Summative Assessment of the Advanced Engineering and Digital Innovation Business Acceleration Hub (AEDBAH)

Report

December 2021

ERS
48 Corn St
Bristol
BS1 1HQ

T: 0117 927 3401
E: bristol@ers.org.uk
www.ers.org.uk

Table of Contents

Executive Summary 2

1. Introduction.....3

2. Relevance and consistency 4

3. Progress: outputs, outcomes, and impacts.....9

4. Delivery and management 12

5. Economic impact assessment 28

6. Conclusions and lessons 30

Appendix: Economic Impact Assessment.....31

EXECUTIVE SUMMARY

E.1 This is a summative assessment of the £1.5 million European Regional Development Fund (ERDF) investment in the Advanced Engineering and Digital Innovation Business Acceleration Hub (AEDBAH) which, together with additional significant financial support from universities, local authorities and private businesses, provided a £2.9m investment to support the growth of advanced engineering and digital innovation businesses.

E.2 The Project has been delivered through the University of Bath's SETsquared Centre, in partnership with the University of Southampton and four local authorities (Bath & North East Somerset Council, Bristol City Council, North Somerset Council and South Gloucestershire Council).

E.3 It has provided start-up, scale-up, open innovation and investment support programmes, aiming to help grow 100 digitally innovative businesses and 130 advanced engineering businesses over three years. More particularly, the project has sought to enable these businesses to undertake research, development and innovation leading to the adoption and commercialisation of new products, services and technologies.

E.4 From interviews with the project team, a review of project documentation and data, survey responses from 8.1 per cent of the circa 250 businesses supported and an assessment of economic impact, the following key findings emerged:

- **Relevance and consistency**: the project remains relevant and consistent with national economic and innovation policies, with its fundamental rationale – a need to address market failure – still holding true.
- **Progress**: the project made steady progress against the aims and objectives.
- **Delivery and management**: delivery and management of the programme was generally good.
- **Impact**: the economic impact attributable to the project is currently modest, but can reasonably be expected to grow over time as the benefits derived from the support provided translate to higher levels of turnover and more job creation.
- **Assessing the value for money**: the project has successfully leveraged in substantial additional funds (matching the ERDF investment) and has laid the foundations for future commercial success through the exploitation of the innovation undertaken.
- **Conclusions and lessons learned**: The sector that this project covered was and still is in need of business support, but should focus on longer term, ongoing support. Communication by the programme to stakeholders and beneficiaries could be reviewed as a lessons learned activity, to improve on future programmes.

1. INTRODUCTION

1.1 In December 2021 ERS was appointed to undertake a summative assessment of the £1,470,411 European Regional Development Fund (ERDF) investment in the provision of start-up, scale-up, open innovation and investment support programmes to businesses across the West of England Local Enterprise Partnership area.

1.2 The requirements of this exercise were to undertake a summative in line with ERDF guidance for Project Summative Assessments and the relevant appendices, published by MHCLG. This summative assessment sets out the experience of implementing the ERDF project, the difference the project has made, whether it has provided value for money, the lessons which can be learnt from the experience and whether there is a case for future funding of this type of activity (and what this might involve).

1.3 It is based on the following:

- A comprehensive review of relevant documents and data, including the ERDF funding application, quarterly monitoring reports and the project's Logic Model.
- Interviews with the project delivery team, delivery partners and other stakeholders
- An online survey of 250 businesses supported. A total of 21 responses were received, representing a 8.4 per cent response rate.
- Qualitative and quantitative analysis of primary and secondary evidence.
- Assessment of economic Impact and value for money.

1.4 As per ERDF reporting guidance, the evaluation report covers the following core sections:

- **Relevance and consistency**: the continued relevance and consistency of the Project, in light of any change in policy or economic circumstance during its delivery period.
- **Progress**: the progress of the Project against contractual targets, any reasons for under or over performance, and the expected lifetime results.
- **Delivery and management**: the experience of implementing and managing the Project and any lessons which have emerged from this.
- **Impact**: the economic impact attributable to the Project, including both the intended and actual outcomes and impact.
- **Assessing the value for money**: the cost-effectiveness of the Project.
- **Conclusions and lessons learnt**: Overall conclusions based on analysis of the above areas.

2. RELEVANCE AND CONSISTENCY

Project Overview

2.1 Delivered by the University of Bath's SETsquared team, the project has been based on the development of two business acceleration hubs, covering:

- Advanced Engineering, focused on the automotive (and aerospace) sectors; and
- Digital Innovation, primarily for the Health, Wellbeing and Creative Media sector.

2.2 The Project has employed a dedicated Manager and two dedicated Action Researchers, all on a full time basis. In addition, another 26 University of Bath staff were allocated to the project, ranging between 5% - 40% of a Full Time Equivalent (FTE). Each strand was led by a Project Director from the University (Professor Gary Hawley for Advanced Engineering and Professor James Blizon for Digital Innovation).

2.3 The project sought to deliver start-up, scale-up, open innovation and investment support programmes to support the growth of 130 advanced engineering businesses and 100 digitally innovative businesses over a period of three years (subsequently extended to three and a half years). Specifically, the Project has sought to enable SMEs in these sectors across the West of England Local Enterprise Partnership (LEP) area to undertake research, development and innovation. In turn, this was expected to lead to the adoption and commercialisation of new products, services and technologies that would drive growth and productivity within the two target sectors.

2.4 The delivery model comprises the following elements:

- **Start-up support** to potential enterprises to help them validate their innovative product/process ideas. This has involved the provision of 12 hours of intensive support/workshops led by experienced entrepreneurs and supported by mentors/ researchers. Suitable businesses have also had access to grants of up to £10,000, have progressed to scale-up support and benefited from University of Bath research, development and innovation (RD&I) expertise.
- **Scale-up support** to existing SMEs, involving mentoring, product/process development guidance and validation, access to grants to support product/process development, and support from University of Bath RD&I to assist with product/process development.
- **Open innovation** bringing together SMEs, researchers and UK and Multinational Corporates to: exchange knowledge; support RD&I projects; provide mentoring; and bring together SMEs and large corporates to explore supply chain opportunities.
- **Investment** providing guidance to SMEs on how best to present their businesses and technologies to investors, together with introductions and access to investor networks already working with SETsquared and other partners.
- **Business Support** involving specialist commercial and technical support from an Entrepreneur in Residence and an Action Researcher (both dedicated posts), as well as University of Bath sector experts.

2.5 Prospective beneficiaries were expected to be drawn from the following Standard Industrial Classifications (SICs):

Digital Innovation for the Health, Well-being andCreative media sector	Advanced engineering focused on the automotive(and aerospace) sectors
18 : Printing and reproduction of recorded media	30 : Manufacture of other transport equipment
26 : Manufacture of computer, electronic andoptical products	291 : Manufacture of motor vehicles
27 : Manufacture of electrical equipment	292 : Manufacture of bodies (coachwork) formotor vehicles; manufacture of trailers and semitrailers
58 : Publishing activities	293 : Manufacture of parts and accessories formotor vehicles
59 : Motion picture, video and television programme production, sound recording andmusic publishing activities	303 : Manufacture of air and spacecraft andrelated machinery
60 : Programming and broadcasting activities	304 : Manufacture of military fighting vehicles
61 : Telecommunications	309 : Manufacture of transport equipment n.e.c.
62 : Computer programming, consultancy and related activities	
63 : Information service activities	
72 : Scientific research and development	
86 : Human health activities	
87 : Residential care activities	
88 : Social work activities without accommodation	
90 : Creative, arts and entertainment activities	

2.6 The Project has been overseen by a Steering Group comprising representatives from the strategic partners, the Project Manager and the Project Directors responsible for each strand. It has met approximately every six months, with the remit of ensuring the project remains on track, identifying and resolving issues and aligning the Project with other business support in the West of England LEP area.

2.7 Consultations suggested that the combination of management groups, steering groups and the dedicated project management was broadly effective.

Context

2.8 At the time of funding for the Advanced Engineering and Digital Innovation Business Acceleration Hub (AEDBAH), the Industrial Strategy[1] was the overarching national agenda in the UK. The Industrial Strategy was developed to boost productivity amongst businesses via investment in skills, industries and infrastructure which would also lead to the creation of high quality, well paid and secure jobs. Evidently, this project has sought to support this agenda through the creation of more and better jobs across the West of England LEP area in high value businesses.

2.9 The Industrial Strategy was built on 10 Pillars, the most relevant to this project being:

- Investment in science, research and innovation
- Supporting businesses to start and grow
- Cultivating world-leading sector
- Crating the right institutions to bring together sectors and places.

2.10 The UK Digital Strategy (DCMS, March 2017) set an ambition to make the UK the best place to start and grow a digital business. It highlights the following as important determinants of sector growth:

- a flourishing eco-system to support businesses within the sector.
- potential opportunities for digital businesses in other sectors, including health.
- the ability to commercialise bright ideas.
- the need to support both start-up and scale-up digital businesses.

2.11 In respect of the digital strand of the Project, it is clear that activities were designed to address each of the above issues.

2.12 Further, the West of England LEP area had established advanced engineering and digital sectors. The former included the largest aerospace and defence cluster in the UK. The latter was recognised by Creative England in citing Bristol as part of the 'creative triangle', alongside Manchester and London, whilst NESTA listed Bristol and Bath as two of nine hotspots for creative industries outside of London.

2.13 Indeed, the West of England's Strategy Economic Plan (SEP) highlighted five priority growth sectors, two of which align the two strands of this project. The West of England EU Structural and Investment Fund (EUSIF) cited Advanced Engineering & Aerospace, Hi-Tech and Low Carbon as priority sectors and mentioned that the further development of the Digital and Creative industries was reliant on R&D and appropriate support mechanisms. It advocated supporting innovation and forging stronger linkages between higher education institutions and local businesses.

