new skills CONSULTING

Durham Business Opportunities Programme

Final Evaluation Report

On behalf of Business Durham

September 2022

European Union
European Regional Development Fund

European Union
European Regional Development Fund

Prepared for Business Durham

The Durham Business Opportunities Programme (DBOP): Final Evaluation

Final

September 2022

New Skills Consulting is a leading UK economic regeneration and funding consultancy. Combining expert knowledge with a practical hands-on approach, we help our clients develop and deliver successful projects.

Peter Graham

New Skills Consulting
Spaceworks
Benton Park Road
Newcastle, NE7 7LX

peter@newskillsconsulting.co.uk
0191 223 6720

Contents

1 Introduction 4

2 The Durham Business Opportunities Programme (DBOP): Project context 7

3 Project progress 16

4 Project delivery and management 22

5 Project outcomes and impacts 44

6 Value for money 58

7 Conclusions, lessons learned and recommendations 60

Appendix A: Acknowledgements 67

Appendix B: Case Studies 68

Appendix C: Map of County Durham 78

1 Introduction

The Durham Business Opportunities Programme (DBOP) was launched in County Durham in November 2016. Business Durham, the economic development arm of Durham County Council, successfully secured £624,057 of ERDF resources to deliver the project to SMEs based in County Durham.

The overall aim of DBOP is to support the growth of businesses based in the County, by identifying and helping them to access potential market opportunities, connecting them to business support initiatives, and by meeting gaps in the business support offer, where identified needs of County Durham businesses are not being met.

Originally planned to provide a three-year programme of business support until the end of November 2019, DBOP subsequently secured a three-year extension to support businesses based in the County until November 2022.

1.1 About the evaluation

In September 2019, Business Durham appointed New Skills Consulting to independently evaluate DBOP, assessing the overall performance, effectiveness and impact of the programme. The evaluation includes two phases: an interim evaluation report prepared in November 2019, and this final summative assessment report.

This final evaluation report provides an independent assessment of project performance and effectiveness from November 2016 up to September 2022.

The following key research tasks have been undertaken to inform the evaluation report:

- Analysis of Business Durham's management information records, including ERDF financial and output monitoring returns.
- One-to-one consultations with:
  - Business Durham project staff: In total, seven members of staff were consulted over both phases of the evaluation, including four team members that provided feedback for both the interim and final evaluation reports.
  - DBOP delivery partners: Seven delivery partners were consulted over the lifetime of the evaluation, including two delivery partners that provided feedback for both the interim and final evaluation reports.
  - DBOP referral partners: A total of 11 referral partners have been consulted over the lifetime of the Programme.
  - Stakeholders: Six stakeholders were consulted, including two that provided feedback at both the interim and the final evaluation report.

Details of the organisations consulted for this evaluation report are provided in Appendix A.

- Consultation, via one-to-one telephone interviews and an online survey with:
  - 198 beneficiary SMEs. This includes 129 SMEs that provided feedback for the interim evaluation, of which 5 have provided additional information about the impact of the support, and 69 SMEs providing feedback for this final evaluation report.
  - 10 beneficiary SMEs that provided case studies. This includes six SMEs interviewed at the final evaluation and four SMEs that provided case studies at the interim evaluation and participated in a follow-up discussion.
  - 10 SME beneficiaries of Business Durham's Covid Recovery Grant, which the DBOP team supported businesses to access during the pandemic in 2020

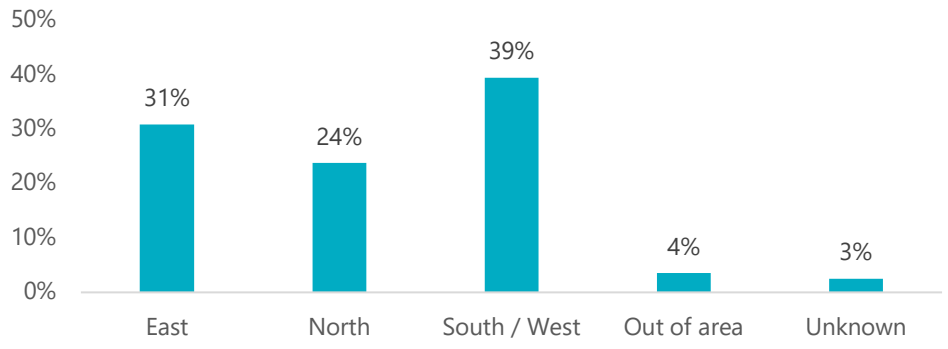
1.1.1 Survey sample

The survey of beneficiary SMEs has been structured to gather feedback from businesses based across different areas of County Durham, as well as by the type of support accessed from DBOP.

DBOP uses an area-based approach, whereby County Durham is divided into three areas for the purpose of business engagement i.e. East, which covers the area east of the A167; North, which covers the area west of the A167 from Durham City across to Consett; and South / West which covers Newton Aycliffe, Bishop Auckland and the rural west of the County. A map showing this geographical breakdown is provided in Appendix C.

Figure 1 illustrates that feedback has been gathered from businesses in each of the three geographic areas in which one of the DBOP Business Engagement Officers works. A small number of businesses did not provide information about their location within the County and a small number gave a location that was outside of the geographic area covered by DBOP.(NB: These businesses may have re-located outside of County Durham since receiving support from DBOP).

Figure 1: Geographic location of business consulted



Source: Business survey

Of the 198 businesses consulted as part of the evaluation, 93 (47%) had participated in one or more of the intensive support strands delivered by DBOP, and 105 (53%) businesses had benefited only from the engagement and advice activities provided by one of the DBOP Business Engagement Officers, including attendance at networking events and workshops. Figure 2 provides a more detailed breakdown.

Figure 2: Type of support accessed by businesses consulted

Source: Business survey

1.1.2 Report structure

The report is structured as follows:

- Section 2 provides an overview of the logic model for DBOP, outlining the key issues and market failures it seeks to address and the rationale for the project. It describes the expected causal links between the activities and outputs it will deliver, and how this will lead to benefits for individual beneficiaries, and in turn, impact upon the economy.
- Section 3 assesses the extent to which DBOP progressed towards its ERDF financial and indicator targets.
- Section 4 considers the effectiveness of project delivery and management arrangements, including the extent to which the project is effectively targeting eligible beneficiaries. It also considers the quality of support provided by the project.
- Section 5 explores the outcomes and impacts generated by DBOP.
- Section 6 assesses the value for money delivered by the Programme.
- Section 7 summarises the evaluation conclusions and lessons learned from project delivery and suggests recommendations which Business Durham may wish to consider in the ongoing delivery of business support services.

2 The Durham Business Opportunities Programme (DBOP): Project context

2.1 Introduction

This section considers the economic and policy context in which DBOP was designed. It explores the rationale for intervention and market failures it is addressing, and the link between its aims and objectives, activities, outputs and outcomes. It is based on the project's logic model and considers the extent to which its targets are realistic and appropriate.

2.2 Overview of the logic model

Figure 3 overleaf provides a summary of the DBOP logic model, which is based on the original ESIF business case, developed in 2016, with the inputs and outputs information updated to reflect the full six-year delivery period to November 2022.

Figure 3: Summary logic model

Context & market failures

Context:
County Durham's economy lags behind the rest of the NELEP area. While there have been business support products available in recent years, Durham SMEs have failed to take advantage of them to the extent they should. To make a step change in the competitiveness of Durham SMEs, and close the gap with the rest of the region's economy, there is a need for a new approach to better connect them with appropriate support to enable their businesses to grow. This will result in better-connected, more competitive and productive SMEs.

Market failures:
Information and co-ordination failures can limit awareness, access and take-up of business support. This project will provide an efficient local referral route to ensure County Durham SMEs are able to identify and access the most appropriate, tailored support. This will also help to address the productivity gap by enabling the diffusion of best practice.

Project objectives & rationale

Objectives:
- To increase the number of businesses in County Durham that are engaged and aware of opportunities and support available to help them grow.
- To increase the take-up of business support initiatives by County Durham SMEs.
- To build the capacity of peer-to-peer business networks in County Durham to engage with and signpost to the business support networks in the region.
- To support 500 SMEs in County Durham to grow.

Rationale:
The target beneficiaries are SMEs in County Durham that have not traditionally engaged with business support initiatives, and are often sceptical of their benefits or are wary of wasting time and money. The purpose of the project is to proactively engage these businesses by using local relationships and networks, and by using a market opportunity-focused approach. It will use the successful business park communities as a primary route to market and also other established peer-to peer-networks in the County.

Inputs & activities

Inputs:
Total funding of £2,295,285 comprising £1,377,171 ERDF, and £918,114 match funding (£777,717 public match from Durham County Council and £140,397 private match from CDEMN).

Project delivery team including three Business Engagement Officers and one Project Monitoring Officer

Activities:
- Awareness raising and identification of market opportunities.
- Proactive engagement.
- Introductory workshops.
- Intensive follow-on support.

Outputs:
- C1: SMEs assisted = 500
- C4: SMEs receiving non-financial assistance = 500
- C5: New enterprises supported = 100
- P13: SMEs receiving information, diagnostic and brokerage = 50

Project Outcomes:
- C8: Employment increase in supported enterprises = 210
- C29: SMEs supported to introduce new to the firm products = 80
- Businesses introduced to support to help them grow
- Increase in GVA per job

Intended impacts:
- Co Durham businesses to be aware of support available to help them grow and improve productivity.
- Co Durham businesses to be aware of market opportunities and how to engage with them.
- Greater take up of business support products by Co Durham businesses.
- Businesses in Co Durham seeking external investment, such as take up of JEREMIE 2 funds.

2.3 Context, market failures and rationale

2.3.1 Overall context

DBOP was developed in response to an ERDF call for business support projects in the North East LEP area in July 2015, under Priority Axis 3: Enhancing the competitiveness of small and medium sized enterprises.

The call specification focused on the need to support SMEs in the North East to grow and to improve their competitiveness, and was closely aligned to the strategic priorities set out in the North East LEP's Strategic Economic Plan, and European Structural and Investment Fund Strategy.

The call also specified that all projects had to demonstrate alignment with the North East Growth Hub, as well as describe how they would meet specific North East priorities. This included, for example, addressing gaps in business support identified in the 2014 mapping of business and enterprise support[1]; and supporting private and social businesses to manage the transition from start-up to growth.

DBOP is seeking to directly support the requirements of the ERDF call by enabling SMEs based in County Durham to grow, by connecting them to external business support initiatives, and specific market opportunities, and by responding to identified business needs by addressing gaps in provision. The programme also aims to increase the demand for and take up of support products by County Durham businesses, particularly those that have not previously engaged with or accessed external support, to help them become better-connected and more competitive.

2.3.2 Market failures

The key market failure identified in the ESIF business case, which impacts on the ability of SMEs to access external expertise to support their business growth, is information and co-ordination failures. This is a significant barrier, as a lack of information can prevent SMEs from knowing both how to grow their business, and how to access support to facilitate business growth, which can ultimately compromise long-term business sustainability. In addition, many SMEs don't understand the benefits and added value of accessing external expertise.

In County Durham, these barriers are compounded by issues of geography and a perceived lack of trust in delivery organisations based outside the County, as well as a reluctance to invest in external expertise without clearly understanding the return on investment. It is unlikely that the market will correct this failure, therefore, public intervention is required to enable these businesses to access specialist advice and support.

[1] Business and Enterprise Support Mapping Report, Small Firms Enterprise Development Initiative (SFEDI), September 2014

The programme addresses these issues by providing a new approach to engaging with County Durham businesses and connecting them to the support that is available, simplifying access and aligning with the Business Growth Hub. In doing so, the programme aims to address the barriers that County Durham businesses face in identifying, accessing and understanding the different types of support available to them, thereby increasing their capability to grow.

2.3.3 Rationale for developing DBOP

In response to the call for proposals and to address the market failures identified above, Business Durham developed the Durham Business Opportunities Programme. The design of the programme was based on learning from a number of previous initiatives, including the Durham Creatives project and the Rural Growth Network programme, as well as the experience and track record of Business Durham in supporting SMEs across the County.

The programme is available to all SMEs based in the transitional area of County Durham. In order to encourage and introduce SMEs to the benefits of external expertise, DBOP is particularly focused on businesses that have not traditionally engaged with or benefited from business support initiatives, and are often sceptical of their benefits or are wary of wasting time and money. The purpose of the programme is to proactively engage these businesses by using local relationships and networks, building trust, and using a market opportunity-focused approach. It aims to use and further enhance the successful business park communities as a primary route to market, as well as other established peer to peer networks in the County, such as the County Durham Engineering & Manufacturing Network (CDEMN), which is a formal partner in the project.

The project delivery model, as described in the ESIF business case, incorporates:

- Proactive engagement: focused on identifying market opportunities for businesses, for example to develop new products or to access new markets. These opportunities will be used as a way to help the business identify and develop the capabilities and capacity they need to realise these opportunities. Where these needs can be met through existing business support provision, the appropriate signposting and introductions will be made. Where gaps are identified, or initial support is needed before the businesses are in a position to access other support products, this will be delivered through the programme.
- Intensive Support Strands: Following business engagement, the majority of business support delivery undertaken by DBOP will be through the procurement of appropriate expertise. Building on the successful approach tested through the Durham Creatives project, a number of 'strands' of expertise will be procured, some of which will be related to specific sectors, and some of which will be related to specific capabilities that need to be developed to realise market opportunities. This will enable support to be tailored appropriately. Examples of sector specific strands include engineering and manufacturing, and the construction sector. Competency based strands could include marketing and sales, or competitive tendering.

- Workshops: Building on one of the successful elements of the Rural Growth Network programme, businesses will then be able to access free taster workshops to enable them to explore areas of support and find out what support their business requires. This will then be followed by more intensive one-to-one support, for which the business will make a financial contribution towards the costs.

The Programme was delivered in two phases, with Phase 1 covering the first three years of delivery (2016-2019), and Phase 2 covering the final three years of delivery. While the overall delivery model was consistent throughout the Programme, the intensive support strands differed in each phase, in response to identified needs or gaps in the market.

We would suggest that the rationale for the project, and the approach to delivery was appropriate, building on the expertise and track record of Business Durham in delivering previous initiatives, building on and developing existing business support networks in the County, addressing gaps in provision, and responding to market demand, particularly in response to the pandemic.

2.3.4 Contextual changes since the project was developed

Since the DBOP business case was first submitted to MHCLG[2] in early 2016, there have been a number of changes in the wider operating environment, which have impacted on project delivery.

At the time of the first evaluation report, the key changes identified by staff and stakeholders included: increased competition in the market, with a number of new and additional ERDF projects starting to deliver in the County, and the uncertainty about Brexit, which resulted in some SMEs being unwilling to invest in new jobs due to uncertainty about the market and the long-term future of their business.

Between the interim and final evaluations, the main factor impacting on project delivery has been the Covid-19 pandemic. Staff and stakeholders reported that this impacted on all aspects of the Programme, with both delivery of activity, and project administration moving online, and the overall focus of the Programme being expanded to include business survival and recovery as well as growth. In some cases, elements of the Programme (e.g. EMCON) were cancelled in 2020 as they could not be delivered safely within Covid requirements at the time, or as staff within the contracted delivery organisations were on furlough. In addition, during the pandemic, the focus of support was on helping businesses to access the County's Covid Recovery Grant scheme and other Covid support programmes, as part of the County's Covid response team. This shift in focus impacted on the level of resource available to deliver DBOP during 2020, and the overall performance of the programme. However, the introduction of a dedicated intensive support strand for micro-businesses recovering from the impacts of the pandemic, has helped to ensure overall programme delivery has remained strong.

[2] Ministry of Housing, Communities and Local Government which is the managing agent for ERDF funds in England. Now the Department for Levelling Up, Communities and Housing (DLUCH)

Overall, evaluation feedback indicates that the Programme fits well within the wider business support landscape in the County. Over the delivery period, DBOP has become well established in the County, with the team members being both well-connected and knowledgeable about the business support available. Feedback suggests that the real benefit of DBOP is in the team's ability to signpost businesses to the most appropriate support to meet their needs, and their extensive knowledge of the business support landscape. This will be particularly important going forwards, as there is an expectation that this will change significantly in future years due to the closure of ESIF programmes, introduction of UKSPF, and ongoing discussions about a Devolution Deal.

2.4 Project aim and objectives

The overall aim of DBOP is to encourage and enable SMEs in the transitional area of County Durham to grow, by connecting them to business support and market opportunities. The programme is particularly focused on supporting SMEs that have not traditionally engaged with, or benefited from, business support initiatives.

Specifically, the key objectives of DBOP, as described in the project's logic model and ESIF application, are to:

- Increase the number of businesses in County Durham that are engaged and aware of opportunities and support available to help them grow.
- Increase the take-up of business support initiatives by County Durham SMEs.
- Build the capacity of peer-to-peer business networks in County Durham to engage with and signpost to the business support networks in the region.
- Support 250 SMEs in County Durham to grow. (NB: This subsequently increased to 500 SMEs, following the extension of the project to November 2022)

In addition to these objectives, the project Business Case identifies one further objective that is supplementary to those outlined in the logic model.

- To embed the principle that SMEs need to contribute towards the cost of support in order to understand and measure its value to their business.

We suggest the objectives are appropriate, taking into account the economic context, market failures and rationale for the project.

2.5 Inputs

DBOP is delivered by Business Durham, employing a small Co-ordination and Engagement Team, consisting of three Business Engagement Officers who are responsible for initial engagement with businesses. For engagement purposes the County has been divided into three areas – East, North and South / West – with each area having a dedicated Business Engagement Officer (See map attached as Appendix C). The Co-ordination and Engagement Team also includes a Monitoring Officer to process and validate SME applications, claims and impact evidence.

The project has one delivery partner, County Durham Engineering and Manufacturing Network (CDEMN), whose aim is to support the growth and development of the engineering and manufacturing sector across County Durham, and which consists of around 900 businesses. The DBOP post employed by CDEMN takes the lead on engaging with SMEs in the engineering and manufacturing sector and on identifying potential market opportunities for these businesses.

Business Durham originally secured a total of £624,057 of ERDF resources, matched with £340,802 of public sector match funding, and £75,236 of private sector match from the project delivery partner (CDEMN), giving a total project cost of £1,040,095. Subsequently, to cover the extended project delivery period to November 2022, total project costs were increased to £2,295,285, which included £1,377,171 of ERDF resources, £744,880 of public sector match funding from Durham County Council, and £173,234 of private match from CDEMN.

2.6 Activities

The DBOP offer to SMEs in County Durham includes:

Awareness raising, engagement and advice

Initial awareness raising of DBOP, working with business park communities as a primary route to market, as well as peer-to-peer networks. Meet SMEs to discuss needs and support options, and provide initial advice and guidance. Deliver events to raise awareness of business support and encourage businesses to engage, for example Business Support and Funding Carousel events.

This activity also includes the identification of specific potential market opportunities for businesses, and helping them to realise these opportunities by referring them either to appropriate existing business support provision or to one of the DBOP intensive support strands

Referral and signposting to existing provision

Simplifying access to existing business support initiatives by referring and signposting businesses to support that is appropriate for their needs. For example, referring businesses to initiatives such as NEBSF, Digital Drive, SAM and Scale-up North East.

DBOP intensive support strands

Procure appropriate expertise to support businesses to access market opportunities. Strands will either be sector specific e.g. engineering and manufacturing, creative; or capability specific e.g. financial awareness, strategy and leadership.

2.7 Outputs

The output targets for DBOP are summarised in Table 1, including the original targets for the six year delivery period to November 2022, and the revised targets included in a formal Project Change Request in August 2021.

The main output target for the project is to support a total of 500 enterprises (C1), all of which will benefit from non-financial support i.e. at least 12 hours of business support and advice (C4). It was originally estimated that 100 (20%) of the 500 businesses would be new enterprises i.e. trading for less than 12 months when they sought support (C5). However, as a result of Covid-19, DBOP has responded to demand from existing (rather than new) businesses, which required support to adjust to, or recover from, the pandemic. Consequently, the C5 target was reduced to 40, to reflect both market demand and the focus of the support provided.

