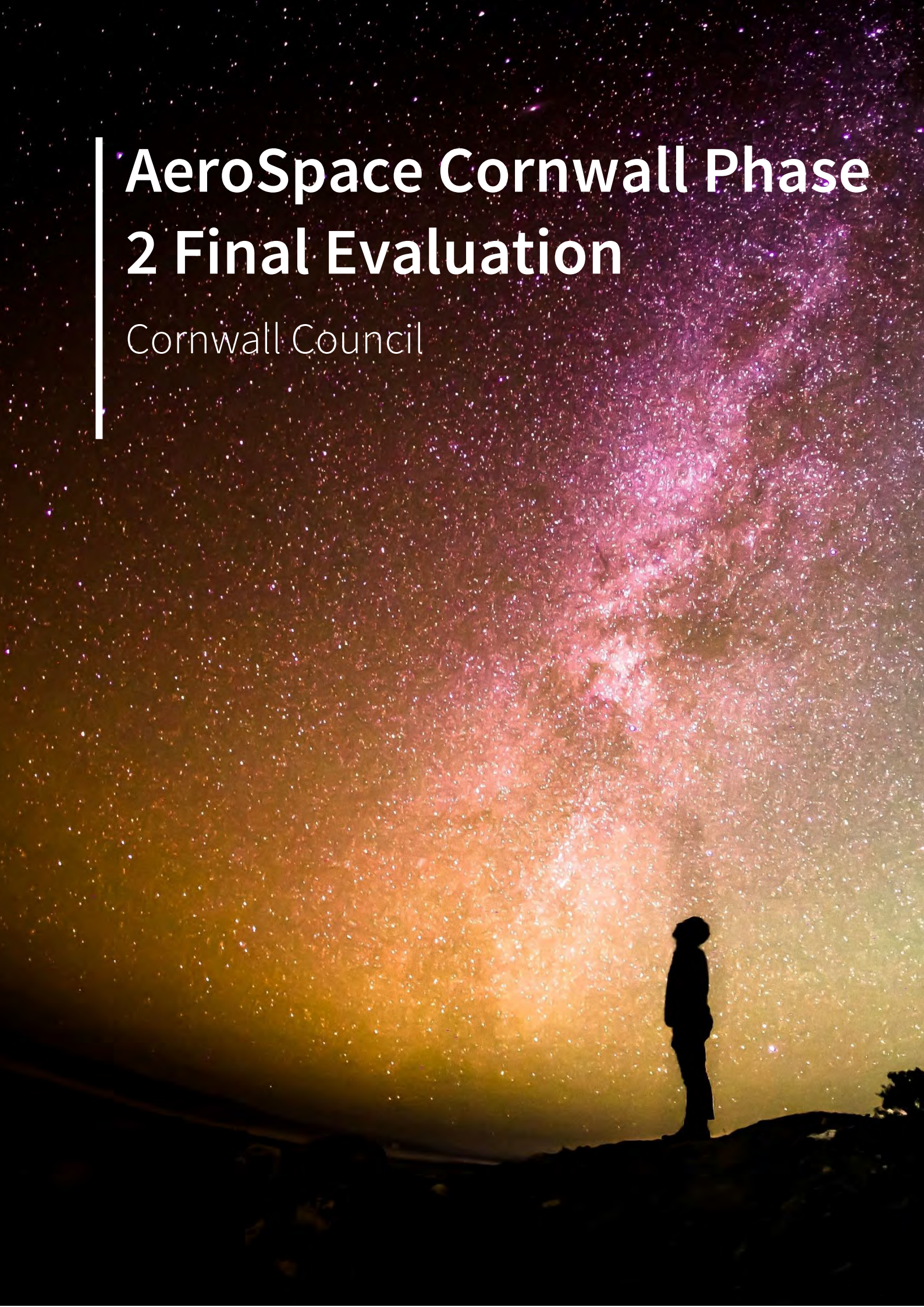
AeroSpace Cornwall Phase 2 Final Evaluation

Cornwall Council



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EXECUTIVE SUMMARY

Executive Summary

AeroSpace Cornwall is an ERDF funded programme offering technical and commercial research, development and innovation (RD&I) support to Cornwall and Isles of Scilly (CIoS) businesses. The programme welcomes interest from all sectors and businesses looking to develop products, services and technologies which could add value to the aerospace and space sector.

This final evaluation focuses on Phase 2 of the programme, which builds on the objectives and lessons learned from its predecessor and has a greater focus on market commercialisation and improving product development. The £5.61m programme ran from December 2019 to April 2023.

This report is the final evaluation of Phase 2 of the AeroSpace Cornwall programme and is the third of the three reports commissioned. The final evaluation considers the programme's strategic fit (both at the start of the programme and throughout delivery), financial and delivery performance, beneficiary outcomes and impacts, a value for money assessment, in addition to a qualitative assessment of the programme's delivery and management.

Programme Relevance and Consistency

There has a been a significant development in the local and national strategic landscape which has strengthened the case for programmes like AeroSpace Cornwall. There is a clear future role for programmes and Ministerial recognition of the contribution Cornwall's space cluster makes to driving innovation, productivity and advancement in the UK and globally. Despite the departure from the EU and the closure of EU structural funds, the delivery team have worked with beneficiaries to capitalise on funding opportunities posed by the UK Shared Prosperity Fund and Innovate UK to continue support.

Progress Against Contractual Targets

By end March 2023, AeroSpace Cornwall exceeded the original targets which demonstrates the success of the project and the commitment of the delivery team. Wider economic conditions such as Covid-19 originally impacted on the achievement of targets but in the last quarter significant progress has been made. The efforts of the delivery team to put in place mitigation strategies, including a project change request, has enabled the project to meet or exceed its targets.

Programme Delivery Performance

Marketing and Engagement

The delivery team's attendance at events has been crucial to promoting the programme beyond Cornwall and has helped overcome confusion caused by the 'AeroSpace Cornwall' brand which left uncertainty amongst beneficiaries' eligibility.

The AeroSpace Cornwall programme and delivery team's ability to bring together the different assets and institutions involved in the cluster has been recognised as integral to its success. Today the delivery team continue to shape national conversations around space clusters and, according to consultees, the recent Ministerial recognition of the capability and potential of the Cornwall Space Cluster is testament

to the efforts of AeroSpace Cornwall and the wider team behind promoting Cornwall's role in this emerging sector.

Future programmes should continue to utilise the existing networks and in-person events as a driving force for generating interest, forging relationships with wider programmes and bodies, and engaging beneficiaries in the programme. Whilst online marketing and social media is key, linking this into the wider business support ecosystem and established mediums, like Cornwall Council's website, will help signpost and streamline the process.

Take-up and Prioritisation

Despite the wide ranging business support programmes also existing in Cornwall and the wider South-West region, there was very little overlap between programmes due to the sector focussed approach of AeroSpace Cornwall. This has ensured the programme complements rather than conflicts with other support programmes due to a positive and collaborative working relationship. Looking beyond the region to strengthen cluster-to-cluster development will help create a better package of support across the UK's entire space cluster and avoid a duplication of support. However, this requires support from external organisations like the Space Agency to signpost and facilitate those connections.

There has been a wide range of sectors engaged in the programme. However, activity has still concentrated in specific sectors in the professional, scientific and technical (35%) or ICT sectors (33%).

The Support Offer

Research & Development (R&D) has proven to be the most popular aspect of AeroSpace Cornwall's support package with 72% of businesses surveyed receiving R&D funding This funding has proven successful due to the 'development focus' which focussed on supporting businesses through the practical development stage rather than early-stage research. Of those who received this support, 85% have made a lot of progress or achieved this goal.

Whilst Covid-19 saw support pivot online, once restrictions began to ease the team have started to resume more in-person activity with attendance at events increasing. However, a large part of support continued to be delivered remotely.

Overall, 97% of beneficiaries were satisfied or extremely satisfied with the support they received. Consultations highlighted that central to this, which should be considered for future programmes, is the importance of:

- Regular engagement with beneficiaries
- Helping facilitate relationships through signposting to business and academic experts
- Being flexible in meeting project milestones and the unexpected delays or changes experienced due the development phase of R&D

Management and Governance

The overall management of the AeroSpace Cornwall project was praised by beneficiaries and external stakeholders. In particular, the extensive experience, knowledge and hard-work was attributed the successful delivery and ability to engage businesses. Whilst changes from Cornwall Development Company (CDC) to Cornwall Council caused some confusion amongst the delivery team over the new governance structure, this has not impacted upon programme delivery or beneficiary experience.

As mentioned in the interim evaluation, the administration process was seen as thorough but appropriate for the level of funding. Although businesses were frustrated by the administrative tasks, they welcomed the one-to-one support provided by the delivery team which helped overcome.

As the UK moves away from ERDF funds, there was uncertainty around what aspects of the delivery would continue. However, the project has been successful in encouraging and supporting businesses to seek funds elsewhere with 14 out of 30 beneficiaries set to receive UK Shared Prosperity Funds.

Cross Cutting Themes

The programme has made progress against the cross-cutting themes (CCT) due to the recruitment of a CCT expert who worked with beneficiaries to review the projects ability to meet cross cutting themes. Consultees suggested that the approach of the CCT expert which was focused on taking a project-by-project approach and involved working closely with businesses, allowed them to overcome the barriers to implement and demonstrate the benefit this poses to businesses performance. The programme's performance against the cross-cutting themes is summarised below:

- **Equality –** The delivery team fulfilled the Brand Ambassador roles which were set out in the ESIF application form with strong female representation across senior roles. Whilst only 10% if businesses identified as female-led compared to a target of 30%, it was recognised this represented a wider challenge in the aerospace and space sector rather than a lack of engagement efforts by the delivery team.

- **Environmental/Social** – impact assessment performance was delivered by an expert in environmental sustainability who, consultees identified as providing a 'net zero mindset.' Concerted efforts were made to support businesses to develop products which were environmentally beneficial and replace aspects like aviation fuel with lithium batteries and fuel cells for drones. The need to maintain this mindset will grow in importance as the net zero agenda becomes more prominent in the UK and abroad.

Outcomes and Impacts

Project Managers were praised for the quality of support they delivered and were seen as accessible and flexible to the changing needs of businesses and easily approached to have regular discussions. 89% of beneficiaries reported that the programme had contributed towards their achieved outcomes and impacts, up from 40% in the interim evaluation report.

AeroSpace Cornwall has continued to be effective in helping businesses to achieve their key objectives and outcomes, including:

- **Increased business collaboration –** the programme has supported businesses to collaborate and work with other businesses across the sector.
- **Improved ability to secure funding –** the programme has taught and supported businesses to navigate grant funding which has led to further investment through subsequent funding pots.
- **Improved business strategy and planning –** the programme has helped businesses to develop their strategy and think about their future growth ambitions
- **Increased technology readiness levels –** R&D support has contributed to businesses increasing their technology readiness levels (TRLs) and bringing their products closer to the market.

The AeroSpace Cornwall programme has been fundamental to the development and promotion of the Cornwall Space Cluster. In particular, the Programme Director has played a key role in using AeroSpace Cornwall to promote the Cornwall Space Cluster and the wider business support ecosystem which exists. Similar to the interim evaluation, the Cornwall Space Cluster is seen as the key pillar of the programme's legacy with Ministerial recognition helping to strengthen the reputation it has built.

Overall, the project has generated a positive economic impact. Based on beneficiaries supported by end March 2023, net additional GVA created is estimated at **£12.5 million** and increases to **£32 million** when accounting for future expected impacts (£19.5 million). Employment impacts are also significant, where the project has created **82 net additional jobs to date.** In the next three years, this is expected to increase to 119 jobs resulting in a total of **203 net additional jobs** created when future impacts are accounted for.

Cost Effectiveness and Value for Money

AeroSpace Cornwall has generated £3.51 net additional GVA for every £1 public investment (by end March 2023). Over the next three years, there is expected to be a higher return on investment (£8.59). The project also performs well when estimating the cost per net additional job (£58.4k) which falls to £25.5k when future impacts are accounted for. This indicates that the project represents strong value for money and is relatively cost-effective when compared against comparator benchmarks.

Recommendations

1. Continue to simplify programme administration to reflect the size of grant received and provide one-on-one support

As acknowledged in the interim evaluation, the paperwork required to process claims felt burdensome for the value of the grant received according to beneficiaries. Whilst beneficiaries continued to report that administration felt complicated, they felt this was out of the control of the delivery team as an ERDF requirement and appreciated the support provided by the delivery team to complete forms. The guidance and simplification of administration dependent on grant size during Phase 2 was welcomed by beneficiaries and helped prepare them to seek further grant funding. Future programmes should continue to replicate the supportive approach taken by AeroSpace Cornwall to help beneficiaries understand grant funding administration.

2. Future programme branding should be clear and communicate the applicability of funding to a range of businesses and sectors

Both the interim and final evaluations have highlighted the unclear branding of 'AeroSpace Cornwall' which has impacted on initial business engagement and placed additional pressure on the delivery team to work harder to attract businesses. The branding has resulted in businesses showing initial scepticism over their relevance to the programme, despite then recognizing the value it has to their business and wider economic growth in Cornwall. With the programme pivoting into more broader space support, particularly drone development, this further confuses the name. Whilst face-to-face engagement has helped overcome these challenges and has been successful in widening the outreach, clear branding from the start may reduce the need to do this and would have helped to focus marketing on to more important areas of support. Identifying the key lessons taken in the marketing approach will be key to

formalising the approach and transferring to other programmes to help share success, as well as using a clear and applicable name.

3. Ensure there is sufficient funding available for R&D activity to drive innovation and grow Cornwall's economy

The delivery team recognised that there was greater demand for R&D support than they had initially anticipated. Consultations and the beneficiary survey showed that this was the most popular and important aspect of support, with the focus on 'development' helping businesses increase their technology readiness levels (TRLs) and step closer to developing commercially ready products. Discussions with businesses showed that many had since attracted investment in their business and/or the product developed through AeroSpace Cornwall. The focus on development rather than early research should continue in future programmes to help drive outcomes and attract further outside investment in the Cornwall economy.

4. Flexibility in delivering R&D support is integral to helping businesses achieve their goals

Future programmes can learn from the flexibility provided to R&D recipients to ensure that businesses are able to achieve their outcomes. AeroSpace Cornwall understood that R&D can generate unexpected effects and require businesses to change their direction of travel or focus. Supporting businesses in this journey and anticipating the need to be flexible will, therefore, be crucial to meeting future output targets and establishing positive outcomes for businesses.

01: INTRODUCTION

01 Introduction

Hatch was commissioned by Cornwall Council (previously Cornwall Development Company) to undertake an interim and final evaluation of the AeroSpace Cornwall Phase 2 programme.

Building on the objectives and lessons learned from its predecessor (Phase 1), Phase 2 of the AeroSpace Cornwall programme continues to deliver a comprehensive programme of Research, Development and Innovation (RD&I) support to Cornwall and Isle of Scilly (CIoS) LEP based businesses.

The support focuses on growing the aerospace and space smart specialisation sectors by accelerating innovation in CIoS' businesses, increasing the productivity and capability of the local aerospace and space supply chains, and securing private investment in Research and Development (RD&I).

The £5.26m ERDF funded programme was originally contracted to deliver between December 2019 and October 2022. However the programme was granted a time extension and an additional £350k of funding and concluded its activity in April 2023. This increased the programmme budget from £5.26 million to £5.61 million. This summative assessment covers the period December 2019 to March 2023, and assesses performance against the post-PCR targets.

This report is the final evaluation and summative assessment of Phase 2 of the AeroSpace Cornwall programme and is the last of the three reports commissioned (with the other two reports comprising of a baseline and interim evaluation). The final evaluation considers the programme's strategic fit (both at the start of the programme and throughout delivery) and continued relevance, financial and delivery performance, a qualitative assessment of the programme's delivery and management, beneficiary outcomes and impacts achieved, and value for money.

Evaluation Approach

Addressing ERDF Evaluation Questions

The purpose of conducting a summative assessment is to gain an understanding of the practical experience from implementing Phase 2 of the AeroSpace Cornwall programme, its value-added, and the impact achieved at the small-to-medium enterprise (SME) and programme level. It assesses whether the programme has delivered against its output targets and pinpoints the most pertinent lessons learned from on-the-ground delivery.

Every summative assessment must cover the five themes below, in line with the Department for Levelling up, Housing and Communities (DLUHC) Summative Assessment guidance, whilst being tailored to the programme in question. In the case of the AeroSpace Cornwall programme, this entails an evaluation of its:

- **Relevance and Consistency** – in light of changing policies and economic circumstances, since programme inception, to test through consultation and desk-based work the continued relevance of and need for the programme.

- **Progress Against Contractual Targets** – measuring performance and understanding progress to date against contracted ERDF outputs and associated spend profiles using the latest available programme data.
- **Delivery and Management Performance** – tested through consultation, capturing strategic partners' experiences and lessons learned from implementing and managing the programme.
- **Outcomes and Impact** – providing a summary of programme impacts, harnessing qualitative insights from SME beneficiaries, and setting out the extent to which additionality is being achieved.
- **Cost Effectiveness and Value for Money** – modelled using self-reported data from the beneficiary survey to gauge the programme's economic contribution against inputs.

Approach to the Final Evaluation

The final evaluation will adopt a theory of change approach (which relies on the logic model and self-reported methods including consultations and a beneficiary survey which were carried out as part of this report). The final evaluation will gather evidence on each of the five ERDF evaluation questions using a range of qualitative insights and quantitative sources:

- **Review of Programme Documentation** – revisiting the logic model which underpins the programme's intervention logic.
- **Programme Monitoring Data** – detailed analysis to assess performance against contracted ERDF output and financial commitments, characteristics of beneficiaries and those reflected in PCRs.
- **Consultations and Process Review** – consultations with the delivery team and strategic partners to obtain feedback on the programme's processes, from delivery to management and governance.
- **Beneficiary Web Survey** – drawing on qualitative findings in the survey as well as self-reported data on employment and turnover to identify the benefits generated by the programme.
- **Beneficiary Case Studies** – through consultation, collecting beneficiaries' perspectives on satisfaction with the support received, outcomes and impacts achieved, and views on the overall programme.

Structure of this Report

The report has been drafted to provide an overview of the important messages which have emerged from the analysis. As such, the report is structured around the following chapters:

- **Section 2. Programme Context** – considers the programme's logic model alongside the economic and policy context in which it was designed, including the nature of the market failure, the programme's objectives, rationale for the delivery approach, and changes through project change requests (PCR) made since.
- **Section 3. Changes to Delivery Context** – considers the changes in the economic and political environment which may have impacted the programme's continued relevance and delivery.
- **Section 4. Financial and Output Performance** – considers progress with programme implementation, drawing on annual and lifetime performance against expenditure, activity, and output targets.

- **Section 5. Programme Delivery Performance** – provides a more qualitative analysis of the implementation of the programme's delivery performance and considers the elements of delivery which have been more or less successful.
- **Section 6. Outcomes and Impacts –** sets out the beneficiary outcomes and impacts achieved as a result of the programme, and gross and net additional economic impact.
- **Section 7: Conclusion and Recommendations** - outlines the conclusions which can be drawn from the evaluation and the lessons which have emerged for Cornwall Council as well as for policy makers and those designing and implementing similar programmes.

