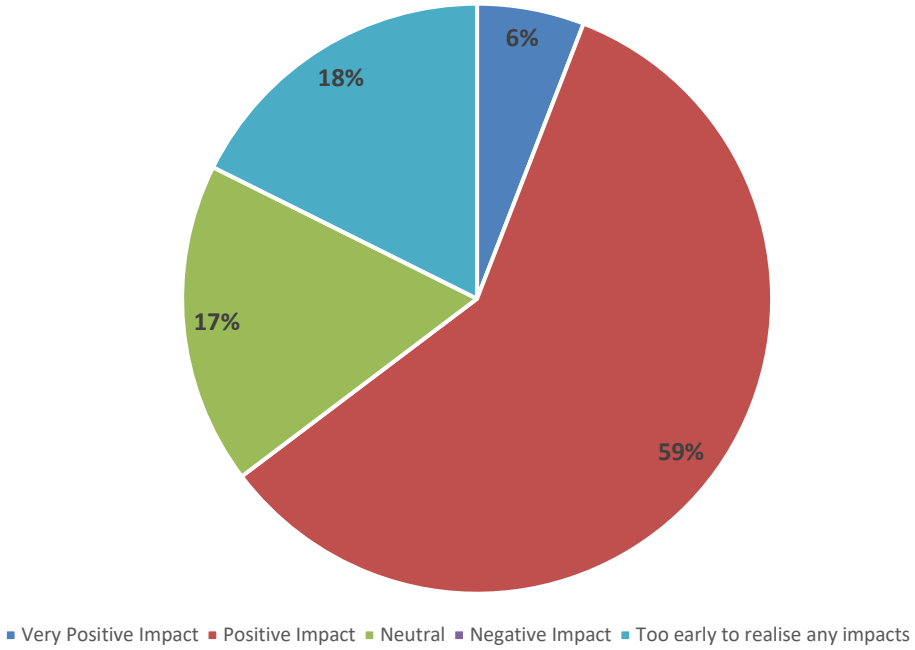
"*It is great to have a local initiative encouraging digital health folk in the area to meet and develop their offerings*."

# 7 Net Impacts and Value for Money

7.1 As identified within section 5.7, when the mean gross jobs created figures from the survey are applied to the 73 businesses the project is expected to support, it would suggest businesses that have been on the programme would have created a total of 14.6 gross additional full time equivalent (FTE) jobs.

7.2 Within the business survey, businesses were asked to attribute their digital and business growth impacts to the interventions from the project to inform the counter-factual impact assessment. As shown in chart 7.1 below, 6% of businesses stated their involvement in the project had a very positive impact on their growth prospects, whilst a further 59% stated a positive impact on the businesses growth prospects. This means the project has had a positive and attributable impact on growth and digital transformation on 65% of the businesses it supported.

Chart 7.1 Overall impact of Digital Solutions on business growth prospects




Source: Digital Solutions Business Survey

7.3 On this basis, of the 14.6 additional employment opportunities likely to be created, there is an estimated direct attributable ***increase in net employment of 9.5 jobs that can be attributed to the project*** by the employing business. These jobs have been created by business's growth being driven by or accelerated in some way as a result of the project intervention.

7.4 Using the project's C8 outputs as a measure of employment created would result in a total of 3.5 net additional jobs.

7.5 It is also important to note that some businesses anecdotally reported they had long term job creation aspirations outside of the timescales of the project. Much of the project was focussed on developing new digital products and services and therefore there may be a significant lag between the impact of the support received and the creation of employment, as shown by the comments below.

> *"Too early to say, the help with the grants will lead to the prototype being demonstrated to investors, which will lead to job-creation."*
>
> *"I'm sure it will in time…"*
>
> *"No jobs created but ensured the continuation of 2 existing jobs that otherwise might have been lost."*

7.6 Some of the businesses supported had suffered significant disruption due to COVID-19, which disrupted their growth. This has come through in terms of the businesses that were supported up to the end of the first phase of Digital Solutions. As a direct result of the COVID-19 outbreak, some businesses stated they had either postponed the creation of new job opportunities or were in the process of reviewing whether their current levels of employment were sustainable

### *Value for Money and Benchmarking*

7.7 Ensuring value for money for European Union Structural Funds investment is a key component of the ESIF programme and of current Summative Assessment guidance. As identified in section 5.2, the project is forecast to defray its £2,175,525 budget by the end of June 2023 and is anticipated to contribute to a net increase of 9.5 jobs at an average cost of £229,002, which is relatively high but has reduced considerably since the end of the first phase of the project. The forecast cost per business supported (73 in total) by the end of the programme is anticipated to be £29,801.

7.8 According to a report by Regeneris on the anticipated unit costs per output across the 2014-20 ERDF programme, the mean benchmark for jobs created across ERDF projects should be £71,000, although this was based on research undertaken in 2013[21]. The gross cost per job created is currently significantly above the Regeneris mean cost. It is important to note the context cited above and the fact that the project was approved with a high average cost per job created. Job creation has not been a key driver for the project's outputs – and overall the project will meet its C8 performance, so assessing value for money is a necessary process, but should not be viewed as a detrimental aspect of the project performance.

7.9 With regards to businesses supported, the mean benchmark unit cost for a medium intensity business supported output is £34,000. This suggests the businesses supported output for the Digital Solutions project is projected to be below the mean value for money benchmark, which is a fairer assessment of Value for Money.

[21] Regeneris Consulting (2013) England ERDF Programme 2014-20 Output Unit Cost and Definitions

### *Gross Value Added*

7.10 Based on the Digital Solutions project supporting the creation of 9.5 net additional jobs, and with the latest Gross Value Added (GVA) per filled job in the Marches being £43,063[22], it would suggest the CREST programme will support an increase in GVA of over £409,098 per annum.

7.11 If the Digital Solutions project supported an indirect increase in productivity of 10% across these employees, this would result in an increase in Gross Value Added across the Marches equivalent to £2.25m over a five-year period.

[22] Nominal Balanced Gross Value Added per head by Local Enterprise Partnership, 2022 (ONS)

## 8 Cross Cutting Themes

8.1 Within the European Structural and Investment Funds programme are two Horizontal or Cross Cutting Themes that all projects across the European Union have to incorporate in their project development, delivery, monitoring and evaluation. These two Horizontal themes are:

- Sustainable Development
- Equalities and Diversity

8.2 Both have featured as prominent features of the current ERDF programme and have been contractually passed on to Digital Solutions in the way it procures goods and services, engages businesses, the way it has designed and delivered its interventions and the way the project has monitored its outcomes and impacts.