In addition, 50 businesses will benefit from Information, Diagnostic and Brokerage (IDB) support i.e. 'signposting beneficiary businesses to relevant ERDF funded provision, and / or other provision relevant to the needs of the enterprise'[3].

Table 1: ERDF output targets for DBOP

Code	Output	Original	Revised
C1	Number of enterprises receiving support	500	500
C4	Number of enterprises receiving non-financial support	500	500
C5	Number of new enterprises supported	100	40
P13	Number of enterprises receiving information, diagnostic and brokerage	50	50

Overall, the output targets for DBOP are broadly appropriate and realistic. This is supported by staff and delivery partner feedback, which suggests that all output targets are on track and should be achieved through the Intensive Support Strands which work with beneficiary businesses for a minimum of 12 hours.

At the interim evaluation, there was some concern about the contracting arrangements for the first phase of the intensive support strands, which did not always include output targets for all indicators. However, evaluation feedback suggests that the contracting arrangements for the second phase of delivery have improved, with clearly defined output targets and regular reporting arrangements in place, linked to the payment of grant funding.

2.8 Outcomes and impacts

The main outcome of DBOP is expected to be business growth, measured in terms of the creation of new FTE jobs by beneficiary SMEs, the introduction of new (to the firm) products, and increased GVA as a result of new jobs. In addition, beneficiary businesses will increase their capability to grow, and have a better understanding about how to achieve business growth.

Table 2: ERDF outcome targets for DBOP

Code	Outcome	Original	Revised
C8	Employment increase in supported enterprises	210	170
C29	Number of enterprises supported to introduce new to the firm products	80	50

As a result of the pandemic, DBOP focused on supporting businesses to survive and / or recover rather than grow, which has impacted on the ability of the project to achieve outcome targets. A PCR submitted to DLUCH in August 2022 requested a reduction in the job creation target (C8) to 170, and a reduction in new to the firm products (C29) to 50.

[3] Output Indicator Definitions Guidance for ERDF for England: Version 6 (June 2018)

The proposed outcomes for the project are appropriate and are directly linked to the overall aim of supporting business growth. While staff are confident that both outcome targets will be met, evaluation feedback suggests that the main challenge will be in gathering the required evidence. Businesses are often too busy to complete the paperwork several months after the support ends, and there is no penalty for non-completion. To support the Programme to gather outcome evidence, the end date for reporting outcomes has been extended to February 2023, with some staff resources remaining in place to support the process.

The overall impact of the Programme is expected to be an increase in awareness amongst County Durham businesses of market opportunities and how to engage with them. In addition, it is expected that there will be greater awareness amongst businesses of the support available to help them grow and improve productivity, as well as a greater take up of business support, and an increase in businesses seeking external investment. In addition, it is anticipated that there will be an increase in GVA, as a direct result of the support provided by DBOP.

2.9 Summary

Overall, there is a clear need for a project of this nature in County Durham, both in terms of its original purpose, and more recently in supporting businesses to respond effectively to the impact of the Covid-19 pandemic. There is a clear rationale for investment, and the delivery model is appropriate, relevant, and sufficiently flexible to respond to changing conditions and SME demand.

The aims and objectives of DBOP relate to the economic and policy context, and to the market failures it is seeking to address. The output and outcome targets are also broadly appropriate.

It is clear that the Covid-19 pandemic has impacted on every aspect of the Programme including delivery, management, and administration. The delivery model and delivery team have been sufficiently flexible to respond to these changes, continuing to deliver support to businesses based in County Durham throughout periods of national lockdown and restricted trading condition, adapting the support available to help businesses survive and recover, as well as grow, and forming part of the County's Covid response team, helping businesses access the financial support available to them during the pandemic.

DBOP has become a well-established part of the business support landscape in the County, with feedback indicating that its real value is in the Team's knowledge and ability to signpost businesses towards the most appropriate support. As the business support landscape changes, it will be particularly important for the County's businesses to have access to this level of knowledge, ensuring they are able to access the most appropriate support for their needs, to drive business growth and improve economic prosperity in the County.

3 Project progress

3.1 Introduction

This section of the report assesses the progress made by DBOP towards the achievement of expenditure and output targets, between the project start date in November 2016 and June 2022. The analysis is based on the following sources of information:

- The latest available ERDF claim and monitoring return, which reports on project expenditure and outputs as at June 2022 alongside forecast expenditure and outputs to the project end date.
- A project change request (PCR), providing details of changes to the agreed spend profile, and changes to the output targets for the Programme.
- Evaluation feedback from staff, stakeholders, and beneficiaries.

3.2 Progress towards financial targets

Initially DBOP secured an ERDF revenue grant of £624,057, which was matched against £340,802 of public funding from Durham County Council and £75,236 of private sector investment from the project delivery partner CDEMN, giving a total project cost of £1,040,095.

Following the submission of a successful Project Change Request in March 2019, DBOP was given an extension to run for a further three years up to the end of November 2022. This resulted in an increase in funding consisting of an ERDF revenue grant of £1,377,171, matched against £744,880 of public funding from Durham County Council and £173,234 of private sector investment from CDEMN, giving a total project cost of £2,295,285.

Between November 2016 and June 2022[4] the project defrayed expenditure totalling £2,065,068, which is 90% of the overall programme target. Of this figure, £1,225,426 is ERDF grant, £150,910 is private sector match funding, and £688,732 is public match funding.

Project expenditure is forecast to reach £2,295,285 by the end of the project, which is 100% of total approved project costs. Therefore, financial performance is rated as 'Green'.

Table 3 summarises actual performance against expenditure targets as reported in the April – June 2022 claim, alongside forecast expenditure performance by the project end date.

[4] The date of the most recent ERDF claim at the time of the evaluation

Table 3: Progress towards financial targets (total project), as at June 2022

Indicator	Targets		Performance at Time of Evaluation (Jun 2022)		Projected Performance at Project Closure (Nov 2022)		Overall assessment
	Original	Adjusted	No.	% of Target	No.	% of Target	
Revenue expenditure (£m)	1,040,095	2,295,285	2,065,658	90%	2,295,285	100%	
Funding							
- Public sector match funding (DCC)	340,802	744,880	688,732	92%	744,880	100%	
- Private sector match funding (CDEMN)	75,236	173,234	150,910	87%	173,234	100%	
- ERDF revenue	624,057	1,377,171	1,225,426	89%	1,377,171	100%	

3.3 Progress towards output and outcome targets

The progress made by the project towards the approved output and outcome targets is presented in Table 4. The table shows actual outputs achieved and reported in the most recent available ERDF claim (as at June 2022), along with forecasts up to February 2023, which is the practical completion date for the project.

Table 4: Progress towards output and outcome targets, as at June 2022

Indicator	Targets		Performance at Time of Evaluation (June 2022)[5]		Projected Performance at Final Reporting Date (Feb 2023)		Overall assessment
	Original	Adjusted	No.	% of Target	No.	% of Target	
C1: No. enterprises receiving support	500	500	415	83%	500	100%	
C4: No. enterprises receiving non-financial support	500	500	415	83%	500	100%	
C5: No. new enterprises receiving support	100	40	34	85%	40	100%	
C8: Employment increase in supported enterprises	210	170	133.6	79%	170	100%	
C29: No. enterprises supported to introduce new to the firm products	80	50	32	6	50	100%	
P13: No. enterprises receiving information, diagnostic and brokerage	50	50	69	138%	69	100%	

The progress achieved towards each output indicator as at June 2022, and the forecast final performance as at February 2023, is discussed below. The assessment is based on the revised output targets for the full six-year delivery period, as agreed in the most recent PCR.

C1: Number of enterprises receiving support

The target is to support 500 unique businesses across the six years of programme delivery. As at June 2022, a total of 415 C1 outputs had been reported (83% of the target), and the project is forecast to achieve its target of 500 businesses supported by the final reporting date in February 2023.

[5] The date of the most recent ERDF claim at the time of the evaluation

Delivery of support activity will continue until the end of November 2022, ensuring that the current pipeline of businesses actively engaged with DBOP, including the three intensive support strands, will benefit from 12 hours of support by the Programme end date.

The project team and the delivery partners for the intensive support strands are confident that the C1 target will be met by the end of programme delivery. There are a number of businesses in the pipeline that will benefit from 12 hours of support by the end of November 2022.

Evaluation feedback suggests that demand for support during the second phase of delivery (since November 2019) has been high, particularly as a result of the pandemic, with some intensive support strands being awarded additional resource to meet demand. Overall performance, therefore, is currently rated as 'green'.

C4: Number of enterprises receiving non-financial support

This output indicator is a subset of C1: Number of enterprises receiving support. All of the support provided by DBOP is non-financial in the form of 12-hour assists, therefore the targets and performance to date for this output are as per the targets and performance for C1.

C5: Number of new enterprises receiving support

Originally, the project had a target to support a total of 100 new businesses (trading for less than 12 months when they sought support from the project). However, the target was reduced to 40, to enable the programme to respond to higher levels of demand from established businesses, seeking support to adapt to or recover from the impacts of the pandemic.

As at June 2022, a total of 34 C5 outputs had been reported, which equates to 85% of the overall programme target.

The project is forecast to achieve its overall target, with a total of 6 new enterprises in the pipeline and expected to achieve 12 hours of support by the end of the Programme. Therefore, performance towards the achievement of this target is rated as 'Green.

C8: Employment increase in supported enterprises

The original target was to achieve an increase in employment in the SMEs supported of 210 new jobs by the final reporting date of February 2023. This target was later reduced to 170 new jobs, as the more recent focus of the Programme has been on business recovery rather than on business growth, with one of the three intensive support strands being targeted at micro businesses impacted by the pandemic.

As at June 2022, a total of 133.6 C8 outputs had been reported (79% of the target). A further 36 new FTE jobs are forecast to be achieved by the end of February 2023, which would equate to 100% of the original target.

While staff are confident that the job target will be met, evaluation feedback suggests that the main challenge will be in gathering the required evidence to demonstrate achievement. Evaluation feedback suggests that businesses, particularly micro businesses, are often too busy to complete the paperwork several months after the end of support, and it can be quite resource intensive to maintain relationships in order to collect output evidence.

However, feedback from beneficiary businesses suggests there is a pipeline of new FTE jobs forecast over the next 12 months, in addition to those reported and evidenced by DBOP to date. Survey respondents reported a total of 105.7 new FTE jobs created to date, and a further 84 new FTEs planned, taking the total to 189.7 new FTE posts. The actual number may be higher, as not all businesses supported were consulted as part of the evaluation.

C29: Number of enterprises supported to introduce new to the firm products

The original target for DBOP was to support 80 businesses to introduce new to the firm products by the end of November 2022. Subsequently, this target was reduced to 50, to take account of the challenges experienced during the first phase of programme delivery, in gathering evidence of output achievement.

As at June 2022, a total of 32 C29 outputs had been reported (64% of the target), and the project is forecast to achieve its full target of 50 C29 outputs by the final reporting date of 28th February 2023.

A product is defined as being new to the firm if 'the enterprise did not produce a product with the same functionality, or the production technology is fundamentally different from the technology or already produced products. Products can be tangible or intangible (including services)'[6].

Evaluation feedback suggests that it has also been challenging to gather the required evidence from businesses, some months following completion of the support. Similar to the job creation target, there is often a delay of several months between the completion of the support intervention, and the introduction of a new product. Consequently, it can be challenging for the team to gather the required evidence from a beneficiary business. However, staff remain confident that this outcome will be achieved by the end of the Programme in February 2023.

P13: Number of enterprises receiving information, diagnostic and brokerage

The overall programme target is to provide 50 of the businesses engaged with Information, Diagnostic and Brokerage support equating to a minimum of 3 hours.

As at the end of June 2022, a total of 69 P13 outputs had been reported, exceeding the programme target. Therefore overall performance is rated as 'Green'.

[6] Output Indicator Definitions Guidance for ERDF for England: Version 6 (June 2018)

3.4 Summary

Overall, progress towards lifetime financial and output targets is strong, with all indicators forecast to be achieved by the end of the Programme. Evaluation feedback has highlighted the impact of the Covid-19 pandemic on DBOP, particularly, the broadening of project scope to include business recovery as well as growth, which impacted on the achievement of certain output targets e.g. new jobs created, and new businesses supported.

Staff are confident that the project will fully achieve its financial and output targets by the Programme end date, based on the number of businesses in the pipeline that are expected to benefit from 12 hours of support by the end of November 2022.

Whilst the target for new jobs created may be challenging, particularly in the context of the Covid-19 pandemic, feedback from the SME evaluation survey indicates that businesses are continuing to create new jobs and the target may be achievable.

4 Project delivery and management

4.1 Introduction

This section of the report considers the effectiveness of project delivery and management arrangements. This includes the extent to which the project engaged the target beneficiaries, views from beneficiaries, staff, delivery partners and stakeholders regarding the quality of support, as well as an assessment of the efficacy of governance and management arrangements. It is based on beneficiary data collected by the project, as well as on qualitative feedback from beneficiaries, project staff, delivery partners and stakeholders.

4.2 Targeting and demand

The Durham Business Opportunities Programme is targeted at SMEs based in the transitional area of County Durham.

As at June 2022, Business Durham had supported a total of 415 SMEs[7]. The following analysis is based primarily on the evaluation feedback from 198 project beneficiaries, supplemented by DBOP's beneficiary spreadsheet, which includes details of 413 businesses supported.

4.2.1 ERDF Eligibility

The majority (94%) of the 198 businesses responding to the survey are based in County Durham. A small number (3.5%) stated that they are based in a location outside of County Durham[8] (including Newcastle, Sunderland, and Middlesbrough), while the location of the remaining 2.5% of businesses is unknown.

79% of businesses supported by the Programme are micro businesses, employing 0-9 people, while 16% are small businesses and 2% are medium sized businesses. This is broadly consistent with the overall profile of businesses across County Durham, where the majority of businesses (89%) are micro-businesses, 10% are small, and 2% are medium-sized[9].

Figure 4: Company size

Source: DBOP beneficiary spreadsheet

[7] As reported in the June 2022 ERDF claim
[8] NB: it is not clear from the data whether the business was based in County Durham at the time they benefited from support.
[9] NOMIS: UK Business Counts (2021)

This is consistent with staff feedback, which suggests that most of the demand for support has come from micro businesses, generally employing only one or two people. The Covid Recovery strand, introduced in late 2020, was specifically targeted at micro-businesses, including sole traders and home-based businesses, to help them recover from the impacts of the pandemic.

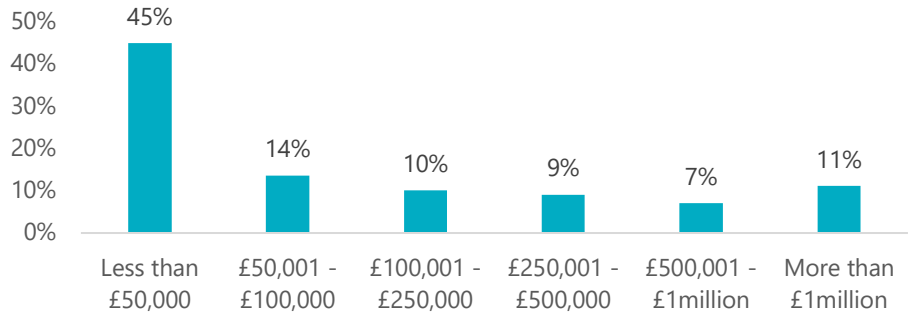
Meanwhile feedback from the sector-focused intensive strands (engineering / manufacturing / EMCON; and the Construction Routes to Contract Success), indicates that some small and medium sized businesses have benefited from the support available, although the majority have been micro-businesses.

4.2.2 Company characteristics

As well as considering whether the SMEs supported meet ERDF criteria, we have assessed key characteristics of the beneficiary companies to understand the type of businesses that are seeking support from DBOP.

Analysis of the SME beneficiary survey shows that the majority of businesses (69%) have an annual turnover of less than £250,000, with the greatest proportion (45%) generating a turnover of less than £50,000 per year.

Figure 5: Company size by turnover



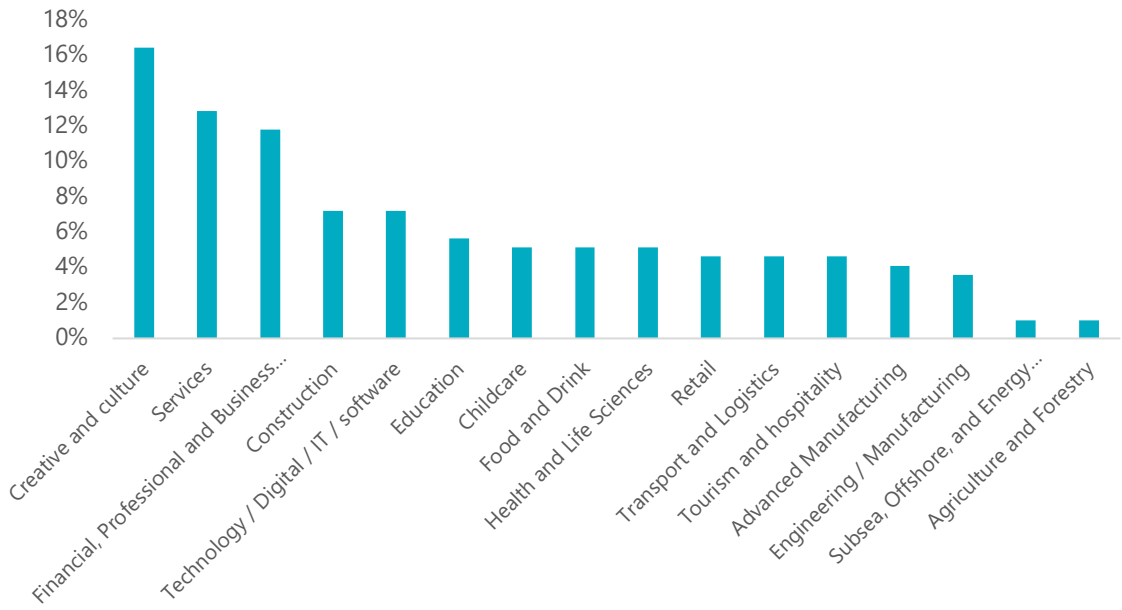
Source: Business survey

All of the 198 businesses responding to the survey had participated in initial engagement and advice activities with the DBOP team. The largest proportion (60%) received advice and support from a Business Advisor, whilst 49% had participated in networking events, and 41% had attended at least one workshop.

In addition, 93 businesses had accessed one of the intensive strands of support. This included 12 businesses that had accessed more than one strand (i.e. a sector focused strand plus Routes to Contract Success or Covid Recovery Support).

DBOP is providing support to SMEs that operate across a wide range of sectors. The greatest proportion of beneficiary SMEs responding to the survey (16%) are within the Creative sector, which may be expected given that this was one of the DBOP strands of intensive support during the first phase of delivery. Meanwhile, 13% are from the Services sector and 11% are from the Financial, Professional and Business Services sector. In addition, 7% are from the construction sector, reflecting the addition of the specialist support strand in the second phase of delivery 'Construction Routes to Contract Success'.

Figure 6: Beneficiary SME by sector

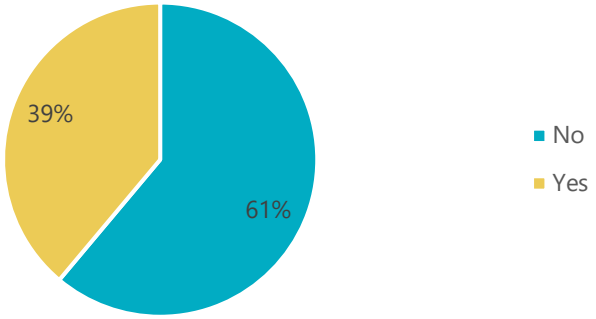


Source: Business survey

The programme has also engaged a proportion of businesses that operate in priority sectors as identified by the North East LEP in the Strategic Economic Plan[10] including, for example: Advanced Manufacturing; Health and Life Sciences; and Digital.