02: PROGRAMME CONTEXT

Programme Context

02

This section considers the need and rationale for the AeroSpace Cornwall programme, exploring how the programme has been designed to address existing market failures, meet its objectives, and deliver intended outputs and outcomes to beneficiaries and the wider economy.

The assessment draws upon the programme logic model, which lays out the intervention logic for AeroSpace Cornwall, analyses the programme's economic and political context in which the programme was designed and assesses the rationale of the delivery approach.

The analysis in this section has been informed by a review of the programme background documents, including the programme original application form and other internal programme management and delivery documents.

The Logic Model

The intervention logic underpinning the need for the AeroSpace Cornwall programme is presented in the diagram overleaf. The development of the logic model was informed by the Phase 2 application form, desk-based research and our understanding of the programme based on the previous Phase 1 evaluation undertaken by Hatch.

Its purpose is to trace the programme rationale to its intended outcomes in a step-by-step manner.

Aerospace Cornwall – Logic Model

Context

- Growing national, regional and local significance of the aerospace and space sectors over recent years.
- Severe underinvestment in RD&I in CIoS compared to elsewhere
- Poor overall productivity levels in CIoS, with the LEP area ranked 34 out of the 39 LEP areas in terms of productivity (2013 UK Competitiveness Index)
- Alignment with national and local strategy: Prosperity from Space Strategy, Industrial Strategy, Space Policy, Space Innovation and Growth Strategy, CIoS Strategic Economic Plan

Market Failure

- **Asymmetrical Information:** There is underinvestment in innovation due to uncertainty on payback associated with RD&I activity, particularly around unproven technology. In addition, SMEs often lack information on the availability and usefulness of business support and have few local networks to access and draw upon for support.
- **Positive Externalities:** Businesses do not consider the wider benefits of their activity on industry/sector growth, skills development and further inward investment, leading to under investment in innovation

Objectives

- Develop the innovation ecosystem through sector engagement and technology cluster development, connecting horizontal and vertical components of the supply chains and increasing the value of businesses across CIoS LEP.
- Promote technology and the CIoS LEP's innovation capability globally through local, national and international marketing and events, in addition to the dissemination of case studies and success stories in developing the aerospace / space cluster within Cornwall.

Inputs

Pre-PCR

- Project Value - £5,255,682
- ERDF – £3,448,744
- Public Match (Cornwall County Council) – £477,500
- Private Match – £1,376,000

Post PCR

- Project Value - £5,605,682
- ERDF – £3,302,543
- Public Match (Cornwall County Council) – £477,500
- Private Match – £1,725,639

Activities

1. **RD&I Grant Fund for Product / Service and Technology Development:** grants between <£10k and £250k, encouraging SME / academic collaboration and inward investment.
2. **Specialist Space and Aerospace Technology Expertise:** access to space / aerospace technology experts, legal and finance advisors to help accelerate market readiness.
3. **Training / Accreditations:** support to acquire SC21 and Aerospace Management Training
4. **Developing the Innovation Ecosystem** : through sector engagement and technology cluster development
5. **Promotion of CIoS Technology and Innovation capability globally** : via marketing / events

Outputs

- C1: Number of Enterprises Receiving Support - 60
- C2: Number of Enterprises Receiving Grants - 36
- C4: Number of Enterprises Receiving Non -Financial Support - 24
- C5: Number of New Enterprises Supported - 12
- C6: Private Investment Matching Public Support to Enterprises - £1,376,000
- C8: Employment Increase in Supported Enterprises - 12
- C26: Number of Enterprises Co -operating With Research Institutions – 6
- C28: Number of Enterprises Supported to Introduce New to Market Products - 9
- C29: Number of Enterprises Supported to Introduce New to the Firm Products - 9

Beneficiary Outcomes

- Developing new and improved products and services
- Growing market share in existing markets and products
- Entering new markets
- Begin trading elsewhere in UK / overseas
- Build and enhance knowledge, skillsets and capabilities
- Increasing business collaboration
- Increased TRL levels

Intended Impacts

- Net additional GVA generated
- Creation of high value jobs
- A higher innovation rate in CIoS
- New disruptive technology developments
- Aerospace and Space cluster development
- Stronger and more diverse supply chains
- Contribution to ERDF cross -cutting themes in supporting equality, environmental sustainability and adding social value.

Strategic Context

Phase 2 of the AeroSpace Cornwall programme has been designed to align with national and local economic and space strategies, which seeks to enhance productivity through innovation, and strengthen the aerospace and space clusters. The policies which have most relevance to the programme are summarised below.

National Level

- **Prosperity from Space Strategy (2018)** – expresses the government's desire to double the value of the space sector to wider industrial activities, generate an extra £5bn in export and attract £13bn in inward investment.
- **Industrial Strategy (2017 since withdrawn)** – this sets out the government's long-term plan to boost productivity throughout the UK. The aerospace and space sectors were identified as a key sector to achieve this and was one of only five world leading and key industries to receive targeted government support. The narrative throughout the strategy also placed strong emphasis on the role and importance of innovation in contributing towards its goals.
    - **Sector Deal** – the aerospace sector deal was one of the first to be agreed, after the release of the Industrial Strategy. The deal sought to strengthen the position of the UK's aerospace sector through policy and funding.
- **Space Policy (2015)** – the document outlines the UK's vision and policies to grow the space sector's global presence and become the European hub for commercial spaceflight and space technologies.
- **Space Innovation and Growth Strategy 2014-2030** – establishes a partnership between industry, government, and academia to develop, grow and exploit new space related opportunities. The purpose of the partnership is to deliver economic growth and establish the UK space sector as a prominent, forward, and high-technology industry.
    - **Space Growth Action Plan** – in response to the strategy, an action plan was created to deliver growth and aerospace sector dominance. Recommendations included making the UK the best place to grow space businesses, supporting UK space exports along the sector's supply chain, and providing business support.
    - **Spaceport: locations and criteria** – the UK government and, the Department for Transport identified Cornwall Airport Newquay as a possible location for the UK's first spaceport
- **Reach for the Skies: A Strategic Vision for UK Aerospace (2012)** – vision and strategy outlining the aims of the industry and government to position the sector as Europe's largest aerospace manufacturer and to support the global customer base of its supply chain.

Local Level

- **CIoS Strategic Economic Plan 2017-30** – sets out a vision to become a place where business thrives and people enjoy an outstanding quality of life. The prominence of the aerospace sector in CIoS LEP is identified as a priority cluster, and strong integration between academic institutions and SMEs is supported to lead job creation and economic growth in the region.

Programme Need and Rationale

Although not explicitly stated in the ERDF application for Phase 2, it is implied the rationale and need for the programme is the same as those for Phase 1. That is:

- national, regional, and local significance of the aerospace and space sector as highlighted in the National Industrial Strategy (since withdrawn), National Space Policy[1] and strategic visions for the UK[2,3] published over recent years.
- comparative advantage with regards to its space assets (Goonhilly Earth Station and AeroHub and Enterprise Zone) the region holds.
- severe underinvestment in research, development and innovation (RD&I) in the LEP[4], considered a missed opportunity given the size of the aerospace sector in the EU (total turnover of €128 billion, c. 12% of which is directed toward RD&I[5]).
- poor overall productivity levels, in the 2013 UK Competitiveness Index, CIoS LEP ranked 34 out of the 39 LEP areas in terms of productivity levels.

Within the wider policy context, the programme directly addresses Priority Axis 1 of the ESIF programme 'Promoting Research and Innovation' and has been designed in relation to investment strand 1b, to promote business investment in research and innovation. AeroSpace Cornwall continues to be relevant in:

- developing links and synergies between enterprises, research and development centres and the HE sector through activities which encourage collaboration, technology transfer and networking.
- strengthening CIoS's advanced manufacturing capabilities through support that enables diffusion of key technologies and encourages technological and applied research.

The ERDF application argues that these issues and opportunities remain and suggests that there was a need for the programme when Phase 2 was designed. Like Phase 1, there are similar market failures which are suppressing investment in the aerospace and space sector. These are analysed in more detail below.

Market Failure

As noted in the ERDF application for Phase 2, AeroSpace Cornwall has been designed to address two market failures:

- **Asymmetrical information** - there is **underinvestment in innovation** due to uncertainty on payback associated with RD&I activity (specifically around unproven technology). Programmes similar to AeroSpace Cornwall which subsidise, de-risk and provide innovation support reduce this uncertainty and risk and help foster an innovation environment. In addition, there exists a

[1] HM Government (December 2015), 'National Space Policy'.

[2] Department for Business, Innovation and Skills (July 2012) 'Reach for the Skies: a Strategic Vision for UK Aerospace'.

[3] HM Government (March 2013), 'Lifting Off: Implementing the Strategic Vision for UK Aerospace'.

[4] In 2012, annual RD&I expenditure within the CIoS LEP area was only 0.22% of total GDP; the lowest of any Local Enterprise Partnership (LEP) area in England. When compared with the UK's level of RD&I expenditure (1.63% of GDP) Cornwall's investment represents a total of just 13% of the national average.

[5] http://investineu.com/content/aerospace-sector-eu

second market failure with regards to **imperfect information**. In general, SMEs often lack information, or are unconvinced by the availability and usefulness of business support. Furthermore, there are **few local networks** to access and draw upon, and AeroSpace Cornwall will help address this by informing businesses leading to better decision making.

- **Positive externalities** - there are wider positive impacts resulting from investment in R&D and innovation. However, individual businesses are not aware of how their investments can benefit the business community. Technology and knowledge spill overs can occur from investment, such as increased productivity of other businesses which operate in the same sector. By subsidising R&D activity, public spending and support can lead to improved realisation of the wider benefits, resulting in an optimal outcome.

In considering the need for the programme and market failures AeroSpace Cornwall seeks to address, the evidence demonstrates there was a sound rationale when the programme was designed.

Programme Objectives

As outlined in the AeroSpace Cornwall's ERDF application for the programme's extension, the Phase 2's objectives, alongside its deliverables and outcomes, remain consistent with that of the original programme.

From the ERDF summative assessment plan for Phase 2, AeroSpace Cornwall's objectives are to:

- develop the innovation ecosystem through sector engagement and technology cluster development, connecting horizontal and vertical components of the supply chains and increasing the value of businesses across CIoS LEP.
- promote technology and the CIoS LEP's innovation capability globally through local, national, and international marketing and events, in addition to the dissemination of case studies and success stories in developing the aerospace and space cluster within Cornwall.

On top of those listed above, the ERDF application for Phase 2 explicitly notes several additional programme objectives:

- to reduce dependency on ERDF funding.
- maximise return on investments made through the programme.
- attract and retain inward investment within the CIoS region and sector.
- deliver and support environmental growth through the aerospace and space sectors.
- promote greater inclusion in Cornwall particularly female participation within the aerospace and space sectors.

Programme Activities

Activities to be delivered under Phase 2 of the programme have been simplified and enhanced to improve quality and ease of access for beneficiaries:

RD&I Grant Fund for Product / Service & Technology Development – will focus on supporting businesses to accelerate through the technology readiness levels (TRL) and manufacturing readiness levels (MRL). This will be delivered through a delegated RD&I grant fund which is match funded at an average intervention rate of 52%. The 1.875 million RD&I grant fund will support 36 RD&I projects with grants of between <£10k and £250k. The RD&I grant fund encourages sustainable relationships between industry and publicly funded academic and research establishments to be built and maintained. The fund also acts as an incentive for inward investment. Sector specific mentoring will be offered alongside dedicated project and procurement expertise to support RD&I project delivery. The fund consists of:

- <£10k grants: beneficiaries can work with an expert to undertake market research and validate the idea concept, engage with potential customers and suppliers to understand commercial viability of the product/service, and be supported in diversifying into the aerospace and space markets.

- £10-£250k grants: beneficiaries can access match funding for RD&I projects and are supported by Project Managers to help develop the idea concept and improve market readiness, as well as collaborate with other businesses or research institutions.

Specialist Space and Aerospace Technology Expertise – up to 30 hours of support enabling beneficiaries to access space and aerospace technology experts, IP lawyers, and bid writers which will help develop the business strategy, accelerate market readiness, and demonstrate product/service fit

in the market. In tandem, there will be access to R&D tax credit experts and up to 2.5 days support from G-Cloud experts to help enhance applications to become a UK Government 'G-Cloud' service provider.

Support for Training / Accreditations – up to 100 hours of support will be provided to help beneficiaries secure funded sector-specific accreditations such as Supply Chains for the 21st Century (SC21), a nationally recognised change management toolkit and Aerospace Management Training, which ensures safety and compliance with the AS/EN9100 standard; designed to enhance business competitiveness.

Developing the Innovation Ecosystem - through sector engagement and technology cluster development, connecting horizontal and vertical components of the supply chains and increasing the value of the businesses across CIoS LEP region.

Promotion of CIoS Technology and Innovation capability globally through local, national, and international marketing and events and through dissemination of case studies and success stories in developing the aerospace and space clusters.

Inputs

Please note that the inputs below refer to the pre-PCR figures.

Total funding for Phase 2 of the AeroSpace Cornwall programme is £5.324 million with the ERDF contributing just under £3.404 million (64%) of the total. The remainder is funded by Cornwall Council (£0.5 million, 9%) and beneficiaries' private sector match against RD&I grant offers (£1.38 million, 26%).

A breakdown of the programme's expenditure is presented below, which largely follows the profile of Phase 1's budget and is based on previous delivery experience of AeroSpace Cornwall:

RD&I grants comprised of 36 projects requiring RD&I grants, of which six are fully funded. Each awarded project should drive four key activities: to accelerate activity to TRL4 (six grants), to encourage investment in TRL4 to TRL7 (24 grants), to support manufacturing readiness (three grants), and to encourage inward investment (three grants).

Breakdown of programme inputs and expenditure

Inputs	Expenditure
RD&I grants	£2,875,889
Salaries	£1,240,288
Marketing	£562,500
Consultancy	£279,900
Overheads	£186,043
Other revenue (non-grant – including recruitment, meeting, travel, and training costs)	£79,085
Office costs (including rental of office space)	£31,978
Total	**£5,255,682**

Source: AeroSpace Cornwall, Full Application Form (ESIF Form 2-010)

Outputs, Outcomes, and Impacts

Output targets for the programme extension drew from CDC's delivery experience as well as lessons learned during Phase 1 of AeroSpace Cornwall. These include:

- C1: 60 businesses receiving support
- C2: 36 businesses receiving grants
- C4: 24 businesses receiving non-financial support
- C5: 12 new businesses supported
- C8: 12 jobs created in supported businesses
- C26: 6 businesses collaborating or working with a research institution.

In tandem, the AeroSpace Cornwall programme has a strong focus on encouraging RD&I within the CIoS LEP area, which is reflected through the following targets:

- secure £1,375,637 in match funding with respect to the RD&I grants (C6)
- nine new-to-market products (C28)
- nine new-to-firm products (C29); and
- support businesses by recruiting specialist IT, legal and finance experts (including RD&I tax credits).

Similar to Phase 1, at the wider programme level, as part of its intended impacts, the programme hopes to:

- develop the growing aerospace and space cluster forming in Cornwall
- create gross value added (GVA) and jobs
- improve the innovation rate and introduce new disruptive technology developments
- improve the strength of, and diversify the supply chain; and
- contribute to ERDF cross cutting themes in supporting equality, environmental sustainability and adding social value.

Cross Cutting Themes

CDC's ERDF application for Phase 2 of the AeroSpace Cornwall programme states a strong and detailed case and contribution against several ERDF cross cutting themes. As part of the programme's activities, CDC will actively seek to support the following three cross cutting themes:

- **Environmental** - RD&I grants will be used to help develop products / services / technologies which contribute to the circular economy. In situations where this is not possible an environmental impact assessment will be conducted such that mitigating actions can be taken.
- **Societal** - support for businesses who are developing products / services / technologies which add value to society through the use of aerospace and space technology.
- **Equality** – encourage greater female participation in the aerospace and space sector by creating a more inclusive marketing events plan; recruiting an equality and diversity specialist to support SMEs business decisions.

Changes to Delivery Context

In December 2021, a Project Change Request (PCR) was submitted to extend the current project end date from 31st October 2022 to 31st March 2023, with financial completion on 31st July 2023. This was intended to allow the underspend in 2020 and 2021 to be carried over to the end of calendar year and support the remainder of the project.

Updates to overall project budget and output targets are set out below.

Original and Revised Project Outputs

	Original (Dec 2019)	Revised (PCR Dec 2021 onwards)	Variance	% Variance
ER/C/O/01 Number of enterprises receiving support,	60	60	0	0.00%
ER/C/O/02 Number of enterprises receiving grants,	36	38	+2	5.56%
ER/C/O/04 Number of enterprises receiving non-financial support,	24	31	+7	29.17%
ER/C/O/05 Number of new enterprises supported,	12	12	0	0.00%
ER/C/O/06 Private investment matching public support to enterprises (grants),	£1,375,637	£1,775,639	+£400,002	29.08%
ER/C/O/08 Employment increase in supported enterprises	12	26	+14	116.67%
ER/C/O/26 Number of enterprises cooperating with research institutions	6	6	0	0.00%
ER/C/O/28 Number of enterprises supported to introduce new to the market products	9	18	9	100.00%
ER/C/O/29 Number of enterprises supported to introduce new to the firm products	9	9	0	0.00%

Source: ESIF PCR Application and Assessment Form for the Aerospace Cornwall project.
Note: figures may not sum due to rounding.

As part of the PCR, there were further revisions/additions, including:

- The Administrator and Events Officer roles were combined into a Business Development Coordinator role. This subsequently became a Space Research Specialist role to respond to beneficiary demand for support and facilitate national and international collaborative R&D projects in the Cornwall Space Cluster.
- Employment contracts were adjusted to reflect permanent home-working which was predicted until the end of the project. Future need for team members to be based at multiple sites was accommodated on a day-rate basis and take from Other Revenue line.
- The programme was granted an additional one month extension to the activity end date, from 31st March 2023 to 30th April 2023.

03: CHANGES TO DELIVERY CONTEXT

Changes to Delivery Context

03

This chapter of the report assesses changes in the socio-economic and political environment which have affected AeroSpace Cornwall, particularly on whether such changes have affected the programme original rationale or delivery, and ultimately its continued relevance.