### *Sustainable Development*

8.3 Many of the interventions of Digital Solutions have had either direct or indirect positive outcomes on sustainability and carbon reduction. This has been especially poignant during the COVID-19 pandemic when the project provided assistance to businesses to enable home and remote working. This has allowed businesses to continue trading whilst reducing the need to travel – which may have a long- term effect on carbon emissions. Longer term, the project is enabling businesses to deliver longer term transformation to deliver services online in a more permanent manner – reducing longer term need for travel within businesses.

8.4 Before and then after COVID-19, the project located most of its events and services within Shrewsbury town centre, which is widely accessible for much of Shropshire and Telford and Wrekin by public transport – although data is not captured on the mode of transport that people used to travel to events.

8.5 Some of the projects that the project has supported are active in sustainable and low carbon sectors including solar power, biogas and sustainable fuels, low carbon food and drink manufacturing and environmental consultancy. Businesses have identified anecdotally as part of the feedback survey that the project has helped to reduce their carbon emissions.

*"Support from Digital Solutions helped us to…understand our carbon footprint."*

8.6 Some of the innovation support delivered by the Digital Solutions team will improve product design and manufacturing processes, which in turn will save time and money and reduce waste by getting services and products right first time, reducing the need for resources and reducing energy use.

8.7 As previously stated, the Digital Solutions project has been increasingly working with CREST, another University Centre Shrewsbury EDRF project focussed on supporting businesses to develop new products and services in the environmental sector. There has been an increasing cross over within businesses between utilising digital solutions to develop new environmental products and services.

### *Equalities and Diversity*

8.8 Within the Full ERDF Application, the University of Chester stated the programme would ensure no beneficiaries would be excluded on the basis of any protected characteristics and a range of likely needs will be considered during the design and delivery of the programme. Digital Solutions has worked hard on diversity, especially ensuring positive representations within the profile of beneficiaries.

8.9 Equalities and diversity has largely followed the University policy and the project has consistently collected equalities data and reported them as part of the ongoing claim process. The data and wider feedback has informed the delivery of the programme, including how it engages businesses in rural areas and those with limited digital access. This has included ensuring workshops and activity have been accessible at UCS and other venues and visiting businesses on site where this has been appropriate.

8.10 The programme has placed a strong emphasis on ensuring its services are available to as wide a range of businesses as possible and have placed a significant emphasis on taking their services out into the business community, working closely with partners. This has been demonstrated in section 9 by the high level of direct referrals onto the project from the project team and the wider University.

8.11 Within the context of coming out of the COVID-19 pandemic, support from the programme opened up significant opportunities for businesses to support hybrid and flexible working for their staff. This has been an important factor in both stimulating growth in employment in a tight labour market (especially in rural areas with less labour availability) and encouraging more diversity in the labour market.

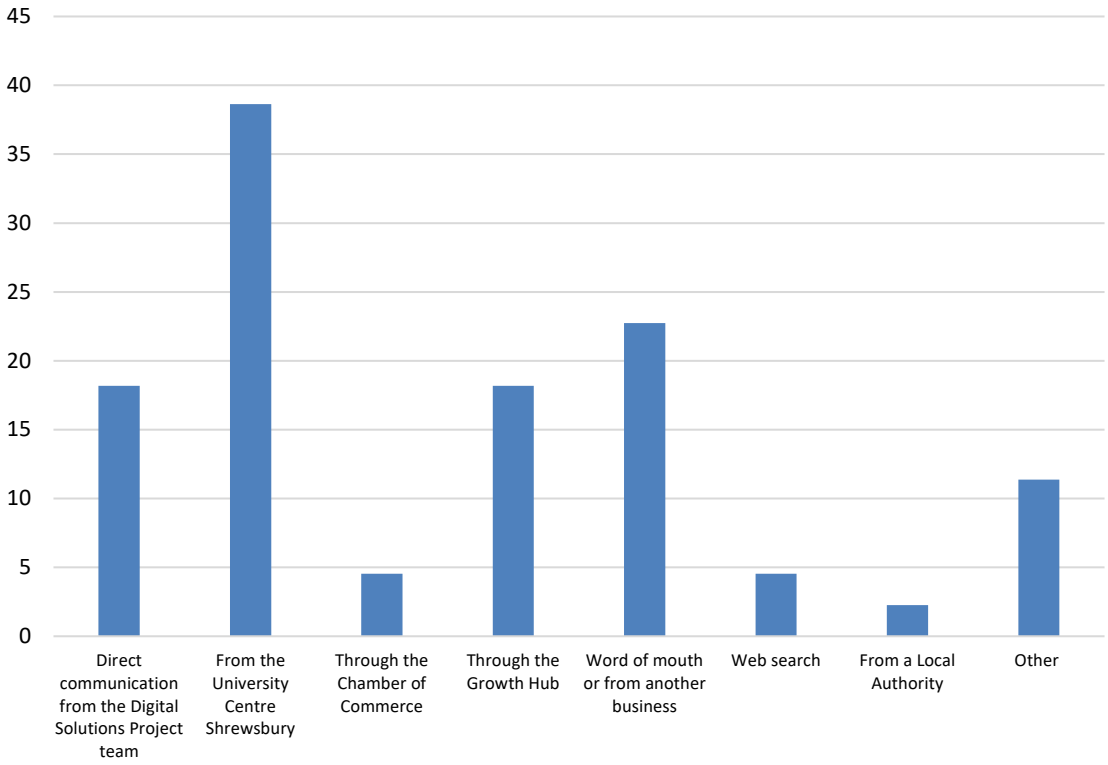
# 9 Qualitative Review

9.1 The business survey process asked a range of quantitative and qualitative questions about businesses views on the quality of service they received, future support needs and their views on what any future digital business support programme ought to cover. These findings have been cross referenced against discussions with some of the key project delivery staff and stakeholders.

### *Referrals Processes*

9.2 As identified in chart 9.1 below, a total of 39% of businesses were referred directly from the University Centre Shrewsbury (including from other active projects such as CREST). This has been the highest source of referrals by some margin. A further 19% stated they had heard of the project directly from the project team. This demonstrates the pro-active approach of the team and the wider University have taken to engage with local businesses.