A key aim of DBOP was to engage with businesses who do not traditionally access business support. Responses to the evaluation survey indicate that DBOP has been effective at engaging with these businesses, with 61% stating that, prior to receiving support via the programme, they had never previously accessed business support.

Figure 7: Before receiving support from Business Durham / DBOP, had your business previously received any other business support?

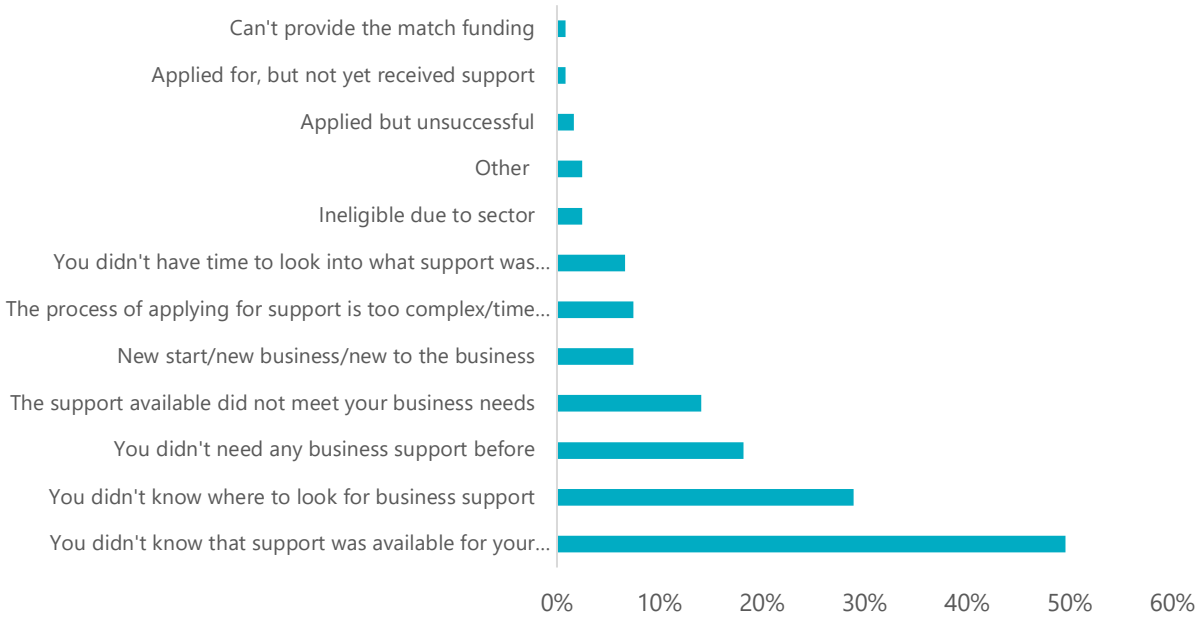


Source: Business survey

[10] Creating More and Better Jobs (Jan 2019)

The main reason given by survey respondents for not previously accessing business support (50%) was that they didn't know support was available for their business. In addition, 29% of respondents said they didn't know where to look for business support, while 18% said they had not previously needed any support and 14% felt the support available didn't meet their needs.

Figure 8: Please tell us why you have not previously accessed other business support.



Source: Business survey

At the interim report stage, staff feedback indicated that it had been challenging to engage with businesses that had not previously accessed support. However, as a result of the pandemic, more businesses became aware of, and accessed, publicly funded business support for the first time, to help address the impacts of Covid. Staff reported that a number of these businesses have maintained contact with the Programme and are exploring other avenues of support to help their business recover or grow. In addition, staff reported that one benefit of moving business networking meetings online, is that additional businesses, previously unable to attend in-person meetings, have been able to participate. This has helped to expand existing business networks and introduce additional businesses to the range of opportunities available to them.

The 39% of businesses that had previously accessed support engaged with a wide variety of initiatives. The most common were the North East Business Support Fund - NEBSF (19%), Digital Drive (13%) and Covid Recovery Grants (10%). Other sources included RTC North, DIT, The North East Growth Hub and enterprise agencies, as well as colleges and universities.

4.2.3 Demand

Overall, evaluation feedback suggests there has been strong engagement from businesses across the County, with high levels of demand particularly for some of the intensive support strands. Staff and delivery partners reported that, as a result of the pandemic, they experienced high levels of demand from more established businesses that sought help to survive or adapt to Covid trading requirements. However, demand from new businesses is currently starting to increase.

Feedback suggests that while the majority of businesses sought light-touch support (e.g. signposting to the most relevant support programme for their needs or to participate in a business network or event), the intensive support strands, particularly during phase 2 of the programme, met a real gap in the market. For example, there is a significant amount of capital investment across the County in large-scale infrastructure projects that is creating new opportunities for construction businesses. There has been significant demand for the 'Construction Routes to Contract Success' strand, which has helped local businesses to access these opportunities, maximising the benefits of these investments in the local area.

4.3 Quality and effectiveness of delivery

This section of the report explores the effectiveness of the DBOP delivery model, and the quality of the support provided, based on feedback from beneficiaries, staff, delivery partners and stakeholders. It is structured around the following main project activities:

- Awareness raising, engagement and advice: Initial awareness raising of DBOP, working with business park communities as a primary route to market, as well as peer-to-peer networks. Meeting SMEs to discuss needs and support options and providing initial advice and guidance. Delivering events to raise awareness of business support and encourage businesses to engage, for example Business Support and Funding Carousel events. This activity also includes the identification of specific potential market opportunities for businesses and helping them to realise these opportunities by referring them either to appropriate existing business support provision or to one of the DBOP intensive support strands. During the pandemic, this element of the programme moved online, with all meetings being held virtually, and the focus of the team being on supporting businesses to access the County's Covid Recovery Grant.

- Referral and signposting to existing provision: Simplifying access to existing business support initiatives by referring and signposting businesses to support that is appropriate for their needs. For example, referring businesses to initiatives such as NEBSF, Digital Drive, SAM, and the North East LEP's Scale-up North East programme delivered by RTC North.
- Intensive DBOP support strands: Procurement of appropriate expertise to support businesses to access identified market opportunities. These strands were either related to specific sectors, such as engineering and manufacturing or construction; or to specific capabilities that businesses need to develop, such as bid writing, or sales and marketing. During the first phase of delivery, the Programme commissioned five specialist support strands (Routes to Contract Success; Creative Sector; Food and Drink Network; EMCON Incubator Zone; and Childcare Sector). In the final phase of delivery, the EMCON Incubator Zone was continued, Routes to Contract Success was adapted to focus on the Construction sector, and a new strand was introduced to provide marketing support to micro-businesses, impacted by the pandemic. This was known as the Covid Recovery Strand.

4.3.1 Awareness raising, engagement and advice

A core aim of DBOP is to deliver a new approach to engaging businesses in County Durham and better connect them with the support they need to enable them to grow. The purpose is to engage businesses, particularly those that don't traditionally access business support, and help them to identify, access and understand the different support available and how it can help them to develop and grow.

Initially, this area of activity was primarily undertaken by the DBOP delivery team, alongside the project partner, CDEMN, which was responsible for engaging with and advising businesses in the engineering and manufacturing sector. However, once delivery got underway, a dedicated marketing manager for the Programme was appointed, developing marketing materials, and case studies that helped to raise awareness of the Programme.

In addition, some of the organisations commissioned to deliver the intensive support strands undertook promotional and awareness raising activities to engage businesses in their support offer.

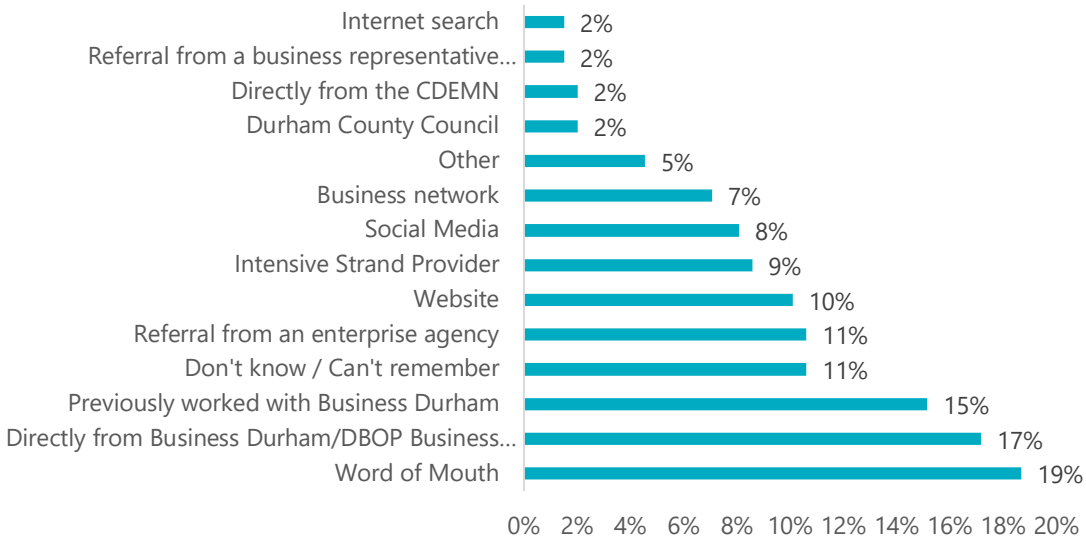
Across the Programme, a wide range of awareness raising activities were undertaken including:

- Networking activity undertaken by the DBOP Business Engagement Officers.
- Promotion of DBOP online via the Business Durham website, as well as other business support websites such as the North East Growth Hub.
- Promoting DBOP via established business park communities across County Durham, in particular Aycliffe, Peterlee and Chester-le-Street.
- Promoting DBOP via existing peer-to-peer networks, including project partner CDEMN engaging with the engineering and manufacturing sector, as well as attending meetings of established business networking groups in different geographical areas of County Durham.

- Developing new business networks in areas where they weren't already in place, for example Bishop Auckland and Shildon.
- Direct promotion of DBOP by delivery partners to their networks of business contacts, including presentations, email marketing, newsletters, case studies and social media.
- Developing relationships with providers of business support programmes to generate referrals, (and to agree how to refer businesses into those programmes).

Feedback from businesses suggests that the most effective methods of engaging businesses and raising awareness of the programme have been word-of-mouth recommendations (19%), direct contact from Business Durham or a DBOP Business Engagement Officer (17%), or because the business had previously worked with Business Durham (15%).

Figure 9: How did you first find out about DBOP?



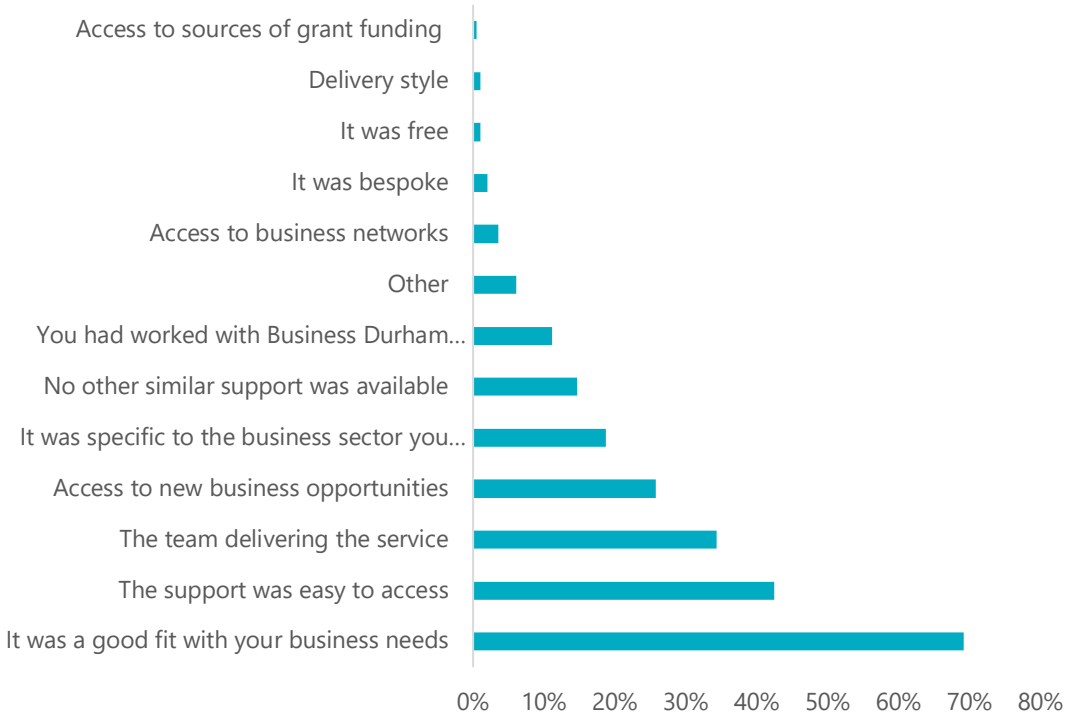
Source: Businesses survey

A key feature of the Programme is making use of existing networks in County Durham to promote the programme and engage businesses in the support, for example business parks and existing peer-to-peer networks. Staff and stakeholder feedback indicates that this approach has been largely successful, enabling DBOP to develop and strengthen relationships with the business community. This is backed-up by responses to the business survey, which shows that a high proportion of SMEs found out about the support from someone in their business network. This includes word-of mouth recommendations (19%), enterprise agencies (11%), intensive strand providers (9%), business networks (7%), business representative organisations (2%), and CDEMN (2%).

Feedback suggests that businesses are more likely to attend events or engage with promotional material when it is delivered by a known and trusted source, and the networks and events provide a good way for businesses to access new opportunities, increase their networks, and make connections. Stakeholders reported that a strength of DBOP is the knowledge and connections of the business engagement team, alongside their willingness to engage with the business networks to listen to business needs, and to identify potential support solutions. This element of the programme would be more challenging to provide without access to the new and established business networks across the County e.g. at Aycliffe, Bishop Auckland and Shildon, or Peterlee.

Businesses were asked to identify what appealed to them about the DBOP support. The most appealing aspect, cited by 69% of businesses, was that the support was a good fit with their business needs. Meanwhile, 42% said it was easy to access and 34% said it was the team delivering the service. Other appealing factors included access to new business opportunities (26%) and the support being sector specific (19%).

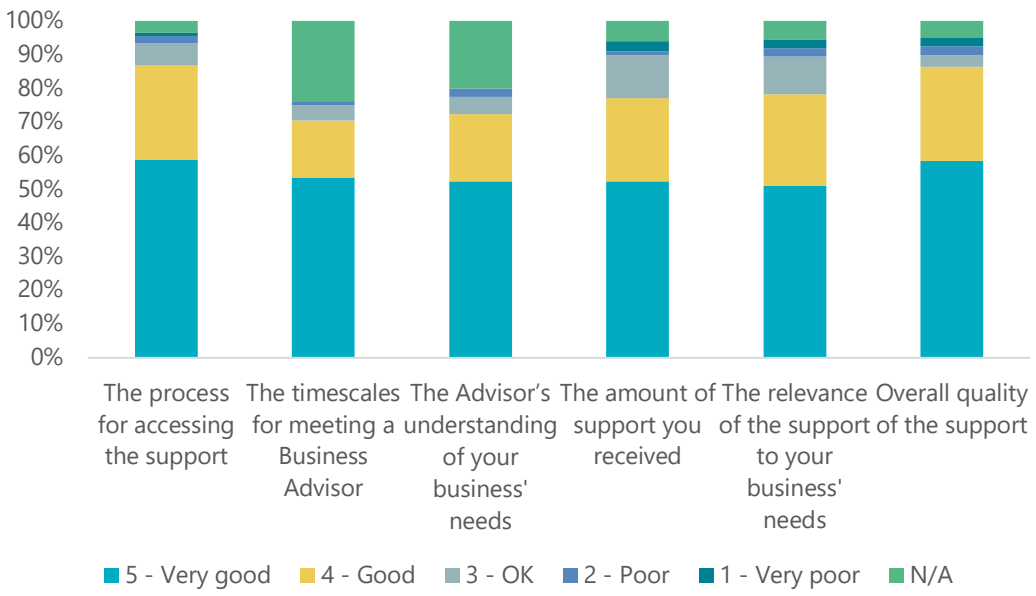
Figure 10: What appealed to you specifically about the DBOP support?



Source: Businesses survey

Businesses were asked to rate different aspects of the awareness raising, engagement and advice activities delivered by DBOP. Overall feedback was positive, with 87% rating the process for accessing the support as very good or good, and 86% rating the overall quality of the support as either very good or good. Meanwhile, 71% of businesses rated the timescales for meeting a business advisor as very good or good, and 71% reported that the advisor's understanding of their needs was very good or good.

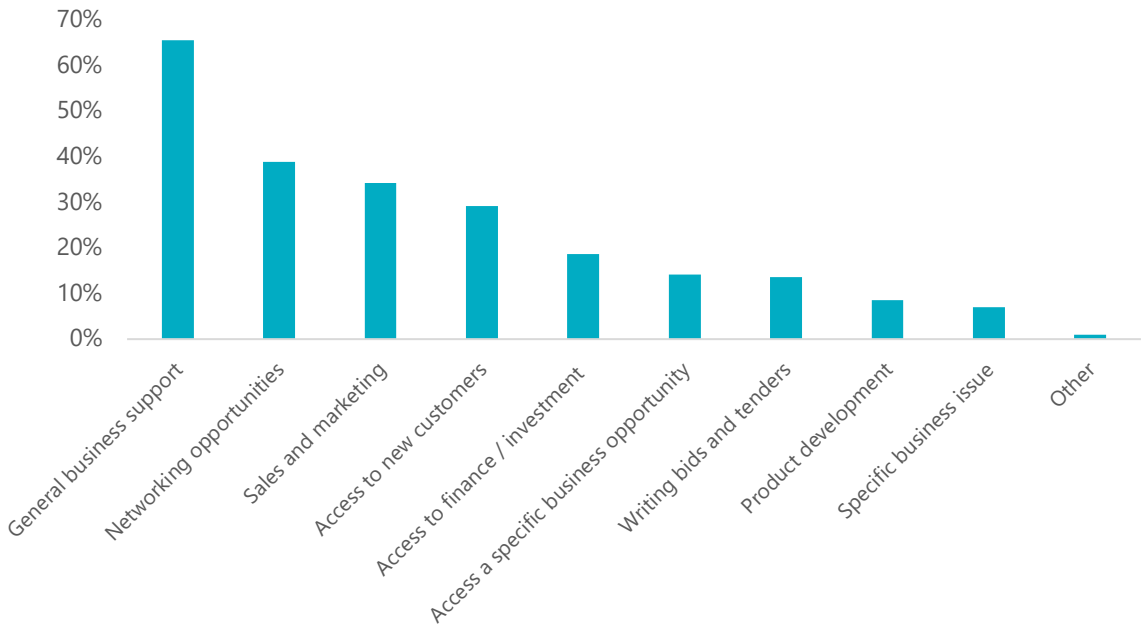
Figure 11: How would you rate the following aspects of the support provided by Business Durham / DBOP?



Source: Businesses survey

Businesses were asked to identify their reasons for seeking support and the specific issues they wanted help with. The most common reason, cited by two thirds (66%) of respondents was general business support. Meanwhile 39% were seeking networking opportunities, while 34% wanted sales and marketing help and 29% were seeking new customers.

Figure 12: Why did you seek support from Business Durham and what specifically did you want help with?