[1] HM Government (2017). Industrial Strategy. https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/664563/industrial-strategy-white-paper-web-ready-version.pdf

Rationale

2.14 Funding for this project was awarded under European Structural & Investment Funds Investment Priority 1b: "promoting business investment in research and innovation." Its specific objectives are to:

- Increase investment in research and innovation by SMEs in sectors and technologies identified through smart specialisation; and
- Increase the number of SMEs engaged in knowledge exchange, collaborative and contract research and innovation with research institutions, public institutions or large enterprises in order to help them bring new products and processes to the market

2.15 ERDF grants are predicated on a need to address market failure by facilitating activities that would not happen without public sector intervention. In respect of projects of this nature, the rationale was set out in "The Case for Public Support of Innovation" (BIS, July 2014). This summarised the market failures into eight categories:

- **Character of science and technology**: the scale of scientific or technological challenges is too great (and risky) for individual businesses to tackle.
- **Market power**: the dominance of one or more existing businesses in a marketplace, making it difficult and/or expensive for new entrants to secure a foothold in the market.
- **Externalities:** any number of factors beyond the control of the business, such as the need to access create/networks of collaborators.
- **Information asymmetry**: not all businesses have access to crucial technical and/or market information.
- **Capability Failure**: some businesses lack the skills/resources/productive capacity to exploit innovation opportunities
- **Network Failure**: networks either do not exist or function poorly.
- **Institutional Failure**: institutions/the governing infrastructure/government policies operate in ways that impede innovation.
- **Infrastructural Failure**: investment in infrastructure that could support innovation is inadequate or inappropriate.

2.16 In this case, research had previously identified a need to specifically focus upon nurturing and building an advanced engineering SME network.

Funding and Costs

2.17 The University of Bath was awarded £1,470,411 of European Regional Development Fund (ERDF) monies as a 50 per cent contribution to the estimated costs of its project. These figures are as per the funding agreement with the Ministry of Housing Communities and Local Government (MHCLG).

2.18 A breakdown of funding by sources and as originally allocated per year is set out in the table below.

Funding Sources	2018/19 (£)	2019/20 (£)	2020/21 (£)	Total (£)
ERDF	334202	535430	459054	1,470,411
Public match	304203	475430	449055	1,370,414
Private match	30000	60000	10000	100,000
Totals	**668405**	**1070860**	**918109**	**2,940,825**

2.19 The project commenced on 1 May 2018 and was scheduled for completion by 30 April 2021, subsequently extended to 31 December 2021.

Summary

2.20 **In summary, ERDF investment in AEDBAH was essential in addressing market failure and very well aligned with all relevant strategies. Insofar as can be judged within an evolving policy and funding environment, this remains the case.**

3. PROGRESS: OUTPUTS, OUTCOMES, AND IMPACTS

Outputs

3.1 Target outputs and achievements to the end of December 2021 are summarised in the table below.

Outputs			
Indicator	**Target**	**Actual (to end December 2021)**	**Performance against target (%)**
CO1 - Number of enterprises receiving support	230	207	90
CO2 - Number of enterprises receiving grants	65	34	52
CO4 - Number of enterprises receiving non-financial support	165	182	110
CO5 - Number of new enterprises supported	70	98	140
C06 – Private Investment matching public support to enterprises (grants)	£100000	64439	64
CO8 - Employment increase	10	15.5	155
C026 – Number of enterprises cooperating with research entities	10	8	80
CO28 - Number of enterprises supported to introduce new to the market products	10	18	180
CO29 - Number of enterprises supported to introduce new to the firm products	56	13	23

Outcomes and Impacts

3.2 This section of the report explores the emerging outcomes and impacts of AEDBAH, focusing on:

- Initial evidence of outcomes and impacts for beneficiaries; and
- Wider outcomes and impacts.

Beneficiary Outcomes

3.3 An e-survey of SME beneficiaries asked a series of questions in order to understand the outcomes and impacts that AEDBAH had generated for them. A link to the e-survey was disseminated to circa 250 SMEs, with 21 responses received, representing a 8.4 per cent response rate.

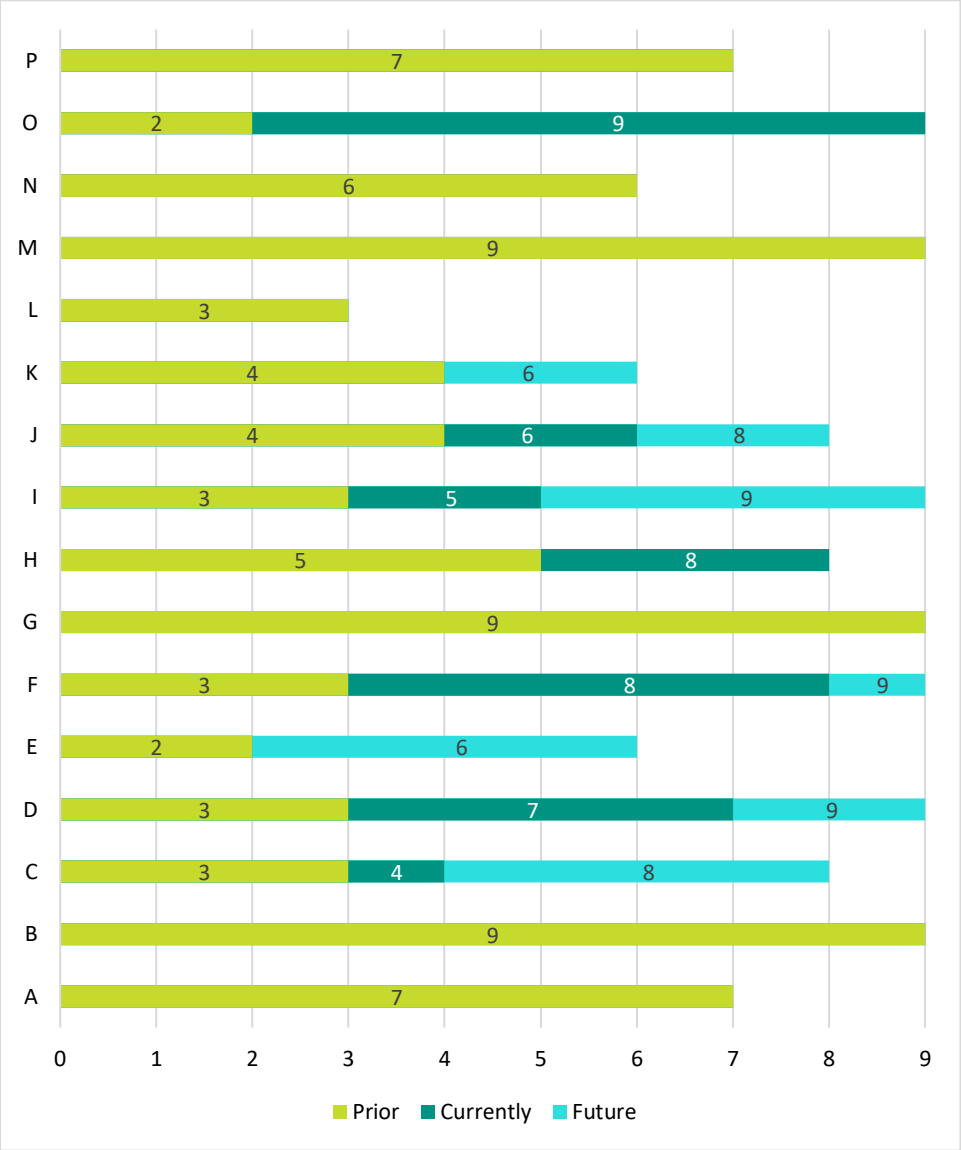
3.4 The support from AEDBAH has generated a number of positive benefits for beneficiary SMEs. 56.3 per cent of respondents reported that they had introduced new or significantly improved management processes. Similarly, 43.8 per cent of respondents had improved technical capability or understanding. Over a third of respondents had improved efficiency. Just under a third (31.3 per cent) of respondents had introduced new or significantly improved processes.

3.5 Full Time Equivalent (FTE) employment had increased for three survey respondents and all of these respondents felt the increase in employment could be attributed to the support received via the Project.

3.6 Four SMEs have experienced an increase in turnover over the last year, with each of these SMEs attributing an average of 21.5 per cent of the increase to the support received. Additional respondents, involvement with the AEDBAH programme and the information and learning gained, is believed to have helped reduce potentially greater losses in the future.

Wider Outcomes

3.7 The wider outcome summary is below:



Summary

3.8 **In summary, the project has performed extremely well against its target outputs and feedback from the survey of businesses clearly demonstrates the quality and value of the support provided. Survey responses confirm that, in a large proportion of cases, the advances made would not have been possible or would have been subject to significant delays without engagement with the AEDBAH and that via the programme, the groundwork has been laid for future success.**

4. DELIVERY AND MANAGEMENT

4.1 Delivering a business support project has its challenges at the best of times but doing so during the COVID-19 pandemic will inevitably have added another layer of complexity.

Marketing and Recruiting Beneficiaries

4.2 It was anticipated that referrals would come through via the following routes:

- The West of England Growth Hub
- West of England Local Authorities
- The Automotive SME network (established by the University of Bath)
- The Assisted Living Action Network (ALAN) (co-founded by the University of Bath)
- The West of England Academic Health Science Network
- University of Bath's Centre for the Analysis of Motion, Entertainment Research and Applications (CAMERA)
- University of Bath's Centre for Digital Entertainment (CDE)
- Industry bodies and networks and large corporates and multi-nationals

4.3 In respect of the local authorities, not all have company databases and whilst those that do can identify engineering businesses relatively easily, those involved in digital innovation are much more difficult to identify given the absence of a specific Standard Industrial Classification (SIC) code for such businesses – notwithstanding many relevant SICs having been listed, as per paragraph 2.4 of this report. In addition, many such businesses are relatively new and so do not appear on many of the standard business registers. As such, to some extent, promotion of the Project has been reliant on the local knowledge of local authority economic development teams as to where such businesses might be located.