Key Strategic Contextual Factors

Since the programme's inception, there have been some developments in the local and national strategic landscape, which have reinforced the relevance of the AeroSpace Cornwall Phase 2 programme:

- The **Defence Space Strategy** (2022) recognises the space sector as a high-growth, high-skills sector in the UK which is now driven by commercial venture interest and a range of companies involved from start-ups to global conglomerates. There are further opportunities to maintain strategic advantage through the development of fast-paced, emerging technologies. Driving innovation and exploiting technological opportunities is a key principle for strengthening UK defence, enhancing military operations, and upskilling and retaining the space workforce.
- The **Levelling Up White Paper** (2022) commits to increasing opportunity and prosperity throughout the UK as part of the 'levelling up' agenda. Drivers of this include human capital, improving the skills and experience of the workforce, and intangible capital, including growing innovation, ideas and patents. To do this, the White Paper encourages support for the private sector to invest and grow and invest in R&D spending outside the South East.
- The **National Space Strategy** (2021) aspires for the UK to become one of the most innovative and attractive space economies globally, through strengthening the UK's competitive edge in space science and technology, as well as supporting the use of space to help solve challenges at home and overseas. The strategy outlines four key goals which underpins this vision: unlocking growth in the space sector, growing the UK as a science and technology superpower, collaborating internationally, and developing resilient space capabilities and services.
- The **UK 'Build Back Better: Our Plan for Growth' Strategy** (2021) sets out ambitions to encourage long-term economic growth and generate high-quality jobs, through 'levelling up' of regions across the UK by building on three pillars: infrastructure, skills, and innovation. A policy response to the impacts of the COVID-19 pandemic, the strategy highlights the UK's strength in the aerospace sector and the importance of supporting innovative and high growth sectors.
- The CIoS **Good Growth Plan** (2022) articulates how the LEP intends to deliver on their UK Shared Prosperity funding. Relevant to Aerospace Cornwall is the investment priority of spending £13.85m on supporting research, development and innovation skills and business support programme. The Growth Plan also states it prioritises UKSPF investment in strategic sectors including the space sector and is keen to leverage both private and public funding in this area.
- The **CIoS LEP Local Industrial Strategy** (2020) supports the LEP's vision for a creative and carbon neutral economy based on the realisation of opportunities for its people, communities,

and businesses. This includes the ambition to lift productivity by expanding the breadth and depth of niche and high-performing sectors, including the aerospace and space sectors, improving the quality of jobs and business performance, as well as building capacity and capability.

- The **CIoS Space and Data Strategy 2020-30** articulates how the space and data sectors will increase productivity across the CIoS economy, looking ahead to 2030. The strategy outlines activity to accelerate growth in the Space and Data sectors, building on the CIoS' strengths in these sectors. It sets out the strategic ambition and objectives with realistic targets for CIoS over the short (2 years), medium (3-5 years) and long term (6-10 years).

The political environment remains supportive for programmes like AeroSpace Cornwall Phase 2 programme in driving technology innovation in the aerospace and space sectors, while also promoting long term growth and resilience in CIoS.

Key Socio-economic Contextual Factors

To gauge the current and continued socio-economic need and relevance of the AeroSpace Cornwall Phase 2 programme, the table below outlines and assesses the baseline position of several key indicators. Where possible, we have used 2019 as the baseline year, as this was the year the application for Phase 2 began. The current position assesses whether there have been any changes since 2019 using the latest available data.

Themes	Current Position	Programme Impact
National SME R&D and Innovation Levels	• Between 2018-20, 44% of SMEs (those employing 10-249 employees) in the UK were conducting research and development, up from 37% between 2016-18[6]. • The proportion of innovation active businesses in the UK between 2016-18, 45%, is the highest it has been since 2010-2012, and has increased by 7 percentage points since 2016-18. • Large businesses were more likely to innovate, with 58% considered innovation active.	• The data suggests that innovation levels are starting to increase among SMEs. Government is keen to see greater levels of engagement in order to realise greater productivity and growth in SMEs and the aerospace sector. This aspiration continues to demonstrate the need for programmes such as AeroSpace Cornwall.
Business Performance in the South West	• In 2022, there were nearly 237,600 SMEs operating in the South West[7]. Growth since 2019 in the region (1.7%) has been marginally less than that seen across England (2%). However, Cornwall has witnessed above average growth of 5% with 25,600 SMEs. • The number start-ups in the South West has seen a steady increase since 2018 from 22,800 to 25,900. This contrasts to a decline of 4% seen across England. However, as a share of active businesses, business births have dropped from 14% in 2016 to 11% in 2022 compared to from 15% to 13% in England [8]. • During 2016-20, the one year-survival rate for businesses within the South West (93.4%) was 0.5 percentage points higher than England's rate (22.9%).	• Though there are now more SMEs to support than at the time AeroSpace Cornwall Phase 2 began, the proportionate share of start-ups has reduced. Early stage business support programmes like AeroSpace Cornwall are critical in nurturing this delicate supply chain. • Increased business count in Cornwall, however, reflects the growing attractiveness of Cornwall as a place to do business and shows the importance of business support programmes and clustering to grow this investment opportunity.

[6] BEIS (2022) – UK Innovation Survey 2021

[7] ONS (2022), UK Business Count

[8] ONS (2022), Business Birth Demography

Employment and Productivity in the South West	• In 2020, GVA in the South West was £107.3bn, which was 7% higher than the previous year and in line with the growth rate seen across England (3.1%)[9]. • Total employment in Cornwall and Isles of Scilly grew by 7% between 2019 and 2020 versus 3% in England and the wider South West • Productivity in the Cornwall and Isles of Scilly declined from £72 per hour worked in 2017 to £71 in 2020, a decline of 0.5%. Whilst this falls below the decline seen in the wider South West of 1.1%, GVA per hour worked is still below current levels of £86 in the region. It also contrast with the national average, where productivity only decreased from £101.70 to £101.60 over the same period. • Annual pay in the South West has increased from £24,200 in 2021 to £26,700 in 2022[10]. This falls below national levels, where annual pay increased from £26,200 to £28,000.	• Since AeroSpace was created, the South West's aggregate contribution to the national economy has grown as reflected in the increases in GVA. • Successfully commercialised goods and services will both boost productivity and wealth and create businesses and jobs in the local economy. • Consultations revealed that AeroSpace continues to be relevant in encouraging businesses to establish in / relocate to Cornwall and diversify its base, promoting economic growth and resilience.
EU Exit	• The UK and EU agreed on a post-Brexit trade deal, which came into force in January 2021. The new deal has resulted in uncertainty for businesses, in relation to trade, employee and other regulatory considerations. • A recent article[11], noted the aviation trade body ADS's concerns regarding the UK's reduced competitiveness relative to EU companies, due to increased red tape and higher costs following the UK-EU trade deal.	• As the UK left the EU in January 2020, it remains too early to gauge the full impact of Brexit on the CIoS economy. Consultations reflected that there has been negligible impact on programme delivery so far, however some beneficiaries underestimated the disruption of the EU exit on their supply chains and the cost to manufacture parts for their projects. As delivery comes to an end, the impacts of the EU exit are expected to be more prevalent in future. AeroSpace Cornwall has assisted businesses with understanding and overcoming challenges that Brexit has caused.
COVID-19	• Since the pandemic outbreak in the UK in March 2020, the Government has enacted several measures, which	• The impact of COVID on the UK economy has been significant. These impacts have also been felt locally, where the pandemic has

[9] ONS (2022), GVA – https://www.ons.gov.uk/economy/grossvalueaddedgva/datasets/nominalandrealregionalgrossvalueaddedbalancedbyindustry

[10] ONS (2022), ASHE

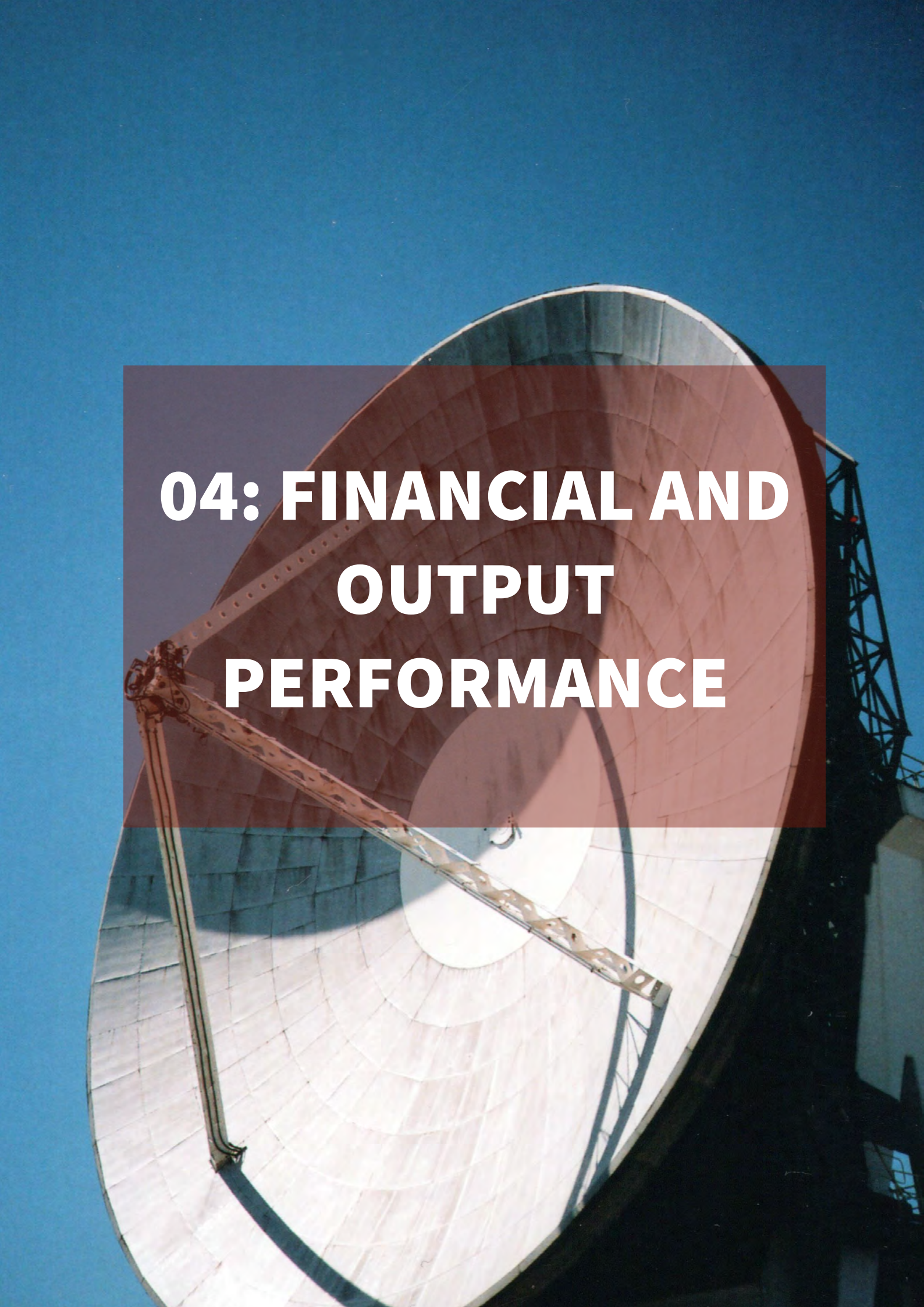
[11] https://www.bloomberg.com/news/articles/2021-04-20/u-k-aerospace-firms-warn-brexit-deal-threatens-parts-production

	have restricted economic and social activity, to curb the spread of the coronavirus. • To date, these measures have included but not limited to three separate national lockdowns, a tiered regional lockdown approach, and restrictions to certain sectors and business' operations. • To support the economy, through the pandemic, the Government has introduced several support schemes such as the job retention scheme, bounce bank loans scheme and specific sector funding to support vulnerable individuals and business which have restricted them from operating normally.	created uncertainty for CIoS businesses, impacting business decisions from supply chain management to employment to investment. This has resulted in businesses changing and / or delaying their R&D plans. • Consultations revealed that the impacts on delivery has been variable but largely positive. For beneficiaries, the pandemic saw an increase recognition of the importance of data and innovation, and the benefits of remote working. Other beneficiaries were negatively impacted and had to delay timescales due to supply chain delay in the manufacturing sector. The COVID-19 impacts on programme delivery are examined in more detail in Chapter 5. • Business support schemes are now even more important to help businesses through and beyond the COVID-19 pandemic. Investment will be crucial to secure and enable the future recovery and growth needed to rebuild the economy.
Busness Support and Funding Landscape	• There are a wide range of ERDF programmes operating in the Cornwall and Isles of Scilly LEP, under various priority axes and sector focuses. Several have an R&D focus such as ATI Cornwall Innovation. • Beyond ERDF programmes, there are a number of UK R&D funding programmes such as InnovateUK. • In July 2021, the UK government announced plans to replace EU structural funds with a new UK Shared Prosperity Fund (UKSPF) to launch in April 2022. The funding aims to 'level up and create opportunity across the UK for people and places' and includes a focus on investment for local businesses to support innovation, adoption of new technologies and a low-carbon transition.	• There are many business support programmes, however AeroSpace Cornwall has continued to work effectively with other programmes to promote knowledge sharing and cross referrals. Consultations indicated the programme remains very distinctive due to its sector focus and tailored support offer. This is explored further in Chapter 5. • At the time of the evaluation, consultees suspected that as ERDF funding is being phased out, some business support providers were beginning to reduce their support offer to businesses in CIoS. However, ERDF programmes such as Cornwall Trade and Investment and the Growth Hub have since been approved to extend delivery into 2023. The continuation of funding support in CIoS reinforces the need of programmes such as AeroSpace Cornwall and presents future opportunities for cross-programme collaboration. • Consultations suggested that the delivery team are continuing to build strategic partnerships to access local and national funding

		pots that address innovation, levelling up and productivity needs. The delivery team have also made efforts to mirror national funding processes so that beneficiaries can access national funding opportunities following AeroSpace Cornwall support. • The Space sector has been identified as a priority sector for investing UK shared Prosperity funds and could benefit from investment priorities including the £13.85m allocated to supporting research, development and innovation skills and business support.
Housing Availability	• There has been increasing demand for housing in CIoS, as more people have relocated to the county, particularly during the Covid-19 pandemic. Reports[12] suggest that the shortage of homes to rent or buy, has been due to the growth in tourism in recent years where houses have seen sharp increases in rental prices and been converted into holiday lets. • In November 2021, a £300m plan to tackle the housing crisis in Cornwall was proposed, including more affordable homes, reducing the reliance on short-term accommodation and improving availability and access to homes for locals.	• The delivery team reflected that the housing shortage has impacted local businesses in CIoS, as many have struggled to recruit staff. It is anticipated that recruitment issues could impact the growth of the aerospace and space clusters in future delivery. • The review indicates a need for AeroSpace Cornwall to encourage businesses to establish in / relocate to Cornwall and grow the sector.
Spaceport Cornwall	• More than 50% of the world's climate change data comes from satellites and are crucial for making heavy polluting industries more efficient. • Spaceport Cornwall represents one of eight potential UK sites to host a Spaceport and aspires to be the most sustainable Spaceport due to already being located at an existing operational airport. • Set to launch in 2023, the Spaceport will launch an environmental satellite. The centre also contains a	• Supporting Aerospace in Cornwall will continue to strengthen wider efforts in the region around Spaceports and Cornwall's appeal in this sector. The regional commitment to this sector will require support to SMEs who could capitalise upon the opportunities posed and innovate, grow the market share in aerospace sectors, and support advanced manufacturing businesses tap into the R&D growth opportunities.

[12] A perfect storm: The scale of Cornwall's housing crisis | ITV News West Country; Council proposes plans to tackle Cornwall's housing crisis - BBC News

	world-class R&D facility and technology, provides education to young children and is committed to making Spaceport sustainable and decarbonised.	
Business challenges	• CIoS LEP identified a need to diversify the economy of Cornwall and support businesses in the sectors of manufacturing, tech and creative. • Greater need to align the provision of skills to labour market demand with many young people leaving school without the necessary qualifications and take a long-term perspective to help anticipate future skills needed.	• Stakeholders commented that Aerospace Cornwall had helped generate investment and business activity in high growth sectors such as aerospace and involve a range of businesses in the aerospace supply chain, particularly those within advanced manufacturing, engineering and data and technology. Continuing to support the diversification of Cornwall's economy is crucial to building resilience and, as consultees suggested, changing the perception of Cornwall as only a food and tourism-based economy. • Aerospace Cornwall has also helped support businesses and their employees enter new markets and upskill their workforce. • While this falls outside of the programme's remit, consultation evidence suggests there is business appetite for upskilling and addressing internal skills gaps. This presents an opportunity for the programme to build links with wider provision so businesses can be signposted and supported further in their journey.



04: FINANCIAL AND OUTPUT PERFORMANCE

Financial and Output Performance

04

This section provides a summary of AeroSpace Cornwall's performance against overall ERDF contracted financial and output targets, and analyses performance to completion.

Performance Against Contractual ERDF Targets

AeroSpace Cornwall Phase 2 was delivered between December 2019 and April 2023. As referred to in Chapter 2, a Project Change Request (PCR) was submitted to DLUHC in December 2021 and approved. This requested a reprofiling of the programme's budget and reallocated underspent funds from 2021 for 2022 delivery. This enabled a further £750k of R&D project activity to take place in 2022 and 2023.

An overview of the programme's performance against its reprofiled targets, as of March 2023, is displayed in the table below. This is followed by a detailed analysis of financial and output performance.

Spend and Output Performance

Indicator	**Original Targets** (Dec 2019 – Dec 2021)	Reprofiled Targets (Dec 2021 – March 2023)	Performance To Date	
			No. (as of March 2023)	% of Target
Revenue Expenditure	£5,255,682	£5,605,682	£5,186,368	93%
ERDF	£3,402,543	£3,302,543	£3,248,238	95%
Public Match	£477,500	£477,500	£477,500	106%
Private Match	£1,375,639	£1,725,639	£1,828,568	97%
C1: Number of Enterprises Receiving Support	60	60	63	105%
C2: Number of enterprises receiving grants	36	38	48	126%
C4: Number of enterprises receiving non-financial support	24	31	36	116%
C5: Number of New Enterprises Supported	12	12	18	150%
C6: Private investment matching public support to enterprises	£1,375,637	£1,612,298	£1,828,568	113%
C8: Employment Increase in Supported Enterprises	12	26	54	209%
C26: Number of enterprises cooperating with research institutions	6	6	8	133%
C28: Enterprises Supported to Introduce New Product to Market	9	18	28	156%
C29: Enterprises Supported to Introduce New Product to Firm	9	9	28	311%

Key: Red = less than 85%, Amber = between 85% and 95% and Green = greater than 95%

The table summarises AeroSpace Cornwall's financial performance and compares expenditure against the reprofiled targets to date. By end-March 2023, AeroSpace Cornwall spent £5.2 million or 93% of their target expenditure (£5.5m) Consultations suggested that AeroSpace Cornwall was slow to get underway when it came to spending, in large part due to the disruption resulting from the Covid-19 pandemic. This meant that staff expenditure was reduced and marketing events were put on hold. More recently in the last 12 months, there have been low expenditure on salaries due to staff departures, with replacements not put in place. Delays to marketing events due to take place in Q1 2023 have been pushed back to Q2 2023 which will result in the remaining marketing budget being spent. Following a review of demand in Q3 2022, the Intellectual Property Knowledge exchange consultancy contract was extended to support additional C4 and C2 activity to ensure the total number of C1s were achieved.

By project closure at end-March 2023, the programme had secured its public sector match (100%) but had just fallen short of its private sector match funding target (97%). Almost all projects have finished their R&D projects, with much of the claim paperwork submitted to AeroSpace Cornwall for processing. Whilst there was an overspend of £65k on grants, this was to mitigate underspend elsewhere and still brings the total programme spend under.

The table above shows that AeroSpace Cornwall has met all of their nine reprofiled output targets to date. The programme performed well against the targets to introduce new products to firms (C29, 311% of target), increase employment in supported enterprises (C8, 209%), support enterprises to introduce new products to market (C28, 156%), and number of new enterprises supported (C5, 150%). Monitoring data suggests that by end of Q2 2023, C6 investment will reach a forecasted output of £1,775639, further exceeding the reprofiled target. Whilst C6 match exceeded its initial target (113%), it took longer to achieve due to the disrupted economic conditions which arose from Covid-19 which initially affected business confidence. Consultations suggested this was because businesses were reluctant during a time of increased costs and disruption to invest in R&D as there is not always a tangible output or product to measure it against. Despite this, businesses have come to see the economic benefit and growth which results from investing in R&D and innovation and the programme has exceeded this target.