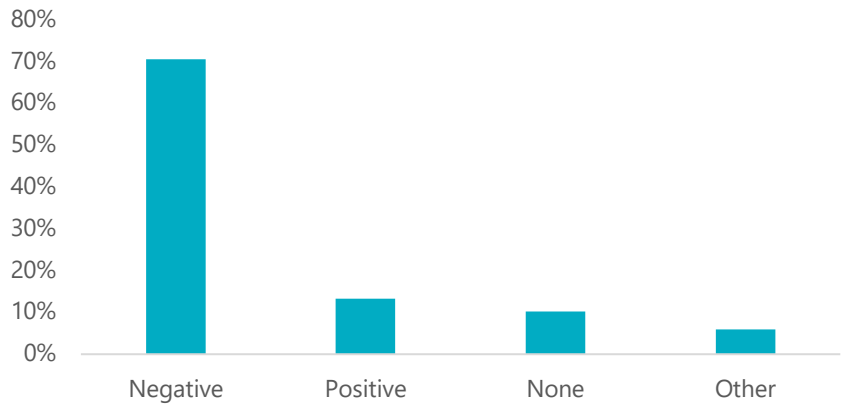


Source: Business survey

In addition, of the 69 businesses who responded to the final evaluation survey (i.e. those that had engaged with the programme from 2020 onwards) just under half (48%) said they were specifically seeking support to help them address specific business challenges or opportunities created by Covid-19. Most commonly, these businesses required help with finding new customers and business opportunities, diversification and restructuring, and generally getting back on track.

For the majority of these businesses (70%) Covid had a negative impact, predominantly on turnover and staffing and, in some cases, leading to temporary closure of the business. Meanwhile, a small proportion (13%) reported positive impacts as a result of increased business and new customers.

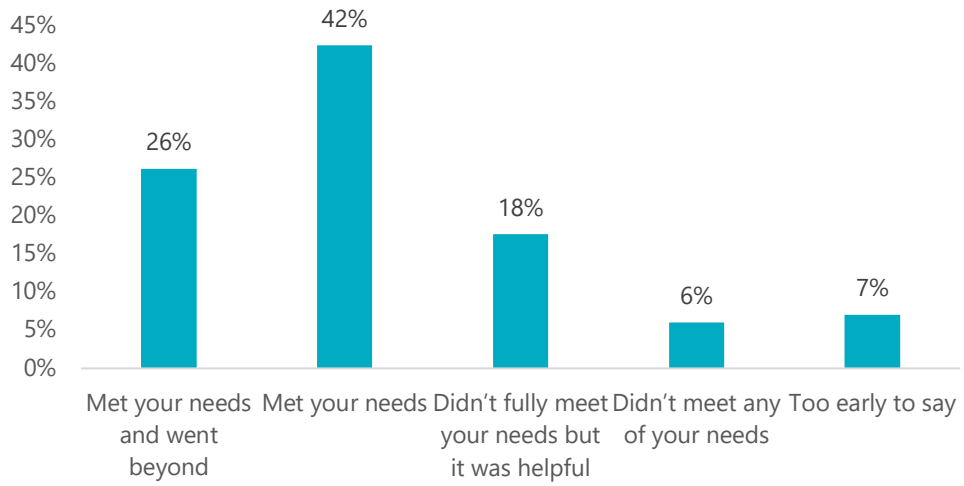
Figure 13: Please briefly explain what impact, if any, Covid-19 has had on your business.



Source: Business survey (final evaluation only)

Businesses were asked to rate the extent to which the support had met their needs. For just over one quarter of businesses (26%) the support had met their needs and gone beyond, while 42% felt it had met their needs. Meanwhile, 18% felt it didn't fully meet their needs but was nevertheless helpful, while 6% said none of their needs had been met and 7% felt it was too early to say.

Figure 14: Overall, to what extent did the support meet your business' needs?



Source: Businesses survey

Specific comments from businesses on the support they received from DBOP include:

- "The support we received from everyone involved was first class and has allowed us to grow the business."
- "Really good advisors and events."
- "Brilliant team, very supportive and impressed by the way they effectively and efficiently make things happen."
- "It was brilliant and thank you so much. I have recommended the programme to lots of people."
- "It made a massive difference to us and we continue to be in contact with my business adviser."
- "A fantastic service that has had the most positive impact on not just the business, but on myself. It has given me more confidence to be able to change the business rather than having to close it down."

4.3.2 Referral and fit in the business support landscape

DBOP aims to provide an efficient local referral route to ensure businesses can identify and access the most appropriate and tailored support for their growth needs. This includes breaking down barriers and simplifying access to the wide range of existing business support initiatives available nationally, regionally and locally within County Durham.

DBOP advisors and the programme delivery partner, CDEMN, have signposted and referred SMEs to a range of different business support initiatives and organisations. This includes other established support programmes such as the North East Business Support Fund (NEBSF) delivered by NBSL, the North East LEP's Scaleup North East programme delivered by RTC North, Digital Drive delivered by UMi, and the University of Sunderland's SAM project, as well as wider business support services provided by Business Durham including help to find new business premises. Businesses have also been signposted to other support, such as legal advice, financial advice, and a wide range of workshops and seminars run by colleges, universities and private providers.

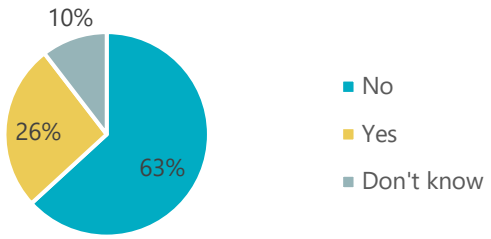
Feedback from staff suggests that this element of the Programme works well and provides real added value. It was suggested that many businesses do not have the time, resources, or knowledge to put a programme of support together to address their various needs e.g. recruitment, premises, capital investment, training. The real benefit of DBOP is in listening the company's needs and putting together a package of information and advice about the range of support available, tailored to their specific needs.

However, staff also reported that this element of the programme relies on their ability to keep up to date with the changing business support landscape, and also, to a certain extent, on personal connections and contacts. There is no formal referral process in place, consistent recording of referrals, or any follow-up with businesses to monitor progress.

It was also suggested that the Programme refers more businesses onwards to other providers than are received. Nevertheless, as signposting to other support is a core activity of DBOP, and one that has been an effective element of the programme, it is to be expected that more businesses have been referred to other support programmes, than have been referred into DBOP from other support.

Feedback from the businesses consulted, meanwhile, shows that just over a quarter (26%) report being referred to another support provider by DBOP, most commonly NBSL and Digital Drive. Meanwhile, 63% say they have not been referred to any other business support and 10% don't know. These responses may reflect the lack of a structured referral and follow-up process, for example businesses may define a referral as having been formally introduced to another provider and / or having received support from them, rather than simply being provided with information on sources of business support.

Figure 15: As a result of the support have you been referred to any other business support services?



Source: Businesses survey

Feedback from business support providers operating in County Durham suggests that that the Business Engagement Officers have been proactive in making referrals. These organisations report that Business Durham and DBOP engages with them in a number of ways, including regular meetings to share information about the support available, identifying potential business referrals, and inviting organisations to attend events and networks, such as local business network meetings.

They describe the referral process between DBOP and themselves as fairly informal, usually consisting of an email or phone call making an introduction to an SME, or simply providing an SME with information on the support organisation and leaving it to them to follow up. Overall, the providers are satisfied with the referral process, with some suggesting that the referrals received via DBOP tend to be good quality, as the team have often checked eligibility / suitability of the business prior to making the referral. Generally, the business support providers reported that the DBOP team is proactive, open to working collaboratively, effective at sharing information, well connected and highly regarded. In particular, they feel that it is helpful to have Business Engagement Officers on the ground to make connections with businesses, and feedback suggests the DBOP staff are very visible to SMEs and regularly attend a wide range of networking events.

Fit in the business support landscape

A key aim of DBOP was to bring something new and different to the business support landscape in County Durham, making it easier for businesses to understand and access support, and filling a gap in provision. DBOP staff see the main purpose of the programme as providing a key point of access to the business support system, engaging businesses, diagnosing their needs, and referring them onto appropriate support. They believe that having business advisers on the ground enables DBOP to engage with business across a broad range of support needs and signpost them to the best provider to meet their needs. Feedback from staff suggests that DBOP has been effective in this role, and that this is a key strength of the Programme, with businesses contacting the team multiple times for advice and support, as their business needs change.

Evaluation feedback suggests that, over time, the Programme has become a well-established and well-connected part of the wider business support landscape, with the programme being sufficiently flexible to respond quickly to changes in the landscape. For example, during the pandemic the team continued to deliver support online, helping businesses to access the County's Covid Recovery Grants and signposting them to other Covid support programmes.

Business support organisations indicated that they believe DBOP complements other programmes, working collaboratively, sharing information, making it easier for businesses to access support, and targeting the intensive support strands to address gaps in provision and / or specific needs of businesses in the County.

There is an expectation that the landscape will change significantly in future years, due to changes in funding, and that DBOP could have an important role to play in supporting businesses to navigate these changes.

4.3.3 Intensive support strands

A key aim of DBOP is to help businesses grow by identifying specific market opportunities, for example to develop new products or services. These opportunities are used as a way to engage businesses in support, and to help them identify the capacity and capabilities they need to develop to realise these opportunities.

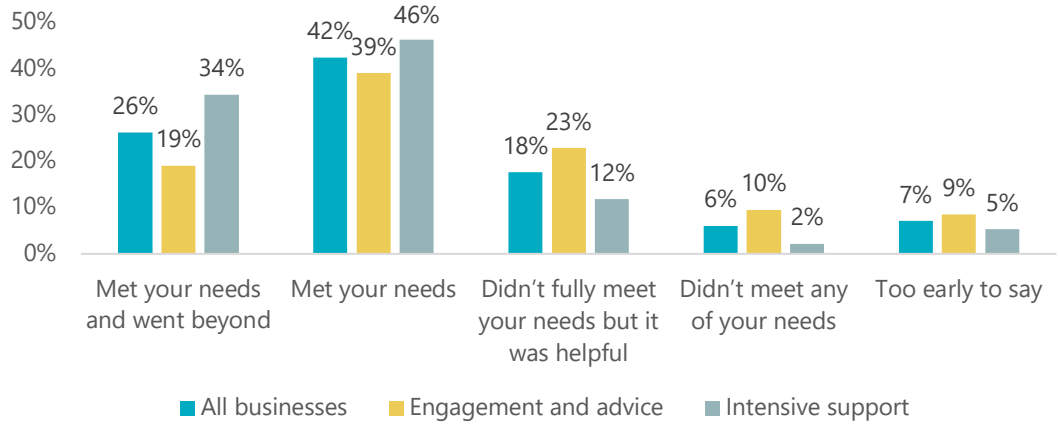
To support this area of activity, DBOP aimed to procure a limited number of strands of expertise, related either to specific sectors or to specific capabilities that businesses need to develop in order to realise the market opportunities. During the first phase of delivery between 2016 and 2019, five organisations (delivery partners) were contracted to deliver specific aspects of DBOP. During the second phase of delivery there were three sector specific support programmes, including Construction Routes to Contract Success, COVID Recovery Support, and Engineering and Manufacturing Sales Transformation Programme.

Of the 198 businesses responding to the evaluation survey, 93 had accessed at least one of the intensive strands of support, while the remaining 105 had accessed awareness raising, engagement and advice activities.

The following section of the report assesses the effectiveness of the intensive specialist strands of activity, based on feedback from SMEs as well as staff, delivery partners and stakeholders. It also provides a high-level comparison of ratings given in the evaluation survey between those that had benefitted from intensive support and those participating in awareness raising, engagement and advice activities.

The analysis suggests that, overall, the intensive strands of support were the most effective at meeting the needs of businesses. Just over one third (34%) of beneficiaries of the intensive support strands felt it had met their needs and gone beyond, compared with 19% of those who had participated in only the awareness raising, engagement and advice activities. Meanwhile 46% of intensive strand beneficiaries said that the support met all of their needs, compared with 39% of awareness raising, engagement and advice beneficiaries.

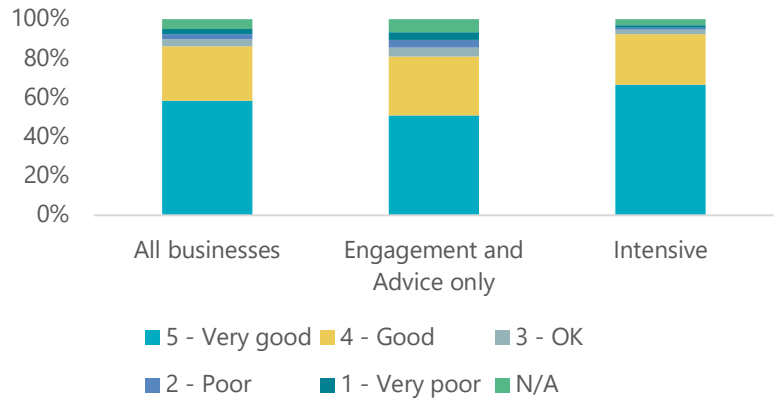
Figure 16: Overall, to what extent did the support meet your business' needs?



Source: Businesses survey

Businesses benefitting from intensive support were more likely to rate the overall quality of the support they received as either very good or good (92%), compared with 81% of those benefitting from awareness raising, engagement and advice.

Figure 17: On a scale of 1 to 5, how would you rate the quality of the support provided by Business Durham / DBOP? 1 is very poor and 5 is very good.



Source: Businesses survey

The intensive support beneficiaries were also more likely to rate the relevance of the support to their business needs as very good or good (87% compared with 70% for awareness raising, engagement and advice beneficiaries). A higher proportion of intensive support beneficiaries were more satisfied with the amount of support given (83% gave ratings of very good or good compared with 72%) and with the process for accessing the support (94% compared with 81% rating of very good or good). Meanwhile, the intensive support beneficiaries were slightly more likely to rate the advisor's understanding of their needs as very good or good (75% compared with 70%).

The businesses were asked to identify which aspects of support had been most useful to them. For those that had benefitted from intensive support, the most useful aspects were the advisor / mentor (21%); gaining practical knowledge to support business growth (20%); and networking (14%). Meanwhile, for the recipients of awareness raising, engagement and advice the most useful aspects of the support were networking (25%); access to funding / other support programmes (15%); access to a business advisor (14%); and general business advice (10%).

A small number of businesses identified aspects of the support that were less useful, including some of the advice and workshops being too generic or not relevant to their business; the processes and paperwork; and insufficient communication or contact with advisors. The areas identified were common to beneficiaries of both intensive support and awareness raising, engagement and advice.

Both groups also highlighted similar suggestions as to how the support could be improved, including more regular and consistent communication / follow-up; more support and / or over a longer period; more workshops and events; and more access to business advisors / more areas of specialist advice.

4.3.4 Covid Recovery Grant

During phase 2 of DBOP, Durham County Council launched the Durham Business Covid Recovery Grant to help SMEs in County Durham that had been significantly impacted by Covid. The fund was administered by Business Durham, with DBOP advisors supporting businesses to access the grants.

Grants from £1,000 up to £40,000 were available to cover costs for adaptations to operations, working practices and premises; attracting new customers; and developing and marketing new products and services. This section of the report provides a high-level review of the support, with feedback from 10 businesses that were recipients of the grant.

The majority of the businesses responding to the survey (70%) said that they had first found out about the Covid Recovery Grant via Durham County Council or Business Durham, indicating that they had been proactive in promoting the support to businesses in County Durham.

Feedback from DBOP staff and delivery partners suggests that the Grant was an effective way to engage with businesses that had not previously accessed business support services. This is backed up by responses to the survey, with 50% of respondents saying that the Covid Recovery Grant was the first time they had accessed business support. For those that had previously accessed support, this included other covid grants, as well as one business that had been supported by the North East BIC and one that had received funding via NBSL for website development.

Feedback also indicated that the experience of working with DBOP advisors to access the Covid grant had encouraged businesses to seek further support, with 60% saying they had gone on to access further support. This included grants to support website development and business digitalisation, support from Business Boost, and a government Bounce Back Loan.

Overall, businesses were very satisfied with the Grant scheme, with all 10 rating the application process as excellent. The businesses also reported that the Grant had made a significant difference to them, with the main impacts being that it enabled businesses to continue trading, safeguard jobs, attract new customers, and diversify their business models. Specific comments from beneficiaries included:

- "The fact that an outside organisation had faith in us as a company gave us confidence during a very difficult period and the support gave us encouragement to keep going."
- "It provided much needed funding to complete a new attraction that has helped create more jobs and created a new revenue stream."
- "The grant helped us to recover from the pandemic and re-establish our business viability, assisting to protect 6 jobs and we have gone on to create a further 2 positions this year."
- "I felt the support was excellent and it made us as a company feel that we were a valuable employer in Co Durham."

4.3.5 Income generation

A key aim of DBOP is to embed the principle that SMEs need to contribute towards the cost of support in order to understand and measure its value to their business.

To test this principle, as well as the willingness of SMEs to pay towards the cost of support, DBOP set an income target for the programme. It was anticipated that this target would be achieved via the intensive support strands, with the target being an integral part of the delivery model for each strand.

Whilst this is not a formal ERDF target, progress towards achievement is reported in the narrative ERDF project monitoring returns, which detail the amount of income generated each quarter.

In the first phase of the Programme, feedback suggested that only one of the five intensive support strands, Routes to Contract Success, had achieved its income target. In Phase 2 of delivery, evaluation feedback indicates that this element of the Programme has remained challenging for a number of reasons:

- The Covid Recovery Strand had no income target, as the focus was on supporting micro-businesses to recover from the impacts of the pandemic, rather than on growth. As the target group were micro-businesses or sole traders, it was felt that many would have been unable to make a financial contribution towards the support.
- The EMCON Incubator zone was unable to go ahead in 2020 and was delivered with a reduced capacity in 2021. This has reduced the ability of CDEMN generate an income and meet targets.

Construction Routes to Contract Success has generated an income. The contracted delivery partner provides free support in the form of workshops and networking events, alongside bid writing which is charged at a commercial rate.

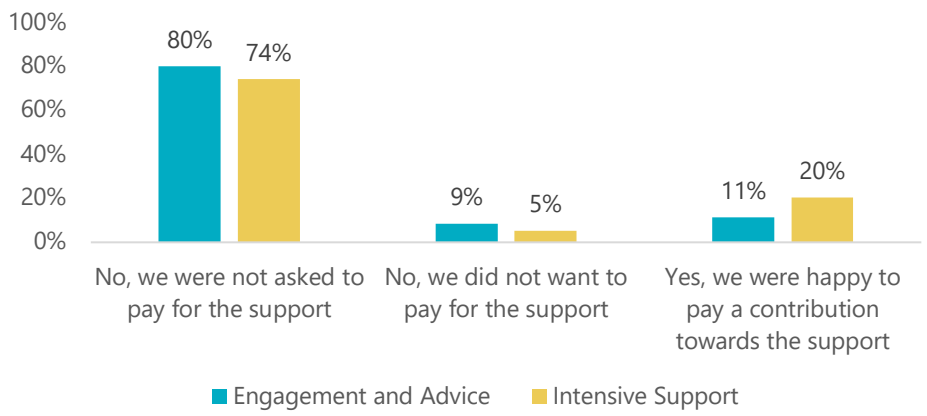
Evaluation feedback suggests that businesses will pay for a service when there is a tangible benefit to them, e.g. bid writing which can lead to a contract win. However, businesses will generally not pay for generic support such as workshops, networking events, or general support.

Willingness to pay

Evaluation feedback suggests that only a small proportion of businesses responding to the survey had paid a contribution towards the cost of the support. As per the interim evaluation, only 20% of those that had accessed an intensive strand had paid a contribution. This is an increase from the interim evaluation where only 3% had paid a contribution to the support.

Of the remaining beneficiaries of the intensive support strands, 74% said they had not been asked to pay towards the support, while 5% said they did not want to pay for it. Amongst all businesses who said they did not want to pay for support, the most common reason given was that they could not afford to make a financial contribution.