Chart 9.1 Referral sources onto the Digital Solutions project



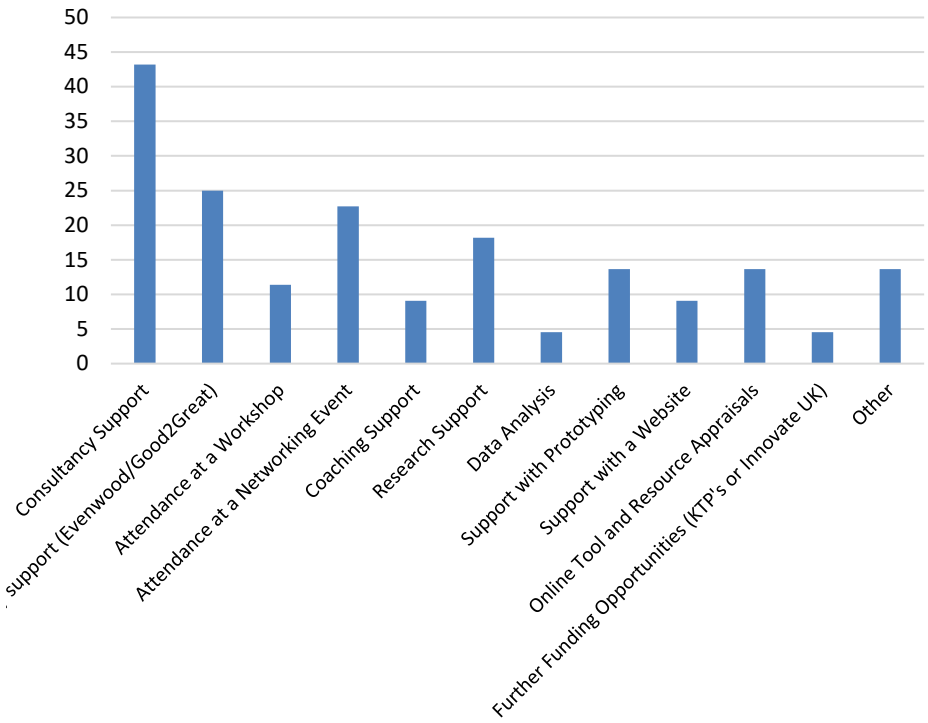

Source: Digital Solutions Business Survey

9.3 Other key sources of referral were from word of mouth or form another business. This was the source of 23% of all referrals. Elsewhere within the survey process, beneficiaries were asked if they would recommend Digital Solutions to other businesses and 69% stated they would. Other relatively significant methods of referral included from the Marches Growth Hub at 18% (which has been an important partner for the project) and Other at 12%.

### *Digital Solutions Project Processes*

9.4 Businesses were asked as part of the survey process which type of activity on offer from the project they had engaged with (as shown in chart 9.2 below). Almost half of businesses received some consultancy support from the University Centre Shrewsbury and 25% received support from either Evenwood or Good2Great, the contracted delivery partners for the project. A total of 23% of businesses attended a networking event, although this has fallen considerably over the second phase of the project as physical networking was affected by COVID-19 restrictions.

Chart 9.2 Activity of the Digital Solutions project engaged with (%)



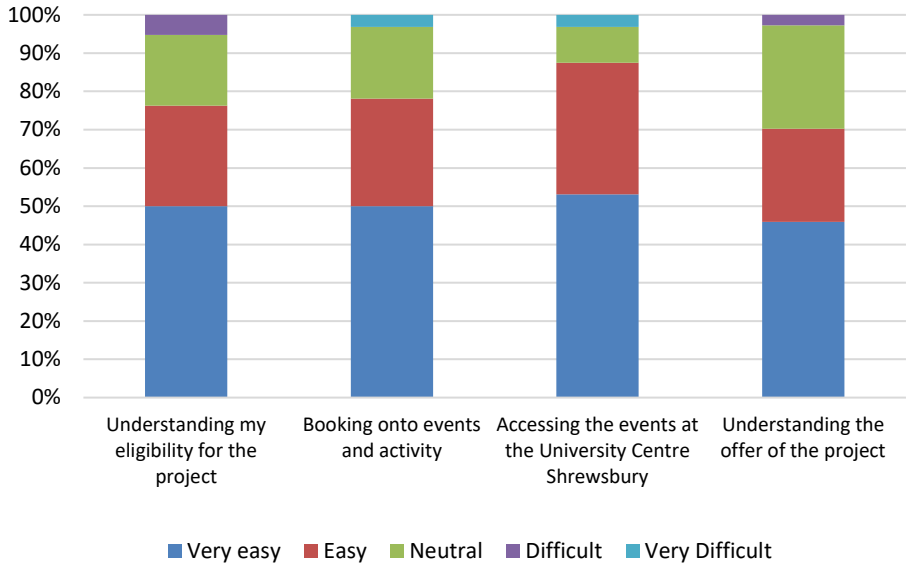

Source: Digital Solutions Business Survey

9.5 Other areas of the programme that have been accessed by businesses completing the survey include research support (18%), support with prototyping (14%), use of the Online Tool and Resource Appraisals (14%) and attending one of the programme workshop (12%),

9.6 As shown in chart 9.3 overleaf, businesses generally found the processes involved with the Digital Solutions project easy to engage with. A total of 76% of businesses found the process of understanding their eligibility easy or very easy and 70% felt understanding what Digital Solutions could offer them was easy or very easy.

9.7 In more practical terms, 78% if businesses found the process of booking onto events and activities as easy or very easy and 88% found accessing events at the University Centre Shrewsbury as easy or very easy.