The programme has been able to exceed its new products to market target (C26, 133%). Consultees reflected that the design of the C28 target was stretching and could have been more realistic, as delivering new products to market can be a slow process and difficult to monitor in the short-term. However, after agreeing a revision to what progress looks like for this output, consultees suggested the delivery team were able to meet this output because they could classify one movement on the technology readiness scale as representing a product being taken closer to market.

Due to the Covid-19 pandemic, mitigations were put in place to ensure the programme could still achieve its targets. Although the programme originally had a large focus on supporting manufacturing activities, a large proportion of this activity slowed down during the pandemic. This resulted in a shift towards supporting businesses to engage in digital activities which had increased in demand due to the pandemic and the trend towards remote working and engagement. There was also a change from focussing on aerospace to space sectors due to supply chain difficulties in the aerospace industry with many aerospace employees being furloughed and experiencing long-term closures.

Consultations indicated that more businesses than expected wanted both grant-funding (C2) and non-financial support (C4) which was not accounted for in the original project planning. This meant that

delivery had to pivot to accommodate this unforeseen demand, which presented a risk to C1 performance. As a result, the delivery team decided to submit the PCR to increase the budget and meet demand for the number of enterprises receiving non-financial support.

Overall, the data suggests that progress against targets has been positive, with targets being met despite the previously reported delays and challenges encountered as a result of the Covid-19 pandemic. The previous extension to the project has allowed outputs to be achieved over the last 18 months and will mean that by project completion (April 2023), all the outputs will have been achieved and full project expenditure met.

05: PROGRAMME DELIVERY PERFORMANCE

Programme Delivery Performance

05

This section assesses the key lessons learned, effectiveness of and messages from AeroSpace Cornwall, both in terms of implementation and delivery and draws on evidence, information, and insights from a range of sources:

- programme performance data and background information collected by Cornwall Council throughout its delivery;
- In-depth consultations with the programme delivery team and management and strategic partners – for a list of consultees see appendix A.
- In total, **eleven consultees** were consulted of which four were from the delivery team and remainder stakeholders from partnering organisations.

Marketing and Engagement with Beneficiaries

When planning the marketing and engagement strategy for Phase 2 of the programme, the Cornwall Council team drew on the successful approaches adopted during Phase 1 which included a multi-medium marketing approach. Whilst marketing had to adapt to a purely digital approach during the first half of Phase 2 due to Covid-19 restrictions, the programme was able to re-adopt its multi-medium approach once restrictions were eased and lifted in 2021. This included social media channels, attending in-person events and conferences, and the AeroSpace Cornwall website.

As part of Phase 2, the team recruited a Marketing Manager to deliver the marketing strategy and oversee marketing campaigns.

Attending events and using existing networks was regarded as crucial to generating leads particularly once Covid-19 restrictions were lifted

Results from the beneficiary survey showed that nearly two-thirds of businesses discovered AeroSpace Cornwall through in-person events (27%), word of mouth (22%) or previous support (16%). On the other hand, none of the businesses surveyed reported they had heard of the programme via adverts or online. The Marketing Manager for the programme explained that in-person events and existing networks were the biggest source of lead generation whilst online mediums, including the website, struggled because business did not initially know it existed. This became more challenging with Covid-19 measures as the team could not promote the website through in-person events first. Looking to the future, the Marketing Manager suggested that business engagement using online platforms will be easier as funds such as the UK Shared Prosperity Fund will be advertised via Cornwall Council which is already an established source of business support information for businesses.

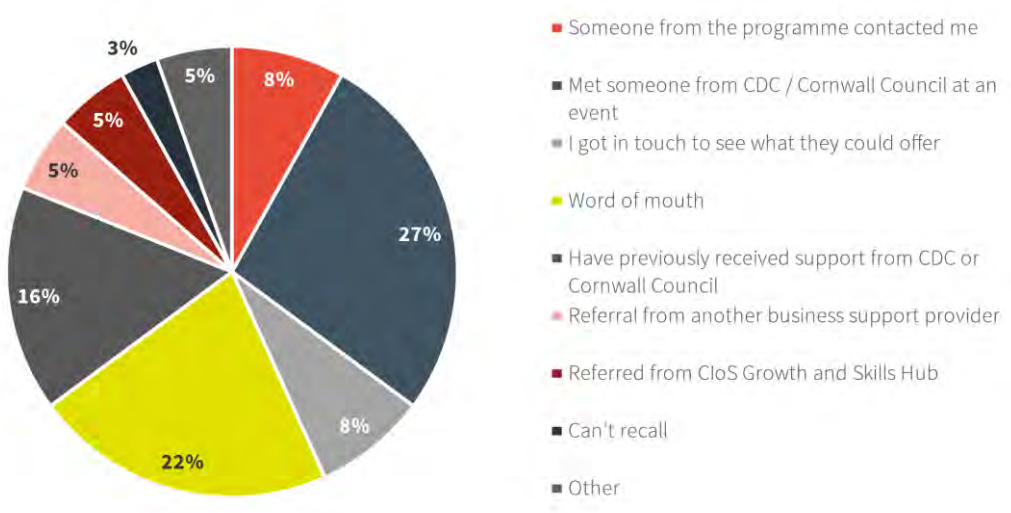
In particular, the delivery team felt that attending events was particularly important for getting businesses from outside of Cornwall to locate in the region due to the attractive offer of business support and the wider ecosystem available.

Case Study: Aspia Space

Aspia Space was set up in 2020, based in Penryn, and received support from AeroSpce Cornwall to develop their cutting-edge AI algorithm which provides cloud-free Earth observation data intelligence. This uses AI to convert Synthetic Aperture Radar Earth Observation imagery into optical and infrared imagery to gather satellite observation information which previously would have been unobtainable due to the over-presence of clouds.

The business joined the programme following attending events associated with Cornwall Space Cluster. Due to their support from AeroSpace Cornwall, Aspia Space believe they would not have incorporated in Cornwall and have now formed a strong active relationship with Cornwall Council.

Figure 5.1 How did businesses hear of AeroSpace Cornwall



Source: Aerospace Cornwall Beneficiary Survey, 2023; Hatch; N=37

Similar to the interim evaluation, delivery partners and stakeholders identified the Covid-19 pandemic as the biggest barrier to marketing AeroSpace Cornwall due to the loss of in-person events. The marketing lead for the programme acknowledged that the disruption delayed meeting output targets. In particular, C5 (new businesses) was a challenge because the programme was trying to attract businesses outside of Cornwall to expand into the region which was traditionally reliant on event attendance.

Once Covid-19 restrictions were lifted, having the delivery team attend conferences, trade exhibitions and other industry events helped get the programme back on track and meet output targets. Stakeholders noted that businesses were grateful for the platform these events gave them with major events such as the UK Space Conference providing businesses with exposure to potential investors.

AeroSpace Cornwall has helped contribute to the national recognition of the Cornwall Space Cluster brand and their offer to businesses

Since the interim evaluation, the UK Government has published its UK Space Strategy which makes repeated reference to supporting aerospace and space in Cornwall. More recently, the UK Science Minister, George Freeman, praised the potential of Spaceport Cornwall in transforming the space sector. This is an operational spaceport located at Cornwall Airport Newquay that provides a take-off point for air-launch and is the first facility in the UK to ever been granted a spaceport license.

"Spaceport Cornwall will be a giant leap for our fast-growing commercial satellite and space sector. This is one of our most innovative industries, generating new opportunities in Cornwall and beyond" – Science Minister, George Freeman MP

Both the Strategy and Ministerial statement were frequently mentioned by consultees as evidence of Cornwall's standing in the sector. It was anecdotally noted that the programme team's remit in raising the profile of Spaceport Cornwall and the Cornwall Space Cluster has supported wider recognition. With the programme director due to lead on cluster development at the upcoming UK Space Agency Conference in March 2023, consultees suggested this reflected the long-lasting reputation and legacy impact of AeroSpace Cornwall on both a local and national scale.

Communicating the AeroSpace Cornwall brand name to businesses was a challenge

The delivery team acknowledged that the name 'AeroSpace Cornwall' was confusing for businesses as many initially thought they had to be an aerospace business to receive the funding. This required the team to communicate with businesses the wider applicability of the funding and how they may be indirectly or unknowingly involved in the wider space sector. For example, one business was involved in developing apps which used geospatial data and also relied upon satellite information. However, according to a member of the delivery team, they did not initially realise the relevance of the programme until the delivery team explained how this made them a space enabled business. Whilst to the potential to rebrand the programme for Phase 2 was considered to avoid this confusion, the delivery team sought to overcome this barrier by going out and meeting businesses directly. This was a successful mitigation strategy for engaging with businesses, although consultees explained that future programmes should use clearer branding to maximise the number of businesses they reach.

Future programmes can learn from AeroSpace Cornwall's approach to marketing the Cornwall Space Cluster's business offer

Promoting the businesses which exists within the cluster was effective in marketing the programme. Delivery team members acknowledged their focus was not promoting AeroSpace Cornwall as a programme or funding pot but focussing on marketing the businesses, their achievements, and how these feed into the wider business ecosystem. When asked about the programme's legacy, beneficiaries, stakeholders and the delivery team all shared the view that the programme's approach had put Cornwall on the map and established a reputation for the Cornwall Space Cluster which has been most impactful.

With a large marketing budget, consultees believed they were able to invest in profile raising and giving exposure to those businesses involved. For example, with AeroSpace Cornwall's centre stage presence

at the 2019 UK Space Conference, the delivery team promoted the Cluster and invited beneficiaries to attend. Qualitatively, consultees believed this supported the development of a cluster in Cornwall because AeroSpace Cornwall's brand appeared impartial and could act as a mediator across assets like Goonhilly Satellite Earth Station and Spaceport Cornwall. The Director of AeroSpace Cornwall being invited to lead on the cluster discussion at the aforementioned UK Space Agency conference in March 2023 represents the long-term impact of the programme and its strategic influence at a national level in feeding into conversations beyond Cornwall, reflecting the legacy of the programme.

As the AeroSpace Cornwall programme has begun to wind down activity, consultees noted there has been noticeably less wider promotion of the Cornwall Space Cluster. The widely reported launch attempt from Spaceport Cornwall in January 2023 was an example provided by consultees where Cornwall Council could have promoted the Cornwall Space Cluster better using the approach led by the AeroSpace Cornwall team. One consultee suggested that the marketing and promotion was instead centred around Virgin Orbit and less about Cornwall's offer to the world. Future programmes should continue to invest in marketing Cornwall's unique offer and promoting the entire Cornwall Space Cluster rather than individual assets.

Take-up and Prioritisation

A connected business support ecosystem has ensured that the programme complements rather than overlaps with other support programmes available

Consultees indicated that the programme remains very distinctive in the business support landscape due to its aerospace and space sector focus, with no overlap between AeroSpace Cornwall support and other services. The delivery team maintain strong working relationships with other business support programmes in CIoS and the wider South-West, including but not limited to, Satellite Applications Catapult, Marine I, and Cornwall Manufacturers Group.

Some consultees suggested that the programme would have benefited from forming further partnerships with programmes and organisations beyond the South West to promote stronger cluster-to-cluster development. In particular, one consultee believed that the programme was at risk of duplicating activity conducted in other clusters due to lack of awareness this was already taking place. However, it was acknowledged that this was not necessarily the fault of the AeroSpace Cornwall team but due to a lack of capacity within organisations like the Space Agency to signpost the delivery team and help facilitate connections.

Nevertheless, throughout the programme, regular conversations have been held to discuss how providers can work effectively together and identify beneficiaries who could be referred onto other programmes. With set funding parameters, the delivery team were able to focus their attention on R&D and could signpost businesses to commercialisation support programmes once their support was complete.

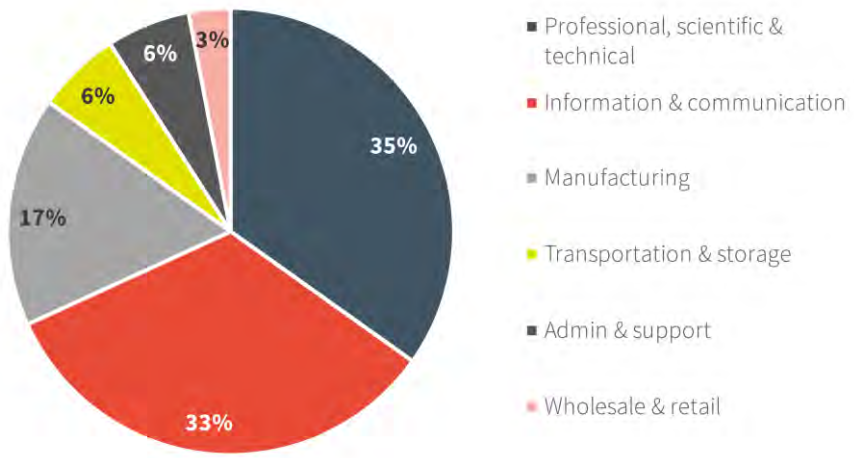
Relationship building with other delivery partners has been easier as the programme has progressed, because those relationships have become deeper and more established. Consultees put the success of these collaborative partnerships down to the hard-work of the senior delivery team and the ability to leverage locally delivered support so that programmes complement each other rather than compete.

Due to senior members being involved in wider strategic partnerships across CIoS, this has allowed the business support ecosystem to work as a unit.

AeroSpace Cornwall supported a range of businesses but activity was still skewed towards certain sectors

Despite the initial challenge of communicating the applicability of AeroSpace Cornwall, the programme has managed to support a range of businesses within different sectors. However, activity has still been concentrated in specific sectors with over two-thirds of businesses belonging to either professional, scientific and technical (35%) or ICT sectors (33%). Whilst 17% of businesses were from the manufacturing sector, this was lower than anticipated due to Covid-19 affecting businesses within the manufacturing industry's supply chain. This resulted in AeroSpace Cornwall focussing on digital innovation activity which is reflected in the sectoral breakdown of beneficiaries.

Figure 5.2 Sectoral breakdown of businesses supported by AeroSpace Cornwall



Source: Aerospace Cornwall Monitoring Data Q4 2022, Cornwall Council, n = 66

AeroSpace Cornwall continued to put business needs at the forefront

As part of the onboarding process, the delivery team worked with businesses to understand the beneficiaries needs and what they wanted to get out of the programme. They also sought to clarify whether the programme could meet their needs. Consultees explained that rather than trying to just deliver funds and meet output targets, the delivery team were keen to ensure that the fund meets business needs and identifies the support which will be relevant. As one delivery team member explained, the programme took a 'customer support' approach rather than a funding/beneficiary model which meant that they tested business eligibility against ERDF rules and provided 1-1 support to assist in completing the application. Overall, the evaluation evidence suggests that the eligibility and onboarding processes have been effective in identifying support which meets business needs.

The Support Offer

R&D has proven the most popular aspect of support

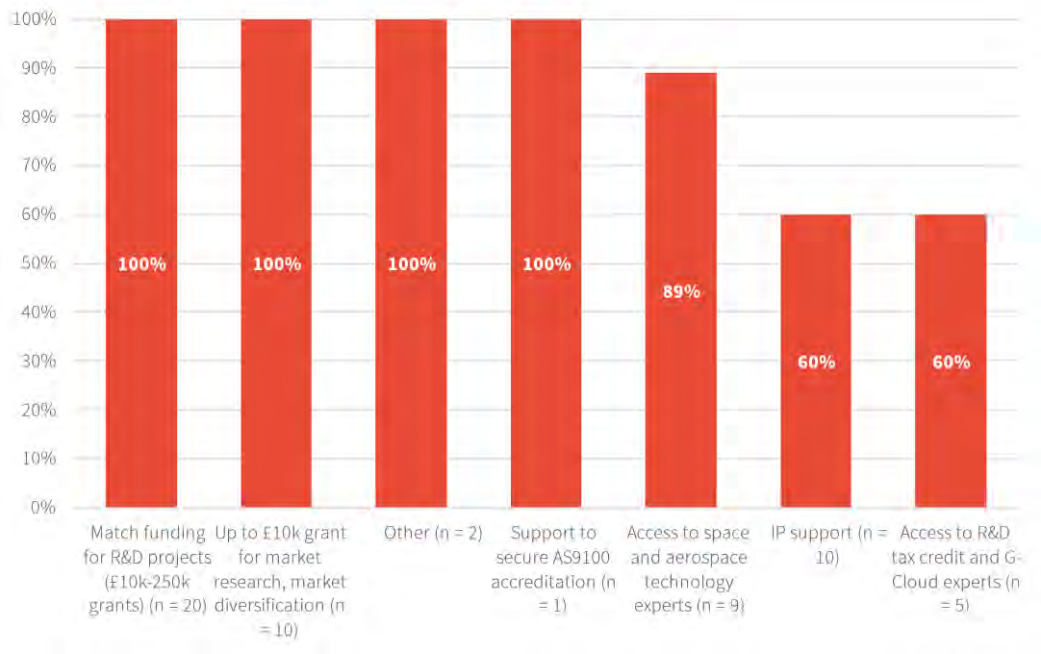
Members of the delivery team acknowledged that there was a greater demand for R&D support than they initially anticipated or could cater for, with 72% of businesses surveyed reporting that they received R&D funding. Businesses have been really engaged with receiving Intellectual Property (IP) support and legal advice, as these are often costly for businesses to receive otherwise. This was confirmed by a beneficiary consultee who expressed that they would have wanted to receive more legal support if it was available but was extremely grateful to have a solicitor who was generous in their time and was willing to answer additional questions.

One project manager welcomed the 'development focus' of AeroSpace Cornwall's R&D grant which focussed on supporting businesses through the practical development stage of their product rather than early-stage research. Looking to future programmes, they emphasised the importance of maintaining this approach to increase the number of products taken closer to the market rather than funding the initial research. This allowed businesses to use AeroSpace Cornwall's industry expertise to increase their technology readiness level (TRL) and take products or services closer to market. Of the 47% beneficiaries who reported they were hoping to increase their TRL, 85% reported they had made a lot of progress or achieved this goal. For example, one business reported that their product had moved from TRL 4 at the start (technology validated in a lab) to TRL 8 as a result of support - making it a tested and qualified industry ready product for space flight.

Support was regarded as beneficial to businesses

Data from the beneficiary survey showed that of the support received, the majority of businesses found their support either beneficial or very beneficial. In particular, the grant funding for R&D projects and the grant for market research were highlighted as the most beneficial aspects by businesses who had received support. Whilst only 60% of businesses who received IP support found this beneficial or very beneficial, consultations with the delivery team explained that the programme was unable to provide the level and intensity of IP support required to adequately assist businesses. This was because the level of individual support required to meet the needs of businesses could not be practically or feasibly delivered, with some businesses wanting up to 70 hours of one-to-one support.