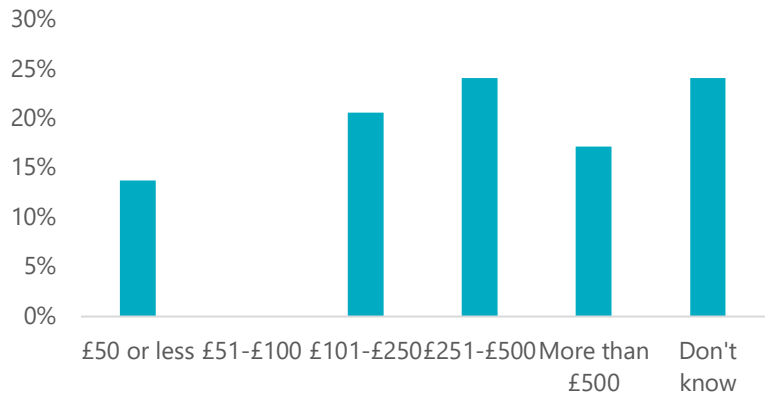
Figure 18: Did your business pay a financial contribution towards any of the support received?



Source: Businesses survey

Just over one third of the businesses (35%) contributed less than £250 towards the cost of the support, and 14% said they had paid £50 or less. A further 24% said they had paid between £251 and £500 for the support, while 17% said their contribution was £500 or more, which is an increase of 10% on the interim evaluation where only 7% of businesses had contributed more than £500 towards the cost of the support.

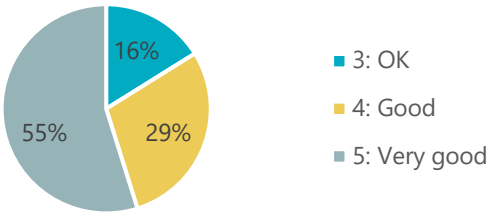
Figure 19: How much did your business contribute towards the cost of the support (£)?



Source: Businesses survey

When asked to rate this contribution in terms of value for money, the feedback from businesses that made a financial contribution was generally positive, with 55% rating it as very good and 29% as good. This may, in part, reflect the relatively low level of the contribution businesses were asked to make towards the cost of support.

Figure 20: How would you rate the support in terms of value for money against this financial contribution?



Source: Businesses survey

Overall, the analysis suggests that businesses are more likely to pay for support that is specific and tailored to their business and there is a tangible service or outcome received. For example, businesses tended to be happy to pay for support such as a stand at the EMCON exhibition, branding and design work, marketing material, or tailored consultancy and bid writing support. Whilst the contribution paid by businesses towards the support was largely below the rate they would have paid commercially for such services, the feedback does nevertheless indicate that businesses acknowledge such support should be paid for.

In addition, survey feedback suggests that 61% of businesses that paid towards the support would be likely or very likely to do so again in future, although more detailed research is required to determine how much they would pay and what type of support they would pay for.

Conversely, feedback indicates that businesses are far less likely or willing to pay for support that is more general in nature, such as workshops and networking activities, particularly given the amount of free or fully funded support of this type that is available. This includes a wide range of free workshops delivered through other ERDF-funded support initiatives; significant free online resources; and private sector providers who deliver free one-to-many sessions as part of their marketing and engagement activity. Furthermore, only 14% of businesses that did not want to pay reported that they would be likely to make a financial contribution in future.

4.4 Horizontal principles

This section of the report explores the extent to which the two ERDF cross-cutting principles of equality and diversity, and environmental sustainability have been integrated into the project.

4.4.1 Equality and Diversity

The Durham Business Opportunities Programme builds on the experience of Business Durham, in supporting businesses based in the County. It is available to any business located in the transitional area of County Durham that has started trading. Evaluation evidence indicates that Durham County Council has an equality and diversity policy in place, which is applied to all areas of service delivery including those provided by Business Durham. Staff feedback suggests that changes introduced to project delivery in response to the pandemic have generated equality and diversity benefits, helping to further embed this cross-cutting theme. For example:

- The move to online delivery has widened access to the Programme, making it easier for businesses to participate in networking meetings. Staff reported that some businesses have joined networks that are out of their immediate area, enabling them to make new contacts and generate new business.
- Online delivery has also improved access to the Programme for businesses based in rural areas, which may have previously been unable to participate in meetings or events due to the accessibility of venues, or travel time required. Online delivery has also removed the need for face-to-face meetings with businesses, which often involved travel. This has made it easier for SMEs in more rural areas to engage and participate in the Programme.
- Equality and diversity is also incorporated into all contracts, with organisations tendering to deliver the intensive support strands being asked to outline in their submission the positive steps they will take to ensure equality of opportunity in the engagement of businesses onto the Programme, and the materials produced to support delivery.

4.4.2 Environmental sustainability

Business Durham is committed to carrying out its activities in compliance with the 10 commitments of Durham County Council's Sustainable Environment Policy: efficient use of energy; reduction of transport impacts; reduction of water use; minimisation of waste; reduction in paper consumption; sustainable construction and land management; resource efficient information technology; sustainable purchasing policy; raising awareness and measuring progress. Staff reported that, since March 2020, when the first national lockdown began, the change in working practices (e.g. working from home, and remote delivery) have had a positive impact on the environment sustainability of the project. For example:

- There has been a significant reduction in travel to meet with clients, and to attend networking events, which has reduced the project's carbon emissions, and been environmentally beneficial.
- Businesses were supported to purchase, install and use green technologies, and / or to reduce energy costs through the Covid Recovery Grant.
- Several businesses have been referred on to other programmes, e.g. The Business Energy Efficiency Project (BEEP), which can provide specialist advice and support to reduce energy use or become more energy efficient.

Staff feedback suggests remote working may be continued into future delivery, which will further improve the environmental sustainability of the project.

4.5 Management and governance

The management and governance arrangements for DBOP involve a Programme Manager, three Business Engagement Officers that each work in a discrete geographical area of the County (East, North and South / West), and a Project Monitoring Officer whose role includes performance management, ERDF eligibility and compliance checks, and the preparation and submission of ERDF claims. A dedicated Marketing Manager was also in post for part of the Programme delivery period.

Evaluation feedback suggests that the overall roles and responsibilities of the team works well, with the business engagement officers working in discrete geographic areas, developing 'long-term' relationships with businesses in their area, taking management responsibility for a specific intensive support strand contract, and having the flexibility to test out new approaches to delivery, and to develop their own way of working. The role of Marketing Manager also worked well, developing marketing materials and case studies, which helped to raise awareness of the Programme, and generate demand.

Feedback at this final evaluation stage suggests that the initial management challenges highlighted in the interim report, have been effectively addressed e.g. the team are now co-located with the rest of Business Durham in new premises at Aykley Heads. However, there have been new management challenges during the second phase of delivery as a result of the pandemic. All Programme delivery, management and administration moved online in March 2020, with some activities unable to go ahead (e.g. the EMCON incubator zone), and other activities scaled down due to staff being furloughed from either delivery partner organisations or organisations within their wider networks. In addition, the focus of the Programme changed to business recovery as well as growth.

Staff reported that online delivery has led to some benefits (e.g. improved productivity, and an increase in the number of businesses participating in networking meetings), while some businesses prefer to meet face-to-face. As a result, the team have adopted hybrid working, incorporating some continued online delivery, supplemented with in-person meetings.

The DBOP team have largely remained unchanged since the start of delivery in November 2016, with team members working well together, and building up their knowledge, expertise and networks. In addition, a change in line management has led to greater flexibility in approach, which the team value. Staff reported that there are now quarterly meetings structured around key themes including, for example, progress, risks, performance, and gaps in provision, alongside shorter weekly team meetings. They also meet on a weekly basis with the wider Business Durham Team, providing a good opportunity to find out about new projects, and to identify opportunities to cross-refer businesses.

Feedback from delivery partners, business support organisations, and stakeholders about the DBOP Team is extremely positive. The Team have clearly developed and strong and effective working relationships with partner organisations and businesses across the County. In particular feedback indicates that the team are helpful and supportive, approachable and easy to talk to, knowledgeable about the wide range of business support available, good at listening to business needs, and identifying appropriate support options, and are pro-active in their overall approach to Programme delivery.

4.6 Summary

Overall, DBOP is well targeted, engaging SMEs based across County Durham, and operating across a wide range of sectors. DBOP has also been effective at engaging businesses that have not previously benefited from business support, with 61% of businesses consulted reporting that they have never accessed business support prior to engaging with the programme.

Demand for support from DBOP has been high, particularly for some of the intensive support strands, and with engagement from businesses across the County, and from a broad range of sectors. As a result of the pandemic, there has been an increase in demand from more established businesses seeking support to adapt to Covid trading requirements, and to recover from the impacts of the pandemic.

Evaluation feedback suggests that a personal recommendation, contact from Business Durham or a DBOP Business Engagement Officer, or having an existing relationship with Business Durham, are important sources of SME referral, with 51% of businesses consulted reporting that they first found out about the Programme through one of these routes. In addition, working with established and developing business networks has been an important source of referrals, with a high proportion of SMEs finding out about the programme from someone in their business network e.g. another business, an enterprise agency, delivery partner, or business support organisation.

SME feedback suggests that DBOP appeals to businesses either because it fits well with their business needs (69%), because it was easy to access (42%), or because of the team delivering the service (34%).

Covid-19 has also had an impact on SMEs, with 48% of those providing feedback for the final evaluation report stating that they were seeking help to address specific business challenges or opportunities created by the pandemic.

Overall, the quality and the relevance of the support is highly rated by beneficiary businesses, with the intensive support strands tending to be more highly rated. For example, 92% of SMEs rated the quality of the intensive support strands as good or very good, compared to 81% for awareness raising, engagement and advice.

A key part of DBOP was testing the willingness of businesses to pay towards the cost of business support. However, the majority of businesses consulted (74%) reported that they had not been asked to make a financial contribution towards the cost of support. In the second phase of Programme delivery this may have been due the pandemic, as businesses sought support to recover rather than grow, and as the Covid support strand was targeted at micro-businesses impacted by the pandemic with limited capacity to make a financial contribution. However, feedback suggests that businesses are more likely to pay for support that delivers a tangible benefit, rather than general business support or advice.

Overall, the management and governance arrangements for DBOP are effective, with the team structure and approach remaining largely consistent throughout the delivery period. However, significant changes were introduced to working practices as a result of the pandemic, with all aspects of programme delivery, administration, and management being moved online. While the team are now moving to a hybrid model of working, some of the changes introduced during the pandemic will be retained in future as they have improved productivity and efficiency. The changes to working practices have also helped to further embed the two cross-cutting themes of equality and diversity, and environmental sustainability into project delivery, removing the need for staff, beneficiaries and delivery partners to travel to networking meetings or workshops, and widening access to the network meetings.

.

5 Project outcomes and impacts

5.1 Introduction

DBOP aims to deliver a new approach to engaging County Durham businesses and connecting them with appropriate support to enable the businesses to grow. The main outcomes for the project, identified in the logic model, are the number of businesses introduced to business support programmes to help them grow; and business growth, measured in terms of the creation of new FTE jobs by beneficiary SMEs and increased GVA as a result of new jobs.

The overall impact of the Programme is expected to be an increase in awareness amongst County Durham businesses of market opportunities and how to engage with them, and of the support available to them to support business growth and improve productivity. This increase in awareness will result in both a greater take up of business support products, and in businesses seeking external investment to support growth.

This section of the report assesses the extent to which DBOP made progress towards the outcomes and impacts set out in the logic model, and the difference it has made to beneficiary businesses.

The analysis is based on feedback from beneficiary businesses as well as from delivery partners, staff and stakeholders.

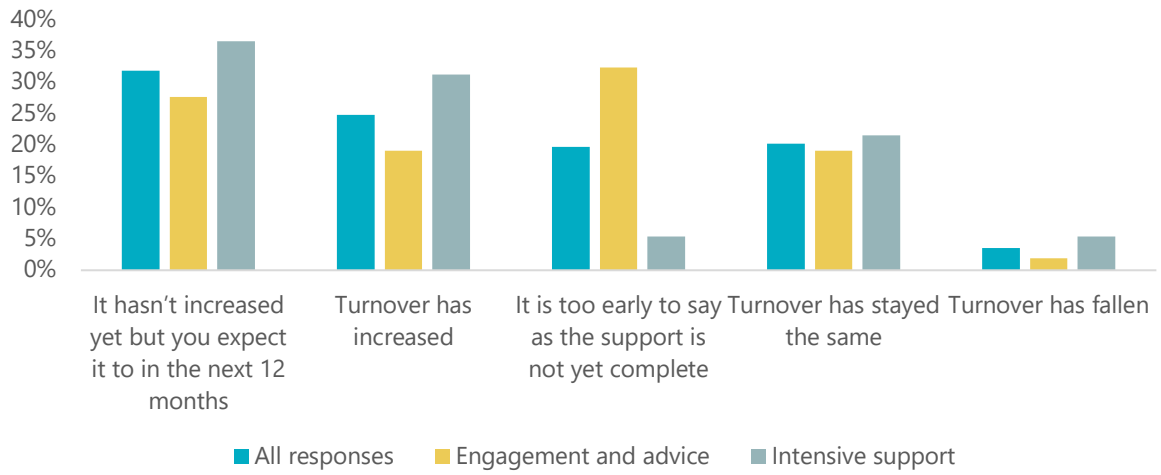
Case studies containing examples of businesses supported by DBOP and the difference the support has made, are included in Appendix B of this report. This includes follow-up case studies with four businesses that provided a case study during the interim evaluation.

5.2 Progress towards outcomes and impacts

5.2.1 Turnover

Since participating in DBOP, 25% of SME survey respondents have seen turnover increase, and a further 32% expect to see turnover increase within the next year. A greater proportion of businesses benefiting from the intensive support strands have experienced growth in turnover (31% compared to 19% of businesses benefiting only from engagement and advice activities); or are expecting turnover to increase in the next 12 months (37% compared to 28%) as illustrated in Figure 21.

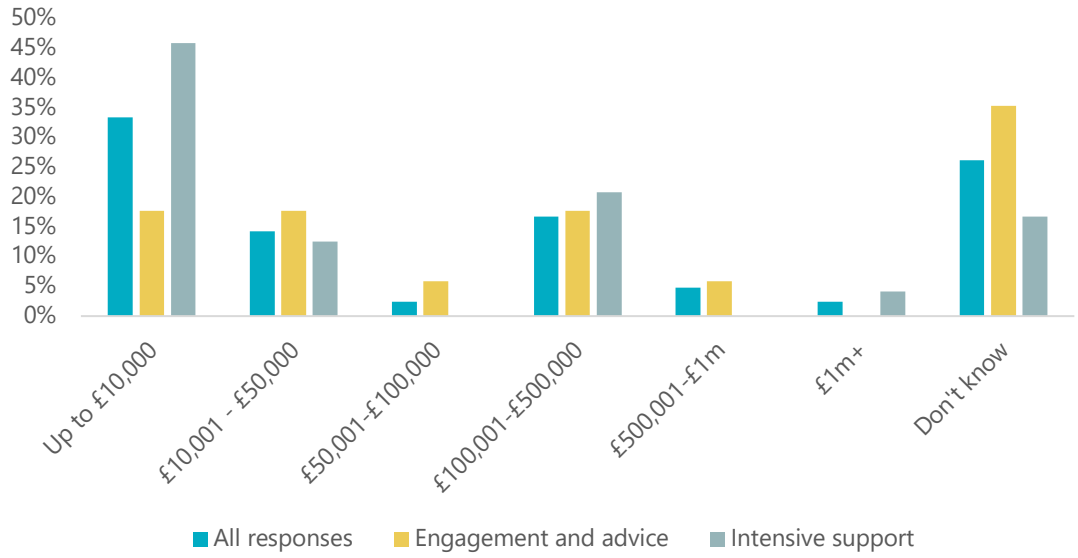
Figure 21: How has turnover changed since undertaking the support?



Source: Business survey

Of the businesses reporting an actual growth in sales and turnover, the majority (59%) had benefited from one or more of the intensive support strands, while 38% had benefited only from the engagement and advice activities provided by the DBOP team. The actual growth reported ranges from as little as £400 to as much as £2m reported by one business. The cumulative actual increase in turnover equates to **£5.65m**. This includes £3.95m generated by businesses benefiting from intensive support, and £1.7m generated by those benefiting only from engagement and advice.

Figure 22: Approximately how much has your turnover increased by (£)



Source: Business survey

Of the businesses forecasting an increase of turnover in the next 12 months, just over half (54%) had benefited from intensive support. Forecast growth ranges from £2,000 up to as much as £600,000. The cumulative forecast growth in turnover equates to **£3.8m,** which includes £1.91m forecast by businesses benefiting from intensive support, and £1.89m generated by those businesses benefiting only from engagement and advice.

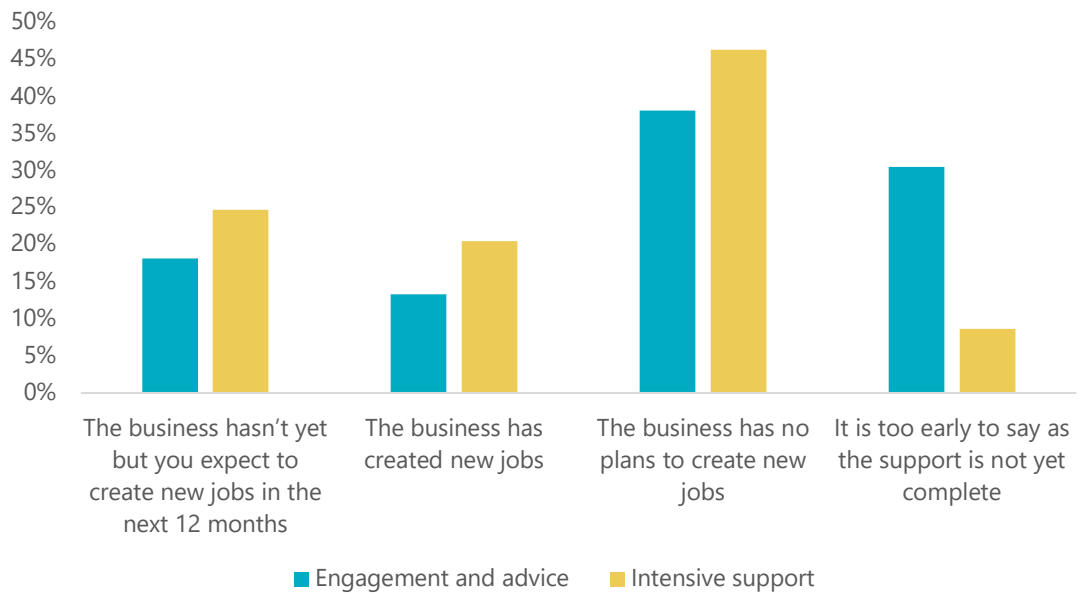
The extent to which growth in turnover is directly attributable to DBOP varies, with the largest proportion of businesses (36%) attributing between 1% to 10% of turnover growth to the support received. Those benefiting from intensive support attributed a higher proportion of growth to the support received than businesses that only benefitted from engagement and advice. On average, the businesses benefiting from intensive support attributed 21%- 30% of actual growth in turnover to the support received, while those benefiting from engagement and advice attributed 11% - 20% of growth to DBOP.

5.2.2 Jobs created

Almost two fifths (38%) of all survey respondents reported that the support received from DBOP has had a positive impact on employment growth. However, 42% of all survey respondents reported that they do not expect to create any new jobs.

A greater proportion of businesses benefiting from intensive support have created new FTE jobs (20% compared to 13% of businesses benefiting only from engagement and advice activities); or are expecting to create new FTE jobs in the next 12 months (25% compared to 18%).

Figure 23: As a result of the DBOP support have you created any additional jobs?