4.4 Inevitably, COVID has been a factor, reportedly in a number of respects. Within some local authorities there has been a redeployment of staff in order to deliver support measures to businesses that have been especially badly hit by lockdowns, other Covid-related restrictions and changes in consumer behaviour. Such businesses are predominantly in the retail and hospitality sectors, rather than those that are the focus of this project. Some of those consulted, reported a significant reduction in their capacity to facilitate delivery of the Project.

4.5 In addition, it is believed that many businesses that might otherwise have engaged with the Project were forced to address more urgent priorities. These included their own health/that of their staff and the negative impacts of Covid-related issues on the markets they were serving.

Project delivery staff

4.6 Consultees involved in the delivery of the AEDBAH project had mixed feedback on the clarity of the aims and objectives of the programme. Most consultees felt that the aims and objectives were well defined and felt that it was clear that the project was set up to offer free support to businesses where they would otherwise struggle to obtain this 'off the shelf'. However, two consultees who principally

liaised with an action researcher noted that they were unsure of the metrics that were being used to assess the project's aims and objectives, and it was not always clear how delivery staff fitted into them. Speaking to consultees who interacted directly with beneficiaries, the feedback was that the project's objectives were easy to explain, particularly through the use of case studies which could be used to exemplify how a business could utilise the support available.

4.7 When asked which areas businesses most expressed a need for support with, in relation to the project, several consultees highlighted grant writing in order to raise investment as a key area of demand, particularly since many of the beneficiaries were start-ups. One consultee highlighted the ability of the project to increase visibility for start-ups, which was key for those who were looking to obtain their first investment. Two consultees highlighted the broad offering of support within the project, as well as the size and variety of the talent pool of consultants as a benefit to beneficiaries.

> *"One of the things that SETsquared is able to do is be diverse enough to put people in touch with the right person at the right time. [For example] if a company needs academic support, SETsquared is able to do that – which other business incubators can't."* – ***Delivery consultee***

4.8 Overall, delivery consultees felt that the offering of the project aligned with the demand of local businesses and their strategies, commenting that it fitted well into the wider ecosystem of support in the local area, and plugged a hole that was otherwise unfulfilled in terms of businesses being able to collaborate with universities but not having the financial capability to do so. One consultee raised the fact that the project had not only facilitated academic-business collaboration, but also "led to sometimes bigger and better collaborations going forward – be it research projects, knowledge transfer partnerships [or] bids with Innovate UK".

4.9 While targets were an area that most consultees felt unable to comment on due to not being closely enough involved with this aspect of the project, two noted that targets had been reached by the end of the project. One consultee described the COVID-19 pandemic as being a limiting factor in terms of progress which was quickly adapted to by the project delivery team in order to stay on track with targets.

> *"We adapted very quickly to ensure that we still had a workshop that had impact and was effective. Initially we had a lot of work to do to get it right, but in many ways Covid has taught us that you don't need to be a room, and sometimes it's more convenient [not to be]."* – ***Delivery consultee***

4.10 When asked about leadership and culture on the project, feedback from consultees was generally positive. Most consultees felt that the leadership of the project was efficient and communication between management and delivery staff worked well, noting that this was likely to be due to the project manager having previously run similar ERDF projects.

4.11 With regard to delivery structures and processes, two consultees felt that the roles and responsibilities of delivery staff had not been clearly communicated with them, and that this created inefficiencies. In particular, one consultee mentioned that the coordination between the delivery team and the project team was poor at times, and that times when the project did well were when events and client visits were done in collaboration with one another. On the other hand, a consultee within the Innovation Centre team had a differing view, noting that because their team had previously worked on two similar

ERDF-funded projects, they had had the opportunity to refine their processes prior to the AEDBAH project.

4.12 Delivery staff identified challenges that were experienced during delivery, as well as how these were adapted to. The key factor noted by consultees was the COVID-19 pandemic and challenges surrounding it – such as shifting delivery of workshops and consultations online with little notice. However, it was also noted that this transition created convenience for many beneficiaries and could have contributed to greater attendance and engagement. In addition, one consultee highlighted that having such support available during the pandemic (when many start-ups and smaller businesses more widely were struggling) was a significant benefit for many beneficiaries. Despite this, one consultee mentioned that a number of beneficiaries' priorities changed significantly during the pandemic, and that support requested initially was sometimes no longer feasible or practical given high levels of uncertainty.

4.13 Several consultees highlighted a specific issue with a key staff member being off for an extended period due to illness, which led to a lack of momentum until their replacement was recruited and had been sufficiently inducted. One consultee felt that this challenge could have been better handled in terms of efficiency of handing over responsibility.

4.14 Business engagement was reported by the majority of consultees as being good, as well as there being a wide variety of business sizes between the two strands. While some consultees felt unable to point out specific factors that led to engagement and collaboration among beneficiaries, the sense of providing visibility and opportunities to connect with other organisations and individuals within their respective areas of interest was raised by one consultee. Several others noted that events and workshops were well attended, and that where feedback was collected it was positive overall.

> *"Overall, it was really positive. The majority of businesses were really happy with the fact that they had this opportunity and support. Towards the latter part of the programme, lots of companies were stalling because they didn't know what was going to happen next because of the pandemic. But overall, definitely positive impact."* – ***Delivery consultee***

4.15 Several consultees made the distinction between beneficiaries who engaged solely during the 12 hours of support that was provided, and those who engaged beyond this, although reasons for this seemed to be unclear.

4.16 With regard to ERDF Horizontal Principles, several consultees highlighted the intention to implement equality and inclusion within delivery but noted that this was often difficult in practice – in particular due to the demographic makeup of business representatives in the advanced engineering space. One consultee mentioned that equality and inclusion had been embedded in the recruitment processes used for similar projects, while two others stated that while the principle was important, it was not always possible to implement. One consultee used the example of a panel-based workshop to describe how equality and inclusion had impacted this aspect of delivery:

> *"It is something that we address. For example…at the first panel we had…we didn't have a single female on the panel, and they were all white, middle-aged men. But it hasn't happened again."* – ***Delivery consultee***

4.17 Consultees discussed a wide range of key outcomes of the project, which included showcasing that Bath University and SETsquared more widely are capable of successfully delivering free business support, which one consultee highlighted as being an important legacy and opportunity for securing further funding in future.

> *"The case studies from these projects will be beneficial in highlighting our portfolio when going forward looking to deliver similar projects under alternative funding opportunities."* – ***Delivery consultee***

4.18 Several consultees highlighted other impacts that they felt would outlive the programme, such as tailored support that was delivered through masterclasses which had allowed businesses to successfully raise investment following the AEDBAH project support they received. In addition, opening up communication pathways between businesses and academics for product development and interdisciplinary collaboration was highlighted as a rare opportunity that was provided by the project that would be unlikely to be available elsewhere.

> *"When you're a start-up, there's so many opportunities available to you, but it's rare that you can have access to university researchers. It was nice that they had access to the university and could really develop their product further."* – ***Delivery consultee***

4.19 The opportunity to create connections was also highlighted by consultees when they were asked about strategic added value. Multiple consultees specifically highlighted relationships that had been formed between beneficiaries and consultants as demonstrating the added value of the project beyond the funding cycle. One consultee detailed further knock-on effects of beneficiaries becoming part of SETsquared and therefore being invited to future events and programmes. In this sense, businesses who had the capacity and desire to continue to access and be made aware of support from the Hub were able to.

> *"[SETsquared membership is] a really good way of continuing to offer support to those companies, keep them up to date with everything we're doing at SETsquared, offer them opportunities, and invite them to our masterclasses so they can come along and get further business skills."* – ***Delivery consultee***
>
> *"Lots of businesses might have never even heard of an incubator space, and through this they were able to get the ball rolling with their ideas, their products, their services for free. And it brought them into a world of other business owners, other entrepreneurs."* – ***Delivery consultee***

4.20 One consultee, however, noted that even with technology transfers that are found to be potentially impactful, businesses would not necessarily have the funding to be able to continue working with academics beyond the project's duration.

4.21 On the topic of maintaining 'economy', most consultees were uninvolved in this aspect of the delivery, although one mentioned that the cost of the masterclasses felt high, and another mentioned that cost effectiveness could have been increased by raising attendance (though this was a management decision).

4.22 Finally, when asked about what good practice could be learned and shared from the programme's delivery, the visibility and status that was given to beneficiaries was mentioned by two consultees who

emphasised that knowledge transfers between academics and SMEs would be unlikely to happen otherwise. Other consultees highlighted more process-related best practice, such as the development of effective marketing to reach SMEs and streamlining project management processes in order to be able to provide them with timely support.

> *"It's given us insight into what start-ups want and need, and what kind of timeframe that they need it. It's definitely helped us streamline our processes and taught us to offer the opportunity to work with researchers at the University [earlier on]." – **Delivery consultee***

4.23 In terms of potential short-term (this funding) and medium-term (if the project were to continue in some form) improvements, several consultees suggested changes around project team coordination – one emphasised the importance of maintaining awareness and oversight of the project's progress in relation to aims and objectives, another mentioned needing more administrative support, and another highlighted a need for increased communication about progress and next steps.