Figure 5.3 Proportion of businesses which found support beneficial or very beneficial



Source: Aerospace Cornwall Monitoring Data Q4 2022, Cornwall Council, n = 32

Project Managers provided businesses with an appropriate level of support which was accommodating and encouraging

97% of beneficiaries were satisfied or extremely satisfied with the support they received through AeroSpace Cornwall. In particular, the communication, continuous support, and guidance provided by the delivery team was identified as the most useful aspects of support. Beneficiary consultees explained that the regular engagement provided by Project Managers, who signposted businesses to industry and academic experts, helped give businesses the confidence to believe in their product and develop their ideas.

Furthermore, consultees praised the flexibility of project when trying to meet project milestones and understood that R&D, especially the development phase, is risk-prone and can generate unexpected delays. One beneficiary noted this was particularly helpful during the start of the Covid-19 pandemic when AeroSpace Cornwall accommodated that the company's targets would be delayed due to supply chain disruption. Members of the project delivery team acknowledged that being flexible was a key component of delivering R&D support as projects can drift or change overall direction of travel in light of R&D discoveries.

Covid-19 Implications

During the COVID-19 pandemic, the delivery team had to move all aspects of support online and beneficiaries received R&D business support remotely while restrictions were in place. In some regards, the pandemic benefitted the programme by:

- **Encouraging businesses to invest in innovation**: businesses have been invested in R&D rather than furlough staff. Due to a shift towards working digitally, Covid-19 allowed businesses to invest in R&D rather than furlough their staff like other sectors. This has demonstrated to businesses that R&D is important for future resilience and long term growth.
- **Highlighting the benefits of remote working** for example more efficient use of time and resources, less travelling across the county.
- **Removing geographical restrictions for businesses**: consultees commented that being able to work and collaborate remotely encouraged businesses to create clusters of interest rather than location, working with other space clusters in the UK. This enabled the AeroSpace Cornwall brand to extend beyond Cornwall and allow other businesses in the wider South West region supply chain to be involved, allowing the business support to reach further afield.

However, in other respects, the Covid-19 pandemic created some challenges for the programme, particularly **impacting work packages**. The delivery team reported that the pandemic caused business uncertainty for some industries in regard to their staff and the wider supply chain. In particular, the aerospace manufacturing industry experienced significant disruption with a large number of staff in the supply chain furloughed which meant AeroSpace Cornwall was unable to engage with this sector as heavily as they originally intended. This resulted in a shift to focus the programme more broadly on the space sector to mitigate against this and support businesses into digital industries and services.

Business support continued to be delivered online after Covid-19 restrictions were lifted

After Covid-19 restrictions were lifted, business support continued to be provided remotely with meetings conducted digitally. This allowed the programme to extend its reach more easily, however feedback from the beneficiary survey highlighted that some businesses would have appreciated a mixed approach which combined virtual and in-person meetings. In particular, site visits, drop-in sessions, and more informal networking meetings were identified by some businesses as something they would have liked to receive in order to provide further business collaboration. Whilst virtual engagement has been positively received from most businesses, it was clear that some businesses missed being able to engage in-person.

Management and Governance

The knowledge and expertise of the programme team helped drive success in the programme's delivery

Both beneficiaries and external stakeholders involved in AeroSpace Cornwall praised the hard-work and capabilities of the programme team in leading delivery. The extensive experience and knowledge of the team within both the AeroSpace industry and delivering ERDF projects was regarded as crucial to the programme's success in meeting output targets and formulating partnerships across the industry.

The Programme Director's leadership received specific praise for their ability to lead and find opportunities for the programme to participate in. Consultees felt they could rely upon the Director for support and assistance, as well as using their extensive network of colleagues across the industry to make introductions and forge partnerships across Cornwall and the wider region. Their reputation within the AeroSpace industry was seen as providing credibility to the programme.

Within the delivery team, regular communication has been identified by the team as crucial to their success. With informal team meetings held twice a week, as well as monthly meetings to discuss project pipelines, delivery issues, and progress against programme targets, this helped ensure the project ran smoothly and maintained momentum amongst the team.

Programme administration and claims process was thorough but appropriate

The delivery team believed that the application process for businesses was thorough but appropriate to the level of funding provided, with the process simplified for smaller R&D grants. However, for smaller businesses and those less experienced, there was concern that the various forms and spreadsheets could be perceived as 'fiddly and off-putting', although they were not aware of any businesses who dropped out because of it.

This was reiterated in beneficiary consultations, where it was suggested the 'clunky' administration process could have been streamlined and digitalised to make aspects such as the claims procedure and providing documentation easier for applicants. Beneficiaries acknowledge that the regular contact and one-to-one support provided by the team was key to overcoming these barriers and ensuring businesses complied with rules.

Despite the perceived cumbersome nature of this process, the delivery team acknowledged that, in the end, many businesses were grateful for the structure this process gave them. It gave businesses the confidence and capability to apply for future funding programmes which would use similar processes and could take it into their own internal administration processes.

Changes to programme governance have caused confusion for the delivery team

Delivery team consultees commented that the transition from Cornwall Development Company (CDC) to Cornwall Council caused some delivery issues due to a lack of clarity over the new governance arrangements. There was a view that since relocating into Cornwall Council, there has been very little scrutiny by the Council or an induction into Council processes, preventing the delivery team from understanding their new structure. Although this has not proven detrimental to the final delivery of the programme, the delivery team have found it difficult to navigate Council procedures and communicate new compliance rules to beneficiaries who wish to join the programme. In a future iteration of the programme, it was implied that delivery staff would benefit having more transparent Council structures as well as administrative and compliance processes.

Management and governance approach may have to change post-ERDF

Whilst consultations did not make reference to a transition funding plan being put in place, the delivery team have worked with beneficiaries to notify them of other funds and grants available that they could apply for. In particular, UKSPF has posed an opportunity for beneficiaries to continue receiving funding, with 14 out of the 30 upcoming recipients of the 'supporting local business' investment priority being former AeroSpace Cornwall beneficiaries.

Furthermore, the delivery team revealed that all aspects of AeroSpace Cornwall's model has been formally adopted for the delivery of the UKSPF Research Development and Innovation programme for 2022-2025. This highlights the success and legacy which the programme has established for the wider business support landscape in Cornwall and the Isle of Scilly.

However, as the UK transitions away from ERDF-funding, there were concerns amongst the delivery team that the management and governance systems set up in AeroSpace Cornwall could not continue. As explained by the delivery team, and supported in consultations with beneficiaries, the generous budget and timeframes for ERDF funding meant the delivery team could provide wrap-around support and 'hand-holding' throughout the application, claims, and closure stages of the programme. With the funding landscape changing and replacement funds seemingly smaller, consultees were concerned that there would not be scope to continue this 'customer support' approach to grant funding in subsequent funds.

Cross Cutting Themes

Cross cutting themes were made an integral part of the programme

The ability to meet the programme's cross cutting themes (CCT) was put down to the recruitment of a CCT expert who was responsible for working with recipients to review the projects ability to meet cross cutting themes. Consultees suggested that the approach of the CCT expert which was focused on taking a project-by-project approach and involved working closely with businesses, allowed them to overcome the barriers to implement and demonstrate the benefit this poses to businesses performance.

The programme's performance against the cross cutting themes is summarised below:

- **Equality –** R&D projects were required to carry out impact assessments for all projects. The delivery team fulfilled the Brand Ambassador roles which were set out in the ESIF application form with strong female representation across senior roles. This included female directors employed by Spaceport Cornwall, the AeroSpace Cornwall programme, and the Council (i.e. the Council leader). Delivery consultees, however, acknowledged that their ambition to see 30% of businesses identified as female-led was not achieved, with only an estimated 10% of businesses led by females. However, this represented a wider challenge in the aerospace and space sector, with the 10% reflecting the lack of female representation in the sector rather than lack of engagement efforts by the delivery team.

- **Environmental/Social** – impact assessment performance was delivered by an expert in environmental sustainability who, consultees identified as providing a 'net zero mindset.' Concerted efforts were made to support businesses to develop products which were

environmentally beneficial and replace aspects like aviation fuel with lithium batteries and fuel cells for drones. It was noted that the challenge for future programmes is to ensure that the negative perception of the aerospace industry being a ‘dirty sector’ doesn’t deter investment or Government funding to ensure the economic and environmental potential of the sector is realised.

06: OUTCOMES AND IMPACTS

Outcomes and Impacts

06

This section of the report provides a summary of the beneficiary survey findings on outcomes and impacts at the business level and draws on a case study and external evidence to provide insight on the programme's impact as a whole.

The evaluation draws on a range of sources to assess whether AeroSpace Cornwall has contributed to beneficiary outcomes and economic impact:

- **Online beneficiary survey**: the survey research was carried by Hatch between January and February 2023 and explores both in qualitative and quantitative terms: beneficiaries' motivations for joining the programme, progress against barriers to growth and intended goals, the quality of support and whether the programme can be attributed to beneficiaries' current and future turnover and employment changes. For a list of all consultees, see appendix A.
- **Delivery and stakeholder consultations**: the consultation findings were collated to support evidence on beneficiaries' outcome achievement.
- **Beneficiary case studies**: three beneficiaries took part in telephone interviews to discuss their experience with the project, changes made within the business and outcomes.
- **Programme reports and documents**: Cornwall Council provided further qualitative insight through internal documents, case-studies and quotes provided by beneficiaries

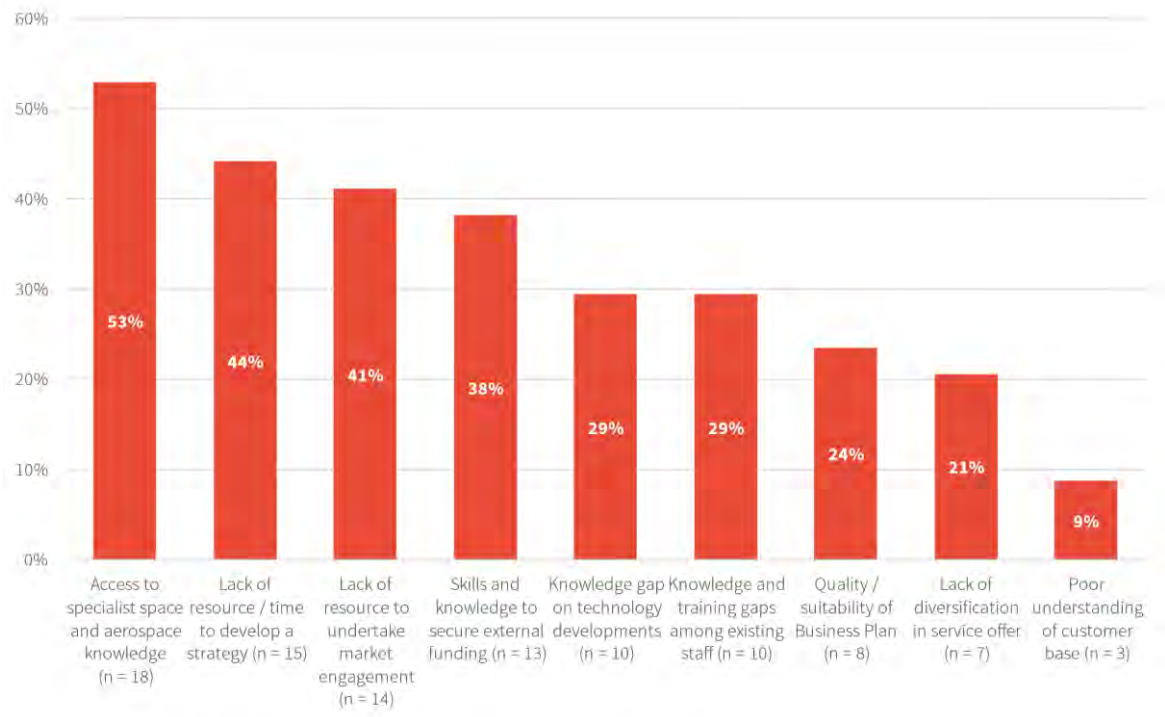
Assessment of Beneficiary Outcomes

Motivations for Seeking Support

Before joining the project, the most common barriers to growth reported by beneficiaries were:

- Access to specialist space and aerospace knowledge (53%)
- Lack of resource / time to develop a strategy (44%)
- Lack of resource to undertake market engagement (41%)

Figure 6.1 Barriers to Growth



Source: Aerospace Cornwall Beneficiary Survey, 2023; Hatch; N=34

Consultation Perspectives

The delivery team indicated similar barriers which beneficiaries often experience when joining the project, including:

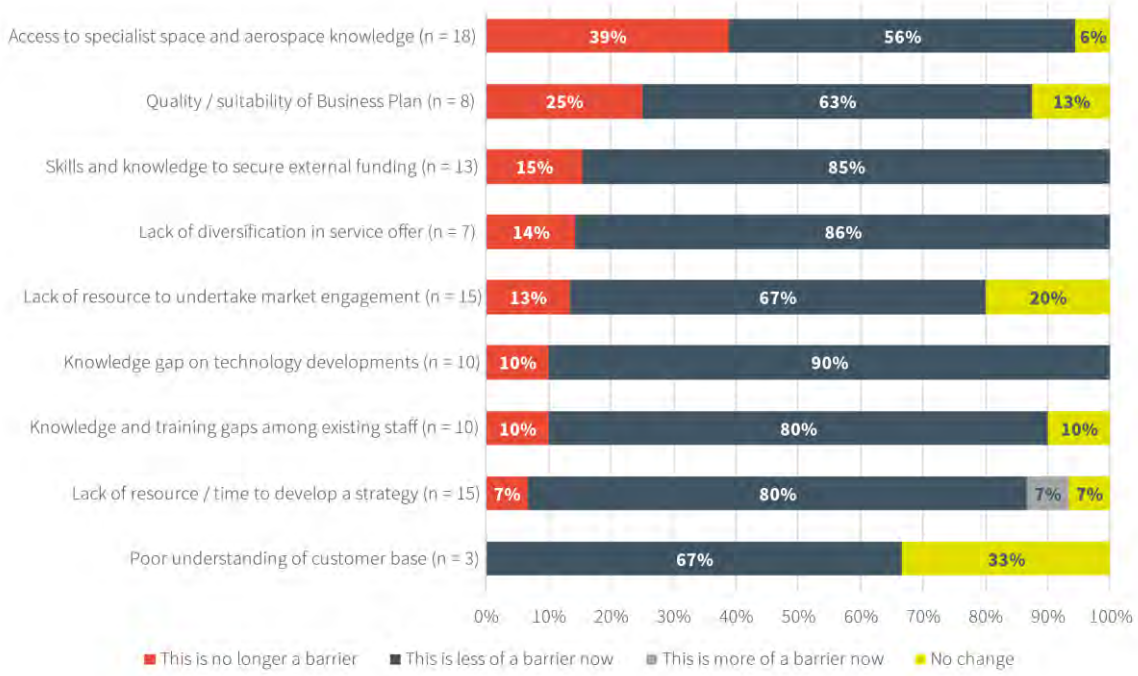
- Lack of knowledge and understanding of how to navigate and apply for R&D funding
- Knowledge gaps around the relevance of the Aerospace and Space sector to their business

Indicators of Business Change

Since receiving support from AeroSpace Cornwall, beneficiaries have made good progress overall in overcoming their barriers to growth:

- 89% on average reported that their barrier is now less or no longer one.
- 'Access to specialist space and aerospace knowledge' was the most cited barrier to growth and where the most progress was achieved with 94% saying this is no longer or less of a barrier. 39% said it is no longer a barrier.
- The least progress was made against ''poor understanding of customer base' where 33% reported no change. However, only 9% had initially reported this as a barrier to growth.

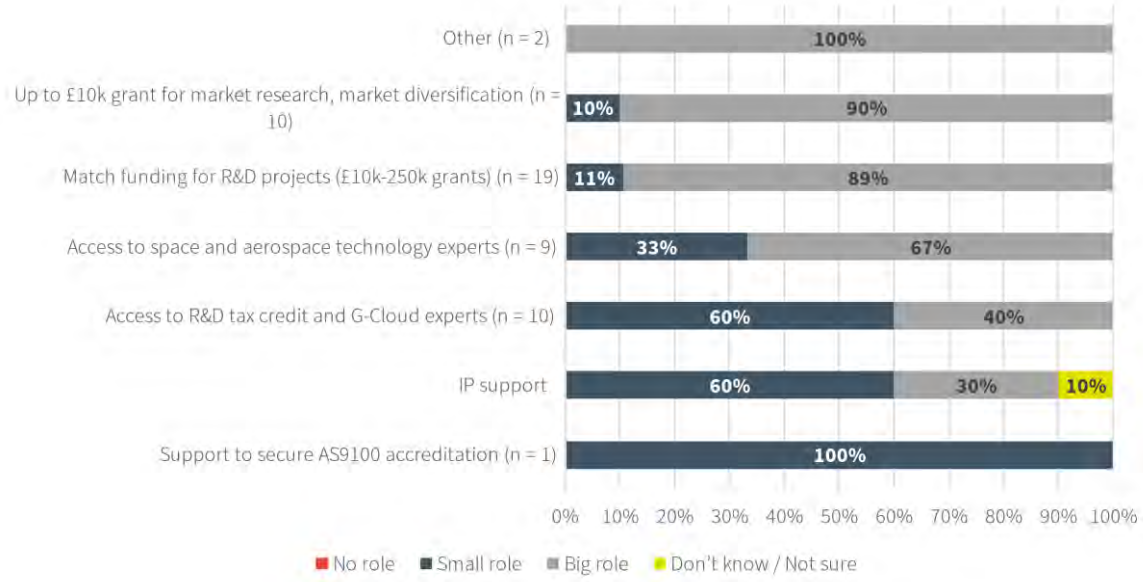
Figure 6.2 Progress Made in Overcoming Barriers to Growth



Source: AeroSpace Cornwall Beneficiary Survey, 2023; Hatch; N=32

FigurFigure 6.3 indicates that AeroSpace Cornwall has made a positive contribution towards businesses addressing their barriers to growth. The grant funding for R&D projects (£10k-250k grants) (89%) has been most pivotal in helping beneficiaries overcome their barriers. Respondents who answered 'other' also expressed that legal support and access to AeroSpace Cornwall expertise played a big role in overcoming their barriers to growth.