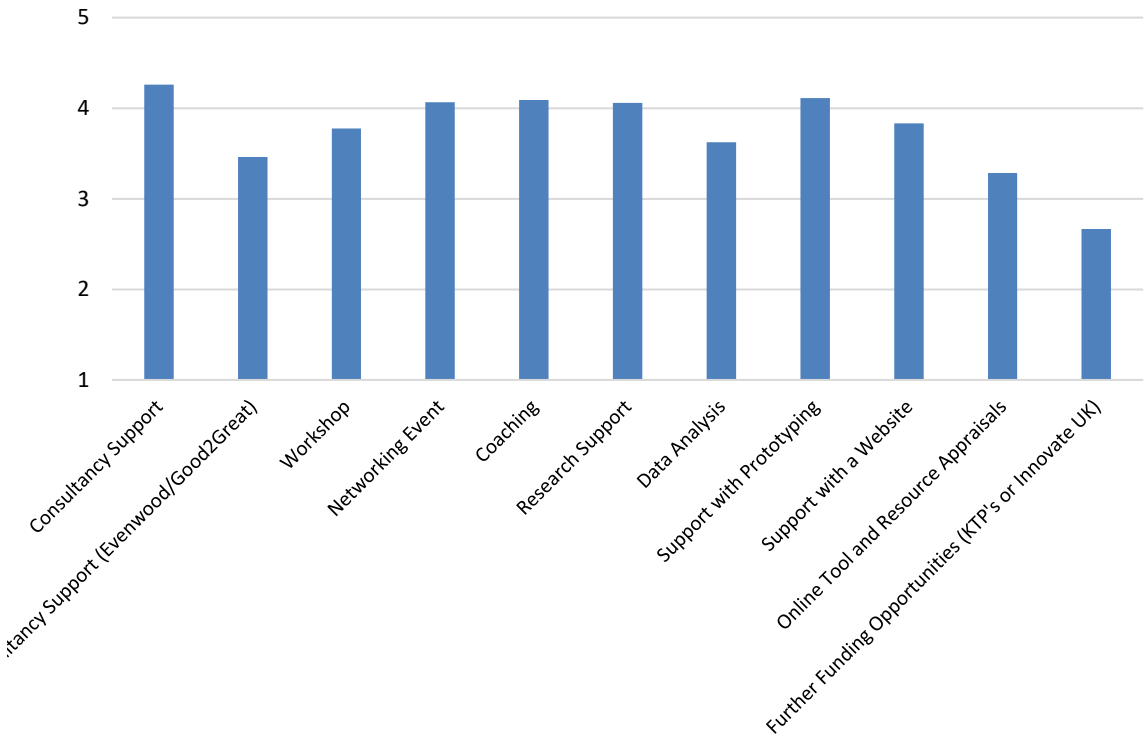
Chart 9.3 Ease of process for the Digital Solutions Project




Source: Digital Solutions Business Survey

9.8 Chart 9.4 below shows the ratings out of 5 that businesses afforded the different elements of the Digital Solutions project they engaged with. The areas that were the most the highly regarded aspects of the project were Consultancy Support (4.25 out of 5), Support with Prototyping (4.11), Coaching (4.09), Networking Events (4.06) and Research Support (4.06).

Chart 9.4 Quality of provision for each strand of the Digital Solutions project




Source: Digital Solutions Business Survey

9.9 Overall, all the areas scored highly for the quality of support to businesses, which has also been reflected in the feedback from businesses.

*"Very helpful staff and business support."*

*"We have been particularly impressed and hugely appreciative of the introductions that Sarah Bennett has made for us."*

*"They have given us advice and connected us to people that can assist us to get to new markets."*

*"The Digital Solutions project was really helpful."*

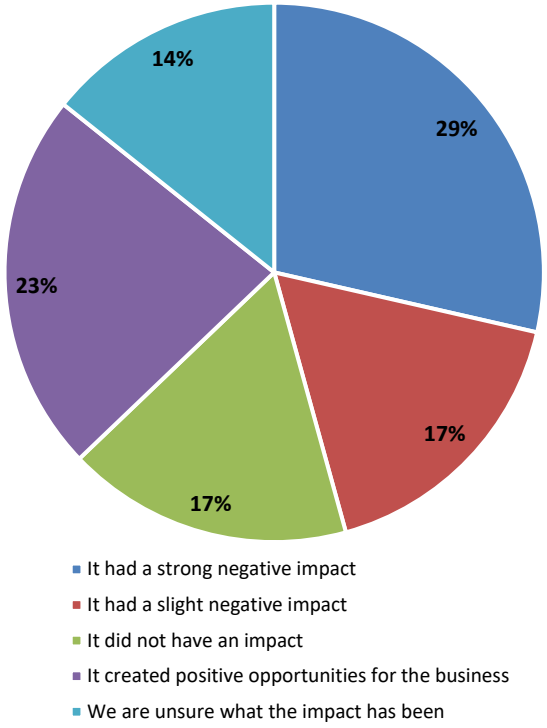
*"The idea of the Digital Solutions Project is an amazing one that allows sole traders like me and small businesses, an opportunity to move into an arena that traditionally has been dominated by large corporations."*

*"Lovely people and clear communication throughout. Thank you for your help."*

### *The Impact of COVID-19 on supported businesses*

9.10 Chart 9.5 shows how survey respondents felt the COVID-19 pandemic had affected their business. A total of 46% stated it would have a negative impact, with 29% stating it would have a strong negative impact. Some businesses (23%) felt that the COVID-19 outbreak had created opportunities for the business. This sets the context for the impact of the COVID-19 on the outputs of the project and shows almost half of businesses the programme worked with had been negatively affected.

Chart 9.5 Impact of COVID-19 on the business




Source: Digital Solutions Business Survey

9.11 There was some constructive feedback from businesses about lessons learnt from the businesses support by Digital Solutions. Some businesses stated they were often waiting a long time for technical staff or consultancy availability, which in some cases rendered their interaction with the programme to be less effective. There were also periods of staff turnover, especially amongst the technical staff, which did not help for continuity.

### *Future Business Support Needs*

9.12 Businesses were asked what their future digital support needs might be going forwards, any barriers they may face in accessing this support and any recommendations they would like for futured digital business support programmes. Some of the general key areas for future support included:

- Supporting access to and links to researchers
- Helping access supply chains and key decision makers (particularly within the health and care sector)
- Access to general support to overcome financial and cashflow barriers
- Understanding the role of digital technology in delivering COVID safe training and services
- Follow on support for project implementation
- Additional support for prototyping and testing of digital products
- How to develop an 'elevator pitch' within a digital environment
- Exploring the potential applications of Artificial Intelligence
- Business coaching
- Networking

9.13 In terms of the barriers businesses faced in adopting digital technology, the key area at the moment was cashflow and financial issues – therefore working closely with the Marches Growth Hub and other projects that provide access to finance should form a central link going forwards. Another major barrier to adopting digital technology is ensuring a high level of skills and knowledge within the labour force. Finally, some businesses stated their level of competency and motivation to further expand the digital footprint of their businesses was a barrier to future adoption.