Source: Beneficiary business survey

The majority of businesses that had already created new FTE jobs (58%), and that expect to create new FTE jobs in the next 12 months (55%), are those that benefited from intensive support. However, whilst the largest proportion of businesses reporting actual and expected jobs were beneficiaries of intensive support (56%), it was beneficiaries of engagement and advice that accounted for the largest proportion of the jobs created or forecast (54%).

In total, 33 SMEs reported that collectively they have created **105.7 FTE** posts, with a further 42 SMEs expecting to create an additional **84 FTE** jobs in the next 12 months, a total of **189.7 new FTE jobs**. This includes a total of 87.2 FTE jobs (48.7 created and 38.5 forecast) by businesses accessing intensive support, and 102.5 FTE jobs (57 created and 45.5 forecast) by businesses benefiting from engagement and advice only.

Table 5: Jobs created by survey respondents

	Total FTE jobs created and forecast by survey respondents	Average job per business
Intensive support	87.2	2.1
Engagement and advice	102.5	3.1
Total jobs created and forecast	**189.7**	**2.5**

In terms of attribution, businesses benefiting from intensive support attribute an average of 21% - 30% of employment growth to the support received from DBOP, while businesses accessing engagement and advice only attribute an average of 11% - 20% growth in employment to DBOP.

5.2.3 Jobs safeguarded

As well as creating jobs, the support has helped some businesses to safeguard jobs. 22% of business survey respondents reported that the project had helped them to safeguard jobs and a further 4% reported that it would help to secure business and jobs over the next 12 months, preventing redundancies.

A greater proportion of businesses benefiting from intensive support have safeguarded jobs (29% compared to 16% of businesses benefiting only from engagement and advice); or are expecting to safeguard jobs in the next 12 months that otherwise would be made redundant (5% compared to 2%).

Figure 24: Has the support enabled you to safeguard any jobs which otherwise would have been made redundant?

Source: Beneficiary business survey

A total of **115** safeguarded jobs have been reported by survey respondents. If expectations are met, a further **17.5** jobs will be safeguarded, which otherwise would be at risk of redundancy in the next year.

This includes a total of 99.5 jobs (90 safeguarded and 9.5 forecast to be safeguarded) by businesses accessing intensive support, and 33 jobs (25 safeguarded and 8 forecast) by businesses benefiting from engagement and advice only.

Table 6: Jobs safeguarded by survey respondents

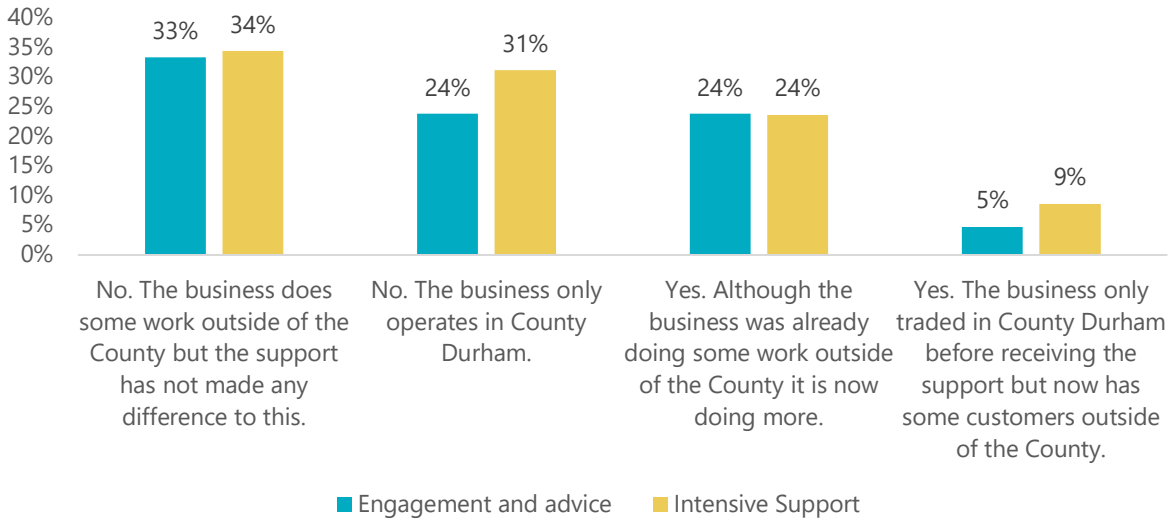
	Total jobs safeguarded or forecast to be safeguarded by respondents	Average job per survey respondent
Intensive support	99.5	3.1
Engagement and advice	33.0	1.7
Total jobs safeguarded actual and forecast	**132.5**	**2.6**

5.2.4 Trade and export

The evaluation explored the extent to which businesses have been supported to increase the level of trade they do outside of County Durham. In total 31% of business survey respondents stated that, as a result of the support received from DBOP, they had increased their level of trading outside of County Durham. This includes 24% of businesses that had increased existing trade outside of County Durham, and 7% of businesses that said they had not traded outside of County Durham before receiving the support.

Just under a quarter of businesses benefiting from intensive support (24%), and the same proportion of those benefiting from engagement and advice only, reported that the support has enabled them to increase trade with customers outside of the County, while 9% of intensive support businesses, and 5% of engagement and advice businesses, have now secured their first customers outside of County Durham as a result of the support received from DBOP.

Figure 25: As a result of the support, has it helped your business to trade outside of County Durham



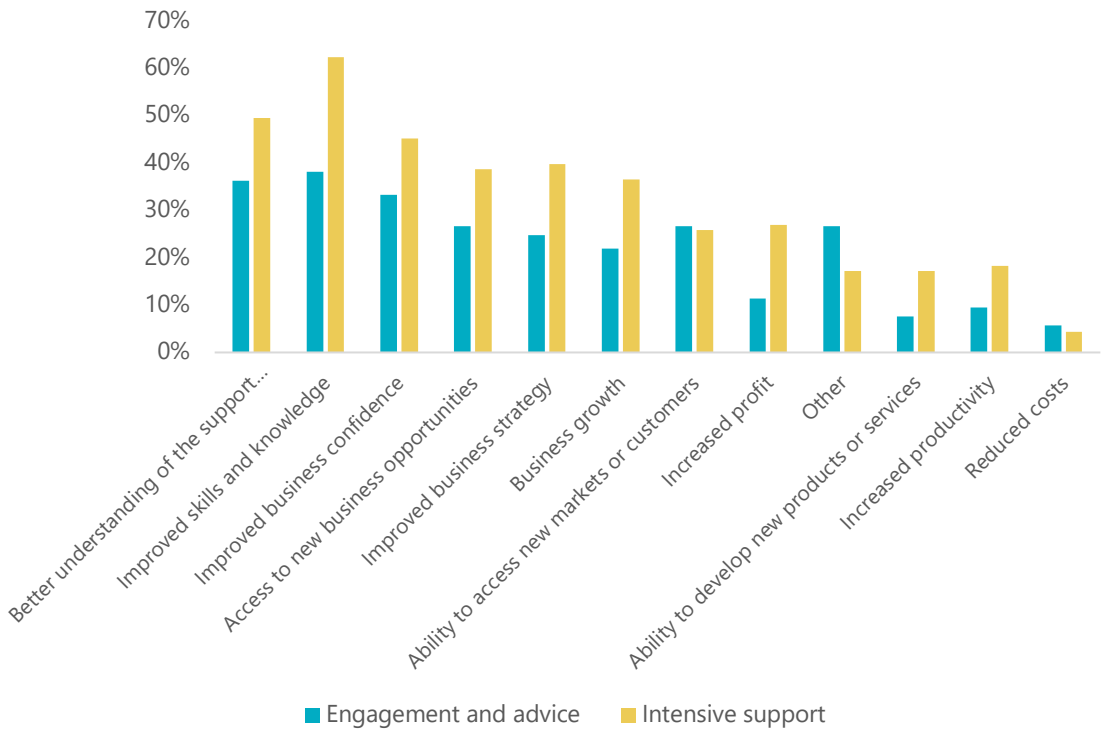
Source: Beneficiary business survey

5.2.5 Wider impacts

As well as measuring the 'harder' economic indicators of turnover and employment, the evaluation explored whether the project has had other impacts on beneficiary SMEs. Overall, feedback indicates that the project has had a positive impact against a range of indicators. The most commonly reported impacts are improved skills and knowledge (49% of respondents); better understanding of the support available to businesses in County Durham (42%); and improved business confidence (39%).

The feedback also indicates that the impact of the support has been greater for those businesses accessing intensive support, as illustrated in Figure 26. For example, almost two-thirds of SMEs benefiting from intensive support (62%) reported that they had improved their skills and knowledge, compared to 38% of businesses accessing engagement and advice only; while 45% of intensive support businesses have improved their business confidence, compared to 33% of non-intensive support businesses. In addition, 39% of beneficiaries of intensive support said the support had helped them access new business opportunities, compared with 27% of engagement and advice beneficiaries. Businesses receiving intensive support were also more likely to report improvements in their business strategy (40% compared with 25% of engagement and advice recipients).

Figure 26: What benefits, if any, has your business experienced as a result of the DBOP support?



Source: Beneficiary business survey

One expected impact of DBOP was an increase in awareness among businesses of the range of business support available to them in County Durham to support their business growth. Overall, 42% of business survey respondents reported a better understanding of the business support landscape. A greater proportion of businesses benefiting from intensive support (49%) reported improved awareness, compared to 36% of businesses accessing engagement and advice activities only.

Just over one quarter of intensive support businesses (28%) and one quarter (25%) of engagement and advice only businesses reported that they had been referred on to another business support service. Businesses reported being referred on to a broad range of support programmes, depending on their specific needs, with the most common being the North East Business Support Fund managed by NBSL (24%) and Digital Drive managed by UMi (14%). Other programmes include Durham Sparks, BEEP, RTC North, SAM project and CPI.

In addition, over one third (35%) of business survey respondents reported that they had invested further in their business as a result of the support from DBOP, for example in buying new machinery or equipment; leasing new, larger premises; investing in staff training; or developing a new website, branding and marketing materials. A slightly higher proportion of businesses that benefited from intensive support reported making further investments in their business (37% compared with 33% for those receiving engagement and advice only).

Where they were able to quantify the value of the additional investment, the businesses reported an additional collective investment of around **£840k**, which included one business that had invested £600k in new machinery. The largest proportion of this reported additional investment (84%) was made by businesses that had benefitted from intensive support.

The feedback from businesses on the benefits and impacts of support is reflected in feedback from delivery partners. They highlight access to new businesses opportunities, customers, and markets, alongside improved business confidence, resilience and sustainability, as the main benefits experienced by businesses. Meanwhile, staff report that several business beneficiaries have achieved harder impacts and benefits, such as increased turnover or employment as a result of winning new contracts, entering new markets, or making new business contacts.

5.2.6 Impact on GVA

An important measure of an economy's wealth is GVA. The impact of DBOP on GVA to date can be estimated based on the number of gross FTE jobs created (133.6), as reported in the most recent ERDF claim (June 2022), and the average GVA per workforce job in the North East, which is £43,091[11].

On this basis, the total **annual GVA (gross) generated by DBOP** over the lifetime of the Programme **to date is £5.7m.**

BIS guidance[12] suggests that when estimating the impacts of public sector investment, it is important to consider the extent to which benefits generated persist over time. Where support has developed the capacity of a business it may enable the organisation to sustain or continue to achieve further benefits in the future. BIS suggests that individual enterprise support programmes may generate benefits within one year but that they may persist for up to three years in total.

It is assumed, therefore, that the annual gross GVA impacts of the Programme will persist for three years in total (the first year, plus a further two years). Taking into account persistent effects, the total gross GVA impact of the Programme is estimated as £16.6m.

In addition to the 133.6 FTE jobs created to date, DBOP is forecast to achieve a further 36.4 jobs by the end of Programme delivery. Should all these jobs be created, the total annual GVA (gross) generated by DBOP would increase to £7.3m, and the total gross GVA impact, including persistent effects, would increase to £21.2m.

5.3 Net additional impact

Public sector investment should bring about change that would not otherwise happen or which would only happen on a smaller scale, or take longer to achieve. This is referred to as additionality.

There are a number of factors that affect the additionality of an intervention:

[11] As at 2020 based on ONS North East Regional GVA and Workforce Jobs (2020)
[12] BIS RDA Evaluation: Practical Guidance on Implementing the IEF 2009

- Leakage effects: This refers to the extent to which any outputs or outcomes generated by the programme are lost outside of the target area of County Durham or whether any ineligible beneficiaries are supported.
- Displacement effects: This refers to the proportion of programme outputs/outcomes that reduce outputs/outcomes elsewhere within the target area. For example, if by supporting one business to start trading, it takes market share away from another business in the region.
- Multiplier effects. Public investment may lead to further economic activity, for example, as local businesses spend money with local suppliers and employees spend wages in the local economy.
- Deadweight effects. This refers to the proportion of outputs/outcomes that would have happened anyway in County Durham even without the public investment.

5.3.1 Leakage effects

Analysis of the characteristics of the businesses supported by the Programme suggests that leakage effects are likely to be low. Data shows that the Programme has been well targeted on SMEs located in County Durham, therefore it is likely that most of the economic benefits arising from business growth (e.g. turnover and employment) will be retained within County Durham. 4% of businesses responding to the survey gave a location that was outside of County Durham[13], while the location of a small number of businesses is unknown. We have therefore applied **a leakage effect of 4%** to the Programme impacts.

5.3.2 Displacement effects

Evaluation evidence suggests that there are likely to be some displacement effects as businesses operate in local, regional as well as national markets. Businesses were asked to estimate what proportion of their sales were to customers based within County Durham. The median average range reported by respondents was 61% to 70% of sales being to customers based in the County.

Analysis of the location of the businesses' main competitors indicates that the median range reported by respondents is 41% to 50% of businesses' main competitors are based within County Durham.

Therefore, as SMEs are supported to grow turnover, access new opportunities, and increase their market share, there is a risk that this may affect the 41% to 50% of competitors based in County Durham. The project has, however, supported 31% of business survey respondents to increase their level of trade outside of the County, which will help to minimise potential displacement.

[13] These businesses may have relocated since receiving support from the Programme

Overall, as the proportion of competitors based locally is moderate, and at least 61% of sales are to customers inside of the region, the displacement effects of the Programme are likely to be modest. Therefore, we have applied **a displacement factor of 16.5%** to Programme impacts, which is the mean average displacement effect recommended by BIS for individual enterprise support projects delivered at the sub regional level[14].

5.3.3 Multiplier effects

There will be knock-on effects in the regional economy as businesses increase their spending with suppliers and employees spend wages on goods and services locally. Feedback suggests that local supply chains among the businesses supported may be moderate – the median average range reported by survey respondents was between 31% and 40% of business expenditure with suppliers based in County Durham. However, the extent of multiplier effects will ultimately depend upon the extent to which business sales increase and the opportunities for spending with locally based suppliers increases.

Meanwhile, the Programme has had a moderate local employment impact, with a total of 105.7 FTE jobs created to date, and a further 84 FTE jobs planned in the next 12 months in County Durham. These employees will go on to spend some of their wages in the regional economy, suggesting there may be a moderate income multiplier effect.

As supply chain multiplier effects are likely to be at the lower end of the range, and income multiplier effects are likely to be moderate, we have applied **a combined multiplier effect of 1.2**, which BIS suggests is the mean multiplier for enterprise support projects at the sub regional level. [15]

5.3.4 Deadweight effects

Feedback from businesses indicates that there may be an element of deadweight associated with the impacts. Overall, 15% of survey respondents reported that they would not have achieved any of the changes in turnover and employment without the support of the project, while 17% stated that they had not achieved a positive impact.

31% of businesses reported that they would have achieved some, but not all of the changes, and 28% stated that the changes would have happened, but over a longer period. Combining these two groups, a total of 59% of business businesses said that the support accelerated the speed or improved the scale and scope of the changes, resulting in turnover and employment impacts. This is partial deadweight, and it equates to 29.5% deadweight.

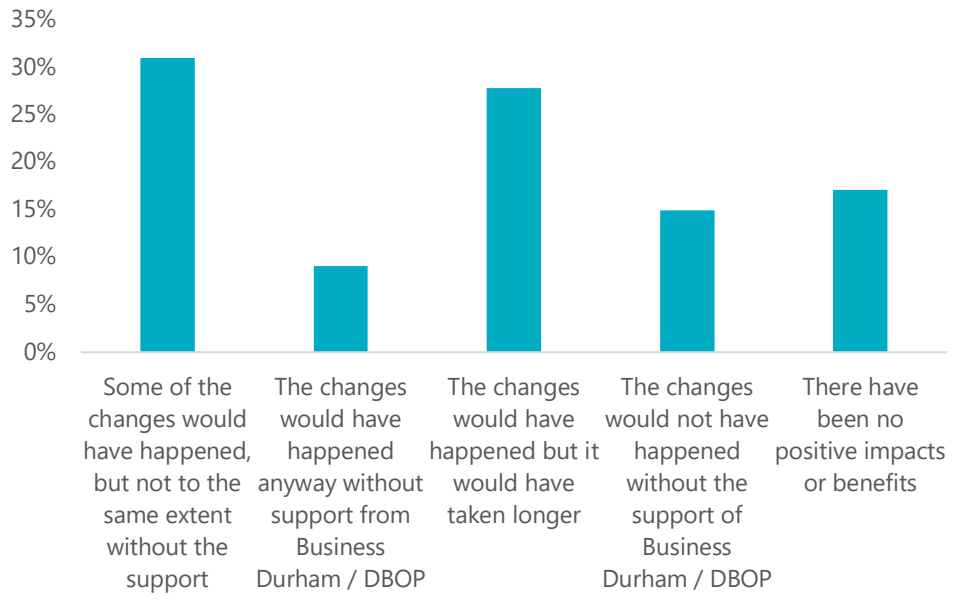
A further 9% of beneficiaries said that the changes would have happened anyway, even without the support. This is pure deadweight.

[14] BIS Research to Improve the Assessment of Additionality 2009
[15] BIS Research to Improve the Assessment of Additionality 2009

Adding together these effects, gives a total deadweight effect of 38.5%, which is slightly lower than the BIS recommended benchmark[16] of 50.7%. This is the mean deadweight effect for enterprise support projects at the sub-regional level, and it is this benchmark of **50.7%** which has been applied to the programme impacts.

The deadweight effects for businesses accessing the intensive support strands are lower, with 30% reporting that the support accelerated the impacts making them happen more quickly than would otherwise have been the case (compared to 25 % for businesses benefiting from engagement and advice activities only); while 35% (compared to 27%) reported that the support increased the scale of the impacts experienced. Meanwhile, 16% of businesses accessing intensive support reported that the impacts would not have happened without the support of DBOP, compared with 14% of engagement and advice beneficiaries.

Figure 27: How likely is it that the positive impacts and benefits for your business would have occurred anyway WITHOUT the support from DBOP?



Source: Business survey

5.3.5 Total net additional impact

Applying the above additionality components to the gross Programme impacts results in the following net additional impacts, as presented in Table 7.

The gross employment impact of the Programme is 133.6 FTE jobs, and the **net additional employment impact is 63.4 FTE jobs.**

The annual gross GVA impact of the Programme is £5.7m and the **net additional annual GVA impact is £2.7m.**

Table 7: Gross and net additional impact (employment and GVA)

		Impact area: County Durham	
Impact indicator		**Measure**	**Adjustment**
Employment: FTEs (Reported by SME survey respondents)	Gross impact	133.6	-
	Deadweight / reference case	65.9	50.7%
	Displacement	55.0	16.5%
	Leakage	52.8	4%
	Multiplier	63.4	1.2
	Net additional	**63.4**	-
GVA: £m (annual))	Gross impact	£5.7m	-
	Deadweight / reference case	£2.8m	50.7%
	Displacement	£2.3m	16.5%
	Leakage	£2.2m	4%
	Multiplier	£2.7m	1.2
	Net additional	**£2.7m**	-

The total gross GVA impact of the Programme (including persistent effects) is £16.6m, and the net additional GVA impact (including persistent effects) is £7.9m.