Figure 6.3 Types of Support Which Played a Role in Overcoming These Barriers



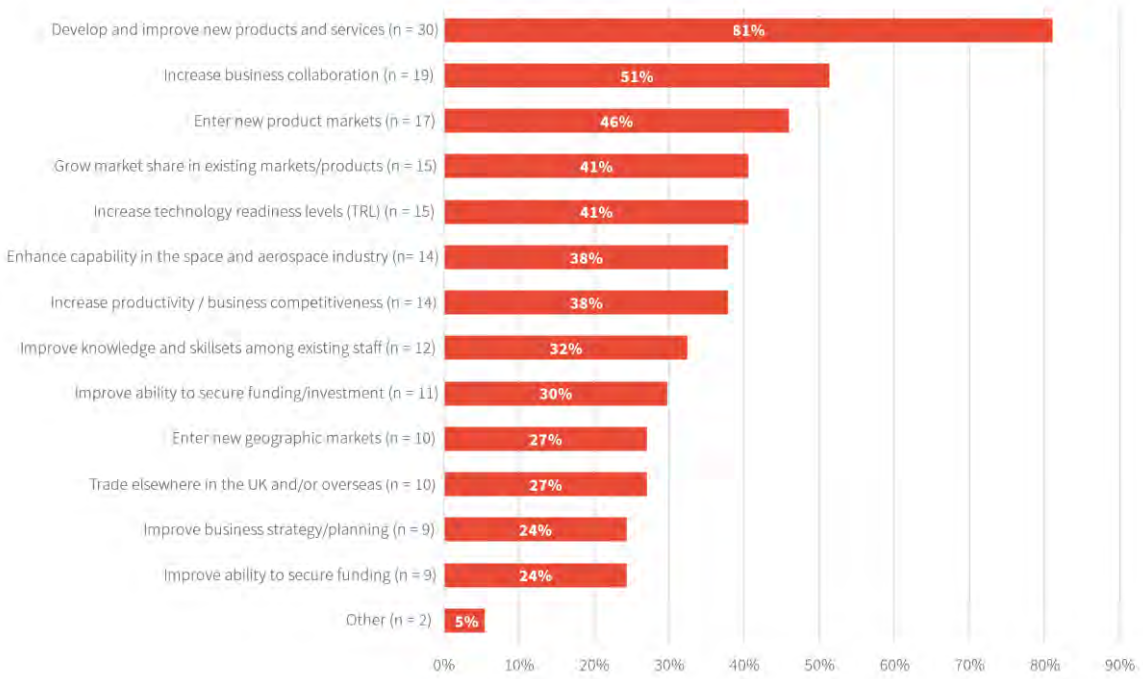
Source: Aerospace Cornwall Beneficiary Survey, 2023; Hatch; N=32

Outcome Achievement

In the survey, beneficiaries were asked to reflect, prior to receiving AeroSpace Cornwall support, what specific goals they were hoping to achieve. Figure 6.4 shows that the vast majority of respondents wanted to develop and improve new products and services (81%) with over half also wanting to increase business collaboration (51%).

A minority (5%) reported other goals which they were hoping to achieve through the support. These responses were associated with conducting market research and promoting the Cornwall Space Cluster.

Figure 6.4 Beneficiaries' Goals Before Receiving Support

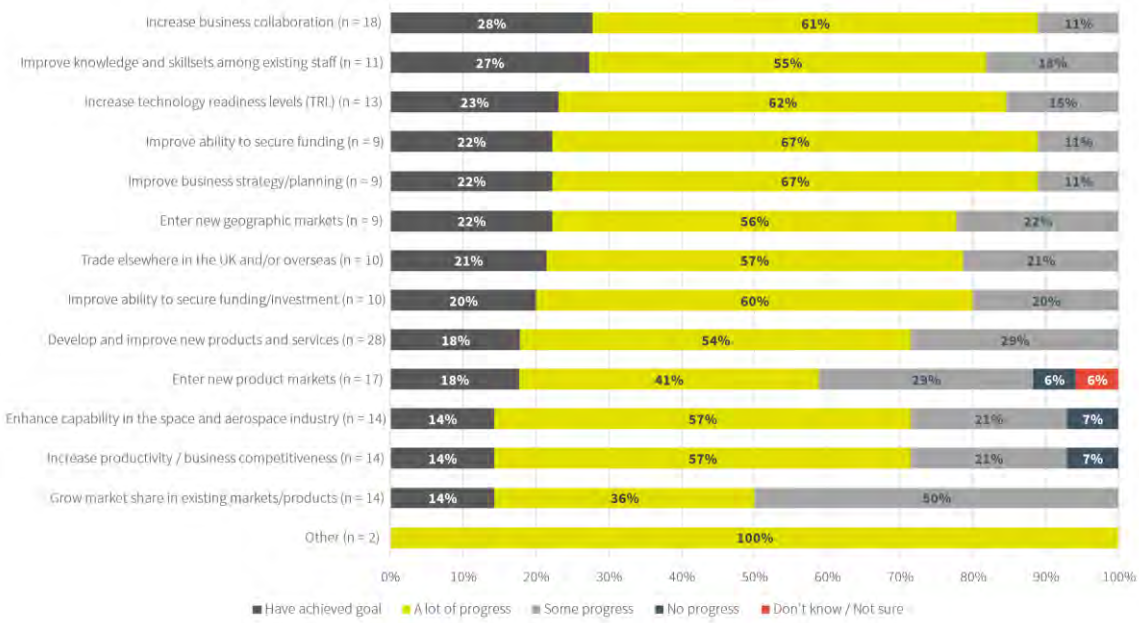


Source: Aerospace Cornwall Beneficiary Survey, 2023; Hatch; N=37

Since receiving support:

- 78% on average reported that they have made a lot of progress or achieved their goal.
- Most progress was made against increasing business collaboration (89%) and improving ability to secure funding (89%) with beneficiaries achieving or making a lot of progress on these goals.
- Of the businesses (n = 2) who reported 'other' goals (i.e. market research) had made a lot of progress.
- 'Develop and improve new products and services' was the most cited goal with two-thirds of beneficiaries achieving or making a lot of progress on this goal.
- Least progress was made against growing market share in existing market/products with 50% of beneficiaries making only some progress against this goal.

Figure 6.5 Progress Made in Achieving Goals



Source: Aerospace Cornwall Beneficiary Survey, 2023; Hatch; N=32

Consultation Perspectives

The survey findings align with the consultation evidence. The delivery team and stakeholders expect beneficiaries to achieve the following benefits as a result of the support:

- Improve the commercialisation of their product or service due to increased technology readiness
- Secure further funding from other local or national funding (e.g., European Space Agency, British Business Bank, Innovate UK, and UK Shared Prosperity Fund – with 50% of UKSPF Research Development and Innovation programme recipients supported by AeroSpace Cornwall)
- Be part of the wider business ecosystem in Cornwall and Isles of Scilly
- Improve profitability
- Hire new staff

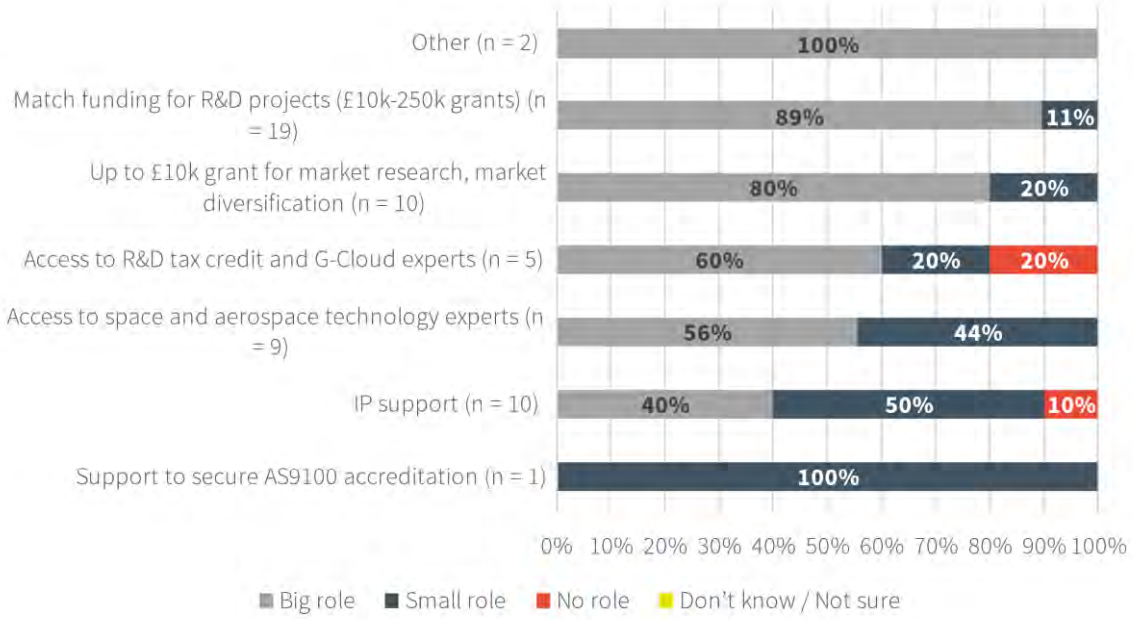
Case Study: Uali Holidings Ltd

AeroSpace Cornwall supported Uali to develop their 'drone-as-a-service' solution in order to help them provide monitoring and reporting of difficult to reach sites such as oil rigs and wind farms. Drones provide Uali with data and imagery which informs the real-time analysis provided through AI to identify abnormalities from the information.

Uali's solution has proved popular with market-leading companies such as Shell, Telefonica and YPF. Since receiving **£81,300** from AeroSpace Cornwall, Uali have gone on to secure **£860k** from the British Business Bank and more recently **£625k** from the Cornwall and Isles of Scilly Investment Fund.

Similar to overcoming barriers, the grant funding for R&D projects has played a big role in beneficiaries achieving their goals (89% of respondents).

Figure 6.6 Role of Support in Achieving Goals



Source: Aerospace Cornwall Beneficiary Survey, 2023; Hatch; N=32

In tandem, beneficiaries provided qualitative insights on the single aspect of support from the service which was most impactful on their business. Most agreed that the funding provided had the biggest impact on their business because it allowed them to invest in the R&D of their product which they would not have been able to do as a small business due to the financial risk associated with this

"The support I received has allowed me to expand my horizons, take off and grow my business".

Businesses feel more resilient because of the support received

Qualitative insights from the beneficiary survey highlighted that many businesses felt that the support had made them more resilient. In particular, the support helped businesses develop new services, improve product readiness, and provided beneficiaries with greater market awareness of national and international business opportunities.

Opening businesses eyes to space as a potential sector

During Phase 2 there was a noticeable shift towards widening the sector focus of AeroSpace Cornwall's programme activity. Due to increased beneficiary interest and a need to engage wider businesses, the programme focussed on delivering space related and drone development activity. Cornwall as a location, offers large acres of open space and testing infrastructure which is suitable for flight testing, and the delivery team has provided support to accommodate the increased interest in drone development, through R&D grants, funding for exploratory visits and relocation support. The focus on drone development was regarded as a key success of Phase 2 because it supported businesses who did not realise their involvement or ability to engage in the aerospace and space sector. Looking to the future, consultees believed this provided businesses with an opportunity to participate in a high value sector and makes them attractive to future investment due to the prestige associated with space.

"The most useful aspect has been access to industry experts, product recognition and AeroSpace Cornwall has proved to be a prestigious brand that helps open doors."

Increased investment from the private sector

Nearly One-third (31%) of beneficiaries reported that as a result of AeroSpace Cornwall support they had secured private sector investment. On average, beneficiaries had secured **£1.5m** in private sector investment. Through the grants available to businesses, both the delivery team and beneficiaries believed AeroSpace Cornwall helped enable early-stage businesses to develop their product or service, which then demonstrated their attractiveness to future investors from the private sector.

Case Study: Oort Energy Ltd

A start-up in 2022, Oort Energy Ltd secured **£16.9k** from AeroSpace Cornwall's R&D grant to upscale and demonstrate the potential of their green hydrogen electrolyser technology and develop intellectual property over a potential product. Having already demonstrated the cost-efficiency of its green hydrogen system at a laboratory scale, the company sought support from the AeroSpace Cornwall team to develop final stack drawings and demonstrate the potential at manufacturing scale.

Although Ooert Energy initially wanted R&D support to demonstrate the stack potential, they ended up with a functioning product which they have been able to take to potential customers and investors about the possibility to scale up to a packaged demonstrator. Oort Eenergy has subsequently leveraged over **£3m in investment** which they believe is a direct result of AeroSpace Cornwall.

Impacts of COVID-19 on Businesses

Overall, **beneficiaries were largely positive about the impact Covid-19 had on their business:**

- Beneficiaries reported that Covid-19 had not negatively impacted their business, in fact for some beneficiaries, Covid-19 had driven increase demand for their product or service.
- Others suggested that Covid-19 had caused some challenges during their involvement in AeroSpace due to the closure of businesses in other industries causing supply chain delays. However, these delays had not resulted in a negative impact upon the business and were eventually resolved as restrictions eased.

Most beneficiaries reported that **Covid-19 has not changed their business support needs and the type of support they would seek in the future.** Nevertheless, some indicated the pandemic has:

- Increased demand for the use of data services
- Accelerated the transition to operating online and working more virtually

Case Studies

The case studies presented below draw on consultations with businesses to provide qualitative insights into the experience of participating in the AeroSpace Cornwall programme. Please note that these case studies are not for public use.

Case Study: My Coast

My Coast is a global technology programme which provides real-time data for coastal visitors, enabling users to receive up-to-date information about their local and natural surroundings and access local services and facilities. Incorporated in 2020, the aim of My Coast was to provide visitors with real-time information on coastal areas so that they could plan and enjoy fantastic and safe days out, whilst also bringing together emergency services, local businesses and the wider community.

Before receiving the support from AeroSpace Cornwall, the company were facing barriers to growth:

- Limited financial resource due to absence of funds for pre-revenue businesses
- Limited financial resource to take on staff and grow the team
- Limited financial resource to develop prototype and access R&D

Through the programme, My Coast accessed the R&D match funding (£37.5k) for their product. The company noted that through the programme they were able to access legal support, receive R&D support to explore prototype options, and access the IP support which has helped develop the product, which in the end allowed them to pilot the product. My Coast were extremely positive about the support package they had received, commenting on the frequency of engagement, and the confidence it has given to their business to seek out international markets and demonstrate the commercial credibility of their product. However, they did criticise the 'clunkiness' of the application process and the claims procedure, which they suggested could be streamlined to help users, particularly new businesses trying to start out.

"AeroSpace Cornwall had a good offer - legal support, R&D grants, and expertise. Whilst applied for lots of other funding pots, AeroSpace Cornwall was the best fit because it was to do with space and that's the future and where opportunity exists."

Jo Muray, Managing Director, My Coast Ltd

My Coast has received an offer of £800k from the UK Shared Prosperity Fund which will contribute to its wider expansion plans for the product. Due to the support received, the company is now in the process of hiring 8 members of staff and is in talks with investors in California and Australia to set up a product there. Looking ahead to the future, the company intends to remain in Cornwall due to the strong business ecosystem and the cluster of assets which have developed as a result of AeroSpace Cornwall. In the long-term, the company aspires to provide incubation and venture capital support to help other businesses realise their potential and capitalise on the opportunities posed by Spaceport Cornwall.

Case Study: TFP Hydrogen Products Ltd

TFP Hydrogen Products Ltd, formerly PV3 Technologies, is a world-leader in green hydrogen technology and electrochemical materials specialist. The company play a key role in the manufacturing supply chain, including for the aerospace sector, through their work on developing catalysts, hydrogen fuel cells, and flow batteries. TFP Hydrogen were keen to advance their low-carbon technology for clients by exploring how they could improve the efficiency of their products.

Prior to receiving support from AeroSpace Cornwall, the company faced barriers to growth

- Funding gap between how they could translate their product research into the development and commercialisation of low-carbon technology
- Competing company demands prioritising short-term challenges over medium-to-long term plans for growth

TFP received £72.6k R&D match funding to support the development of next-generation coatings for PEM water electrolysers which would reduce the cost of hydrogen production and reduce the release of carbon dioxide. This has enabled TFP to improve the efficiency and lifetime of the electrolyser which, in turn, reduces the costs paid by customers, some of whom were British aerospace manufacturers. Whilst TFP already had the knowledge to develop the technology, the funding by AeroSpace Cornwall was key to bringing business plans forward, explore new forms of innovation in green-hydrogen technology, and provide the project management oversight TFP required to maintain momentum.

"AeroSpace Cornwall was fantastic. It was delivered in Cornwall for Cornwall which we would like to see more of as it will bring investment."

Dr David Hodgson, Managing Director, TFP Hydrogen Products Ltd

TFP Hydrogen praised the AeroSpace Cornwall programme for giving them confidence to branch out into other zero-emission, hydrogen-powered technology within the aerospace industry, including fuel-cell-powered unmanned aerial vehicles like drones. As a result of the support received and confidence in their technology, TFP attribute 10% of their growth to AeroSpace Cornwall and hired an additional 4-5 employees in direct response. In providing the company with a standard for how they should run and develop their technology, TFP believe that the mass market roll-out they intend to deliver over the next 3 years will give them the confidence to approach customers with evidenced projections about how they can reduce costs. They are currently having their products tested by a number of global companies which will attract further investment in the CIoS region and boost the reputation of the Cornwall Space Cluster.

Case Study: Piran Composites Ltd

Piran Composites Ltd is an advanced composite manufacturing and engineering company who provide services for aerospace, defence and automotive industries. The company is responsible for supplying composite components across a range of products including wing spans, UAV and electric vehicle technologies. Piran Composites were keen to explore developing air frames to support the ambitions of their main customer, BAE Systems, but did not have the internal funds to acquire the composite machinery required.

Prior to receiving support from AeroSpace Cornwall, the company faced barriers to growth

- Lack of funds to invest in and de-risk the R&D process

Piran Composites received £50k R&D funding from AeroSpace Cornwall to help develop and expand the machinery they used to develop entire composite UAV air frames. Due to the cost and skills associated with acquiring this machinery, the inward investment provided by AeroSpace Cornwall helped de-risk this process and support future growth ambitions.

"Inward investment through AeroSpace grant funding enabled us to scale up and grow quicker than expected, de-risking the products and services we wanted to invest in."

Mawgan Searle, CEO, Piran Composites Ltd

Engaging with AeroSpace Cornwall allowed Piran Composites to continue working with BAE Systems who was one of their main customers, as well as increase their aerospace operations. The funding received from AeroSpace Cornwall allowed Piran Composites to grow from 2 members of staff to adding 3 subcontractors to the payroll. Over the last 12 months, the employment base has grown to 30 employees with new premises opening at the Aerohub site (Cornwall Airport, Newquay) and at Goonhilly Earth Station. Piran Composites believe that of the benefits they have experienced, 20% can be attributed directly to AeroSpace Cornwall. Due to participating in AeroSpace Cornwall, Piran Composites have been able to demonstrate their track record in this sector and their ability to meet funding targets. They have since received support from Oxford Innovation, Digital Cornwall, Growth Hub and Business Investment for Growth Cornwall. Looking to the future, Piran Composites are in the process of working towards achieving an AS900 accreditation which will allow them to operate in the aerospace industry and work with major businesses which use the accreditation.

Wider Beneficiary Impacts

Written feedback provided by businesses supported by AeroSpace Cornwall have also highlighted wider impacts and outcomes achieved for their business:

Accreditation has increased attractiveness to larger companies

Businesses who received accreditation support such as their ISO27001 or AS900 accreditation reported that it has allowed them to interact with and receive interest from larger companies and international firms. This is because businesses were able to demonstrate their compliance and capability as a company. As a result of the support received, one business had won a contract one with of the 'big four' consulting companies which is something they would not have been able to do without their accreditation.

Businesses have been able to make new contacts

Beneficiaries reported that they had been introduced to new potential contacts or clients as a result of their support, with some businesses noting they now felt confident to engage the services of trusted and reputable companies. This increased confidence has resulted in businesses reporting that they have now made the right contacts for future growth.

Improved market and sector identification processes

Due to the knowledge gained from the AeroSpace Cornwall programme and improved market understanding, a large proportion of businesses stated that they had been able to expand their product or service into new UK or international markets. In particular, businesses reported they were now able to do more targeted communication and direct their services to space related programmes. This reflects a wider outcome which is the increased awareness of space as a potential sector for business operations

Addressing knowledge gaps within the company

Due to the size of many businesses who participated in the programme, a common outcome for businesses was being able to use the expertise and support of AeroSpace Cornwall to fill gaps within the company due to size or lack of expert knowledge.