9.14 The two text boxes overleaf highlight the offer of two comparator programmes and showcases how an alternative ERDF programme was developed to meet very similar SME challenges. These are the Leeds Digital Enterprise programme and Staffordshire Digital Innovation Partnerships.

9.15 The two comparator projects have focussed the core of their resources on selectively attracting businesses to the provision that digital transformation can have the greatest business and economic impact upon. Leeds Digital Enterprise programme has used technology grants to support established businesses develop and invest in technology projects actively linked to business growth and especially linked to job creation. There have been no grants within Digital Solutions, which is partly why it has struggled to help businesses to create jobs.

## Comparator ERDF Programme, Leeds Digital Enterprise

The Digital Enterprise programme aims to help eligible, growth focused businesses, based in the Leeds City Region, to scale up and achieve digital transformation. The overall project budget between 2016 and 2022 was £21m, with a 50% ERDF intervention rate. The programme has some similarities with the Digital Solutions.

The project has had three key strands for businesses to interact with which are:

The Digital Knowledge Exchange (delivered under contract by the BE Group) running a series of short workshops, demonstration events and conferences. Where the programme differed from the Digital Growth Programme is through the offering of 'online training' through webinars, undertaking remote digital marketing audits of businesses and managing the Digital Top 100 campaign to showcase and celebrate Leeds City Region's most innovative, digitally mature and transformational digital businesses. The programme also recruited a team of Digital Champions from local digital businesses to provide mentoring.

The programme had a Digital Growth Voucher, similar to the Technology Grant, offering a variable intervention rate (usually around 50%) towards projects between £2,000 and £10,000 (although the upper ceiling was later revised). The programme also offered Connectivity Vouchers of up to £1,000 towards the cost of an upgraded broadband connection over 30mbps. The programme struggled to award these vouchers, largely in light of DCMS's Gigabit Voucher scheme

Initially, businesses were only allowed to access one strand of the programme, but this was relaxed as the programme neared the delivery of its contracted outputs.

The Digital Enterprise programme also recruited a team of Digital Growth Advisors, who offered support to businesses applying for vouchers. Ultimately much of this resource became entrenched in delivering the vouchers, but the Advisors did offer 1-2-1 sessions and offered drop in advice at some of the larger programme events.

The continuation of the Digital Enterprise programme (DE2) places a stronger emphasis on supporting businesses with access to faster broadband through a specialist Digital Business Advisor. The programme has also relaxed some of the constraints on accessing businesses support and receiving a grant.

## Comparator ERDF Project, Staffordshire Digital Innovation Partnerships

Staffordshire Digital Innovation Partnerships (SDIPs) is a collaborative project between Staffordshire University and Staffordshire County Council to drive transformation through digital innovation. The programme will develop partnerships between Staffordshire University and 36 eligible businesses based in the Stoke-on-Trent and Staffordshire LEP area to solve a range of digital innovation challenges. The overall project budget between 2018 and 2023 is £1,241,213, with a 60% ERDF intervention rate (£744,726). The programme demonstrates a different way that a University can deliver in-depth digital support to businesses.

There are three strands to SDIPs, with each strand supporting businesses to achieve digital transformation using technology. ***Digital Innovation Partnerships*** will support twelve businesses to develop new digital processes, services or products that can transform the business. ***Business Intelligence Partnerships***, which will support twelve businesses to use data and intelligence to improve decision making. Finally, ***Social Challenge Innovation Partnerships*** (with an additional £10,000 grant per business from Staffordshire County Council) will support twelves local challenges that are prioritised around social and organisational challenges within the Local authority and other local partners.

Each of the 36 businesses will have free access to an academic researcher for half a day per week and a full time graduate or student intern based within the business for a total of 24 weeks. Social Challenge Innovation Partnerships will be supported by events to market the programme, stimulate discussion and identify transformational opportunities and will cover a range of topical issues. The project will signpost businesses to other sub-regional business/innovation support. SDIP will support 36 businesses (with one new start business), assist 9 businesses to generate new to the market products and 11 businesses to develop new to the firm products and create 8 additional jobs.

The longer term aim of the project is to demonstrate how businesses can work with the University to develop their digital capabilities, to build a relationship with SMEs that can foster placement and employment opportunities for University students and to generate new partnerships that can lead to Knowledge Transfer Partnerships or Innovate UK projects.

The ERDF project was subsequently extended until September 2023.

9.16 Staffordshire Digital Innovation Partnerships have focussed on developing longer term relationships with businesses and delivering support from the academic base of the University, including relatively long term student and graduate placements. The project has a stronger focus on developing long term collaborations with the University, stimulating graduate employment opportunities and delivering significant digital transformations within businesses of an already established scale.

9.17 The Digital Solutions project has had a very strong, one-to-one consultancy offer for 12 hours available – that has predominately been access by micro and very early stage businesses. Whilst there has been a generic and open access offer to the Digital Solutions project, a focus on a smaller core of businesses for which the support will lead to a more impactful transformation may have helped – especially when there were capacity issues. Going forwards if there are opportunities through the UK Shared Prosperity fund, the emphasis could be on:

- Placements and work experience
- Graduate jobs
- Applied research opportunities
- Wider projects such as Innovate UK or KTPs
- Skills development and Continual Professional Development opportunities
- Leadership and Management opportunities and training
- Generating opportunities for spin-out businesses or graduate businesses

### *Stakeholder and Staff Perceptions*

9.18 Building on the stakeholder engagement process undertaken towards the end of the first Summative Assessment, further interviews were undertaken with key staff at the University. Interviews provided an update on the management processes of Digital Solutions, the effectiveness of project delivery and partnership working, an overview of the impacts and an overview of lessons learnt for future projects.

9.19 As this final Summative Assessment is being undertaken, the University Centre Shrewsbury and the University of Chester are preparing submissions to the Shropshire UK Shared Prosperity Fund and are preparing their Knowledge Exchange Framework, which can assist to unlock a range of UK Research and Innovation Funding. The University are currently reviewing if there is the potential to secure funding for another iteration of Digital Solutions.

9.20 University stakeholders were very complimentary about the programme, the staff team, the programme management capability and the ability of the project to engage with local businesses. The team had been well networked and pro-active in working with partners and the Growth Hub and were accessible and open to working with other University projects, most notably CREST and some of the wider academic and research projects, especially in the digital health fields.