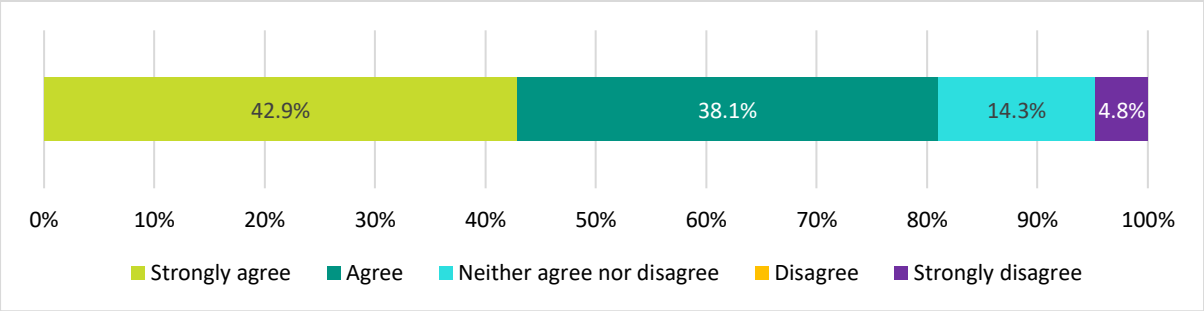
4.24 Suggestions for realising longer-term potential of the project included the transfer of contacts beyond the project in order to facilitate further collaborations between academics and businesses, and finding clear routes to engage. One consultee suggested that smaller, more tailored, workshops might have aided interactions for beneficiaries during the programme and ensured that the benefits were more long-lasting and impactful. This was echoed by another consultee who noted that specific support was more useful than general support.

> *"As time went on, less people would come to the workshops, and they appreciated more the 12 hours of time as there were specific things they wanted help with as opposed to just starting up and wanting general help with something." – **Delivery consultee***

Beneficiary Perspectives on Delivery

4.25 The majority (81 per cent) of beneficiary businesses who responded to the e-survey (n=21) agreed or strongly agreed that delivery of the project was flexible to suit their business needs.

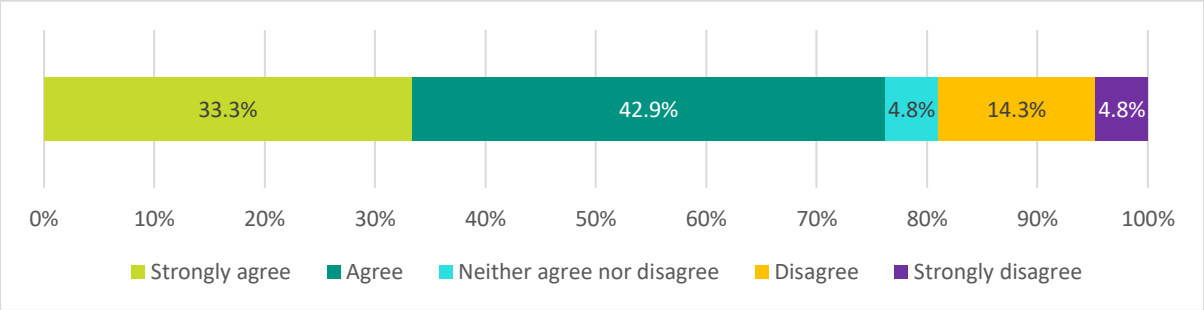
Figure 4.1: To what extent do you agree with the statement "delivery was flexible in timing to suit my business needs" (n=21)



4.26 Over three-quarters (76.2 per cent) of respondent businesses agreed or strongly agreed that AEDBAH marketing materials accurately represented the service that they received. Just under a fifth (19.0 per cent) of respondents disagreed or strongly agreed with this statement, beneficiaries were asked to

identify how it might be changed to better represent the offer. These views are highlighted in the quotes below.

Figure 4.2: To what extent do you agree with the statement "AEDBAH marketing materials accurately represented the service I received"? (n=21)



"Although the support receive has been very good and each AEDBAH participant has been supportive, I am unsure exactly what AEDBAH really is. Is it a centre? A programme? A link to the University? A combination of support services? The support has been helpful however I have come across separate activities in an ad-hoc basis and don't understand the relationship between the support services and the overall offering." ***– Beneficiary SME***

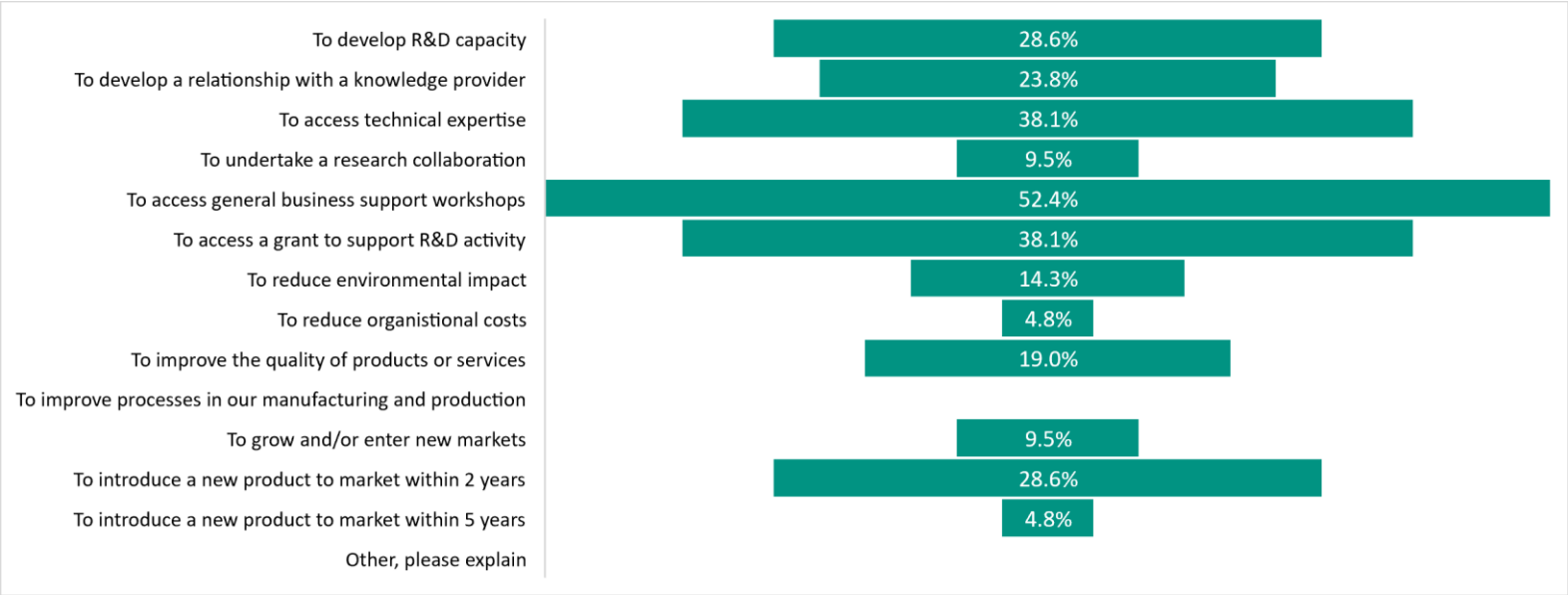
"If you worded it that a person with less experience than you have, in your sector, is going to sit and listen to how your day/month was with no real means to help or assist in the growth of the business, I would not have wasted our time applying. We thought we were applying for a £10k grant, not for £10k to be wasted with a 'consultant' who knows nothing about our business or sector, to provide 'support'." ***– Beneficiary SME***

4.27 In addition, it was reported that those businesses located some distance from the University of Bath proved more difficult to engage, as accessing support was perceived to be more difficult.

Motivations for engaging AEDBAH

4.28 Figure 4.3 below highlights the initial motivations of SME beneficiaries for participating with AEDBAH. Overwhelmingly, the most common response, by over half (52.4 per cent) of respondents was to access general business workshops, followed by access to technical expertise and access to grant support (38.1 per cent each). Over a quarter (28.6 per cent) of respondents were seeking to develop R&D capacity and to introduce a new product/service to market within two years.

Figure 4.3: What were the main reasons you participated in the AEDBAH programme? (n=22)



Delivery Experience

4.29 It was anticipated that workshops/group activities would take place at key venues such as:

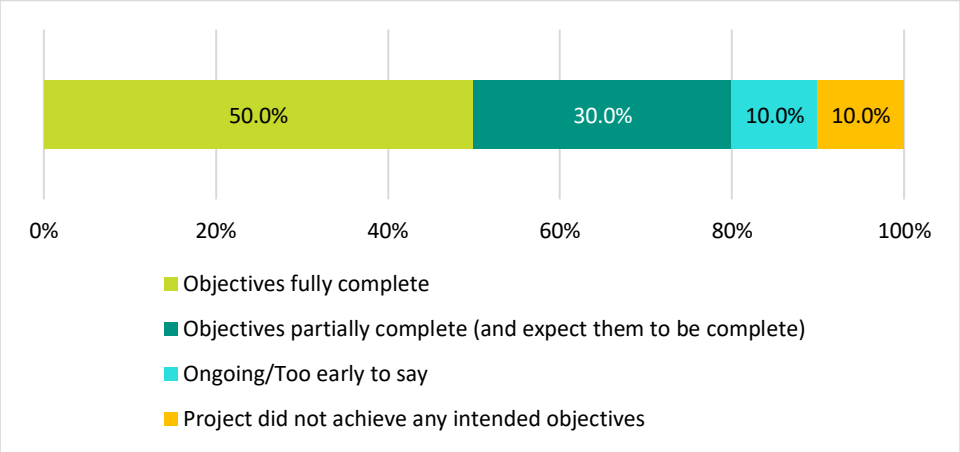
- The SETsquared Innovation Centre in Bath and relevant faculty buildings/facilities.
- University of Bristol – SETsquared Centre at The Engine Shed.
- Local Authority and wider partner premises where appropriate e.g. the Bristol & Bath Science Park and The Bottle Yard Studios (South Bristol)

4.30 It was reported that these locations favoured businesses located in Bath/Bristol, with others further to the north and south finding it more difficult to access these locations.