The overall **net additionality ratio for DBOP to date is estimated as 47.4%**, which compares well with other business support and innovation programmes. BIS Research suggests the median average net additionality ratio is 43% for enterprise support projects at the sub regional level. [17]

To provide an assessment of the final outturn for the DBOP, the above additionality components have also been applied to the forecast gross job impacts expected to be achieved by beneficiary businesses by the end of the Programme (See Section 3). Details are provided in Table 8.

[17] BIS Research to Improve the Assessment of Net Additionality 2009

Table 8: Forecast gross and net additional impact for forecast employment and GVA

		Impact area: County Durham	
Impact indicator		**Measure**	**Adjustment**
Employment: FTEs (Reported by SME survey respondents)	Gross impact	170	-
	Deadweight / reference case	83.8	50.7%
	Displacement	70.0	16.5%
	Leakage	67.2	4%
	Multiplier	80.6	1.2
	Net additional	**80.6**	-
GVA: £m (annual)	Gross impact	£7.3m	-
	Deadweight / reference case	£3.6m	50.7%
	Displacement	£3.0m	16.5%
	Leakage	£2.8m	4%
	Multiplier	£3.4m	1.2
	Net additional	**£3.4m**	-

5.4 Summary

Following six years of delivery, feedback from the businesses supported indicates that DBOP has had a positive impact on a range of business performance and growth indicators.

More than half (57%) of SMEs consulted have seen turnover increase or expect it to increase in the next 12 months. The cumulative actual increase in turnover reported is around £5.65m, of which £3.95m was generated by businesses benefiting from intensive support, and £1.7m generated by those benefiting only from engagement and advice.

The businesses consulted reported that a total of 189.7 new FTE jobs (gross) have been created or are expected to be created over the next year, and 132.5 FTE jobs have been safeguarded or are expected to be safeguarded over the next year. In addition, 35% of businesses reported that they have collectively invested a further £840k in their business, for example to buy new machinery or equipment, lease larger premises, or invest in staff training or marketing. Meanwhile, 31% of businesses have increased their level of trading outside of County Durham as a result of the support.

Feedback indicates that these impacts tend to be higher amongst businesses who engaged in one of the intensive strands of support, for example of the £840k additional business investment, 84% of this was made by businesses benefitting from intensive support. The recipients of intensive support are also more likely to attribute a higher proportion of the impacts to the support received from DBOP, at an average rate of 21% - 30% compared with an average of 11% - 20% for recipients of engagement and advice only.

Businesses reported a range of other benefits and impacts of the support, again at a higher rate amongst businesses accessing intensive strand activities. These benefits and impacts include improved skills and knowledge; having a better understanding of the support available to SMEs; improved business confidence; and access to new business opportunities.

Based on the number of gross FTE jobs created by DBOP to date, as reported in the June 2022 ERDF claim (133.6), the total annual GVA (gross) generated is £5.7m. Taking into account persistent effects, the total gross GVA impact of the Programme is estimated as £16.6m. An assessment of net additional impact indicates that the net additional annual GVA impact is £2.7m, and the net additional GVA impact, including persistent effects, is £7.9m.

6 Value for money

It is good practice to measure the value for money of public sector investment in terms of:

- Cost effectiveness as measured by cost per net outputs / outcomes; and
- The return on investment (ROI).

6.1 Cost effectiveness

To estimate the cost effectiveness of the Programme to date, two net output / outcome indicators have been calculated.

- Cost per net job created - The number of net additional jobs created by DBOP to date is 133.6 FTEs. This is based on the June 2022 ERDF claim. It is forecast, that by the end of Programme delivery, a total of 170 new FTE jobs will have been created as a result of the support provided. The total public sector expenditure defrayed by the end of June 2022[18] was £1,914,158. **Therefore, the cost per net job created for DBOP to date is estimated as £30,212.**
- Cost per net business supported - A total of 415 SMEs (gross) were supported by the end of June 2022[19]. Applying the net additionality factor of 47.4% for the Programme, results in a total of 197 net businesses supported. The total public sector expenditure defrayed by DBOP by the end of June 2022 was £1,914,158. **Therefore, the cost per net business supported for DBOP to date is estimated as £9,717.**

There is currently a lack of readily available benchmark information against which to compare the cost effectiveness of enterprise support programmes in England. The most recent comprehensive benchmarking report was published in 2009: Impact of RDA Spending, BIS (March 2009). Comparators taken from this report are presented in the table below.

Average benchmark comparators have also been derived for a selection of other enterprise support projects (in the North East) evaluated by New Skills Consulting during the past three years.

[18] The date of the most recent ERDF claim
[19] As above

Table 9: Benchmark comparators - cost per net output / outcome to date

Output / outcome	Cost per net job created	Cost per net business supported
DBOP	£30,212	£9,717
RDA business development and competitiveness interventions[20]	£20,106[21]	£13,772[22]
Average from selection of North East business support projects (New Skills)	£16,291	£11,881

The analysis shows that the costs per net output / outcome for DBOP vary from those of other enterprise and business support programmes. The cost per net job created is currently higher than the average for RDA business development and competitiveness interventions (inflation adjusted), and the average cost per net job achieved by a range of North East enterprise and business support programmes evaluated by New Skills.

The cost per net business supported is lower than the average for RDA business development and competitiveness interventions, and the average cost per business supported by a range of North East business support and innovation projects evaluated by New Skills. The slightly lower average cost for DBOP may reflect the fact that some of the interventions delivered through the programme are less intensive (12 hours of support), than some other types of enterprise and business support interventions.

6.2 Return on investment

In accordance with government guidance, the return on investment (ROI) delivered by DBOP to date is estimated based on the net additional annual GVA impact (£2.7m), divided by the total public sector expenditure defrayed by the end of June 2022 (£1,914,158).

Based on performance to date, **the return on investment is positive at 1.43:1 i.e. for every £1 of public sector investment, £1.43 of net additional GVA is generated.** Taking account of persistent effects, the return on investment is 4.13:1 (£4.13 of net additional GVA generated for every £1 of public sector investment).

The final forecast outturn in terms of return on investment is 1.64:1 i.e. for every £1 of public sector investment, £1.64 of net GVA is generated.

[20] Impact of RDA Spending, BIS (2009)
[21] Value of £14,221 in 2009, adjusted for inflation up to 2022 to arrive at current prices estimate. Average CPI inflation rate of 2.7% pa 2009 to 2022 (ONS, www.ons.gov.uk/economy/inflationandpriceindices/timeseries)
[22] Value of £9,705 in 2009, adjusted for inflation up to 2022 to arrive at current prices estimate. Average CPI inflation rate of 2.7% pa 2009 to 2022 (ONS, www.ons.gov.uk/economy/inflationandpriceindices/timeseries)

7 Conclusions, lessons learned and recommendations

7.1 Introduction

The evaluation evidence demonstrates that DBOP is an effective programme, providing support which meets the needs of SMEs based in County Durham. The key conclusions and lessons are presented below. Where appropriate these are followed by a small number of recommendations which Business Durham may wish to consider when developing future business support projects.

7.2 Programme design and need for support to help County Durham SMEs to grow

- Overall, there is a clear need for a project of this nature in County Durham, both in terms of its original purpose, and more recently in supporting businesses to respond effectively to the impact of the Covid-19 pandemic. There is a clear rationale for investment, and the delivery model is appropriate, relevant, and sufficiently flexible to respond to changing conditions and SME demand.
- The Covid-19 pandemic impacted on every aspect of the Programme, including delivery, management, and administration. The delivery model, and delivery team have been sufficiently flexible to respond to these changes, continuing to deliver support to businesses based in County Durham, throughout periods of national lockdown, and restricted trading conditions.
- DBOP has become a well-established part of the business support landscape in the County with feedback indicating that its real value is in the Team's knowledge and their ability to signpost businesses towards the most appropriate support for their needs.
- As the business support landscape in the County changes (e.g. as a result of the closure of ESIF programmes, and the transition to UKSPF), it will be particularly important for the County's businesses to have access to expertise and knowledge to ensure they can continue to access the most appropriate support, to drive business growth, and improve economic prosperity in the County.

Recommendation 1: Business Durham should continue to have a Business Engagement Team, working directly with businesses to provide advice and support. This will be particularly important in the short-term, in helping businesses to navigate the anticipated changes to the business support landscape, ensuring they can continue to access and benefit from the support available.

7.3 Project performance

- Overall, progress towards lifetime financial and output targets is strong, despite a number of delivery challenges as a result of the Covid-19 pandemic. All financial, output and outcome targets are forecast to be achieved by the end of the Programme. However, the broadening of Programme scope to include businesses recovery as well as growth has made it more challenging to achieve some outcome targets e.g. new jobs created, and new businesses supported.
- However, the target of 170 new FTE jobs is achievable by the end of Programme delivery. Evaluation feedback from SMEs provides a good level of confidence that the overall project target can be achieved.

7.4 Delivery and management arrangements

7.4.1 Targeting:

- Overall, DBOP is well targeted and has engaged SMEs from across County Durham that operate in a variety of sectors.
- DBOP has also been effective at engaging businesses that have not previously benefited from business support, with 61% of businesses consulted saying that they had not accessed any other support prior to engaging with the Programme.

7.4.2 Awareness raising, interest and demand

- Demand for support from DBOP has met expectations and there has been a good level of engagement from businesses across the County. While demand for support from the five intensive strands in phase 1 varied, there has been good levels of demand for the each of the intensive strands delivered in phase 2. This reflects the finding from the interim evaluation that levels of demand are higher where there is a clearly defined offer and / or a clear business opportunity to pursue, for example Construction Routes to Contract Success.
- Evaluation feedback suggests that personal recommendations or contact from Business Durham or one of the contracted delivery partners, are important sources of SME referrals. Just over half (51%) of businesses reported that they first found out about DBOP through one of these routes.
- Evaluation feedback also suggests that the DBOP team has been successful in increasing awareness of DBOP by working with established and developing business networks. This has been an important source of referrals, with a high proportion of SMEs finding out about the programme from someone in their business network e.g. another business, an enterprise agency, delivery partner, or business support organisation.

Recommendation 2: The business advisor role, with a good knowledge of the business support available across the County, is valued by businesses and stakeholders. This role should be continued, with business advisors continuing to participate in business networks, listening to business needs to identify relevant support programmes, and make appropriate referrals.

7.4.3 Market position

- DBOP has become a well-established part of the business support landscape, which complements and adds value to other business support programmes. The team works collaboratively to share information and make appropriate and eligible referrals, which makes it easier for businesses to access relevant support. In addition, the intensive support strands have addressed gaps in provision and / or the specific needs of businesses in the County, avoiding overlap with other publicly funded programmes.

7.4.4 Delivery model

- Overall, the quality and the relevance of the support provided is highly rated by beneficiary businesses. The intensive strands of support have been the most effective in terms of relevance, quality and meeting the needs of businesses. For example, just over one third (34%) of beneficiaries of the intensive support strands felt it had met their needs and gone beyond, compared with 16% of those who had participated in only the awareness raising, engagement and advice activities. Meanwhile 46% of intensive strand beneficiaries said that the support met all of their needs, compared with 39% of awareness raising, engagement and advice beneficiaries.
- Businesses benefitting from intensive support were more likely to rate the overall quality of the support they received as either very good or good (92% compared with 81% of those benefitting from awareness raising, engagement and advice). The intensive support beneficiaries were also more likely to rate the relevance of the support to their business needs as very good or good (87% compared with 70% for awareness raising, engagement and advice beneficiaries).
- Evaluation feedback suggests that businesses are more likely to engage in a business support programme if it is linked to a specific business opportunity or the support is relevant to a business' needs.

Recommendation 3: Providing advice, participating in business networks, and signposting businesses to appropriate support is an important element of DBOP. However, this should be supplemented with targeted and specific support which is closely aligned to business opportunities or identified business needs e.g. raising awareness of contracting opportunities.

- For businesses that had benefitted from intensive support, the aspects of the support which had been most useful to them were the advisor / mentor; gaining practical knowledge to support business growth; and networking. Meanwhile, for the recipients of awareness raising, engagement and advice the most useful aspects of the support were networking; access to funding / other support programmes; and access to a business advisor.

- Feedback from staff and referral partners suggests that the programme has signposted and referred SMEs to a range of different support including the North East Business Support Fund (NEBSF), The North East LEP's Scaleup programme, Digital Drive and the SAM project, as well as legal advice, funding advice, and a wide range of workshops and seminars run by colleges, universities and private providers. However, there is less recognition of the referral process amongst businesses, with 63% of businesses consulted saying they had not been referred to any other business support and a further 10% who didn't know whether they had been referred.
- Staff feedback indicates that there has been no structured referral process and no consistent follow-up of referrals to monitor progress. This may account for the relatively low proportion of businesses reporting that they had been referred to another provider of business support, for example businesses may define a referral as having been introduced to another provider and / or having received support from them, rather than simply being provided with information on sources of business support.
- Nevertheless, feedback indicates that the referral and signposting element of the support works well and provides real added value, particularly as many businesses do not have the time, resources, or knowledge to put a programme of support together to address their various needs. This element of support relies greatly on the ability of business advisors to keep up to date with the changing business support landscape, and to develop and maintain personal connections and contacts.

Recommendation 4: A CRM would facilitate and improve the referral process, enabling business advisors to identify which programmes a business has previously been referred to, how the referral was made / the contact person, and the outcome of that referral.

- Overall, businesses were very satisfied with the Covid Recovery Grant scheme. All businesses who provided feedback on the scheme rated the application process as excellent and said that the Grant had made a significant difference to them.
- Feedback suggests that the Covid Recovery Grant was an effective way to engage with businesses that had not previously accessed business support services, with 50% of respondents saying that the Covid Recovery Grant was the first time they had accessed business support. It also indicated that the experience of working with DBOP advisors had encouraged businesses to seek further support, with 60% saying they had gone on to access further support.

7.4.5 Income generation

- A key part of DBOP was testing the willingness of businesses to pay towards the cost of business support. However, the majority of businesses (74%) reported that they had not been asked to make a financial contribution towards the cost of support, while 5% said they did not want to pay for support, primarily because they could not afford to. Meanwhile 20% of businesses that had accessed an intensive support strand had paid a contribution,

- During the second phase of Programme delivery, willingness and ability to pay for support is likely to have been impacted by the Covid pandemic. During this period many businesses were seeking support to survive or recover, rather than to grow, and the Covid support strand of activity was targeted at micro-businesses impacted by the pandemic with limited capacity to make a financial contribution.

- Where businesses have made a financial contribution, feedback indicates that they are more likely to pay for support that is specific and tailored to their business, and where a tangible service or outcome is received, for example the cost of an exhibition stand, branding and design work, or bid writing support. Conversely, businesses are less likely to pay for support that is more general in nature and widely available free of charge, such as networking events and workshops. These activities are provided through other ERDF-funded support initiatives, as well as by private sector providers who deliver free one-to-many sessions as part of their marketing and engagement activity.

- Evaluation feedback indicates both an understanding from businesses that some support services should be paid for, as well as a willingness to pay for some, alongside evidence of suppliers providing business support services on a commercial basis. However, there does not appear to be an appetite from businesses to pay for general business support, advice or signposting. Should Business Durham wish to charge for services in future, these services would need to be capable of delivering a tangible benefit to an SME, and not available elsewhere on a commercial basis.

- However, should Business Durham wish to encourage businesses to access commercial support, there are a number of options to consider, including:
    - A brokerage role e.g. identifying market demand and signposting businesses to appropriate providers.
    - Identifying market demand and arranging a 'free' introductory workshop or event to provide some initial high-level advice and create an opportunity for businesses to meet suppliers.
    - Enable businesses to access a grant subsidy towards the initial cost of accessing expertise on a commercial basis, either by signposting businesses to a relevant programme (e.g. NEBSF), or by offering a grant subsidy directly. This would help to reduce the risk for the business, while demonstrating the value of external expertise.

Recommendation 5: Rather than operating in a commercial market and competing with commercial providers, Business Durham could consider alternative options to ensuring businesses are able to access the support they need, which may only be available on a commercial basis.

7.4.6 Horizontal principles

- Changes to working practices introduced in response to the Covid-19 pandemic, have helped to further embed the two cross-cutting themes into project delivery. For example, removing the need for staff, beneficiaries and delivery partners to travel to meetings has increased environmental sustainability, while online delivery has helped to widen access to the project.

7.4.7 Project management

- Evaluation feedback suggests that the overall roles and responsibilities of the DBOP team works well, with the business engagement officers working in discrete geographic areas, developing 'long-term' relationships with businesses in their area, taking management responsibility for a specific intensive support strand contract, and having the flexibility to test out new approaches to delivery, and to develop their own way of working.
- Following the first lockdown in March 2020, Programme management, administration and delivery moved online, which led to some benefits, such as increased participation in networking meetings. However, as some businesses prefer face-to-face meetings, the team have adopted a hybrid working approach incorporating some online delivery, supplemented with in-person meetings.
- The DBOP Team are well-regarded by businesses, delivery partners, and business support organisations. Feedback indicates that the team are helpful and supportive, approachable, and easy to talk to, knowledgeable about the wide range of business support available, good at listening to business needs, and identifying appropriate support options, and are pro-active in their overall approach to Programme delivery.

7.5 Progress towards objectives, outcomes and impacts

- Evaluation evidence suggests that the project made good progress towards its five objectives. For example:
  - DBOP engaged businesses that have not previously accessed business support (61% of survey respondents).
  - There is a good volume of referrals reported by business support programmes, increasing the take up of business support initiatives by County Durham SMEs. However, only 26% of businesses consulted recognise that they have been referred.
  - Businesses consulted were positive about the value of business networks, including those established by DBOP, as the networks provide a good way for businesses to access new opportunities, increase their networks, and make connections.

  - 415 County Durham SMEs have been supported (June 2022). Over half of all businesses consulted have grown, or expect to grow turnover, and over one-third have created, or expect to create new jobs.
  - 20% of intensive support survey respondents reported that they had paid for business support.

- DBOP has had a positive impact on a range of business performance and growth indicators. For example, 57% of SMEs consulted have seen turnover increase or expect it to increase in the next 12 months, and a total of 170 new FTE jobs (gross) have been created or are expected to be created over the next year.
- A key aim of DBOP is to help businesses to identify, access and understand the different support available and how it can help them to develop and grow. Feedback from businesses suggests that the programme has made good progress against this objective, with 42% of all businesses consulted saying that, as a result of participating in DBOP, they have a better understanding of the support available to SMEs. A higher proportion (49%) of those benefiting from intensive support reported a positive outcome against this indicator.
- Businesses also reported a range of other benefits and impacts of the support, including improved skills and knowledge; improved business confidence; and access to new business opportunities. These impacts were greater amongst businesses who had accessed one of the intensive strands of support.
- The net additional GVA impact of DBOP is £2.7m. Including persistent effects, the GVA impact is estimated as £7.9m. The programme has also generated a positive return on investment of 1.43:1.

Appendix A: Acknowledgements

New Skills Consulting would like to thank the following for their input to the final evaluation:

Name	Organisation
Jonathon Armitage	NEL
Stuart Armstrong	Business Durham - DBOP
Guy Bashford	Business Durham - DBOP
Ben Gilhespy	County Durham Engineering and Manufacturing Network
Gillian Middleton	SME Innovation Programme, NE BIC
Joe Murray	CDC Enterprise Agency
Sue Parkinson	County Durham Economic Partnership
Pamela Petty	Aycliffe Business Network / Bishop Auckland and Shildon Business Network
Pam Reynolds	Business Durham - DBOP
Peter Rippingale	Business Durham
Debbie Simpson	SME Innovation Programme, North East BIC
Garry Stone	B2B: North
Lisa Wall	Business Durham - DBOP
Paul Welstead	Peterlee and Seaham Business Park
Alan Whittaker	Supply Chain North East, RTC North

Appendix B: Case Studies

Six of the businesses that participated in DBOP provided case studies for this final evaluation. These case studies illustrate how the support addresses the needs of businesses, as well as highlighting the benefits and impacts it generates for those who receive support. In addition, four of the businesses that provided case studies at the interim evaluation participated in a follow-up discussion to explore any further progress made and any longer-term impacts of the support. Below are the new case studies from the final evaluation, along with the updated case studies from the interim evaluation.