9.21 The project has had to overcome a range of challenges in delivering its outputs. The COVID-19 pandemic had a major impact on the project, both in terms of what UCS could offer through the project and on the demand coming forward from businesses. The project kept going through the pandemic and kept a core offer available to businesses on an online basis, but it did affect how businesses could be engaged. As many businesses during COVID-19 were looking for short term grants, this also affected referrals to a project that is more about long term innovation.

9.22 The project has also had to deal with a constantly changing headcount of technical staff that are able to work on the project. Capacity has frequently been limited as there have been other activity across the University that both academic and technical staff have had to work on – and UCS has also had to work around the academic calendar, which is something that constrains when businesses can receive support. It this regards, the two external contractors, Evenwood and Good2Great were an important part of the project, providing extra expertise and capacity when needed.

9.23 The biggest challenge for Digital Solutions (as with many other digital business support projects) is balancing quality and quantity. Many businesses that want support with digital technology have relatively low impact projects or are micro businesses with limited growth prospects. However, Digital Solutions has had a range of outcomes to deliver relating to jobs, product development and developing research partnerships – so has had to filter many businesses.

9.24 The programme has also had to balance providing the support that businesses need that come forward to the programme, with building a pipeline of businesses that can work with the University longer term on areas such as graduate employment, work placements and funded research and innovation projects. Many businesses are initially focussed on digital marketing.

9.25 The University Centre Shrewsbury have stressed the importance of developing the employability of students and helping them to obtain local employment. There have been many examples over the past six years of students engaging with businesses supported by Digital Solutions engaging on work placements and student projects.

9.26 Overall, the balance of Digital Solutions has been largely about right over its six years of operation – but there may be scope for future programmes, free from ERDF rules, to both offer an 'open access' programme without having to offer 12 hours of in-depth one-to-one support - whilst being more selective on the type of businesses worked with in more depth. A more standard offer of workshops and some limited one-to-one support is then offered to sole traders or micro businesses with limited scope for growth – with a deeper offer for businesses with strong growth prospects.

9.27 The lack of a grant fund may have prevented some of the larger or high growth businesses with more advanced and capital based digital transformation projects from believing the project could offer them something they might value.

9.28 It is understood that the University of Chester and UCS prefer not to offer grant funding schemes for businesses due to the level of risk and complexity it creates within European projects. This may need to be reassessed as EU funds end and a new funding regime based around UK Shared Prosperity Fund replaces it. A two year programme will have far less time to see some of the outcome based measures to materialise than a six year programme – so future provision needs to consider an aspect that will help accelerate digital transformation and then realise the benefit of this within beneficiaries.

9.29 Based in a relatively new institution, Digital Solutions, as with other ERDF/ESF funded activity such as CREST and Building Skills and Growth Capacity, have been a valuable and very visible tools for engaging with the local business community. It has brought a lot of people onto campus and has helped the institution to develop wider partnerships with organisations like the local Chamber of Commerce, the Marches LEP and Shropshire Council.

9.30 Over time, the emphasis of the project moved away from a focus on digital health as it was felt that there was not the density of businesses active within this field to make a 'single sector' project viable. This was compounded with issues around eligibility of some segments of the health sector to receive ERDF investment - especially where it could be interpreted that the business was active in either the business to consumer sector or was offering a statutory health service.

9.31 Overall, it was felt that ERDF had been a major benefit to the University Centre Shrewsbury, providing the level of resources and impetus for the University to resource a strong and well regarded business engagement function. However, the funding had very much dictated what Digital Solutions had delivered and there were some areas that the programme did not or could not expand, such as developing a Continuing Professional Development Offer, engaging more in the teaching arm of the University, developing sandwich year offers or delivering Leadership and Management support.

9.32 ERDF also brought with it eligibility criteria, which impacted on which businesses in terms of sector and size could be supported and ultimately what could be claimed as outputs. The targets also meant the programme to some extent had to try and balance the quality and relevance of offer and where it could add most value, with the need to generate throughput to 12 hours to deliver outputs.

## 10 Business Case Studies

### *Case Study*: ShropshireITC

Based on the outskirts of Shrewsbury, Shropshire ITC were founded in 2011 to offer a range of IT and communications services. The business now has now grown to a team of five staff members. Shropshire ITC have developed a non-intrusive safety tracking app for students to inform a designated contact of their last known location if their logged journey is interrupted. It is a new product for the business and something they are looking to bring to market to help long term-growth ambitions.

Before working with the project, Shropshire ITC's previous experience with external business support had been limited. Company Director Vince Dovey approached the Digital Solutions Team in late 2018 for support with the development and roll-out of the app. The team helped to formulate and tweak the beta version of the product. Shropshire ITC also engaged in a range of business events and networking on offer from the project.

The Digital Solutions team also helped to broker relationships with key contacts within the University to allow testing of the app in a live environment with University Centre Shrewsbury students. This included engagement with the University of Chester's Ethics Committee to design and enable a testing methodology and providing a stand at Fresher's Week to encourage uptake.

The Digital Solutions team have also helped Shropshire ITC to understand the University marketplace and how to get the product to market with wider academic institutions going forwards. Of the support received, Vince stated:

> "*Without the support and input of the Digital Solutions team, I don't know how far we would have progressed the project. The support we received has moved the concept forward and provided us with a clear route to market. I can't praise Nikki and Verity enough for their support*."

The outcome of the engagement with the Digital Solutions team has been an improvement in the businesses processes towards developing new products and a subsequent improvement in their profitability. Longer term, it will hopefully create the need to expand the staff team as use of the app grows.

www.shropshireitc.co.uk

### *Case Study*: choiceMaster Ltd

choiceMaster, based in Telford, is an early stage Software as a Service start up business, developing Artificial Intelligence to enhance an individual's online shopping experience. This will be achieved by efficiently and effectively helping customers evaluate the multitude of alternative product or service choices that they must make before deciding on a purchase.

Director David George approached Digital Solutions in the summer of 2019 after a referral at a Growth Hub funding event. David received 12 hours of free consultancy support, alongside attendance at a range of project. It was the first in depth support the business had received.

Digital Solutions helped David to develop a demonstration website and further develop the software product, providing critical feedback and an experienced input into the development of the software platform. The consultant helped David to segment the market into key target sectors and to understand which targets were most likely to succeed. This process has helped identify new opportunities for the business in the short to medium term.