4.31 The move to online delivery was described as a gradual process, as actors across the economy got to grips with the new requirements under the first Covid lockdown and changed preferences thereafter. Whilst video delivery has become far more acceptable, it ought not be forgotten that platforms have evolved and user acceptance grown over the course of the pandemic. Trying to deliver business support activities in the formats available and to reluctant audiences would have been difficult for much of 2020.

4.32 Beneficiaries were asked to identify how fully objectives of their support had been realised at the time of responding. Half (50 per cent) of all respondents indicated that the objectives had been fully complete and realised, with thirty per cent reporting that objectives at this stage were partially complete but they expect them to be complete. A small proportion of respondents indicated that it was too early to say or that the project did not achieve any intended objectives (10 per cent each respectively).

Figure 4.4: How fully have your objectives been realised from the AEDBAH Project services you accessed? (n=20)

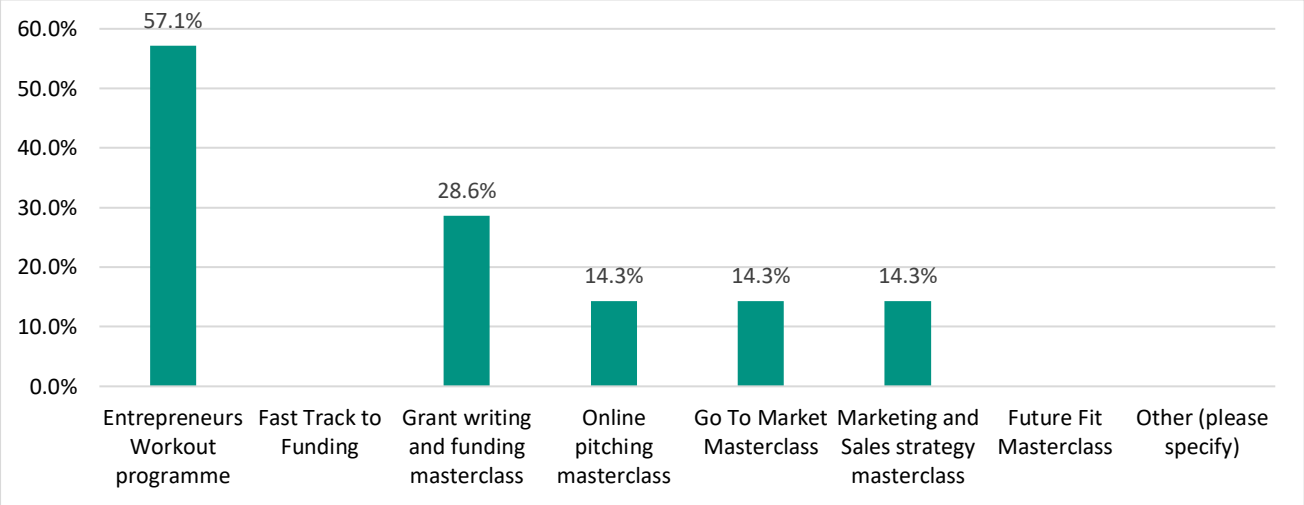


Views on workshop support

4.33 Just over a third (35 per cent) of respondents reported that they had accessed workshop support as part of their AEDBAH experience (n=7). Beneficiaries were subsequently asked to identify which workshops they had attended and to reflect on the quality of these.

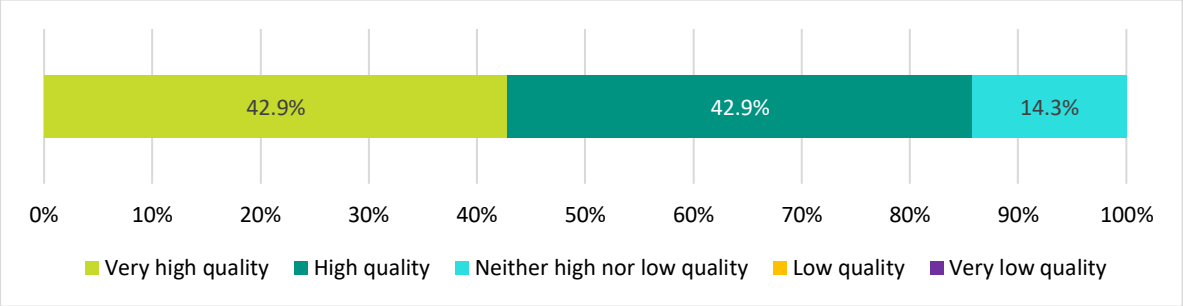
4.34 Figure 4.5 below outlines the proportion of levels reported by respondent beneficiaries, the most popular workshop was the Entrepreneurs workout programme, by 57.1 per cent of respondents. Just over a quarter of beneficiaries had attended grant writing and funding masterclass. Singular beneficiaries accessed the online pitching, Go to market and marketing and sales strategy masterclasses. No respondents had attended Fast track to funding or Future fit masterclasses.

Figure 4.5: Which of the following workshops did you attend? (n=7)



4.35 Respondent businesses were subsequently asked to reflect on the quality of the workshops that they had attended. Figure 4.6 below highlights that the vast majority (85.8 per cent) rated the support as either very high quality or high quality, granting confidence that the workshop content was appropriate and delivered to a high standard.

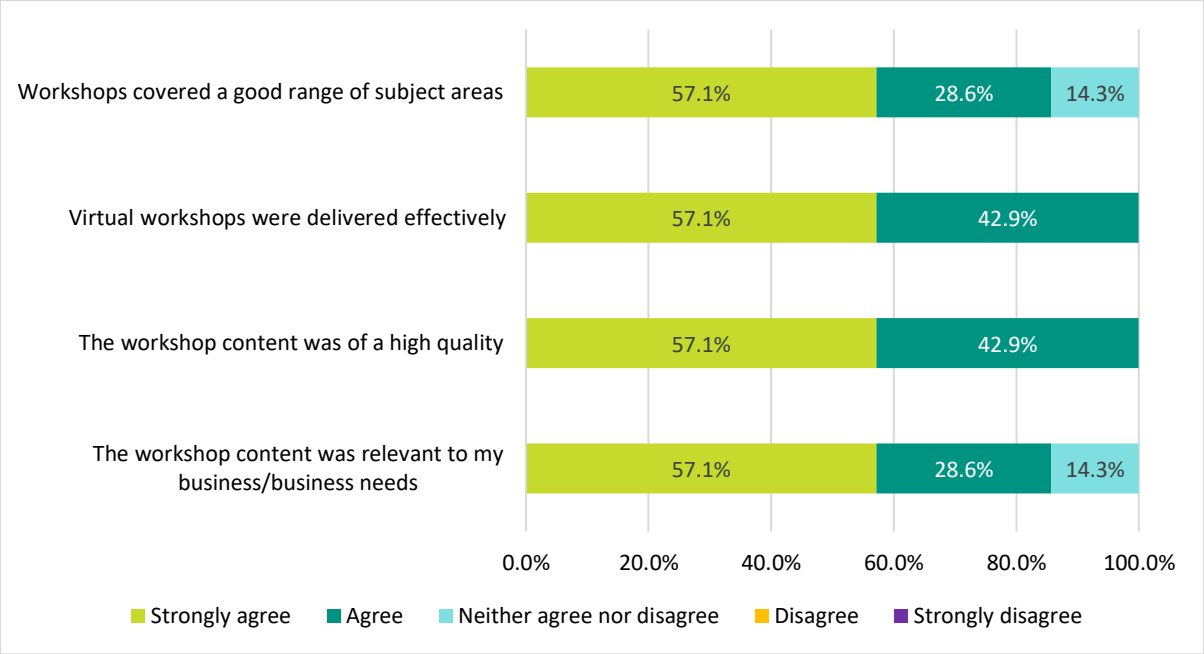
Figure 4.6: How fully have your objectives been realised from the AEDBAH Project services you accessed? (n=7)



4.36 Additionally, those businesses accessing workshop support as part of AEDBAH were asked to identify the extent to which they agreed with a number of statement relating to the quality, format, breadth and relevance of workshops. Figure 4.7 below shows that across all statements the vast majority of respondent businesses either strongly agreed or agreed, with the exception of a small proportion impartial.

4.37 All respondents strongly agreed or agreed that virtual workshops were delivered effectively and were of high quality. The vast majority (85.7 per cent) of respondents also strongly agreed or agreed that workshops covered a good range of subject areas and that the content was relevant to their business' needs.