Case study 1: AAA Caring Caretaker Ltd
AAA Caring Caretaker Ltd offers a bespoke caretaking service, tailored to the needs of each individual customer. Richard H Tucker MBE and his family set up the business in 2015, having identified a gap in the market whilst managing both their own properties and those of their clients. Initially based in Newton Aycliffe, the company is currently planning a move to larger premises in Durham, to accommodate its growing workforce. The business now employs 41 staff, 27 of whom are ex-forces veterans, and 11 employees have some form of disability. This approach to staffing has earned the company the status of Disability Leader, held by only 3% of employers across the country. The initial support from the DBOP programme came in the form of a bid writing course, as Richard and his team wanted to access more corporate and public sector clients with the aim of winning bigger contracts. In addition, the team has benefited from the marketing workshops and has used their increased knowledge and skills to achieve the company's growth plans. With the support ongoing, Richard is in regular contact with the DBOP business advisors who provide regular updates on potential funding and other support. This includes signposting to other initiatives, such as a grant from UMI and support with an IT project from Digital Durham. As well as increasing its workforce, the company has won contracts with Hartlepool Marina, the MOD, and PD Ports. They also secured contracts with the NHS during COVID due to the specialist cleaning services they offer to the health sector. As a result of the additional contracts, the company's turnover has increased from around £100k per annum to an estimated £1.3m for 2022. The move to Durham, into premises the company will own, includes building three new warehouse and storage facilities. This is a new strand to the business, which forms part of the growth plans and has been in development for the last 18 months. Commenting on his experience of the support, Richard said: **"DBOP is a great programme and has been very helpful to us as a company. The team at Business Durham are tremendous – they go that extra mile to help you. They have supported us all the way through our journey to where we are now, a growing thriving company based in Durham."** He continued: "We have come a long way since 2015. We have all gained new knowledge and skills and with that comes increased confidence in our plans, which are ambitious and on target."

Case study 2: Creative Kitchen HQ Ltd

Consett based Jemma Kennedy set up Creative Kitchen HQ Ltd in January 2020 after leaving her job as a secondary school teacher. Creative Kitchen is a children's cooking school offering a variety of interactive cooking workshops suitable for toddlers to teens. Operating within the local community it runs workshops all year round, as well as holiday clubs. Describing her vision for the business Jemma said: **"My aim is to inspire children to develop a love of cooking. We want to support children and families to lead happy and healthy lives."**

Unfortunately for Jemma, not long after getting the company up and running COVID hit. In need of some support, Jemma contacted Business Durham who were able to help her access a COVID Recovery Grant of £500. The financial support was helpful, but just as valuable was the support from a business advisor, delivered virtually.

Jemma also attended a number of marketing workshops which she found very useful, particularly in helping her to rebrand the company with the aim of encouraging more boys to take up cooking. The rebrand proved successful, with Jemma now hosting a Teen Cook Club which is regularly attended by a number of teenage boys.

Creative Kitchen was able to keep trading throughout 2021 with a turnover of around £12,000. Having survived the challenges of COVID, the company is looking at an increase in annual turnover to about £65,000 and now employs four staff, plus an additional six seasonal workers to help with the summer holiday clubs.

As well as regular bookings from local schools, the workshops at the company's main base at Crookhall Community Centre have gone from strength to strength. Creative Kitchen is also extending its reach geographically, taking bookings from other areas including Chester le Street, Hexham and Sunderland.

Jemma is looking to take on a more strategic role within the company and is currently planning to offer Creative Kitchen as a franchise opportunity in other areas. She has recently launched the Little Global Chefs workshops, after working in partnership with another local company and winning a major contract worth £130,000 from Durham County Council and Sunderland City Council.

Commenting on her experience of DBOP, Jemma said: **"As a sole trader you are literally on your own and during lockdown networking stopped. There was no one to talk to so it was tremendous to be able to contact my business adviser and discuss the challenges I was facing. The support helped to keep me focused and see things from a different angle."**

Case study 3: Jag Design (4M) Ltd

Established by Gary Thompson in 2017, Jag Design (4M) Ltd is a driving force for innovation in the North East and beyond. It provides a service to innovators, entrepreneurs, and SMEs. The team at Jag create practical concepts, engineering solutions, working prototypes and business guidance to its customers across the UK.

Having worked with Business Durham for many years, Gary was interested in finding out what DBOP had to offer Jag Design. Through DBOP the company attended some networking events, which they found very beneficial in terms of meeting new customers and finding out what other companies in the local area were doing. Commenting on the benefits Gary said: **"The networking opportunities are great for our business as we are always looking for opportunities and we get most of our business through word-of-mouth."**

The support from DBOP has contributed to an estimated increase in turnover of around 130% and the company is looking to employ about one hundred staff in its sister company, set up in 2020, within the next year.

The company is currently working on the development of three new energy systems that aim to eradicate fuel poverty, and Gary and his team are also working as lead engineers on the development of a 'vertical farm' project for a major PLC.

Commenting on the support from Business Durham Gary said: **"The staff are very experienced and knowledgeable. They work closely with the local SME communities, so they are in touch with what is happening."** He continued: "Once people contact DBOP they will see there is potential for growth within their company."

Case study 4: Pattinson & Milburn Training Ltd

Shildon based Pattinson & Milburn Training Ltd began trading in 2010, offering a range of leadership and management development programmes and Apprenticeships training. Managing Director Liz Pattinson worked hard over ten years to grow the business, but by 2020 it had been impacted by a combination of COVID lockdowns, changes to the delivery of Apprenticeship qualifications, and her partner leaving the business.

Liz knew she had to make some changes to the business in order to survive and sought support from Business Durham to help her with this. Liz said: **"I knew I needed to take the business in a different direction due to the impact of COVID and the other changes that had taken place. I basically had to start from scratch, I needed a new direction but wasn't sure how to begin that process."**

This is where Business Durham came in. Working closely with her business adviser, who introduced her to some networking opportunities, Liz was also encouraged to sign up for some marketing training. Commenting on this, Liz said: "Marketing is very different now, it's all about social and digital media which I knew nothing about! I found the training courses and materials very helpful." She was also signposted to additional support from Digital Durham, who advised on the development of a new website and got her started on setting up various social media platforms to raise awareness of her new business offer. She is also working with Business Doctors on strategy development and implementation.

Pattinson & Milburn Training Ltd now offers a range of learning and development programmes and accredited and non-accredited courses to support local companies' workforce development strategies and plans. The company has also expanded into the Health and Social Care sector and has secured new customers in the public sector.

The new business model is starting to show positive results for Liz, with turnover increasing slightly, gaining new clients and her business confidence beginning to grow. Alongside the development of her new website, Liz is attending the forthcoming EMCON event to engage with potential new clients in the engineering and manufacturing sector and plans are also in place to deliver training as part of the local Adult Education programme.

Reflecting on her experience, Liz said: **"It has been a turbulent three years and I can't thank the team at Business Durham enough for all their support. They have always been there when I needed them. I would encourage anyone in business to contact them as working with them helps you to make your business better."**

Case study 5: Renovo Solutions Ltd

Stanley based Renovo Solutions Ltd manufactures cutting tools and is the only CNC equipped rotary tool manufacturer in the north of England. The company, which began trading in September 2020, aims to make its customers more profitable by improving the efficiency of their tooling and data processes through industry 4.0 tooling and data solutions.

Company founder and MD, Antony Gray, was introduced to DBOP through the Engineering and Manufacturing network. Renovo was seeking grant support and capital investment and wanted to gain experience and knowledge on how to structure funding bids. Antony explained: **"Basically we were looking for someone to share their knowledge and skills with us and that is exactly what we got. Our business adviser had a great understanding of our business and a belief in our project."**

The company had a clear growth strategy in place and needed capital investment of £250,000. With the support of DBOP, a successful grant bid of £100,000 was the lever needed to release the capital investment. This enabled the company to invest in new machinery, which led to new ways of working, new markets, an increased customer base and an increase in turnover and profit.

The team at Renovo Solutions have ambitious plans for the future, to further increase market share and profits, as well as taking on more staff including two Apprentices, a sales director and marketing support. These new additions to the team will support Renovo's plans to increase demand from larger blue chip companies across the UK.

Reflecting on the DBOP support, Antony said: **"The staff at Business Durham have been great in signposting us to funding streams that meet our needs as we continue to grow as a company. The support we have received has had a significant impact on us and that is why we will continue to call upon our business advisor, whose knowledge and experience of our industry is invaluable to us. Without the support we would not be where we are today."**

Case study 6: Stiller Warehousing and Distribution Ltd

Based on Aycliffe Business Park, Stiller Warehousing and Distribution Ltd is a well-established family-owned company that has been operating for more than seven decades. The company's 170 staff take pride in delivering high quality warehousing, distribution services and commercial property solutions across the UK

The Company access support through DBOP having worked with Business Durham over many years. Business Development Manager Tom Prentice explained: **"We work very closely with Business Durham. They are always our first port of call whenever we develop a new business idea as we know we can rely on them for support."**

Tom also sits on the board of the Aycliffe Business Park and believes that Business Durham is a fantastic supporter of the work of the board: "Their support of our networking events is invaluable to all the companies, whatever their size or sector they operate within. In my work as a board member, I actively raise awareness of the support available from Business Durham."

Renovo's growth continues, some of which Tom says is directly attributable to the support from Business Durham. During the last five years the company's workforce has grown from 120 to 170, while turnover continues to increase at pace. A projected growth of more than £5m this year will take annual turnover to approximately £20m.

Recently Stiller Warehousing and Distribution Ltd won the North East Business Awards Service Company of the Year. Having been nominated for the award by peers in the North East, Tom said: "We were honoured to accept the nomination and astounded when we won! It is a true reflection of the ethos of our company."

Tom and the team are now looking to expand the warehousing side of the business by developing a new fulfilment centre that will offer a unique service to their customers. This development coincides with a move into the Hazchem market, which began in 2019 in response to customer demand.

Commenting on the next steps for the company Tom said: **"Business Durham have supported our growth plans all the way. The staff always show an interest in what we are doing. The team is astutely aware of what is going on across the county, any queries are dealt with quickly and answered honestly, this saves us time and money. I rate them 100%."**

Follow-up Case Study 1: Ashgarth Engineering

Following redundancy, friends Niall Ash and Paul Westgarth decided to use their wealth of experience in producing high quality CNC machined components to set up Ashgarth Engineering. Established in 2017, Ashgarth Engineering offers a subcontract engineering service to its customers, specialising in the supply of high-volume precision machined components. At the time of the interim DBOP evaluation, the Consett-based business employed five members of staff.
After a visit from a DBOP business advisor, the company decided to attend EMCON, the annual exhibition organised by the Engineering and Manufacturing Network. Through the Incubator Zone strand of DBOP, a small financial contribution gave the fledgling company a stand at the event, as well as access to professional design and printing services, which produced a suite of marketing materials to be used at EMCON and future exhibitions.

A business adviser also worked with Ashgarth's partners to look at future growth of the business, signposting them to Sunderland University's ERDF-funded SAM Project (Sustainable Advanced Manufacturing). An application for funding from the SAM Project was successful and the company received a financial contribution of £35,000 towards the purchase of a new CNC machine. This helped to sustain business growth and allowed the company to bring in two new employees.

When we spoke to the company again in 2022, it was clear that this growth had continued. Now with a workforce of 16, market growth has been supported by the appointment of dedicated sales and business develop staff. Turnover increased from £580,000 in 2020 to £1.3 million in 2022 and continues to grow. And while the company remains in Consett, it has relocated to bigger premises on the business park.

Commenting on the support from DBOP, Niall said: **"The signposting to sources of funding has been invaluable. It allowed us to purchase new equipment and gave us invaluable experience in completing funding applications."** More recently the company has been successful in securing £64,000 from the Rural Payments Agency and £70,000 from the County Durham Grant Fund, which has enabled them to invest further in accessing new markets.

Despite having to revise the timing of growth plans due to COVID, the company is now back on track and actively seeking further funding opportunities to support its growth plans. Commenting on this, Niall said: **"One of the greatest benefits of the DBOP programme was the initial support we received which led to our first grant. Seeking funding opportunities is now part of our business planning processes to support our aggressive business growth plans."** The company also continues to attend the EMCON events, which Niall describes as "a great networking opportunity that allows us to raise brand awareness".

Follow-up Case Study 2: Cake Ninja / ATOMS Education

Cake Ninja started life making custom-made cakes, confectionaries and treats, and catering for special occasions. The company was set up by sole trader Stacey Deinali, a qualified Early Years teacher who saw an opportunity to expand the business into the education sector. In May 2019 Stacey formed ATOMS Education, a Community Interest Company that delivers community-based educational workshops to children aged 4 to 16. However, while she was full of ideas for the business, Stacey was struggling to put them into action.

A visit to her local Job Centre led to Stacey signing up to the DBOP programme. Initially the support came in the form of workshops on business planning, finance and marketing. Stacey took advantage of the support from the Food and Drink Network, which gave her the opportunity to take her goods to the Pop-Up Shop for food and drink producers in County Durham. The Pop-Up Initiative organisers asked Stacey to deliver one of her ATOMS workshops and the business began to grow. Stacey was also signposted to the New Enterprise Allowance scheme, enabled her to buy essential equipment for the business.

Cake Ninja subsequently became a subsidiary of ATOMS Education, employing five people. The company extended its workshop offer to include after-school clubs and community groups and extended its geographical reach to Cramlington and Sunderland, as well as increasing its private catering work.

By the time we caught up with Stacey in 2022, the company had grown its staff to 16 people, with plans to turn these jobs into full-time positions. The business has also been successful in securing further funding to support its growth, including grant funding from Believe Housing to support Family Cooking projects, as well as funding from the County Durham Community Foundation, and funds to support Fun in Food projects across the county.

Whilst COVID lockdowns brought the company's work in local communities to an abrupt halt, they identified an opportunity to develop a stationery pack and activity sheets, which led to a successful bid to the National Lottery Fund and the project being rolled out nationally. The business also received support from the Area Action Partnership to support children during the COVID lockdown Over a period of a year over 4,500 children took part in online sessions and the support continues to reach hundreds of children each year.

Further new markets have opened up through the Adoption Agency in Sunderland; PRIDE events in Durham and Newcastle; and the development of SEND education sessions funded by The School for Social Entrepreneurs, which Stacey was signposted to by Business Durham.

As the hard work continues Stacey and her team are looking to extend their offer to adults in local communities, to give them the skills to work with children supported by a team of locally-based experienced managers. Commenting on her experience of DBOP Stacey said: **"If I hadn't had the support and advice at the very beginning, I don't think we would be in this position now. Our confidence has grown. It has been an amazing journey to date, and I would highly recommend Business Durham to anyone who is thinking of starting a business."**

Follow-up Case Study 3: Pixel Media / Digital Edge

Pixel Media Design Ltd began life in 2017 in the conservatory of one of its founding partners. Ian, a former teacher, and youth worker Graham saw an opportunity to put the North East on the business map of the UK. Keen to do something different, they set about developing their idea to deliver high value digital design through creativity and collaboration. In the Spring of 2017, the business moved from the conservatory to a unit on Aycliffe Business Park.

The company found out about DBOP when they went along to one of the free networking events at Aycliffe Business Park. The event also introduced them to a DBOP business advisor, who helped them access some useful business courses and further networking opportunities. Ian and Graham also took up the opportunity to exhibit at EMCON, and a small financial contribution to the event gave them access to a suite of marketing materials as well as a workshop on the do's and don'ts of effective exhibiting.

With the business growing its client base from three to 200 in two years, and turnover increasing by around 50% per annum, the company decided to employ a Digital Media Apprentice to help manage the increasing workload. This is a decision they describe as a win-win - supporting the development of young talent at the same time as supporting the company to grow.

By 2022 the company had grown further. While COVID put a stop to the in-person networking opportunities, a strong client base and a reputation for delivery enabled them to continue trading on repeat business. During this time Ian also met with Scott and Jo from Infuze design through virtual networking. Ian said: "At the time both companies were looking to grow, and we had a mutual WIX platform account manager. Through our online discussion it made good business sense for us to work together to achieve our ambition of being the largest WIX agency in Europe."

The company now has offices in both the North East and Gloucestershire, employing ten staff and with plans to double the workforce within the next year. A recent addition to the workforce is an Apprentice who recently won the Aycliffe Business Awards Apprentice of the Year. Since the merger took place the company turnover has increased, with a forecast to double turnover in the next year and future plans to increase Wix market share from the current 2% to between 5% and 10% over the next two years.

Commenting on the next steps for the company Ian said: **"Our plans are to be the biggest digital agency in the North East first and then the UK! I know that could be viewed as a ridiculous comment, but we have the belief, the talent, and the ambition to achieve this.** We are now classified as a WIX enterprise partner, which will help us to expand the business into new sectors and increase our already expanding global market. We currently have negotiations underway in the USA, Australia, New Zealand, and Singapore." Commenting on the value of the DBOP service, Ian continued: **"We actively seek support for our business to support our plans for growth. Business Durham is one of our main contacts. They are completely impartial and brilliant at signposting."**

Follow-up Case Study 4: Saplings Kindergarten and Forest School

The staff at Saplings Kindergarten and Forest School offer a unique and exciting outdoor nursery environment to children from early years up to Key Stage 2. In May 2017 Saplings was established as a Community Interest Company based in Peterlee. It began trading in January 2018 and now employs four staff.

Voluntary Director and Outdoor Learning Manager, Georgina, was looking for support to raise awareness of their unique offer in the local community and sought advice from the Early Years Team at Durham County Council. This led to Saplings being signposted to DBOP, and in particular the specialist support offer for the Childcare Sector.

Georgina wanted help to develop her skills in marketing and business development. She attended a number of workshops and received one-to-one mentoring to help build her skills and confidence in business planning. She also received some tailored advice and guidance on the governance of the CIC. Georgina felt the business had benefited from the DBOP support in a number of ways, including a £10,000 increase of turnover in the second year of trading, improved marketing skills, and continued stable employment for four members of staff.

Commenting on the support Georgina said, **"The support I received was very useful and easy to understand. It was down to earth and pitched at the right level, which helped to build confidence in my abilities."**

When we spoke to Georgina again in 2022 the company had successfully raised its social media profile, resulting in an increase in turnover of around 10%. The four staff all now have permanent contracts and plans are in place to bring in at least one more member to the team. While COVID led to a temporary closure of the nursery, Georgina and her team used the time during lockdown to further develop the outdoor space of the Forest School, which meant they were up and running as soon as the lockdown rules were eased. Saplings was also successful in its applications to the Area Action Partnership for a £500 grant and received £7,000 from the NHS Connect a Grant, which enabled them to offer free places in their new outdoor baby group.

Plans for the future include seeking more permanent funding to allow the outdoor baby group to continue beyond its first year; to further develop the Forest School through funding for holiday clubs; and to take on an Apprentice to support this development.

Commenting on her experience of DBOP, Georgina said: **"It has been great to track the journey and progress of our company. Having the input from DBOP right at the beginning of our journey was a tremendous help and their enthusiasm for our project was great. Someone else believed in me and this gave me the confidence to take my idea forward."** She continued: "I would encourage anyone with a business idea they are passionate about to get in touch with the staff at Business Durham."

Appendix C: Map of County Durham

North

East

South/West

New Skills Consulting
Spaceworks
Benton Park Road
Newcastle, NE7 7LX

www.newskillsconsulting.co.uk

@NewSkillsTweets

Peter Graham

peter@newskillsconsulting.co.uk
0191 223 6720

September 2022