Accelerated changes in the business

Without the specialist support, businesses reported that they would have not been able to fund the exploration of more cost effective technical solutions and implement changes as early in their business. Due to the support, AeroSpace Cornwall has brought forward some of the changes businesses were keen to make to improve their product or service and beneficiaries recognised this had cost-effective benefits and introduced new technologies, as well implementing new data software and coding solutions.

Assessment of Economic Impact

The assessment of AeroSpace Cornwall's economic impact draws on the evidence gathered through an online survey undertaken between January and February 2023. Survey invites were issued to the 66 total beneficiaries supported during 2019-2023 and 32 responses were received in total. This represents a response rate of 48% (+/-13% margin of error at 95% confidence level).

It is important to note that the impact estimates are based on self-reported perceptions of businesses on how the support has enabled them to change business practices and how this has influenced their current and future expected business performance. The estimates are subject to several limitations which are outlined below. As a result, the impact and value for money estimates provided in this section should be considered as indicative only.

Challenges in Self-Reporting Survey Approaches

Given that the impact estimates are based on self-reported perceptions of businesses, a key limitation is around businesses' willingness to provide the information required for economic impact modelling. For example, businesses can be sensitive about revealing information on company turnover and employment.

To reduce this risk factor, the survey asks businesses to estimate past, current and future turnover either through a best approximation or within given ranges, which tends to increase the response rate.

In order to model factors such as deadweight (which allow an estimate of the overall net impact on the local economy), beneficiaries are asked a series of questions which require the businesses to consider a hypothetical situation or seek indirect rather than direct evidence about these factors such as what they believe would have happened had the support not been available. There are inherent difficulties for businesses in attempting to answer these questions, which again affect the quality of the data.

Confidence intervals

In grossing up the data in the survey sample to all beneficiaries supported, we assume that the information provided by the sample beneficiaries is representative of information that would be provided by the broader population.

Table 6.2 Confidence Intervals

	Sample	Population	Response Rate	Confidence Interval (95%)
Completed surveys	32	66	48%	+/- 13%
Turnover/GVA to Date Question	32	66	48%	+/- 13%
Future Turnover/GVA Question	32	66	48%	+/- 13%
Employment to Date Question	32	66	48%	+/-13%
Future Employment Question	32	66	48%	+/-13%

Source: Hatch beneficiary survey, n=32

At the 95% confidence level, these findings suggest that any data generated by the survey could be up to 13% higher or lower for the population as a whole than was found in the survey sample. Given that several pieces of information from the survey are used together in the modelling, this uncertainty is

further increased. Again, this points to the important caveat outlined above that the impact assessment figures presented should only be considered as indicative.

Optimism Bias

No optimism bias was assumed for assessing change in employment and turnover to date, as it was assumed businesses would provide this information on an objective basis.

In assessing future impacts, there is greater uncertainty and a more significant risk of beneficiaries being over-optimistic. As such, an optimism bias factor is required to reflect an observed tendency towards optimism bias in self-reporting of business outcomes.

Formal optimism bias guidance from HM Treasury[13] focuses on capital costs and does not provide specific factors to apply on benefits. The guidance in this respect is qualitative and as follows:

> *"Due to a lack of available data, Mott MacDonald was unable to recommend sound upper and lower bound optimism bias levels for operating expenditure (except for outsourcing projects) or benefits shortfall. Optimism bias should still be considered for these parameters. If there is no other evidence to support adjustments to operating costs or benefits, appraisers should use sensitivity analysis to check switching values."*

Therefore, 80% is used as a conservative central assumption for the value for money assessment. Reflecting the uncertainty around this, we have used a +/- 20% sensitivity analysis to establish what effect this would have on value for money.

Multipliers

While the above considers the direct impact on the beneficiary companies, there will also be multiplier effects arising from the project, generated through indirect additional spending along the supply chain in the South West region, as well as through the induced spending of employees. The modelling of GVA and employment impacts relating to this draws from Hatch's in-house regional input-output model for the South West adjusted for the Cornwall and Isles of Scilly impact area.

Deadweight / Attribution

This refers to the extent to which the gross change in business performance would have occurred without participation in the AeroSpace Cornwall programme.

Our estimate of deadweight drew upon what businesses' might have done if the support from AeroSpace Cornwall was not available – in particular, whether they would have received similar support from another business support provider. Overall this implies that:

- 40% of the attributable increase in GVA and employment since receiving the support would have been secured through other business support provision and is deadweight[14]
- 40% of the attributable increase in GVA and employment over the next year is deadweight

[13] Microsoft Word - GreenBook_optimism_bias.doc (publishing.service.gov.uk)

[14] When asked 'what would you have done without the support from the AeroSpace Cornwall programme?', 21% would have sought similar support from a different provider, 18% would have sought similar support at a later time, 12% would have sought the same support but of a lower quality, and 50% would not have accessed business support.

Leakage

This accounts for the proportion of turnover and employment impacts that benefit those outside of AeroSpace Cornwall's target area. This was calculated based on what proportion of staff employed by businesses live in Cornwall and the Isles of Scilly. For this analysis, we have assumed that the leakage of turnover is the same as leakage of employment. Overall this implies that:

- 65% of employees are living in Cornwall and the Isles of Scilly meaning a leakage rate of 35%

Displacement

Displacement accounts for growth of businesses on the project at the expense of other businesses in Cornwall and the Isles of Scily. Displacement was calculated by asking businesses what proportion of their competitors are based in Cornwall and the Isles of Scilly. As such, displacement accounted for:

- 10% of the attributable increase in GVA and employment (after deadweight and leakage) since receiving the support,
- 10% of the attributable expected increase in GVA and employment (after deadweight and leakage) over the next year,

Persistence

As described above, the survey assesses the potential for improved business performance which occurs because of AeroSpace Cornwall support, to lead to additional GVA generation over the next year.

It has been assumed that these impacts will persist beyond this for a further two years (so three years' persistence in total), but reducing year on year, before decaying as other factors start to exert a larger influence on business performance.

Grossing Up and Impact Estimates

As outlined above, the modelling of impacts is based on a sample of:

- 32 beneficiary respondents for the current GVA analysis
- 32 beneficiary respondents for the future GVA analysis
- 32 beneficiary respondents for the current employment analysis; and
- 32 beneficiary respondents for the future employment analysis.

To assess the economic impacts for the full population, these figures were grossed up to the population of supported beneficiaries at the end of the programme[15] (66). The total cumulative impacts based on businesses supported to date is presented in Table 6.3 below.

The table shows that the project has generated around **£12.5 million net additional GVA** to date which is expected to grow to **£19.5 million in GVA over the next 3 years. This results in a total of £32 million net additional GVA generated to date and in future.**

Alongside this, the programme has generated around **85 net additional jobs**[16] have been created to date, which is expected to grow to **119 over the next 3 years. This results in a total of 203 net additional jobs created to date and in future.**

Table 6.3 GVA and Employment Impacts of all Beneficiaries Supported (end March 2023)

		Impacts To Date	Expected Future Impacts	Total (Phase 2)
GVA	Direct	£11,431,000	£18,012,000	£29,443,000
	Indirect & induced	£1,069,000	£1,488,000	£2,557,000
	Total	**£12,500,000**	**£19,500,000**	**£32,000,000**
Employment (FTE)	Direct	75	103	178
	Indirect & induced	10	16	26
	Total	**85**	**119**	**203**

Source: Hatch Beneficiary Survey, 2023. Note: Totals may not equal the summation of individual figures presented due to rounding.

Value for Money Analysis

Our assessment of AeroSpace Cornwall's value for money only draws on the project expenditure from the public sector[17] (£3,725,738) and outputs (63 beneficiaries supported based on achieving the C1 target) achieved at the end of Phase II. The table below provides a summary of the current net additional return on investment and cost per net additional FTE job supported (at end March 2023) and the estimated total lifetime net additional return on investment and cost per net additional FTE job expected (taking account of current plus future impacts expected).

The table below shows that, AeroSpace Cornwall has invested £44,000 per job created (at end March 2023), however when looking at and including expected future impacts this could fall to £18,000. The

[15] Every business which received support was asked to participate in the survey

[16] Net additional jobs have been calculated based on beneficiaries' self-reported responses to survey questions which ask how many staff they employed prior to receiving support, how many jobs have been created since receiving support and how many additional jobs they expect to create in the 12 months (2024). Additionality factors (referred to in the impact assessment section) were then applied to calculate net additional employment impacts arising from the project which were then scaled up to the beneficiary population size. Self-reported beneficiary responses were used to calculate employment impacts instead of claimed job outputs, as HM Treasury Green Book guidance recommends applying additionality factors to estimate the net impact of an intervention. Gross to net adjustments would not be possible using claimed job outputs.

[17] This figure includes the ERDF grant (£3,248,238) and public sector match funding (£477,500). The private sector match funding grant (£1,828,568) has been removed from the total as the evaluation is focussed on value for money from the public sector.

project has generated a return on investment of £3.51 net additional GVA for every £1 invested, which could rise to £8.59, when expected future impacts (over the next three years) are included.

Table 6.4 Value for Money (by end March 2023)

	Total Programme Spend	Achieved to date	Total Lifetime (Phase 2)
Total Programme Spend	Cost per Job	£43,988	£18,327
	GVA	£3.51	£8.59

Source: Hatch Beneficiary Survey, 2023

The 2016 DCLG Appraisal Guide suggests that anything exceeding a £2 return on public investment represents high value for money. On this basis, the Phase 2 return on investment (£8.59) can be judged as great value.

Benchmarking VfM Figures

Hatch has reviewed the value for money assessments of previous business support evaluations we have undertaken. The table below shows a wide range of GVA returns on investment.

Based on these figures, AeroSpace Cornwall's cost per net additional FTE job (£18,327) exceeds the benchmarked programmes. The project's benefit-cost ratio of £8.59 also exceeds the benchmarked programmes.

This indicates that the project is expected to perform well in terms of return on investment, compared to the other projects reviewed. However, some caution must be taken in interpreting how AeroSpace Cornwall compares to what are a diverse set of projects, offering different types and intensities of support.

Table 6.5 Comparator Return on investment Figures

	Impact to date (by end March 2023)			
	AeroSpace Cornwall	Minimum	Median	Maximum
Cost per Net Additional Job	£43,988	£25,250	£47,920	£371,238
Benefit Cost Ratio (BCR)	£3.51	£0.05	£0.84	£1.13
	Impact to date (by end March 2023) and future			
	AeroSpace Cornwall	Minimum	Median	Maximum
Cost per Net Additional Job	£18,327	£3,200	£9,456	£17,000
Benefit Cost Ratio (BCR)	£8.59	£0.53	£3.65	£5.26

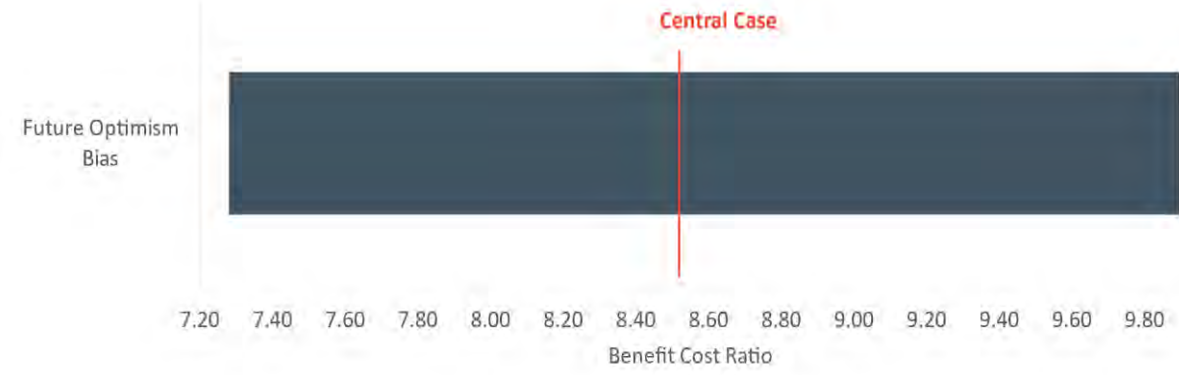
Source: Hatch Beneficiary Survey, 2023. Note: Totals may not equal the summation of individual figures presented due to rounding.

Sensitivity Testing

In the core modelling we have applied a 20% optimism bias on reported future impact and assume 80% of the future impacts expected by beneficiaries will be realised. To test the importance of this assumption, we have modelled the overall return on investment figure in the case that this was altered to 60% in a low scenario and 100% in a high scenario.

Figure 6.4 shows how the overall GVA per £1 of funding invested would change as a result of these adjustments. It demonstrates that these changes could lead to a net additional return on investment of between £7.28 and £9.90 per £1 invested.

Figure 6.6 Figure 7.3: Sensitivity testing and its impact on AeroSpace Cornwall's benefit cost ratio



Source: Hatch, 2023

Given the uncertainties around beneficiaries estimating future turnover, we did further sensitivity testing to understand the extent to which lower estimates for future turnover would impact the net GVA benefits realised in the next three years. If all beneficiaries were more conservative in their growth projections and reported 30-50% less turnover expected by 2026, this would achieve net additional GVA benefits of between £15 and £20 million and net additional return on investment of between £3.06 and £5.45 per £1 invested.

Table 6.7 Sensitivity Testing on Future GVA Benefits and the Benefit-Cost Ratio

	Future (next 3 years)	
	Net Additional GVA Benefits	**Benefit-Cost Ratio**
30% Less Turnover Estimated	£20.3m	£5.45
40% Less Turnover Estimated	£18.0m	£4.85
50% Less Turnover Estimated	£15.8m	£4.26

Source: Hatch, 2023

Overall, the sensitivity testing undertaken concludes that the project has represented very good value for money.

07: CONCLUSIONS AND RECOMMENDATIONS

07 Conclusions and Recommendations

This section of the report summarises its findings against the five summative assessment themes as set out below, and in the ERDF summative assessment guidance relating to final evaluation. It also provides recommendations for future programme delivery.

Conclusions

Programme Relevance and Consistency

The focus on the aerospace and space sectors has become more relevant as a result of a more favourable political landscape but will need to demonstrate that it can support net zero ambitions

Since the programme's inception and the interim evaluation of Phase 2, there has a been a significant development in the local and national strategic landscape which has strengthened the case for programmes like AeroSpace Cornwall. There is a clear future role for programmes and Ministerial recognition of the contribution Cornwall's space cluster makes to driving innovation, productivity and advancement in the UK and globally. Despite the departure from the EU and the closure of EU structural funds, the delivery team have worked with beneficiaries to capitalise on funding opportunities posed by the UK Shared Prosperity Fund and Innovate UK to continue support. As the UK looks to achieve net zero targets, programmes like AeroSpace Cornwall will need to continue to demonstrate that the aerospace and space sector can support, rather than hinder, the UK's net zero ambitions..

Progress Against Contractual Targets

AeroSpace Cornwall has exceeded all of its contractual targets

By end March 2023, AeroSpace Cornwall exceeded the original targets which demonstrates the success of the project and the commitment of the delivery team. Wider economic conditions such as Covid-19 originally impacted on the achievement of targets, particularly C6. However, in the last quarter significant progress has been made. The efforts of the delivery team to put in place mitigation strategies, including a project change request, has enabled the project to meet or exceed its targets.

AeroSpace Cornwall has increased its match funding

Since the programme's inception, AeroSpace Cornwall has increased the match funding from £1,375,637 to £1,828,568 an increase of 33% in RD&I grants (C6). This will help drive innovation and represents confidence in the potential of the programme to support businesses in the region. The hard-work of the delivery team to forge connections, attend events, and promote the programme is evident in the increased attention given by the private sector.

Delivery and Management Performance

The delivery team's existing network and attendance at events has driven programme engagement, and helped gain wider sector engagement despite brand confusion

The delivery team's attendance at events has been crucial to promoting the programme beyond Cornwall and engage businesses outside of the area. These methods continue to be successful in raising awareness of the programme and the Cornwall Space Cluster, and will continue beyond the programme as the team are invited to speak and engage in major sector events across the UK. Attendance at events has been vital to overcoming the confusion caused by the 'AeroSpace Cornwall' brand which consultees suggested restricted the programme's beneficiary reach in wider sectors. Since the interim evaluation, progress has been made on gaining wider sectoral involvement, such as those working in digital, tourism, and low carbon, largely through the delivery of events and regular engagement by the delivery team.

Towards the end of Phase 2 delivery, the impact of Covid-19 on the programme has eased

The Covid-19 pandemic forced a shift to deliver the programme online and virtually and required beneficiaries to work on R&D projects remotely. As restrictions began to ease, the programme has been able to maintain some of the positive elements of virtual delivery whilst returning to in person activities such as events.

- **Invest in innovation**: due to a shifting focus towards working digitally, Covid-19 allowed businesses to invest in R&D rather than furlough their staff like other sectors. This has demonstrated to businesses that R&D is important for future resilience and long term growth.
- **Highlighting the benefits of remote working**: the pandemic demonstrated how remote working could reduce the need to travel and increase flexibility.
- **Removing geographical restrictions for businesses**: consultees commented that being forced to work and collaborate remotely encouraged businesses to create clusters of interest rather than location, working with other space clusters in the UK.

Nevertheless, the Covid-19 pandemic has still brought long-term challenges for the programme which were not able to be resolved. This includes disruption to certain sectors supply chains, such as the manufacturing industry which meant the programme could not provide manufacturing support. Despite this, the delivery team has worked successfully in providing support and shifting their attention to the digital support aspects of the programme.

Outcomes and Impacts

AeroSpace Cornwall's approach to supporting beneficiaries has been key to its success

The delivery team has been praised by beneficiaries for their support and flexibility during the programme. Their distinct tailored approach has been recognised as helping smaller and newer businesses navigate the otherwise confusing and complex funding landscape. Project managers have been accessible and flexible to the needs of businesses, recognising the challenges of R&D, and they have facilitated a supportive culture. Rather than seeing grant funding as transactional, the delivery team has actively worked with businesses to identify further support opportunities during project-closure which has resulted in businesses going on to secure additional funds. Looking to future business

support funds, there are concerns this type of wrap-around support will not be available due to smaller budgets and timeframes.

The programme has made strong progress towards helping businesses achieve their outcomes

AeroSpace Cornwall has continued to be effective in helping businesses to achieve their key objectives and outcomes. 89% of beneficiaries reported that the programme had contributed towards their achieved outcomes and impacts, up from 40% in the interim evaluation report. Progress has been most evidenced against the objectives listed below:

- **Increased business collaboration –** the programme has supported businesses to collaborate and work with other businesses across the sector.
- **Improved ability to secure funding –** the programme has taught and supported businesses to navigate grant funding which has led to further investment through subsequent funding pots.
- **Improved business strategy and planning –** the programme has helped businesses to develop their strategy and think about their future growth ambitions
- **Increased technology readiness levels –** R&D support has contributed to businesses increasing their technology readiness levels (TRLs) and bringing their products closer to the market.