Figure 4.7: To what extent would you agree or disagree with the following statements? (n=7)

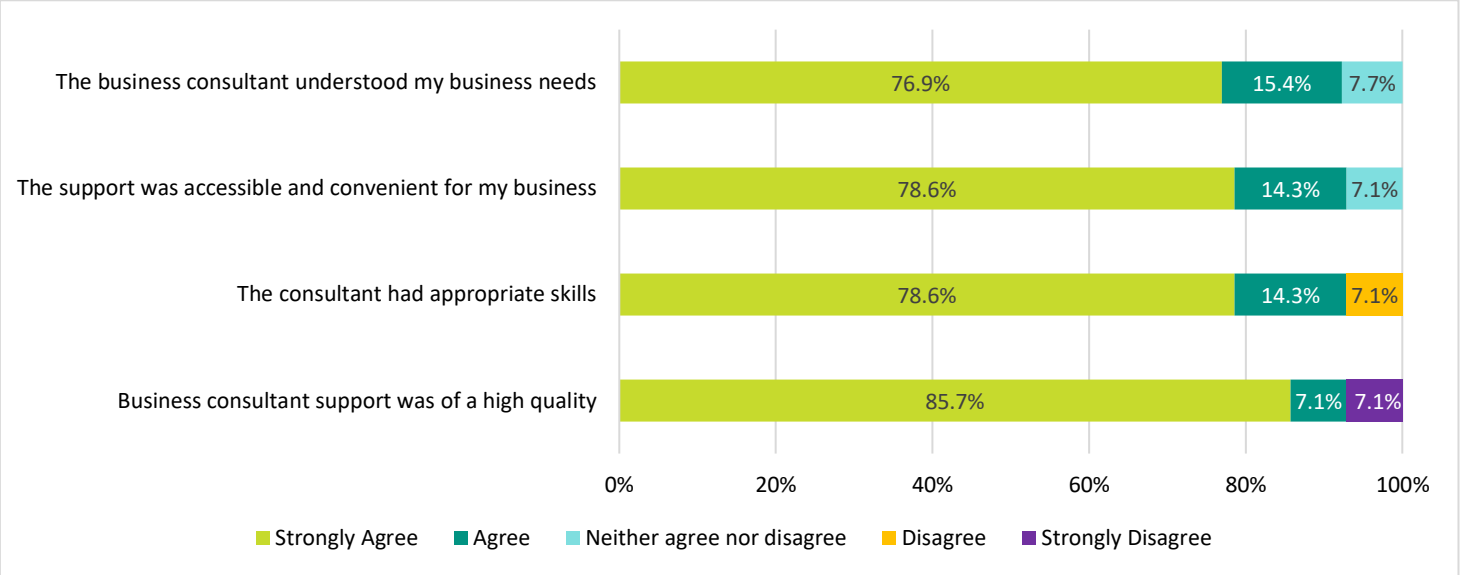


Views on 1:1 support

4.38 Two thirds (66.7 per cent) of respondents reported that they had received 1:1 support from an expert business consultant as part of AEDBAH. Beneficiaries were asked to identify the extent to which they agreed with several statements relating to this support element. The vast majority of respondents strongly agreed or agreed with each of these statements, with 92.9 per cent agreeing that the business

consultant understood the needs of their business, that the support was accessible and convenient and that the consultant had appropriate skills. Similarly, 92.3 per cent of respondents agreed that the business consultant support was of a high quality.

Figure 4.8: To what extent would you agree or disagree with the following statements? (n=14)



Views on Research Collaboration support

4.39 Just two respondent businesses surveyed had taken part in a research collaboration therefore analysis is based on a small sample size for analysis to be representative of the wider population. However, across the two observations;

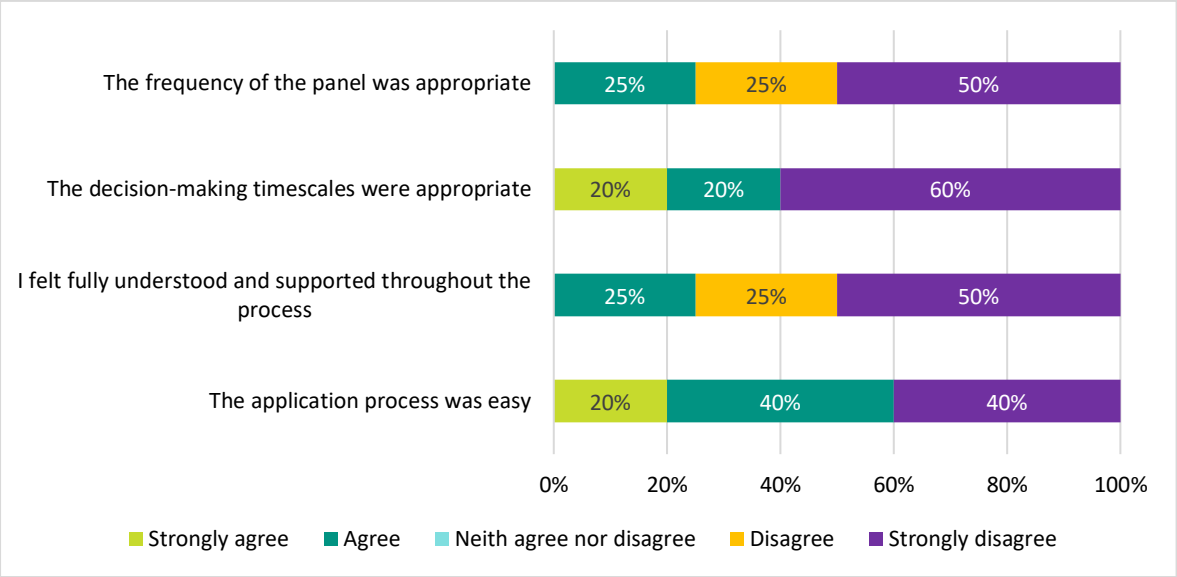
- 100 per cent of respondents strongly agreed or agreed that the research team understood the needs of their business
- 100 per cent of respondents strongly agreed or agreed that the research team were able to advise them on areas that they had not previously appreciated
- 100 per cent of respondents strongly agreed or agreed that the research team had the expertise to add value to my business
- 100 per cent of respondents strongly agreed or agreed that the quality of the research project was delivered to a high standard
- 100 per cent of respondents strongly agreed or agreed that the research project had led to increased knowledge within their business to progress wider business challenges
- None of the respondents agreed that the research project led to new products/processes
- None of the respondents agreed that the research project will lead to new products/processes in the future
- None of the respondents agreed that the research project has led to new IP being patented

Views on Grants support

4.40 Just under a quarter (23.8 per cent) of respondents reported that they had accessed a grant as part of AEDBAH. The average grant amount accessed was £3,800 ranging from microgrants (£1000) to £10,000. The nature of these grants ranged from expanding R&D capacity, supporting the development of new products and expanding test processes.

4.41 Respondents were asked to identify the extent to which they agreed with several elements relating to the grant. Disappointingly, there was a fairly negative outlook on this support element, with 75 per cent of respondents disagreeing or strongly disagreeing that the frequency of the panel was appropriate and that they felt fully understood and supported through the process. Similarly, 60 per cent of respondents disagreed that the decision-making timescales were appropriate. Respondents were fairly split with respect to the application process, with 60 per cent agreeing or strongly agreeing that the process was easy, however, 40 per cent strongly disagreed with this statement.

Figure 4.8: To what extent would you agree or disagree with the following statements? (n=5)



Worked Well

4.42 SME beneficiaries were further asked for their perspectives on what worked well about the support provided. The general feedback was that the support offered a wide range of resources to support beneficiaries and that the quality of support was of a high standard to enable businesses to achieve their objectives.

> *"The experience presented was vast, having an external voice to assess our process and give feedback and guidance which was invaluable."* ***– Beneficiary SME***
>
> *"1-2-1 sessions with a business coach helping me develop a strategy and better understanding of how I could deliver it."* ***– Beneficiary SME***
>
> *"Gained NIHR i4i Connect £150k funding for validation research with University of Bath (with intro to SETsquared scale up and funding for a bid writer for both current, and a 2nd pending i4i Connect application and a pending i4i PDA award of £1.45m; Product Development Award).*

Successful attainment of validation results suitable to enable PDA application." ***– Beneficiary SME***

"I attended a start-up support workshop which was excellent in presentation, resources and feedback." ***– Beneficiary SME***

Recommendations and Challenges

4.43 SME survey respondents were asked to make recommendations based on their experience of the AEDBAH on how the support could be improved. Some of the recommendations suggested by beneficiaries included, extending the length of support across multiple years, sector specific technical expertise to support with niche support needs and greater communication, particularly with respect to the grant element:

"Additional ongoing support would have been useful. We achieved our objectives for this engagement but a long term business mentor would be much appreciated." ***– Beneficiary SME***

"Communication was poor, technology needs to be used to address as the team were clearly working hard trying to keep everyone updated." ***– Beneficiary SME***

4.44 Additionally, it was felt that the marketing of the AEDBAH support to SMEs could be improved in several ways. Some SMEs reported that they had come to learn about the support on offer through word of mouth via their existing contacts, and expressed concern that others with similar needs but without existing connections were less likely to come to learn about and access the support on offer. Other respondents reported that, whilst the elements of the support package were high quality, there seemed to be a lack of cohesion amongst these elements. These respondents felt that it would be beneficial to clarify exactly what the AEDBAH was, where it was based, and who made up the team.

"Very good to have the local support. However I am unclear as to the overall objectives and support offered by AEDBAH." ***– Beneficiary SME***

"Although the support has been very helpful and each interaction has been supportive, I am not really sure what AEDBAH really is. Is it a centre? A programme? A combination of support services? A link to the University? I am grateful to have come across the support however it would be good to understand more about AEDBAH as I feel almost like I have stumbled across the initiatives." ***– Beneficiary SME***

4.45 More generally, one SME respondent felt that it was important that support hubs offered to SMEs acknowledged that investment was only one aspect of the support necessary to improve business growth, particularly for young businesses where growth could be potentially encouraged through more organic means such as building a customer base. As such, it was felt that the availability of several types of support, including grants but also workshops, consultancy, and expertise, was crucial to enabling a range of smaller and newer enterprises to access such initiatives.

Summary

4.46 **In summary, feedback from beneficiary SMEs indicated that the support from AEDBAH was of a high quality, the range of resources available to support SMEs was considered to be particularly helpful to beneficiaries. The grant element was the one area that was particularly poorly received with beneficiaries reporting that their support needs were often not fully understood and that decision-making timescales were too long.**

Academic Research Staff

4.47 Efforts were made to engage with research collaborative staff, namely academics from the University of Bath, who were involved in providing expertise to SMEs as part of the support package. These academics included professors, lecturers, and research staff who held extensive industry or research experience and qualifications in relevant fields of expertise. In total, only three academics provided insight into their experiences of supporting the AEDBAH project.