As David is the only employee of the business, it was useful to be able to draw on expertise and skills to fill some of the gaps in knowledge. Of the support he received, David stated:

> *"The quality of support on offer was very good and the consultant we worked with was extremely well qualified and experienced and provided excellent and practical input into the development of the software. We have had the chance to network and meet a range of people that have had something positive to contribute to the business."*

www.choicemaster.org

## *Case Study*: Shropshire Festivals

Shropshire Festivals Ltd are an Ironbridge based event business that run a number of key local festivals including the Shrewsbury Food Festival and the Shropshire Kids Fest. The business also offers consultancy and marketing services to other events providers. The business has a team of four staff, complemented by a team of volunteers that support the events.

Beth Heath, Managing Director, approached the Digital Solutions team for support in helping develop a mobile phone application that could help the business to better communicate with and organise its volunteer base.

> Beth stated "*Most of our volunteers are tech savvy and respond well to technology. Developing an app will allow us to communicate more effectively with our volunteer base, especially when we have limited events on and during the COVID-19 outbreak. It can inform them of news and future opportunities and we can send personal or group messages.*"

The utilisation of digital solutions is growing within the business and on the back of the development of the first app, Shropshire Festivals are looking to develop a second app to communicate with festival exhibitors. In the events sector, communication forms a significant part of staff time and the use of applications will improve productivity and customer service.

> *"The support available from Digital Solutions was very easy to access and the team were brilliant, helping us understand what would be required and how to implement it in a field that is not our area of expertise. I would have no hesitation in returning for future projects."*

www.shropshirefestivals.co.uk

## *Case Study*: First Aid Training GB

First Aid Training GB of Market Drayton offer a range of health and safety and first aid training to individuals and businesses. The onset of COVID-19 has forced the businesses to temporarily suspend its face-to-face training. During this period, the business has accelerated the process of exploring opportunities of new, more digitally focussed ways of delivering the service to its customers.

After consultation with the Marches Growth Hub, the business was referred to the Digital Solutions team to develop an initial e-learning offering. Although this cannot entirely replace all of the face-to-face elements of the training courses, it can help the business to innovate and seek a wider range of customers.

Before engaging with Digital Solutions, there was very little use of digital technology within the business, but it is now seen as critical for the future. The Digital Solutions supported business owner Steve Jenkins to understand where there may be market opportunities, what type of digital platforms may be appropriate for e-learning and how to take his business forward in challenging times.

> "*The support from the University Centre Shrewsbury has been extremely valuable. The team are very supportive and always available to provide advice and clarity. When you work on your own, the challenge and the push of an external agency can help to move things on far more quickly and can make what seem insurmountable issues appear much more straightforward*."

www.firstaidtraining-gb.co.uk

## *Case Study*: Centre for Integral Health

Centre for Integral Health
www.integralhealthshrewsbury.com

The Centre for Integral Health, based in Shrewsbury, was founded in 2013 by Ben Calder. The centre offers a range of health classes, workshops and training courses. The onset of COVID-19 has meant the face-to-face services offered by the centre have had to fully close as all operate with close personal contact.

There is an ambition to move more of the work of the centre online and expand the e-learning and virtual offer. This is currently a work in progress, but the Digital Solutions Team have been invaluable in helping Ben to identify suitable online platforms, identify key opportunities and markets and understand the many steps that need to be followed to get up and running.

Ben sees digital technology as a key part of the future of the business, future proofing what his customers might need in the future and using digital technology to generate passive income. Of the support he received from the Digital Solutions project, Ben has said:

> "*It has help to clarify the markets we could access, including ranking these markets with criteria such as ease of entry and speed to market. The team have helped make the whole process simpler and helped me in an unfamiliar area. I have been really grateful that there is a project like this for businesses in Shropshire*."

www.integralhealthshrewsbury.co.uk

GeoSmart Information

GeoSmart Information offer a range of Environmental Consultancy services to support the property and infrastructure sectors to manage the impacts of environmental risks and the future impacts of climate change. GeoSmart was formed in 2013 in Shrewsbury and has now grown to over 14 staff members. Managing Director Paul Ellis engaged with the Digital Solutions Team to develop a more automated approach to delivering reports and generate new revenue streams from using a range of environmental and customer data.

The Digital Solutions project undertook a research programme to work with GeoSmart to analyse the proposed functionality of the system and identify the key requirements for the solution. The resulting information was used as a benchmark for the assessment of a number of available solutions. This resulted in a report detailing the outcomes and providing the client with a list of ranked options for the implementation of a system. It has enabled GeoSmart to clearly identify a number of technologies that will support their planned service and to scope out how the service will be delivered.

*"We have a broad knowledge of technology within the business, but there were some gaps within specific areas, so that it was invaluable to be able to access the expertise we needed. We were able to work with Digital Solutions to develop our thinking and then check back at key stages to ensure we were on the right track.*

www.geosmartinfo.co.uk

## *Case Study*: The Log People

The Log People are a family-run sawmilling and firewood business based in Oswestry, Shropshire. They process, season, store, take orders and deliver logs to homes and businesses across Merseyside, North Wales, and Shropshire.

All supplies come straight from their processing facilities. Due to increased demand the company were keen to move from manual systems to more up to date automated systems. They requested advice and guidance on relevant automated software systems which would enable them to streamline their business, including identifying a Cloud-based system to allow their sales agents to log in from anywhere.

The system would minimise manual processes and reduce order handling time and simplify future training needs. They also wanted the system to have a real time dashboard integrated with their website displaying key information such as live customers and product sales.

Digital Solutions agreed to research options for the best solution to meet their requirements and to provide specific advice and guidance on how the functionality of the system could be best utilised by the company.

Digital Solutions engaged with an industry expert to undertake a requirements analysis on behalf of the company, including analysing their existing processes and the systems. There was a focus on key areas of the business, specifically sales agent access, E commerce, Customer Relationship Management (CRM), stock control, logistics and accounting.

Following on from this it was identified that the implementation of a CRM system was key to business development. The project identified the products which the client would need to subscribe to in order to ensure all of their desired features were met. All information was passed on to The Log People in the form of a report and this was followed up with a meeting to ensure they had everything they required in order to progress with the findings.

https://www.thelogpeople.co.uk/

## *Case Study*: Working Solutions Ltd

Working Solutions (Mercia) Ltd is a Recruitment Consultancy Specialist founded in 1995. They offer a bespoke recruitment service to businesses in the area, many of them operating nationally and internationally.