The majority of businesses have overcome their barriers to growth

89% of businesses reported that their barrier was now less or no longer of a barrier to growth. The biggest contributory factor to overcoming barriers was grant funding for R&D projects. The main barriers which AeroSpace Cornwall has helped businesses overcome included:

- **Access to specialist space and aerospace knowledge** – AeroSpace Cornwall has proven to businesses the applicability and relevance of space to their sector and product or service. Through the extensive network of the delivery team and stakeholders, the programme has successfully helped businesses to capitalise on the opportunity posed by the space and aerospace sector

- **Quality/suitability of business plan** – businesses were supported to meet their growth ambitions and receive funding which has enabled them to employ staff, increase their turnover, and secure additional investment in their business

- **Skills and knowledge to secure external funding**- AeroSpace Cornwall's 1-1 approach to helping businesses navigate funding applications, simplifying administration depending on grant size, and working with them to complete forms has helped businesses overcome and prepare for future grant funding

Positive GVA and employment impacts to date, which are expected to increase in future

Overall, the project has generated a positive economic impact. Based on beneficiaries supported by end March 2023, net additional GVA created is estimated at **£12.5 million** and increases to **£32 million** when accounting for future expected impacts (£19.5 million). Employment impacts are also significant, where the project has created **82 net additional jobs** to date. In the next three years, this is expected to increase to 119 jobs resulting in a total of **203 net additional jobs** created when future impacts are accounted for.

AeroSpace Cornwall has been key to developing the Cornwall Space Cluster

The AeroSpace Cornwall programme has been fundamental to the development and promotion of the Cornwall Space Cluster. In particular, the Programme Director has played a key role in using AeroSpace

Cornwall to promote the Cornwall Space Cluster and the wider business support ecosystem which exists. Cornwall's space cluster has now received Ministerial recognition which will help ensure the legacy of AeroSpace Cornwall, once the programme closes. Looking to the future, stakeholders were keen for the Cornwall Space Cluster to engage with other industry clusters around the UK to maximise funding opportunities, exchange knowledge, and encourage further cluster-to-cluster development.

Cost Effectiveness and Value for Money

The project represents strong value for money

AeroSpace Cornwall has generated £3.51 net additional GVA for every £1 public investment (by end March 2023). Over the next three years, there is expected to be a higher return on investment (£8.59). The project also performs well when estimating the cost per net additional job (£58.4k) which falls to £25.5k when future impacts are accounted for. This indicates that the project represents strong value for money and is relatively cost-effective when compared against comparator benchmarks.

Recommendations

1. **Continue to simplify programme administration to reflect the size of grant received and provide one-on-one support**

As acknowledged in the interim evaluation, the paperwork required to process claims felt burdensome for the value of the grant received according to beneficiaries. Whilst beneficiaries continued to report that administration felt complicated, they felt this was out of the control of the delivery team as an ERDF requirement and appreciated the support provided by the delivery team to complete forms. The guidance and simplification of administration dependent on grant size during Phase 2 was welcomed by beneficiaries and helped prepare them to seek further grant funding. Future programmes should continue to replicate the supportive approach taken by AeroSpace Cornwall to help beneficiaries understand grant funding administration.

2. **Future programme branding should be clear and communicate the applicability of funding to a range of businesses and sectors**

Both the interim and final evaluations have highlighted the unclear branding of 'AeroSpace Cornwall' which has impacted on initial business engagement and placed additional pressure on the delivery team to work harder to attract businesses. The branding has resulted in businesses showing initial scepticism over their relevance to the programme, despite then recognizing the value it has to their business and wider economic growth in Cornwall. With the programme pivoting into more broader space support, particularly drone development, this further confuses the name. Whilst face-to-face engagement has helped overcome these challenges and has been successful in widening the outreach, clear branding from the start may reduce the need to do this and would have helped to focus marketing on to more important areas of support. Identifying the key lessons taken in the marketing approach will be key to formalising the approach and transferring to other programmes to help share success, as well as using a clear and applicable name.

3. **Ensure there is sufficient funding available for R&D activity to drive innovation and grow Cornwall's economy**

The delivery team recognised that there was greater demand for R&D support than they had initially anticipated. Consultations and the beneficiary survey showed that this was the most popular and important aspect of support, with the focus on 'development' helping businesses increase their technology readiness levels (TRLs) and step closer to developing commercially ready products.

Discussions with businesses showed that many had since attracted investment in their business and/or the product developed through AeroSpace Cornwall. The focus on development rather than early research should continue in future programmes to help drive outcomes and attract further outside investment in the Cornwall economy.

4. Flexibility in delivering R&D support is integral to helping businesses achieve their goals

Future programmes can learn from the flexibility provided to R&D recipients to ensure that businesses are able to achieve their outcomes. AeroSpace Cornwall understood that R&D can generate unexpected effects and require businesses to change their direction of travel or focus. Supporting businesses in this journey and anticipating the need to be flexible will, therefore, be crucial to meeting future output targets and establishing positive outcomes for businesses.

5. Prioritise the wider offer of the Cornwall Space Cluster rather than individual assets

A key successful aspect of AeroSpace Cornwall has been the cross-asset approach taken by the delivery team to promote Cornwall as a whole and to develop a business support ecosystem. With ERDF funding coming to an end, there is a concern that there will be nothing to unite assets together and the Cluster will become driven by the competing needs of individual assets. If Cornwall is to continue its reputation as a place for space innovation, it needs to showcase the holistic offer to businesses and market how its assets work to complement each other and, in turn, the space sector. Concerns about the recent attempted Space Port launch and lack of Spaceport Cornwall marketing was regularly cited as a risk. There is a concern that when the AeroSpace Cornwall programme ends, there will no conduit for promoting the region's distinct offer. Despite this, the recognition by the UK Space Agency that the Cornwall Space Cluster is a key part of the national space ecosystem represents an opportunity to uphold the legacy of the AeroSpace Cornwall programme. Businesses have already begun to receive follow-on support through the UK Space Agency which will continue to promote and strengthen the Cornwall Space Cluster.

6. Focus on aligning with the wider strategic landscape for space and innovation in the UK

Since the programme's inception, the UK Government has released its first UK National Space Strategy and has given both strategic and ministerial recognition of the Cornwall Space Cluster and the work undertaken in the region. To capitalize on the opportunity in the region, future programmes should continue to align support and activity in the space sector. This needs to reflect the ambitions of the National Space Strategy, which supports using space technology to understand climate change, upskilling, and developing clusters which can attract investment and innovation. Looking to the future, there is also a need to consider how future programmes align with the wider strategic landscape and emerging policy topics. There is a need to explore whether there is an opportunity for the aerospace and space sectors to move closer to net zero and sustainability ambitions to protect the sectors and encourage clean-growth innovation.

7. Event attendance and existing business networks are crucial to delivery and lead generation

When designing, delivering, and communicating future business support or inward investment programmes, it is key to embed roles within the team which bring together established contacts and access to existing networks. This was a central facet to the success of AeroSpace Cornwall's ability to attract businesses and market the programme's offer and has proven to have a demonstrable benefit

on Cornwall's economy. This has allowed the programme to tap into current networks, introduce businesses to contacts, and build a reputable programme. Future programmes need to consider how they can embed similar roles or communication processes into maximising engagement of their programme and making use of networks such as the UK Space Agency to provide further support.

8. Continue building strong relationships with other programmes, identifying opportunities for collaboration and to leverage funding

As the funding landscape changes, building strong relationships with other programmes and identifying opportunities for collaboration will ensure programmes and providers are able to maximise their impact and minimise duplication. AeroSpace Cornwall's alignment has led to Ministerial recognition, signposted businesses to further support, and built a positive reputation for the wider business ecosystem. To replicate this for future support, programmes need to map onto other support and strategic activities occurring in Cornwall, the South West, and nationally. This will help programmes strengthen the case for public investment in business support and open up opportunities for businesses in the region.

Appendix A - Survey Representation

The beneficiary survey was issued online, using QuestionPro, to all beneficiaries supported on the AeroSpace Cornwall programme. The survey was issued in January 2023 and was live for 4 weeks.

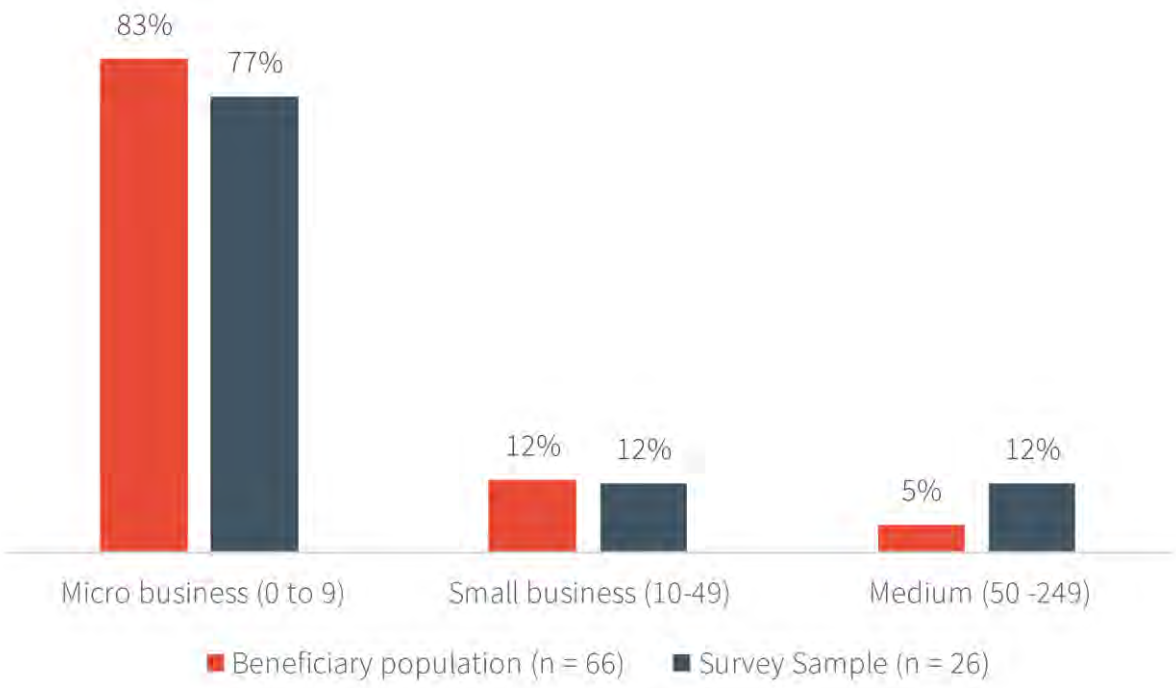
In total, 66 beneficiaries were invited to participate in the survey. 37 responses were received (of which 32 were completed responses and 5 were partial responses), representing a response rate of 48% (+/- 13% margin of error at a 95% confidence level). Survey result findings could be 13% higher or lower for the population as whole than was found in the survey sample.

Some disparities in representation exist between the survey sample respondents and the beneficiary population, but overall trends are reasonably representative of the whole client base in terms of turnover, size (FTE employees) and sector. The representativeness of the survey on the beneficiary population is analysed below.

Business Size

Figure A.1 shows that survey respondents provide a broadly accurate representation of the beneficiary population, with almost 69% of businesses being micro-businesses and approximately 19% being small businesses and 12% medium businesses. However, there are a slightly higher amount of small and medium businesses responding to the survey.

Figure A.1 Size of businesses in survey sample compared to all beneficiaries

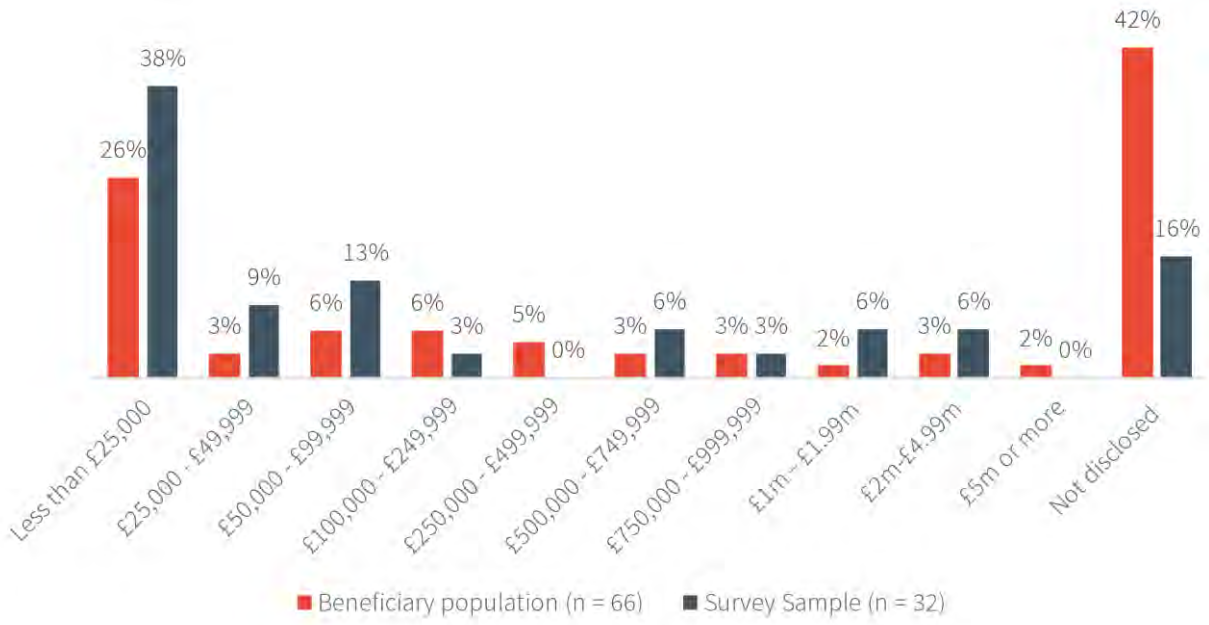


Source: Aerospace Cornwall Monitoring Data Q4 2022 and Hatch Beneficiary Survey, 2023 (N= 26). Note: only 26 of beneficiaries provided their employment size.

Business Turnover

Similar to business size, business turnover displays similar trends to the beneficiary population, with a slight over-representation in the survey of businesses achieving a turnover of Under £25k. Whilst 42% of beneficiaries did not disclose their current turnover at the time of receiving support, only 16% of those who completed the survey did not provide an estimation.

Figure A.2 Turnover of businesses in survey sample compared to all beneficiaries (Recorded last year turnover).

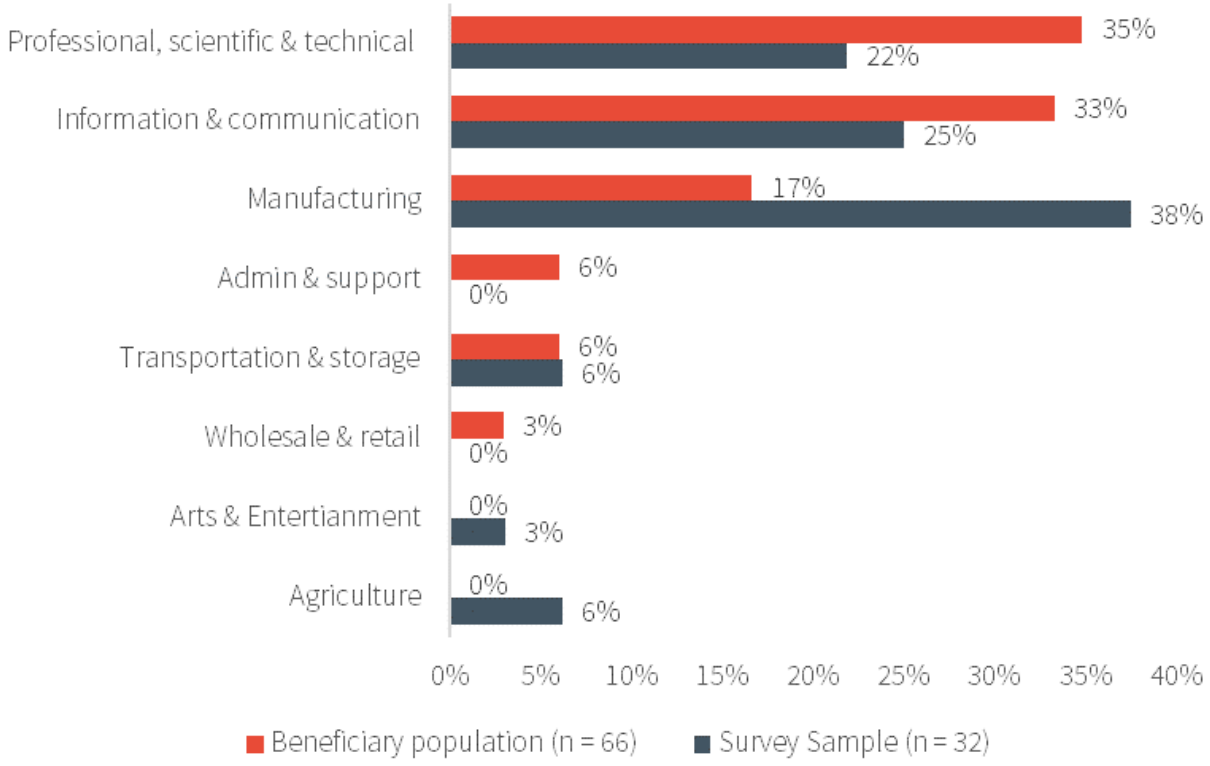


Source: Turnover last year: Aerospace Cornwall Monitoring Data Q4 2022 and Hatch Beneficiary Survey, 2023 (N=32). Note: 42% of the beneficiary population had a turnover grouping not disclosed.

Business Sector

Appendix A.3 illustrates the proportion of survey respondents by sector, relative to the beneficiary base in Cornwall. Beneficiaries in the survey sample cover a wide range of sectors which broadly reflects the sectors represented within the full population of businesses supported to date, but with slight over-representation within some sectors, particularly manufacturing (38% in the survey sample compared to 17% in the beneficiary population). However, it is important to note that as sectors are self-reported, there may be a disparity between those captured in the monitoring data and those in the survey responses.

Figure A.3 Sector of businesses in survey sample compared to all beneficiaries



Source: Aerospace Cornwall Monitoring Data Q4 2022 and Hatch Beneficiary Survey, 2023 (N=32).

Appendix B - Consultees

The following organisations and individuals were consulted as part of the final evaluation:

Table B.1 Delivery Team and Stakeholder Consultees		
Name	Role	Organisation
Gail Eastaugh	Programme Director	Cornwall Council
Graham Woodworth	Project Manager	Cornwall Council
James Fairbairn	Business Development Manager	Cornwall Council
Shelley Jones	Marketing and Events Manager	Cornwall Council
Louise Osborne	Head of Innovation, Impact and Business	University of Exeter
Graham Harrison	Strategic Partnerships Director	High Value Manufacturing Catapult
Joel Freedman	Head of Innovation Services	Catapult
Christopher McQuire	Head of Local Growth	UK Space Agency
Nathan Cudmore	Commissioner	CIoS LEP
Andy Williams	Consultant	Space Professionals
Glenn Caplin	Service Director for Economic Development	Cornwall Council

Table B.2 Beneficiary Consultees		
Name	Role	Company
David Hodgson	Managing Director	TPF Hydrogen Products Ltd
Mawgan Searle	CEO	Piran Composites Ltd
Jo Murray	Managing Director	My Coast Ltd

HATCH