4.48 Of these academics, one was involved at the initial stages of developing the programme using his research expertise in the area of entrepreneurship to support the programme team. This support was directed towards the proposal stages of project, due to their involvement in the prior Social Entrerprise and Innovation Programme SETsquared project, predating the AEDBAH programme. This academic could therefore only comment on the initial development of the programme.

4.49 A second academic was involved in providing research support to the programme team in terms of measuring the potential success of the project towards objectives such as increasing partnerships in the local area. However, this individual felt that their involvement was minimal and relatively recent, and so they were unable to provide great detail about the project.

4.50 A third academic was heavily involved in providing research collaborative efforts in the Advanced Engineering strand of the AEDBAH programme.

4.51 This academic identified several types of support which they, and their colleagues, could provide to SMEs. This often depended upon the needs of SMEs and the expertise and resources of research collaborator staff. For example, some provided guidance through proposal and bid writing processes, supporting SMEs to gain funding or resources from government grants or other such opportunities. Others provided the facilities and support necessary to test products or technologies using rigorous scientific methods and providing an independent third party for objective testing so that products could be marketed to larger businesses. This was particularly key to small enterprises who would not otherwise have access to often expensive testing facilities or technologies. Other research collaborations focused upon knowledge transfer, through enabling SMEs to access specialist workshops or coaching from academic staff with expertise in a specialist area, or through signposting them to relevant networks of 'end user' companies who may be interested in their product or technology. In many cases, SMEs were able to access a range of these different support packages.

4.52 One particular area of success highlighted by the academic research collaboration staff was a positive impact upon relationships between academics and local enterprises. They noted that the AEDBAH project supported existing efforts to engage and collaborate with local businesses, particularly through the provision of extra funding for these activities. Although not all SMEs stayed in regular contact with research collaborators after the project and the funding had ended, there was evidence

that some lasting relationships had been built. In some instances, these collaborations had led to new projects, or the potential for future projects through applications to shared funding sources. This academic also saw the project as an opportunity to understand the current 'gap' between what support local SMEs needed and what they were able to access, providing implications for future collaborations.

"I saw the ERDF project, as an enabler to get more awareness of what we could do on the one hand for SMEs, and on the other hand for us to get more awareness of where the SMEs were and what they needed so to make those links and to allow us to do a similar job to what we'd always done but for a wider group of companies." ***– Academic, Advanced Engineering Strand***

4.53 There were also potential benefits for academic staff and research groups. For example, the academic highlighted that the relationships built during the programme provided the potential to collaborate with SMEs in future projects, leading to opportunities to gain funding from other sources or to collaborate in the development of new products. They also noted that these 'real world' impacts could be evidenced through Research Excellence Framework (REF) Impact Case Studies and outlined intentions to submit these in the future. However, there was also recognition that, whilst the milestones achieved so far seemed to suggest positive impacts, the potential impacts of the project were likely to be much longer term and would take time to be fully realised.

"They are doing some work with one of the academics in our group so that's got a life after the project. I think that's gonna be simulation, so analytical simulation of their product in the first instance which may lead on to some experimental validation. That might lead to Impact case studies potentially, income - that's an input not an output but it's always good for the academics."- ***Academic, Advanced Engineering Strand***

4.54 Overall, the academic staff felt that their engagement with the programme was beneficial and had the potential to lead to several positive social and economic impacts for academics, wider research groups, and SMEs.

Recommendations and Challenges

4.55 The academic researcher from the Advanced Engineering strand identified challenges of participating in the project which provide implications for future practice. One key challenge identified was the regional nature of the project and the limitations this placed on eligibility of SMEs. As this was an ERDF-funded project, one key criterion was that SMEs had some link to the West of England Local Enterprise Partnership area. However, this academic felt that the pool of SMEs meeting the entry criteria was sparse and felt that there could be a benefit to widening these criteria to national or even global scales.

"The scheme was regional in nature, so they needed to have some kind of tangible link to the South West and it's not an area that's renowned for automotive manufacturing so that was a bit of a challenge, we were always bumping up against the geographical boundaries." - ***Academic, Advanced Engineering Strand***

4.56 Another challenge identified was the need for adequate funding and resourcing. Some felt that the level of resourcing available through the ERDF funding was not always sufficient for more substantial projects, such as those requiring technologies or facilities which were more expensive. This funding therefore had to be sourced from elsewhere, creating additional considerations and challenges, or placing constraints on the level of support which could be provided to SMEs.

4.57 Although the research collaborative staff identified several potential benefits to their participation, such as new relationships with SMEs and opportunities for collaborative working, these were often longer-term benefits which could not be easily quantified or measured. Similarly, and perhaps as a result, programme delivery staff expressed that the potential benefits for academics were not always made clear, thus affecting engagement from academic staff.

*"Sometimes it's not always clear what's in it for the academics, so it's onboarding academics to see the benefits to them. Perhaps if there was more flexibility in the way funding was available that would have helped." – **Programme Delivery Staff***

4.58 The academic research collaborative staff also highlighted that contextual considerations, including the wider political and economic climate and the nature of academic funding and employment, created additional challenges to delivering the project and building relationships. For example, some academic staff became crucial to the project's successful operation through creating linkage between the AEDBAH team and academic staff. However, these employment contracts were often short-term, preventing staff continuity and creating difficulties in communication which delayed progress. Similarly, it was felt that the time and resources they could afford to the project were constrained by their broader workload.

*"We had two people in the role that was more junior to that, the engineering support role, one of whom left midway through, and we recruited another, he left before the end of the project because he was an EU national and he wanted a bit of certainty about follow on work and work permits and so on so I'm gonna blame that on Brexit, you know. He could have just hung around on short term contracts, but it wasn't viable for him." - **Academic, Advanced Engineering Strand***

*"It's always a constraint within fixed term projects and I think within those constraints [the AEDBAH programme team] did a pretty good job. They will probably say the challenge in getting commitment from academic staff time and all that sort of thing is significant, because it is, you know – I probably could have spent more time directly interacting with the core project team in an ideal world but there's lots of things fighting for your attention." - **Academic, Advanced Engineering Strand***

4.59 The challenges and successes identified for academic staff provide some implications for future practice. This includes the importance of acknowledging the longer-term nature of building relationships, and the recognition of this in staffing and resourcing of the programme. It was felt that

the engagement and networking aspects of the project could constitute a permanent role for a new employee or could be better embedded into existing University Research Innovation Services (RIS).

"What worked well was that networking, I very much would like a full time role without the geographical limitations for someone to do exactly what we were doing in that project on an ongoing basis, so that's a really good thing. I would like that to be someone who has the continuity by having security of employment so that they develop deep and long lasting interactions with both the industry and with the academic team … So that takes time to establish those relationships, I would say you need a permanent role that allows that to all happen properly." - ***Academic, Advanced Engineering Strand***

Summary

4.60 **In summary, feedback from academic staff who collaborated with SMEs was extremely limited to only one research collaborator. However, the feedback of this academic research collaborator was generally positive and it was felt that the potential benefits of the programme extended to their wider colleagues and research teams. There was a sense that the collaborations which had resulted from the AEDBAH project had led to several positive 'real world' impacts for academic researchers, including new partnerships and knowledge transfer, which were likely to have greater and broader impacts over time. However, it was felt that the potential support which could be offered to SMEs was at times constrained by aspects of the wider geographic, economic, political and organisational contexts.**

5. ECONOMIC IMPACT ASSESSMENT

Introduction and methodology

5.1 This section estimates the economic impact of the AEDBAH across England. Evidence is drawn from an e-survey conducted with AEDBAH beneficiary businesses in December 2021 and is therefore reliant on self-reported data. The survey asked about current levels of employment and sales turnover, as well information regarding any safeguarding of both measures for those businesses who had contracted as a result of COVID-19. Current positions in terms of employment and turnover captured via surveying are then compared against the baseline position which is recorded in the ESIF-Form-1-013 monitoring information form once a business successfully enrols on the programme, informing the measurement of gross changes.

5.2 Economic Impact is conventionally reported in terms of Full-Time Equivalent (FTE) jobs and Gross Value Added (GVA), rather than headcount employment or sales turnover. The object of this treatment is to determine the value created by the business, recognising part-time working or businesses with higher purchases that fail to add productive value of their own to finished goods and services. The analysis draws on secondary proxy values of full-time working from the Annual Survey of Hours and Earnings (ASHE) and Sales:GVA ratios from the Annual Business Survey (ABS). Using monitoring information sectoral proxies have been used for robustness.

5.3 A final set of treatments are necessary to convert gross impacts, that relate to business performance, into net benefits for the economy. These are estimated for each assisted business, using self-reported data, applying individual responses for deadweight, displacement and leakage to arrive at net benefits and results are therefore weighted. A multiplier is also added to recognise how the direct benefits from the assisted businesses create further benefits for the wider economy, in the form of additional purchases and subsequent workforce spending. A multiplier of 1.51 has been adopted from the HCA Additionality Guidance[2].

Business growth and gross Impacts

5.4 Table 5.1 shows gross impacts, reporting these in terms of employment (FTE), as well as Sales and GVA. The average per business is shown, as well as the total, extrapolated to the 250 businesses assisted by AEDBAH.

5.5 In total, AEDBAH supported businesses have grown their workforce by approximately 354 FTEs (extrapolated to the population of supported beneficiaries). Across the same time, businesses increased sales by almost £24.2million, equivalent to £13.8million GVA. Table 5.2 describes what these business improvements mean in terms of enhancements in the economy.