Technology has played an integral role in ensuring that the business can meet the demands of its clients. In order to extend the reach of their services the company needed to ensure that they are fully utilising the technologies available.

They had engaged a digital company to build a new CRM which integrates closely with their website and had been looking into options for utilising an app to facilitate clients and candidates accessing their services via mobile and tablet.

The business has a small team with limited technical knowledge and required advice on the various solutions on the market and ensuring that they would integrate with the new CRM.

Digital Solutions worked closely with Working Solutions to identify their specific requirements for a mobile app and to understand the functionality of their CRM. Once this information was collated it was reviewed with the company and was then used to develop a full list of the functions required from the mobile platforms. This then formed the basis of the research into the commercially available solutions. The project provided the company with a breakdown of options ranked according to the functionality criteria and incorporating information on reviews/ credibility of suppliers. This enabled Working Solutions to have a clear understanding of the benefits and limitations of each solution so that they could make an informed decision on which to invest in.

https://www.workingsolutions.co.uk/

## *Case Study*: ChoiceMaster Ltd

Choicemaster is a software system that realises the concept of a 'choice engine'. It provides a function for users to set a number of preferences and to have ranked results based on what is most important to them. The engine algorithms implement significantly enhanced 'recommender-style' functionality using artificial intelligence techniques and methods. This method exceeds any current recommender systems, which only offer a limited comparison function at best by comparing all options and ranking them according to what is most important to the user.

The commercial purpose of Choicemaster is to meaningfully and objectively influence consumers' purchase decisions, and increase the probability of a corporate product sale by empowering the potential customer to make unbiased and better informed choice decisions. It can be used in any market but the main target market identified is technology retail.

This is because there is an identified gap where there was once large scale customer service and advice around these purchases that no longer exists. Choicemaster could effectively plug this gap.

Having developed the technology Choicemaster required assistance to help access markets for its AI driven software system. They requested assistance with identifying collaboration opportunities and gaining access to market. The project offered consultancy support to identify opportunities for collaboration within the region that would facilitate further development of the product and its markets. The consultancy support also aimed to identify channels to market.

Digital Solutions worked with Choicemaster to identify market opportunities through a number of market evaluations analysing ease of entry and potential market size for a number of sectors. Further work was undertaken to analyse and shape the value proposition to support the marketing effort. In order to support Choicemaster in lead generation some work was undertaken to create an effective product pitch. Finally, a number of approaches were made to selected national companies to seek feedback and identify potential clients.

The support has enable the company to focus more closely on market opportunities and a new sector lead is currently being pursued.

## 11 Conclusions and Lessons Learnt

11.1 The Summative Assessment process is being completed before the completion of the final claim, drawing from performance and expenditure to the end of December 2022. At this stage the project is well on track to defray all of its budget and had either achieved or was in a 10% tolerance of most of its outputs. The only significant question mark lies against the number of jobs to be created – but there is a confidence that this output will be also be met.

11.2 The above has been achieved despite a number of project constraints and the impact of the COVID-19 pandemic. This has demonstrated that the Digital Solutions project has well managed and had a strong offer that has been relevant to the needs of local businesses.

11.3 The project has engaged a broad range of businesses that had differing levels of digital adoption within the business when joining the project. Around one in seven businesses that engaged on the project hardly used any digital solutions when they first engaged on the programme, with a further 45% of businesses citing only some use of digital solutions. After the intervention, 65% of businesses stated they subsequently saw digital as playing either an important role within the business or formed a core of the business activity.

11.4 Almost **two thirds of businesses** that received support stated that Digital Solutions **stated their involvement in the project transformed or accelerated their use of digital solutions** and directly led to growth.

11.5 Businesses have had positive experiences of the processes involved in the Digital Solutions project and rated the quality of delivery very highly, **scoring several elements of the project over 4 out of 5**. The businesses also found the processes associated with the project relatively simple to navigate.

11.6 The two main areas of focus for the programme were to support digital transformation in businesses and to help the development of new digital products and services. In these two areas, the project demonstrated it had had a positive impact on helping businesses understand their technology options, building confidence in using digital solutions and using digital to develop new products and services and to access new customers and markets.

11.7 This has demonstrated that the Logic Model for the intervention has been accurate and effective, identifying that businesses in Shropshire and Telford and Wrekin have benefitted from the support to develop new digital products and services and impartial advice and guidance, largely on a one-to-one basis, has been of a high quality and delivered the outcomes the project aimed to.

11.8 The businesses supported are estimated to create 14.6 additional employment opportunities with a direct attributable ***increase in net employment of 9.5 jobs***, which in turn will support an increase in GVA of over £409,098 per annum.

11.9 The Digital Solutions project has delivered value for money for the number of businesses it has supported. Whilst job creation has not offered high value for money, there are a range of mitigating circumstances.

### *Key Lessons Learned*

11.10 Digital solutions has been an effective tool for the University Centre Shrewsbury to engage with local businesses and to help match the offer of the University with SMEs. It has helped to facilitate work placements, act to promote graduate employment and act as a conduit form future research projects. There have been some restrictions in what could be offered through ERDF funding and there may be wider opportunities to explore in any future provision, including in areas like CPD and Leadership and Management support.

11.11 Digital Solutions has had a relatively broad offer to businesses and if there is to be any form of continuation of the project, there is scope to create a more focussed and simplified offer, but one that is differentiated to the prospects of the business. There was a clear view that support should still be one-to-one focussed and specific to the needs of each business.

11.12 In any future programmes, free from ERDF rules, there may to scope to offer a wider 'open access' programme without having to offer 12 hours of in-depth support - whilst being more selective on the type of businesses worked with in more depth and on a one-to-one basis.

11.13 There have been bottlenecks within the Digital Solutions project that has at times meant inconsistent or delays support to businesses, especially in terms of staff availability – which is something that may need to be addressed in any future programme.

11.14 Many businesses had noted that cost and cashflow were major barriers to adopting digital solutions. Whilst the University does not wish to offer a grant fund as part of any programme, there may need to be a way to link activity to investment to help businesses invest in their ICT infrastructure.

## Appendix A – Digital Solutions Logic Model