[2] HCA Additionality Guidance (Fourth Edition)

Table 5.1: Gross Impacts			
	FTE	Sales	GVA
Average per business	1.4	£96,775	£55,331
Total (extrapolated to 250 C1s)	353.6	£24.2m	13.8m

Source: ERS Survey of AEDBAH beneficiary businesses (2021)

Net Impacts

5.6 Although gross impacts are considerable, businesses will always achieve some of this growth through their own endeavours and our survey of AEDBAH participants indicated relatively low attribution to support. Attribution to AEDBAH support for employment growth was just 32.5 per cent (deadweight of 67.5 per cent) and 21.5 per cent for sales (deadweight of 81.5 per cent).

5.7 Leakage was as expected, with just 36.9 per cent of the workforce living outside of the region. Displacement values are based on economic additionality guidance for targeted business support activity, with the proxy value set at 29.3 per cent.

5.8 After applying these additionality factors to the gross impacts the direct net impacts are:

- 271 in full-time equivalents;
- £22.9m in sales turnover;
- £10.8m GVA.

Table 5.2: Net Impacts			
	FTE	Sales	GVA
Gross Impacts	353.6	£24.2m	13.8m
Net Impacts (incl. multiplier)	271.2	£22.9m	£10.8m

Source: ERS Survey of AEDBAH Participants (2021) Net impacts include a multiplier of 1.51.

Value for Money

5.9 The ROI estimate for these benefits, considering the £1.47m ERDF investment is 7.33. With respect to the total project investment of £2.94m this is 3.66, representing £3.66 of benefits for each £1 of investment.

6. CONCLUSIONS AND LESSONS

6.1 ERDF investment in the AEDBAH was essential in addressing market failure and very well aligned with all relevant strategies. Insofar as can be judged within an evolving policy and funding environment, this remains the case.

APPENDIX: ECONOMIC IMPACT ASSESSMENT

A1.1 This appendix summarises the economic impact assessment of AEDBAH. This impact assessment has been carried out in accordance with ERDF Summative Assessment Guidance and utilises methodologies within the HM Treasury Green Book[3], the Impact Evaluation Framework[4] and The Additionality Guide[5].

Method

A1.2 The aim of the economic impact analysis is to quantify the gross and net economic impacts of a project in terms of gross value added (GVA) and employment (full time equivalents or FTEs).

A1.3 An e-survey was sent to beneficiary businesses who had received support through AEDBAH. The e-survey was sent to circa 250 beneficiaries who had been in receipt support. In total there were 21 usable responses, representing over two-thirds (8.4 per cent) of beneficiaries. These surveys asked respondents a series of questions about the quantitative impact of their involvement in the programme. In total, just eight businesses provided sufficient responses to cover economic impact in relation to turnover and seven for employment.

A1.4 As per government guidance, both gross and net impacts are calculated. In order to calculate net impacts each factor of additionality[6] is considered. In order to estimate the impact of the whole project on the economy, the estimates from the AEDBAH survey sample are extrapolated to all businesses that were supported by the period in which the e-survey was disseminated, which was XX beneficiaries.

A1.5 GVA impacts have been calculated using the 'turnover route to GVA' method. This is an approach which aims to capture the GVA impacts associated with business support. Other studies use an employment route to GVA approach which applies an ONS GVA/FTE proxy figure and can often significantly overstate GVA. Given the small sample size of this project and the fact that some businesses have a small turnover due to being nascent enterprises, accessing support at a pre-revenue stage. This approach would derive a GVA figure greater than the total turnover. Thus, the Turnover route to GVA has been chosen as most appropriate for this study.

---

[3] HM Treasury (2018) The Green Book: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/685903/The_Green_Book.pdf

[4] DTI (2006) Evaluating the Impact of England's RDAs http://www.sqw.co.uk/files/4813/8712/1417/149.pdf and BIS (2009) RDAs Evaluation Practical Guidance on Implementing the Impact Evaluation Framework: https://www.bl.uk/collection-items/rda-evaluation-practical-guidance-on-implementing-the-impact-evaluation-framework

[5] Additionality Guide (2014): https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/378177/additionality_guide_2014_full.pdf

[6] Impact arising from an intervention is 'additional' if it would not have occurred in the absence of the intervention.

Turnover route to GVA: Change in beneficiary turnover is captured and the factors of additionality are applied. This turnover is then converted to GVA using a ratio of £ GVA per £ Turnover. Tailored GVA to turnover ratios are applied, bespoke to the sector of each beneficiary business. These are calculated from the ONS' Annual Business Survey 2018.

Limitations

A1.1 Typically, responses to questions relating to economic impact can be poor as businesses opt to disclose employment and turnover information. Of the 21 respondent businesses, seven provided figures on employment, with all providing an attribution rate. Turnover questions were answered by eight businesses, although two of these businesses remain at a pre-revenue stage and two businesses observed a reduction in turnover, which must be considered.

Gross Change

A1.2 The first step of the impact assessment is to calculate the gross change by comparing businesses' current employment and turnover with the baseline position prior to receiving support from AEDBAH. Table A1.1 provides details of the average gross employment and turnover change, as observed from prior to participating in AEDBAH.

Table A1.1 Gross Change – AEDBAH Beneficiaries	
Employment	**FTE**
Average gross increase in employment per business (n=)	1.4 FTEs
Turnover	**£**
Average gross turnover change per business (£) (n = 8)	£96,775

A1.3 Just over a third (37.5 per cent) of respondent businesses reported an increase in employment since their involvement with AEDBAH, with two reporting a contraction in workforce and two reporting no change. On average businesses employed an additional 1.4 full-time equivalent staff during the time before and after receiving support, a modest increase.

A1.4 Half of the businesses providing turnover figures reported an increase in turnover. The total gross increase across all eight businesses providing turnover data (including losses) was almost £774,200 from before they received AEDBAH support to currently. This is equivalent to an average change in turnover of £96,775. Within this, one business reported a decrease in turnover, with three reporting no turnover figures as they are currently at a pre-revenue stage.

Additionality

A1.5 In keeping with government guidance this impact analysis considers the following additionality factors:

- **Deadweight:** outputs/outcomes that would have been secured anyway without the support from the project;

- **Displacement**: existing business activities in the area that no longer take place due to the project;
- **Leakage**: benefits that accrue outside of the area being considered.

A1.6 To account for these factors, the business survey incorporated questions relating to the additionality of job creation and turnover impacts. This included their judgement about the level of attribution in terms of turnover and employment growth as a result of the support, as well as the location of their staff, competitors and customers.

A1.7 It should be noted that survey respondents often find it difficult to estimate employment or turnover change that could be attributed to any business support received.

A1.8 Table A1.2 below shows additionality estimates from HCA guidance[7] and Dept BEIS Research[8]. These authoritative secondary sources provide a means to compare the results of AEDBAH and sense check our findings.

A1.9 The HCA and BIS reports are both 'meta-analyses' i.e. drawing on a large number of studies to report typical values, as well as indicating the range of higher or lower estimates.

Table A1.2: Additionality Factors

Additionality Factor	AEDBAH survey (December 2021)	'Ready Reckoners' Additionality Guide (2014)	BIS Additionality Research (2009)
Deadweight – Employment	67.5%	Below very high (75%)	Mean, Regional, Business development & competitiveness: 45.5%
Deadweight – Turnover	81.6%	Above very high (75%)	Mean, Regional, Business development & competitiveness: 45.5%
Displacement	29.3%	29.3%	Mean, Regional, Business development & competitiveness: 25.0%
Leakage – Employment	36.9%	Below Low (10%)	Mean, Regional, Business development & competitiveness: 11.5%
Leakage – Turnover	38.1%	Below High (50%) Below very high (75%)	Mean, Regional, Business development & competitiveness: 11.5%

A1.10 Our estimate of **deadweight** for AEDBAH is 67.5 per cent for employment and 81.6 per cent for turnover. Table A1.2 would suggest these values to be fairly high. The BIS report notes one project where deadweight was 97.5 per cent, so although relatively high, they are not unprecedented. The range of deadweight attributions for AEDBAH beneficiaries varied greatly. Some businesses attributed

[7] HCA (2014) Additionality Guide, Fourth Edition
[8] BIS (2009) Research to Improve the Assessment of Additionality.

no growth to the programme for either their employment and turnover increases to support, whilst others attributed a generous amount of growth to the support received.

A1.11 Our value for **displacement** is based on a proxy value which is obtained from HCA/BIS additionality guidance which indicates a 29.3% mean level of displacement at the regional level for business support projects.

A1.12 **Leakage** of impacts from AEDBAH are in line with what might be expected, given the impact assessment covers the West of England. The leakage values of 36.9 per cent in terms of employment and 38.1 per cent for turnover leakage.

A1.13 As well as the additionality factors described above, it is also important to consider for the **multiplier effects**, which captures the indirect and induced impacts in the economy. The multiplier used in this analysis is taken from HCA Additionality Guidance (2014) which suggests a multiplier of 1.51 at a regional level for 'Business Development and Competitiveness' interventions.

Net Additional Impacts

A1.14 Once the additionality factors are applied, the net additional impacts can be calculated. Where an individual survey respondent has not provided responses to estimate additionality factors, weighted averages from the sample are used. The net additional FTE and GVA impacts that have been achieved to date are given in Table A1.3. To reflect the degree of estimation, these figures are rounded.

A1.15 Based on beneficiary responses a net additional employment figure of 1.0 FTEs per business supported was estimated, translating to a net additional GVA of £52,290. Extrapolating this to the population of supported businesses results in 271.0 net additional FTEs and £10.8m in net additional GVA impacts.

Table A1.4: Net Economic Impact – AEDBAH – those assisted to December 2021

Employment	**FTE**
Net Additional Employment per Business (FTE)	1.0 FTE
Net Additional Employment Impact (FTE)	271.0 FTE
Turnover and GVA	**£**
Net Additional Turnover per Business	£91,456
Net Additional Turnover Impact	£18.8m
Net Additional GVA Increase per Business	£52,290
Net Additional GVA	£10.8m